

Bill C-30 / CETA Brief
To The Senate Committee on Foreign Affairs and
International Trade

Introduction

By its very nature trade can be detrimental as it means ***giving something up to get something else***. Trade agreements must be carefully considered and closely scrutinized. The Canadian government needs to put aside its belief that all trade is beneficial to all Canadians and start seriously considering *what Canada is required to relinquish* in order to trade. As tariffs and other trade barriers have dropped, trade agreements have become less about movement of goods and more about corporate power. CETA has been promoted as a “progressive trade agreement” and “no threat to national sovereignty” when in truth Canada is required to relinquish so much in this agreement that it is really a “regressive corporate power grab” that prevents governments from regulating even when it is in the best interests of the public. In CETA, Canada is required to forfeit its control of drug pricing and to open public services to privatization. As such, CETA is discriminatory against women. This “free” trade agreement is not in the interests of the Canadian people and must not be implemented.

Pharmaceuticals

I hold an Honours, BSc from the University of Toronto and worked for five years in Toronto's pharmaceutical industry, so I have some understanding of the health care implications of CETA. The pharmaceutical industry depends on a delicate balance being struck between brand name and generic drugs. The brand name companies are the innovators who bring us new treatments and cures, and as such must be compensated for their efforts and be able to make money to invest in research and development towards new medicines. However, if they hold patents on the innovations forever, pharmaceutical prices remain sky high. To prevent that, a specific patent period is granted, after which generics, or copy-cats, can enter the market at a lower price.

There has been a disturbing trend lately towards brand name companies putting their money into litigation instead of innovation. There is a better return on investment from fighting for greater patent protection than from putting money into research and development of new drugs. CETA is the latest example of this trend.

According to the below article there are three ways in which CETA will artificially inflate brand name drug costs:

- 1) CETA will commit Canada to creating a new system of patent term extension that will delay the entry to market of generic medicines by up to two years

- 2) CETA will lock in Canada's current terms of data protection making it impossible for future governments to reverse them
- 3) CETA will implement a new right of appeal under the patent linkage system that will create further delays for the entry to market of generic drugs, leaving brand name prices artificially inflated

<https://www.policyalternatives.ca/newsroom/news-releases/ceta-will-result-higher-drug-costs-canadians-study>

The patent is how long the brand name drug gets to be on the market with no generic competition. The longer the patent, the longer the innovator can demand an unreasonably high price for the medication. Both bullets 1) and 3) above give greater rights to brand name companies and delay entry of less expensive generic drugs to market. Extending the patent term by two years will give brand name companies a longer period of market exclusivity and cost Canadians \$billions in artificially high drug costs. Allowing brand name companies to challenge a generic drug's entry to market also protects artificially high drug pricing. Bullet 2) locks these terms into place forever, with no future government being empowered to change them, even if it is in the public interest.

According to one study, the impact of these provisions in CETA could lead to increased drug costs in Canada of between \$850 million and \$1.6 billion annually. Individual Canadians and their families will be required to pay these \$billions as, unlike all other countries that offer universal healthcare, Canada has no national pharmacare program.

<http://www.michaelgeist.ca/2016/01/the-trouble-with-the-tpp-day-7-patent-term-extensions/>

Shockingly, the Canadian government did not study the impact of CETA on pharmaceutical prices. The chief Canadian negotiator for CETA insisted that it was "very difficult to conduct that kind of analysis". Others didn't find it so difficult. A York University study predicted that CETA's changes to drug patents would increase drug costs by up to \$1.65 billion annually.

http://www.huffingtonpost.ca/2016/11/21/ceta-drug-prices-patents_n_13131250.html

Since Canadians already pay the highest drug prices in the world, behind only the United States, and higher prices than Europe, it is not necessary for CETA to increase any pharmaceutical protections in Canada. It can also be argued that the pharmaceutical section of CETA does not belong in any trade agreement. It has nothing to do with trade and is really about protecting the brand name drug companies at the expense of the generic drug industry and patients' lives. CETA's patent protection terms will result in runaway drug prices. Imagine a Canada in which parents lose their children to preventable illnesses such as allergies or asthma simply because the cost of an injector or inhaler is beyond the means of the average Canadian family. *CETA must not be ratified with this clause in it or health care in Canada will be set back several generations.*

Gender Discrimination

The government has failed to consider the impact that CETA might have on women. Canadian women can expect the following:

- The few sectors that may see job growth (natural resources and agriculture) are male dominated.
- The bulk of job creation will be in the private sector where the gender pay gap is highest.
- CETA will result in privatization of most public services. This is a loss for women, as they rely more on public services where discrimination is lower than in the private sector.
- Loss of public service jobs will force women workers into the private sector where the pay gap is pronounced and discrimination is increased.
- CETA's patent term increases for prescription drugs will hit women hardest, as women, in general, take more medications than men. Women are expected to pay an additional \$110 million per year on prescription drugs under CETA.

<http://behindthenumbers.ca/2014/12/18/ceta-a-bad-trade-for-women/>

CETA will rob Canadians of their public services in several ways.

Negative Listing

Previous European Union treaties used positive listing, in which member states list sectors and services open to liberalization which are to be included in the treaty. CETA uses negative listing in which all services and sectors are open to CETA unless the government expressly listed them as under government regulation. Any sector with a contract out on its services will be open to bidding by all corporations from all CETA signatory nations. This is a huge power grab for corporations and an enormous loss to the public. In addition, negative listing means that all emerging services in the future will not have been listed and will therefore be open to privatization rather than starting as a public service under government regulation and control.

Ratchet Clause

CETA is designed to interfere with the ability of government to bring a previously privatized sector back under government control. Contracts are awarded to the lowest bidder, driving down wages and therefore leading to the employment of the least skilled workers. The quality of service then suffers, resulting in failed privatization, as corporations continue to maximize their profits. Even if privatization is a failure, governments will be unable to reacquire a formerly public sector or service. This is known as CETA's 'ratchet clause'. In addition, should a government attempt to remunicipalize a service, the corporations providing that service will be able to sue for compensation under CETA's Investor Court System.

Standstill Clause

CETA also includes a 'standstill clause' which locks in the current level of regulation in a sector or service. This is designed to protect corporations from any new laws or regulations that might cost them money or interfere with their profits, even if such regulation is in the public's interest. For example, if a corporation were contracted to cater hospitals and nursing homes and was found to provide only cheap junk with no nutritional value, the government would be unable to enact a regulation requiring that meals have a minimal nutritional value. Patients will be left to starve while the government says "Our hands are tied."

CETA exposes the majority of the public sector to privatization, and prevents any formerly public sector from being returned to the public. These restrictions will rob Canadian women of good public sector jobs in which they encounter the smallest gender pay gap and the least discrimination. CETA continues to be described as a "progressive" trade agreement and yet it will clearly exacerbate existing inequality between men and women.

Conclusion

CETA will drive up pharmaceutical prices for everyone, including those least able to pay them. It attacks the public sector in favour of corporate profits by way of increasing privatization, thereby severely disadvantaging women. CETA has been sold as a "progressive trade agreement" when in truth it is a regressive corporate power grab. CETA takes Canada back to a time when medications were unaffordable by most people, public services did not exist, women were not only unprotected but were actively discriminated against, and pay equity did not exist.

Ironically, these are exactly the things that make Canada one of the greatest countries in the world in which to live, work and raise a family. These are the values that our government should be fighting for, not signing away in a "free" trade agreement.

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