patentees. During the year 1983 only, Canadian consumers saved $211 million by buying generic drugs equivalent to patent medicines.

As far as research is concerned, a high proportion of pharmaceuticals or drugs resulting from research and development work had no greater therapeutic value than products already on the market.

More than 70 per cent of new drugs are produced by firms which already manufacture pharmaceuticals in the same therapeutic category.

No matter what the Government says, the fact is that the major drug companies of the world, which have an opportunity to set up shop in Porto Rico and gain access to the American open market or in Ireland where they are on the doorstep of the European Economic Community, will always choose Porto Rico or Ireland over Canada as the site of their drug manufacturing facilities.

Government incentives for research and development have been among the best and most generous in the world for quite a number of years, yet drug companies have shown no interest.

The most absurd aspect of it all is that the Government is bent on pushing through this Bill which totally ignores the absolutely essential guarantee which the previous administration wanted to secure from the companies, namely that they would manufacture their products in this country. We Liberals are prepared to agree that the major drug companies doing research should indeed be adequately protected. We were quite willing to give them the kind of protection recommended in the Eastman report. We were prepared to raise the royalty limit because the 4 per cent they are getting now has probably become too low with the passage of time.

But we are not prepared to endorse the amendment they want unless they agree to make specific and much higher investments than those the Government has been able to obtain from them.

And second, the guarantee that they will make drugs in Canada, is absolutely not in the present legislation, and invest in research in Canada at least 10 per cent of their gross income in Canada is not mentioned in the legislation either; therefore, I must regretfully say that our party is duty bound to fight this legislation which, as the Leader of the Opposition said, has become not an issue to be ruled on its merit, but an item of free trade negotiation with the United States, which, in our view, confuses the issue and forces the Government to cave in before both the American Government and the major pharmaceutical multinationals.

• (1510)

[*English*]

Mr. Redway: Mr. Speaker, I listened with great interest to the Hon. Member and to the Leader of the Hon. Member's Party who spoke in connection with the position of their Party on these amendments to the Patent Act. I took from the comments of both the Hon. Member and his Leader the fact that while the Liberal Party might not be supportive of the Bill in its entirety, it would perhaps be supportive of some sort of change to the Patent Act. In fact, if I understood them correctly, they support the recommedations made by Dr. Eastman in his report that there should be some further protection in the Patent Act than there is now. As I recollect, Dr. Eastman said that there should be patent protection of some four years in the Patent Act.

I would be interested to know if in fact it is the position of the Liberal Party that there should be an amendment to the Patent Act providing for at least four years of protection. I would be interested to know if that is the official policy of the Hon. Member, of his Leader and of his Party or if there is some confusion in the ranks. Perhaps there is confusion such as there is with the Liberal Party's policy on trade negotiations with the United States. Is there some confusion such as there is with the Liberal Party's position on NATO and NORAD? In fact, is it possible that the Liberal Party may have a "mug-wump" policy with respect to the Patent Act, a policy which has its mug on one side of the fence and its wump on the other?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I am pleased to reply to the Hon. Member. The position of the Liberal Party has always been quite clear on this matter. We recognize that Section 41 of the Patent Act should be amended. I indicated this in May, 1983 when, as Minister of Consumer and Corporate Affairs, I stated the following:

The Liberal Government is seeking ways to stimulate the growth of the pharmaceutical industry in Canada while reaffirming its objective of maintaining prices at a reasonable level. Some amendments to the Patent Act might help achieve this double goal. In this context, three proposals have been put forward which are to be discussed with the provinces, the pharmaceutical companies, as well as those who are involved in the administration of health care and all other interested parties.

These discussions did take place, but the Government changed and what we regret is that the three solutions which we were recommending, namely a variable rate for royalties . . . As I said at the time, we could continue to grant licenses, but the rate of the royalties could be based on the research and development carried out by the patent holder in Canada.

Second, after a drug is introduced on the market, there could be an exclusive market for a specific number of years before a manufacturer could use the compulsory import licensing system.

Patent holders would have an assured marketing period, which would allow them to plan for the future. The Government was thinking of a period of about five years, and I have every reason to believe that, at the time, the pharmaceutical