



# Health services for all?

## Potential implications of PACER-Plus for access to health services in the Pacific island countries

### What is PACER-Plus?

At the 2009 Pacific Island Forum Leaders' Meeting, held in Cairns, Australia, Pacific leaders agreed to begin negotiations for a regional trade agreement between the Pacific island countries and Australia and New Zealand (PACER-Plus).

The PACER-Plus negotiations are likely to result in a binding international agreement that will affect Pacific economies and societies for decades to come. PACER-Plus will have wide-reaching implications for all Pacific islanders. A new agreement could affect ownership of land, employment, how much tax people pay, how much they pay for goods at the local store, the prices they get for their produce at the local market, and even their ability to access services (like local clinics and schools).

Both the Australian and New Zealand governments have shown they are interested in negotiating PACER-Plus as a free trade agreement that will allow their firms to export more goods and services to the Pacific and invest in new enterprises in the island countries<sup>1</sup>. The Australian government explains that "Australia's primary motivation in supporting PACER Plus is to help the Forum Island Countries (FICs) to promote sustainable economic development. We nonetheless expect that improved market access may enhance some opportunities for Australian exporters, investors and service providers in Pacific markets"<sup>2</sup>. The former Australian Trade Minister Simon Crean described PACER-Plus as a "trade-plus' free trade and economic integration agreement"<sup>3</sup>.

<sup>1</sup> A 'national interest' assessment undertaken regarding the Pacific Agreement on Closer Economic Relations (PACER), the precursor to PACER-Plus, found that "without ratification of PACER, Australia would be denied an enhanced opportunity to negotiate better market access to Pacific markets for Australian business and industry while any other country could enjoy duty free access to FIC's for their goods".

<sup>2</sup> 'Pacific trade negotiations commence', see: <http://www.aei.gov.au/AEI/MIP/Activities/09Activity24.htm>

<sup>3</sup> Crean, S. McMullan, B. 2008. 'International engagement begins in own backyard'. *Canberra Times*. 26/8/08. Fairfax, Canberra

### How will PACER-Plus affect health services in the Pacific?

If PACER-Plus includes negotiations for a new agreement on *trade in services*, Pacific countries will be asked to open service sectors, including health services, to Australian and New Zealand commercial providers. An agreement including trade in health services would mean Pacific governments must take a market approach to providing health services, and must guarantee that Australian and New Zealand companies can provide health services in Pacific countries.

Some argue that this would lead to greater competition and improved service delivery, while others believe such an agreement would restrict options available to Pacific governments trying to extend health services to *all* of their people.

At a special meeting of Pacific Trade Ministers and their Australian and New Zealand counterparts in October 2009, it was agreed that services, *including health*, would be a priority area for discussion under PACER Plus<sup>4</sup>. This implies that Pacific countries are prepared to negotiate a trade in services agreement as part of PACER Plus. However, Pacific peoples have yet to have a say on whether they would want such an agreement.

PACER Plus will also affect public health services if Pacific governments are forced to lower import tariffs – which would remove a key source of government revenue. For many Pacific countries the projected revenue losses under PACER-Plus equate to a significant proportion of, or exceed, their entire health budget<sup>5</sup>.

<sup>4</sup> Pacific Islands Forum Secretariat. 2009. *Outcomes Document: Special Forum Trade Ministers' Meeting*. 23-24 October, Brisbane, Australia.

<sup>5</sup> Oxfam Australia, Oxfam New Zealand. 2009. *PACER Plus and its Alternatives: Which way forward for trade and development in the Pacific?* Oxfam Australia, Melbourne, Oxfam New Zealand Auckland.

## Could PACER-Plus undermine access to health services in the Pacific?

Yes, in at least two key ways:

Firstly, if PACER-Plus contains obligations to liberalise trade in essential services, this would increase the likelihood that for-profit service providers will take over the provision of services that are essential to the realisation of the right to health (health, water, power etc.) in the island countries. Liberalisation of trade in services may allow companies to pick and choose where they provide services, and who they provide them to. Companies might provide safe drinking water, private clinics, and reliable electricity to wealthier towns, but not extend those services to rural areas or outer islands. This is especially a concern in the Pacific, where in some cases there are no regulations in place to ensure everyone can access those services.

Secondly, opening health service 'markets' may lead to two levels of services in the country, where the wealthy get good services, but most people don't. For example, listing health services under PACER-Plus may allow the building of foreign-owned private hospitals, clinics and dental surgeries. This could lead to an internal 'brain drain' where the most skilled health staff are drawn away from the public sector (by means of higher pay) leaving poor or remote areas without the people they need to run essential healthcare facilities.

This is especially a concern in the Pacific, where many countries are struggling to extend basic health services to their population. In Vanuatu for example, there is only one doctor for every 10,000 people, and around twenty percent of the population has no access to medical services at all<sup>6</sup>.

## But isn't access to health services a basic human right?

Yes. Under Article 12 of the International Covenant on Economic, Social and Cultural Rights, everyone enjoys the right to "highest attainable standard of health". Realising, protecting and fulfilling the right to health is the responsibility of government. Australia and New Zealand have a responsibility to ensure that any new trade agreements they sign with other parties do not adversely affect the realisation of the right to health in those countries.

Under the International Covenant on Economic, Social and Cultural Rights (CESCR), which Australia and New Zealand ratified in 1975 and 1978 respectively,

State parties are obliged to take steps (individually or through international assistance and cooperation) towards the full realization of Covenant rights (article 2(1), as interpreted by CESCR General Comment No. 3 (1990)). In relation to the right to health, this includes the obligation to respect the right to health in other countries, to give due attention to the right to health in international agreements and to take steps to ensure those agreements do not adversely impact on the right to health (article 12, as interpreted by CESCR General Comment No. 14 (2000))<sup>7</sup>.

## Do Pacific countries have to include health services in a new trade deal?

No. There is no requirement that PACER-Plus be negotiated as a free trade agreement, and there is also no requirement that PACER-Plus must include an agreement on trade in services. Even if PACER-Plus does contain an agreement on trade in services, there is no requirement that such an agreement covers trade in essential services (like health, education, water and electricity).

## Find out more

This fact sheet is produced by the People's Health Movement (Australia) and the Public Health Association of Australia (Victorian Branch). For further information visit [www.phmoz.org](http://www.phmoz.org) or email [pacifictrade@gmail.com](mailto:pacifictrade@gmail.com).

Other fact sheets on PACER-Plus and health and development in the Pacific islands include:

- Tackling lifestyle diseases?
- Sending health workers abroad?
- Improving access to medicine?
- Offering a fair deal?
- Improving Pacific governance?
- Supporting Pacific livelihoods?



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<sup>6</sup> pp.19. Oxfam International. 2005. *Make extortion history: The case for development friendly WTO accession for the world's poorest countries*. Oxfam International, London.

<sup>7</sup>Committee on Economic, Social and Cultural Rights (CESCR), *General Comments No.14 (2000), The right to the highest attainable standard of health*. E/C.12/2000/4, 11 August 2000