

Minister of Industry,  
Science and Technology and  
Minister for International Trade



Ministre de l'Industrie, des  
Sciences et de la Technologie et  
ministre du Commerce extérieur

# Statement

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# Déclaration

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**NOTES FOR AN ADDRESS BY**

**THE HONOURABLE MICHAEL WILSON,**

**MINISTER OF INDUSTRY, SCIENCE AND TECHNOLOGY**

**AND MINISTER FOR INTERNATIONAL TRADE,**

**TO**

**THE PHARMACEUTICAL MANUFACTURERS ASSOCIATION OF**

**CANADA**

**OTTAWA, Ontario  
October 30, 1992**

Thank you for your welcome. I am pleased to address you on the occasion of the 78th annual meeting of your association. This number alone is quite impressive and serves to remind me of the major contribution that your industry makes to the prosperity of our country.

Four days ago, the people of Canada turned the page on constitutional reform. I took from their answer that Canada's prosperity can and must be built within our existing constitutional arrangements. Since 1984, when the federal government brought in its Agenda for Economic Renewal, this is precisely what we have been doing, and what we will continue to do in the future. The Agenda forms the basis of our successful transformation of the sluggish economy of the early 1980s, our plan to help position Canada for the 1990s and beyond.

Let us remember some of the dramatic measures that the government has taken as part of that Agenda. We privatized over 20 Crown Corporations and have been downsizing our bureaucracy. We have contained growth of public spending to less than the rate of inflation and turned a substantial operating deficit into an operating surplus. So, despite the weak economy, federal revenues are more than covering our program spending. We reformed corporate, personal and sales tax regimes.

We negotiated a Free Trade Agreement (FTA) with the United States, which gives us more secure access to our largest export market. We have recently concluded negotiations resulting in a North American Free Trade Agreement (NAFTA), and we continue to give top priority to the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

We have encouraged direct investment from abroad and implemented aggressive trade development strategies. Fully one-quarter of all our jobs are generated by trade and depend on our capacity to keep up with the intense competition of an increasingly integrated global market, which is why the government's Agenda has focused on promoting Canada's trade competitiveness.

This Agenda has secured substantial competitive advantages for Canada, but no one stakeholder can secure prosperity for Canadians. If Canada is to retain its high standard of living, we will need a new spirit and level of co-operation among governments and all other sectors of our society. Above all, we will require the continued boldness, innovation and sophistication of our export sector -- a sector that yielded a record \$10 billion of exports to the United States in July of this year.

The challenge before Canadians is to build on the competitive advantage that these structural changes have achieved for Canada. To help Canadians meet this challenge, the federal government launched the Prosperity Initiative last year. Its objective was to develop a consensus-based plan of action for business, labour,

governments and other sectors of our society to meet the pressing competitive challenges facing Canada.

The Steering Group, led by David McCamus and Marie-Josée Drouin, received hundreds of submissions and heard views from thousands of Canadians involved in the nationwide consultation process. I would like to take this opportunity to thank you, Judy, and the members of the Pharmaceutical Manufacturers Association of Canada, for making a key contribution to these consultations.

Yesterday, the Steering Group released its national Action Plan, which is directed at all sectors of our society. The Plan should help all of us to work together: first, to create opportunities by building an innovative society; second, to create a learning culture; and, finally, to create a more inclusive society.

The Plan focuses on creating opportunities by building an innovative society, including

- increasing use of science and developing technology to bring new products from the lab to the market;
- expanding financing opportunities to support the creation of a more entrepreneurial economy;
- building a strong domestic market in Canada from which we can take on the world; and
- trading smarter in new and traditional markets to capture a larger share of global trade, investment and technology flows.

The Plan reflects the Steering Group's conviction that the keys to achieving these goals are innovation and quality management practices, in both the private and the public sectors, combined with technological mastery and growing productivity. The Plan recommends specific actions that focus on customer needs and on making Canada a leader in quality. It also recommends actions to improve consumer education.

