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**Submission Brief
Canada's Pharmaceutical Sovereignty**

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Neighbourhood Pharmacy Association of Canada

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Executive Summary

The goal of strengthening Canada's pharmaceutical sovereignty is widely shared, and strengthening domestic supply and improving patient access is critical to realize this goal. But successful pharmaceutical sovereignty requires a balanced, whole-system approach that includes all aspects of the innovation and pharmaceutical supply sectors. A narrow policy lens that favours domestic biomanufacturing in isolation must carefully consider downstream implications specifically on Canadians; those for whom these policies are being considered.

Biomanufacturing is deeply connected with global supply chains, drawing on a complex, globally distributed network of innovators and suppliers, each providing critical components. Any policy that solely prioritizes domestic biomanufacturing, without an equal investment in other aspects of the pharmaceutical supply chain and innovation, can reduce competitive pressure, slow development, constrain supply and ultimately exacerbate the current risk of increased drug shortages as well as increasing costs and barriers to patient access.

Pharmaceutical sovereignty is often discussed in terms of manufacturing capacity and upstream supply, but it must ultimately be measured by whether medicines reliably reach patients. True sovereignty is realized at the point of care. While strengthening domestic production and diversifying supply sources are important objectives, they are insufficient on their own if medicines cannot be accessed, substituted, or sustained when the system experiences disruption.

Community pharmacies represent the last mile of Canada's pharmaceutical system and are where fragility can impact health care. Every day, pharmacies manage shortages in real time, work with prescribers to adjust therapies, protect access for vulnerable patients, and stabilize care amid global uncertainty. For this reason, pharmacies should be recognized as critical health care infrastructure and incorporated early into pharmaceutical policy, supply chain planning, and system level response strategies. A whole system approach to pharmaceutical sovereignty must therefore include not only how medicines are made, but how they are delivered, maintained, and accessed by Canadians when it matters most.

Considerations: Why Pharmaceutical Sovereignty Requires a Balanced, Whole-System Approach

1. Pharmaceutical supply chains are globally intertwined

Pharmaceutical manufacturing depends on access to Active Pharmaceutical Ingredients (APIs), reagents, bioprocessing materials, and specialized equipment sourced worldwide. These inputs are produced by a diverse and highly specialized network of global suppliers, each contributing essential components that enable safe, consistent, and scalable drug production. Modern biomanufacturing is therefore not a self-contained process; it is built on a foundation of global interdependence, where expertise, raw materials, and technologies flow across borders.

Because no single country can produce the full range of inputs required for today's pharmaceutical and biologics manufacturing, every nation, including Canada, relies on international partners to maintain a stable and resilient supply chain. This interconnected system has enabled decades of innovation, efficiency, and access to high-quality medicines.

This global interdependency means that policy approaches must recognize the global nature of pharmaceutical production to avoid creating bottlenecks or vulnerabilities by narrowing sourcing or manufacturing options.

When global disruptions occur, their effects are often felt most acutely at the pharmacy counter, where shortages or delays become visible to patients and providers. This is where upstream fragility becomes a real barrier to care.

2. Domestic capacity is uneven and insufficient

Canada's domestic pharmaceutical manufacturing capacity remains uneven, and our country does not yet have the scale, infrastructure, or specialized capabilities required to meet national demand on its own. Essential inputs including APIs, intermediates, reagents, and specialized equipment are sourced from a wide range of international suppliers because they are not produced in sufficient quantity or variety within Canada.

At the same time, Canada continues to face persistent drug shortages driven by global disruptions. A policy approach focused solely on domestic production, without parallel attention to broader structural factors, may not fully address the root causes of shortages. When shortages or production delays occur, or when domestic capacity cannot meet demand, the resulting medication gaps are managed by pharmacies, which must source alternatives, adjust therapies, and support patients through uncertainty.

Ensuring a resilient and reliable drug supply therefore requires policies that strengthen domestic capacity while preserving open, diversified, and globally connected supply channels.

3. Access and affordability become significant barriers

An approach that focuses solely on domestic biomanufacturing risks constraining the overall supply of medicines available in Canada by limiting access to globally sourced products and reducing the diversity of suppliers. As demand for medicines, particularly specialized and high cost therapies, continues to rise, a more restricted supply base may place upward pressure on prices.

Higher production costs associated with domestic manufacturing, combined with reduced competition, can further increase overall system costs. In response, public payers and governments may need to manage expenditures through tighter formulary decisions, delayed reimbursement for new therapies, or increased cost-sharing. Patients may face higher out-of-pocket costs, reduced formulary options, or delays in accessing new and necessary therapies.

