

## 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*"As a result, unless and until the regulations are rescinded, Apotex and others are unable to make further investments in the building of a Canadian industry.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.