

Mulroney wades into EU free-trade talks, egging on brand-name pharma

BY HEATHER SCOFFIELD
THE CANADIAN PRESS
JUNE 7, 2012 10:50 AM

OTTAWA - Brian Mulroney is wading into the high-stakes debate over patent protection in the free trade talks with Europe, and he's clearly taking sides.

The former Progressive Conservative prime minister is egging on brand-name drug companies to increase their lobbying of the federal government, suggesting they have fertile ground in the Harper administration — despite ferocious opposition from some provinces, the generic drug industry and other political parties.

"Government fully expects you to press for more, whether on more effective appeal provisions, on improved data protection or on the life of patents," Mulroney said in prepared remarks for a speech Wednesday at a dinner in his honour.

"By moving sensibly on each of these provisions, Canada will be more competitive in attracting future investments."

Mulroney was celebrating the 25th anniversary of his government's drug-patent legislation, which stiffened patent protection for brand-name pharmaceuticals in return for promises to invest and innovate more in Canada.

The brand-name companies want Ottawa to agree to Europe's demands to increase patent protection for pharmaceuticals in several different ways. They argue that stiffer patent rules would make Canada more competitive, and more attractive for investment and research.

But many provinces trying desperately to keep a lid on their drug and health care expenses are pushing Ottawa to stay the course, and not give in to Europe's demands.

They have written the federal government asking for compensation if prices rise, B.C. Premier Christy Clark said last week.

Several provinces have estimated that the extra costs to their drug bills would amount to more than a billion dollars a year, since they would be prevented from buying cheaper generic drugs for longer periods of time.

They sense the federal government is poised to bend to European pressure, although talks on this issue seem to have been delayed until the fall, according to inside sources.

But the two sides can't agree on the most basic of facts. Ottawa says costs won't be affected at all by the free trade deal.

"It will not drive up the cost of health care. It is sheer nonsense," said Gerald Keddy, parliamentary secretary for Minister of International Trade Ed Fast.

A spokesman for Fast said the prices charged for patented medicines sold in Canada are regulated by the Patented Medicine Prices Review Board, which was created by Mulroney's legislation to cap prices of brand-name drugs in line with other rich countries.

"This will not change under a free trade agreement with the EU," Adam Taylor said in an email to The Canadian Press.

"We will continue to consult with all industry stakeholders and the provinces and territories to ensure that the best interests of Canadians are reflected in the Canada-EU trade negotiations."

However, the board does nothing to deal with the fact that patents would prevent provinces, insurers and individuals from accessing cheaper generic drugs, said Jim Keon, president of the Canadian Generic Pharmaceutical Association.

Keddy, Keon said, is just plain wrong.

In his speech, Mulroney said stiffening up patent protection has worked well for Canada in the past, and if Harper agrees to enhancing patents in the EU trade pact, it will set the standard for

other trade deals too.

"Improvements or refinements on pharmaceutical patent protection under CETA will undoubtedly be a catalyst for better standards in many of the other trade negotiations contemplated by the Harper government," the former PM said.

CETA, the Comprehensive Economic and Trade Agreement, is going through the final, most difficult rounds of negotiations right now. Both Canada and Europe hope to have it wrapped up by the end of the year.

Trade experts say a Canadian concession on Europe's drug patent demands would ease the way for Canada into the Trans Pacific Partnership talks — a huge trade negotiation that groups the United States and major Asian economies, but has so far excluded Canada.

But Mulroney said Harper needs to see a show of support to move forward.

"Consultations with stakeholders are the essence of our democratic system," he said. "Ultimately, decisions on policy will be based on judgments that reflect a judicious balance between theory and political reality — a balance, in short, between the interests of producers and consumers."

In his speech, Mulroney said the patent regime created by his government has paid off handsomely. He said the brand-name pharmaceutical industry has invested \$20 billion in Canada over the past 20 years, "fully in line with the promise that 10 per cent of sales would be invested."

But the price review board says differently. While brand-name investment in research spiked in the early days of the new regime, it has come in well under the promised 10 per cent level for many years.

In 2010, patentees invested 6.9 per cent of their sales revenues in research and development — the lowest since 1989. The ratio has been less than 10 per cent for 10 years in a row, the board says on its website.

For members of the Canadian Association of Research-Based Pharmaceutical Companies — the group that sponsored Mulroney's dinner — the ratio was 8.2 per cent in 2009, and has been less than 10 per cent for eight years in a row, the board said.