Pharmacies are where these affordability and access pressures become visible, as patients encounter stockouts, substitutions, or higher costs at the point of dispensing. As the final point in the pharmaceutical supply chain, pharmacies play a critical role in translating supply into actual patient access by managing disruptions, coordinating alternatives, and maintaining continuity of care when upstream pressures arise. In this way they function as a stabilizing component of the system, ensuring that medicines ultimately reach patients in a safe, timely, and reliable manner.

Ensuring affordability and timely access requires a policy framework that promotes competition, sustains multiple supply sources, maintains strong global market connections, and guarantees that pharmacies can reliably access the medicines they are expected to dispense. Recognizing the role of pharmacy within the supply chain is essential to ensure that efforts to strengthen pharmaceutical sovereignty result not only in available supply, but in consistent and dependable access for patients.

Recommendations

1. Broaden Canada's Biomanufacturing and Life Sciences Strategy

Rather than prioritizing domestic production in isolation, Canada may wish to consider a whole-of-system approach that strengthens capacity across the innovation ecosystem while preserving access to global inputs, technologies, and innovation. These elements are essential to a resilient and competitive pharmaceutical supply chain and a thriving life sciences sector. This means building domestic strength without disconnecting from the global networks that supply critical materials, expertise, and market opportunities, including:

- **Research and Development (R&D) support.** Targeted investments can accelerate innovation, protect intellectual property, and attract private sector partnerships to reduce risks in early-stage development. Strengthening R&D ultimately benefits patients by expanding the pipeline of new life-saving therapies and ensuring Canada remains competitive.
- **Incentives to scale production and market innovation.** Financial and regulatory incentives including streamlined clinical trial processes, modernized drug approval pathways, and efficient health technology assessments can help bring new products to market more quickly and ensure a broader range of therapies are available in Canada. For pharmacies and patients, this translates into more stable supply, fewer disruptions, and improved access to innovative treatments.

2. Modernize regulatory flexibility and strengthen the pharmacy workforce

A resilient pharmaceutical system depends on pharmacies' ability to maintain continuity of care during disruptions. Pharmacy professionals already spend an estimated 20% of their time managing drug shortages by coordinating with prescribers, sourcing alternatives, compounding therapies, and, in some jurisdictions, independently prescribing therapeutic substitutions. This essential work is largely unfunded, strains workforce capacity, and is hindered by inconsistent regulations that limit pharmacists' ability to fully apply their expertise across Canada.

When supply becomes unstable, the burden shifts immediately to the pharmacy counter. Pharmacy teams are expected to manage patient expectations, prevent gaps in therapy, and absorb operational pressures without the staffing capacity or regulatory flexibility required to respond effectively. These constraints create delays, increase strain on other parts of the health system, and undermine patient confidence in access to care.

To strengthen Canada's pharmaceutical sovereignty, federal policymakers should prioritize modernizing regulations to enable a more flexible, nimble, and fully utilized pharmacy

workforce. This includes addressing workforce capacity through targeted support for staffing, training, and retention, while ensuring pharmacists can act efficiently during disruptions.

Two key federal actions would advance this goal. First, champion consistent, pan-Canadian authority for pharmacists to therapeutically substitute medications, ensuring patients maintain timely access to appropriate therapies even during shortages. Second, permanently recognize pharmacists as practitioners under the Controlled Drugs and Substances Act, replacing the current patchwork of time-limited exemptions. This would reduce regulatory burden, support more consistent implementation across provinces, and enable pharmacists to better manage opioid and other controlled substance prescriptions in both routine and shortage scenarios.

Together, these measures would reduce delays, prevent avoidable visits to emergency departments and clinics, and ensure continuity of care when supply is unstable. Strengthening workforce capacity alongside modernizing regulatory frameworks will allow pharmacies to respond effectively at the point of care; where pharmaceutical sovereignty is ultimately realized.

3. Improve supply-chain visibility, traceability, and data infrastructure including at the pharmacy level

A resilient pharmaceutical system requires the ability to detect and respond to emerging shortages early, yet today, Canada lacks the visibility needed to act before disruptions reach patients. Pharmacies are critical healthcare infrastructure within Canada's pharmaceutical supply chain and are often the first point in the system to see signs of stress: sudden spikes in demand, unexpected backorders, and early indications that supply is tightening. Despite this front-line role, pharmacy insight is rarely incorporated early in pharmaceutical policy, pricing, or supply-chain planning. Currently real-time intelligence is not systematically captured or integrated into national monitoring systems, leaving policymakers without the full picture of where pressures are building.

