



# PUBLIC HEALTH will be a Major Loser under the TPPA

Public health will be a major loser under terms put forward for the latest free trade deal.

The Trans Pacific Partnership (TPP) is a proposed agreement between New Zealand, the US and nine other Pacific Rim countries. Its main focus is not trade, but "behind the border" regulation which could seriously affect public health. The TPP Agreement is being negotiated in secret, though corporate lobbyists in the US have access to the text that citizens in partner countries don't.

## The TPPA will:

- increase the cost of medicines;
- reduce access to cheaper generic medicines; and
- limit the government's ability/appetite to regulate in the best interests of public health.

PHARMAC, New Zealand's purchasing agency for medicines, decides what medicines the government buys and which ones are subsidised within a very tight budget. Because PHARMAC purchases in bulk and makes its decisions based on the evidence of what is in the best interest of New Zealanders, **we pay far less for medicines** than we otherwise would, and much less than the US or Australia for the same medicines.

Leaked text shows that the TPPA will undermine PHARMAC in two ways. Firstly, **it will tighten patent laws** to give drug companies much longer protections which will discourage production of the cheaper off-patent or generic drugs that PHARMAC relies on. Secondly, **it will increase the influence of the pharmaceutical industry over PHARMAC's processes** through "transparency" provisions which will interfere with the successful commercial strategies that PHARMAC uses to get medicines at an affordable price. **New Zealanders need access to affordable medicines.** PHARMAC should be protected from provisions in the TPP which reduce its effectiveness.

## Investor State Dispute Settlement (ISDS)

Simply put, this mechanism would give foreign companies the ability to sue a government, if that company believed its reasonable investment expectations (such as its profits or asset values) had been breached. Decisions are made by an offshore tribunal that can force the host government to pay damages to the foreign investor and there is no appeal process. It **privileges foreign companies over local communities and local companies** who do not have such rights to sue.

These new rights could be used by a foreign entity to seek compensation from a government or local council if it, for example, changed the conditions for sale or marketing of alcohol tobacco, party pills or other products in order to improve public health and safety. **The ISDS provisions have a "chilling effect" on a government's willingness to take progressive action.** It will tend to freeze low standards when these need to rise markedly<sup>1</sup>. **Public Health and Environmental Issues are the Biggest Area for Claims.** Over 85% of the money paid out to date by governments under free trade deals with the US has involved claims over resources and public health.<sup>2</sup> **ISDS Provisions Are Not Needed.**

## BOTTOM LINE:

Aotearoa New Zealand should:

- **Reject patent extensions and transparency provisions which will undermine PHARMAC;**
- **Reject ISDS provisions in the TPP, as the Australian government has<sup>3</sup>.**

<sup>1</sup>See: [www.itsourfuture.org.nz](http://www.itsourfuture.org.nz) [www.citizenstrade.org](http://www.citizenstrade.org) [www.citizen.org](http://www.citizen.org)

<sup>2</sup> [www.citizen.org/documents/fact-sheet-tpa-and-environment.pdf](http://www.citizen.org/documents/fact-sheet-tpa-and-environment.pdf)

<sup>3</sup> "The Government does not support provisions that would confer greater legal rights on foreign businesses than those available to domestic businesses. Nor will the Government support provisions that would constrain the ability of Australian governments to make laws on social, environmental and economic matters in circumstances where those laws do not discriminate between domestic and foreign businesses." Australian Govt Trade Policy Statement, April 2011