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### **PMPRB REPORT: GLOBAL COMPETITIVENESS CRITICAL TO INCREASED R&D**

**Ottawa, June 15, 2005** – Responding to the release of the Patented Medicine Prices Review Board Report 2004, *Canada's Research Based Pharmaceutical Companies (Rx&D)* emphasized the urgent need of the federal government to partner with the research-based pharmaceutical community in an innovation agreement that will help address the decline in pharmaceutical research and development (R&D).

In order to foster more research and development investment, Canada has to be competitive in the global marketplace. "Other countries are improving their environment to attract R&D investments. A status quo for Canada is equivalent to falling behind," said Rx&D President Russell Williams.

For the third consecutive year, the PMPRB reported a decrease in R&D by the innovative pharmaceutical sector. The PMPRB's report notes that R&D-to-sales ratio by Rx&D member companies stood at 8.5% in 2004, compared to 9.1% the previous year, and 10% in 2002.

"The numbers speak for themselves," stated Rx&D President Russell Williams. "Canada needs a new innovation policy that will give impetus to innovation and create the right environment for industries to invest in research and development in the country. The outcome: increased R&D into new and improved medicines, new high-skilled jobs for Canadians, improved access to new medicines for patients, and a world-class economy where R&D by Canada's life science sector is encouraged and valued."

The role new medicines play for patients and the importance of innovation for a renewed economic prosperity cannot be underplayed. As an integral partner of our health care system, Rx&D is ready to work in partnership with the federal government to achieve an innovation agreement.

"Our industry plays a pivotal role in our economy," continued Mr. Williams. "In August 2004, Statistics Canada reported that the pharmaceutical and medicine sector was the second most important source of R&D spending in Canada. Our community can move the yardstick even further under an innovation agreement that will be a win-win for Canada. If the federal government is to achieve its objective of making Canada one of the top five global economies by 2010 and be internationally competitive at the same time, it should not delay a new innovation strategy. From an R&D perspective, better patent and data protection, significantly improved drug approval times, and better access for patients to new medicines, are globally competitive incentives that will attract increased R&D investment to Canada," emphasized Mr. Williams.

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However, an improved R&D investment environment in Canada is at further risk as a result of the PMPRB's latest initiative to move beyond its original mandate of monitoring and reporting pharmaceutical R&D and reviewing prices of patented medicines to ensure they are not "excessive." The Board now wishes to intervene in an area outside its jurisdiction. Namely, to seek prior approval from manufacturers of price increases of patented medicines. The PMPRB has no authority under the Patent Act to seek prior approval of price increases. This move could be interpreted by the international investment community as unwarranted and unnecessary intervention that could negatively impact future R&D. "If implemented," stated Mr. Williams, "this could also deter new R&D even further to the detriment of Canadian patients and our economy."

Governments need to be reminded of the profound value patented prescription medicines bring to Canada's health care system. Not only are patented prescription medicines one of the most effective and least expensive resources for patient care - estimated at 6.8% or 6.8 cents of Canada's health care dollar - they are an effective investment.

"When you consider medicines and vaccines save lives, avoid surgery, reduce and in some cases eliminate hospital stays, prevent disease, improve quality of life, and provide independence and autonomy by permitting people to stay with families and in their own surroundings, the billions of dollars prescription medicines have saved our health care system and will save our health care system in the future, is enormous. Prescription medicines also permit savings elsewhere in our health care system. A recent study by Columbia University indicates that every dollar invested in new medicines prevents the health care system from expenses seven times greater in other medical areas," concluded Mr. Williams.

*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 more than 22,000 men and women working for over 50 member companies in Canada.

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