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New Report: Big Pharma Breaks R&D Spending Promise to Canadians for Seventh Consecutive Year

Only two per cent of Canadian sales directed to new medicine discovery

Toronto, July 14, 2008 – For the seventh consecutive year, brand-name drug companies have broken their promise to spend at least 10 per cent of their Canadian sales on research and development in Canada, according to the recently released annual report of the Patented Medicine Prices Review Board (PMPRB). The PMPRB report also shows that the brand-name industry spent only two per cent of its Canadian sales on basic research in 2007 that could lead to the discovery of new medicines.

“The data is very clear,” said Jim Keon, President of the Canadian Generic Pharmaceutical Association (CGPA). “Twenty years of government concessions to Big Pharma have not resulted in the investments that Canadians were promised when the Mulroney government first increased Big Pharma monopolies in 1987.”

The PMPRB’s findings and other information related to pharmaceutical industry investment in Canada are contained in a new report released today by CGPA. Copies of **The Real Story Behind Big Pharma’s R&D Spending in Canada, 2008**, are available at www.canadiangenerics.ca.

On June 18, 2008, the PMPRB tabled its 2007 Annual Report to Parliament on the price of brand-name patented drugs and Big Pharma’s research and development spending in Canada. The following summarizes the report’s highlights:

- For seven consecutive years, pharmaceutical patentees have failed to meet the minimum commitments for R&D spending in Canada that were made to the Canadian government when Big Pharma’s state-sanctioned and enforced market monopolies were increased in 1987. Pharmaceutical patentees spent only 8.3 per cent of their revenues on research and development in 2007, below the 10 per cent threshold to which the industry committed in 1987.
- Patentees reported spending \$259 million on basic research in 2007, representing only 2 per cent of their Canadian sales revenue.
- Relative to other countries, increased pharmaceutical patent protection has not resulted in more research and development in Canada. In 2005, of all countries examined by the PMPRB, only Italy (6.8 per cent) had a lower R&D-to-sales ratio than Canada (8.3 per cent). Ratios in all other comparator countries were well above Canada’s ratio.
- Of the 151 new active substances introduced in Canada between 2001 and 2006, only 14 (less than 10 per cent) were categorized by the PMPRB as a “breakthrough” or “substantial improvement” over existing drug products.

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