



---

For immediate release

## **Federal Drug Watchdog Report: Brand-Name Drug Makers Break R&D Spending Promise for Eighth Consecutive Year**

***Only 1.2% of Canadian sales revenues directed to new medicine discovery***

**Toronto, August 12, 2009** – For the eighth 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 in 2008 the brand-name industry spent only 1.2 percent of its Canadian sales 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, including changes in 2006 and 2008,” 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, 2009** are available at [www.canadiangenerics.ca](http://www.canadiangenerics.ca).

Some of the key findings of the 2008 PMPRB Annual Report include:

- Domestic R&D spending by pharmaceutical patentees represents just 8.1 percent of their Canadian revenues – far below the 10 percent threshold to which the industry committed in 1987. The R&D-to-sales ratio is now at the lowest level in 20 years, matching 2006 levels but below levels recorded in 1989.
- Patentees reported spending \$200 million on basic research in 2008, or 1.2 percent of their Canadian sales, which is a 22.7 percent decrease over the previous year.
- Of the 170 new active substances introduced in Canada between 2001 and 2008, only 19 were categorized by the PMPRB as a “breakthrough” or “substantial improvement” over existing drug products.
- Prices of patented medicines in Canada are the third highest in the world and virtually the same as the second highest priced jurisdiction, Germany.
- Between February 28, 2008 and April 24, 2009 patentees earned “Excess Revenues” of approximately \$43 million for 11 drug products.

-30-

**For more information, please contact:**

Jeff Connell  
Director of Public Affairs  
Canadian Generic Pharmaceutical Association (CGPA)  
Tel: (416) 223-2333  
Email: [jeff@canadiangenerics.ca](mailto:jeff@canadiangenerics.ca)