

Bio-Pharmaceuticals

Canada's value propositions in the bio-pharmaceutical sector have attracted practically every major pharmaceutical company in the world to invest in Canada, including: AstraZeneca, Amgen, Aventis, Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson, Eli Lilly, Merck Frosst, Novopharm, Novartis, Pfizer, and Wyeth Pharmaceuticals.

Canada is the fourth fastest-growing market in the world for pharmaceutical products. Pharmaceuticals are a high growth sector in Canada—expanding at a rate of 10 percent annually since 1997—with domestic production in 2005 valued at \$9.4 billion. Drug sales by manufacturers in Canada (domestic and foreign) totaled \$16.1 billion in 2005: \$11.5 billion in patented drugs and \$5 billion in generic and brand name, non-patented drugs.³⁷

The pharmaceutical manufacturing sector in Canada directly employs 40,000 individuals—two-thirds in brand name companies—and an additional 35,000 individuals working indirectly.³⁸

Given Canada's aging population, pharmaceuticals represent an increasingly important component of Canadian health care—and a growth opportunity for investors. Pharmaceutical products already account for nearly one-fifth of health care spending, more than the cost of physicians, and second only to the cost of hospital infrastructure.

The sector benefits from a number of competitive advantages: a thriving biotechnology industry, a well-educated workforce with highly trained scientists and technicians, business-friendly government policies, R&D incentives, and expertise. These advantages go a long way toward explaining why practically every major pharmaceutical company in the world has invested in Canada.

Canada is a leader in key industry verticals

Canadian researchers have an international reputation for solving the R&D issues of the pharmaceutical industry, and Canada is a recognized leader in key disciplines including: vaccines, regenerative medicine (stem cells and neuroscience), cardiovascular applications, psychotherapeutics, health-related nanotechnology, materials sciences for medical devices, and cholesterol medicines, to name a few.

Canadian pharmaceutical companies are also making great strides in the area of biotechnology. According to an Industry Canada study published in 2005, no fewer than 500 Canadian bio-pharmaceutical products were in the pipeline, with cancer the most common indication, followed by infectious diseases and neurological disorders.³⁹

³⁷ Industry Canada. <<http://strategis.ic.gc.ca/epic/site/lsg-pdsv.nsf/en/hn01656e.html>>

³⁸ Ibid.

³⁹ Foreign Affairs and International Trade Canada. *The Canadian Biopharmaceutical Industry Technology Roadmap*. p. 44

