

US concerns over revised trade deal

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The United States has "concerns" about Labor's amendments to the free trade agreement and may not certify it, the American ambassador, Tom Schieffer, has warned.

Labor insisted on amendments to the legislation underpinning the trade agreement that were designed to protect local content for media and access to cheaper generic medicines.

Mr Schieffer's comments triggered a strong reaction from the Federal Opposition, with trade spokesman Stephen Conroy accusing the US of being influenced by big pharmaceutical companies.

"Labor is committed to its amendments and will not bow to the Bush Administration's debts to the drug companies," said Senator Conroy.

If the US was not prepared to certify the agreement, "it demonstrates that John Howard has sold out the Pharmaceutical Benefits Scheme", he said.

Mr Schieffer said the amendments were being scrutinised.

"The amendments give us some concern, frankly," he told a South Australian press club luncheon.

"They came about at the last minute and we think that they could go to the substance of the agreement. That does give us some concern.

"Certification is not an automatic. We're in the process of trying to figure out what these amendments have done and what long-term consequences they will have. We're not prepared to say right now that we're going to certify the agreement and that it's in compliance."

Australia and the US have until the end of October to certify that any legislation implementing the agreement does not diverge from the substance of the original deal.

During the certification process the Americans are expected to consult widely with US companies, including the big drug manufacturers that could be affected by the trade agreement.

Mr Schieffer backed the Government's position that Labor's amendment to protect cheap subsidised medicines was not necessary.

"The Pharmaceutical Benefits Scheme was never under discussion because the Howard Government made it very clear from the beginning that it was off limits as to negotiation within the agreement," he said.

"The concern we have about the amendment is that ... there's an attempt to carve out a special exemption with regard to pharmaceuticals, and the concern we have is that if you were able to do that, then could you then carve out something later on for automotive parts or for this or that sector in the economy?"

"If you do that, then that goes against the real spirit of what you're trying to do in a free trade agreement."

Senator Conroy said Labor was confident after taking expert legal advice that its amendments did not affect the substance of the trade agreement.

A spokesman for Mr Howard said he had already warned that the US might not certify the agreement when arguing against the need for Labor's amendment on medicines.

The office of the Trade Minister, Mark Vaile, said the Government was waiting for the exchange of letters certifying the agreement and would not be commenting in the interim.

Labor sources said the US's concerns had not been conveyed to the Opposition before Mr Schieffer spoke out.

The agreement is due to come into effect on January 1, 2005.

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