PAN AMERICAN HEALTH ORGANIZATION
WORLD HEALTH ORGANIZATION

132nd SESSION OF THE EXECUTIVE COMMITTEE

Washington, D.C., USA, 23-27 June 2003

Provisional Agenda Item 4.7

CE132/15 (Eng.)
28 April 2003
ORIGINAL: ENGLISH

GLOBALIZATION AND HEALTH

This document examines the impact of globalization and the opportunities and risks that it represents for improving population health in the Americas, increasing effectiveness and equity in national health systems, and reducing inequalities in access to health services. This analysis identifies strategic lines of work that should be implemented by PAHO/WHO to improve its response to the new demands for technical cooperation.

The document has been divided into six sections. The introduction presents a summary of the characteristics and dimensions of globalization that are relevant to the health sector. The second section summarizes the empirical evidence and the arguments on the positive and negative impact of globalization on the health of the population. The third section discusses the impact of globalization on the health services trade, and the fourth examines the special case of drugs and medical equipment. The fifth section presents some guidelines for PAHO's cooperation related to globalization and health.

The last section proposes five lines of work for PAHO's cooperation in this field: (1) health impact assessment of globalization; (2) collection and dissemination of available data on the international trade of health goods and services; (3) promotion of the consideration of health concerns in trade and integration negotiations in the Region; (4) supporting health policy and regulatory development for implementing Member States commitments on trade and integration, and (5) promotion of national health systems development, sustainable healthy styles and behavioral changes to deal with non-trade health impacts of globalization.

The Executive Committee is requested to examine the link between globalization and health analyzed in this document and the strategies that the countries should adopt in light of it, as well as PAHO's cooperation with the efforts of the Member States in this field.

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Globalization and Health: New Perspectives for Action by PAHO/WHO

Introduction

1. The Region of the Americas is immersed in the dynamic of globalization, which consists of the internationalization of production, consumption, values, and customs, through the movement of capital, labor, technology, and information.[1] One of the dimensions of globalization emphasized in this document is the liberalization of trade, more than the movement of people (which can have an impact on the spread of disease) or the dissemination of information and communication (which has implications for the generation and dissemination of knowledge).

2. Globalization poses major challenges for the countries of the Region.[2] The liberalization of the markets for goods and services, the demand for more flexible labor markets, fiscal reforms, structural adjustments, and sectoral reforms are some of the features that have accompanied globalization. National economies are currently more open and have modernized their productive structures, following their adoption of multilateral rules for trade in goods and services.[3]

3. Intensified trade flows in goods and services and higher direct investment are some of the manifestations of the globalization process. Greater integration of the national economies into the international markets has produced changes in behavior and consumption patterns that are having a significant impact on the epidemiological profile of the countries of the Region.

4. Those features of globalization have sparked major changes in the organization, financing, and operations of the national health systems. The rapid dissemination of health care knowledge, goods, technology, and practices is translating into new consumption patterns of health goods and services, the appearance of market niches for health services to meet consumer demands, and wider disparities in the accessibility of various population groups to health care. Structural and sectoral reforms and the

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[1] This concept attempts to summarize the vision of globalization held by international organizations, such as the Economic Commission for Latin America and the Caribbean (ECLAC), the World Bank, the Inter American Development Bank (IDB), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and PAHO itself

[2] CEPAL. *Una década de luces y sombras: América Latina y el Caribe en los años noventa.* March 2001. (Notas de CEPAL # 15).

[3] Abreu, S. "La conformación de las comunidades supranacionales y el derecho internacional". *Hacia la definición de una agenda de salud en los procesos de globalización económica*. Memorias de la reunión del 29-31 de julio de 1998, Montevideo (Uruguay). Serie de Informes Técnicos No. 67. Program on Public Policy and Health /Division of Health and Human Development (HDP/HDD), March 1999.

liberalization of trade have led to an increase in the health goods and services trade, private investment (national and international), and the supply and demand for health services, posing new challenges for the formulation of health sector development policies.

5. Gains from the economic growth associated with globalization have not been uniform among the countries, and social development objectives, such as the reduction of poverty and inequalities between human groups, have not been achieved. These gains are disproportionately benefiting limited population groups. The Latin America and Caribbean region is still the region of the world marked by the greatest inequities. Preventing these disparities from widening even further demands more equitable distribution of the economic and health gains deriving from our countries' participation in a globalized world open to international trade.

