

News release

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US FTA negotiators seek backdoor to higher medicine prices

According to a report released today Australians will pay an additional \$1 billion for essential medicines if the US achieves changes to Australia intellectual property laws covering drug patents as part of an FTA.

“While it appears that the frontal attack on the PBS by the US negotiators has stalled, they are now trying to change Australia’s patent laws as a backdoor means of driving up the price of essential medicines,” said Richard Denniss, Senior Research Fellow at The Australia Institute.

The report entitled *A backdoor to higher medicine prices? Intellectual property and the Australia-US FTA* provides the first costings of the potential impact of changes to intellectual property laws on the price of medicines in Australia.

“By changing patent laws, drug companies will be able to keep the producers of cheaper generic brand medicines out of the market for longer. Australians spend more than \$2 million dollars a day on cholesterol lowering drugs. The longer the drug companies can keep the competition out of the market the more money they will make,” said Mr Denniss.

The report also considers a previously undiscussed implication of the FTA, its impact on the cost of the ‘over-the-counter’ pharmaceutical products that are outside of the PBS subsidy scheme. Over the counter medications do not require a script and are used for treating hay fever, asthma, colds, and arthritis.

“Millions of Australians will have to pay more for the over-the-counter drugs they rely on to treat themselves for ailments such as hay fever. We estimate that the popular hayfever drug Claratyne could cost a family more than \$200 per year extra if the FTA goes ahead,” said Mr Denniss.

“And when it comes to over-the-counter drugs it is important to remember that there is no government subsidies or safety nets. The entire cost will be paid by Australian families straight to the US drug companies.

“The Government must rule out any changes as part of the Australia-US FTA that will lead to any increase in the price that Australian consumers or taxpayers pay for medicine,” concluded Mr Denniss