

LOWERING PRESCRIPTION DRUG COSTS REQUIRES A MADE-IN-THE-USA SOLUTION

On both sides of the border, Canadians and Americans alike worry about the rising costs of prescription drugs. In response, several states are taking steps to allow drug imports from Canada. These actions will have little or no impact on U.S. drug prices, but may have consequences in Canada. One fact remains clear above all others: *Canada's priority is to protect the health and safety of Canadians.*

Bulk importation of prescription drugs intended for the Canadian market by the U.S. could worsen drug shortages in Canada, putting the health of Canadians at risk. In 2021, amendments were made to Canada's *Food and Drug Regulations* to prohibit certain drugs intended for the Canadian market from being sold for consumption outside of Canada, if that sale could cause or exacerbate a drug shortage.



CANADA RELIES ON IMPORTED PRESCRIPTION DRUGS

Canada imports approximately **68%** of its prescription drugs. Of the drugs produced domestically, 83% of activities related to the drug production (e.g., manufacturing, packaging, labeling) are performed outside of Canada. The Canadian market thus relies heavily on external products, and cannot readily expand production to meet U.S. demand. Relying on prescription drug imports from Canada is not a viable solution to lower U.S. prescription drug costs.

THE CANADIAN MARKET IS SMALL

While safe and secure, the Canadian market is too small to have a real impact on U.S. drug prices. The U.S. consumes 44% of the global prescription drug supply, **compared to Canada's 2%**. In 2018, Canadian pharmacies filled 699 million prescriptions, compared to over 4.2 billion in the United States. The market in Florida alone is greater than all of Canada's.

CANADIAN DRUGS ARE EXPENSIVE

Canadians are similarly struggling with the high costs of prescription drugs. Canada continues to have some of the **highest drug prices** amongst OECD countries. It is not as simple as saying prescription drugs are always cheaper in Canada. While brand name drugs do tend to be less expensive, generic drugs, which make up to 74% of Canada's market, have traditionally cost more. Even today some generic drugs are more expensive in Canada than in the U.S.

“Canada is just one-tenth the size of the United States with a mere 37 million people. Given the sheer magnitude of the U.S. population — a whopping 329 million people — there's no way Canada could cover drugs for all Americans.”

— Peter Pitts, President, Center for Medicine in the Public Interest and former FDA Associate Commissioner

