

**Joint Statement On The  
Cross-Border Prescription Drug Trade  
November 22, 2006**

**Position:**

The undersigned organizations representing Canadian pharmacists, members of the supply chain and patients believe that, in order to protect Canadian patients and preserve a vital national health resource, the federal government should institute an immediate, simple and straightforward ban on the export, both bulk and retail, of prescription drugs produced for Canadians. Our pharmaceutical manufacturers should be allowed to continue their well-established trade of exporting pharmaceuticals made for the export market.

Allowing Canadian price-controlled medicines to be exported to the United States will damage the Canadian drug supply and could very well lead to increased drug prices for Canadians. The cross-border prescription drug trade is counter to Canada's national interest. Canada's government has a responsibility to protect Canadian patients, and to do so before shortages occur. It must act now.

**Background:**

1. For the past several years, Canada-based Internet pharmacies have been selling Canadian prescription medicines to American citizens. These companies are extremely profitable because they purchase drugs in Canada, at prices controlled by the Patented Medicine Prices Review Board (PMPRB), and then re-sell them at higher prices in the United States, which has an uncontrolled, free market for medicines. This cross-border drug trading was estimated to exceed \$1 billion at its peak in 2003.
2. On October 31, 2006 a private member's bill (C-378) was introduced in Parliament to amend the *Food and Drugs Act* to provide the Minister of Health with the authority to ban bulk drug exports.
3. The government has yet to indicate whether it intends to support this bill or amend it to include a ban on retail prescription drug exports. The Minister of Health has said that he has all the tools necessary to act to protect Canada's drug supply, but he has yet to declare his intentions and reveal the tools that he would use.
4. Cross-border prescription drug trade is still dependent on two practices—deemed unethical by regulators and health authorities—which jeopardize Canada's reputation and the health and safety of patients:
  - “co-signing” by Canadian physicians who have never seen or examined US patients, a practice condemned as unethical by the Canadian Medical Association and provincial medical regulators;

- lack of pharmacist counselling, which affects patients, particularly seniors and those with chronic medical conditions. This practice condemned by Canadian pharmacists groups as putting commercial distribution ahead of professional care.

**The Government of Canada must act before it is too late:**

1. On September 29, the US Congress passed legislation permitting renewed "foot traffic" importation of 90-day supplies of Canadian prescription drugs by American patients. Compounding this development, the U.S. Department of Homeland Security on October 9 ceased confiscation by Customs and Border Protection agents of prescription drugs purchased over the Internet or by mail order and mailed to the United States from Canada. These legislative and enforcement changes effectively re-open the American border to personal importation of Canadian prescription drugs by American patients.
2. There are other bills before Congress and State legislatures that would legalize for the first time unlimited purchases of Canada's prescription drugs in bulk (i.e. by wholesalers, HMO's, chain and banner self-distributing pharmacies, buying groups, and independent pharmacies). It has been estimated that 119 million Americans could thus legally purchase lower-cost prescription drugs from Canada. ( Brett J. Skinner, *Price Controls, Patents, and Cross-Border Internet Pharmacies Risks to Canada's Drug Supply and International Trading Relations*, The Fraser Institute, Critical Issues Bulletin, 2006, p. 5.)
3. Both the new Speaker of the Democrat-led House of Representatives and key Democratic legislators have stated that bulk prescription drug importation will be one of the top priorities of the new Congress. Canadian pharmacist, supply-chain management, physician, patient and seniors organizations believe that neither Canada's drug supply, nor its drug price control regime, could be sustained under the pressure of US demand if the drug imports from Canada were legalized. An authoritative US study concluded that Canada's drug supply would only last 38 days in the face of full-blown US bulk importation. (Marv Shepherd, *Drug Importation Analysis: Comparison of the Canadian Pharmaceutical Market Size with the U.S. and Implications for Drug Importations*, Center for Pharmacoeconomic Studies College of Pharmacy, The University of Texas at Austin, May 5, 2004, p.13, <http://www.utexas.edu/pharmacy/research/institutes/pharmacoeconomics/candrugmarket.pdf>.)
4. Without a ban on bulk exports any Canadian pharmacy could re-route its inventory of prescription drugs to the United States for greater profit, a practice know as "arbitrage." The Canadian drug system was intended for Canadians, not to provide Americans with a quick fix to the cost of their health care system.
5. A ban on bulk exports must be part of the government of Canada's national security agenda. Thousands of Internet websites falsely advertise themselves as Canadian and can be selling counterfeit drugs. (US Customs statistics of mail-order seizures show at least 10% of packages purported to be from Canadian Internet pharmacies in fact

contained counterfeit or fake drugs). Last August, 19 million dollars worth of prescriptions thought to be filled by Canadian Internet pharmacies were in fact fake and filled by a criminal organization located in Central America. Even more troubling is a report released last week by the World Health Organization which concludes that "in wealthy countries, with strong regulatory mechanisms...50% of illegal Internet sales are counterfeit." (World Health Organization press release, "*WHO and partners accelerate fight against counterfeit medicines: Up to 50% of medicines sold through rogue web sites are fake.*" November 15, 2006.)

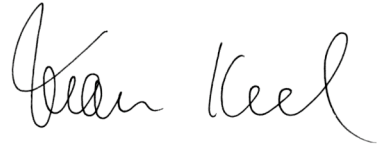
**Summary:**

The cross-border drug trade requires the government's immediate attention. We believe that acting only after a drug shortage is identified—or US bills are passed—is not an adequate response by the government. Canada needs to stop the cross-border drug trade before, rather than after, the United States legalizes drug imports from Canada. We need to protect Canadian patients and Canada's drug supply. As a responsible ally of the United States, the government must also act to protect Canadians and Americans against abuse of our system.

**Signed:**



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