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Canada's Generic Drug Makers Ready to Work with All Federal Parties to Enhance Prescription Drug Coverage for Canadians

*After 20 Years of Big Pharma's Broken Promises,
Canadians and Their Health-Care System Must Come First*

Toronto, October 9, 2008 – After reviewing responses to its election survey of federal leaders and the parties' platforms, the Canadian Generic Pharmaceutical Association (CGPA) said today that prescription drug coverage for Canadians can be improved regardless of the makeup of the next Parliament.

"In terms of improving prescription drug coverage, there is clearly common ground to be found with the federal political parties," said Jim Keon, President of CGPA. "We are committed to working with the government Canadians elect next Tuesday to enhance patients' access to affordable prescription medicines."

Keon said that CGPA has several proposals to enhance and improve cost-effective prescription drug coverage for Canadians that will be brought forward once Canadians have elected their next government. He added that, after 20 years of concessions to brand-name drug companies, the time has come for the federal government to put the interests of Canadians and the sustainability of their health-care system ahead of the narrow economic interests of Big Pharma.

"Twenty years of concessions to Big Pharma have not resulted in the investments that Canadians were promised when the federal government first increased their monopolies in 1987," Keon said. "Along with these broken promises on R&D investment, Canadians continue to pay a premium for so-called 'new' drugs, which unfortunately may not be any more effective, or any safer, than proven medicines that are available at much lower costs."

A June 2008 report from Canada's Patented Medicines Prices Review Board (PMPRB) highlighted Big Pharma's broken promises to Canadians:

- For seven consecutive years, pharmaceutical patentees have failed to meet the minimum commitments for R&D spending in Canada that were made to the Canadian government when Big Pharma's state-sanctioned and enforced market monopolies were increased in 1987. Pharmaceutical patentees spent only 8.3 per cent of their revenues on research and development in 2007, below the 10 per cent threshold to which the industry committed in 1987.
- Patentees reported spending \$259 million on basic research that has the potential to lead to new therapies in 2007, representing only 2 per cent of their Canadian sales revenue. The bulk of the patentees' R&D expenditures were focused on activities required to seek Health Canada approval for products developed in other jurisdictions.

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- Relative to other countries, increased pharmaceutical patent protection has not resulted in more research and development in Canada. In 2005, of all countries examined by the PMPRB, only Italy (6.8 per cent) had a lower R&D-to-sales ratio than Canada (8.3 per cent). Ratios in all other comparator countries were well above Canada's ratio.
- Of the 151 new active substances introduced in Canada between 2001 and 2006, only 14 (less than 10 per cent) were categorized by the PMPRB as a "breakthrough" or "substantial improvement" over existing drug products.

Keon pointed out that, not only do Canada's generic drug makers fill half of all prescriptions in Canada for only 22 per cent of the country's \$20-billion annual drug spend, they also invest fully 15 per cent of their Canadian sales in research and development, nearly double that of brand-name drug companies. And because most generic drugs sold in Canada are made in Canada, increasing the use of generic drugs is good for the economy as well as the sustainability of the health-care system.

"A dollar spent on a generic drug results in more jobs, more investment in R&D and more investment in pharmaceutical manufacturing capacity in Canada than a dollar spent on a brand-name drug," said Keon. "Setting aside the significant savings that generic drugs bring to our health-care system, it does not make sense for Canada to continue to pander to Big Pharma at the expense of the generic industry at time when our manufacturing sector is hurting."

The PMPRB's findings and other information related to prescription drug issues in Canada are contained in the report **The Real Story Behind Big Pharma's R&D Spending in Canada, 2008**, copies are available at www.canadiangenerics.ca.

About the Canadian Generic Pharmaceutical Association

The Canadian Generic Pharmaceutical Association (CGPA) represents Canada's generic drug industry – a dynamic group of companies that specialize in the production of high quality, affordable generic drugs and fine chemicals and in conducting the clinical trials required for government approval of generic drugs. The industry plays an important role in controlling health-care costs in Canada. Generic drugs are dispensed to fill 50 per cent of all prescriptions but account for only 22 per cent of the \$20-billion Canadians spend annually on prescription medicines.

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