6. The new scenario created by globalization demands that the health sector reconcile its ultimate objective—protecting the health of the population—with the demands generated by the production and trade of health goods and services at the national and international level, while attempting to optimize benefits throughout the process. In this new scenario, international competitiveness is replacing protectionism, and emerging economies are seeking to integrate themselves into the competitive international network, becoming centers of attraction for direct foreign investment and goods and services flows.[4]

7. To adapt to the globalization process, the countries are coordinating their efforts through a series of negotiating bodies. The World Trade Organization (WTO) is the cornerstone of the international trade structure. An outgrowth of the General Agreement on Tariffs and Trade (GATT), WTO negotiations entail a series of obligations related to the way in which countries structure and implement their trade policies, legislation, and corresponding regulations. The agreements signed by the WTO have a direct and indirect impact on health and the work of specialized agencies such as WHO and PAHO (see Table 1 in Annex).

8. Protecting the health of the population is one of the areas explicitly addressed in negotiations within the framework of the international trade agreements. An important example of this is the recognition by the WTO Ministerial Conference in Doha, Qatar, in November 2001 that Trade-related Aspects of Intellectual Property Rights (TRIPS) can and should be interpreted to allow WTO Member States to protect public health and facilitate access to drugs. Furthermore, countries have the right to determine what constitutes a national health emergency or other circumstances that justify the compulsory granting of licenses for local drug manufacture.[5]

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[4] Abreu, *op. cit.1998.*

[5] WTO Doha Ministerial 2001: Declaration on the TRIPS agreement and public health , TRIPS

9. Trade and integration negotiations currently involving countries of the Americas include multilateral agreements, regional agreements, customs unions, free trade agreements, temporary non-reciprocal preferential agreements, bilateral agreements, and general association and cooperation agreements (see Table 2 in Annex). When negotiating such agreements, the consideration of health priorities and their impact on the health sector are two areas of strategic importance for sectoral development and international cooperation in health.

Globalization and the Health of the Population

10. Globalization has led to the introduction of new goods and services, the dissemination of new knowledge, and changes in the behavior and consumption patterns of the population. These developments can have both positive and negative impacts on health profiles.[6] Positive impacts of globalization can be observed in the case of food and other products for human consumption--major components of the international trade of PAHO's Member States. Progressive improvements in the hygiene of food and these other products can bring economic and health benefits to exporting and importing countries alike. Exporting countries benefit from their access to new markets and more effective protection of their population's health, and importing countries, from new opportunities to obtain goods of the same or better quality at potentially lower prices.

11. Other positive impacts of globalization can be found in the technological innovation that results in new and more effective pharmaceutical products, diagnostics and medical devices, as well as in the intensified trade of these products, which makes them available on a global scale. Also in this case both exporting and importing countries can obtain health and economic benefits from such developments. Intellectual property protection in the developing world has allowed the research-based pharmaceutical industry to shift manufacturing and research and development activities from developed countries to developing countries. This shift has brought obvious economic benefits to host countries, such as employment and tax revenue. It has also contributed to the industry's ability to price drugs more in line with the purchasing power of least-developed countries and low-income developing countries.

WT/MIN(01)/DEC/2, Adopted on 14 November 2001

[6] For a review of those impacts see for instance: Lee, K., Buse, K. and Fustukian, S. eds., *Health Policy in a Globalizing World,* Cambridge Univerity Press, 2002; as well as the following articles published in the 2001, 79(9) issue of the WHO Bulletin: Cornia, G.A., *Globalization and Health: results and options*; Fidler, D., *The globalization of public health: the first 100 years of international health diplomacy*; Woodward, D., Drager, N., Beaglehole, R. and Lipson, D., *Globalization and health: a framework for analysis and action*; Dollar, D., *Is globalization good for your health?*

12. The possibility of acquiring new knowledge and technology to control health problems that once could not be controlled is another positive health impact of globalization, which contributes to spreading the notion that health is the right of every human being, as defined by the International Covenant on Economic, Social and Cultural Rights.[7] Related to it is the definition of health related "global public goods" - like communicable diseases control, financing of global health initiatives and efficient provision of health technology.[8] Both arguments facilitate the promotion of national health policies aimed at securing more equitable access to health care.

13. Negative health impacts of globalization are associated with factors like the mass movement of people - either forced or voluntary (including tourism), growing trade of unhealthy products, unequal distribution of the economic gains from globalization, unhealthy changes in behavior and consumption patterns, as well as persistent environmental degradation. A special research project has just been launched to further explore the health impacts of globalization.[9] One example of these problems is the rising prevalence of health problems associated with overweight and obesity, resulting from inactivity and wider consumption of inexpensive food low in nutritional content.[10] The treatment of chronic diseases associated with overweight and obesity—like diabetes, cardiovascular disease, and hypertension and others—is having a significant adverse impact on health expenditure of households and public health institutions. Greater knowledge is needed about the economic impact of these diseases, including losses in terms of productivity and life expectancy.

