Biopharmaceuticals’ R&D spending reaches record $58.8 billion  

BY CB STAFF

U.S. pharmaceutical and biotechnology-research companies invested a record $58.8 billion last year in research and development of new life-changing medicines and vaccines—a nearly $3 billion increase over the previous year, according to a recently released study by the Pharmaceutical Research & Manufacturers of America (PhRMA) and Burrill & Co.

This record R&D investment reflects the continued commitment of the U.S. pharmaceutical-research companies to lead the world in pursuing new, life-saving and -enhancing medicines.

PhRMA-member companies spent an estimated $44.5 billion on pharmaceutical R&D last year, up from the previous $43.1 billion in R&D last year, compared with $12.7 billion in 2006. Investment in R&D by the U.S. pharmaceuti-
cal-research companies grew modestly last year, despite a challenging economic environment and continuing sharp deceleration in drug-spending growth. Although the rate of R&D growth was slower than in prior years, research spending as a percentage of sales remained high. Over the past seven years, America’s pharmaceutical-research companies consistently invested about 18% of sales in R&D activities.

As in past years, an increasing number of poten-
tial new drugs are entering clinical testing. More than 2,700 medicines are under development in the United States for nearly 4,600 different indi-
cations. Five years ago, about 2,000 medicines were in development.

U.S. pharmaceutical companies’ dedication to research has been observed by many independent, objective experts. For instance, the nonpartisan Congressional Budget Office (CBO) stated in a recent report: “The pharmaceutical industry is one of the most research-intensive industries in the United States. Pharmaceutical firms invest as many as five times more in research and development, relative to their sales, than the average U.S. manufacturing firm.”

Importantly, this investment has produced results. According to the CBO, “Many examples exist of major therapeutic gains achieved by the industry in recent years, and anecdotal and sta-
etistical evidence suggests the rapid increases that have been observed in drug-related R&D spend-
ing have been accompanied by major therapeutic gains in available drug treatments.

“America’s pharmaceutical- and biotechnology-research companies continue to pave the way for the development of future treatments and cures,” said Billy Tauzin, PhRMA president & CEO. “Simply put, R&D is the lifeblood of pharmaceuti-
cal-research companies. Last year’s investment builds on over 25 years of growth in R&D spend-
ing as our researchers continue the search for new and improved therapies to tackle a wide range of diseases and conditions, such as cancer, heart disease, HIV/AIDS and Alzheimer’s.”

The current pipeline includes more than 660 medicines to treat cancer, over 300 specifics to rare diseases and more than 275 medicines for heart disease and stroke. This activity dwarfs the pipelines in other parts of the world, such as Europe and Japan, partly reflecting existing policies in the U.S. that foster innovation.

“The preservation and strengthening of these policies—including our market-based health-care system, incentives for research and strong intellectual property rights—are critical if we as a nation are serious about maintaining our leadership in pharmaceutical R&D,” Tauzin said. “Patients in the U.S. and around the world deserve no less.”

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