

## STATEMENT

R&D exceeds \$1 billion

**Ottawa, July 20, 2007 – The following is a statement by Russell Williams, President of Canada's Research Based Pharmaceutical Companies (Rx&D), in which Mr. Williams comments on the release of the Patented Medicine Prices Review Board Report (PMPRB) 2006.**

“The PMPRB's Annual Report tabled yesterday in Parliament shows that Rx&D member companies invested more than \$900 million in research and development (R&D) in 2006, the sixth consecutive year R&D has been in excess of \$900 million (PMPRB definitions). Furthermore, when you include Rx&D biotech member companies' research and development, the total amount exceeds \$1 billion.

“Canada's Research Based Pharmaceutical Companies (Rx&D) are extremely proud of our member companies' considerable investment in research and development in Canada, amounting to more than \$14 billion since patent protection was strengthened in Canada 19 years ago. Over the same period, Rx&D member companies R&D-to-sales ratio has averaged over 10%.

“Average year-over-year percentage changes in the Patented Medicine Price Index (PMPI) have consistently been less than increases in inflation since 1988. In fact, prices of patented medicines have declined or remained relatively unchanged for each of the last ten years. In 2006, the prices of patented medicines declined 0.2%, while the combined price of all goods and services in the economy rose 2%.

“Our community is also one of the most R&D intensive sectors in Canada. According to Statistics Canada, the business enterprise sector, of which the pharmaceutical industry is the primary investor, is the largest funder of health research in Canada.

“Yet, Canada must do more to improve the research climate and attract more high paying jobs in the life sciences industry and a better quality of life. Recently, The Conference Board of Canada 11<sup>th</sup> annual report card highlighted Canada's “failure to innovate” compared to other developed countries.

“Recognizing this, Canada must accelerate its innovation agenda if it is to be a competitor in the global marketplace. The federal government has recently taken steps to improve its global competitiveness by enhancing data protection, introducing a national Science and Technology Strategy and the appointment of the new Science, Technology and Innovation Council. Innovation is fundamental to improving our standard of living and we call on all governments to break down barriers and enact policies that reward innovation.

“The PMPRB report also shows that Canadians receive excellent value for patented prescription medicines.

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“Patented prescription medicines are one of the most efficient and cost-effective resources for patient care. Rx&D has estimated the patented medicines portion of health expenditures in Canada in 2006 to be less than 10% or 10 cents of Canada’s health-care dollar. In addition, a study by Columbia University estimated that for every \$1.00 invested in newer medicines saves up \$7.00 in other parts of the health-care system.

“We share the federal government’s vision of supporting a knowledge-based economy that recognizes the risks associated with innovation. As an integral partner in Canada’s health-care system, Rx&D member companies are proud of our commitment to improve the health and well-being of patients through the innovation and development of new and improved medicines and vaccines.”

*Canada's Research-Based Pharmaceutical Companies (Rx&D)* is an association of members dedicated to improving the health of all Canadians. As a 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.

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For further information:

François Lessard

*Canada's Research-Based Pharmaceutical Companies (Rx&D)*

(613) 236-0455

E-mail: [flessard@canadapharma.org](mailto:flessard@canadapharma.org)