

Canadian Consumer, Health and Trade Justice Coalitions Call for Elimination of New Monopoly Rights for Pharmaceutical Firms in Revised NAFTA as Canadian Government Budget Reveals Hundreds of Millions in Additional Drug Costs Under Proposed USMCA Terms



Canadians currently pay the second highest drug prices in the OECD. It is vital that Canada does everything possible to make drug prices affordable for people.

Unfortunately, provisions in the new Canada-United States-Mexico Agreement (CUSMA) contribute to rising drug prices that will make publicly funded drug programs – including a national pharmacare program – more expensive. Chapter 20 of CUSMA would obligate Canada to maintain an array of policies that protect pharmaceutical companies from competition so they can charge high prices for medicines.

Specifically, the CUSMA would keep drug prices out of reach for patients by requiring Canada to provide 10 years of marketing exclusivity for brand name biologic medicines. Currently, this market exclusivity in Canada is eight years.

Biologic drugs include vital treatments for cancer, anti-inflammatory medicines and some vaccines. Already, biologic treatments can cost upwards of \$20,000 to \$30,000. In some cases, the cost can go as high as \$100,000. **A recent Parliamentary Budget Office report estimated that the first year of CUSMA could cost \$169 million in higher drug costs.** The report stated: “the CUSMA-induced increase in expenditures for consumers and drug plans would amount to at least \$169 million in 2029, increasing annually thereafter.”

CUSMA would also require various patent “evergreening” policies to make it easier for brand-name drug companies to extend their monopolies through additional patents and patent extensions. And it would give pharmaceutical companies the ability to extend patents by challenging a five-year delay in the granting process.

These policies will have a direct impact on the affordability of our public drug systems. Already, the PBO estimates that approximately 73 per cent of the increases to Quebec’s public drug plan spending between 2010 and 2016 came from biologics. A national pharmacare program will face similar financial pressures as more of these new drugs enter the market.

The election of a Democratic majority in the U.S. House of Representatives has created an opportunity to undo these terms. Congressional Democrats are insisting these terms be

eliminated from CUSMA. Indeed, unless these terms that raise medicine prices are removed, the U.S. Congress is unlikely to ratify the deal.

It is noted that the text of the last four enacted U.S. free trade agreements had to be altered after the agreements were signed in order to obtain congressional assent.

It is simply not in the interests of Canada and Québec that these provisions remain. Already, when the U.S. left the Trans-Pacific Partnership, Canada and other governments removed provisions that would have locked in biologic market extensions. Mexico, as well, would be disadvantaged by these provisions as they currently have no marketing exclusivity for biologics. CUSMA is an important trade agreement and it needs to be done correctly.

We express our support for the elimination of provisions that limit access to affordable medicines in the revised North American Free Trade Agreement (NAFTA), also known as the Canada-United States Mexico Agreement (CUSMA).

We call on the Canadian government to work with – or at least not be an obstacle to – members of U.S. Congress who want to remove the provisions in CUSMA that would keep drug prices out of reach for patients by requiring Canada to provide 10 years of marketing exclusivity for brand name biologic medicines.

Removing monopoly protections for pharmaceutical companies from CUSMA is in the interest of all people in Canada, the United States and Mexico.

Sponsored by:

Union des Consommateurs: Consumers Union representing 13 consumer rights groups in Quebec.

Canadian Health Coalition: A coalition of health care workers, seniors, unions, community organizations, faith-based organizations and academics, as well as affiliated coalitions in the provinces and one territory.

Council of Canadians: Canada's leading social action organization, mobilizing a network of 60 chapters across the country.

Trade Justice Network: A coalition comprised of environmental, civil society, student, Indigenous, cultural, farming, labour and social justice organizations.

Réseau québécois sur l'intégration continentale: The Quebec Network on Continental Integration (RQIC) is a broad, multi-sectoral coalition of Quebec social organizations from labor, community, and international development circles.

National Union of Public and General Employees: NUPGE is Canada's second largest union, with more than 390,000 members, most of whom work in the provincial public service sector.

Communications Workers of America (CWA) Canada: CWA Canada's is the nation's only all-media union representing 17 locals across the country.