14. Other examples of adverse health impact can be found in the increase in production and use of illicit drugs[11], the incidence of HIV/AIDS[12] and the current spread of the Severe Acute Respiratory Syndrome (SARS). The health impacts of globalization seem to have clear gender connotations, like it can be observed in the case of violence and reproductive health, HIV/AIDS, occupational health and migration of health care workers.[13, 14, 15]

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7 United Nations*, General Assembly resolution 2200A (XXI)*, 16 December 1966.

8 Kaul, I. And Faust, M., *Global Public Goods and Health: Taking the Agenda Forward*, WHO Bulletin 2001, 79 (9).

9 UNDP-World Bank-WHO Special Programme for Research and Training in Tropical Diseases, *Strategic Social, Economic and Behavioral Research,* TDR, Geneva, January 2003.

10 WHO, *Globalization, Diets and Non-Communicable Diseases*, Geneva, 2002; WHO, *Report of the Joint WHO/FAO Expert Consultation on Diet, Nutrition and the Prevention of Chronic Diseases*, WHO Technical Report Series # 916, Geneva, 2002.

11 UN, *World Drug Report 2000*, Office of Drug Control and Crime Prevention, Oxford Univ. Press, 2000.

12 WHO, *Marcoeconomics and Health: Investing in Health for Economic Development*, Report of the Commission on Macroeconomics and Health, Geneva, 2001.

13 Mayhew, S. and Watts, C., *Global rhetoric and individual realities: linking violence against women and reproductive health*, in Kelley, L. Buse, K. and Fustukian, S*., Globalising World*, op. cit. Cambridge Univ. Press, 2002; and

15. Other areas little explored as yet are the relevance of the international trade in health goods and services and the importance of the population's health as a determinant of the competitiveness of human capital. The first of these areas requires special attention due to its health implications and the growing weight of the health sector in the countries' economic activity, which involves production, employment, productivity, and competitiveness. The link between a population's health and the competitiveness of human capital is important for ensuring that health is a consideration in the economic growth and social development strategies of the countries.

Globalization and the Health Services Trade

16. Globalization increases the international production and consumption of health goods and services, direct foreign investment in the health sector, and the movement of health workers between countries. The growing awareness of new technologies and treatments available internationally enables society to demand those resources to their health care providers.

17. Managing the health sector, in a context in which the production and consumption of services and the population's health are heavily influenced by external factors, poses a new challenge for our countries. The growth of international trade in services, which includes health services, requires specific guidelines for the different mode of trade negotiated under the General Agreement on Trade in Services (GATS). These challenges, moreover, require greater capacity on the part of PAHO and the countries to implement and evaluate health sector development policies within the new context of openness and competitiveness.

18. Up until a short time ago, experts in international trade regarded services in general, including health services, as non-tradable goods. Experts in the health sector also considered health care delivery a strictly local activity. Little by little, however, the two groups have realized that the technological and organizational development of the health sector is making it increasingly possible to market services on an international scale.

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[14] Commission on Macroeconomics and Health, *Trade in Health Services*, CMH Working Paper # WG4:5, Geneva, June 2001.

[15] MacLean, H., Labonte, R., Glynn, K., Sicchia, S.R. and Bovaird, V., *Globalization, Gender and Health,* Canadian Institutes for Health Research, International Conference 2003: Impact of Global Issues on Women and Children, Bangkok, Thailand, February 2003.

19. A 1994 study by PAHO and the United Nations Conference on Trade and Development (UNCTAD)[16] demonstrated that the international delivery of health care was taking place in our Region in the four modes defined by the General Agreement on Trade in Services (GATS):

- Mode 1: cross-border service delivery
- Mode 2: movement of patients
- Mode 3: commercial presence of foreign service providers
- Mode 4: temporary migration of professionals.

20. The growing use of telecommunications and information technology has facilitated the rapid expansion of cross-border tele-medicine and health services management (Mode 1). Several countries in the Region attract foreign patients, who travel to them for medical care (Mode 2). Patients from Latin America and the Caribbean seek treatment in neighboring countries or the United States, where the health sector is among the eight sectors with the highest exports of business, professional, and technical services. There appear to be two different situations among Latin American and Caribbean countries regarding the treatment of foreign patients. Countries with enough capacity in their health system can provide services to foreign patients without affecting the coverage of their own population. However, in those countries with an insufficient level of health care coverage the treatment of foreigners can further reduce the amount of services available to the local population.

