

Bringing Research & Development to Market

Entrenching Canada as an Investment Destination of Choice and Centre of Innovation Excellence

EXECUTIVE SUMMARY

As governments across Canada shift to a post-recession focus on balancing their budgets, and as the federal government's pro-trade agenda continues to make progress, an opportunity exists to further strengthen Canada's brand as an investment destination of choice and a centre of innovation excellence.

One of the themes that the Standing Committee on Finance has identified for consideration in federal Budget 2015 is *"Increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization."*

Despite Canada's investment advantages, strong economic fundamentals, world-class education system and highly skilled and talented workforce, barriers continue to persist when it comes to getting ideas and new developments to market.

Barriers include a lack of communications across government departments, excessive regulations that prevent action and decision-making (red tape), access to a diverse pool of risk capital and various intellectual property regime issues.

Life Sciences Ontario (LSO) is calling on governments to closely examine remaining barriers to commercialization in Canada which ultimately affect our competitiveness, and other key economic objectives such as job creation and economic growth.

As the Government of Canada develops public policy through memoranda to cabinet (MC), various considerations are taken into account, including the views of stakeholders, the opposition, the media landscape, etc. LSO recommends that an "Impact on Product to Market" consideration be included in the MC process and related cabinet submission processes at the provincial level. This would ensure better inter-departmental coordination and expose other real barriers that prevent greater "made in Canada" commercialization success.

Removing commercialization barriers would benefit businesses of all sizes, across all innovation-driven sectors, especially the critical small-and medium-sized enterprises (SMEs), while also encouraging and incenting the next generation of innovation entrepreneurs to bring their products to market in Canada.

Doing so is one small, zero-cost way to continue to strengthen Canada's competitive position in the global economy and further advance our brand as a leading investment destination and place of excellence for science, technology, research and innovation.

BACKGROUND

When it comes to life science breakthroughs, Canada has a proud and vibrant history as being a destination of excellence for research and innovation. From the creation of insulin in 1922 which helps millions worldwide today suffering from diabetes, to the development of Pabulum in 1930 which

revolutionized infant nutrition; and to the creation of the polio vaccine in 1955, which helped eradicate the disease from Canada by 1972, Canada continues to be one of the leading nations when it comes to research, development and production of life-saving and life-enhancing life sciences products.

The discovery of stem cells by Ernest A. McCulloch and James E. Till at the University of Toronto in the 1960s sparked a new body of medical research that continues today and is widely regarded as having enormous potential to impact and shape the future of medicine.

GETTING PRODUCT TO MARKET TO CREATES JOBS, BOOSTS INNOVATION, ATTRACT NEW INVESTMENT AND HELP CANADIANS

Commercialization and getting products to market as efficiently as possible is very important for LSO and Canada's wider life sciences sector. Ensuring "product to market" considerations are required as public policy is developed will begin to break down the barriers to commercialization that continue to persist.

As noted above, LSO members face many obstacles after developing and researching medicines and vaccines as they attempt to commercialize them. These barriers create unintended consequences. For example, further research and development is stopped or moved elsewhere and products are then finalized and brought to market in other jurisdictions. This hurts consumers because they have to wait for the new drugs to arrive in Canada and it prevents the manufacturing jobs from being created here in Canada. In the end, it further erodes Canada's competitiveness position vis-a-vis other countries and hurts our brand as an investment destination and a place of innovation excellence.

With a more concerted effort at breaking down the barriers to market for Canadian-developed ideas, LSO members, SMEs in particular will be able to become more competitive like never before, creating jobs and economic growth in the process.

By working together, LSO, the wider life sciences sector and governments across Canada can advance our nation's competitiveness and brand as a leading innovation-driven and knowledge-based economy.

ALIGNMENT WITH GOVERNMENT PRIORITIES

"As part of our plan for jobs and growth, our government has made very substantial investments in science and technology. Such investments are necessary to help sustain a modern, competitive economy. They encourage innovation - new ideas, which lead to new products and services, and ultimately to new, highly skilled, well-paying jobs... In spite of our efforts so far, Canada is not keeping up with other advanced economies on this crucial front... We will also review the government's science and technology organizations, to make them more effective in translating ideas from the lab to the marketplace... The result will be to position Canada to succeed in the knowledge economy of the 21st century. We will be able to build more globally competitive companies. Those companies will create more well-paying jobs and a greater quality of life for all Canadians."

Jim Flaherty, Budget Speech, March 29, 2012

Continuing to strengthen Canada's competitiveness and remove barriers to commercialization will enable LSO members to be a strong, effective, win-win partner to the Government of Canada by helping it to advance current and future government priorities, including:

Balancing the federal budget to ensure fiscal sustainability and economic growth.

Canada's life sciences sector includes many companies that are present across Canada and who invest billions of dollars in research and development each year to fuel Canada's knowledge-based economy, contributing billions more to the Canadian economy.

Increasing the competitiveness of Canadian businesses through research, development, innovation and commercialization.

Boosting Canada's ability to bring ideas to market is highly dependent on the conditions innovators face in the jurisdictions where they create. An effective intellectual property regime and rules for their enforcement will help Canada maintain and enhance its leadership in innovation-driven sectors such as life sciences. Keeping pace with emerging international standards is critical in a fiercely competitive global economy.

Maximizing the number and types of jobs for Canadians.

The life sciences sector sustains more than 75,000 high-paying jobs in Ontario alone and many more across Canada. According to the Government of Canada, one in ten Canadian jobs are linked to foreign investment. Strengthening Canada's competitiveness will boost this job-creating investment and help bring new ideas to market will create even more new jobs for Canadians in innovation-driven sectors and in manufacturing.

CONCLUSION

An excellent opportunity exists to entrench Canada as an investment destination of choice and centre of innovation excellence. LSO stands ready to partner with the Government of Canada to advance shared objectives and core economic priorities.

This partnership will be best served by working together to identify and remove unnecessary barriers that prevent getting Canadian-created ideas brought to market and made-in-Canada.

Ensuring such considerations at the front-end of the public policy development process will go a long way to helping secure Canada's long-term success in a fiercely competitive, technology- and innovation-driven global economy.

Ultimately, this will benefit Canadians who rely on our life-saving and life-enhancing products every day.

As Canada continues to pursue a robust trade agenda, maximizing the benefits to our workers and businesses is directly linked to ensuring a level playing field across all issues that deal with the 21st century face of trade, including effective intellectual property rights and access to a diverse pool of risk

capital, in order to encourage rather than stifle our ability to bring the ideas of creators and innovators to life in the marketplace.

A vibrant life sciences sector, supported by the federal government is key to the long-term prosperity of Canadian workers and families and will help create the conditions that will ensure the made-in-Canada medical breakthroughs of the 20th century are bigger and better in the 21st century.