

Dr. COMANOR. That is correct.

Senator NELSON. And then the sales price is different in that you add your profits and your advertising and your promotion, is that what you are saying?

Dr. COMANOR. That is what I am saying.

These statistics imply, then, that production costs are approximately one-third of the total selling price.

Senator NELSON. Where do you get that figure?

Dr. COMANOR. We are dealing with the same expenditures on quality control, and these outlays are taken as a fraction of two different quantities. One is total production costs and the other is total revenues. One percentage is a third that of the other.

Senator NELSON. You have several factors in here that I do not understand. You are talking in one case about quality controls. Quality control is not the same as production costs?

Dr. COMANOR. Oh, no; in fact, quality control is only 3.6 percent of total production costs.

Senator NELSON. And 1.2 percent of sales cost?

Dr. COMANOR. 1.2 percent of total sales revenues.

Senator NELSON. OK.

Dr. COMANOR. These statistics suggest that relatively small firms should be able to invest in quality control facilities and as can be seen, these expenditures are considerably less costly to the smaller firm or new entrant than are heavy advertising and promotional efforts.

Senator NELSON. As to these statistics that you got from the U.S. subsidiaries of manufacturers in Canada, does the Canadian Government require a breakdown of these various costs?

Dr. COMANOR. I do not think this breakdown is reported every year. A report published by the Restrictive Trade Practices Commission in Canada included these statistics.

Senator NELSON. When was that report published?

Dr. COMANOR. I am afraid I do not have the date here. Within the last few years. I have a copy of it.

Senator NELSON. Is it a large report?

Dr. COMANOR. It is quite a large report. It must be 500 or 600 pages.

Senator NELSON. In this report, do they have the statistics on the costs of production of a drug and the cost of quality control and the sales and profits—all of these statistics?

Dr. COMANOR. Not per drug, but for the entire company.

Senator NELSON. All together?

Dr. COMANOR. Or it may not even have been exported for individual companies but rather for the total of these 21 firms, only some of which were U.S. subsidiaries.

Senator NELSON. Did they not have any breakdown company by company? They must have gotten the figures from some place.

Dr. COMANOR. They may not have published them.

Senator NELSON. In order to get the composite, you have to have the individual figures.

Dr. COMANOR. They may not have published them. I am not certain about this point. I could find the answer for you.