

IMC Response to Finance Canada's Retaliatory Tariff Plan

March 21, 2025

Submitted via email: consultations@fin.gc.ca

This submission is made on behalf of Innovative Medicines Canada (IMC) in response to the Department of Finance's [Notice of Intent to Impose Countermeasures in Response to United States Tariffs on Canadian Goods](#). IMC is the national association of biopharmaceutical and vaccine companies in Canada which contributes nearly \$16 billion to Canada's knowledge-based economy every year.¹

Imprudent inclusion of health products

IMC and our members are alarmed by Finance Canada's inclusion of a range of pharmaceutical and associated health products on its list of proposed retaliatory tariffs; despite clear assurances from government officials that medicines would not be included.

All pharmaceutical and related health products should be immediately removed from Finance Canada's list of retaliatory products. In particular, we are concerned about the inclusion of any 3004.xx trade codes (e.g. 3004.10; 3004.05) and especially **3004.90 "Other"** which would appear to capture a range of important medicines and health products. We also request the removal of diagnostic-related codes (e.g. 3822.xx) and other supplies used in health care or health research (e.g. 7010.xx; 7326.90; 8536.50). Please note that we reserve the right to identify additional codes in the future as further impacts become known (e.g. inputs of production).

Significant Impacts on Canadians

Failure to remove these from retaliatory measures will have significant adverse impacts for Canadians, the healthcare system and the life sciences ecosystem. A provisional 3rd party analysis by trade experts and our members suggests that Canada has identified trade codes that could implicate **\$3.7 Billion CAD, of annual pharmaceutical imports from the U.S.** This reflects **~41% of total pharmaceutical imports from the United States and would engender an additional cost to Canadians of nearly \$1B if tariffs were set at 25%.**²

Canadian tariffs on these medical products would have significant impacts:

- To the cost, feasibility and attractiveness of conducting clinical trials in Canada;
- To the cost and capacity of companies to invest in Canada, at a time when all companies are under tremendous pressure to invest or repatriate manufacturing to the United States;

¹ Innovative Medicines Canada advocates for policies that enable the discovery, development, and delivery of innovative medicines and vaccines to improve the lives of all Canadians and supports the members' commitment to being a valued partner in the Canadian healthcare system. Collectively, our sector supports more than 107,000 high-value jobs and invests upwards of \$3 billion in R&D annually.

² Within Canada's possible second round of retaliatory tariffs that is currently subject to consultation.



- Would disrupt provincial government payers who would face increased costs and the burden of having to renegotiate established contracts;
- Would challenge existing pricing norms and institutions that seek to strike a delicate balance to support product launches and patient access in Canada;
- Would increase costs for Canadians families on a range of critical health products at a time when Canadians are already struggling after years of high inflation; and
- Could impact supply chains and associated drug shortages, exacerbating current risks from internet pharmacies.

Medicines are not widgets that are easily interchangeable. **Unlike some industrial sectors, there are not readily available alternative sources of supply for many pharmaceutical and health products.** There are also known lengthy delays in regulatory processes for approval of (alternative) manufacturing sites, an issue would have to be resolved by Health Canada.

Disconnect between federal government departments and with provinces and territories

Innovative Medicines Canada heard clearly from senior officials within Innovation, Science, and Economic Development Canada (ISED) as well as Health Canada that pharmaceutical products would not be included. We also understand that Health officials were not in favour of including them and we have since confirmed with the Health Minister that she will advocate against future inclusion. We have also heard significant concerns from provinces across Canada. On critical issues like health and tariffs it is particularly important that the Federal Government is better aligned through a whole-of-government approach, both internally and with provinces and territories.

Flawed Canadian health tariff strategy

IMC was concerned to recently learn that the **inclusion of pharmaceuticals was not inadvertent** and was an intentional part of a political strategy that, in our opinion, is highly misguided. Canadian tariffs on a few billion dollars worth of health products will not register on the U.S. radar and will only serve to adversely impact Canadian patients. Instead, Canada should consider measures to *remove* the various regulatory and market access barriers to health products in this country, rather than adding more. Canadians' health should not be used as an advocacy tool to negotiate with the U.S.

In summary, applying retaliatory tariffs to medicines and related products such as diagnostics would be inappropriate and could have significant unintended consequences for patients and the Canadian pharmaceutical supply chain. IMC seeks an urgent dialogue on these issues with Finance Minister Champagne to discuss a patient-focused path forward.

c.c:

- François-Philippe Champagne, Minister of Finance



- Dominic LeBlanc, Minister of International Trade and Intergovernmental Affairs and President of the King's Privy Council for Canada
- Anita Anand, Minister of Innovation, Science and Industry
- Kamal Khera, Minister of Health
- Mélanie Joly, Minister of Foreign Affairs of Canada
- Forwarded Separately to Provincial and Territorial Leaders