Improving our education and training systems and building a new learning culture for Canada form the second element of the Action Plan. This part focuses on developing results and competence-based systems, promotion of innovation, and partnerships for excellence in learning.

Overall, the Plan focuses on ensuring that Canadians become aware of the value of learning and have access to a lifetime of learning opportunities. By building on learning opportunities, Canada can become a truly inclusive society in which all Canadians have a fair opportunity to participate fully. This third element of the Plan calls for an integrated approach to

help those not currently in the workforce realize their full potential. A Prosperity Council is proposed to stimulate the creation of partnerships, achieve consensus, and monitor and evaluate progress toward achieving all the goals.

The Action Plan is based on two simple principles -- using innovation to create opportunities for all Canadians and building new partnerships to make this happen. The Plan calls for Canadians to develop a new spirit of co-operation and collaboration. It points to the urgent need for partnerships between management and labour, between parents and educators, between business and governments, and between different levels of governments themselves. You already have a strong record of building partnerships to accomplish common goals. So I am sure that you will not hesitate to build the partnerships to help implement the Action Plan. I urge you all to work, both within the Canadian pharmaceutical community and in your local communities, to bring about full implementation of the Plan at all levels.

I am pleased that the Drouin-McCamus Action Plan has attracted so much interest, and, as I said earlier, the federal government will be responding in due course to it. At the same time, I note that there has been some criticism that there is nothing new in this Plan, that we have heard it all before, and I am afraid that this misses the point. Unlike other studies that contained many of these suggestions, this Action Plan is the result of a wide consensus-building process. It is not just some ivory-tower exercise driven by bureaucrats and academics. It is not just the views of the independent Steering Group.

It is the distillation of a broad consensus that the Group found in the country about how we should rebuild this society. To dismiss this Plan, in the way that some of the critics have, is to insult the thousands of Canadians who participated in developing it. To those who were looking for something new, what is new is that this is not an academic paper, but an action plan.

Some critics suggested that it does not contain short-term solutions. The Plan reflects Canadians' consensus that we can no longer afford only short-term solutions. Others suggested that there was nothing in the plan for single mothers, students, small business, and many others; that it reflects a corporate agenda. Building a learning culture in which every Canadian has opportunity to earn and learn to his or her full potential is an agenda that any Canadian can endorse. One critic said that what is needed is co-ordinated federal-provincial fiscal policy -- yet this is precisely what Action Three in the Plan calls for. Let us read the Plan before we shoot it down.

Finally, some critics seem to focus exclusively on what the federal government can do, should do, has not done, or should not do. This misses another central point that Canadians made in the consultations. They said that future prosperity cannot be built by the federal government alone. They understand that turning on the tap of short-term government spending just leaves us with a growing pile of debt and no better equipped to compete in a global marketplace. Canadians said, in no uncertain terms, that we have to get past this mindset. This Action Plan does this by aiming at labour, management, business, educators, students, parents and -- yes -- the federal, provincial and local governments. It says all stakeholders must build prosperity -- together. I urge all Canadians to read the Plan and to start thinking about how we might all implement it. As far as the federal government is concerned, that is what we intend to do.

As you know, Canada ranks among the top 10 countries in the Western world in the size of its pharmaceutical market -- a market that is part of an even larger and expanding market under the FTA with the United States and the NAFTA with the U.S. and Mexico.

This sector -- particularly the brand-name drug industry -- is also subject to the pressures of global trade, which are forcing worldwide sectoral rationalization and restructuring. These pressures include increased competition among sister subsidiaries in different countries for allocation of international research and development (R & D) and manufacturing mandates by their parent companies. I am convinced that Canadian companies can compete in this new global environment.

Let me explain why. First, we have in Canada a well developed medical and clinical research infrastructure. We have a strong Medical Research Council, which supports training and research in the health sector and jointly funds awards with your own association. We have four National Networks of Centres of Excellence in the health care area with a number of pharmaceutical companies directly involved.

