(c) products, in respect of which compulsory licences under Section 41 (3) of the Patent Act have been granted many years ago and which are being distributed today by numerous "generic" companies (example: chlorpromazine and chloramphenicol)

(d) those products for which the sales volume is so small that competition cannot really exist in the market.

In respect of (a), (b), and (c) there is, of course, already what Professor Steele has termed "open price competition" and consequently Professor Steele would not have envisaged a 50 per cent price cut in respect of these products.

5. Since the testimony of the CDM before the Committee clearly indicates that they are mainly if not only interested in large volume products, one should look at the reality of this problem by considering only the widely prescribed patented prescription products.

The 1966 sales volume of the top 50 "Ethical Pharmaceutical Products" in Canada amounted to approximately $60 million. This includes all products down to a volume of approximately $600,000. If we conduct from the $60 million the sales of the products referred to in 4(a), (b) and (c) plus the sales of the unpatented OTC. products, there remains only a sales volume for 1966 of approximately $40 million which could be subjected to Professor Steele's "50 per cent cut".

APPENDIX "B"

STATEMENT ON THE TESTIMONY OF THE FOOD AND DRUG DIRECTORATE

There has been much misinterpretation in the lay press of the testimony of Dr. R. A. Chapman, Director-General of the Food and Drug Directorate. One particular statement on page 4 of the "Summary of Data on Drugs" presented on Janyary 26 by Dr. Chapman has been singled out by news writers:

"The following conclusions can be drawn from the data shown in Appendices I to V.

(i) There does not appear to be any significant difference between drugs sold under a generic name and those sold under a brand name. Similarly imported drugs appeared to be of the same general quality as domestic production."

We can understand why observers would seize upon such statement in the light of the long-standing controversy over generic and brand names. However, we feel that Dr. Chapman's generic and brand names. However, we feel that Dr. Chapman's statement is unfortunate, in that it has created confusion in an area that sorely needs clarification. The primary consideration is not nomenclature, but clinical equivalency. FDD, by Dr. Chapman's own admission, makes no attempt to compare the clinical equivalency of these two groups. The broad implications of Dr. Chapman's statement could lead your Committee to erroneous conclusions.