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New Report: Canadian R&D-to-Sales Ratio for Brand-Name Drug Companies Less than Half of 10% Commitment

Canada must not concede longer market monopolies in NAFTA discussions

Toronto, November 14, 2017 – Brand-name drug companies' research and development spending as a percentage of sales in Canada is less than half of the 10% the industry committed to when their periods of market exclusivity were increased in 1987, according to the most recent annual report from the federal government's Patented Medicine Prices Review Board (PMPRB).

The PMPRB's latest annual reports shows that in 2016, member companies of Innovative Medicines Canada (formerly Rx&D) spent only 4.9% of their Canadian revenues on research and development in Canada, marking the 14th consecutive year they have failed to meet the 10% percent threshold.

"Brand-name drug companies are pushing for even longer periods of market monopoly in Canada through trade negotiations, including the current North American Free Trade Agreement (NAFTA) discussions," said Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA). "Today's report is further evidence that extending patent monopolies does not lead to increased investment in Canada."

Due to implementation of the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union, effective September 21, 2017, all brand-name pharmaceutical products are now eligible for two additional years of patent monopoly, delaying cost-saving competition from generic and biosimilar medicines and increasing health-care costs for Canadians.

"Despite nine separate increases to their patent monopolies since 1987, their investments continue to lag far behind their commitments," Keon said. "Canada must hold the line on further costly changes to our drug patent system in international trade negotiations, including NAFTA."

The PMPRB's findings are highlighted in a new report released today by CGPA. Copies of **The Real Story: R&D Spending by Brand-Name Drug Companies in Canada: 1988 - 2016** are available at www.canadiangenerics.ca.

About the Canadian Generic Pharmaceutical Association

The Canadian Generic Pharmaceutical Association (CGPA) represents Canada's generic pharmaceutical industry. The industry plays an important role in controlling health-care costs in Canada. Generic drugs are dispensed to fill more than 70 percent of all prescriptions but account for only 22 percent of the \$26-billion Canadians spend annually on prescription medicines.

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