## Executive Summary

Canada and the European Union (EU) are currently negotiating a comprehensive trade agreement (CETA). As part of these negotiations, the EU has tabled proposals that would significantly alter Canada's intellectual property (IP) regime for pharmaceuticals. This study examines how the proposed EU language in the draft negotiating text would affect the pharmaceutical market in Canada.

Our key finding is that the EU proposals will considerably lengthen the period of exclusivity for innovative drugs in Canada, so that Canada would have the most extensive structural protection of innovative drugs of any country in the world. **Payers – consumers, businesses, unions and government insurers – would face substantially higher drug costs as exclusivity is extended on top-selling prescription drugs, with the annual increase in costs likely to be in the range of $2.8 billion per year.** The annual incremental costs to Canadians in each province are as follows:

| PROVINCE | ANNUAL COSTS (MILLIONS OF CANADIAN DOLLARS) |
|---|---|
| Alberta | 214.8 |
| British Columbia | 253.0 |
| Manitoba | 81.1 |
| New Brunswick | 53.1 |
| Newfoundland and Labrador | 33.6 |
| Northwest Territories | 2.2 |
| Nova Scotia | 68.9 |
| Nunavut | 1.4 |
| Ontario | 1223.1 |
| Prince Edward Island | 8.8 |
| Quebec | 784.6 |
| Saskatchewan | 73.5 |
| Yukon | 1.9 |
| **TOTAL** | **2800.0** |

A substantial share of the costs of the EU's proposed changes to IP would fall on government drug plans, which cover approximately 45% of total prescription drug spending in Canada.