National trade policy 2008/09 – the trade-health interface

Dr. Sania Nishtar

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The World Trade Organization's General Agreement on Trade and Services and majority of regional trade agreements allow countries to undertake commitments in trade and investments in health services if they so desire, in line with their own policy objectives. However, in the Uruguay round and in subsequent session negotiations, the lowest number of commitments by WTO members was in the health sector and not a single health negotiating proposal was advanced in the Doha development agenda. Despite this, cross border trade in health in countries such as Pakistan is burgeoning under the combined influence of a number of factors. In this regard, four channels of trade in services need to be taken into consideration while developing a trade policy.

First is the area of cross border supply of health services as a result of the 20th century information communication technology boom, which has created opportunities for business process outsourcing. Within the domain of health, Pakistan has become an option for low value off shore healthcare back office services like medical transcription, and billing due to low cost of labor. However, high value remote diagnostic and reporting services are limited due to the absence of regulatory frameworks and limited international marketing capacity of Pakistani companies – a gap the trade policy must address. Overall, the 'outsource' industry, has had a positive impact on employment generation; however, it does not add value to healthcare locally in the country, in terms of fostering improvements in quality through the spillover effect as has been observed in many other countries; it needs to be explored how that potential can be tapped. Additionally, on another note, it must be determined how Pakistan's network connectivity, which has enabled development of the outsourcing industry, can be used to benefit geographically remote areas within the country through telemedicine.

The second mode of trade in health is consumption of health care services overseas. Many far eastern countries have leveraged the potential therein to improve their health systems, which then become an important source of foreign exchange and add to the multiplier effects of tourism related activities in the economy. This type of trade in services has taken an undesirable route in Pakistan, as in many other developing countries with burgeoning of kidney transplant tourism. In 2007, the Transplantation of Human Organs and Tissue Bill, 2007 was promulgated; however, since then the subject seems to have been relegated to the background; it is over simplistic to infer that the state's job in curbing the illicit kidney trade comes to fruition with the promulgation of these statutes; impediments to the implementation of the law also need to be addressed.

Here it must also be recognized that medical tourism has limited potential in Pakistan for a number of reasons. The success of medical tourism depends on many factors: high degree of sophistication of indigenous health systems, high quality of health care at low costs, an expatriate-friendly environment and a well developed tourist industry, being the foremost. Based on these criteria it is clear that the medical tourism industry would not have an emerging trend in Pakistan at least in the short to medium term. It is therefore important that public resources earmarked for health should not be used to promote medical tourism at the cost of essential health services as there is little benefit to serving the equity objective in health except indirectly through improvements in quality.

The third mode of trade is commercial presence, of a foreign service provider in a host country for the purpose of supplying health related services. Pakistan is the sixth most populous country in the world and a large market. If the country's overarching investment climate permits, investments in the healthcare sector from off shore sources, are likely to increase due to the overarching policies of liberalizing services traditionally in the public domain, which governments have pursued over the last ten years. While this approach has its benefits in terms of upgrading healthcare infrastructure, facilitating employment generation and providing a broad area of specialized medical services, it can also create inequalities by creating a two-tiered health system with high quality care being supplied to the affluent. The trade policy should therefore, articulate its position in this respect. Additionally, it should also outline the government's principles for offering subsidies to foreign service providers in view of the concerns that that this can divert resources from health interventions that can be more equitable in their outlook.

The fourth mode in trade in health services relates to migration/movement of health professionals, out of the country. Such movement can exacerbate existing health workforce shortages as is particularly being observed in the case of nurses, paramedics, and public health professionals in Pakistan. The current doctor-nurse ratio has been 2.7:1 for some time as opposed to the recommended doctor to nurse ratio of 1:4; despite this, more than 1,800 nurses trained at state expense have moved out of the country over the last five years. A trade policy must therefore articulate the country's policy position on trade of health related human resource. Clearly the priority should be to meet health workforce needs of the country through appropriate retention arrangements as opposed to a focus on export on the premise that the latter generates foreign remittances.

Another consideration of relevance to the trade-health interface is the WTO agreement on Trade Related Intellectual Property Rights (TRIPS); Pakistan is a signatory to the agreement and has promulgated the Patents Ordinance 2000 to comply with its requirements. Given that these stipulations have the potential to create barriers to access to medicines, a national trade policy should outline how the country envisages using flexibilities granted by the Doha Declaration on TRIPS agreement and Public Health (2001), namely compulsory licensing, parallel imports and bolar exemptions (which the word limit on this opinion preclude explaining) to overcome these barriers in the interest of public health. Under the National Trade Policy 2008/09, an intent has been signaled to develop plans for establishing a bioequivalence laboratory. Although this interest stems largely from the focus on export of generic drugs, with which trade in health is closely identified with in Pakistan, it must be recognized that it's more important functions relate to quality improvement of medicines and institutionally helping implement flexibilities grated under the Doha Declaration on Public Health.

In summary therefore, it is important to see trade in a holistic but an equitable manner and broaden its scope from commodities to the entire value chain including services and human resource. Appropriate covenants in health and trade policies need to be developed and synchronized to ensure that trade norms maximize health benefits and minimize risks, especially for poor and vulnerable populations. Because of its specificities, health, services and human resource should feature as a separate item in Pakistan's national trade policy. It is important to realize that policies are living documents and need revisiting to make necessary amendments from time to time.

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