



**Neighbourhood
Pharmacy**
Association of Canada

Association canadienne
**des pharmacies
de quartier**

Office of the Chief Executive Officer

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March 26, 2025

The Honourable François-Philippe Champagne
Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5
House of Commons
Ottawa, Ontario K1A 0A6
Email: minister-ministre@fin.gc.ca; consultations@fin.gc.ca

RE: Notice of Intent to Impose Countermeasures in Response to United States Tariffs on Canadian Goods

Dear Minister Champagne,

On behalf of the Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies), I am writing to express our sector's deep concerns regarding the inclusion of pharmaceutical products in the second round of counter tariffs, set to take effect on April 2, 2025. **We urge the Government of Canada to remove pharmaceutical products from the proposed measures to safeguard patient access to essential medications.**

Neighbourhood Pharmacies represents leading pharmacy organizations across Canada, including chain, banner, grocery-affiliated, specialty, mass merchandiser, and independent pharmacies. Collectively, these pharmacies operate over 12,200 locations nationwide, serving as critical healthcare hubs in urban, suburban, rural, remote, and Indigenous communities. The sector employs more than 185,000 Canadians, including 38,000 licensed pharmacy professionals, who dispense over 847 million prescriptions annually, with a total market value of \$36 billion. In addition, the pharmacy sector contributes approximately \$9.5 billion to GDP, with an overall economic footprint exceeding \$18.7 billion.

As the only pan-Canadian association representing pharmacy operators, we collaborate with policymakers to develop innovative solutions that enhance public health and primary care delivery while advocating for fair and sustainable funding for community pharmacies. We have been actively engaged in discussions concerning the potential impact of these tariffs, participating in the pharmacy sector roundtable convened by the former Minister of Health on February 11, as well as the broader healthcare stakeholder roundtable hosted by Minister of Health Kamal Khara on March 18. Furthermore, we have formally communicated our concerns through a letter to Federal Ministers in February and have worked closely with pharmaceutical manufacturers and distributors to present a unified position on this critical issue.

We support the Government's need to mount a strong response to the tariffs imposed on Canadian imports by the United States, including the use of Canadian counter tariffs as a deterrent. However, counter tariffs on pharmaceutical products pose a significant threat to the

stability of Canada's pharmaceutical supply chain, with direct and adverse consequences for the health of Canadians. **As outlined in our online response to the Government's notice of intent, we strongly oppose the inclusion of the following pharmaceutical products under consideration for tariffs:**

- **3004.10.00**
- **3004.41.00**
- **3004.42.00**
- **3004.43.00**
- **3004.50.00**
- **3004.60.00**
- **3004.90.00**

By our estimates, approximately 15% of all prescription medications dispensed by Canadian pharmacies are imported from the United States, with a total value of \$8.3 billion. Of this, \$4.4 billion consists of the pharmaceutical products identified in the second round of proposed countermeasures. These products include both brand-name and generic medications such as antibiotics, allergy medications, and pain medications essential to patient care across Canada.

Introducing tariffs on these critical medications will not only increase costs all throughout the supply chain. As the cost of importing these lifesaving drugs rises, manufacturers and other supply chain stakeholders will inevitably seek ways to offset these expenses.

This could lead to reduced imports, cost pass-throughs, disruption and even negotiation of pricing norms and contracts – which could ultimately reduce medication access or affordability for Canadian patients.

Unlike other supply chain participants, pharmacies cannot pass increased costs on to patients. Instead, they must absorb these financial pressures while striving to maintain service levels. Given the compounding effect of rising costs, currency fluctuations, and the broader inflationary pressures facing the sector, the viability of pharmacies is at risk. Tariffs and the resulting cost pressures could even have downstream impacts on provincial pharmacy budgets and compromise the public funding that pharmacies across the country rely on to deliver their medication management, public health and primary care services.

Overall, the economic impact of tariffs on the pharmacy sector could jeopardize the 185,000 jobs it supports and lead to pharmacy closures, particularly in rural and remote communities, creating "pharmacy deserts" where patients would struggle to access essential medications and healthcare services.

Furthermore, the imposition of counter tariffs could exacerbate Canada's already critical drug shortage crisis. Canada experiences an average of 3,000 drug shortages annually, a challenge the federal government has been actively addressing through regulatory measures aimed at strengthening supply chain resilience. Adding tariffs to essential pharmaceutical imports will further strain supply chains and limit access to critical medications. Pharmacies already report that up to 20% of each pharmacist's shift is spent managing drug shortages—time that would be better utilized in direct patient care. In an era where pharmacies are playing an expanded role in public health and primary care, particularly for the 6.5 million Canadians without a dedicated family healthcare provider, additional strain on the system is counterproductive and harmful to patient well-being.

While the inclusion of pharmaceutical products in counter-tariff measures presents the greatest risk to Canadians, it is also important to consider the impact of tariffs on other imported products that support pharmacy operations. Pharmacies rely on wholesalers and vendors for essential supplies used in medication packaging, including plastics, cardboard, labels, and vials. Counter-tariff measures on materials critical to medication and healthcare product packaging— which could include but are not limited to some products classified under HS codes 3902.10.00, 3923.10.00, 3923.90.10, and 4808.10.00—could have significant consequences for pharmacies. Importers may pass on tariff-related cost increases of up to 25%, further burdening pharmacies already facing rising operational expenses, constrained funding, and economic uncertainty.

Neighbourhood Pharmacies remains committed to working collaboratively with the federal government to find solutions that safeguard patient access to essential medications while upholding the integrity of Canada's pharmaceutical supply chain. We welcome the opportunity for continued dialogue and stand ready to provide any additional information or insights as needed.

Thank you for your time and consideration. We look forward to your response.

Sincerely,



Sandra Hanna, RPh. LL.M. ICD.D
Chief Executive Officer
Neighbourhood Pharmacy Association of Canada

cc:

Kamal Khera, Minister of Health
Dominic LeBlanc, Minister of International Trade and Intergovernmental Affairs
Melanie Joly, Minister of Foreign Affairs of Canada
Anita Anand, Minister of Innovation, Science and Industry
Tim Krupa, Office of the Prime Minister
Mathew Hall, Office of the Minister of Finance
Jade Mallette, Office of the Minister of Health