

SUMMARY

Based upon the foregoing analysis and the evidence available to the Committee, it is concluded that the financial experience of the Canadian pharmaceutical manufacturing industry in the period reviewed does not indicate that the business risks to it are greater than to manufacturing in general. On the contrary, there is evidence that it has been less risky by comparison.

In fact, the Canadian pharmaceutical manufacturing industry has enjoyed consistently higher returns than manufacturing in general. For packaged human pharmaceuticals, the profits appear to be running at approximately twice the level of the manufacturing industry as a whole. This leads to the belief that the factors which permit this situation to exist may also and at the same time appear to permit uneconomic practices and costs.

TABLE 1
RATE OF RETURN ON SALES

Year	Profit Companies		Loss Companies		Profit and Loss Companies	
	Pharmaceuticals	All Manufacturing	Pharmaceuticals	All Manufacturing	Pharmaceuticals	All Manufacturing
	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)	(per cent)
1953.....	9.91	8.62	-13.33	-4.15	9.25	7.48
1954.....	10.40	7.73	- 8.64	-5.07	9.08	6.13
1955.....	11.65	8.07	-13.33	-4.59	9.96	7.59
1956.....	12.19	6.97	-16.18	-5.37	10.90	6.10
1957.....	12.67	6.90	-11.54	-6.15	10.59	5.40
1958.....	11.79	6.61	- 6.22	-5.28	9.88	5.09
1959.....	11.68	7.06	- 7.28	-4.73	10.42	5.53
1960.....	10.62	6.73	- 3.18	-4.39	9.24	5.28
1961.....	8.87	6.86	- 7.48	-3.89	7.81	5.19
1962.....	10.77	7.00	- 8.39	-4.77	7.93	5.47
1963.....	11.88	6.87	- 7.99	-4.47	10.05	5.53
Average...	11.13	7.22	- 9.42	-4.81	9.56	5.89

SOURCE:

1953-1960 reprinted from page 374 of Report of the Restrictive Trade Practices Commission. Percentages were calculated from Department of National Revenue, *Taxation Statistics*.
1961-1963 calculated from Department of National Revenue, *Taxation Statistics*.

DEFINITION:

Return—net profit before taxes and bond and mortgage interest, excluding investment income and other revenue.