Friends of Medicare
Submission to the House of Commons Standing Committee on International Trade
Trans-Pacific Partnership Agreement (TPP) Public Consultation
Tuesday, April 18, 2016 – Calgary, Alberta

Mr. Chair and Committee members, thank you for allowing us to take part in this very important discussion.

Since 1979 Friends of Medicare have been advocating for an improved and expanded universal healthcare system here in Alberta and nationally with our partners in the Canadian Health Coalition. We believe the TPP limits Canadians ability to find democratic and public solutions to ongoing healthcare issues, most notably on pharmaceutical costs.

The Intellectual Property provisions for pharmaceutical companies fundamentally subvert the health systems and policies, and the role of governments in countries with public healthcare systems like Canada.

"The ability of drug companies to maintain the high prices seen in the United States will be expanded to other countries with public healthcare systems."[1]

By preventing the ability of governments to bulk buy drugs, TPP significantly impedes the ability of governments to manage costs. For example, Lipitor costs $800 per year for a Canadian but only $15 per year in New Zealand "where bulk purchases and price negotiations have dramatically lowered the price."[2]

Based on estimates of similar provisions in CETA, the patent term extension for time spent in the regulatory approval period will cost Canadians an additional $850 million to $1.6 billion in drug costs.[3]

Estimates of the additional effect of the TPP amount to $636 million annually, or a 5 per cent increase in the cost of patented drugs.[4]

From 2007 to 2013, partly as a result of many patents expiring, Canada's spending on drugs slowed considerably. Consider the experience of Ontario's spending on Lipitor: "in 2009–10… this single product cost Ontario $316 million. Once the patent expired and generics were available, that cost dropped in 2010–11 to $133 million."[5]

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[1] http://www.iisd.org/sites/default/files/publications/tpp-part-i-deal-too-far-commentary_1.pdf
[2] http://www.broadbentinstitute.ca/tpp_secret_deal_binds_hands_that_heal
[3] https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2013/10/CETA_and_Pharmaceuticals.pdf
[4] https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/02/Major_Complications.pdf
[5] Ibid.

Depending on whether the TPP or the very similar CETA is ratified first, drug costs are expected to rise by between 5% and 12.9% starting in 2023.[6]

There is little evidence this will increase innovation and spending on R&D. Though patent rights have been strengthened and expanded through a variety of free trade agreements over the past decade, the ratio of R&D spending to sales has fallen to 5 per cent – well below the target of 10 percent and the lowest rate since 1988 when this data started being recorded.[7]

The investment settlement dispute provisions also tie the government's hands to make any regulations to protect or promote the health of Canadians if it might result in any loss of profit or interference with the business of mega multinational corporations.

For example, corporations might now attempt to challenge drug safety processes and policies.

A recent example is Eli Lilly issuing a $500 million USD NAFTA challenge after they failed at the Supreme Court of Canada level to overturn court decisions invalidating drug patents. [8] Eli Lilly claims these court decisions invalidating patents (pursuant to principles of intellectual property law) violated Chapter 11 of NAFTA. In other words, by turning to the investor arbitration provisions of NAFTA, we are now at risk of having foreign, corporate-chosen arbitrators overrule our own Supreme Court.

Aside from the $500 million tab we may now have to pay for enforcing our own laws - this case might also have a chilling effect on the ability of other pharmaceutical research institutes, manufacturers, and companies from attempting to challenge patents and exclusivity rights that may not meet the standards of existing intellectual property law.

With every trade deal there will always be winners and losers, but in this case the losers will be Canadians who rely on health care and prescription drugs.

Already, Canada has the third highest per capita drug costs in the OECD and is the only OECD country with single-payer healthcare that does not include drug coverage.

Nearly a quarter of all Canadians are unable to fill their prescriptions and follow their treatment plans because of high drug costs. Only eight years ago, that number was 10 per cent, meaning the problem is already exploding without the devastating effects of the TPP.[9]

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6 https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/02/Involuntary_Medication.pdf

7 https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/02/Major_Complications.pdf

8 http://www.cbc.ca/news/business/eli-lilly-files-500m-nafta-suit-against-canada-over-drug-patents-1.1829854

9 http://angusreid.org/prescription-drugs-canada/

91 per cent of Canadians support a national Pharmacare program[10] – and many of the provisions in the TPP will prevent any current or future government from being able to implement one.

Almost half of all Canadians are worried about their ability to pay for medically necessary drugs and treatments.[11]

Over 50 years ago, at the birth of Medicare, we made a pledge as a nation that no Canadian would ever go without health care because they can't afford it. The TPP puts this principle at risk and we hope our presentation better informs our government decision making.

[10] Ibid.
[11] Ibid.