To address this gap, Canada must strengthen supply-chain visibility, traceability, and data infrastructure including at the pharmacy level. This means creating systems that connect manufacturers, distributors, regulators, and pharmacies through real-time inventory monitoring, early-warning mechanisms, and standardized reporting. It also requires better traceability across the supply chain so Canada can see where medicines are, how long they remain at each stage, and where bottlenecks occur. These insights help distinguish whether a shortage stems from manufacturing, distribution, or demand, enabling more targeted and timely interventions.

Recognizing pharmacies as critical supply-chain infrastructure ensures that the point of care where shortages are first felt is included in national planning, forecasting, and response strategies. With better visibility and traceability, Canada can identify shortages earlier, coordinate responses more effectively, and reduce the impact on patients.

4. Deepen global partnerships through the Trade Diversification Strategy

Canada's long-term competitiveness depends on deepening its global economic relationships, rather than narrowing them. For a country that relies on international sources for the majority of

its APIs, intermediates, and finished drug products, maintaining strong global partnerships is essential to ensuring a stable and predictable supply of medicines.

Expanding partnerships with trusted allies and pursuing opportunities in new and emerging life sciences markets strengthens supply-chain resilience by diversifying sources of critical inputs and reducing exposure to regional disruptions. It also enhances market access for Canadian biopharmaceutical firms, enabling them to scale, innovate, and contribute more fully to Canada's economic growth.

A globally connected strategy is essential to preventing and mitigating drug shortages, maintaining affordability, and ensuring Canadians continue to benefit from the full range of high-quality pharmaceutical products available worldwide. For Canadians, this means more reliable inventory, fewer disruptions, and the ability to consistently access the medicines they need.

Summary of Recommendations

Neighbourhood Pharmacies encourages the Committee to consider a balanced, whole-system approach to pharmaceutical sovereignty that:

- Strengthens capacity across the full innovation and life sciences ecosystem.
- Recognizes pharmacies as critical infrastructure in the pharmaceutical supply chain and ensures pharmacies have the staffing and regulatory tools needed to respond quickly to supply disruptions and maintain continuity of care.
- Builds real-time, connected systems and infrastructure that includes the pharmacy-level for increased visibility to detect shortages earlier and coordinate faster interventions.
- Deepens global partnerships to diversify supply, maintain access to essential inputs, and support stable, affordable access to medicines for Canadians.

Conclusion

Canada's pursuit of pharmaceutical sovereignty is well served by a balanced, whole-system approach that strengthens domestic capacity while maintaining access to global inputs, technologies, and markets. A strategy that reinforces domestic strengths while remaining connected to global supply chains can enhance resilience, support affordability, and help ensure Canadians continue to have access to the medicines they rely on.

But sovereignty is only achieved when medicines reach the point of care. Pharmacies experience the consequences of drug shortages and supply disruptions every day, and their ability to maintain continuity of care is directly shaped by upstream decisions about manufacturing, sourcing, and regulatory policy. As the final point of distribution and care, community pharmacies are uniquely positioned to see how supply-chain fragility affects patients, caregivers, and providers and to provide early warning signals when pressures begin to build.

Strengthening the full pharmaceutical ecosystem from research and manufacturing to distribution and dispensing therefore requires ensuring that pharmacies have the workforce

capacity, regulatory flexibility, and real-time visibility needed to respond effectively to shortages. Embedding pharmacy-level insight and capability into national planning, forecasting, and shortage-response strategies is essential to building a system that is reliable, sustainable, and responsive to patient needs.

Neighbourhood Pharmacies appreciates the Committee's attention to this issue and welcomes the opportunity to contribute to this important study. We stand ready to support further analysis, share operational insights from the front lines, and work with federal partners to advance a modern, resilient pharmaceutical supply chain that delivers for Canadians.

About Neighbourhood Pharmacies

The Neighbourhood Pharmacy Association of Canada (Neighbourhood Pharmacies) represents leading pharmacy organizations across the country, including chain pharmacies, grocery and/or mass merchandizers with pharmacies, banners and independent pharmacies, and pharmacies providing specialty medicines and services. We advance the delivery of care through more than 12,000 pharmacies of all models, that serve as integral community health hubs in urban, suburban, rural, remote and First Nations neighbourhoods.

As the only Canadian association mandated to represent the voice of pharmacy operators, we across the country to support policy makers with the development of innovative solutions that allow pharmacies to support public health and primary care needs in their communities while advocating for a thriving and sustainable pharmacy sector.