

# Political Economy of Health Special Interest Group Workshop 2011

## Trade, Health and Development

### Brief Report

#### Introduction

Approximately 25 people gathered in Brisbane on 25 September 2011 for the annual workshop of the Political Economy of Health Special Interest Group (PEH SIG) of the Public Health Association of Australia. This year's theme was Trade, Health and Development.

The day began with 'reports from the field by PEH SIG members. Among other issues, we discussed 'reform fatigue' and the growing influence of the Health in All Policies (HiAP) approach in South Australia, the Commonwealth health reforms, the problems of multiple funders in Aboriginal health and the removal of alcohol policy from the agenda for the tax review.

We then set out to examine several free trade agreements currently being negotiated in the Asia-Pacific region and their implications for health in Australia and the region. We also sought to explore the logic underpinning trade agreements and aid arrangements, critique them from a political economy perspective and to explore alternative approaches to development. To help us with this, we heard from three guest speakers: Dr Patricia Ranald from the Australian Fair Trade and Investment Network (AFTINET), Professor Gavin Mooney and Ms Patricia Morton. Summaries of their presentations provided by the authors are below, and copies of the Powerpoint slides can be requested from Deborah Gleeson ([d.gleeson@latrobe.edu.au](mailto:d.gleeson@latrobe.edu.au)).

Finally, we discussed campaign strategies for effective advocacy regarding trade agreements. We heard from PEH SIG members who had been involved in the battle over the Australia – US Free Trade Agreement during 2003-4, and discussed a range of strategies for advocacy in relation to the current negotiations for the Trans Pacific Partnership Agreement and PACER Plus (the Pacific Agreement on Closer Economic Relations). We have been working closely with AFTINET and other groups for some time and have been engaged in, for example, workshops and presentations, letter writing campaigns, writing opinion pieces and media releases, organising discussions with officials from the Department of Foreign Affairs and Trade, and other activities to raise awareness about the health risks of these trade agreements. Members were keen to continue with these advocacy activities.

#### Speaker presentations

##### **Understanding Regional and Bilateral Trade Agreements in the Asia Pacific Region**

##### **Dr Patricia Ranald, Convener, Australian Fair Trade and Investment Network**

The Trans Pacific Partnership Agreement (TPPA) is currently being negotiated between the US, Australia, New Zealand, Singapore, Brunei, Peru, Chile Vietnam and Malaysia. Japan, Canada and Mexico have also expressed interest but have not yet joined the negotiations. The TPPA is intended to multilateralise the bilateral legally binding agreements the US has with four of these countries, including Australia, as the building block for a legally binding Free Trade Agreement in the Asia Pacific area. This is part of a US trade strategy which began with the North American Free Trade Agreement, which seeks to negotiate international regulation compatible with the interests of US-based international corporations.

The TPPA re-opens many of the issues debated in the US -Australia Free Trade Agreement in 2004. The most prominent of these is the debate about affordable access to medicine. Leaked documents reveal that the US negotiators are making more extreme demands for expansion of intellectual property rights for pharmaceutical companies to delay cheaper generic medicines than in previous US agreements. They are also seeking to limit the ability of governments to control wholesale prices of medicines through schemes like the Pharmaceutical Benefits Scheme, and similar schemes in other countries. Other US corporate agendas pursued in the negotiations are the removal or reduction of labelling and crop regulation of genetically engineered foods and local content rules for Australian media. These agendas are meeting resistance from health and other civil society organisations and from some governments.

The presentation analyses the endurance of the agenda despite the changes of government in the US and Australia since 2004, and discusses the contradictions and uncertainties of the strategy in Australia and in the Asia Pacific. The presentation is based on the article 'The Trans Pacific partnership agreement: contradictions in Australia and in the Asia-Pacific region' published in the **Economic and Labour Relations Review**, Volume 22, no. 0, May 2011.

### **A 'development' perspective on trade and aid** **Gavin Mooney, Universities of Sydney and Cape Town**

This talk emphasises that the agenda for trade and aid is a neoliberal agenda, set by the global institutions of the World Bank, the World Trade Organisation and the International Monetary Fund. These are in turn controlled by the countries of the G8. In the context of health it is worth noting that over the last 30 years there has been a waning of WHO's authority, with in particular the World Bank moving in on health.

