HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

# Standing Committee on International Trade

CIIT • NUMBER 009 • 1st SESSION • 41st PARLIAMENT

**EVIDENCE**

## Thursday, October 27, 2011

## Chair

**The Honourable Rob Merrifield**

# Standing Committee on International Trade

**Thursday, October 27, 2011**

● (1140)

[*English*]

**The Chair (Hon. Rob Merrifield (Yellowhead, CPC)):** We want to call the meeting to order.

We're waiting for members to come back from the vote. I think we have enough to get started.

We have our witnesses here, and we're going to have to abbreviate this session. We have two sessions. We are talking about the comprehensive economic and trade agreement, CETA, with the European Union today.

We have the Canadian Generic Pharmaceutical Association. Barry Fishman is going to be presenting first.

Then we have Canadian Agri-Food Trade Alliance, with Kathleen Sullivan. It's good to have you here.

We have Derek Butler from the Association of Seafood Producers.

We are not going to take a lot of time. If you would start with the presentation....

I'm just going to start with a presentation, Mr. Easter.

**Hon. Wayne Easter (Malpeque, Lib.):** I am moving a motion, Mr. Chair.

**The Chair:** No, you're not.

**Hon. Wayne Easter:** Yes, I am, Mr. Chair. Under the rules I have the right to move a motion, and I'm moving that motion, Mr. Chair. It's on the agenda.

**The Chair:** Okay, here we go, lots of games.

**Hon. Wayne Easter:** No, this is not. I'll tell you the games, and I'll tell you why I am—

**The Chair:** You just go ahead with your motion, Mr. Easter. Let's get at it.

**Hon. Wayne Easter:** I am. The motion reads:

> (1) That, in accordance with the motion adopted by the Committee on September 27, 2011 inviting the following to appear in the context of the Committee's study on Canada-United States trading relationship - draft “Buy American” provisions:
>
> - Gary Doer, Ambassador of Canada to the United States,
>
> - The Hon. Ed Fast, P.C., M.P., Minister of International Trade, and officials
>
> - Representatives of the Canadian Centre for Policy Alternatives, the Canadian Chamber of Commerce and Canadian Manufacturers and Exporters,
>
> The witnesses appear before the Committee before the end of November 2011 and that the Committee present a report with recommendations to the House no later than December 9, 2011 with a request for a response from the government.

I so move. I do so, Mr. Chair—and I apologize to the witnesses—because what we are seeing from the government side is that when we move a motion, the government forces the motion into an in camera session, where nothing about the motion can be talked about. This is a motion that needs to be talked about in the public arena. All our motions need to be talked about in the public arena.

Why is there the need for this motion now? The Government of Canada has not been on its game in terms of President Obama coming forward with the Buy American provisions. It's very serious to us. CETA is an important agreement, but the Department of Foreign Affairs and International Trade itself admits that where trade is about 75% with the United States today, it will be the same in 2040. We can't just be concentrating on other agreements and letting slide the importance of our trading relationship with the United States.

I believe it is extremely important that the committee call the people who are responsible, in terms of that trading relationship, before this committee to find out what went wrong, is there anything we can do about it, and how do we ensure that either the Department of Foreign Affairs and International Trade, the Canadian embassy in Washington, the minister, or our trade secretariats across the United States are on top of these things before they happen?

Mr. Chair, the last point I'd make, because I don't want to take a lot of time, is that the $5.50 entry fee, which again the minister was surprised and disappointed about, was in Congress for some time and nobody from our side seemed to have challenged it. As a result of that, I believe it is critical that we bring these witnesses in and ensure, or try to ensure, that the Government of Canada is going to be strenuously observing that trading relationship with the United States and taking pre-emptive action rather than after the fact.

That is the reason for my motion, Mr. Chair, and it says in the motion that we would want this done prior to the end of November. I would remind Conservative members opposite that in a public meeting, in which we didn't have a deadline on the hearing being over, all Conservative members supported the motion, so I would expect them to do the same today.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Easter. I don't think it had anything to do with what the motion has had to say, but nonetheless, Mr. Shipley, let's debate this very quickly, because we have a whole list of witnesses we want to get to.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Okay. And thank you, Mr. Chair.

I'm really quite disappointed that.... Quite honestly, the respect for the member across.... Before, when we were on the agriculture committee, the member used to continually bring up the flavour-of-the-day emergency, and that's exactly what this is.

I think the emergency is actually dealing with our witnesses and getting on with dealing with the free trade agreements, in particular this one around the EU.

● (1145)

**The Chair:** Thank you very much.

We're going to call the question. All in favour of the motion....

Mr. Chisholm.

**Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP):** I asked to be on the list.

Thank you, Mr. Chairman. I want to make a couple of points.

I support the motion. And in response to Mr. Shipley, this is a matter that was brought forward two weeks ago. Part of the reason it is being dealt with in the manner it's being dealt with today, frankly, is frustration from members of this committee on the opposition side with the way these matters are being dealt with by the committee.

I spoke to this issue on Tuesday, saying that we're all responsible members of this committee and we take our work here very seriously. We're on the opposition side, sure, but we're also full-fledged members of this committee and we want to have equal, fair, and respectful participation on issues that come before this committee. And we're feeling, frankly, that this is not being done.

The issue that Mr. Easter raises is an important issue, as it relates to our relationships with the United States and our relations on trade. Things seem to continue to happen that take the government by surprise. I think it would be helpful to us and it would be helpful to Canadians if we had a better sense of exactly what was at play on the items that have been listed in this motion, and subsequently, as relates to our trading relationship with the United States.

So I would indicate that I support the member's motion.

**The Chair:** We'll vote right away.

All in favour?

**Hon. Wayne Easter:** May we have a recorded vote, Mr. Chair?

**The Chair:** We'll ask the clerk to do the vote.

**Mr. Paul Cardegna (Clerk of the Committee, Standing Committee on International Trade):** The vote is on motion number 1 of Mr. Easter.

(Motion negatived: nays 6; yeas 5)

**The Chair:** The motion is defeated.

We'll move on to our witnesses. We want to thank you very much for coming.

We'll open the floor to Mr. Fishman.

**Mr. Barry Fishman (Chair, Canadian Generic Pharmaceutical Association, and President and Chief Executive Officer, Teva Canada):** I would like to take this opportunity to thank you for inviting the generic pharmaceutical industry to appear as part of your work on the CETA negotiations.

My name is Barry Fishman. I'm the chair of the Canadian Generic Pharmaceutical Association and the chief executive officer of Teva Canada.

I'm joined by two CGPA staff members, Jim Keon, who is the president of the association, and the federal affairs director, Jody Cox.

