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# Free-trade agreements: challenges for global health


## ABSTRACT

In this study new free-trade agreements are discussed, which are based on the breaking down of tariff and technical barriers and normally exclude most of the poorest countries in the world. Considering the current context of economic globalization and its health impacts, seven controversial points of these treaties and their possible implications for global public health are presented, mainly regarding health equity and other health determinants. Finally, this research proposes a greater social and health professionals participation in the formulation and discussion of these treaties, and a deeper insertion of Brazil in this important international agenda.


**DESCRIPTORS: Global Health, economics. Commerce. Economic Competition. International Agreements. Equity in Health.**

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## INTRODUCTION

International trade demonstrates the increased spatial interdependence between the global economies: immense flows of capitals, goods, raw materials, services, and people are part of a new stage of globalization.

Trade deals, today, are different from those made in previous decades, which were focused on lowering tariffs to decrease prices of goods for consumers and, at the same time, were based on products adapted to their environments.

Nowadays, massive international trade can be a disruptive economic and social force, as it changes the conditions in which wealth is distributed within nations and economies, due to changes it causes in prices of products, in employment rates, wages, social and environmental conditions.[2] Whole economic regions might be disrupted by a massive import trade, with consequent unemployment, ill-health, and suffering.

Another important point is that, currently, most of trade flows concern corporations exchanging parts and goods with other corporations, or within the same corporation. Nations are the unit used to record accounts of trade flows crossing borders, but 30.0% to 50.0% of international trade concern exchange of goods of the same multinational corporation.[2] These numbers indicate that global trade became an intra-industrial structure of exchange, favored by the emergence of global supply chain. So, free-trade agreements benefit mainly large corporations.

Prior to 1970s, there was a dichotomy between developed economies (that sold mainly finished goods) and developing economies (that sold mainly raw materials). This situation changed as industrial development took place in many developing economies in Latin America, Southeast Asia, and East Asia. Most industrial processes that initially took place in developed economies were relocated to developing countries, with lower production costs, namely due to cheaper labor, proximity to raw material and expanding markets, lower environmental standards and tax rebates, but, at the same time, providing better paid jobs for their population.

The aim of this article was to discuss some side effects of this process, mainly on public health and its determinants that have not been studied in all their complexity and need to be better discussed among health professionals.

### Trade agreements and related health issues

New three controversial free-trade agreements are under negotiations:

- Canada-European Union Comprehensive Economic and Trade Agreement (CETA),
- Transatlantic Trade and Investment Partnership (TTIP),[a] between European Union and United States of America,
- Trans-Pacific Partnership Agreement (TPP), between Australia, Brunei, Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

These three free-trade agreements represent a new international context.[3]

The USA and European Union represent 800 million people of the world's most affluent market.

Reading the documents of those agreements one identifies that they aim at open new markets for goods (in special pharmaceutical and food products, regarding health issues), to create jobs and opportunities, to save money for corporations and avoid tariff and non-tariff barriers. The following phrase extracted from a TTIP[b] document illustrates well this issue: "It could result in millions of euros of savings to companies and create hundreds of thousands of jobs".

Most developed countries have equivalent set of technical requirements for medical equipment that are necessary for human safety, and might develop mutual recognition of health professional qualifications. So non-tariff barriers should not be a large problem for them. Moreover, agricultural subsidies will not be permitted by those treaties.

The documents highlight the idea that treaties will be beneficial to every country. Why then these free-trade agreements have been receiving so many criticisms and motivating public demonstrations in cities like New York, Tokyo, and in countries such as Australia[b] and New Zealand? Why the demonstrations focus on the impacts on public health? Why Global Health Academic Congresses have been organizing discussions on these treaties?

### Global health impacts

Based on the text about these treaties and discussions in the Internet, I point out and discuss some controversial points related to those free-trade agreements, from the

[a] European Commission. Transatlantic Trade and Investment Partnership (TTIP). [cited 2014 Sept 29]. Available from: http://ec.europa.eu/trade/policy/in-focus/ttip/about-ttip/

[b] Protecting the health of the Australians in the TPPA: press release Public Health Association. [cited 2014 Sept 29]. Available from: http://www.itsourfuture.org.nz/protecting-the-health-of-australians-in-the-tppa/

point of view of Latin America, even though only few Latin American countries participate in the negotiations of these agreements (Mexico, Peru, and Chile are in the TPP), having a global health perspective as theoretical background. For this, I start quoting Kickbusch, in the article "Global Health: a definition".

> "Global Health focus is the impact of global interdependence on the determinants of health, the transfer of health risks, and the policy response of countries, international organizations and the many other actors in the global health arena. Its goal is the equitable access to health in all regions of the globe".[c]

The idea of reinforcing trade and its benefits among the richest economies of the world show that equitable access to health is out of the agenda of the international trade policies of these countries. Trade agreements exclude most developing nations, with very poor health conditions, as African and Caribbean nations, that will keep facing tariff and non-tariff barriers for the sale of their products. Thus, the economic and social development of these poorest nations will be impaired by such barriers and, consequently, health accessibility will never be equitable around the globe.

