

PACIFIC TRADE: Health services

Everyone has a right to better health and appropriate health care. Around the Pacific islands region, governments should provide services for the immediate and long-term care of citizens (through vaccine programs, public health efforts against malaria or dengue, safe housing, clean water supply, hospitals and health clinics and other services). But access to an essential service like health is affected by the trade policies of your government.

Australia, New Zealand and island member states of the Pacific Islands Forum are preparing to negotiate a regional free trade agreement, under the Pacific Agreement on Closer Economic Relations (PACER). Trade agreements like PACER-Plus focus not only on trade in manufactured or agricultural goods, but also trade in services like health or education. What will this agreement mean for people living in the region, when it comes to your health?

Why? A key issue for the PACER-Plus trade negotiations will be whether Pacific island governments can ensure that all citizens have adequate and equitable access to health care. Governments must not trade away control of key service sectors including health, education, land, tourism and intellectual property.

Who? International trade agreements like the WTO General Agreement on Trade in Services (GATS) include labour mobility as a service, calling it “the temporary movement of natural persons”. Including labour mobility as a service in free trade agreements will affect the number of skilled health workers who leave their country to work overseas, through temporary labour mobility programs as well as permanent migration.

Where? Developed countries like Australia and New Zealand have shortages of trained health professionals like doctors and nurses. With increased labour mobility, Pacific countries can lose their skilled health workers overseas.

Better health is central to human happiness and well-being. It also makes an important contribution to economic development, as healthy populations live longer, are more productive and save more. Many factors influence health status and a country's ability to provide quality health services. One key factor in ensuring that health services meet the needs of the people is whether the government can set the rules for the entire health system.

The provision and maintenance of health services is the overall responsibility of government. Governments should supply training of nurses and doctors as well as basic infrastructure like hospitals and clinics. Investment in roads, water supply and sanitation can improve access to health services. Health care advances are invariably products of government policy, regulation and action.

For this reason, all countries should guard against trade agreements that may undermine and restrict a democratically elected government's capacity to develop policies which are in the best interests of the people it serves.

Pacific island countries (PICs) are preparing for the negotiation of a regional free trade agreement (FTA) with Australia and New Zealand, known as PACER-Plus. This agreement aims to liberalise trade in goods and services, reduce trade barriers (like tariffs

or import duties), require governments to enter into binding and enforceable trade agreements and provide guarantees for overseas health providers (such as clinics, laboratories and health insurers).

How will trade affect public health services?

While the future benefits arising from PACER-Plus are uncertain, it is already clear that the trade agreement will restrict Pacific governments' ability to provide public services, including health care.

Pacific governments fund and provide the largest part of their country's health services (normally around 80 to 90%). Governments generally fund these public services through taxes and aid programs. But FTAs often reduce the ability of governments to raise revenue.

Recent reports such as a 2007 study by Nathan Associates for the Forum Secretariat found that some Pacific countries may lose tens of millions of dollars each year from the reduction of tariffs or import duties under agreements like PACER-Plus.

For example, Vanuatu stands to lose around 17% of its annual government revenue, as does Tonga, while Samoa and Kiribati stand to lose around 14% of their revenue. Even bigger countries like Fiji and PNG stand to lose more than \$10 million each year.

Trade and public health

Trade policy can clash with public health policies. Some FTAs allow countries to claim a trade restriction is necessary to protect human health. But countries must prove that no lesser measures are possible and that the regulations do not constitute a 'disguised restriction on international trade.' For this reason, Pacific governments will face significant pressure under PACER-Plus not to use health measures that will hinder Australian and New Zealand based exporters.

One example is attempts by Pacific governments to restrict imports of fatty meat, as part of public health campaigns against poor nutrition. Island nations are trying to combat increasing rates of diabetes, hypertension and other health impacts from obesity.

In its 2000 budget, the Fiji government led by then Prime Minister Mahendra Chaudhry imposed a ban on imported mutton flaps. The government issued a prohibition order under s.102 of the *Fair Trading Decree (1992)*, to address the health consequences of poor quality sheep meat imports. New Zealand threatened to take Fiji to the WTO disputes process, arguing that a ban on NZ products could be seen as effective trade discrimination in favour of the US, which also exports junk meat to Fiji. However, Pacific island nations do not have the human or financial resources to defend themselves in the WTO disputes process.

For those reasons, island governments cannot easily use trade bans or taxation policies to protect public health, as noted in a study in the *Bulletin of the World Health Organisation*: "Given recent initiatives towards trade liberalisation and the creation of the World Trade Organisation (WTO), tariffs or import bans may not serve as alternative measures to control consumption [of poor quality food]. This presents significant challenges to health policy-makers serving economically marginal populations and suggests that some population health concerns cannot be adequately addressed without awareness of the effects of global trade" (Evans et al. 2001, p856).

Privatisation

A principal goal of FTAs is to open up service sectors, including health care, to foreign competition. FTAs provide foreign firms with the same access and treatment as domestic firms and the government. Public services are subject to the trade agreements if people pay for the service or there is a private competitor - the kind of creeping privatisation being pushed by the Asian Development Bank (ADB). But while PACER-Plus will be used to promote free market competition in health-related services, it is

unlikely that private sector interests will provide the full range of affordable and accessible public health services that Pacific countries require, especially for rural populations.

Even where the private sector does invest in health care, it will only be those areas that deliver immediate and sustained profits. Such investment may have little concern for the health care needs of all members of the community, especially poor people living in the squatter settlements or villages. Overseas investors will prefer to provide services in the major urban centres, but will be less likely to invest in programs for the vast majority of people who live in outlying rural villages or outer islands.

Labour mobility

Labour mobility will be a key part of PACER-Plus, affecting health policy. Skilled health professionals are very mobile and move from country to country. Whether on a temporary or permanent basis, nurses, doctors and health technicians move in search of career opportunities, training, higher wages or better employment conditions.

There is an international shortage of nurses and other health professionals, with many developed countries scanning the globe for potential employees. For example, in 2006 there were 652 Pacific-born doctors working in Australia and New Zealand as well as 3,467 nurses and midwives from the Pacific.

While the benefits of remittances from overseas workers cannot be ignored, any increase in the "brain drain" of health professionals from Pacific countries to developed countries like Australia and New Zealand will worsen the shortages of health workers in the islands, with the consequent impact on the provision of care.

Find out more:

- Joel Negin: "Australia and New Zealand's contribution to Pacific Island worker brain drain", *Australia and New Zealand Journal of Public Health* 32 (6) 2008.
- John Connell: "The Migration of Skilled Health Workers; from the Pacific Islands to the World", *Asian and Pacific Migration Journal*, 13, 2004.
- M Evans et al: "Globalisation, Diet, and Health: an example from Tonga", *Bulletin of the World Health Organisation* 79 (9) 2001.

This fact sheet is the third in a series produced by the Australian Civil Society Network on Pacific Trade, which links unions, churches and non government organisations. For further information, contact the network at pacifctrade@gmail.com