

PROTECTING PATIENT ACCESS TO INNOVATIVE MEDICINES AMID TRADE TENSIONS: A SUBMISSION ON COUNTERMEASURES TO U.S. TARIFFS ON CANADIAN GOODS

Submission to:

The Department of Finance of Canada

Submission by:

The Danish Life Sciences Forum*

Date:

March 26, 2025

*The Danish Life Sciences Forum (DLSF) consists of the Danish Trade Council, a division of Denmark's Ministry of Foreign Affairs, and the Canadian affiliates of three of the foremost foundation-owned life sciences companies in Denmark: LEO Pharma, Lundbeck, and Novo Nordisk. Formalized in 2018, the alliance is committed to engaging with public and private sector stakeholders in Canada to help ensure that the life sciences industry delivers improved health outcomes while continuing to be an important local source of jobs and economic growth long-term.



**MINISTRY OF FOREIGN
AFFAIRS OF DENMARK**
The Trade Council

Lundbeck



EXECUTIVE SUMMARY

The Danish Life Sciences Forum (DLSF) recognizes the importance of a principled and proportionate response to the U.S. government's unilateral tariff actions. However, we respectfully urge the Government of Canada to exclude pharmaceuticals, medical devices, and associated life sciences inputs from retaliatory measures, in order to protect Canadian public health and uphold historically consistent international norms pertaining to excluding pharmaceuticals, medical devices and health products from any tariff related conflicts.

Our member companies provide life-saving and life-enhancing treatments for Canadians living with diabetes, obesity, dermatological conditions, neurological disorders, and mental health illnesses. Our therapies are used by some of the most medically vulnerable populations in Canada—those who can least afford disruptions in access or affordability.

Including pharmaceutical products, active pharmaceutical ingredients (APIs), or medical devices sourced from the U.S. in countermeasures would risk compromising Canadian patient care, destabilizing critical supply chains, and violating long-standing international conventions that protect access to essential medicines.

We offer three recommendations:

1. Exclude pharmaceuticals, medical devices, and life sciences inputs from the final countermeasure list.
2. Engage in ongoing, transparent collaboration with the life sciences sector to assess and mitigate the health system impacts of trade measures, prioritizing patient access and ecosystem resilience over tariffs.
3. Consider a targeted non-tariff measure to curb cross-border sales of Canadian medicines to the U.S. consumers.

INTRODUCTION

The Danish Life Sciences Forum (DLSF) appreciates the opportunity to provide input on the Department of Finance Canada's Notice of Intent to Impose Countermeasures in Response to United States Tariffs on Canadian Goods.

As subsidiaries of Danish, foundation-owned global healthcare companies with long-standing operations in Canada, our member companies are proud contributors to Canada's health ecosystem.

- **LEO Pharma** supports patients living with chronic skin diseases such as psoriasis and atopic dermatitis, many of whom struggle daily with stigma, discomfort, and the high cost of care.
- **Lundbeck** is dedicated to restoring brain health, offering treatments for neurological and psychiatric conditions, including depression, schizophrenia, and Alzheimer's disease—disorders that deeply affect individuals, families, and communities.
- **Novo Nordisk** is a leader in diabetes and obesity care, helping Canadians manage complex, chronic conditions that place an immense burden on patients and the healthcare system alike.

Our shared mission is to ensure that patients have equitable access to safe, effective, and innovative medicines. Any disruption to supply chains, trade flow, or pricing stability risks undermining this mission.

While we fully support Canada's right to impose proportionate countermeasures in response to unfair U.S. tariffs, we are concerned about the potential for unintended consequences should health-related goods or inputs used in the life sciences sector be included in the final list.

CONCERNS REGARDING POTENTIAL COUNTERMEASURES

Canadian patients rely on timely, uninterrupted access to high-quality, evidence-based medicines to manage chronic and often life-threatening conditions. Approximately 29% of Canada's pharmaceutical imports originate from the United States^{1,2}. For single-source innovative medicines, there is often no viable alternative supplier, and Health Canada regulatory requirements prevent quick substitution of supply chains outside of North America. Tariffs on pharmaceutical products, active pharmaceutical ingredients (APIs), or medical inputs sourced from the U.S. risk introducing price volatility, cost increases, and procurement delays.

The potential effects include:

- **Rising Drug Costs:** Tariffs would increase production and importation costs, forcing public drug programs and private insurers to re-evaluate coverage. This could lead to higher out-of-pocket expenses and reduced access for Canadians. Protecting the affordability and availability of life-saving and life-enhancing treatments should remain a paramount consideration when designing any economic countermeasures.

