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Creating a New Pharmaceutical Industry in Canada

Cosponsored by the Saskatoon Chamber of Commerce and Medicine Hat Chamber of Commerce

Issue

A thriving pharmaceutical industry is growing poppies for medicinal use in the United Kingdom, Europe, and Australia - but not in Canada. The adoption of this industry not only presents a large diversification opportunity for the Canadian agricultural sector, but offers long term employment and growth opportunities across multiple sectors. The barrier to the establishment of this industry in Canada is an amendment to the Narcotic Control Regulations passed in June of 2016 that prohibits the commercial production of poppies in Canada regardless of their end use.

Background

A new variety of poppy with high levels of thebaine can be used to produce prescription drugs such as oxycodone and codeine, and ***does not contain the narcotic properties of traditional poppies.***

With thriving pharmaceutical industries growing poppies for medicinal use in the United Kingdom, Europe, and Australia, Canada - as a major importer of these products – has not been involved in the growing of poppies. Additionally, Canada is the only G7 country that does not grow or process the raw materials for pharmaceutical processing. With Canadians purchasing over \$600 million in prescription medications derived from poppies in 2011, Canada has an opportunity to change this.

In 2014 alone, Alberta saw domestic exports in excess of \$121 billion¹. Of this figure, the U.S. accounts for 90.2%, or \$109.5 billion of Alberta's exports². Under trade agreements such as the North American Free Trade Agreement, this industry has the potential to serve a market in the U.S., in excess of \$5 billion thereby increasing net exports from Canada as a whole.

There are a number of provinces in our country that have the ideal growing conditions for a high thebaine content poppy crop. As such, this crop has the opportunity to provide several regions with a new industry through a diversification of the agricultural sector which will also promote

¹ "Merchandise imports and domestic exports, customs-based, by North American Product Classification System (NAPCS), Canada, provinces and territories," Statistics Canada, last modified November 3, 2015. Accessed November 27, 2015 at, <http://www5.statcan.gc.ca/cansim/a47#F3> .

² "Alberta's Export Performance in 2014," accessed November 27, 2015 at, <http://www.albertacanada.com/Albertas-Export-Performance-2014.pdf> .

continued long-term job creation and stability.

Rationale for Domestic Growth

There are numerous reasons why the Federal government should amend the Narcotic Control Regulations and encourage the growth of this industry.

1. Thebaine, or *codeine methyl enol ether*, is an opiate alkaloid which is one of the primary ingredients in a suite of essential pharmaceuticals which are heavily relied on in the modern medical industry. Thebaine can be industrially converted into such essential medical compounds as oxycodone, oxymorphone, nalbuphine, naloxone, naltrexone, buprenorphine, and etorphine. By cultivating and processing thebaine in Canada we can secure a domestic supply for our medical industries, which would shelter Canada from international shortages or supply interruptions.

Opponents will argue that the global distribution of poppy production sufficiently protects against supply shortages, however their conclusions are based on a myopic view that assumes supply interruptions will only be due to local weather or environmental factors, or regionally isolated geopolitical disruptions. The history of the first half of the 20th century should serve as sufficient warning that much larger disruptions can and do happen periodically on a global scale, and wisdom would dictate that Canada should plan to secure a domestic source of these vital compounds against global trade disruptions on the scale experienced between 1914 – 1945. Moreover, other global environmental catastrophes beyond our ability to prevent offer additional imperatives for securing a domestic supply of key pharmaceuticals, including such uncertain factors as agricultural disruptions from climate change, or extreme geological, solar, and object-impact events.

2. As the world's largest producer of thebaine poppies, supplying nearly half the world's demands, Tasmania grosses in excess of \$100 million per year and the return to growers is estimated at between \$70 to \$90 million Australian dollars annually³. In fact, Australia as a whole produces nearly 90% of the world's supply of raw thebaine in a safe and economically viable fashion. With a similar economy and social structure, Canada's entry into this market could create a substantial economic carve-out that would drive economic growth and diversification for the Canadian agricultural and medical production industries, while also decreasing our trade deficit. Following Australia's example, we could become a prime, safe, and ethical producer.

3. The majority of drugs manufactured from thebaine poppies are imported to Canada from American companies⁴. Given the current protectionist attitudes prevalent in Washington, it is reasonable to assume that were an acute drug or supply shortage to occur, American pharmaceutical companies would focus on supplying American interests first. The development of

³ Tasmanian Government Submission to the Legislative Council Select Committee Inquiry into Tasmanian Poppy Industry – November 2012

⁴ Proposed Canadian Strategy for Self Sufficiency in Pharmaceuticals Derived from Opium Poppies. Lethbridge, API Labs Inc., 2014.

a thebaine-based pharmaceutical industry here in Canada would protect our citizens against such a situation.

4. The cultivation of thebaine poppies in Canada would be an easily achievable accomplishment for the Government of Canada in pursuit of their goals surrounding economic diversification, innovation, and key sector growth. This industry has the added advantage that it simultaneously breathes new life and vigour into multiple industries, including agriculture, pharmaceuticals, advanced manufacturing, and scientific research, and it opens up new opportunities for innovation research at the crossroads of diverse disciplines.

It is critical for the federal government to allow the private sector to innovate and find new, value-added opportunities by using our soil, water, processing factories, and research scientists. Promoting the success of public-private partnerships in the growth and diversification of the agricultural market will contribute to a long-term sustainable economy.

The Canadian Chamber of Commerce supports the creation of a cluster of biological science industries that would match farm commodities with biotechnical research. This approach has the potential to stabilize the foreign exchange fluctuations that negatively affect the international competitiveness of many agricultural and manufacturing sectors.

The Canadian Chamber of Commerce recommends that the Government of Canada:

1. Amend the relevant section of the Controlled Drugs and Substances Act - *Narcotic Control Regulations*, to allow for the commercial cultivation, gathering, and production of opium poppies for the development of a domestic pharmaceutical industry.
2. Facilitate the creation of a new pharmaceutical industry by communicating to the federal Minister of Health that when reviewing applications for approval, the Minister recognizes the potential of farming and processing of high-level thebaine poppy in Canada for the pharmaceutical industry; and that these applications be expeditiously reviewed and approved by Health Canada and the Canadian Food Inspection Agency to help diversify the Canadian economy.
3. Engage, invest in, and provide support to this new emerging industry as part of the long-term strategy for the economic diversification of Canada.