

# Premiers warn of drug cost increases from EU free-trade deal

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OTTAWA — The provincial premiers have undertaken a letter-writing campaign to demand compensation from the federal government for any increase in drug costs that might come of a free trade agreement with Europe.

B.C. Premier Christy Clark says she and other premiers have each written to Ottawa urging federal negotiators not to agree to anything that would drive up the cost of pharmaceuticals.

Among the European Union's demands are an extension of brand-name patents for up to five years to compensate companies for time tied up in bureaucratic approvals.

They also want to extend the time that a brand-name company's recipe for a drug would remain secret from companies trying to make knock-offs.

And while Ottawa has not yet formally agreed to any of the demands, it has not ruled anything out either --leaving many provincial and federal insiders, as well as trade experts, to suspect the federal government will bend to at least part of the EU ask.

"All premiers have sent letters, I'm told, to the federal government, expressing our concern about this specific issue, because we want to make sure, as I said, that British Columbia's interests are represented," Clark told Opposition NDP Leader Adrian Dix in an exchange about drug patents on Friday.

"This is something that we've brought to the federal government's attention.... If this agreement is not concluded in a way that meets British Columbia's concerns, we would like them to reimburse us for those added costs."

Behind the scenes and in public, several provinces are ramping up their campaign to fend off European demands.

The provinces say they would amount to longer patent protection for brand-name pharmaceuticals, driving up medical bills for provincial drug plans, employer plans and individuals alike.

"The premiers are all concerned about the impact that it could have on pharmaceutical drugs and the cost of pharmaceutical drugs," Clark said, adding

that the premiers discussed the issue at their last meeting this winter.

A spokesman for International Trade Minister Ed Fast did not respond to specific questions about their stand on drug patents or the premiers' letters.

"Negotiations are ongoing and we are down to focused sessions on outstanding issues," Adam Taylor said in an email.

"Solutions to the outstanding issues are being actively explored."

A recent report from Manitoba's health department pegged the cost of agreeing with European drug-patent demands at \$80 million a year for the provincial government.

Economist Don Drummond recently cited research that put the cost at \$1.2 billion a year for Ontarians.

Talks between Canada and the EU have graduated to the difficult stage, with both sides hoping to reach consensus by the end of the year.

Negotiators are set to meet this week in Ottawa, although it's not known whether drug patents will be part of their discussions.

Ottawa has been keen to keep the provinces on side for the deal, and no premiers have threatened to pull their support over the drug issue.

But the stakes are high for all parties.

Many of the provinces are reeling from rising health care costs and have focused on whittling away the price of pharmaceuticals as a way to reduce their medicare bills.

A concession to the EU "would strike a real blow against efforts to reduce costs," said Dix in an interview.

Asking Ottawa for reimbursement is an unworkable proposition, he added, urging premiers to step up their pressure on Ottawa instead.

Provinces are included in some of the free-trade talks, but not the discussions over drug patents, because intellectual property is a sole federal responsibility.

As for the federal government, concessions to the EU on drug patents might pave the way for Ottawa to be invited into the Trans-Pacific Partnership talks.

The TPP is a huge trade negotiation that excludes Canada for the moment, although an invitation could come soon if Ottawa can convince the United States.

Plus, the brand-name pharmaceutical industry, which has substantial production in Canada, argues strenuously that better patent protection is necessary to

remain competitive here. The industry argues that health care costs can't -- and shouldn't -- be controlled by favouring generic drugs over brand names, and contests studies showing higher drug costs from stricter patent protection.

But if the rumour mill is correct and Ottawa does agree to part of the EU's ask on drug patents, the federal government would also be upsetting the delicate balance between brand names and generic production that has been in play for more than two decades.

An Ottawa concession would also provoke the provinces on health care at a time when some premiers are already upset with a unilateral federal decision to scale back increases in health care transfers.