

review of requirements for registration, costs of these requirements to the agricultural chemical industry and to the farmer, and consideration of implementing compulsory licensing and royalty systems under the *Patent Act*.

So that Agriculture Canada may make recommendations based on the consultative process to the government concerning methods to lower farm chemical prices to farmers:

- 3.2 The Committee urges the federal government to implement as quickly as possible the recommendations emanating from the consultative process which would provide lower more competitive prices for farmers and that new policies and/or legislative changes be implemented by July 1, 1989.**

C. Advertising Costs

The cost of farm chemical advertising was a major concern of those who appeared before the Committee. Witnesses believed that the amount of advertising was excessive to the need and that farmers were paying for this advertising through increased chemical prices. They are not alone. In an attitude survey undertaken in 1986 for the Crop Protection Institute of Canada, 85% of farmers felt that advertising adds to the cost of crop protection chemicals. The Committee has learned that, according to unaudited figures supplied by the Crop Protection Institute in October 1985, 6% of the farmers' farm chemical cost (apparently 7% - 8% of the value of factory shipments) goes to advertising. This does appear to be higher than the similar figure for industries as a whole.

As the advertising is based on product differences and not price differences, witnesses stated that farmers believe that this expenditure is of little benefit to them. The fact that over one-third of chemical company personnel work in sales and promotion also leads farmers to question the portion of the prices they pay for farm chemicals attributable to advertising.

The Committee understands that advertising and promotion are marketing tools as important for agricultural chemical companies as for any other industry. It believes that the companies do have every right to market their products as they please; nevertheless, their customers, the farmers, are suffering from extremely depressed commodity prices and are now faced with hard decisions on how to spend their limited operating funds.

- 3.3 The Committee urges chemical companies to become more sensitive to farmers' concerns and their ability to purchase and to temper the advertising expenditures passed on to farmers.**

D. The Right to Import Farm Chemicals

A number of witnesses brought forward issues concerning farm chemicals crossing the Canada-U.S. border.

The Committee heard testimony that, since 1977 when the Canada-U.S. border was closed to user imports of farm chemicals, Canada has been a relatively closed market.

Witnesses believed that the regulations to the *Pest Control Products Act* should be amended to permit the Canada-U.S. border to be reopened to consumer imports of agricultural chemicals already registered in Canada. Although they concurred in a general way with information provided by Agriculture Canada showing that, overall, farm chemical prices are not less in the United States than in Canada, they pointed out that for some individual products there was a significant difference in