

For immediate release

New Study Calls for Action to Protect Canada’s Supply of Prescription Medicines

Steps Needed to Enhance Domestic Production and International Supply Chain

Toronto, February 7, 2022 – A [new study](#) released today calls on governments in Canada to take measures to help ensure Canadians’ access to prescription medicines by strengthening Canada’s domestic generic pharmaceutical manufacturing and the international supply chain.

“Generic prescription medicines are dispensed to fill nearly three quarters of all prescriptions in Canada,” said Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA). “The COVID-19 pandemic has demonstrated that the security of Canadians’ supply of needed medicines can no longer be taken for granted by governments and policy makers. We need action to ensure that we put our industry and the nation’s drug supply on a more stable footing.”

The study, by consulting firm EY Canada commissioned by CGPA, reports that global supply chains have become increasingly complex, introducing risks, disruptions and shortages of prescription medicines. These risks, such as export restrictions, interruptions to international transportation, and reliance on foreign partners, highlight the importance of measures to support the manufacture of prescription drugs in Canada and secure channels of import for medicines and inputs needed to produce them.

The generics market in Canada faces downward pressure on pricing with increasing costs of labour, land, transportation and a complex regulatory regime. Combined, these elements are increasing the fragility of the domestic industry.

According to data in the EY Canada report, between 2019 and 2021, CGPA member companies produced – by manufacturing or importing – 6,225 generic pharmaceutical products for Canada, excluding active pharmaceutical ingredients (APIs). Approximately 44 percent, or 2,743, of these products were manufactured domestically and 56 percent, or 3,482, were imported finished products. Since 2019, however, there has been a consistent decline in the total number of locally manufactured medicines from 1,061 in 2019 to 700 in 2021. In addition, almost all APIs used to manufacture generic medicines in Canada are imported from 45 countries around the world, with more than 60 percent of APIs coming from India and China.

“With increasing cost pressures on generic medicines, manufacturers have been forced to optimize their product portfolios, which is affecting the diversity of the medicines that can be produced and provided to Canadians,” Keon said. “To promote and sustain manufacturing in Canada, the generic pharmaceutical industry needs the right supports and incentives, as well as reduced barriers to market entry.”

Throughout the COVID-19 pandemic, Canadian generic pharmaceutical companies have overcome significant challenges to successfully avoid catastrophic prescription drug shortages. Governments and stakeholders must now take steps to strengthen the domestic industry and optimize how generic prescription medicines are supplied to Canadians.

(more)

Key recommendations in the EY Canada report include:

- Supports and long-term strategies to promote and incentivize onshore capabilities for importing and manufacturing prescription medicines to assure the sustainable supply of a breadth of generic medicines, and the economic benefits associated with a strengthened domestic industry.
- Better alignment with leading international regulatory bodies such as the European Medicines Agency (EMA) and the United States Food and Drug Administration (FDA).
- Incentives that encourage companies to bring new generic medicines to Canadians, such as subsidies to address the high costs of domestic production and importing including workforce, operations, facilities and transportation.
- Tax and other incentives to support domestic manufacturing (for APIs, biosimilars and other pharmaceutical products).
- The negotiation of multilateral trade agreements that promote the security of the generic pharmaceutical supply chain to ensure ongoing access to APIs, finished dose products and the elements necessary to support domestic production.
- Appropriate pricing and procurement strategies that balance support for domestic manufacturing with the need for a strong international supply chain.
- The development of coordinated approaches and strategies to emergency drug planning, including support for a Critical Drug Reserve, and to further expand it by identifying a more comprehensive list of essential medicines to prepare for future public health emergencies.

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 nearly 74 percent of all prescriptions but account for less than 21 percent of the \$34-billion Canadians spend annually on prescription medicines.

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