Let me start with a few words about our industry.

First of all, our industry is a strong supporter of increased international trade as well as trade agreements. Generic companies manufacture for the Canadian market, and we export more than 40% of our output to more than 100 countries.

Generics employ more than 11,000 Canadians, mostly in highly skilled scientific, research and development, quality control, and manufacturing positions. Our strong Canadian presence also supports a large group of local suppliers, creating thousands of additional jobs. Our member companies have a strong presence in Ontario and Quebec, as well as in Manitoba.

It may surprise you that Canadian generic companies produce most of the pharmaceutical manufacturing output in Canada. We invest hundreds of millions of dollars in Canadian R and D each year, in product development, and in challenging invalid patents to ensure that new generic medicines are introduced to the Canadian market.

Generic medicines provide excellent value for Canadians. After several rounds of recent provincial drug reforms, our products now typically sell at a 60% to 75% discount to the equivalent brand-name products. This creates several billion dollars of annual savings for the Canadian heath care system.

The EU has tabled a series of proposals in the CETA negotiations aimed at increasing market monopolies for brand-name companies, many of whom are headquartered in Europe. An academic study commissioned by CGPA estimates that these proposed measures would delay generic competition, on average, for an extra three and a half years. This would cost Canadians an additional $2.8 billion each year in prescription drug prices.

These EU proposals also fail to recognize that Canada is already home to one of the strongest IP regimes for pharmaceuticals in the world. Canada's domestic IP measures have increased no fewer than eight times since 1987, yet brand-name R and D investments as a percentage of sales continue to slide and are now at their lowest level in a decade. As Minister Gary Goodyear noted in a recent interview with *The Hill Times* newspaper, Canada already has strong intellectual property protection for pharmaceuticals, and there are other factors that guide R and D investments.

Historical evidence supports that extending patent life does not increase R and D investment by brand-name companies in Canada. It's interesting to note that the countries experiencing the highest growth in R and D jobs in recent years, India and China, have the weakest IP regimes. Low costs coupled with skilled labour, not IP protection, appear to drive global decisions by brand-name companies with respect to research and innovation.

The profit motivation behind these proposals is clear, and the EU did not table the proposals to increase pharmaceutical R and D spending in Canada. They are making these proposals to increase the profits of pharma companies, many based in Europe.

The Canadian IP regime already exceeds international standards. We have an automatic two-year injunction period that keeps generics off the market even if we don't infringe their patents. The EU does not have this type of restriction, and our data exclusivity period is already three years longer that of the U.S., the largest available market for export mandates for Canadian generic manufacturers.

An unworkable system of dual litigation already exists in the Canadian pharmaceutical industry. After patents are successfully challenged in court under the PMNOC regulations, brand-name companies have the chance to re-litigate, starting the day the generic company enters the market, on the same patents under the Patent Act. This is a costly, wasteful, and complex system, unheard of in any other country or any other industry.

● (1150)

This system adds significant, unnecessary cost to our health care system. Several stakeholder groups have expressed concern. The Health Council of Canada, the Canadian Life and Health Insurance Association, most provincial governments, seniors associations, and other groups have signalled to the Government of Canada that Canadians cannot afford to absorb the significant increases in drug costs that these EU proposals will create.

One case study of the real impact of these proposals is on Lipitor, the world's top-selling drug, made by Pfizer, which sold over $1.3 billion of product in Canada prior to the launch of generics in mid-2010. Had these proposals been in place, the introduction of generics would have been delayed by two years and would have cost the Canadian health care system an additional $1.9 billion.

These proposals would also negatively impact upon Canada's successful generic drug industry and the ability of our companies to compete on a global stage, as domestic IP has a direct impact on the ability of generic manufacturers to develop and manufacture new products for export markets.

Increases in domestic IP protection for pharmaceuticals, as demanded by the EU, would make Canadian manufacturers less competitive internationally. They clearly threaten our industry's critical need to manufacture products in Canada for export to the larger U.S. and European markets and would also delay the introduction of new generic products in Canada.

Simply put, these proposals effectively eliminate the business return required to justify our current level of investment and litigation to challenge brand patents, which have historically allowed our industry to introduce lower-priced generic pharmaceuticals, saving billions of dollars a year, and which are a critical solution for a sustainable Canadian health care system. The result is that Canadian generic company manufacturing export mandates, investments, and also jobs would ultimately move to other jurisdictions.

Canada's pharmaceutical IP regime already exceeds international standards. It's not a perfect system, and the generic industry agrees that this system requires urgent review and changes by the Government of Canada.

The generic industry has been advocating for improvements to this system for several years. Canada should use the opportunity presented by the CETA negotiations to streamline the patent linkage regime and eliminate the system of dual litigation that exists in Canada.

In conclusion, I want to stress that the EU proposals related to pharmaceuticals are not about innovation or reducing trade barriers. They are about increasing profits for brand-name companies headquartered in Europe at the expense of private and public payers and consumers and at the expense of manufacturing jobs and R and D investments in Canada.

Now is certainly not the time for costly IP changes that drive unsustainable cost increases to our health care system, a health care system that is already under intense pressure, by further extending brand monopoly periods.

These changes will also further restrict trade on exporting generic pharmaceuticals, resulting in a significant reduction of advanced manufacturing jobs and manufacturing plants in Canada.

Thank you for your attention. We welcome your questions at the end of the session.

● (1155)

**The Chair:** Thank you very much.

We'll now move very quickly to Kathleen Sullivan from the Canadian Agri-Food Trade Alliance.

**Ms. Kathleen Sullivan (Executive Director, Canadian Agri-Food Trade Alliance):** Good afternoon. My name is Kathleen Sullivan, and I'm the executive director of the Canadian Agri-Food Trade Alliance.

CAFTA is a coalition of national and regional producer groups and processor associations that support an open and transparent international trading environment for agriculture and food products. My members include the beef, the pork, the grain, and the oil seed sectors in Canada, among others.

Canada's agrifood sectors are very much dependent on trade. Canada exports almost $40 billion a year in agriculture and food products, and that includes half our beef, two-thirds of our pork, 75% of our wheat, and 85% of our canola. It is essential that government and industry work together to expand export markets for these products.

The EU is a potentially critical market for us. The EU is a lucrative market for Canadian agriculture and food products. Outside the WTO, it really represents the greatest trade opportunity that our agrifood sectors have seen in a generation. The EU has 500 million people who largely share our taste in food and who have an interest in the higher-value food products that Canada is known for and creates.

