

pesticides, which are protected from competition. The farmer, in effect, is asked to sign a blank cheque in order that Agriculture Canada may secure the data" (Issue 5:10, 20-1-87). Also, it would appear that the cost of registration has prevented the marketing of all but major use farm chemicals (e.g. those used on grains). The financial return achieved with minor use herbicides (e.g. those used on horticultural crops), has not justified the expense of data development even for originating companies with considerable patent protection and perpetual data ownership. Thus, farmers of minor use farm chemical-treated commodities must use less efficient inputs while competing with producers in other countries, particularly the United States.

Agriculture Canada has been holding consultations with the CPIC, individual chemical companies and farm organizations for over two years aimed at coming to agreement on changes to PSR 80. The result is PSR II, an interim policy recently announced by the federal government and brought into effect on June 1, 1987.

PSR II is significantly different from PSR 80 and addresses some of the problems identified by the chemical industry and by farmers. It removes the indefinite data protection provision and places a time limit of 10 years from the date of first registration on exclusive use of data used for registration of farm chemicals. New studies completed after first registration will be protected for 15 years from the date of completion of the new study. This additional protection provides an incentive for companies to update data bases to meet modern safety, environmental and performance standards. It permits and encourages the development of generic products by introducing a procedure which allows the originator and the potential generic formulator to make agreements concerning the purchase of data required for registration. The application of a point system for tests carried out for the purpose of registration, so that chemical companies are credited for studies carried out, will also assist Agriculture Canada in obtaining further tests to update data packages. Overall, the new policy is similar to U.S. registration procedures and to those of GIFAP (Association of the European Chemical Manufacturers), the international organization of the agricultural chemical industry, which are followed world-wide. The Committee is pleased to note that the enactment of the new policy could result in a number of new generics being brought onto the market within the next 18 months.

A study is underway within Agriculture Canada to develop a final policy on PSR which will include an examination of alternatives. A discussion paper outlining various alternatives to a product specific registration scheme that includes significant data protection is being prepared and will be released in the summer of 1987 for consultation. The consultation process will provide an opportunity for a more thorough study of the possible options and will give interested organizations a role in the decision-making process.

The recently announced PSR II policy does not address the issues which many farm organizations brought to the Committee, issues involving changes to the *Patent Act*, for example, compulsory licensing or a royalty system for the funding of data requirements. Witnesses expressed the view that changes to the *Patent Act* to allow a compulsory licensing system would generate competition by allowing for the manufacture of generic copies of registered farm chemicals much quicker than is currently the case. Prairie Pools stated the view that: "... a compulsory licensing system would ensure that those who wish to formulate a chemical are able to obtain a licence to produce a product and in return must pay a royalty to the originator of the chemical. This type of patent protection should induce innovation in the farm chemical manufacturing industry while protecting farmers' interests" (Brief to the House of Commons Standing Committee on Agriculture, April 9, 1987, p. 11).

3.1 The Committee recommends that the scope of the Agriculture Canada study, the discussion paper and the consultations on alternatives to Product Specific Registration II be made broad enough to address in depth farm chemical pricing issues, including a