

The Trans-Pacific Partnership and Canada's Health Care Industry



Briefing Note

Unifor and the Health Care Industry

Unifor represents over 30,000 front-line health care workers across Canada, in hospitals, long-term care facilities, emergency medical services, community and social services and in home care. Unifor is a staunch advocate of Canada's public health system, the improvement of hospital services and the development of a national Pharmacare program.

Trouble with the TPP

The TPP was negotiated behind closed doors, with no analysis of its impacts on Canada's economy and without any meaningful input from the public. Recent studies predict the TPP will have a negative effect on Canada's economy. Even in best case scenarios, the TPP will have little to no impact at all. In either case, the risks to Canada's public policy and decision-making appear to be real and raise serious concerns for Canadians on a number of fronts. For instance:

- The inclusion of investor-state dispute settlement (ISDS) will grant extraordinary and extra-judicial rights to private corporations, allowing them to sue governments over public policy decisions;
- A "negative-list" approach that opens markets to foreign investors and all service suppliers, unless explicitly excluded from the deal, promotes permanent deregulation and limits government decision-making over the long term;
- Patent reforms and new digital policy rules risk everything from higher Canadian drug prices to data privacy.

The Impact of TPP on Canada's Health Care Industry

Among the many controversial aspects of the TPP is the impact it will have on prescription drug costs in Canada. According to health policy expert Joel Lexchin, the intellectual property chapter of the TPP (Chapter 18) "contains additional monopoly rights for brand-name pharmaceutical companies in the form of extended patent terms, while locking in Canada's costly patent-linkage system and permanently setting long data exclusivity terms on traditional and biologic drugs."¹ In short: the TPP grants new rights to brand-name drug manufacturers – locking in patent protections beyond the standard 20-year term – and delaying lower-cost generic drugs from getting to market. Drug costs already account for the second-largest share of health care spending in Canada since 1997 while growth in drug spending was highest among all major health expenditure categories during the past decade. TPP would only make things worse.

Under the TPP, Canadians can expect drug costs to balloon by hundreds of millions of dollars, annually – an added burden to Canadians who already pay the second-highest per capita drug costs in the world.² These added costs put additional strain on workplace health benefit plans and make medicines less accessible to citizens. More concerning is the impact these higher drug prices will have on citizens in low-income countries, who are more susceptible to disease and infection – a view shared by Médecins Sans Frontières, and other health advocates.

Disturbingly, pharmaceutical companies who already stand to benefit from extended patent terms will be given further protections under the TPP investment chapter – which explicitly covers intellectual property rights, and contains no general

Unifor is urging federal Members of Parliament not to ratify the Trans-Pacific Partnership agreement. Canada's approach to global trade and investment must serve to enhance our collective economic and social development, and must be guided by progressive, fair trade principles.

exemption for public health matters. That means drug firms will be able to enforce their patent rights through investor-state arbitration tribunals, and we should expect these firms to exercise these rights. In fact, Canada is currently being sued for \$500 million through a NAFTA settlement tribunal by drug manufacturer Eli Lilly after a superior court overturned patents on two products.

Protecting Canadian Health Care

1. Intellectual property provisions in the TPP (and any trade deal) should not lead to higher drug costs or other undue restrictions on public access to knowledge and information;
2. A principled and fair trade framework should promote greater access to life-saving and disease-fighting drugs for all people in need, around the world – not restrict access.

The Trans-Pacific Partnership treaty is **fundamentally-flawed** and a **missed opportunity** for Canada to facilitate global trade that is fair, ethical and of benefit to all. Unifor urges the federal government not to ratify the TPP.

- ¹ Lexchin, Joel (2016) "Involuntary Medication: The Possible Effects of the Trans-Pacific Partnership on the Cost and Regulation of Medicine in Canada," published by the Canadian Centre for Policy Alternatives: https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2016/02/Involuntary_Medication.pdf
- ² Canadian Institute for Health Information (2014): https://www.cihi.ca/web/resource/en/nhex_2014_infosheet_en.pdf

