Dix's opposition to EU trade deal is misguided

BY JASON LANGRISH, VANCOUVER SUN OCTOBER 15, 2012

New Democratic Party leader Adrian Dix, who has been trying to convince the B.C. business community that an NDP government wouldn't be a threat to the province's prosperity, asserts that the soon to be completed Canada-Europe trade deal will be bad for the province.

Dix remains opposed to two key European Union demands in the trade talks - the expansion of patent protection for brand-name prescription drugs and permission for EU companies to bid on provincial and municipal government procurement contracts.

Dix cites a 2011 academic study sponsored by the generic drug industry that concludes Canadians would pay an extra $2.8 billion annually if Europe's pharma demands are met. B.C.'s share of that would be $249 million.

It seems that this figure, and indeed the premise of the study, has been readily accepted by Dix. Yet the study does not appear to have been peer-reviewed by fellow researchers, making it difficult to verify its accuracy and integrity. For example, did the study focus on a rather limited selection of drugs where the proposed Intellectual Property (IP) protections in CETA would have a disproportionate impact in terms of cost escalation?

According to the Canadian Health Policy Institute, while health care expenditures are increasing faster than the rate of GDP growth, spending on patented prescription drugs has dropped from 6.8 per cent of government health care expenditures in Canada in 2005 to 5.2 per cent in 2010.

Europeans find the Canadian IP cost debate perplexing, since they have similar public health systems and on average pay less for drugs and achieve better overall health care outcomes at a lower price, all while having better IP standards than Canada. For example, the study makes no reference to the potential for research based pharma products to contribute to a reduction in health care costs, for example, by creating products that allow patients to recover from surgery more quickly than they otherwise would, leading them to spend less time in the hospital.

The IP changes proposed in the CETA are required to level the playing field for innovative Canadian life sciences companies competing in a global market. For far too long too many of Canada's most promising homegrown life sciences innovations have been commercialized in countries that offer the basic protections proposed in CETA. As a result, we lose the people, the jobs, the GDP and productivity gains associated with these cutting-edge products.

The changes proposed in the CETA will offer protections not only to large firms, but also to smaller BC based start-up companies in agriculture and human health. These are companies that have the potential to grow to be the next big success story, but only if they are kept at home.

Dix's concern that EU companies be prevented from open bidding on municipal procurement contracts is also misguided.

In 2009 Canada was up in arms about the Buy America provisions that were blocking Canadian suppliers from U.S. contracts. The feds and provinces rallied together to negotiate a pact that reopened the U.S. market. In the Canada-U.S. Agreement on Government Procurement, the provinces and territories, agreed to accept commitments under the World Trade Organization Government Procurement Agreement (GPA), in exchange for U.S. state GPA commitments and access to stimulus-funded procurement. Municipalities, which are essentially creations of the provinces, are also committed to the disciplines of the GPA.

The CETA commitments will not go deeper than those already made to the U.S. or to those made in the WTO GPA. When the CETA is concluded and enters into force, Canadian firms will gain guaranteed access to an EU procurement market worth $2.4 trillion. By contrast, the Canadian municipal procurement market is worth less than $100 billion.

B.C. municipalities will continue to be allowed to exercise preferences for local business by restricting tendering for contracts under certain threshold values - $340,000 for individual contracts for goods and services and $8.5 million for construction - higher than the thresholds in the Canadian Agreement on Internal Trade.

As noted earlier this year by Jayson Myers, President & CEO of the Canadian Manufacturers & Exporters "Speedier, more transparent and more competitive procurement practices will provide an advantage to Canadian manufacturers in securing domestic contracts. It's critical that municipal procurement contracts are offered on a reciprocal basis to suppliers in other countries that keep their markets open for Canadian exporters. It makes for a much more competitive manufacturing sector here in Canada."

Let's not fall into the trap that by lowering the bar our economy will strengthen. This is not the way to build an innovative, modern economy that works for British Columbians.

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