We are, however, underservicing this market. Our exports to the EU right now are only one-tenth of what we're shipping to the United States. For some of our key products, like beef and pork, we have virtually no access to Europe today, and we're also hindered by a series of non-tariff barriers, like GMO regulations, for many of our important crop products, in particular canola.

We have seen tremendous progress in the CETA negotiations so far. Over 90% of tariff lines have already been identified as possibly going duty-free on day one of these negotiations. But the negotiators have yet to tackle the most sensitive agriculture issues. For us, that includes beef and pork and biotech regulations. These will really be critical in evaluating the success of an FTA at the end of the day.

We firmly believe that a deal that doesn't include a strong agriculture package just won't be worth signing. Canada and the EU did an economic feasibility study before these negotiations began, and fully a quarter, 25%, of all the value of the CETA to Canada will come from additional agriculture and food exports. This is a very important opportunity for us.

A more open trading system is essential for Canada's agrifood sectors and for this important part of the economy. The WTO continues to be our main trading priority, but the Canada–EU CETA is a potentially critical deal for our agrifood sectors. It could open EU markets for key agriculture and food products, and it could address long-standing and future non-tariff barriers in a manner that's precedent-setting.

Thank you very much.

● (1200)

**The Chair:** Thank you very much.

We'll go now to Mr. Butler.

**Mr. Derek Butler (Executive Director, Association of Seafood Producers):** Thank you, Mr. Chair, and let me thank all members for the opportunity to appear before the committee this morning.

My name is Derek Butler. I am the executive director of the Association of Seafood Producers in Newfoundland and Labrador. On behalf of our members, I am pleased to appear before you this morning.

ASP's members produce the vast majority of the province's seafood. Post-moratorium, some say the fishery is gone. I'm here to say today that the fishery is double the value it ever was prior to the moratorium, thanks in particular to shellfish. We remain the largest single private sector employer in Newfoundland and Labrador.

Between one-fifth and one-quarter of all Canadian seafood production is in Newfoundland and Labrador. It is an export industry. In 2010, 83% of our production was exported. In my eight years at ASP, that represents over $6 billion in exports from just one province.

Our message today is simply this: we support any and all efforts to secure a free trade agreement, but not at any price, of course. CETA represents an important opportunity for the industry I represent and all Canadian seafood producers, because our business is export, pure and simple.

While 66% of Canadian seafood production goes into the U.S., for Newfoundland and Labrador it's just 34%. Almost 20% of our exports go to the European Union. That figure is not important; it's what that figure can be in a new dispensation.

A free trade deal with Europe with reduced tariffs can mean more exports and more room for growth, because the European market is a sophisticated market. The European client is a sophisticated client. They eat way more seafood per capita than Canadians or Americans. Europe has a seafood deficit in trade terms of about four million tonnes a year. They need seafood and they cannot source it locally. We'd be proud to provide it.

Reduced and eliminated tariffs can mean new market opportunities for Newfoundland and Labrador, P.E.I., and other jurisdictions across the country. It is worth bearing in mind that Newfoundland and Labrador is not much farther from Great Britain than it is from Winnipeg, and that Newfoundland and Labrador, by my calculations, is only 58 kilometres farther from Italy than from Vancouver, even though it may not look like it is.

The point is that we are natural trade partners with Europe. It is our backyard, but we must reduce the tariffs we face there. Those tariffs are high. They range from 12% to 20%, but we must reduce them.

It's fair to say that the tariffs are simply holdovers. They exist simply because they exist. It would be appropriate to see their elimination for the benefit of European consumers, European business, and those who want to buy Canadian seafood from Canadian seafood producers.

We have two recommendations. We ask for a complete elimination of tariffs down to zero, and that this be the immediate fruit of a Canadian-EU free trade agreement. Given the lack of an adjustment or transition period required for European seafood producers and the seafood trade deficit that exists, it makes sense to address the tariffs up front and reduce all tariffs to zero.

I should add that we must be vigilant in ensuring that as we eliminate tariffs, we do not see a commensurate rise in other trade barriers and trade walls.

I'd be remiss in my duties if I didn't take this opportunity to say that the Canadian seafood industry remains an industry premised on a broken and failing model. There are constraints on strong resource management because of the socio-economic pressures brought to bear. There is a heavy reliance on EI. This model cannot attract the capital required to modernize our fleets or catch the products at the right times of year. That should concern us all, because a better industry model could contribute more to GDP as a larger contributor to Canada's wealth through exports. At present we are an underperforming asset, and that should concern this committee.

We can reduce tariffs and build new markets, but we can also fix things at home. If we dislike change, we're going to dislike irrelevance even more.

In closing, thank you for your time. Please have some seafood for dinner. We're available for questions afterwards.

Thank you.

● (1205)

**The Chair:** Thank you very much for that, and for those presentations.

Our time has been cut because of the voting and the intervention. Nonetheless, we want to hear all of the witnesses, so we'll ask for a first round of abbreviated questions and answers. We will also retain the right to hopefully call you back if we don't have a fulsome enough discussion.

We'll start off with about three minutes each.

Mr. Chisholm.

**Mr. Robert Chisholm:** Thanks very much.

My apologies, as a member of the committee, for not having sufficient time to delve into these issues.

Let me say, Mr. Butler, that I appreciate the pitch you're making. I've spoken to producers in Nova Scotia and representatives in Newfoundland and Labrador. I absolutely hear what you're saying about the value of increasing access to markets, but I have also heard, from you and from those people, not at any price. Understand that, certainly from this side, we're thinking seriously about the points you've made.

Ms. Sullivan, we've talked before—and I think you understand where we're coming from and where we stand—and we certainly support the points you have made.

I'm going to move to the generics, and I want to say this to you: I was quite shaken by the study and the $2.8 billion increase in the cost of the health care system. I come from Nova Scotia, and the government there has worked closely with your sector and other sectors to try to get a handle on drug costs, and some considerable progress has been made.

Will you please tell me you've had some response from the Government of Canada about your study and about the potential impact of the increased patent protection on health care?

**Mr. Jim Keon (President, Canadian Generic Pharmaceutical Association):** We have presented the study to the federal government, to the chief negotiator. We've had good access in terms of presenting our issues.

The costs are a major element of these proposals, particularly, as you said, with provincial governments, but also with large payers. We noted in our comments that the Canadian Life and Health Insurance Association, which represents large employers and insurance companies, and a number of other groups have expressed concern.

The federal government has listened to us and has indicated that it appreciates the study very much. The government has not committed to move toward what the Europeans want. It's listening. It's trying to gauge what the impact will be, but the extra cost, the cost of not being able to get generics for an extra three and a half years, is clearly a critical element on the table.

