

circumstances.⁷⁵ But even that period could have raised drug prices and decreased drug access in developing countries such as Vietnam that had signed on to the pact.⁷⁶ With the TPP, the United States, to some extent, would have been exporting its own intellectual property protections abroad. In one of his first actions in office, however, President Trump scrapped the entire Trans-Pacific Partnership, as part of an effort to move away from free trade policies.

The international debate is yet more evidence of the unique place the United States occupies in the pharmaceutical industry, both in production and in purchasing. According to the Organization for Economic Co-operation and Development, the United States is both the world's largest pharma producer, at 39 percent of global production, and the world's largest purchaser, at 45 percent of global sales.⁷⁷ In other words, domestic U.S. business sustains the pharmaceutical industry – the United States is the largest producer of pharmaceuticals, but it also provides a near-majority of the industry's sales, in part of because of high prices.

One could argue that by serving as the main profit source for pharmaceutical companies, the United States is simply subsidizing lower prices in other countries. Maybe it's Canadians who should be thanking *us* for providing the lion's share of the pharma profit margin. The answer to that question is unclear – do pharmaceutical companies actually need the amount of return we currently provide, for example? – but what is clear is that a mix of dysfunctional market dynamics, strong intellectual property protection, and regulation has led to the complicated, expensive situation we have in the United States.

In many cases, the incomplete solution we have come up with is generic competition, which we introduce next. As this book warns, however, the generic revolution has its own challenges.

D GENERICS – A BRIEF PRIMER

The magic of generic substitution usually takes place without any intervention on the part of the patient. A doctor's written prescription for Pfizer's Zoloff is substituted seamlessly for a generic bottle of sertraline by the time the patient reaches the pharmacy. Patients who have standard sinus infections will probably leave their

⁷⁵ Tracy Staton, *Last-Minute Deal on Drug Exclusivity Wraps Up TPP Negotiations*, FIERCEPHARMA (Oct. 5, 2015), www.fiercepharma.com/pharma/last-minute-deal-on-drug-exclusivity-wraps-up-tpp-negotiations.

⁷⁶ Julia Belluz, *How the Trans-Pacific Partnership Could Drive Up the Cost of Medicine Worldwide*, VOX (Oct. 5, 2015), www.vox.com/2015/10/5/9454511/tpp-cost-medicine.

⁷⁷ ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, EXECUTIVE SUMMARY: PHARMACEUTICAL PRICING POLICIES IN A GLOBAL MARKET at 10–11 (2008), www.oecd.org/health/health-systems/41303903.pdf.