21. Countries that export health services in the Region may be receiving more income and bolstering their economies, which is a positive result from an economic point of view. However, from a public health perspective, it is necessary to define the type and volume of services that can be exported without affecting the satisfaction of health care needs of the exporting countries. In other terms, there must be a balance between the economic and health perspectives so that countries can gain in both fields.

22. A more recent PAHO study[17] has identified the presence of foreign providers of health insurance and services in many Latin American countries (Mode 3). However, very little is known about the magnitude and impact of foreign investment in health care delivery, insurance and management in the countries of the Region.

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[16] Díaz, D. and Hurtado, M.*, International Trade in Health Services: Main Issues and Opportunities for the Countries of Latin America and the Caribbean,* Technical Reports Series # 33, Public Policy and Health Program, PAHO/WHO, July 1994.

[17] PAHO Division of Health and Human Development*, Trade in Health Services in the Region of the Americas.* In*:* PAHO and WHO*, Trade in Health Services: Global, Regional and Country Perspectives*, Washington, 2002.

23. Latin American and Caribbean health professionals migrate to other countries in the region or to the United States, Canada, or Europe (Mode 4). The health sector labor force in developed countries is increasingly dependent on foreign workers.[18] To date, it is not clear whether this migration constitutes a net gain for the exporting countries - because of the foreign exchange remittances that emigrants send back - or whether it represents a subsidy from the originating countries – which shouldered the high cost of training those professionals - to the destination ones. If such subsidy does exist, it has not yet been properly contemplated within the framework of current trade negotiations. In addition, because of its high proportion of nurses, this migration has clear gender connotations.[19, 20]

24. The economic and health impacts of the four modes of trade in services have to be assessed from the perspective of both exporting and importing countries. A better knowledge of such impacts is critical not only for a more effective management of national health systems, but also for a greater coherence between health and trade policies. This is an area that requires a much closer collaboration between health and trade experts and authorities at national and international levels. PAHO just published a technical report on the current negotiation of health services in trade and integration agreements in the Americas that can be useful for this purpose.[21]

Drugs and Medical Equipment

25. At the end of the last decade, the Hemisphere disbursed nearly US$ 1,185,000 million annually in health goods and services, a figure close to half the world expenditure.[22] Latin America and the Caribbean accounted for $115,000 million of this expenditure—7.3% of GDP, or $240 per capita—41% of which was financed with public resources and 59% with private resources. Per capita expenditure ranged from $795 in Argentina down to $9 in Haiti. In contrast, the United States disbursed $3,858 per capita and Canada, $1,899. In addition to the extreme differences between countries, several studies have revealed major disparities in health expenditure among social groups and areas of a single country. In the year 2000, the per capita expenditure on drugs and medical equipment in the Americas (including Canada and the United States) was $33.

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[18] According to the American Medical Association, in 1999 25% of physicians in the United States had been trained abroad. (AMA Physicians Statistics, 2001. www.ama-assn.org).

[19] Commission on Macroeconomics and Health, *Trade in Health Services*, op. cit.

[20] Díaz, D. and Hurtado, M.*, International Trade in Health Services., op. cit.*

[21] Lipson, D. L., *Negotiating Health Services in Trade and Integration Agreements in the Americas*, Tech. Report Series # 81, Public Policy and Health Program, PAHO/WHO Washington, D.C., December 2002.

[22] PAHO/WHO, *Health in the Americas - 2002,* Washington, 2002

The average for Latin America and the Caribbean was estimated at $15 per capita. The figure in this group of countries ranged from $6 in Bolivia to $104 in Barbados.

26. The exact share of the regional health goods and services market that corresponds to international transactions is still unknown, but it *is* known that much of the drugs, equipment, and other supplies utilized by the health sector are imported from other Latin American countries or outside the Region. Preliminary estimates of the trade flows for drugs, supplies, and medical equipment in the 1990s indicate that they represent a growing share of the countries' imports and health expenditure.

27. Between 1994 and 2000, the total imports of drugs and medical equipment by the countries of the Hemisphere soared from $19,400 million to $43,000 million. These imports have grown at an average rate of 14% annually, a figure significantly higher than the countries' economic growth rate and the growth of national health expenditure during the period. Similar trends have been observed in the volume of exports, which jumped from $18,000 million in 1994 to $32,700 million in 2000 (see Figure 1 in Annex).