**Mr. Robert Chisholm:** In those discussions, have there been any challenging of the numbers? Are there concerns that your numbers are out of whack, that they're creating problems, that they have information that would suggest otherwise? Has there been any of that kind of exchange?

I know I haven't had any success in getting that kind of response, and I wonder if you have.

**Mr. Jim Keon:** The study you're referring to was done by two of the leading economists in the pharmaceutical sector in Canada: Aidan Hollis at the University of Calgary and Paul Grootendorst at the University of Toronto. It's their numbers.

They simply looked at the recent launches of generic products and asked what would have happened had those products been delayed according to the proposals. Barry mentioned one example, Lipitor. What would have happened to those? That's when they determined that, on average, new generic products would be delayed three and a half years. They then looked at the different pricing of generics—25% to 35% of the equivalent brand—and compared what the extra costs would be.

It's all laid out in their study—how they did the analysis—and the costs are there. If people want to change the assumptions or do different assumptions, they're all laid out. We have not seen any other analysis that challenges—

**Mr. Robert Chisholm:** So there isn't any—

**The Chair:** I'm sorry, Mr. Chisholm, your time is gone.

Mr. Cannan, the floor is yours.

**Mr. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair, and I appreciate the witnesses.

As we have limited time, I'll get right into a letter that Minister Fast received from the Alzheimer's Society, indicating that

> Recent stats available on Alzheimer's disease speak to the urgent need to increase support for research and development of new medicines. Today, 1 in 11 Canadians over the age of 65 currently has Alzheimer's disease or a related dementia.

I know it's a serious issue. I represent one of the largest ridings in the Okanagan—my colleague, Mr. Albas, and I—that has aging demographics. It's a serious issue across Canada.

The letter goes on:

> Recent new developments in Alzheimer research are encouraging but still much more needs to be done.
>
> As a patient group and key stakeholder in Canada's life sciences sector, we believe that improving intellectual property standards for medicines in the Canada–EU CETA negotiations represents an exciting opportunity for the Harper Government to position Canada as a world leader in advanced medical research and a magnet for global investments to develop cutting-edge treatments and cures.

My question would be for you folks, whoever wants to answer it. You indicated that overall, as a percentage of sales, pharmaceutical R and D dollars have actually decreased. They indicate they've invested $1.5 billion in 2010. I was just wondering if you have a chart or some past history of the percentage of sales you could provide to the committee later, if you don't have that available today.

How, as a generic industry, would you say we can get more innovation, research, and development put into the serious issue of Alzheimer's research?

● (1210)

**Mr. Barry Fishman:** As far as the declining percentage of sales of research spending, there is a published document by the PMPRB that lays that out very clearly, and over the last nine years the trend has been decreasing.

Regarding Alzheimer's, certainly it appears to be an unmet need in the market. We're clearly in favour of innovation. We believe the intellectual property regime in Canada is sufficient to allow brand-name pharmaceutical companies to have an appropriate return on their investments, especially in new research with product categories like Alzheimer's.

It's not like the generic companies are against innovation. That's what keeps the pharmaceutical business going: new products that create innovation; markets grow and then their patent life expires; and then generics come out with cost-saving alternatives. It's a cycle that's been going on for years, and we think it's a very productive cycle.

**The Chair:** Thank you very much.

Mr. Easter.

**Hon. Wayne Easter:** Thank you, Mr. Chair.

And thank you, folks, for coming.

I'll go to the pharmaceutical and generic drug industry as well, because it is a huge issue. If your figures are anywhere close, in our public health care system it would be a huge additional cost.

I do find it shocking that the government itself has not done any independent net benefit analysis of both your industries. In fact, the chief negotiator told us when he was here that while some internal analysis has been done on some issues, no specific analysis has been done on pharmaceuticals costs. I think the government is falling down in that regard.

I've met with the pharmaceutical industry, and your industry, and to be quite honest, I don't know who to believe. You've said that extending patent protection does not increase investment. Well, the pharmaceutical industry tells me it does. They say there is more investment as a result. They say that new drugs are found that will improve health and reduce health care costs.

Can you back up your allegation? Do you have any data you can leave with the committee that will back up your line of thought that extending patent protection does not increase investment on the pharmaceutical side?

**Mr. Jim Keon:** Yes, we can table documentation on research and development spending and how it has declined despite increased intellectual property protection in Canada. We can also table where the new research and development spending is going internationally.

**Hon. Wayne Easter:** If you could table anything and everything you have in that regard, it would be good.

Secondly, as a result of the CETA, do you see any additional market opening up in the European community for the generic industry companies from Canada?

And the last question, Mr. Chair, is to the fish industry. I recognize your concern on tariffs, and I'm trying to remember...I think the main culprit in the European Community is Denmark, on shrimp.

Derek, could you give me what the current tariff level is and whether that is the problem country?

● (1215)

**The Chair:** A very, very quick response.

**Mr. Barry Fishman:** On the first one, exports, our industry has about 8,000 manufacturing jobs. We depend on exports. About 40% of what we make in Canada goes to Europe and the U.S. If we are to remain viable manufacturers in Canada, those export mandates are essential. These proposals will further delay and strengthen patent IP protection, which will clearly impact our ability to attract global manufacturing mandates.

**The Chair:** Okay, thank you.

Mr. Butler, do you want to comment very quickly?

**Mr. Derek Butler:** Yes, Mr. Easter, that's a key issue, the ATRQ. What we hope for in a CETA is that we'll get to zero, period, and we won't have to worry about the ATRQ, which has an autonomous tariff relief quota of 20,000 tonnes at 0%.

The problem with the ATRQ, which expires this year, is that it has end-use restrictions. We can't use it for certain forms or product, so then we get back to the duties of 12%, 15%, and 20%. It also prevents us from doing domestic branding. If you've got end-use restrictions, you can't get it into the market in a form that we can put Canada on it because it has to get so much more processing within Europe.

**The Chair:** Mr. Shipley, you'll close this questioning off. You have three minutes.

**Mr. Bev Shipley:** I have just a quick one, and it goes to Kathleen.

You say we have the greatest trade opportunities in a generation. The concern is around beef, pork, and biotech regs. We know that about 25% of the Canadian exports will be agriculture. That's a huge impact. Agriculture, in all our agreements, has been a major player. We know that.

Can you tell us what trade barriers and non-trade barriers you are facing that we need to deal with?

**Ms. Kathleen Sullivan:** I think the biggest problem we have with the European Union right now is differences in how we deal with biotech issues. Eighty-five percent of our canola is exported. Right now it's our largest cash crop in Canada. Canadian consumers have been very accepting of genetically modified products; the European consumers, not so much. We can't force European consumers to eat biotech products if they don't want to.

