

Canadian Generic Drug Manufacturers: A History of Exaggeration

Over the past 25 years Canada's generic drug manufacturers have a history of taking a "sky is falling" approach to intellectual property (IP) improvements in the Canadian pharmaceutical industry. However, these self-serving predictions have never been supported by the facts. Since 1987, the generic drug industry in Canada has grown by over 1800 %.

1986 On Bill C-22, an Act to amend the Patent Act:

The generic drug industry claim: *"With the New Legislation (C-22), it is not just a question of our not being able to grow, we will not be able to continue to exist."* Dr. Barry Sherman, Chairman and CEO, Apotex Inc.; Canadian Drug Manufacturers Association.

The Reality: Canadian generic drug sales grew by 100 % over the next 4 years.

1992 On Bill C-91, an Act to amend the Patent Act:

The generic drug industry claim: "The Canadian generic pharmaceutical industry will shrink to two percent of the total market."

The Reality: From 1987 to 2001, the sales of generic drugs in Canada grew by 544%.

1997 On the Review of Bill C-91, an Act to amend the Patent Act at the Standing Committee on Industry

The generic drug industry claim: *"We will have no choice but to relocate to the United States ... Thus, this legislation will contribute directly to an exodus of jobs to the south."* Jean-Guy Goulet, Senior Vice-President, Business Development, Technilab Pharma Inc. (March 11, 1997).

"We risk erasing the past 25 years of industrial development in our sector, and we put the future viability of our health care system at risk." Brenda Drinkwalter, President, Canadian Drug Manufacturers Association (March 5, 1997).

"As a result, unless and until the regulations are rescinded, Apotex and others are unable to make further investments in the building of a Canadian industry. The inevitable result is greatly reduced investment in the generic sector, the demise of chemical production in Canada." Dr. Barry Sherman, Chairman and CEO, Apotex Inc.; Canadian Drug Manufacturers Association (March 5, 1997).

The Reality: A jobs exodus did not materialize. Twenty-five years of industrial development was not erased. Apotex remains Canada's largest generic drug company. In 2010 it had over 5,000 employees in Canada located in 20 facilities.



2001 On Bill S-17 to amend the Patent Act at the Senate Standing Committee on Banking, Trade & Commerce

The generic drug industry claim: *“The Supreme Court of Canada has described the regulations as draconian in their effect on the generic industry.”* Jim Keon, President, Canadian Drug Manufacturers Association (March 22, 2001).

The Reality: The regulations did nothing to impede generic profitability in Canada. Sales in Canada for generic drugs increased by an average of 19% annually from 2002 to 2005. Source: PMPRB *Non Patented Prescription Drug Prices Reporting*.

2003 On the Patented Medicines (Notice of Compliance) Regulations at the Standing Committee on Industry, Science & Technology

The generic drug industry claim: *“We have estimated the costs of the regulations, and these are past costs, at over \$1 billion.”* Jim Keon, President, Canadian Generic Pharmaceutical Association (June 3, 2003).

The Reality: The claim was never substantiated. However, in 2008 the Competition Bureau of Canada concludes that Canadian patients have for years been overpaying for generics by approximately \$800 million per year.

2008 On Changes to the Patented Medicines (Notice of Compliance) Regulations in 2006

The generic drug industry claim: *“These extended monopolies also add more than \$100 million to Canada’s prescription drug bill each year.”* Canadian Generic Pharmaceutical Association, Submission to the Standing Committee on Health (May 13, 2008).

The Reality: No substantiation was provided for the statement above. However, the PMPRB Report *Generic Drugs in Canada: Price Trends and International Price Comparisons, 2007* concludes “The principal finding of this report is that generic drugs typically cost less in foreign markets than in Canada. These price differences are substantial.”

2011 On the Comprehensive Economic and Trade Agreement (CETA) negotiations between Canada and the European Union.

The generic drug industry claim: CETA will generate billions in new drug costs.

The Reality: Their report uses faulty assumptions and selective samples to inflate numbers. It is also based on a flawed assumption – that weak IP is a good way to control costs. It completely ignores the health and economic benefits of innovative research to Canada.