

Patent Act

profits. This is the reason why, when we announced a first round of discussions with drug companies to agree on how to amend the Patents Act, I personally hired the Hon. Martin O'Connell, who was quite familiar with the pharmaceutical field and had had contacts with those companies, in order to negotiate with them a compromise that would both satisfy the industry and provide guarantees as to job creation, investments and above all the maintenance of an acceptable price level for drugs in Canada.

But now, a few years later, we have a new government, a Tory Government that has completely waived its responsibilities. I do not hesitate to say, Mr. Speaker, that the agreement which could have been reached with the drug companies by a Liberal government would have been more balanced, more accommodating and more secure for Canadian drug consumers than the one now proposed by this Government. There is no doubt that the big companies felt it was easier to deal with a Conservative Government than with a Liberal Government and this surely explains why they were given concessions first by the Government and then by the Minister who has just been appointed and who really sold off to the drug companies. The 10-year guarantee which the government is ready to allow the drug companies is exactly twice what the Liberals would have allowed the drug companies and would have agreed to if a Liberal Government had been in power.

Secondly, in the investment area, I can say that the drug companies have already within a few months reduced the investments they were to have made because, if we refer to statements made in the newspapers in July 1986, mention was made in *Le Devoir* of some \$3 billion investments and I quote:

From now until 1995, states Mr. Beauchemin—

—from the Canadian Drug Manufacturers' Association—

—investments made each year in research and development will substantially increase. The funds intended for research are now representing 4.5 per cent of sales made by the industry. They will soon be up to 10 per cent of that amount.

Then, a few months later, when the new Minister of Consumer and Corporate Affairs suddenly introduced his Bill, we could read in a December issue of the Montreal *La Presse* daily the following comment, and I quote:

"The Montreal region will get half of the \$1.4 billion which the pharmaceutical industry has agreed to add to its investment projects in research and development in Canada by 1995", Mr. Harvie Andre, Minister of Consumer and Corporate Affairs and Member for Alberta-Centre in the House of Commons, said to *La Presse* yesterday.

However, in a few months, the drug companies have reduced by more than half the amounts they had agreed to invest in Canada if the Government amended its Patent Act. Moreover, this alleged commitment by the Canadian Drug Manufacturing Association to invest in research and development, say, 10 per cent of their turnover does not even appear anymore in Bill C-22 which the Minister has introduced. The question is: Why does this Tory Government not table in the House the formal commitments which the pharmaceutical industry has made to convince them to amend this legislation? And why do we not find in Bill C-22 this 10 per cent ratio which to us, as the previous Government, seemed absolutely essential?

I do not hesitate to say that this Bill is a total abdication of the Government's responsibilities toward the sick and the medicine users. The most shocking part in this whole affair, Mr. Speaker, is that the Government had obtained a report from consultants who had met all the parties involved, not only the provincial authorities who buy most of the drugs sold in this country, but also the other users, the various groups of senior citizens which probably represent the category of people in our society who are the greatest users of medicine in this country, the manufacturing companies themselves, and also the makers of generic drugs and all other interested parties.

And when these consultants had tabled their report, commonly known as the Eastman Report, we discovered a number of things. We discovered for instance that imported drugs represented 30.3 per cent of total deliveries in 1982, that is, approximately 13 per cent more than in 1967.

Those, therefore, who claim, as the Government would like Canadians to believe, that the legislation which greatly changed the Patent Act and made it possible for generic companies to copy the best and most popular drugs in Canada is detrimental to the sick in this country and may deprive them of good medicine, are absolutely wrong, because as Carole Thibaudeau wrote in the September 20 issue of *La Presse*:

In any good drugstore, one can find a table listing the main patented drugs and their generic counterparts: the average price differential is twofold. But the regulating effect on prices is well illustrated by an extreme case, that of Valium, an anti-depressant of which the patent held in the United States by Hoffmann-Laroche expired in 1985.

According to *This Magazine*, from Toronto, the same quality of Valium sells for \$345 in the United States as against \$80 in Canada, because in this country we have the equivalent Diazepam generic.

Now, it is clear that the previous Act, as mentioned in the Eastman Report, did not have the adverse effects this Government would like us to believe.

The Eastman Commission made a number of important comments. According to its report, an overall summary of the compared growth and development of the pharmaceutical industry in Canada and the United States had led to the direct conclusion that growth has been greater in Canada than in the United States since 1967.

As far as employment was concerned, the Canadian generic drug industry has experienced rapid growth. While virtually no Canadian was working in that industry in 1968, there were 1,200 employees in 1982. Jobs in the pharmaceutical industry increased 24 per cent between 1969 and 1984, while growth in all other manufacturing sectors was 11 per cent.

Profitability did not decrease after introducing the 1969 amendments to the Patents Act. Profitability in the pharmaceutical industry clearly outperformed that in all other manufacturing industries. Also, profits in the pharmaceutical sector do not fluctuate as they do in other sectors.

Concerning prices in Canada in 1983, the weighted average selling price of generic drugs was 51.4 per cent lower than the weighted average selling price of products manufactured by