28. The wide variations in the value of exports and imports of drugs and medical equipment among the countries of the Region point to significant differences in the impact of the respective trade policies (or of their absence). In formulating national drug policies, the countries need to have a better idea of the impact of drug and medical imports on the availability and use of drugs. Cooperation with country efforts to increase or rationalize the availability of drugs and medical equipment requires greater knowledge about the quantities and quality of these goods. This would require creating a database on international trade flows of health goods and services, monitoring trends of these trade flows and evaluating their implications for the structure of health markets in the Region. This is one area of technical cooperation that could be developed by PAHO, by combining available data from national and regional sources.[23]

29. Resources are scarce to support research on drugs against the so-called neglected diseases like tuberculosis and malaria that are common in developing countries. They are also scarce to cover the high cost of the drugs for treating diseases with a virtually global impact, like AIDS. Because of that, the promotion of research on these drugs and support to their availability in poor countries has been considered "global public goods."[24] As part of the efforts to overcome those barriers, the international community has recently created the Global Fund to Fight AIDS, Tuberculosis, and Malaria, the purpose of which is "to attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of

[23] There are excellent databases on regional trade, developed by entities such as the Latin American Integration Association (ALADI), the Organization of American States (OAS), the Institute for Latin American and Caribbean Integration of the IDB (IDB/INTAL), and the U.S. Department of Commerce.

[24] WHO, *Report of the Commission on Macroeconomics and Health,* Geneva, 2001.

infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millenium Development Goals."[25]

30. The Declaration on the TRIPS Agreement and Public Health, adopted by the WTO Ministerial Conference in Doha, Qatar demonstrates that it is possible to reconcile the protection of intellectual property with the right to access to drugs. Great expectations were aroused about the outcome of the Conference, for it was the first time in 50 years of multilateral trade negotiations that the issue had been debated.[26] Trade policies deriving from the TRIPS—for example, the parallel importation, the compulsory granting of licenses in health emergencies, and the transfer of technology to countries with smaller productive capacity--can help to reduce the existing gaps in access to drugs between developed and developing countries.[27, 28]

Guidelines for PAHO's Cooperation on Globalization and Health

31. As part of, and in response to globalization, countries have been involved in the negotiation of a series of global agreements within the framework of the WTO, such as the GATS, TRIPS, GATT, and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). Regional negotiations are also under way on the Free Trade Area of the Americas (FTAA) to give it the consequent weight in the structure of the Inter-American System. Among the subregional agreements currently under negotiation, the Southern Common Market (MERCOSUR) has specifically created a committee for debating on the harmonization of health standards among its member countries. In the Andean Community, other sub-regional agreement, health issues are discussed in a negotiating system that deals with not only economic issues but social issues as well (see Table 3 in Annex).

32. The countries of the Americas have been involved in the simultaneous negotiation of trade and integration agreements at global, regional, sub-regional and bi-lateral levels. "Open regionalism," as ECLAC has called this process[29], requires from the countries a considerable capacity to participate in simultaneous negotiations of every issue at different instances. For example, in recent years, the ALADI member countries have

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[25] Global Fund to Fight AIDS, Tuberculosis and Malaria, *Purpose,* www.globalfundatm.org.

[26] World Trade Organization, *Declaration on the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and Public Health.*, Ministerial Conference, Doha, Qatar, 2001.

[27] World Health Organization, *Implications of the Doha Declaration on the TRIPS Agreement and Public Health,* Health Economics and Drugs EDM Series # 12, Geneva, June 2002.

[28] World Health Organization and World Trade Organization, *WTO Agreements and Public Health: A Joint Study by the WHO and WTO Secretariat*, Geneva, 2002

[29] Comisión Económica para América Latina y el Caribe, *El Regionalismo abierto en América Latina y el Caribe. La integración económica en servicio de la transformación productiva con equidad,* CEPAL, LC/G.1801(SES.25/4)/E Enero de 1994

debated the issue of drugs in six different forums.[30] Despite its complexity and apparent inefficiency, "open regionalism" offer our countries an opportunity to strengthen their regulatory capacity in health and, at the same time, harmonize it within the framework of the trade and integration agreements under negotiation.

33. The ministries of health have traditionally been absent from trade and integration negotiations and from the regulation of goods and services internationally traded. This process is usually overseen by the ministries of trade and industry, finance, and foreign affairs. A prerequisite for reconciling public health objectives with the economic dimensions of the health sector in the face of globalization is to give the ministries of health a greater role nationally and in the different integration and trade agreements. The negotiators for the health sector should play a dual role: to ensure that at least the minimum levels of quality are observed, and to secure competitive advantages for their respective countries. Health sector capacity must be strengthened to meet these challenges and to promote ties with the ministries of trade and foreign affairs as the agencies that oversee the international trade in goods and services.