Looking at aid in particular, development has been seen almost totally as economic development and then through western cultural eyes. That has resulted in little attempt being made by our global institutions to accept that development and, along side it, health are cultural constructs.

The paper argues that, if aid and trade are truly to affect positively the wellbeing of the peoples of low and middle income countries( LMICs), there must be a less paternalistic view of the nature of aid and trade. The question to be asked – of the people of LMICs – is: what do you see as development?

It is argued that there are examples of countries and regions which have seen, in Amartya Sen's words, 'support led growth' which is based on social support rather than economic growth pursued in neoliberal terms. This has been based on Sen's idea that 'the general enhancement of political and civil freedoms is central to the process of development'. This is the road to travel.

There is then a need to move to a new political economy which recognises the diversity of cultures, which seeks to develop culturally secure institutions and which recognises the debt owed by the North to the South.

### **Health in the Pacific – likely to worsen under new trade agreement** **Ms Patricia Morton, PHAA**

Non communicable diseases are the highest cause of death in Pacific countries<sup>1</sup> and rates of diabetes and obesity are amongst the highest in the world<sup>2</sup>. It is very likely that this is the result of a change in diet from a traditional diet to a high energy, high fat diet together with high rates of tobacco smoking and alcohol misuse. The fact that the Pacific has little health system capacity, because countries are economically undeveloped and have acute shortages of staff, doesn't help the situation. These health statistics are likely to worsen under a new trade agreement currently being negotiated between 22 Pacific Island countries, Australia and New Zealand. This agreement is called the Pacific Agreement on Closer Economic Relations – Plus.

Trade is not all bad, in fact trade in goods and services has existed in some form since the beginning of mankind. However, trade between countries and regions has been and is increasingly being recognised as having both a direct

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<sup>1</sup> World Health Organization. The World Health Report 2002. Reducing Risks to Health, Promoting Healthy Life. Geneva; WHO.

<sup>2</sup> Secretariat International Diabetes Federation, Diabetes Atlas. 2003, International Diabetes Federation: Brussels.

and indirect affect on health – and not always positive. The effect of trade agreements on health was actually recognised in the International Covenant on Economic, Social and Cultural Rights which says that ‘*governments should respect the right to health in other countries, give due attention to the right to health in international agreements and take steps to ensure those agreements do not adversely impact on the right to health*’.

Why is it that trade has a potentially negative effect on health? Well, it’s complex. The best way to explain is to go back to the PACER-Plus. This agreement has the potential to negatively impact on health in several different ways:

- 1. Trade in products hazardous to health** – further opening Pacific markets to the international trade of tobacco and alcohol will increase their accessibility (currently the importation of these products to the Pacific is limited);
- 2. Trade in foodstuffs** – further opening Pacific markets to trade of high energy, high fat foodstuffs (like highly processed tinned meat) will increase their accessibility;
- 3. Limiting access to medicines** - if the trade agreement includes rules on intellectual property rights which protect the rights of companies that produce new inventions, drug companies could have monopoly on selling new medicines (as a ‘patented invention’) for 20 years<sup>3</sup>. This could limit the accessibility of life-saving drugs;
- 4. Trade in health and other services** – opening Pacific markets to the for-profit trade of health services may result in two levels of service: high quality for-profit services for the wealthy who live in the urban centres where it is more profitable; and, less resourced government services for the remainder of the population. This may also occur with water and electricity services;
- 5. Brain drain of health staff** – the drain of health staff to Australia and New Zealand where wages and conditions are better. There is already a significant drain of health personnel from Pacific countries to Australia and New Zealand. But Pacific leaders are interested in further opportunities for exporting staff to take advantage of the economic benefits from expat Islanders sending money home.
- 6. Reduced tax** – there is a potential loss in government revenue for Pacific Island countries due to the reduction in tax on imported goods. This could lead to a reduction in available government funds for essential services such as health.

At this stage, because the effects of trade on health in the Pacific have not been extensively studied, we can only make guestimates of the effects of the PACER-Plus. But the health situation in these countries is already precarious and examples from around the world show that the above six examples are real threats. All negotiations on this agreement need to be halted until formal and systematic studies are undertaken. In the end Australia is obliged to make sure that the PACER-Plus, at the very least, doesn’t worsen the current health situation of our Pacific brothers and sisters.

For further information see [www.phmoz.org](http://www.phmoz.org)



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<sup>3</sup> This is for countries which are part of the WTO.