

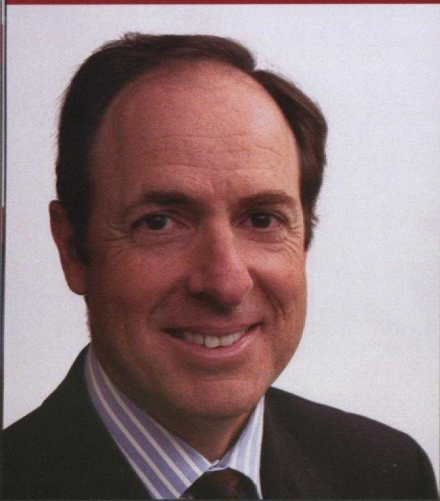
Strong R&D linkages between academia and industry

The need to develop new drugs is essential both for alleviating human suffering and creating new revenue streams for investors. This process is expensive and time consuming. Yet, Canada's bio-pharmaceutical industry undertakes highly collaborative R&D work to mitigate these challenges.

Augmenting private-sector R&D is Canada's health science research community, consisting of more than 30,000 investigators in 16 medical schools, and over 100 teaching hospitals and research institutes eager to participate in public-private sector research initiatives.

The Canadian government supports R&D by assisting investors at every stage of development, from startup and onward through the discovery pathway. The government's generous R&D incentive programs help companies leverage their own R&D budgets. R&D spending in this sector in 2005 amounted to \$1.5 billion. Canada also provides 20-year patent protection for brand-name products.

SANDOZ: CANADA FULFILLS SEARCH FOR CORE COMPETENCIES



Pierre Fréchette,
CEO,
Sandoz Canada

International investment decisions in today's highly competitive global pharmaceutical and bio-pharmaceutical industries must take into account ready access to a highly trained workforce with relevant skills. The existence of just such a skills network brought Sandoz—the generics arm of Swiss pharmaceutical giant Novartis—to Boucherville, Quebec, in 2004 when it acquired Sabex. Canada's well-established reputation for providing R&D support, and the opportunity to operate in the world's sixth-largest market for generic drugs were other key factors in the acquisition.

The move allowed the company to gain a global growth platform in the fast-growing injectable generics business, while at the same time acquiring an FDA-approved manufacturing facility. "The decision to invest in Canada was based on the recognized existing expertise in a specialty area of drug development and manufacturing," says Sandoz Canada president and CEO Pierre Fréchette. "The existing local core competencies ensure on-time completion of complex projects. Local infrastructure, the ability to recruit and retain qualified personnel, and favorable tax incentives for R&D were also part of the value proposition." Ultimately, he says, "The success of the local Canadian operations is based on the talented, qualified and stable workforce. The track record in delivering our commitments and the flexibility in adapting to diverse market requirements are also critical success factors."