34. Globalization and regional integration—as the countries' response to globalization—generate new demands for technical cooperation from multilateral and bilateral agencies that cover a wide range of economic, epidemiological, financial, information, and communication issues. Some of the demands stem from new challenges that can be addressed through conventional cooperation with each individual country. Others require collective support from countries engaged in consensus building and the development of supranational policies and instruments.

35. PAHO has worked with globalization and trade issues since its creation. In recent years it has been analyzing the health implications of globalization, trade, and integration for some time. It has also promoted and supported the health sector participation in the negotiations of the FTAA like those in Denver, United States; Belo Horizonte, Brazil and San Jose, Costa Rica. It has done the same in relation to MERCOSUR, Andean Community, North American Free Trade Agreement (NAFTA), Central American Integration System (SICA), Caribbean Community (CARICOM) and Association of Caribbean States (ACS). It has participated in the WTO Ministerial Conference in Seattle, United States, as part of the WHO delegation. PAHO has maintained working relations in these areas with WHO, WTO, UNCTAD, and the European Union. In addition, it has closely followed the dialogue between governments and private-sector entities connected with the international trade of health goods and services. PAHO's experts in drugs, vaccines, food, technology, informatics, human resources, health services, water and sanitation, veterinary public health and environmental protection have

[30] These forums are MERCOSUR, Andean Community of Nations, Latin American Integration Association (ALADI), Free Trade Area of the Americas (FTAA), WTO, UNCTAD, PAHO, and WHO.

promoted and supported the participation of national counterparts of the respective fields in similar activities.

Lines of Work for PAHO's Cooperation on Globalization and Health

36. Because of the complex relation between globalization and health, it is necessary to scope out the specific elements of this phenomenon that must receive a priority attention by PAHO's cooperation in this area. The following questions are proposed to facilitate the identification of those elements:

- What are the key impacts of globalization on health?
- What do we know about those impacts?
- What objectives and strategies should ministries of health adopt to address those impacts?
- What assistance do PAHO Member States need to deal successfully with globalization?
- How can PAHO build on the work that WHO has done in this area?

37. PAHO must adapt its technical cooperation to the new realities of globalization, according to the following criteria:

- Health concerns should be an important matter for consideration in trade and integration negotiations at global, regional, subregional and bilateral levels. To facilitate such consideration, a comprehensive approach is required to assess challenges and opportunities of each health concern in relation to different trade and integration agreements. It is also necessary a continuous dialogue between national health authorities and their trade counterparts.

- Member States need to be able to set policy so as to achieve the benefits of globalization while controlling its negative aspects. Policy flexibility is a key outcome for countries that wish to preserve and increase their health progress in the context of international trade agreements. The blend of policy choices will vary from country to country throughout the Region – if policy flexibility is not protected, suboptimal outcomes from globalization will be realized.

- Policy coherence between Health and Trade Ministries is key to achieving successful health outcomes in the context of trade agreements. For that, it is important to harmonize health and trade dimensions of the issues at stake, in a mutually convenient way to the negotiating countries. Dialogue and collaboration should also be promoted between public and private sector stakeholders who are

interested in health and trade issues. The health and trade sectors should overcome their traditional antagonistic roles to become partners of national development.

- To be effective, PAHO's cooperation in this field must involve the coordinated work of technical units and country representations, according to the issues and countries involved in each negotiation. In addition it must maintain its dialogue and collaboration with WHO, WTO, UNCTAD, OAS, IDB and ALADI, as well as the technical secretariats of trade and integration agreements at regional and subregional levels.

- PAHO should also help Member States address non-trade issues which can positively affect access to, and quality of health care, like the acquisition, distribution and rational use of medicines provided under liberalized trade rules; the increase and retention of trained health care personnel; the adequate domestic financing of health care and the improvement of general health infrastructure.

- Cooperation should also be provided to the development of integrated public health approaches that support sustainable healthy lifestyles and behavioral changes to improve dietary and nutritional outcomes, including the implementation of the necessary systems to measure progress over time in these areas.

