

US-Thai Free Trade Talks Clouded By Patent, Ag Concerns

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BANGKOK (AP)--For more than a decade, Thailand has concocted low-cost generic drugs at a government laboratory to produce treatments for AIDS patients.

But a planned free trade agreement with the U.S. could effectively block Thailand from making affordable copies of the drugs developed by U.S. companies in the future, leaving as many as 35,000 patients to pay the ultimate price.

Intellectual property rights to U.S. drugs are among a range of issues such as copyright infringement, food safety standards and protecting farmers' interests that will need to be sorted out by Thai and U.S. negotiators when they meet June 28 in Honolulu, Hawaii, for the first round of talks on the free trade agreement.

Critics say Thailand will see few benefits from the pact and may lose out on several fronts, citing the concessions Thailand would be asked to make to effectively extend U.S. patents on AIDS drugs.

"The government hasn't shown any positive proof to assure the Thai people that we will benefit in general," said Jacques-Chai Chomthongdir of the non-governmental organization Thai FTA Watch.

"Their only claim is, 'This is good; this is good for the Thai economy,'" he said.

Chomthongdir and others say the FTA, which would bring down import duties, would largely benefit U.S. businesses and farmers. Thailand's trade tariffs average about 15%, with the highest taxes levied on agricultural products.

U.S. trade tariffs are already low at an average of roughly 8%, and lowering that to zero is unlikely to offer a big advantage, said Nobel prize-winning economist Joseph Stiglitz.

"On average, the gains are going to be minuscule," he said in a telephone interview from New York.

"Thailand needs to look very skeptically at what benefits it might achieve," he said.

"That foreign investors are signing a free trade agreement is not a sign of good housekeeping or seal of approval that will lead to a flow of capital into the country," said Stiglitz, a former World Bank chief economist and adviser under U.S. President Bill Clinton.

Thai negotiators and U.S. officials, however, say the pact could significantly boost trade and investment between the two countries. One official projected the U.S. agriculture sector alone would earn \$300 million-\$400 million more per year.

According to the Thai government, the FTA would help the country's economy grow by as much as 4%, partly through greater access to U.S. markets for Thai goods, mostly farm produce. About 65% of Thailand's 63 million people are farmers, and the country is the world's biggest rice exporter.

"This is where we compete and compete well," said Thailand's chief trade negotiator, Nitya Pibulsonggram.

Among those expected to benefit in the U.S. are Californian and Oregonian wine makers, apple farmers, cotton growers, information technology companies, auto makers and medical equipment suppliers.

Thailand Looking For Ways Around Trade Hurdles

Trade between the U.S. and Thailand is already robust, totaling nearly \$21 billion in 2003. The U.S. absorbed about \$15 billion worth of Thai products and exported goods worth almost \$6 billion to Thailand.

Major Thai exports to the U.S. last year included computers and their accessories, jewelry, shrimp, fish, and apparel. U.S. products to Thailand included integrated circuits, civilian aircraft, soybeans, semiconductors and cotton.

No time frame has been set for completing the FTA negotiations. It isn't yet known how much the duties will be reduced initially, although the ultimate goal is to eliminate them. The first round will last one week.

Nitya, the Thai negotiator, said non-tariff barriers represent about half the obstacles in the negotiations.

Thailand will make "no demands, but there are things that we want fixed - questions relating to market access," he said.

He cited U.S. sanitary and food safety standards that bar some 35% of Thai agricultural products from entering U.S. markets.

Thailand wants to "sell more products to you and some get stopped at the gate...we want to have ways and means of overcoming" the hurdle, said Nitya, a former Thai ambassador to Washington.

One of the biggest hurdles is the demand by U.S. pharmaceutical companies for far-reaching intellectual property rights to patented AIDS and other drugs.

The issue is an emotive one in Thailand, where an estimated 600,000 people are living with HIV/AIDS. Of them, at least 35,000 are dependent on life-prolonging drugs, which are produced generically in Thailand by the Government Pharmaceutical Organization. One person's dose costs about \$30 per month, while the U.S. versions cost upward of \$500.

"We have to think of the future... You want to leave them (AIDS patients) to die like that?" said Dr. Krisana Kraisintu, a former head of research at the GPO who pioneered the development of generic AIDS drugs in Thailand starting in 1992.

Nitya refused to say if Thailand will oppose the demand but indicated it would be difficult for the government to accept.

"The public health issue is a major one and it's one of my concerns," he said. "If we came away with fewer or with less access to wonderful new things (drugs)...then I think we're going to be in trouble."

Thailand's failure to clamp down on its illegal trade in pirated software, CDs and other intellectual property will also be a sticking point.

Among the most politically charged issues will be sugar, of which Thailand is among the world's largest producers. U.S. sugar producers, spread across 16 states, have fought fiercely for sugar to be left out of the negotiations.

"We're going to put that on the table anyway," Nitya said. "No one would allow us to sell our shirt to get this FTA."

-Edited by Mary de Wet