

to regulation. It believes in deregulation and letting the market decide.

The second thing, Mr. Speaker, is that they have been promising a number of research jobs. There are no commitments in this legislation, and there have been no real commitments that are ironclad which have been given by the pharmaceutical companies. There have been a number of promises. We hear about all the possible research jobs for young Canadians coming out of college. But we have seen what the action of this Government has been in the last few weeks. It has been cutting research jobs, and slashing the National Research Council. We have no confidence whatever in its whole research policy.

I would simply urge Members opposite to think of what is in the best interests of their constituents. The fact is that their constituents will be paying higher drug prices. Provinces will pay more for pharmacare programs. This Bill is not in the interests of Canadians. It is not in the interests of their constituents. I urge them to send a message to Cabinet to withdraw the Bill.

● (1520)

**The Acting Speaker (Mr. Paproski):** I regret that the time provided for questions and comments has now terminated.

[Translation]

**Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs):** Mr. Speaker, the new patent policy tabled in the House by the Minister of Consumer and Corporate Affairs (Mr. Andre) aims to achieve several objectives. One is to make Canada's pharmaceutical industry into a first-rate innovative sector by substantially increasing investment in research and development.

Today, Canada's position in drug research is not a particularly enviable one. In fact, we spend relatively little in this field, compared to other countries. Canada ranks far behind the United Kingdom, Switzerland and the Federal Republic of Germany, while Japan, the United States and Italy are also ahead of Canada in the amount of money they spend on research. The kind of research done in Canada in the pharmaceutical sector is not considered basic research. It is mainly pharmaceutical formulation involving clinical research only.

The reason is the climate of uncertainty and hostility that has prevailed in Canada since 1969, when a system of compulsory licences for importing active ingredients was introduced. Brand companies had no guarantee as to the period of protection they could expect for products patented in Canada. Developing a new drug is laborious and risky. Sometimes it takes as long as ten years, while the financial investment is considerable, between \$50 and \$100 million. In this country, as soon as a product had substantial commercial potential, it could be copied by a manufacturer of generic equivalents without the brand company receiving adequate compensation for its risk-taking and the considerable investment made. This unfair

situation has been criticized both nationally and internationally, Canada being the only industrialized country that puts restrictions on intellectual property.

The amendments to the Patent Act will change that. The new policy will encourage research by broadening patent protection. The potential for expanding research in the Canadian pharmaceutical sector is considerable. Our new policy will lead to unprecedented growth in R&D investment in Canada.

Drug manufacturing companies have formally agreed to boost their research and development outlays, which now amount to 4.9 per cent of their sales. They will go up to 8 per cent by 1990 and 10 per cent by 1995. In other words, implementing our current policy will double these investments, \$1.4 billion more over the next decade. Since last June only, over-all investments announced from coast to coast are roughly \$647.6 million.

In addition, Hon. Members should note that these investments will put Canada in the same league as Japan, the United States and Italy with respect to expenditures for drug research in terms of percentage of sales.

We also made it clear to the companies that they will be expected to concentrate their efforts in both clinical and basic research. This might be the appropriate time to point out that our definition of research and development is consistent with that of the Income Tax regulations. More research spells more benefits, and it has been estimated that this will create more than 3,000 jobs for Canadians.

Our graduates will have challenging employment opportunities, and their scientific and technical know-how will be a source of lasting benefits to all of us.

Universities, hospitals and private research institutions also stand to gain from increased research. Everything indicates that these institutions can expect to receive up to 30 per cent or \$420 million of higher research and development outlays.

The new policy will be a boon to all regions of Canada, not only to Quebec and Ontario. Companies doing research have been encouraged to have more of their work done by universities and hospitals throughout the country.

As I have already mentioned, these installations will get over \$400 million more. For instance, it was recently announced that research investments in British Columbia would increase from \$1.5 million to \$15 million by 1995 as a result of the amendments to the Patent Act.

I should add that the Medical School of the University of British Columbia and its affiliated university hospitals will be the main beneficiaries of these investments. In Alberta, the Bio-Mera research company in Calgary and other firms in Edmonton will also benefit.

Medically, the increase in research will have immeasurable benefits. First, there is the medical knowledge that our researchers will acquire through analysis and tests on drugs. This knowledge will lead to the discovery of new drugs and to