

A strengthened pharmaceutical R&D investment climate will help address health and economic challenges confronting Europe

Continued research confirms growing economic and societal value of investment in health R&D. This can only be sustained through effective collaboration and appropriate reward mechanisms

Brussels, Belgium, 14 September 2015 – Despite the staggering rise in healthcare spending in Europe in recent decades, funding for health R&D in Europe continues to stagnate, according to research published by Deloitte and commissioned by Janssen.

A new [study](#), **Investing in European health R&D | A pathway to sustained innovation and stronger economies**, explores the reasons behind Europe's rising healthcare costs and the corresponding stagnation in R&D investment despite decades of strong growth.

The report highlights a number of important findings:

- Healthcare expenditure is estimated to rise from 13% - 18% of Europe's GDP by 2030.
- European R&D healthcare spend represents little more than half of that in the US.
- The private sector in Europe accounts for two-thirds of R&D investment, with one-third coming from national or EU public funds.
- While national public health R&D in the EU has risen significantly in the last decade, the pace of growth has slowed since 2009 and stagnated in 2012. Between 2010 and 2012 of all major European economies only Denmark presented growth (17%).

"This report should serve as a wake-up call to governments and industry alike," said Beatrice Tardieu, Senior Director at Janssen's Health Policy Center. *"The implications of inaction are clear and require a determined and collaborative approach toward improving and prioritising R&D funding strategies."*

The report argues that increased investment in R&D has a fundamental role to play in improved patient care and economic growth in Europe. Such investments also play a fundamental role in responding to the rise in healthcare spending by potentially reducing the burden on already-strained infrastructure such as hospitals.

Transforming Europe's economy into one that is increasingly knowledge-based is also one of the priorities set by the European Commission for 2020. As such, the healthcare industry has a crucial role to play for the future of Europe's economy.

Some progress has been made in recent years to address these challenges, including the adoption of an EU Regulation on clinical trials, an increase in the number of mergers, licensing agreements and biotech acquisition by large biopharmaceutical companies. This has shed light on other aspects which could positively impact health-R&D, far and foremost the need to foster **more innovative collaborations** among the stakeholders in healthcare.



For instance, the creation of data-sharing platforms to leverage the large quantities of medical data generated across European healthcare related institutions can help streamline the research that is conducted within academia, governmental organisations, and pharmaceutical/medical devices companies. Although such initiatives have started and are currently being funded (e.g. via the EU framework program), awareness of the R&D potential of having such interoperable data systems needs to be increased across the healthcare community.

Despite recent progress, however, regulatory hurdles in the private sector are serving to reinforce the R&D investment squeeze. An urgent reassessment of Europe's approach to health R&D investment is therefore required to continue to support further innovation to improve human life. *"Governments need to **transparently reward** new technologies through appropriate reimbursement systems which provide for fast and broad market access in line with the European approval process,"* added Dr. Omer Saka, lead author of the report and Partner in Deloitte Financial Advisory, leading the Life Sciences & Healthcare Practice in Deloitte Belgium.

About Janssen Health Policy Centre

The Janssen Health Policy Centre exists to increase collaboration with public and private healthcare partners to challenge perspectives and work together to address the most serious health issues facing society. By fostering close partnerships and alliances with other industry players, the academic world and public health organisations, our Janssen experts explore ways to collaborate more broadly and efficiently to secure better patient outcomes. For more information, please see: <http://janssen-emea.com/health-policy-centre>

About Janssen

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Contact details

Béatrice TARDIEU

EMEA Communication & Public Affairs

Janssen Health Policy Center

Email: btardieu@its.jnj.com

Phone : +33681449600