Europe is also a very important market for our canola industry for biofuels and for feed, and there needs to be much better harmony between the regulations we have in Canada and the regulations they have in the EU. We don't have a problem with market access for canola into Europe right now. It's really the regulatory issues that stop us cold from pretty much shipping anything. Those have to be dealt with or all the trade deals in the world won't help us at all.

**Mr. Bev Shipley:** Okay. You mentioned beef and pork.

**Ms. Kathleen Sullivan:** Yes, we do have challenges with beef and pork. Regulations for our meat slaughtering plants in particular here in Canada are different from those for plants in Europe. We have said that on the food side, all our regulations have to be, first of all, based on human safety and animal welfare, but we really need to focus on the end result. We may do things differently in a processing plant, but if the product at the end of the day is as safe as it is in Europe, that's really what we need to focus on.

**Mr. Bev Shipley:** Is harmonization or some sort of regulatory process the key issue on all three?

**Ms. Kathleen Sullivan:** It is the key issue, and in the future we need to spend far more time ahead of time talking about what the regulations are going to be if we're going to have commercial trade with Europe. I think part of the problem we've discovered is that because we're not trading with Europe in some of these areas, we haven't talked to them as much as we should. So the regulations we passed and the regulations the EU passed don't necessarily match. We do need to spend far more time talking to our counterparts in government and industry, which is why, as you know, we spend quite a lot of time in Brussels and in Europe now.

**The Chair:** Thank you very much.

I want to thank the witnesses for coming. I apologize for the brevity of the questions and answers. We may well have to have some or all of you back again to get a more fulsome discussion, but for now we want to respect the planning that has gone into our second panel.

We'll suspend now until we get the other panel in very quickly, and then we'll move on. Thank you.

● (1215)

(Pause)

● (1220)

**The Chair:** We'll call the meeting to order.

I want to thank, first of all, Mr. Williams here from Canada's Research-Based Pharmaceutical Companies. He has some people with him, and I'll let him introduce them.

We also have Wally Smith, president of the Dairy Farmers of Canada, and from the Canadian Cattlemen's Association, we have John Masswohl in Calgary, I believe, via video conference.

It's good to have you with us.

We will start very promptly with Mr. Russell Williams.

The floor is yours, and thank you for coming.

**Mr. Russell Williams (President, Canada's Research-Based Pharmaceutical Companies (Rx & D)):** *Merci beaucoup*. Thank you very much for the opportunity to appear today.

I'm accompanied by Brigitte Nolet from Hoffmann-LaRoche Canada, one of our member companies, which has facilities in both Mississauga and Laval, and also Declan Hamill, our VP of legal affairs.

Our industry, the innovative pharmaceutical industry, is a key player in Canada's knowledge-based economy. Our members range from international firms to early start-up companies. We represent 15,000 employees; we invest $1.3 billion in research every year; and we employ indirectly another 40,000 people. We are also the largest private sector investors in health research in the country. We've invested $20 billion in the last 20 years.

Most importantly, we discover and create and deliver innovative medicines and vaccines that save lives and prevent illnesses. Our medicines allow Canadians to live with and manage chronic conditions. Can you imagine a health care system of the future without innovation? Our medicines and vaccines are part of the solution to our health care sustainability challenge.

[*Translation*]

Besides, our innovative drugs account for 5% of all health care spending.

[*English*]

We believe that through the opportunity presented to Canada through CETA, if we seize this moment, we can strengthen our intellectual property regime for the life science sector. Each time Canada has strengthened the IP regime in the past, it has been good for Canadian patients, our health care system—as the graph shows—and our economy, both for our members and for the generics.

Earlier today you heard from the generic manufacturers, who argued that Canada uses weak IP as a tool to control health care costs, yet other countries in the world do not do that. No other country in the world does that. In fact, Europeans have better IP rights than Canada does, and most European countries spend less on health care as a percent of GDP than Canada does. We believe that a knowledge-based economy like Canada's must be built on a foundation of innovation, not imitation. IP rights help protect and drive that innovation across all industrial sectors.

We believe Canada should provide the following improvements: create an effective right of appeal for innovators—and that's a simple matter of fairness; improve data protection regulations to be effective for ten rather than eight years, as Europe does; and implement patent term restoration, which is already in place in all but three countries in the OECD, including Canada.

As you can see on the chart on the screen, Canada lags behind both the EU and the U.S. in terms of pharmaceutical IP. Those are the facts. We are not competitive.

● (1225)

**Ms. Brigitte Nolet (Director, Government Relations and Health Policy, Specialty Division, Hoffmann-La Roche Limited, Canada's Research-Based Pharmaceutical Companies (Rx & D)):** Mr. Chair, not unlike members of this committee, our industry employees are proud Canadians who are responsible for promoting and advocating Canada's interests abroad.

[*Translation*]

We are the ambassadors of Canada in all our companies abroad.

[*English*]

We are passionate that Canada has many key advantages that allow us to successfully attract global investments in research and development.

[*Translation*]

Despite these benefits, intellectual property remains the cornerstone of our industry. It is a key factor in global investment decisions, as it reflects the importance attached to the protection of new discoveries.

[*English*]

The IP gap that Russell highlighted is the most pressing policy challenge for our industry when Canadian affiliates compete internally for global investment dollars. At Roche, Canada's IP system is noted and questioned by our global leaders. Other nations, both developed and developing, can also boast of their business climates and top-flight scientific talents. In a fiercely competitive environment, Canada must keep pace.

Five years ago, the federal government improved pharmaceutical data protection. These changes are just now showing results. For Roche Canada, it was an important factor to attract a $200 million global pharmaceutical development hub that will expand our Canadian facility and create 200 high-skilled jobs in Canada. With improved IP, our entire industry would have the tools to help maintain and draw even more opportunities like this one.

**Mr. Russell Williams:** The sort of investment that Brigitte has just mentioned is the track record of our industry. Each time the government has moved forward, we have responded.

In fact, changes in the Patent Act from 1987 have resulted in an increase of 1,500% in terms of R and D. Despite negative changes in the Canadian environment, we have honoured our commitment to Canada since that time by investing back 10% of our annual sales in R and D. But we want to do more.

Improved IP for our sector will promote and accelerate the translation of today's ideas into tomorrow's medicines and vaccines, whether it's cancer, Alzheimer's, cardiovascular, infectious diseases, or chronic pain. But we give a pledge to Canada, too. We will continue to work in collaboration with all governments to improve our health care system. We will continue to attract and work our hardest to bring in new investments to Canada.

Working together, I believe our country is poised to show the world just what Canada can really do. We must seize this opportunity that CETA gives us.

