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Pharmaceutical R&D Spending Drops to Lowest Level in 20 Years

Only 7.5% of brand-name drug companies' Canadian sales revenues spent on research and development

Toronto, June 24, 2010 – Research and development spending in Canada by brand-name drug companies has dropped to its lowest level in 20 years, according to the latest annual report of the Patented Medicine Prices Review Board (PMPRB).

The PMPRB reports that in 2009, brand-name drug companies spent only 7.5 percent of their Canadian revenues on research and development in Canada, marking the ninth consecutive year that brand-name drug companies have broken their promise to spend at least 10 percent of their domestic sales on R&D.

The PMPRB report also shows that in 2009 the brand-name industry spent only 1.8 percent of its Canadian sale revenues on basic research that could lead to the discovery of new medicines.

“The federal government has increased monopolies for brand-name drug companies no fewer than eight times since 1987,” said Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA). “Canada’s intellectual property regime exceeds our international trade obligations, yet these increasing monopolies have not resulted in the investments that Canadians were promised in 1987. What’s worse, brand-name drug companies continue to lobby for longer monopolies that will increase Canada’s prescription drug costs.”

The PMPRB’s findings and other information related to prices of pharmaceuticals in Canada are contained in a new report released today by CGPA. Copies of **The Real Story Behind R&D Spending by Brand-Name Drug Companies in Canada** are available at www.canadiangenerics.ca.

Some of the key findings of the 2009 PMPRB Annual Report include:

- Domestic R&D spending by pharmaceutical patentees represents just 7.5 percent of their Canadian revenues – far below the 10 percent threshold to which the industry committed in 1987 when market monopolies for brand-name companies were increased. The R&D-to-sales ratio is now at the lowest level since 1988.
- Patentees reported spending \$237 million on basic research in 2009, or 1.8 percent of their Canadian sales.
- In 2009, there were 22 new active substances introduced in Canada. Of these, only one was in Category 2, which the PMPRB defines as “one that provides a breakthrough or substantial improvement”. The vast majority, 21, were in Category 3, which the PMPRB states “provide moderate, little or no therapeutic advantage over comparable medicines.”

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