38. Based on the previous sections, this document proposes that PAHO continue to promote and support the incorporation of health priorities in trade and integration agreements under negotiation by its Member States at global, regional and subregional levels, through the following lines of work:

- Using health impact assessment tools for measuring the positive and negative impacts of globalization and trade;
- Collecting and disseminating available data about the international trade of health goods and services;
- Promoting the consideration of health concerns in trade and integration negotiations involving the countries of the Americas;
- Supporting the development of health policies and regulations to implement the corresponding trade and integration commitments of its Member States, and
- Promoting national health systems development, sustainable healthy lifestyles and behavioral changes to deal with non-trade health impacts of globalization.

Action by the Executive Committee

39. Based on the information presented, the Executive Committee is requested to recommend:

- what countries should do to deal with the positive and negative impacts of globalization for the health of their population and to their health sector, and
- what kind of cooperation should PAHO/WHO provide to support its Member States management of globalization health impacts.

Annex

Figure 1. The Americas: Imports of drugs and medical equipment, 1994-2000 (in millions of US$)

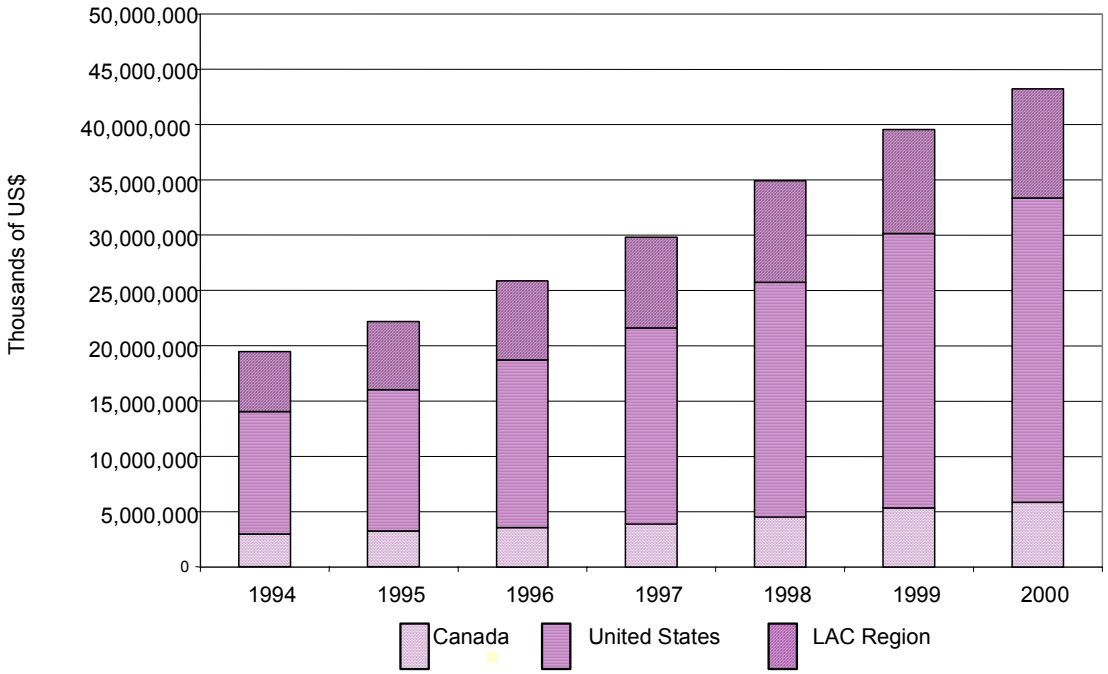
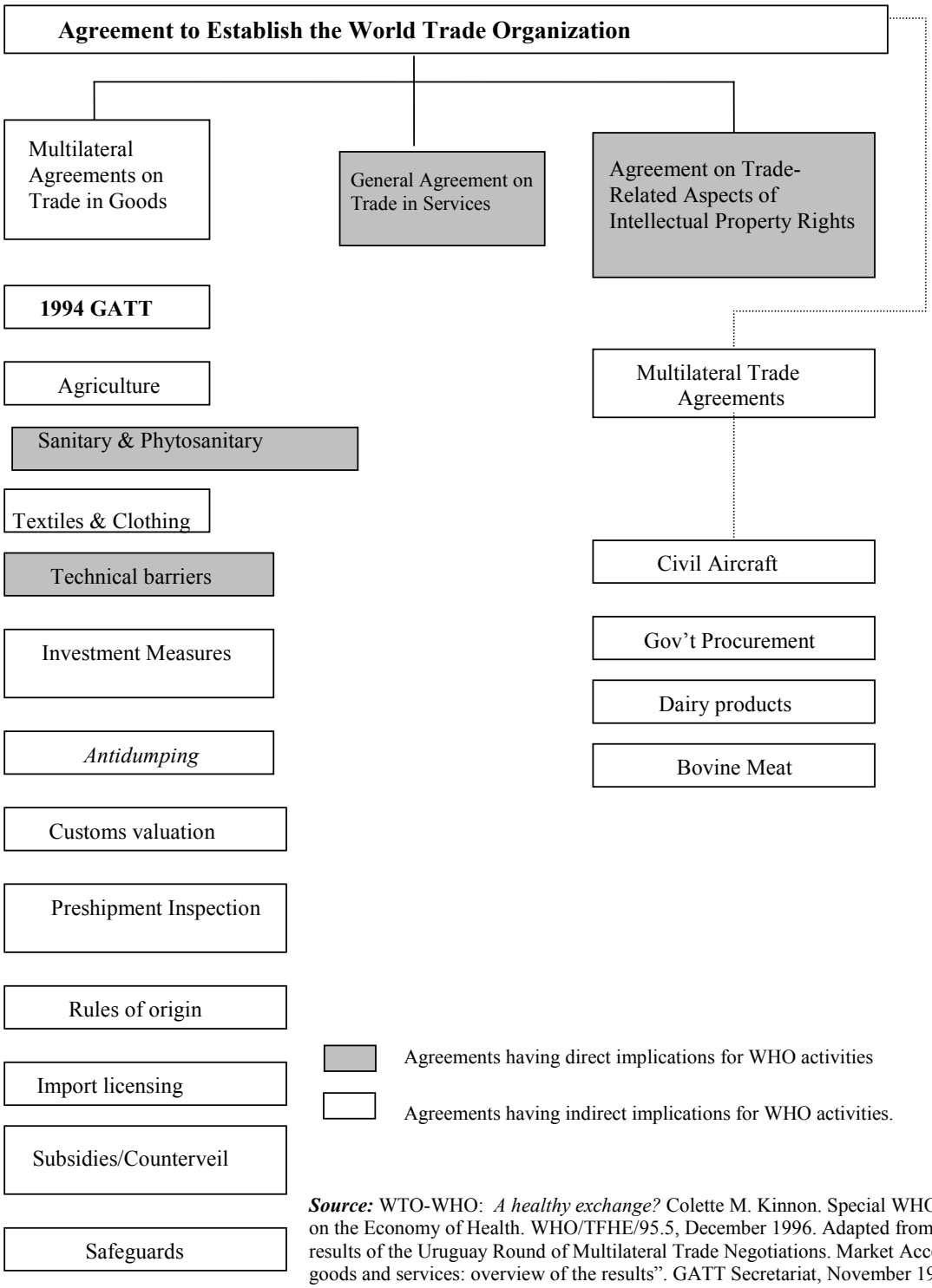


