

to this country. All these factors tend to obscure the workings of the industry and the resulting effect on the Canadian consumer; and your Committee has taken these factors into account in the preparation of its Report and the conclusions it has drawn.

3. *Drug Manufacturers*

Viewing the drug industry in Canada in another way (and not considering those manufacturers solely engaged in the preparation of proprietary medicines) the industry may be considered to be divided into three distinct groups: (a) the large manufacturing drug houses which include the well-established Canadian subsidiaries of foreign parent corporations, and which are largely represented by the Pharmaceutical Manufacturers' Association of Canada (referred to as PMAC). This Association has at present some 57 members who produce about 85 percent of the dollar volume of prescription drugs sold in Canada, under both brand and/or generic name.

The second largest group (b) in the drug manufacturing industry in Canada is a recently-formed association called "The Association of Canadian Drug Manufacturers" representing about 10 percent of the entire Canadian pharmaceutical industry. There are some fifteen members of this group. They consider themselves to be Canadian owned and operated as opposed to the large manufacturers which are, of course, Canadian also but whose parent corporations are situated in foreign countries. They are the so called "generic manufacturers" as opposed to "brand name manufacturers", but it should be pointed out immediately that some members of this group also market their products under "brand names" as well. They do little, if any, research in respect to the development of new drugs, as opposed to many but not all members of the PMAC group who carry out certain research activities in Canada. The PMAC group and the "Canadian Drug Manufacturers" are violently opposed in their views on certain aspects of drug manufacturing and pricing of drugs, and the expression of both views was repeatedly given before the Committee. The opposition stems from the issue—discussed later—that one group considers itself the "innovators" in the drug industry, the other being mere "copiers".

The third group (c) in the drug industry in this country represents not more than 5 percent of the industry. These are those who might be named the "Independents". Included in this group are drug manufacturers who sell their products under brand name and/or generic name, and who by choice do not wish to be members of the first two groups or who might not be permitted to be. Also, small importers of drugs fall into this category. None of these latter small importers appeared before the Committee. It can be safely assumed that the third group does not entertain in any way the views of PMAC.

In any event, all three groups are the suppliers for the Canadian drug market, whether the drugs are manufactured into dosage forms from largely imported bulk material or active ingredients, or whether manufacture consists of completing the procedure from imported semi-finished dosage forms or, indeed, whether the drugs are imported in finished marketable state. It is important to