We appreciate the opportunity to have this dialogue. We are open for questions and answers.

**The Chair:** Thank you very much.

We will now move to Mr. Smith from the Dairy Farmers of Canada.

**Mr. Wally Smith (President, Dairy Farmers of Canada):** Thank you, Mr. Chair. We're pleased to have been invited to appear before the trade committee today.

I have been on the board of the Dairy Farmers of Canada for the past 10 to 11 years. I served on the executive for seven years as vice-president, and I was recently elected president in July. I farm in British Columbia, so I'm actually an owner-operator-producer—a really genuine, live dairy farmer.

You may not know this, but DFC is the national lobby, policy, and promotion organization representing farmers in Canada. We represent approximately 13,000 farmers. We are run by producers for producers. We fund all operations, including promotional activities.

While Canadian dairy farmers concentrate our efforts on the domestic market, essentially selling 100% of our production to satisfy the Canadian market, we recognize that international trade talks are an important aspect when it comes to maintaining both the integrity of the Canadian supply management system in the future as well as opportunities for the export sectors.

Trade talks, whether at the World Trade Organization or at bilateral talks such as CETA, have the potential of affecting our import control measures and the possibility of compromising the integrity of our system. We are supportive of the government's position on trade, and we do not dispute the importance of trade. We believe that from a trade perspective it's important for the country to gain extra economic activity, but at the same time we have to remember that our supply-managed system creates 20% of all cash receipts for the agricultural economy in Canada.

We are sustainable. We are proud that we create rural activity, and we see ourselves as job sustainers. Earlier this year, EcoRessources released a study of economics by the Canadian industry on the Canadian economy. We have provided highlights in our submission, but I'd just like to say it adds $15.2 billion to the gross domestic product and $3 billion in tax revenues—$1.8 billion federally, $0.09 billion provincially, and $0.03 billion municipally. We also sustain a total of 215,000 jobs. We employ directly in full-time equivalents approximately 51,000 jobs in dairy production itself on the farm.

In the dairy sector itself we produce 73,500 full-time equivalent jobs. Compare that to the aeronautics sector in Canada, with 78,000 jobs, or GM, with 9,000 jobs. This is all data taken from an EcoRessources study that was just completed a little while ago.

Given the importance of Canada's domestic market, we need to make sure it continues to be a prosperous marketplace for Canadian producers.

On trade, I have said we strongly support the Canadian government's balanced position. It was redefined following the adoption of a November House of Commons motion on supply management vis-à-vis the WTO, unanimously supported by all parties. It states that at the end of the current round of negotiations, Canada will obtain results that ensure that the supply management sectors are subject to no reduction in over-quota tariffs and no increase in market access.

We have thanked the Canadian government for their firm and consistent support, articulated by the Minister of Trade, the Minister of Agriculture, and even Mr. Keddy, in support of supply management in the CETA round of negotiations. We encourage the government to support and be consistent, as they have been the last little while.

The EU will continue to press hard for more access, especially in the butter and cheese market. I have to remind the committee that we already import approximately 10 times more cheese into the Canadian market, which is 15 times smaller than the European market, than we actually export to Europe. That is an important fact.

● (1230)

Another concern, Mr. Chair, that I'd like to raise very briefly is the one around geographical indications. The potential for a negative impact on cheese production in Canada is very real. Both processors and producers recognize the fact that if we are unable to continue to manufacture and process some of the cheeses that are currently produced in Canada—like parmesan and feta—we are going to run into difficulty, and we'll have economic pain as a result of our lack of ability to continue to produce these cheeses.

Thank you again for allowing us to appear today.

**The Chair:** Thank you very much.

Now we'll hear from the Canadian Cattlemen's Association. We have John, in Calgary.

John, are we coming through all right?

**Mr. John Masswohl (Director, Government and International Relations, Canadian Cattlemen's Association):** Yes, I can hear you great. Thank you very much.

**The Chair:** The floor is yours.

I call him John because we met in the airport and we've gone through this, and we've known each other for a long time.

Go ahead.

**Mr. John Masswohl:** Thank you very much, Mr. Chairman.

We certainly appreciate not just the opportunity to be here but the accommodation to do it by video conference. It is important to us because the Canada-Europe comprehensive economic and trade agreement represents the most significant opportunity in a generation to create new market access for Canadian beef exports.

Annual beef consumption in the European Union is approximately 8 million tonnes, or actually a little bit more than that. Unfortunately, Canada ships very little beef to Europe due to many layers of barriers that prevent Canadian beef from realizing its full potential in that market. There are both tariff and technical barriers. All layers have to be addressed in this negotiation to produce meaningful access.

The Canadian Cattlemen’s Association strongly supports the CETA negotiations. Whether we support the final agreement is really going to depend on whether it provides meaningful access for beef. I would like to provide you with a sense of the barriers that Canadian beef faces and that need to be addressed.

I'm going to start with the tariff situation. The European Union maintains a prohibitively high tariff on beef imports. The most favoured nation duty rate, or the MFN—and that's the rate established under the WTO—is prohibitively high. It's 12.8% of the value, plus an additional amount that ranges from €2,211 to €3,041 per tonne, depending on what the cut of beef is. This really works out to be somewhere in the neighbourhood of a 140% tariff, and virtually no trade can take place at that tariff level.

In the past, whenever the European Union has relaxed or eliminated the tariff, it has done so only up to a limited quota amount, very similar to what Mr. Butler, from the seafood industry, described. They refer to that as a tariff rate quota, or a TRQ. There are currently two small TRQs that are open to Canadian beef and to other suppliers of high-quality grain-fed beef, so we share those TRQs.

One of them is for 11,500 tonnes at a 20% rate of duty, and the other is for 21,500 tonnes at 0%, or a duty-free rate. That 21,500 tonnes at 0% TRQ was recently created as compensation for what is commonly referred to as the EU hormone ban. And this TRQ is expected to rise to 48,200 tonnes by mid-2012, pending the fulfillment of some technical conditions. So at this point we don't necessarily have a guarantee that it is going to rise to that amount.

As these existing quotas are extremely small in relation to the import demand, a grey market has developed where speculator companies are able to obtain quota allocations and then resell their allocations to the actual importers. This practice has become a new de facto tariff. We calculate it at somewhere in the neighbourhood of 17% to 20% extra cost. Therefore, we are very concerned that any agreement under the CETA to create a TRQ smaller than the EU import demand is going to have this TRQ tariff effect.

The Canadian beef sector is really not interested in perpetuating this problem in the CETA, and therefore we are seeking unlimited duty-free access in the CETA.

That's the tariff side. But as Kathleen mentioned in the first panel, we also face significant non-tariff technical issues.

