III.3 RESEARCH FUNDING

According to data issued by Statistics Canada (*Expenditures in the Health Field, 1994*) and the PMPRB (*Seventh Annual Report, 1994*), gross R&D expenditures in the health-care field amounted to over $1.5 billion in 1994.

Health-care R&D expenditures in 1994 rose by 12.3 per cent over the previous year. Applied research absorbed the largest share with $336.5 million or 62.7 per cent of total expenditures, followed by basic research ($117.4 million or 21.9%) and other qualifying research ($82.7 million or 15.4%).

Canada's health-care infrastructure and its associated R&D activities provide the pharmaceutical industry with an excellent means of leveraging its R&D investment. In 1994, almost $3 of R&D was conducted in Canada for every $1 invested by industry.

The innovative pharmaceutical industry was the leading contributor to health-care research, with expenditures at $561.1 million in 1994. The balance of total expenditures, $1.045 billion, represents leveraging opportunities in health-care research in Canada.

Although a significant proportion of public spending was not directed at specific industrial projects, Canadian universities, teaching hospitals and research centres are increasing their involvement with industrial partners at all stages of R&D activities. This trend is resulting in a wide range of opportunities for industry to maximize the impact of its R&D investment by collaborating with public institutions.

III.4 EFFECTIVE REGULATIONS, UPDATED LAWS AND LESS LITIGATION

Regulations

Canada's regulatory system is applying high standards in determining safety and efficacy of pharmaceutical and related health-care products. The drug approval process is clear, logical and evolving to meet the industry's needs. As well, the current regulations are very similar in scope to those applied in the U.S. and other major producing countries.

The HPB has recently restructured its corporate management, and current initiatives include improvement in the resource allocation process, and an increased emphasis on partnerships and co-operation with stakeholders in the regulatory process.

Performance Standards and Initiatives

In 1994, the Drugs Directorate established performance standards for the drug submission review process. These are competitive with similar standards used by agencies in other countries.

New regulatory initiatives include:

- the harmonization of regulatory requirements with the European Union and the United States;
- a joint review process between the HPB and the Food and Drug Administration (FDA) in the United States;