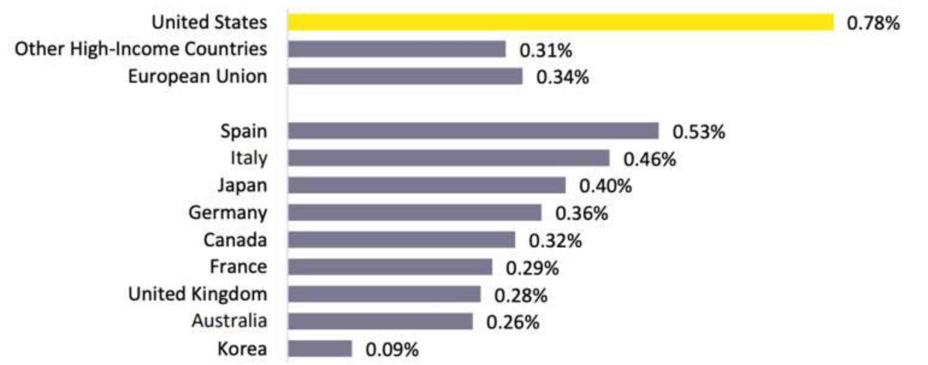
Trade, Tariffs, and Transition: How does Canada navigate access and innovation?

With John Adams, Senior Fellow of the Macdonald Laurier Institute

What is MFN, and why now?

- The US pays among the **highest drug prices** in the world
- President Trump's position: **other countries should pay their fair share of innovation** costs
- In May 2025, Trump issued an **Executive Order** on **Most-Favored-Nation (MFN) pricing**, tying US drug prices to the lowest prices paid in other high-income countries
- The goal: **lower drug costs for Americans** to “the lowest price in an OECD country with a GDP per capita of at least 60 percent of the US GDP per capita.”
- The practical consequence: manufacturers must choose between **raising prices abroad or accepting lower US revenues**

Figure 1. Per Capita Spending on New Innovative Medicines as a Share of GDP Per Capita, 2023



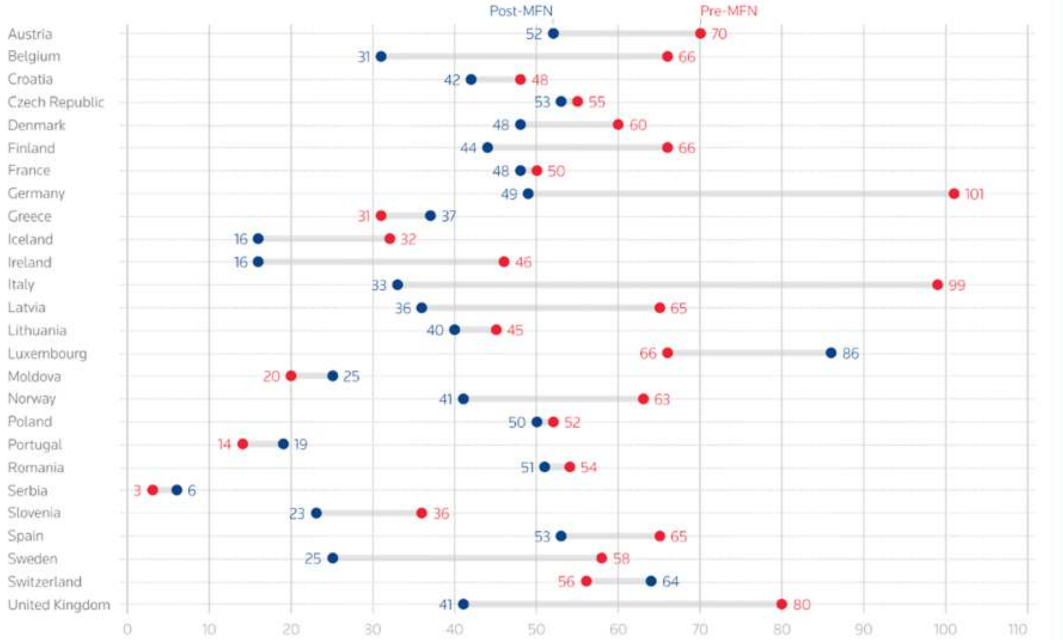
How is MFN being implemented?