I did mention the so-called hormone ban. Any beef sold in the EU must come from animals raised without the use of growth promotants. This is often referred to as the hormone ban, even though it also bans other non-hormone growth promotants such as beta-agonists, which are safely approved and widely used in Canada and in the United States. Nevertheless, the Canadian beef sector can live with this EU condition as long as real, meaningful market access makes it worth our while.

The protocol for proving that Canadian cattle are in compliance with this requirement also needs to be modernized. At a minimum, we need to obtain improvements that are already utilized by United States cattle producers to raise U.S. beef for the EU market.

● (1235)

Some EU conditions for harvesting meat from livestock are incompatible with Canadian standards. The most significant is the EU prohibition on Canadian antimicrobial protocols, such as carcass washes. These are protocols that we use to make sure that the beef people eat is safe, and we're seeking approval of Canadian processing conditions by the European Union.

We require the recognition that the Canadian meat processing system is equivalent to the EU system in producing safe, acceptable meat even if some specific procedures may be different. There was a good discussion on the earlier panel about the difference between harmonization and equivalence. We feel that the EU should approve the Canadian federal system and all facilities operating under the federal system should be authorized to export to the EU.

In closing, it is clear that we have significant challenges in this negotiation, but we feel the rewards are worth the effort and the objectives we have outlined are achievable.

Before I take your questions, I would support Mr. Butler's dining suggestion earlier, that you have a little seafood, but I would also suggest it would be a little more enjoyable if you had it on the side of a nice piece of beef.

**Voices:** Oh, oh!

● (1240)

**The Chair:** Being from Alberta, I would recommend Alberta beef, of course.

Mr. Chisholm, the floor is yours.

**Mr. Robert Chisholm:** Thank you very much, and again my apologies that we're not going to have the time available to us to pay attention to all the important issues you have brought before us.

I want to go back to the IP issue on pharmaceuticals. It is important that you understand that when we raise the issues about the $2.8 billion, we're not against innovation. We're not against the work that the brand-name pharmaceuticals do. By no stretch of the imagination is that the case.

However, what I want to know is how are my province of Nova Scotia, this country, and the people in it going to absorb an extra $2.8 billion? If that's not going to happen, then somebody tell me that. Give me some facts to contradict that or tell me that the benefits brought on by the investments by the brand names are going to offset that. I have not heard any of that in this debate. I've talked to the government; I've talked to some of your representatives, and my constituents and other people across this country are concerned about the impact this is going to have on our health care system.

I want to get right down to what we are talking about in terms of cost here, please. I say that with the greatest respect.

**Mr. Russell Williams:** I understood and received it that way, and if we need more time later on, we'll certainly get together.

I appreciate the question, because we're all interested in trying to handle health care costs. I have to say, though, that the figure you were using is unfounded. It is based on all kinds of false information; no country in the world uses weak IP to try to control health care costs. There are other ways to do it, and our industry is very interested in partnering with Nova Scotia and other provinces to work at the whole sustainability issue.

I believe it is through better use, etc., but this number that's been floated around has been discredited by a number of other studies, and we can submit them and the government folks can study them and you can come to your own conclusion. This whole notion that prices will skyrocket...this has been done in the 1980s and 1990s, and history has proven that wrong. It hasn't, and on top of that, in Canada we have a pricing review board that controls our prices. Generic companies aren't controlled, but we are.

Ultimately there has to be room for both of us. We have to create a stable environment for innovation. You said you support innovation. We have to be able to build that so our universities, our research communities, and our health care system can benefit from it, but at the end of patents, generics can move around. It is not us and them. It's if we can get the total package together, Canada can soar.

**Mr. Robert Chisholm:** Exactly, but you see the—

**The Chair:** Your time is gone, I'm sorry.

Ms. Leitch, you have three minutes.

**Ms. Kellie Leitch (Simcoe—Grey, CPC):** My question is also for you, Mr. Williams.

Compared to the European Union, when we look at Canada's position in generating new knowledge-based jobs for Canada, without having strong IP laws, what kind of impact do you think that would have, and how is having strong IP going to help us in generating those knowledge-based jobs here in Canada so that Canadians can benefit?

**Mr. Russell Williams:** I'll ask Brigitte to complement my answer.

When companies decide where to invest and bring jobs, they consider a number of factors: infrastructure, quality of the research, access to the health care system, and a number of other factors. IP is one of them.

The size of the market is important, too. Canada is a relatively small market. We want an equal IP regime. All we are asking for is an equalized playing field to give our Canadian CEOs, those champions that have to battle at their head offices for those research dollars, another tool to win some of those contracts.

The announcement at Roche of $200 million, which Brigitte will talk about, I don't want to be the exception. I want it to be the rule. I would like the $1.3 billion we invest right now to grow, and to grow as large as it can. IP will help us do that. Without it, companies will say, yes, we have good infrastructure and, yes, we have good scientists, but we don't have the IP to protect that research.

● (1245)

**Ms. Kellie Leitch:** Without equalized IP, how many jobs are we going to lose here in Canada?

**Mr. Russell Williams:** We've seen it being whittled away. It's a quiet death by a thousand cuts. Other research areas are getting it. We spend about $100 billion a year on research around the world. Every jurisdiction is absolutely doing its best to try to get it. When we try to win those contracts, we have to use what's working well for us to convince them not to go to another jurisdiction. We are losing it.

This is not about loss. It's about the great potential in Canada. Canada is poised to do that.

**Mrs. Brigitte Nolet:** I would like to add to that point. As a global company, and as a member company of Rx&D, we know that IP is about protecting new ideas. It's about helping us discover the undiscovered. It is about helping us compete globally. It's about helping us bring this research to Canada and about making Canada part of the research continuum. It's putting our footprint on future therapies that will save lives in the world and in Canada.

For us, absolutely, it is an important part of that list of factors our global CEOs deal with.

There is no doubt that with our investment opportunity, there were other affiliates saying, “Whatever Canada does, we're going to match. We will do exactly what they do.” Not all of them have the same policies in place, and that's where we have the advantage. We have policies in place. And we have policies we can improve now that will keep us ahead of the curve and will help us compete with our European affiliates.

**The Chair:** Thank you very much.

We'll go to Mr. Easter.

**Hon. Wayne Easter:** Thank you, and thank you to the witnesses.

One of the problems we have at committee is knowing what's actually on the table. The minister, when he was before us, quoted from a study that was done prior to negotiations on the benefits side. It was kind of a wish list, if you would.

What's the last draft? Do you folks actually know what's on the table, or are we playing a guessing game here? What would be the last draft any of the groups would have seen in terms of the negotiations?

