

Government Orders

By eliminating compulsory licensing, Canada will bring its patent system more in line with that of its main trading partners. From now on, patent holders will be guaranteed exclusive protection on the market until the patent expires, in other words, for a period of 20 years. This is the same period granted patent holders in all other economic sectors.

The proposed legislation will encourage Canadians to develop new drugs in Canada, with the added benefit of reducing health care costs in the long term. I may recall that innovators, universities and research institutes have discovered or developed several new drugs in this country, including treatments for cancer, Parkinson's disease and diabetes.

Last year, the innovative sector in the pharmaceutical industry spent \$84 million on research in universities and hospitals. In a region like the riding I represent, for instance, the presence of a university is a major economic factor. Universities contribute to the intellectual, social and economic development of a region.

Since 1987, the last time the government improved patent protection for brand-name drugs, the industry, which has already nearly 18,000 employees, created 2,400 new and highly specialized jobs for Canadian scientists and researchers.

In 1987, the innovative sector promised to double its R and D-sales ratio by 1996 if the government reinforced patent protection. By 1991, the industry had practically reached that objective, five years ahead of schedule, and also announced that it would make additional investments.

Since the government announced last January that it would eliminate compulsory licensing, innovative companies indicated their intention of investing an additional \$500 million in this country; \$90 million worth of additional projects were announced, to be directed to the regions away from central Canada between 1992 and 1996.

In Canada, more than 26 per cent of research and development consists of basic research on pharmaceutical products. This percentage represents a ratio comparable with the situation in other industrialized countries. Between 1987 and 1991, the innovative sector spent

about \$1.1 billion on research and development. Between 1988 and 1991, investment in basic research rose from \$30.3 million to \$94.2 million.

On June 19, 1992, Statistics Canada announced that between 1988 and 1992, the pharmaceutical industry recorded the highest growth rate—113 per cent—of all Canadian industries for R and D spending.

Major international innovators have already decided to grant new exclusive contracts to their Canadian plants. New spending on research and development, new scientific and technical jobs, spin-offs for other sectors and increased export sales are many factors that can be expected to improve Canada's competitive position on the international scene.

With the elimination of compulsory licensing, costs of purchases by pharmacies and hospitals of prescription and behind-the-counter drugs should not increase during the first year. Future increases should not exceed 2 per cent of purchase costs by the year 2000. On the other hand, we must stress this point. The increase in research leading to the development of new and more effective drugs could very well reduce health care costs in Canada, if they are combined with better management practices. The federal and provincial health departments have agreed on this issue and they are committed to working together toward that goal.

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The generic drug industry, which employs some 2,300 people in Canada, will have to put up with a waiting period of about three years. But under the licences issued before December 20, 1991, generic drug companies will be allowed to carry on their activities and market their products. They will also be allowed to start developing a product before the patent expires. This will reduce the delay in introducing these products on the market. In proceeding in this fashion, the government creates a climate for generic drug companies similar to the one that exists in the other industrialized countries.

Bill C-91 also gives new powers to the Patented Medicine Prices Review Board, which was set up in 1987. The objective is to enable the board to make sure that the prices of new and existing patented drugs are not excessive.