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Media release

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Drug Prices Could Double After Free Trade Agreement

A comparison of prices of common pharmaceuticals in Australia and the USA shows that Americans pay up to ten times more than Australians for exactly the same drug, according to a report by The Australia Institute.

The report, entitled *Comparing Drug Prices in Australia and the USA: The implications of the US-Australia Free Trade Agreement* found that the wholesale prices of common antibiotic Keflex and anxiety drug Valium are 10 times higher in the US than in Australia.

Australian prices are low as a result of the Pharmaceutical Benefits Scheme which the American drug companies have described as 'insidious' and have targeted through the current negotiations for a US-Australia Free Trade Agreement.

"If US pharmaceutical companies get their way in current negotiations over the US-Australia Free Trade Agreement, and succeed in reducing the effectiveness of the Pharmaceutical Benefits Scheme, then Australia could expect to see large increases in drug prices", said Dr Clive Hamilton, Executive Director of The Australia Institute.

"The US drug companies are attacking Australia's PBS because it is so effective. The drug companies fear that other countries and some American states will implement similar systems. For that reason they are placing disproportionate pressure on the American negotiators to water down the PBS."

The PBS relies on the Government using its purchasing power, in association with medical research data on the relative effectiveness of different types of drugs, to negotiate the lowest possible prices. It has been described by Boston University Professor Richard Laing as 'the best drug pricing system in the world'.

"The recent letter expressing alarm at the proposed free trade agreement by US congressional leaders suggests that, despite repeated assurances from the Howard Government, Australians have grounds to be gravely concerned.

"Neither Australian taxpayers nor the sick and elderly should have to pay higher prices for medicines. Increasing beef exports to the US would be cold comfort to Australians who can no longer afford to buy their essential medicines," concluded Dr Hamilton.

Wholesale prices of popular prescription drugs in Australia and the USA

Drug	Use	Wholesale price in the USA ^{b,c} \$A	Wholesale price in Australia ^{d,c} \$A	Excess of US price over Australian %
LIPITOR atorvastatin 20mg	Cholesterol	\$89.50	\$49.95	79%
CELEBREX celecoxib 200mg	Arthritis	\$101.48	\$24.97	306%
ZOCOR simvastatin 20mg	Cholesterol	\$103.45	\$48.89	112%
(PRI)LOSEC omeprazole 20mg	Stomach ulcers	\$102.66	\$39.12	162%
VIOXX rofecoxib 25mg	Arthritis	\$74.95	\$34.70	116%
ZOLOFT sertraline 50mg	Antidepressant	\$62.57	\$29.28	114%
NORVASC amlodipine 5mg	Blood pressure	\$35.69	\$18.52	93%
VENTOLIN salbutamol inhl	Asthma	\$42.90	\$11.47	274%
AVAPRO irbesartan 75mg	Blood pressure	\$40.01	\$16.30	145%
PRAVACHOL pravastatin 20mg	Cholesterol	\$75.96	\$43.55	74%
KEFLEX Cephalexin 500mg	Antibiotic	\$89.83	\$7.21	1146%
VALIUM Diazepam	Anxiety	\$36.37	\$3.27	1011%
LEVLEN ED Estradiol/levonorgestrel	Contraceptive pill	\$39.15	\$9.49	312%

Source: The Australia Institute