**Mr. Russell Williams:** We haven't seen it. What we are seeing is that as we are talking about creating a free trade environment, this is a golden opportunity for Canada to be in a privileged position to do that research that will save lives and improve our health care system. Here's an opportunity, with or without CETA. I'd like us to do it long before, but we don't know what's on the table.

**Hon. Wayne Easter:** Wally, have you seen it?

**Mr. Wally Smith:** Mr. Chairman, the government is negotiating this deal. I believe that the positions the government is articulating are the ones we have confidence in. And at the end of the day, we will see a draft.

Thank you.

**Hon. Wayne Easter:** John, I will come to you in a second.

In terms of the supply management industries, Wally, we had the minister here. Yes, they spout consistently that they support supply management, but as you and I both know, supply management operates on three pillars. When he was asked the question on tariffs and import controls, he failed to answer. I would suggest that the minister be asked those questions by the dairy industry.

John, have you seen a draft?

**Mr. John Masswohl:** No, we haven't seen any drafts of anything. That would be normal in negotiations. We don't usually expect to see the drafts. What we do expect is close collaboration with the negotiators. We've been doing that with the federal negotiators and the provincial negotiators to make sure they know what our positions are.

Kathleen was right in her comments earlier, on the first panel, that beef is going to be one of the difficult things that is left to the end. My understanding is that they haven't really broken the ice yet on what the access for beef is going to be.

**Hon. Wayne Easter:** The previous witness said that if this agreement were to go ahead with a stronger IP regime in Europe it would delay generic competition for two and a half years. Do you want to comment on that?

**Mr. Russell Williams:** I will ask Declan to comment. We are saying there are a lot of discussions that aren't comparing apples with apples. There is a lot of misinformation. In fact, Norton Rose has just done an analysis, which we can table. There were 22 products studied, and for well over the majority there was no extension and it was substantially less. There is a lot of misinformation out there. I'd be pleased to submit that later on.

● (1250)

**Mr. Declan Hamill (Chief of Staff and Vice-President, Legal Affairs, Canada's Research-Based Pharmaceutical Companies (Rx & D)):** We will submit it to the committee. It demonstrates that in many cases there isn't an extension of time in Europe or in Canada as a result of the patent terms being equal to or longer than the increase due to date of protection.

**The Chair:** Mr. Holder, you can finish this off.

**Mr. Ed Holder (London West, CPC):** Thanks very much, Chair, and my thanks to our guests for attending today.

Mr. Masswohl, it's good to see you. The inference by my colleague was that somehow there wasn't a close contact with your association as it relates to what we're trying to do with CETA. Could you clarify the interaction you have had with our negotiators that has allowed your industry to get its points on the table?

**Mr. John Masswohl:** We are always engaged in trade negotiations. Market access is extremely important for the Canadian beef sector, and we have a number of mechanisms through which we engage with the federal government. There is the Agricultural Market Access Secretariat. There is the Beef and Cattle Trade Advisory Group. We have the Beef and Cattle Market Access Committee. I believe there is also the Agriculture Trade Negotiations Consultations Group. We participate actively in all of those, and many of those fora are broader than beef—we discuss many things there. Of course, we also take the opportunity to meet one on one with the negotiators. This way, rather than being in a room with different producers and going over details, we can go over details directly with the negotiators.

**Mr. Ed Holder:** Not that I'd ever want to put words in your mouth, but would it be fair to say that your participation with our negotiators has been thorough and inclusive?

**Mr. John Masswohl:** Yes, on this negotiation we have a lot of confidence that the negotiators understand what it is we need to get for the beef sector.

**Mr. Ed Holder:** It is interesting that you speak about confidence. We have confidence in our negotiators. I'd like to ask you to touch on how this affects your interactions with our negotiators. How have you felt about that process?

**Mr. Wally Smith:** We have had good dialogue with the negotiators. Of course, they're the negotiators. We don't know everything, and we don't always know the context of what's being said. But I have confidence that at the end of the day the dairy industry in Canada will be protected. A positive outcome for us in this negotiation would be to produce high-quality product for the Canadian market and to protect our cheese makers from the geographical limitations that could harm them.

**Mr. Ed Holder:** Mr. Williams, I've done some reading, and it is fair to say that you've been critical of the CGPA study, particularly as it relates to the importance of IP improvements. Can you comment on that?

**Mr. Russell Williams:** It's based on the fundamentally flawed premise that weak IP can be used to control health costs. A number of studies have shown that a lot of what they talk about has not come true.

During the last 20 years, in the 1980s and in 2006, when the government has moved forward on data protection, it has been positive for generics, for the pharmaceutical industry, and for patients. There are new products in Canada because we have improved the IP protection.

The other argument is that Europe has better IP than Canada, which lags behind Europe and the U.S. Yet their health care costs aren't out of control. In fact, most of the countries are spending less of their GDP on health than Canada. So this argument doesn't stand up. The figures don't stand up. There are a number of studies that we'll be pleased to submit to the committee saying there isn't the extra extension of 100% of the products that they seem to suggest. There's been a lot of fearmongering, but it's not between us and them. There's room for both of us to work for the good of patients.

● (1255)

**Mr. Ed Holder:** Thank you, Mr. Chair.

**The Chair:** Thank you very much.

I want to thank you for coming in and sharing your expertise with the committee. We may well have to have you back.

I apologize for the brevity of the question-and-answer part of this committee, but we did our best with what we were given.

We do have to go in camera. We have to clear the room for some business of the committee.

I'll suspend for a very short time, and I'd ask members to stay in their seats, if possible.

[*Proceedings continue in camera*]

**Published under the authority of the Speaker of the House of Commons**

## SPEAKER'S PERMISSION



**Additional copies may be obtained from: Publishing and Depository Services**
**Public Works and Government Services Canada**
**Ottawa, Ontario K1A 0S5**
**Telephone: 613-941-5995 or 1-800-635-7943**
**Fax: 613-954-5779 or 1-800-565-7757**
**publications@tpsgc-pwgsc.gc.ca**
**http://publications.gc.ca**

**Also available on the Parliament of Canada Web Site at the following address: http://www.parl.gc.ca**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

## PERMISSION DU PRÉSIDENT



**On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt**
**Travaux publics et Services gouvernementaux Canada**
**Ottawa (Ontario) K1A 0S5**
**Téléphone : 613-941-5995 ou 1-800-635-7943**
**Télécopieur : 613-954-5779 ou 1-800-565-7757**
**publications@tpsgc-pwgsc.gc.ca**
**http://publications.gc.ca**

**Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : http://www.parl.gc.ca**