

*Government Orders*

cal products. Today, in continuing second reading of Bill C-91, we are carrying through on that announcement.

We are doing that for three fundamental reasons. First, the policy is good for Canada and for Canadians; second, it will end the uncertainty that has risen in the industry over the issue of compulsory licensing; and third, it will end the international isolation in which Canada has found itself on this issue and bring Canadian practice more in line with other industrialized countries.

Let me address each of these three motivating factors. First, there is no question that the changes embodied in Bill C-91 are good for Canada.

Above all else, improvements to patent protection will attract hundreds of millions of dollars in new investment to Canada.

Since January, when we first announced the government's intention to end compulsory licensing, pharmaceutical companies have announced that they will invest over \$500 million over the next five years. These large scale new investments were motivated by the expectation of improved patent protection. However, they are conditional on this form of protection being provided. Without it Canada will not be able to compete in the pharmaceutical industry and these investments will move to other more inviting parts of the world.

This is no trivial matter. Over \$500 million in new investments means quality jobs for Canadian researchers and medical personnel. We are talking about the full range of industrial activities: provision of plant and equipment, research and development carried out in-house as well as in hospitals, research institutes, universities and private sector laboratories. These investments include international R and D and manufacturing mandates.

These investments are not just in central Canada. In fact, \$90 million of these investments that are being announced are for projects outside of central Canada.

[Translation]

This is just the kind of sector that Canada should invest in, a sector driven by innovation, a sector devoted to the creation of high value added products, a sector that supports high quality employment. Altogether, the pharmaceutical industry employs more than 22,000 people in brand name, generic drug and fine chemical companies. Bill C-91 will create an environment in which all sectors of the industry can grow.

[English]

All of this is good news for Canadian research and manufacturing. But there is also good news for Canadians in general.

Bill C-91 will position Canada to participate and become an important player in the search for new medicines and new cures.

At the same time, the bill embodies provisions that will keep drug prices reasonable. The Patented Medicines Prices Review Board is to be strengthened with new powers that will ensure that it is even more effective in the future than it has been in the past.

The board was created in 1987 as part of this government's commitment to keep drug costs reasonable. Since then, the board has acquitted itself admirably. From January 1987 to December 1991 the prices of existing patented drug products increased at an average rate of less than 3 per cent a year, 2.9 per cent. This was well below the rise in the Consumer Price Index.

[Translation]

A recent U.S. study found that medicines in Canada are much lower priced than in the U.S., 32 per cent lower in fact. This study has identified our Patented Medicine Prices Review Board as a key factor in achieving this.

[English]

I said at the outset that the policy means increased research and development and manufacturing, coupled with strict controls of price increases. This is good for Canada and good for Canadians. Let me turn to the second fundamental reason that we have initiated this bill.

It is time to end the uncertainty with Canada's patent protection for pharmaceutical products. The government announced its intention to end compulsory licensing in January 1992 in the expectation that the GATT process would be concluded shortly. Although I remain hopeful a deal will be reached in the very near future, negotiations have not yet been concluded.

Canada, however, cannot afford to wait any longer. Since the government announced its intention to end compulsory licensing a flood of new investment commitments have been announced. We have a responsibility to create the environment in which these investment commitments can be realized. With each passing day uncertainty in the sector grows and investment commitments may not materialize for Canadians.