• (1540)

[*Translation*]

Since the Dunkel text became public last year, the generic industry has flooded the system with over 250 new applications for compulsory licenses, compared to just 57 in all of last year.

All compulsory licences issued since December 20 when the Dunkel report was tabled have been accompanied by a written stipulation that the license may be revoked if the government went ahead with the change in policy. These licences will be declared null and void once this bill is through, but in the meantime all parts of the industry are waiting in an uncertain business climate.

[*English*]

It is our responsibility to ensure an orderly marketplace. We cannot maintain an environment of uncertainty that makes it impossible for companies to plan for the future. It is imperative for the sake of all parties that this issue be resolved immediately.

Finally let me speak on the third reason. Bill C-91 will end Canada's international isolation on this issue. Canada is the only industrialized member of the GATT that still maintains a system of compulsory licensing for pharmaceutical products.

During the negotiations leading up to the tabling of the Dunkel report on December 20, 1991 Canada was isolated among industrialized countries on this issue. Frankly Canada can no longer hope to attract international investment in the pharmaceutical industry while maintaining compulsory licensing.

The pharmaceutical industry is in the process of restructuring on a global scale. Patent protections for innovations is a critical factor in choosing a location for investments. If we are not competitive with our patent protection Canada will lose these new investments and manufacturing mandates to other countries.

Since the January announcement the innovative sector of the industry has announced new investments totalling over $500 million. Nordic Merrill Dow has pledged $40 million in new R and D over the next five years. Glaxo announced a new manufacturing facility worth $70 million and Ayerst pledged $60 million for a new plant in Brandon, Manitoba. These are just three examples, and there are many more.

These are the reasons the government is moving forward with this policy. It is good for Canada. We can no longer afford to be out of line with international development.

To better appreciate why we have come to these conclusions we must look back over the past few years. Bill C-91 is the completion of a process that this government initiated in 1987 when it moved from a period of no market exclusivity at all for pharmaceutical products to a guaranteed period of market exclusivity of 7 to 10 years.

This House will well remember that piece of legislation, Bill C-22, which reinstated patent protection for pharmaceuticals in 1987. That step represented a compromise that we believed would be enough to secure R and D investment and export mandates in Canada while protecting the public against abusive price increases. The government was subjected to a fire-storm of criticism about the effects of Bill C-22. Critics predicted doom on a number of fronts.

The critics were wrong, very wrong. I will take the House through three key predictions of doom from that time and show how Bill C-22 was sound legislation that was good for Canada.

In 1987 the innovative sector of the industry committed itself to doubling its spending on research and development as a percentage of sales from 5 per cent to 10 per cent by 1996. It has more than lived up to that promise. In fact, the innovative industry virtually achieved that target five years ahead of schedule by spending 9.6 per cent of sales on R and D in 1991. The innovative industry spent an estimated $1.1 billion from 1987 to 1991.

During this time annual spending on research and development rose from approximately $100 million in 1987 to $376 million in 1991.

Further, the innovative pharmaceutical industry has become the leading medical research and development funder in Canada. Since 1987, the industry has invested a total of $320 million in Canadian hospitals and universities for medical research and development.

The industry now ranks in the top five in total R and D spending in Canada. This certainly was not the case before Bill C-22. It was this government, through that bill in 1987, that created the environment that produced this tremendous activity in increased research and devel-