- **Disrupted Supply Chains:** Canada's pharmaceutical supply chain relies on a highly integrated North American network, with many specialized medicines dependent on just-in-time delivery and U.S.-sourced components. Tariffs on these goods risk creating delays, increasing costs, and limiting flexibility—challenges that could disrupt patient access and strain the healthcare system. Canada's medicine supply is already under pressure. As of March 2025, Health Canada lists hundreds of drugs in shortage, many of which are critical to managing chronic disease or psychiatric conditions³.
- **Medication Rationing:** Patients may begin to ration doses or forgo treatment altogether, particularly those managing chronic illnesses such as diabetes, epilepsy, psoriasis, or depression. A 2018 national survey found that 1 in 10 Canadians did not fill prescriptions or skipped doses due to cost⁴.
- **Public Health System Strain:** Higher medication costs and preventable complications from non-adherence could increase emergency visits, hospitalizations, and long-term health expenditures. The cascading impact of increased healthcare costs can widen inequities in health outcomes, particularly for seniors, low-income Canadians, and those living in rural or underserved communities.
- **Market Access Risk:** We are especially concerned about the intersection of retaliatory tariffs and existing price regulations, including those enforced by the Patented Medicine Prices Review Board (PMPRB). These controls prevent manufacturers from adjusting list prices to offset new import costs. In a tariff scenario, manufacturers would bear the full burden, potentially leading to market withdrawal or de-prioritization of Canadian supply⁵.
- **Reduced Investment:** LEO Pharma, Lundbeck, and Novo Nordisk are proud to contribute to Canada's health research and innovation ecosystem. Through local clinical trials, academic partnerships, and investments in real-world evidence generation, our companies support the development of new treatments and strengthen Canada's role as a global leader in life sciences. However, investment decisions are highly sensitive to regulatory and trade environments. In the long term, restricted market access could diminish Canada's capacity to develop, adopt, and scale innovative health solutions for the benefit of its own population.
- **Deviation from International Norms:** Pharmaceuticals and medical devices have historically been excluded from tariff-based trade conflicts. The 1994 WTO Pharmaceutical Tariff Elimination Agreement⁶, signed by Canada and the U.S., established zero-tariff trade on finished medicines and active ingredients to protect public health—and this principle was upheld during the COVID-19 pandemic. Including these products in current countermeasures would depart from that convention and set a precedent for future retaliatory actions against essential goods, ultimately undermining global health equity.

RECOMMENDATIONS

To balance Canada's trade policy objectives with its healthcare responsibilities, we propose the following:

1. Exclude Pharmaceuticals, Medical Devices, and Life Sciences Inputs from Countermeasures

Protecting patient access and upholding healthcare system stability must remain a core principle. We urge the government to exempt all health-related goods—including finished medicines, APIs, devices, and diagnostics—from retaliatory tariffs.

2. Commit to Ongoing Dialogue and Partnership with the Life Sciences Sector

We recommend that Finance Canada, in collaboration with Health Canada and ISED, establish a transparent process to assess the health system impacts of proposed trade countermeasures. This should include stakeholder consultation (*e.g.*, pharmaceutical companies, medical associations, patient advocacy groups), impact forecasting (*i.e.*, effect on medication affordability, availability, and public formularies), and contingency planning to ensure Canada's trade response protects patient access and maintains the integrity of its life sciences ecosystem.

Rather than imposing tariffs, the government should work with life sciences firms to bolster domestic manufacturing capacity, protect against future shortages, and encourage research investments that support health resilience.

3. Consider a Non-Tariff Pharmaceutical Retaliatory Measure

Rogue online pharmacies currently divert Canadian drug supply to the U.S., exacerbating shortages and undermining the affordability of essential treatments in Canada. There is bipartisan U.S. congressional support for expanding drug importation from Canada, including legislation like S.641 – The Safe and Affordable Drugs from Canada Act, which aims to normalize cross-border pharmacy sales⁷.

A targeted, non-tariff policy restricting the export of Canadian pharmaceuticals to U.S. consumers could serve as a strong, patient-protective countermeasure.

CONCLUSION

Any interruption to medicine access—whether due to cost barriers, stock-outs, or delays in distribution—can have significant downstream consequences, including exacerbation of illness, increased hospitalizations, and long-term harm to patient health and wellbeing.

The DLSF and our member companies remain committed to supporting Canadian patients, healthcare providers, and policymakers. We urge the Government of Canada to ensure that its trade responses uphold public health priorities, protect access to life-saving and life-enhancing therapies, and maintain Canada's international leadership in health equity.

We urge the Government of Canada to exclude pharmaceuticals, medical devices, and associated life sciences inputs from retaliatory tariffs and to explore alternative non-tariff measures.

We would welcome the opportunity to engage further and support a policy approach that both defends Canadian trade interests and safeguards public health.

REFERENCES

1. Industry Canada. (2024). *Pharmaceutical and Medicine Manufacturing Profile*. <https://www.ic.gc.ca/app/scr/app/cis/pharmaceutical-and-medicine-manufacturing>
2. Statistics Canada. (2024). *International Merchandise Trade Database*. <https://www150.statcan.gc.ca/n1/en/type/data?MM=1>
3. Health Canada. (2025). *Drug Shortages Canada*. <https://www.drugshortagescanada.ca>
4. Law, M. R., Cheng, L., Kolhatkar, A., Goldsmith, L. J., Morgan, S. G., Holbrook, A., & Dhalla, I. A. (2018). The consequences of patient charges for prescription drugs in Canada: A cross-sectional survey. *CMAJ Open*, 6(1), E63–E70. <https://doi.org/10.9778/cmajo.20180008>
5. Patented Medicine Prices Review Board. (2025). About PMPRB. <https://www.canada.ca/en/patented-medicine-prices-review.html>
6. World Trade Organization. (1994). *Pharmaceutical Tariff Elimination Agreement*. https://www.wto.org/english/tratop_e/markacc_e/pharma_background_e.htm
7. U.S. Congress. (2023). *S.641 – Safe and Affordable Drugs from Canada Act*. <https://www.congress.gov/bill/118th-congress/senate-bill/641>