

# Economic Development and Trade

## Creating a New Pharmaceutical Industry in Canada

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### Issue

A thriving pharmaceutical industry is growing poppies for medicinal use in the United Kingdom, Europe, and Australia, but not in Canada. This not only presents a large diversification option for the Alberta agricultural sector, but offers long term employment and growth opportunities for this and numerous other industries.

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### 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 a thriving pharmaceutical industry 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 G8 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, Southern Alberta has an opportunity to change this.

In 2014 alone, Alberta saw domestic exports in excess of \$ 121 billion<sup>66</sup>. Of this figure, the U.S. accounts for 90.2%, or \$109.5 billion of Alberta's exports<sup>67</sup>. 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 Alberta as a whole.

Only a handful of locations have the ideal growing conditions for a high thebaine content poppy crop in our country. As such, this crop has the opportunity to provide Alberta, and specifically Southern Alberta with a new industry through a diversification of the agricultural sector, as well as promote continued long-term job creation and stability.

As a hub for educational opportunities, Lethbridge and Southern Alberta is promoting innovation and diversification in all industries. A recent Memorandum of Understanding between the University of Lethbridge and the Lethbridge College has committed both institutions to furthering research opportunities in agriculture and agribusiness. Adding to the impact of education and research on agriculture, the Lethbridge Research and Development Centre is one of Canada's largest agricultural research facilities. Its location in the Southern Alberta market provides a suitable long-term strategy to ensuring growth and diversification in the agricultural industry.

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<sup>66</sup> "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>.

<sup>67</sup> "Alberta's Export Performance in 2014," accessed November 27, 2015 at, <http://www.albertacanada.com/Albertas-Export-Performance-2014.pdf>.

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 Alberta market will lead to a long-term sustainable economy.

The Alberta Chambers 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.

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**The Alberta Chambers of Commerce recommends the Government of Alberta:**

1. Communicate the importance of this industry to the Prime Minister of Canada.
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 economy of Alberta.
3. Engage, invest in and provide support to this new emerging industry as part of the long-term strategy for economic diversification for the province of Alberta and the Southern Alberta region. Can be accomplished by possibly providing incentives to encourage the industry locate and remain in Alberta.