



April 30, 2021

Standing Committee on International Trade  
c/o Christine Lafrance, Clerk of the Committee  
Sixth Floor, 131 Queen Street  
House of Commons  
Ottawa ON K1A 0A6  
Canada  
*Submitted via upload to CIIT website*

**Re: Canada's International Trade and Investment Policy:  
Selected Considerations Concerning COVID-19 Vaccines**

Dear Madam Chair and Honourable Members of the Committee,

Thank you for providing the Canadian Generic Pharmaceutical Association (CGPA) with the opportunity to participate in your study of Canada's trade and investment policy in trade agreements in respect of how they may help or hinder the production and distribution of COVID-19 vaccines in Canada and across the world.

**The Generic Pharmaceutical Industry's Response to COVID-19 Pandemic**

The resilience of Canada's generic pharmaceutical industry has been tested like never before by the COVID-19 pandemic. We are proud to have overcome many obstacles and to have succeeded in maintaining Canadians' access to the prescription drugs they need without major disruptions in supply.

Compared with many countries that must rely solely on importing their prescription medicines, Canada is fortunate to have extensive domestic generic pharmaceutical manufacturing capacity and capabilities. This is particularly important in times of health crises such as the current COVID-19 pandemic. This capacity includes manufacturing, testing, packaging, warehousing, distribution and research and development facilities based primarily in Ontario and Quebec.

It is critical to ensure that Canadians continue to have access to the prescription medicines they need, both for everyday treatment needs and the specific medicines required to treat patients who contract COVID-19. Generic medicines are used to fill close to 75% of all prescriptions in Canada. Generic medicines are also the primary treatment for the many thousands of Canadians who have been afflicted with COVID-19 and hospitalized in intensive care.

Generic pharmaceutical companies own and operate the largest pharmaceutical manufacturing facilities in Ontario, Quebec and Canada, and also own and operate the largest facility for the production of active pharmaceutical ingredients (APIs) in Canada. The industry employs more than 11,000 Canada in highly skilled R&D, manufacturing and other positions. These facilities, which are located in the Greater Toronto Area and Greater Montreal Area, are a strategic asset for Canada. In addition to supplying high quality made-in-Canada medicines for Canadians, these facilities also export Canadian medicines to more than 100 countries worldwide. With nearly three quarters of all prescriptions in Canada being filled with generic prescription medicines, Canada's supply of prescription medicines rests largely with the generic industry.

## **Supply Chain Security**

The COVID-19 pandemic is a serious global crisis. Maintaining open borders and connected global supply chains for all pharmaceutical products, including COVID-19 vaccines and therapeutics, is critical to ensuring the health and well being of patients around the world.

The CGPA recognizes the important work of the Government of Canada and the Trade Commissioner's Service in working to address the export restrictions imposed by some countries and other supply chain connectivity issues that have arisen during the pandemic.

The international nature of the pharmaceutical supply chain requires open borders and the unfettered movement of prescription medicines to ensure Canadians have ongoing access to prescription medicines they need. Our manufacturing facilities in the Greater Toronto Area and the Greater Montreal Area require medicine manufacturing inputs from around the world, and finished medicines are imported to Canada from many different countries.

We are aware that Global Affairs Canada has been taking a leadership role in The Ottawa Group on WTO Reform, which has tabled a [Trade and Health Initiative](#) at the WTO Council. The initiative calls for immediate actions in response to the coronavirus crisis such as exercising restraint in using any export restrictions, implementing trade-facilitating measures in the area of customs and services, as well as improving transparency. It also called for further cooperation amongst members, and between the WTO and other international organizations. The Ottawa Group also encourages WTO members to refrain from imposing tariffs on essential medical goods during the crisis. Such actions are intended to strengthen the resilience of supply chains and contribute to an effective response to a public health emergency, and could serve as a basis for future permanent commitments on trade in essential medical goods.

