



September 12, 2019

U.S. House of Representatives/U.S Senate
Washington, D.C. 20515/20510

Dear Representative/Senator:

The Interfaith Center on Corporate Responsibility (ICCR) is a coalition of more than 300 institutional investors collectively representing over \$500 billion in invested capital. Our members comprise a cross section of religious investors, pension funds, foundations, asset managers, and other long-term institutional investors. ICCR members regularly engage the management of corporations to mitigate social and environmental risks resulting from corporate operations and policies. Our fundamental proposition as investors is that responsible and sustainable business practices are in the long-term interest of companies, investors and communities.

As an organization consisting of faith and values-based investors, we believe in the inherent dignity of each person. Trade agreements can have enormous impacts on the ability of the sick and the poor to access the medicines they need for healing and indeed for their very survival. Additionally, as long-term investors in the pharmaceutical industry we have a vested interest in market regulations that foster healthy competition amongst the companies in our portfolios.

We write today to express our strong opposition to provisions in the renegotiated version of the North American Free Trade Agreement (NAFTA) signed on November 30, 2018 that would lock in extended monopoly rights for pharmaceutical companies that would protect them from generic competition and thus help them keep medicine prices unconscionably expensive.

The revised NAFTA text requires signatory governments to guarantee pharmaceutical corporations various means to extend the duration of their 20-year patent monopolies, which would delay the sale of cheaper generic versions of medicines. In addition, the revised NAFTA requires that manufacturers of biologic drugs be provided with at least ten years of special exclusivity protections separate from patents. This would lock the United States into a regime that keeps cancer and other cutting-edge biologic medicine prices excessively high while exporting this model to Mexico, which now does not provide any additional exclusivity period for biologic medicines, and to Canada, which now has an eight-year period. This would make life-saving treatments prohibitively expensive, as some of these medicines already cost more than \$200,000 per year per patient.¹ Biologic drugs are an increasing portion of healthcare spending, and access to lower-priced biologics are estimated to offer 3 percent or \$54 billion in savings over the next decade.² These pharmaceutical provisions are inconsistent with President Trump's declared policy of lowering drug prices and promoting competition.

¹ AHIP, High-Priced Drugs: Estimates of Annual Per-Patient Expenditures for 150 Specialty Medications, page 7
<https://www.ahip.org/wp-content/uploads/2016/04/HighPriceDrugsReport.pdf>

² Biosimilar Cost Savings in the United States: Initial Experience and Future Potential.
<https://www.ncbi.nlm.nih.gov/pubmed/30083415>

Americans are reeling from the excessive cost of prescription drugs and are unified in demanding relief. There is bipartisan agreement that lowering prescription drug prices should be the top domestic priority of the 116th Congress.³ One in seven people cannot take their medication because the cost is too high, leaving 3.8 million Americans without necessary medication.⁴ A recent poll found that 84 percent believe trade policy should lower and not increase drug prices, and almost three out of four Americans are concerned that the revised NAFTA would negatively impact drug prices, delay patient access to more affordable generic and biosimilar medicine and impose new barriers to the development of lower-cost medicine.⁵

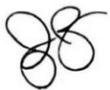
As long-term investors in the pharmaceutical industry, we are concerned that the revised NAFTA provides continued incentives to specialty drug companies to pursue business strategies that further delay competition, and are based on revenue increases reliant on drug price increases rather than the development of new life-saving medicine. We do not believe that such business strategies are sustainable in the long-term, nor are they consistent with the recent Business Roundtable statement addressing the purpose of a corporation.⁶ Several pharmaceutical companies were signatories to this statement including Bristol Myers-Squibb, Johnson & Johnson and Pfizer.

The revised NAFTA would undermine congressional reforms to lower prescription drug prices given the pact's terms that obligate all signatory countries to provide the expansive monopoly protections described above. The pact as written would cost the nation's patients, job creators, workers, long-term investors in the pharmaceutical market, and taxpayers. It is critical that members of Congress retain the right to enact reforms to lower prescription drug prices, including by modifying biologic exclusivity to address health care budgets and the deficit.

We urge you to vote "no" on the revised NAFTA unless and until the administration removes these harmful pharmaceutical provisions. Additionally, if the new deal is to counter NAFTA's incentives to outsource jobs, then strengthened labor and environmental standards with real enforcement mechanisms must be added. Congress should not hold a vote on the deal until these essential improvements are made to the text of the agreement.

We look forward to your prompt reply.

Sincerely,



Josh Zinner, CEO
Interfaith Center on Corporate Responsibility



Meg Jones-Monteiro, Program Director
Interfaith Center on Corporate Responsibility

³ Harvard-Politico poll January 2, 2019.

⁴ Consumer Reports Survey: One In Four People Who Regularly Take Meds Hit with Sticker Shock at the Pharmacy; Consumer Reports, May, 2017.

⁵ Poll Results: USMCA Trade Agreement, Association for Accessible Medicines, <https://accessiblemeds.org/resources/infographics/poll-results-usmca-trade-agreement>

⁶ <https://opportunity.businessroundtable.org/wp-content/uploads/2019/08/Business-Roundtable-Statement-on-the-Purpose-of-a-Corporation-with-Signatures.pdf>