

Patent Act

were paying 75 per cent more than consumers in other countries, for the same drugs.

The amendments to Section 41(4) of the Patent Act, providing for compulsory licenses, have had major consequences both for the pharmaceutical industry in Canada and for the consumer.

In 1983, Mr. Speaker, there were 70 drugs under compulsory licence in Canada, with sales worth \$328 million. This amount represented 20 per cent of the total sales of ethical drugs in Canada. Of that \$328 million, generic manufacturers sold and paid royalties on, 32 of the 70 drugs. Their sales totalled \$46 million. They paid royalties totalling \$1.8 million to the original manufacturer, and while the 17 generic manufacturers in Canada employed, as I said earlier, 1,300 people in 1983, the 64 brand manufacturers employed 14,400.

While the manufacturers of generic drugs have not replaced the patent holders, they have brought on vigorous competition, as noted by Dr. Eastman. On the average, as I have just said, the price of generic drugs is about half that of brand name products.

In addition, competition urges the patent holders to reduce their prices. To have an idea of the impact of the compulsory licencing system, let us look at valium. The retail price of valium, which is a well-known drug sold by the Hoffman-La Roche company, is \$345.93 in the United States, while the same quantity sells for only \$80 in Canada. However, the generic drug equivalent Diazepam sells for the modest price of \$2.31. The consumers paid a total of 211 million dollars less in 1983 than they would have done without compulsory licencing.

There are other examples. The Pfizer company charges \$431 for a product called Chlorpropamide in the United States, while the same product is sold for only \$141 in Canada. However, because there is competition from a generic product called Diabinese, Canadians can pay only \$12.03 for the same quantity of this generic product for diabetics.

There are many other such examples, Mr. Speaker.

In view of these substantial savings for consumers, we are justified in asking why the Government wants to replace compulsory licencing by an exclusivity period of ten or seven years. In spite of the opposition of many groups, including a coalition of 14 non-Government organizations which wrote to the Prime Minister last September 3 in this regard, last year, the Eastman Commission advised the Government to maintain the compulsory licencing system. Since it is amending the Act, the Government seems to have accepted the objections of the multinational pharmaceutical industry, which has long claimed that its property rights were being violated. Naturally, the generic companies pay royalties to the multinationals, which royalties amounted to \$1.8 million in 1983, as I mentioned earlier, but these are considered insufficient in view of the cost of innovation, research and development in Canada. During the 1970s and the early 1980s, several foreign drug manufacturing companies put an end to their research activities, but we must remember, Mr. Speaker, that all these

companies which were involved in research, those which have left or have threatened to leave, were not doing any research in Canada anyway; however, they could still claim here income tax deductions and send the money abroad.

Since I still have a few minutes left, Mr. Speaker, I wish to say that I know the Government wants to establish a medicine prices review board to control any increase in drug prices. I hope this legislation will have teeth. We are in the dark now about this.

To conclude, Mr. Speaker, may I say that there exists a better way to increase competition, as well as research and development in Canada. Instead of abolishing the compulsory licensing system, the Government should take Mr. Eastman's advice: increase royalties to 14 per cent would certainly compensate adequately innovative efforts and encourage investment. With 14 per cent royalties, makers of generics would have paid \$6.4 million to multinationals instead of \$4.8 million. Mr. Speaker, the Government seems to believe that by amending the Patent Act, it is acting in the best interest of Canadians, but a great many Canadians think otherwise. A moment ago I referred to a non-Government coalition of 14 organizations, representing the poor, the elderly and other consumers, which wrote to the Prime Minister in September and is still waiting for a reply. A recent Gallup poll reveals that at least one third of Canadians believe that drug companies ought to be protected for ten years; more than half, 50 per cent of people polled think that when a new drug hits the market it should be available as a low-cost generic drug. But then Canadian Drug Manufacturers' Association spokesmen for 17 no-name drug companies are highly critical of the Bill because, in their opinion, it seriously undermines the prospects of an industry which is thriving right now.

Mr. Speaker, I hope the Government will not be swayed by the pressure tactics of three major drug companies which, hours before the Bill was tabled in the House, told everyone who cared to listen that they would spend \$102 million for research and create the odd job. I said so at the outset, Mr. Speaker, the drug industry operates the world over and Canada will always be a branch plant. Of course we will have to concentrate our efforts on expanded research and development, but I hardly think we have taken the right approach or the best way to put Canada on the map when it comes to research and development.

[English]

Mr. Weiner: Mr. Speaker, I listened intently to the words of my hon. colleague. I know the time and effort he has put into the practice of medicine in the past and, as a practising pharmacist, I certainly want to put myself on record on a number of issues to which I am in direct opposition.

● (1600)

Something I would like to underline is that I do not want to relegate the youth of our country to being copy-cats for the rest of their lives. Our young people have an expertise, a quality of experience and intelligence that is second to none.