Additionally, new intellectual property rules for the treaties (mainly the TPP) will grant pharmaceutical companies longer-term monopolies on new medications. As a result, companies could charge high prices without competing with generic providers. Some public health experts have warned it would result in higher prices around the world and lack of access to life-saving drugs in poor countries.[4] In addition, a document delivered by UNITAID Secretariat, from the World Health Organization, called "The Trans-Pacific Partnership Agreement: implications for access to Medicines and Public Health", published in 2014, warns on the higher prices of pharmaceutical products for HIV treatment due to the TPP:

> "The impact of generic entry on the prices of medicines can be significant. This has been most dramatically demonstrated in the case of HIV medicines. In 2001, the price available from originator companies for the first-line triple combination of antiretroviral, was $10,439 per person per year, while generic companies were able to offer a price of $350 per person per year".[5]

Impact assessments of pharmaceutical patent and medical device term extensions in various countries indicate significant increases in health spending for governments and for people. There is also the risk of some infectious diseases as tuberculosis getting out of control, and of a regression in the control of many other diseases as asthma, circulatory diseases, cancer, and diabetes.

Also, there is new corporate empowerment in these treaties, which would allow foreign companies to challenge laws or regulations in a privately run international court. Until now, under World Trade Organization treaties, this political power to contest government law is reserved for sovereign nations. With the new treaties, corporations will have the power to contest laws in other countries as mentioned by Stiglitz[d] in 2014.

These two provisions (longer term monopoly and private run international court) – from the point of view of Brazil, although Brazil has not signed and is not part of these agreements – would jeopardize the most successful program in the world against HIV/AIDS, as it was based on the breaking of patents for Public Health reasons, and on the free distribution of medicines for infected patients.

The Brazilian Unified Health System (SUS) also distributes free of charge medicines to prevent noninfectious diseases, as high blood pressure, diabetes, asthma, and cancer, among others. This distribution would have outrageous costs if Brazil signed those treaties. The increase in the price of medicines and medical devices is the main worry behind the protests in Australia and Japan. Even in the United States, the fight to lower the cost of health care will be affected by these noxious provisions, according to the article by Stiglitz,[d] in 2014, in The New York Times.

However, these provisions, which protect and benefit corporations that invest in research and patent, are very different regarding protection of natural resources and cultural knowledge for what we read in the Environment Chapter of TPP, recently disclosed by Wikileaks.[e] In these two cases, the text emphasizes the sharing of benefits. I mention one part of the document, as it might affect Latin American countries that have indigenous populations (Mexico, Chile and Peru):

> "The parties are committed to:
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> Promoting and encouraging the conservation and sustainable use of biological diversity and sharing in a fair and equitable way the benefits arising from the utilization of genetic resources.
>
> Respecting, preserving and maintaining the knowledge, innovations, and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity, and encourage the equitable

[c] Kickbusch I. Global health: a definition. New Haven: Yale University; 2002 [cited 2013 Jan 21]. Available from: http://www.ilonakickbusch.com/kickbusch-wAssets/docs/global-health.pdf

[d] Stiglitz JE. The great divide: on the wrong side of globalization. *New York Times* [Internet]. 2014 Mar 15 [cited 2014 Oct 3]; The Opinion Pages. Available from: http://opinionator.blogs.nytimes.com/2014/03/15/on-the-wrong-side-of-globalization/

[e] WikiLeaks. Secret Trans-Pacific Agreement (TPP): Environment chapter. 2013 [cited 2014 Jan 15]. Available from: https://wikileaks.org/tpp-enviro/pressrelease.html

sharing of the benefits arising from the utilization of such knowledge."

Another important issue regarding public health is that the treaties will change the food system, according to Friel,[1] in Latin America and probably in the Eastern countries by:

- Opening of domestic markets towards international food trade;
- Subsequent increased entry of transnational food companies and their global market;
- Global food advertising (cultural hybridization);
- Food industries will have access to a large market in developing and in Eastern countries, where highly-processed food is not as widespread, with a large impact on obesity and noncommunicable diseases, by altering local availability, nutritional quality, price and desirability of food.

The best example is the case of Mexico under North American Free Trade Agreement (NAFTA): trade liberalization has resulted in disproportionately large increases in imports and in domestic production of processed foods, skewing the food supply towards an oversupply of highly processed foods, that is, calorie-rich and nutrient-poor foods, increasing the risk of noncommunicable diseases with an epidemics of obesity. Mexico has the second largest proportion of obese people in the world (30.0%), after the US, and is followed by Chile.

A greater increase in international trade will also have tremendous impact on environmental health worldwide, as both maritime and air freight transportation depend on petroleum. The increase in international trade proposed by the new trade agreements will contribute to the expected scarcity of this fossil fuel, and to foster pollution derived from its use. Regarding environmental protection, contrary to the proposed increase, a rationalization of international trade and its underlying supply chains should be put in practice, as environmental issues, especially climate change, are becoming more important. Consequently one can observes a growing need to regulate components of international trade that have negative externalities, as $CO_2$ emissions in the case of fossil fuels, and consequent health effects.

International trade enables several countries to mask their energy consumption and pollutant emissions by importing goods that are produced elsewhere, where environmental and health externalities are generated. Thus, international trade permits a shift in the international division of production, but also a division between the generation of environmental health externalities, with a heavier burden for developing nations that usually have weaker environmental legislation and enforcement. So, the trade agreements represent also a transfer of health risks to other nations, contributing to health inequalities around the world.

For these reasons, and more specific others, not discussed in this article, the final document of the 14th Congress of Public Health points that: "Trade agreements form an important part of political and economic context for the social determinants of health and have significant effects on health and health equity" (14th Congress of Public Health, Kolkata, India, 2015).

I agree with the social movements that these treaties should not be negotiated in secret, with the participation of more than 600 large corporations, but without Congress or the public, as they have been until now. They must be openly discussed and negotiated, as their health impacts are very complex and not fully understood. It should be given voice to all actors to work together as partners to attain global health equity. It is also time for Brazilian Public Health professionals to take part in this discussion.

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