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NEW STUDY: PROPOSALS IN CANADA-EU TRADE NEGOTIATIONS WOULD ADD \$2.8 BILLION ANNUALLY TO CANADA'S PRESCRIPTION DRUG BILL

Toronto, February 7, 2011 – Changes to Canada's drug patent system proposed by the European Union (EU) would add nearly \$3-billion annually to Canada's prescription drug bill according to a new study by two of Canada's top academics on pharmaceutical policy.

The study, *The Canada-European Union Comprehensive Economic & Trade Agreement: An Economic Impact Assessment of Proposed Pharmaceutical Intellectual Property Provisions*, was authored by Professor Aidan Hollis of the Department of Economics at the University of Calgary and Paul Grootendorst from the University of Toronto's Faculty of Pharmacy. The study was commissioned and released today by the Canadian Generic Pharmaceutical Association (CGPA).

Canada and the EU are currently in negotiations for a comprehensive economic and trade agreement (CETA), which International Trade Minister Peter Van Loan hopes to conclude before the end of 2011. As part of these negotiations, the EU has tabled proposals that would considerably lengthen the period of market exclusivity for brand-name drugs in Canada and, according to the authors of the study released today, would provide "the most extensive structural protection for innovative drugs of any country in the world."

The study's key finding is that Canadian payers, such as the federal government, provincial governments, businesses and patients "would face substantially higher drug costs as exclusivity is extended on top-selling prescription drugs, with the annual increase in costs likely to be approximately \$2.8-billion per year."

The authors also found that, if implemented, the proposals would delay the availability of lower-cost generics in Canada by approximately 3.5 years.

Importantly, the study reveals that the EU's proposed changes would not lead to a substantial increase in investment by brand-name drug companies in Canada. "The purpose of exclusivity rights granted to innovators is to create an incentive for research and development investments into new drugs. However, the amount of additional investment in pharmaceutical innovation that would result from the EU's proposed pharmaceutical IP provisions would be a small fraction of the additional costs to Canadians."

Jim Keon, President of CGPA, pointed out that pharmaceuticals are one of the EU's top exports to Canada, comprising 15.6 percent of total exports with a value of more than \$5 billion annually.

"The generic pharmaceutical industry supports the Government of Canada's efforts to increase trade with other jurisdictions," said Keon. "The pharmaceutical intellectual property proposals tabled by the EU, however, will not eliminate trade barriers, as pharmaceutical products from the EU already have unfettered access to the Canadian market. These proposals will simply increase profits for brand-name drug companies at the expense of Canada's health-care system."

To view the full report, please visit www.canadiangenerics.ca

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About the Canadian Generic Pharmaceutical Association

The Canadian Generic Pharmaceutical Association (CGPA) represents Canada's generic pharmaceutical industry. The industry plays an important role in controlling health-care costs in Canada. Generic drugs are dispensed to fill 57 per cent of all prescriptions but account for only 25 per cent of the \$23-billion Canadians spend annually on prescription medicines.

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