For immediate release

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

USMCA Concessions Latest Hit to Canadian Prescription Drug Costs

Toronto, December 3, 2018 – Brand-name drug companies' research and development spending as a percentage of sales in Canada is less than half of the 10 percent the industry committed to when their periods of market exclusivity were first 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 2017, member companies of Innovative Medicines Canada spent only 4.6 percent of their Canadian revenues on research and development in Canada, marking the 15th consecutive year they have failed to meet the 10 percent threshold. According to the PMPRB 2017 Annual Report, member companies of Innovative Medicines Canada have failed to meet their 10 percent commitment in 20 of the last 30 years.

"Brand-name drug companies received yet another costly gift at the expense of Canada's health-care system in the recent United States-Mexico-Canada Agreement (USMCA) trade deal," said Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA). "Today's report is further evidence that extending market monopolies does not lead to increased investment in Canada."

The pharmaceutical provisions in USMCA will delay access to competition from biosimilar biologic drugs in Canada, extending the period of market exclusivity for these products to 10 years from the current period of 8 years. Biologic medicines represent the fastest growing cost segment of health-care spending, and these delays will be costly to patients, businesses that sponsor employee drug plans, private payers and Canada's generic and biosimilar pharmaceutical industry.

"Despite ten separate increases to their patent monopolies since 1987, their investments continue to lag far behind their commitments," Keon said. "It is critical that the Government of Canada ensure that their implementation of these costly USMCA provisions do the least amount of harm possible to Canada's health-care system."

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 - 2017** are available at www.canadiangenerics.ca.

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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 71 percent of all prescriptions but account for account for only 20 percent of the $28-billion Canadians spend annually on prescription medicines.

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