Table 1. Agreements that Constitute the Final Act of the Uruguay Round



Source: WTO-WHO: *A healthy exchange?* Colette M. Kinnon. Special WHO Group on the Economy of Health. WHO/TFHE/95.5, December 1996. Adapted from "The results of the Uruguay Round of Multilateral Trade Negotiations. Market Access for goods and services: overview of the results". GATT Secretariat, November 1994.

Table 2. Trade and Integration Agreements in the Americas

Multilateral Agreements	GATT, GATS, TRIPS, SPS
Regional Agreements	FTAA, ALADI
Customs unions	CARICOM, Andean Community, CACM MERCOSUR
Free trade agreements	NAFTA: Canada, United States, and Mexico G3: Colombia, Mexico, and Venezuela; Bolivia - Mexico Canada - Chile Central America - Dominican Republic Costa Rica - Mexico Mexico - Nicaragua
Temporary non-reciprocal preferential agreements	CARICOM - Colombia CARICOM - Venezuela
Bilateral agreements:	*Partial scope, economic complementation, free trade and preferential trade, signed by:* Argentina, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela
General association and cooperation agreements:	Association of Caribbean States Third Declaration of Tuxtla

Source: Organization of American States. Trade unit. www.sice.oas.org

Table 3. Health Related Bodies in the Trade Agreements of the Hemisphere

Trade Agreements	Health Related Bodies
CARICOM	Conference of Ministers of Health Health Office
Andean Community	CHU/(joined 1998)/ REMSAA
Central American Common Market Central American Integration System	SISCA, RESSCA, INCAP, OIRSA, CPEREDENAC, COCISS
Association of Caribbean States	Committee for Science, Technology, Health, Education, and Culture Health Official
MERCOSUR	Meeting of Ministers of Health – SGT 11 Health (Products, Surveillance and Services Committees)

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