Trans-Pacific Partnership will make Canadians pay more for the medications they need

The Trans-Pacific Partnership (TPP) is bad medicine. This trade deal, which was recently signed by Canada, the United States, Mexico and nine other Pacific Rim countries, will keep the costs of prescription medications high, undermine the ability to draft quality public health care policy, and make it more difficult to create a national pharmacare program.

The TPP is a corporate power grab, and one of the biggest benefactors of the deal is the pharmaceutical industry ("Big Pharma").

The TPP was negotiated in secret. Parliamentarians were kept out of the loop, but corporate lobbyists were given full access to negotiations. In health care, some of the most powerful corporate lobbyists work for big pharmaceutical companies. Big Pharma is interested in keeping drug costs – and shareholders' profits – high. Health Canada has stated that, "High prescription drug costs will rise under pending free trade agreements." The TPP and similar trade deals will add more than $800 million to prescription drug costs in Canada at a time when our drug prices are already 26 per cent higher than the Organisation for Economic Co-operation and Development (OECD) median.[1,2] Canada has the second highest per capita spending on drug costs in the OECD, following only the United States.[3] Since 2000, Canadian government data shows that growth in drug expenditures in Canada has outpaced the growth in all other countries.[4] Canadian drug expenditures increased by 184.43 per cent between 2000 and 2012, a growth rate higher than any other comparator country, even the U.S.

The Trudeau government has indicated it supports the TPP. If it is ratified it will make it easier for Big Pharma to keep drug costs high and price gouge patients. At the same time, more than one in five (23 per cent) of Canadians reported having trouble paying for their prescriptions. People said they would split doses to make the medication last longer, or not fill the prescription at all because it costs too much.[5]

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According to Health Canada, 10 per cent of Canadians are not covered by any type of drug plan, and drug costs are growing exponentially. Canadians spent $29 billion in 2015 on prescription drugs – the equivalent of $814 a year per Canadian, according to the Canadian Institute for Health Information.[6] Even more concerning is the fact that the TPP could preclude the possibility of a national pharmacare program, which could save Canada close to $11 billion annually in drug costs.[7]

In 2015, pharmaceutical companies in the U.S. spent 50 per cent more on lobbying than the runner-up industry (insurance).[8] A recent Obama Administration memo to reassure Big Pharma their money was spent well includes a description of many of the ways that the TPP will make drug monopolies more common, stronger and longer, and drug prices higher.[9] In Canada, international trade was the top lobbying topic for 2015 and was mentioned 1,476 times in communications reports.[10] The top three topics – international trade, industry and health care – all encompass the pharmaceutical sector, depending on how lobbyists chose to report their communications.

Make no mistake, it is Big Pharma who is pushing the hardest for the TPP to be ratified. This will mean more lawsuits from Big Pharma under the investor-state dispute settlement (ISDS) provisions included in the TPP like the recent $500 million suit filed by American pharmaceutical company Eli Lilly. The corporation filed the suit after Canadian courts struck down its exclusive right to produce two drugs.[11]

Not only does the TPP entrench more intellectual property rights for pharmaceutical companies, it also includes provisions for less transparency into the pharmaceutical industry's research and development (R&D). These provisions will prohibit governments from requiring information about drug prices or R&D costs in connection with drug registration.[12] Despite record breaking profits in recent years, Big Pharma continues to push for more corporate privileges in trade deals so they can conduct their R&D with even less transparency. In Canada, the Patented Medicine Prices Review Board (PMPRB) has shown that spending on pharmaceutical R&D in this country has hit historic lows.[13] Drug companies spent 4.4 per cent of earnings on R&D in 2015, the lowest amount since the PMPRB started reporting in 1988. This is also the twelfth consecutive year that Canadian pharmaceutical companies have not met the threshold of 10 per cent of domestic sales to be put into R&D. The companies promised this in 1987 in exchange for having their periods of market exclusivity increased.[14]

Now more than ever we need "Good Pharma," not Big Pharma. The TPP will weaken the Canadian public health care system, undermine health regulation, and obstruct efforts to renew and expand public health care in the face of new challenges. According to the Canadian Centre for Policy Alternatives, Canadians already pay too much for prescription drugs. The TPP would worsen this situation by extending patents and by stopping cost-saving measures.[15]

Protestors outside the TPP hearings in Vancouver.

It is clear that the powerful pharmaceutical industry has the power to influence Canadian trade agreements and is putting patents and profits before patients. Accepting the failures of our current pharmaceutical policy and signing the TPP is, at the end of the day, a political choice. Canadians must speak out about the need for affordable prescriptions for everyone and call on the federal government to act in the public's interest.

Find out more about the Council of Canadians' campaign to stop the TPP at canadians.org/tpp, or call toll-free 1-800-387-7177. Read more about the Council's campaign for public health care at canadians.org/healthcare

1. http://canadianlabour.ca/sites/default/files/media/FreelandChrystia-2016-01-27-EN.pdf
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