

# Pharmaceutical company responses to Canadian opioid advertising restrictions: A framing analysis

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## Abstract

The pharmaceutical industry's promotion of opioids in North America has been well-documented. Yet despite the clear consequences of improperly classifying pharmaceutical company messaging and frequently permissive approaches that allow the pharmaceutical industry to self-regulate its own advertising, there has been scarce investigation to date of how pharmaceutical industry stakeholders interpret definitions of "advertising." This study explores how variations of "marketing" and "advertising" are strategically framed by the different actors involved in the manufacturing and distribution of pharmaceutical opioids. We employed a framing analysis of industry responses to Health Canada's letter to Canadian manufacturers and distributors of opioids requesting their commitment to voluntarily cease all marketing and advertising of opioids to health care professionals. Our findings highlight companies' continuing efforts to frame their messaging as "information" and "education" rather than "advertising" in ways that serve their interests. This study also calls attention to the industry's continual efforts to promote self-regulation and internal codes of conduct within a highly permissive federal regulatory framework with little concern for violations or serious consequences. While this framing often occurring out of public sight, this study highlights the subtle means through which the industry attempts to frame their promotion strategies away from "marketing". These framing strategies have significant consequences for the pharmaceutical industry's capacity to influence healthcare professionals, patients, and the general public.

## Pharma industry in Canada

Not surprisingly, IMC paints the contribution of its members in a positive light, recently publishing a press release highlighting Canada's research and development (R&D) pharmaceutical sector as "a key partner in economic resilience, recovery and growth." IMC used data from Statistics Canada to show how pharmaceutical investment in Canada compares to other countries. Reports in news media and scientific publications, including one by one of us, have expressed concerns about the data used and the degree of influence that IMC had over the published Statistics Canada report. Other sources such as the PMPRB annual report, which includes pharmaceutical market statistics from the Organization for Economic Co-operation and Development (OECD), cite lower numbers for the economic impact of the industry. However, disputes over absolute numbers do not need to be resolved, because the relative numbers can help us understand how the economic benefits

to Canada from the pharmaceutical sector compare with peer countries.

### **High drug prices in Canada**

Depending on the source, patented medicine prices in Canada are either fourth- or third-highest in the OECD (surpassed only by Germany, Switzerland and the United States), averaging 18 per cent above the OECD average. Some authors suggest our small market and fragmented administration of health care by 13 different provinces and territories contribute to high drug prices. However, when comparing the ratio of Canadian drug prices with those of smaller countries like Australia (price ratio 0.71 compared to Canada), and the Netherlands (price ratio 0.77 compared to Canada), it is clear that small market size does not automatically mean high drug prices. Other countries with publicly funded health-care systems also have better prices, including the United Kingdom (price ratio 0.87).

Pharmaceutical sales data from 2020 shows that Canada spent US\$723 per person per year on drugs, which is much higher than countries like Australia (US\$447) and the Netherlands (US\$368). It is clear that Canada has very high drug prices relative to its peers — but what about the other side of the equation?

### **Pharmaceutical investment and the Canadian economy**

Pharmaceutical trade balance is one indicator of the economic impact of the industry. Data from the industry itself shows the trade balance is positive for the European Union (EU) (US\$429.62 per person) and also positive for individual countries with higher drug prices like Germany and Switzerland. Contrast this with the negative pharmaceutical trade balance in Canada, where the deficit was estimated at US\$351.14 per person and increasing.

Canada fares better when looking at pharmaceutical employment. Its own statistics suggest the pharma industry provides one job for every 628 people in the EU overall. Looking at specific countries, it is not surprising that Switzerland has the highest level of pharmaceutical employment (one job for 185 people) but Germany (one job for 720 people) and France (one job for 682 people) also benefit. Although IMC touts a figure of 107,000 Canadian jobs, a look at the source from Statistics Canada shows that this includes both direct and indirect jobs. Still, the 49,403 direct jobs provided to Canadians by the pharmaceutical sector translates into one job for 774 people which is comparable with other countries.

### **Investment in pharma R&D in Canada**

Not comparable however is the level of R&D investment. IMC cites a figure of CAD\$2.4 billion. However this figure differs from the source data, which actually provides an estimated range CAD\$1.8-2.4 billion, and includes spending by the entire industry, not just IMC members. The ratio of R&D to sales is another way to gauge the economic impact of the industry. The PMPRB noted that Canada had the worst ratio among comparator countries at 3.9 per cent. Countries with lower drug prices had ratios two to six times better than Canada (France 15.2 per cent, Italy 6.6 per cent, Sweden 25.6 per cent, United Kingdom 23.4 per cent), as did those with higher drug prices (Germany 20.9 per cent, United States 23.4 per cent, Switzerland 115.4 per cent). IMC disputes the PMPRB

estimates claiming they are based on an outdated definition of R&D. But even using figures from the Statistics Canada publication endorsed by IMC, its membership was spending 5.6 per cent to 7.9 per cent of revenue on R&D, putting Canada perhaps marginally ahead of Italy but well behind the other comparator countries. Looking at both sides of the equation then, Canadians pay very high absolute drug prices and receive lower economic benefits relative to our peers.

### **Realistic goals for Canadian drug prices and pharma industry**

Canada has traditionally been a resource-based economy. Enhancing other economic avenues takes time and consistent government policies. It is not reasonable to expect pharmaceutical investment in Canada sufficient to match R&D to sales ratios with countries like Switzerland where pharmaceuticals are a major contributor to GDP. However, Canada could try to achieve a balance of investment and prices closer to norms for similar countries. Using the median of the countries PMPRB uses as comparators, this would mean improving the ratio of R&D to sales by five-fold. Building on lessons learned from the pandemic, the federal government initiated a Biomanufacturing and Life Sciences Strategy to “rebuild our biomanufacturing sector, and support our innovative and world-leading scientists.” To ensure that Canadians receive similar benefits from the pharmaceutical industry as other countries, we need oversight of both sides of the equation: drug prices (which requires a renewed PMPRB fully protected from political influence), and follow-up to ensure any government programs intended to offer investment incentives for the pharmaceutical industry in the Canadian economy achieve their goals.