



**Canadian Health Coalition**  
**Coalition canadienne de la santé**

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2841 Riverside Dr., Ottawa, Ont. K1V 8X7

The Honourable Peter Van Loan  
Minister of International Trade  
House of Commons  
Ottawa, Ontario  
K1A 0A6

November 15, 2010

Dear Minister Van Loan,

The Canadian Health Coalition is very concerned about the lobbying efforts of the brand-name pharmaceutical industry to prolong monopoly patents and delay the availability of generic medicines. The brand-name pharmaceutical industry has convinced the European Union to pursue a so-called 'right of appeal' under the Patented Medicines (Notice of Compliance) Regulations of Canada's Patent Act as well as other measures that would cost Canadians millions of additional dollars in inflated drug bills.

The time has come to stop rewarding brand-name pharmaceutical companies because they have stopped innovating and broken their commitment to R&D in Canada. A recent study by Professor Marc-André Gagnon, entitled *The Economic Case for Universal Pharmacare*, documents the fact that Canada invests twice the amount in the form of various subsidies to the brand-name drug industry than it receives in benefits.

Canada's so-called 'Research-Based' pharmaceutical companies have all but stopped conducting research in Canada. In fact, 59% of the gross expenditures of patented drug companies on pharmaceutical R&D in Canada were tax subsidies and came indirectly from the public purse. The 'innovative' drug industry in Canada deploys three times the amount of money on marketing and promotion than it does on R&D. It also pays its sales and promotion staff nearly 20% more than the R&D staff. Canada's health research and innovation strategy is irrational since it is organized around large public subsidies for private sector R&D, when net company R&D funding is marginal.

According to the Patented Medicine Prices Review Board (PMPRB) the industry's R&D to-sales ratio in Canada is a pathetic 7.5%. France's and UK's R&D-to-sales ratio are more than twice that of Canada and their prices are at least 10% less. Canada's industrial policy for pharmaceuticals is a failure. It is economically irrational for the Canadian taxpayer to put more subsidies into the pharmaceutical industry than they receive in benefits. This industrial policy is also socially irresponsible as Canada's artificially high prescription drug prices constitute a barrier to essential medicine for millions of Canadians.

It is time to end large public subsidies that produce disproportionate benefits for the brand-name pharmaceutical industry.

Access to essential medicine and access to generics are key elements in a sustainable public health care system Canadians don't want this traded away.

We would be happy to meet with you and your officials to review the economic evidence concerning Canada's industrial policy for brand-name pharmaceuticals.

Sincerely,

A handwritten signature in black ink that reads "Michael McBane". The signature is written in a cursive style with a large initial 'M'.

Michael McBane  
National Coordinator