- **Bilateral deals** *(in effect):* 17 major medicine developers signed deals with the White House, committing to MFN pricing on new launches, Medicaid price parity across existing portfolios, and participation in TrumpRx.gov (direct-to-consumer purchasing platform) in exchange for tariff immunity
- **Voluntary track** *(in effect)**:*** A voluntary program – **GENEROUS** – offering manufacturers faster and preferential Medicaid access in exchange for MFN-aligned pricing, benchmarked at the second-lowest net price across 8 countries (including Canada); live as of January 2026
- **Mandatory track** *(proposed):* Two proposed Medicare models – **GLOBE** (Part B) and **GUARD** (Part D) – would require MFN pricing for a subset of beneficiaries, using benchmarks across 19 countries (including Canada)

MFN uncertainty is shifting behaviour around the world

Europe Drug Launches Drop Under Trump's MFN Policy

New drug launches in Europe slid in the ten month period after May 2025 when U.S. President Donald Trump unveiled plans for most-favored nation (MFN) pricing in the United States to lower domestic drug prices towards levels in regions like Europe. Only Switzerland, Finland and Poland have seen more launches. The number has fallen some 35% overall.



Note: Launches are based on first pricing dates | Each dose strength of a drug is counted separately

Source: Market research firm GlobalData | Bhanvi Satija

Drugmakers delay some European launches with a wary eye on Trump's pricing policies

Reuters

By **Maggie Fick**, **Bhanvi Satija** and **Dominique Pattor**

March 31, 2026 2:02 AM EDT · Updated March 31, 2026

https://www.reuters.com/business/healthcare-pharmaceuticals/drugmakers-delay-some-european-launches-with-wary-eye-trumps-pricing-policies-2026-03-31/

Other countries are taking action to address MFN

United Kingdom

Agreed to pay more for new medicines — a higher value threshold and double the spending on innovation by 2036 — in exchange for tariff relief.

Sweden

Reviewing what it is willing to pay, citing launch delays and its appeal as a place to innovate.

Switzerland

Weighing a dedicated fund for new medicines so it does not become a low-price benchmark.

What MFN means for Canada

The problem:

Canada is a reference country, meaning its prices directly influence US benchmarks. Because Canada has much lower drug prices, manufacturers must decide whether to launch in Canada and risk pulling down US revenues or protect US pricing and leave Canadian patients without access. The downstream impacts are significant...

Patient impacts:

- New drugs take longer to reach Canadian patients
- Some drugs may never be made available in Canada
- Fewer innovative treatments and clinical trial opportunities

Economic impacts:

- Reduced research investment as manufacturers reconsider Canada as a trial site
- Potential job losses across the pharmaceutical sector
- Less R&D investment in a market seen as a pricing liability

Ottawa has studied the problem

In March 2026 the federal government created a Pharmaceutical and Life Sciences Sector Task Force to look at how Canada prices, reviews and pays for medicines. Its report was released on July 24 and is now with senior government. Key recommendations include:

- **Faster reviews –** Health Canada reviews that are quicker and more flexible, so approvals do not become the bottleneck.
- **A broader view of value –** Assessing new medicines on what they are worth to patients and the wider health system.
- **Better negotiations –** Reforming how public drug plans negotiate, to cut the time between approval and access.
- **A pricing framework fit for purpose –** Revisiting Canada's pricing rules so the country stays an attractive place to launch.

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CBCN RCCS Canadian Breast Cancer Network Réseau canadien du cancer du sein

Canadian Cancer Survivor Network Réseau canadien des survivants du cancer

Collectif Canadien pour le Cholangiocarcinome / Canadian Cholangiocarcinoma Collaborative

liver.ca Canadian Liver Foundation Fondation canadienne du foie

Canadian Skin Cancer Foundation

CSPA Canadian Skin Patient Alliance

Canadian VHL Alliance

Cancer Fatigue Services

CancerFightClub

CNETS Canada

Cholangio-Hepatocellular Carcinoma Canada / Carcinome Cholangio-Hépatocellulaire Canada

The Chronic Myelogenous Leukemia Society of Canada

CLL Canada LLC Canada

Colorectal Cancer Canada

CCRAN Colorectal Cancer Resource & Action Network / RISCC Réseau d'informations et soutien pour le cancer colorectal — A patient-focused organization

badgut.org Gastrointestinal Society Canadian Society of Intestinal Research

JGH Hope & Cope Wellness Centre

Cancer du rein Canada / Kidney Cancer Canada

Leukemia & Lymphoma Society of Canada fighting blood cancers

Lung Cancer Canada Awareness. Support. Education.

Melanoma Canada

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