

STATEMENT

Rx&D Welcomes Science and Technology Initiative in Economic Statement

All federal policies and regulations must align with the federal government's commercialization efforts and innovation objectives

Ottawa, November 24, 2006 – The following is a statement by Russell Williams, President of Canada's Research-Based Pharmaceutical Companies (Rx&D) in response to the Economic Statement by Federal Finance Minister Jim Flaherty, November 23, 2006.

“Canada's Research-Based Pharmaceutical Companies (Rx&D) commends the federal government on its commitment to ensure Canadian industries have an improved environment to commercialize new products they research and develop and create jobs through its new program *Advantage Canada*. Rx&D also supports the announcement to ‘develop and implement a new, comprehensive, excellence-based science and technology strategy’ policy for Canada.

“Knowledge-intensive communities in Canada can play a major role to help the federal government achieve its objectives. Rewarding investments in life science technology will make Canada more innovative, productive, competitive, and contribute to the improvement of positive health outcomes for Canadians. An example is the federal government's recent improvements to data protection regulations in Canada.

“Also, as highlighted in Rx&D's pre-budget submission to the Standing Committee on Finance in September of this year, one incentive that is not being used to its full potential to encourage research and development (R&D) in the pharma and biopharma industry in Canada is the Scientific Research and Experimental Development (SR&ED) tax credit.

“Rx&D recommends the following improvements be made to SR&ED:

- expand the definition of SR&ED to include research in the social sciences as contained in the OECD definition;
- increase the SR&ED tax credit to cover international R&D collaborations regarding R&D done in Canada;
- make the full amount of SR&ED tax credits refundable for all biopharma start-ups; and
- extend SR&ED to stimulate R&D alliances need to bring innovative products to market.

As highlighted by the federal government, the share of business expenditures on R&D (BERD) to GDP remains low by international norms. Efforts to improve the effectiveness of federal government tax incentives, including SR&ED, could contribute to remedy this situation.

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“Further, as pointed out by Ernst & Young in its Life Sciences Survey, regulation ‘is one of the primary concerns of pharmaceutical executives’ when making business decisions and strategy. We agree with the federal government that regulations are necessary and that it is important to ‘minimize regulations that put Canada at a significant competitive disadvantage.’

“The National Pharmaceuticals Strategy (NPS) and the Patented Medicines Prices Review Board (PMPRB) are examples of policies that contribute to regulatory inconsistencies. To ensure all federal policies and regulations are aligned with the federal government’s commercialization efforts and innovation objectives, it is imperative the federal government understand the impact NPS and PMPRB policies have on Canada’s support for biomedical R&D.

“The strengths in health research remain as advantages as long as the policies and regulatory frameworks that support them are adaptable to fiscal, scientific and regulatory change. Rx&D is prepared to work with the federal government to ensure this balance is maintained.”

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Canada's Research-Based Pharmaceutical Companies (Rx&D) is an association of members dedicated to improving the health of all Canadians. As partner of the health-care system, our discoveries help eliminate the need for medical procedures such as surgery, which have a significant impact on patient quality of life and health-care budgets. Our community represents over 22,000 men and women working for more than 50 member companies in Canada and is responsible for generating 100,000 jobs across Canada.

For further information:

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