## **Comprehensive Life Sciences Strategy for Canada is Needed**

The COVID-19 pandemic has served as a wake-up call for governments, health-care professionals and the broader public on the importance of having a robust and resilient domestic pharmaceutical industry. Ensuring a sustainable supply of prescription medicines for Canadians must be a priority for federal and provincial governments as they consider the economic and health policies that will guide Canada into the future.

A stronger life sciences sector can contribute to a more resilient Canada and healthier Canadians. While the CGPA is supportive of the proposed investments in Federal Budget 2021 which are intended to strengthen Canada's life sciences sector, a more comprehensive life

sciences strategy is needed to attract corporate investment and ensure a more robust and resilient domestic industry. We recommend that the focus be expanded to include all types of prescription medicines manufacturing and foster investments and growth across the entire life sciences spectrum.

In June of 2020 the CGPA published its [Blueprint for a Sustainable Supply of Prescription Medicines for Canadians](#). The CGPA Blueprint identifies measures to enhance Canada's existing pharmaceutical manufacturing capacity and domestic capabilities, create a more resilient pharmaceutical supply chain with increased supply redundancy, ensure Canada's role within a well-functioning global supply chain, and encourage the establishment of a more coordinated approach to equipping Canada for future health emergencies.

The CGPA Blueprint recommends investing in Canada's pharmaceutical Infrastructure, and working to secure the viability and sustainability of Canada's pharmaceutical infrastructure with incentives, grants, guaranteed price and volume agreements, and other supports for:

- Production, research and development, testing and distribution facilities,
- Warehouse and vault capacity,
- Sufficient domestic reserves of active pharmaceutical ingredients,
- Increased safety stock of essential medicines, and
- Increased Canadian production for hospital medicines.

The CGPA Blueprint also provides other recommendations aimed at strengthening Canada's domestic pharmaceutical industry, including:

- Increasing international and national regulatory convergence and alignment for generic medicines,
- Ensuring sustainable pricing levels for non-hospital generic medicines,
- Increasing generic drug utilization, and
- Building a sustainable domestic market for biosimilars.

CGPA and its member companies are committed to working with governments and other stakeholders to apply the lessons that we have learned from the pandemic to make the domestic industry and prescription drug supply chain even stronger and more secure for Canadians.

### **Intellectual Property & Licensing Arrangements**

As this Committee has heard there are a diverse range of views regarding the role of compulsory licensing, both in the context of the COVID-19 pandemic and other health emergencies.

The ability of a country to issue compulsory licences for patents for medicines and other urgently needed items to respond to a public health crisis is a prudent and reasonable measure that is well-established in international trade agreements, including [Article 31](#) of the World Trade Organization (WTO) Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS).

In practice, the existence of such "TRIPS flexibilities", which have generally been opposed by originator pharmaceuticals, has had the positive effect of giving rise to voluntary licensing arrangements. This includes licenses initiated by originator companies of their own initiative and

those facilitated through the [Medicines Patent Pool](#), which is a UN-backed public health organization working to increase access to, and facilitate the development of, life-saving medicines for low- and middle-income countries.

Some submissions to this Committee suggest Canada's level of pharmaceutical intellectual property, which is very robust by international standards, is in some way a barrier to attracting pharmaceutical investments in Canada. Such arguments are false and ignore the business realities that drive pharmaceutical investment. Much of the global research and manufacturing of medicines is conducted near global corporate headquarters – which are primarily in Europe, the US or Japan – or conducted in countries such as India, which have much lower intellectual property standards but are home to other key drivers for investments such as highly skilled workforces, low costs, and favourable business environments.

I hope that honourable members of the Committee will find this submission of the Canadian Generic Pharmaceutical Association to be useful to your study. Please let me know if we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Keon". The signature is stylized, with the first name "Jim" written in a cursive script and the last name "Keon" written in a more blocky, slightly cursive style.

Jim Keon  
President