



Making Medicines Affordable

Myths and Realities

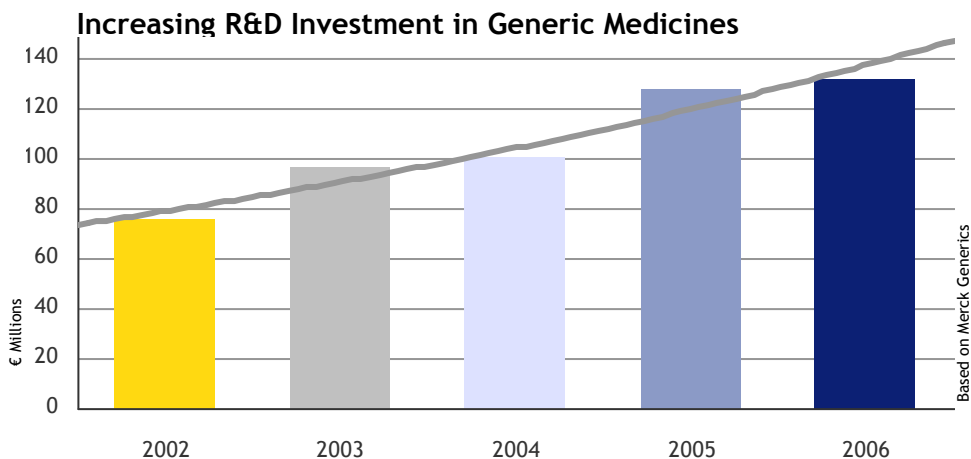
of the pharmaceutical industry

Myth

Generic Companies do not spend resources on research & development.

& Reality

Generics companies invest an average 6% to 16% of annual revenue into R&D – and up to 30% in some cases.



The generics medicines industry has a clear record of increasing R&D investment in affordable added-value generic medicines.

■ **“The Merck Generics** division invested heavily in research and development in 2005, with R&D expenses increasing by 27 % to € 128 million. Here we are strengthening our focus on the development of innovative dosage forms and drug-delivery systems that offer added value for patients...”

Merck Annual Report 2005

■ **“PLIVA** has over seven decades of R&D experience led by scientists with extraordinary talent and professionalism. With former researchers including Nobel Prize winning Vladimir Prelog, PLIVA’s R&D has been home to numerous up-and-coming, as well as established scientists.”

Pлива Website, R&D Development

■ **“Teva** is a good example of a generic firm that has pursued an R&D strategy in tandem with its generics business...”

Business Insight Report on “Growth Strategies in Generics”, 2004

Generic Medicines and Innovation

The generic medicines industry contributes to all three recognised forms of pharmaceutical innovation: incremental, stepwise, and breakthrough.

While generics companies principally develop, produce and market affordable, high quality off-patent equivalent medicines, they also invest in improving production processes which results in better products and lower prices. The industry also develops new formulations, methods of delivery, and dosage regimes for well-known medicines.

New Chemical Entities that have been developed by the European generic medicines industry are:

- Azytromycin (antibiotic)
- Glatiramer Acetate (multiple sclerosis)
- Rasagiline - (Parkinson's disease)
- Deferiprone - (thalassaemia major)

The Three Types of Pharmaceutical Innovation

- **Incremental Innovation:** new dosage forms and new formulations.
 - **Stepwise Innovation:** different molecules of one chemical family offering some differences in properties, such as indications, side effects, and drug metabolism.
 - **Breakthrough Innovation:** a genuine new approach to a disease, or a New Chemical Entity (NCE).
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Formed in 1993, the EGA is the official representative body of the European generic pharmaceutical industry, which is at the forefront of providing high-quality affordable medicines to millions of Europeans and stimulating competitiveness and innovation in the global pharmaceutical sector.