Our regulatory requirements are strict and result in the production of high-quality pharmaceutical products. We have one of the most generous R & D tax packages in the world, based on a combination of federal and provincial measures. And we are doing more.

Just a few weeks ago, my colleagues, the ministers of Finance and National Revenue, announced changes to the Scientific Research and Experimental Development Investment Tax Credit Program.

The changes -- developed in close consultation with Industry, Science and Technology Canada -- will provide additional credits of \$230 million over the next five years and will streamline the

administration of the Program. These measures should pay a solid dividend for the competitiveness of many Canadian industries.

Last June, the government took a vital step in improving the business climate for research and development in Canada. By ensuring that companies benefit from their own innovations, we are encouraging the development of more new products in Canada -- products that will contribute to the better health care of all Canadians -- products that will also provide more and better skilled jobs for Canadian workers. The introduction of Bill C-91 improves the business environment for your sector as well and demonstrates the government's strong commitment to your industry.

Bill C-91 brings Canadian intellectual property practices more in line with those of other industrialized countries, as set out in the GATT Dunkel Text, last December, 1991. The Government of Canada remains committed to early passage of the bill.

As you know, the intellectual property chapter in the NAFTA is derived from the Dunkel text. Unlike the Canada-U.S. Free Trade Agreement, the NAFTA has a comprehensive chapter on intellectual property. This chapter will provide standards in the areas of patents, apply comprehensive rules for enforcing intellectual property rights and give all industrial sectors similar patent protection. It will also put Canadian research on an equal footing with U.S. research when applying for U.S. patents.

The proposals in C-91 have already attracted significant new investments in this industry. I am delighted to say that, since January of this year, pharmaceutical companies have announced investments of nearly \$500 million in Canada for the period 1992 to 1996. Fully \$325 million in investments has been announced by members of your association since C-91 was introduced.

To the representatives of the companies who are here today -- GLAXO, ASTRA, SEARLE, PFIZER, MERCK FROSST, NORDIC MERRILL DOW, UPJOHN, BRISTOL MEYERS SQUIB, SANDOZ, SKB PHARMA and AYERST -- let me say this: you are making a major contribution to Canada's competitiveness and prosperity, and we intend to build on your success.

From the perspective of the Prosperity Initiative, these new investments mean quality jobs for Canadian researchers, medical personnel and other highly trained workers across the full range of industrial activities -- the provision of plants and equipment, research and development carried out in hospitals, research institutes, universities and private-sector laboratories.

I believe that your investments, coupled with Bill C-91, will create the new kind of environment of which I spoke earlier -- one in which all segments of the industry can thrive and grow.

In fact, your investments show the rest of the world how attractive Canada is as a part of the critical North American pharmaceutical research network.

The Prosperity Action Plan points to the fact that Canada's future prosperity will increasingly depend on brain power -- on how we develop and apply science, technology and engineering to our workplace and at home. At the same time, Canada faces a critical shortage of scientists and engineers.

The Canada Scholarship Program was established by the government to address this problem. With scholarships divided equally between men and women, Canada scholars in science, engineering and technology are recognized for their academic achievement. Your association's continued support, together with that of other members of the corporate community, has been key to the Program's success.

I would like to congratulate the Pharmaceutical Manufacturers Association of Canada for showing its continuing support and leadership to this program by supporting the new program of Innovators in the Schools. It is this type of innovative partnership that will be essential if Canada is to secure a prosperous future. We know that the Action Plan recommends bold action from the federal government, among others. As we look ahead, I can tell you that we are fully prepared to take the necessary steps to build future prosperity for Canadians.

You and I also know that there is little that the federal government can do on its own to create Canada's economic future. Your commitment to the Action Plan will be equally essential. Once again I urge you to get on board.

Thank you. Merci.