

**Enhancing
the Pharmaceutical
Industry's
Presence in Puerto Rico**

January 2005

INTRODUCTION

The Pharmaceutical Industry Association of Puerto Rico (PIA-PR) has prepared this position paper to respectfully convey our perspective and recommendations on ways to attract major pharmaceutical companies and pharmaceutical industry suppliers to the island, and maintain those that are presently operating here. We believe this matter has an important impact on the economic development of Puerto Rico.

The pharmaceutical industry is represented in Puerto Rico by two components, a manufacturing and a commercial sector. One is responsible for the production of pure, effective and safe pharmaceutical products; the other, is concerned with health and commercial issues. With this position paper, PIA-PR presents the major areas of concern and interest of both these sectors of the pharmaceutical industry.

At PIA-PR, we are fully aware that the economic challenges confronted by modern societies - of which Puerto Rico is no exception - are of such complexity and magnitude that they require the concerted effort of public and private groups to overcome. We are, therefore, committed to participating actively in those initiatives that promote the economic development of Puerto Rico as well as the health and quality of life of its residents. This position paper is respectfully presented in the hope that it will serve you to meet the pharmaceutical industry's primary needs for governmental services on the island, and that it will also serve the pharmaceutical industry as it attempts to carry out its role as a global health services provider.

IMPORTANCE OF THE PHARMACEUTICAL INDUSTRY TO PUERTO RICO

For a number of reasons, it is important for Puerto Rico to retain the pharmaceutical industry and promote its growth.

Traditionally, the pharmaceutical Industry in Puerto Rico has served well all its stakeholders; the patients, the employees, the community, the government and its stockholders. It is committed to continuing this tradition of service. It is deeply involved in Puerto Rico's community affairs in a variety of ways supporting many community improvement programs; specially, in the field of education, where the industry has a significant and fundamental interest in the development of well-trained and highly skilled operators, technicians and scientists.

The pharmaceutical industry is also an important contributor to the economy of Puerto Rico, demonstrating steady growth since it began operations on the island. It accounts for 26% of the Gross Domestic Product (GDP) and 67% of all exports. Even today - in the midst of a worldwide, challenging economic scenario - it continues to support the growth of the island's middleclass, generating over 30,000 direct and more than 90,000 indirect jobs. Pharmaceutical industry employees enjoy salaries that are among the highest paid on the island: When compared to all other island industries, pharmaceutical industry jobs are, on average, 27% higher for both, exempt and nonexempt employees.

In addition, the pharmaceutical industry's considerable purchasing power attracts a wide range of local suppliers, companies that provide many industry required goods and services.

The pharmaceutical industry has shown steady growth, building and expanding facilities across the island and paying more in a variety of local taxes than any other corporate sector. Its commitment to Puerto Rico's economic development is also demonstrated by its recent, significant high-tech and biotech

investments on the island. It has chosen to remain on the island when other industries have gone elsewhere and has demonstrated the wisdom of keeping jobs in Puerto Rico, and therefore in the USA.

The pharmaceutical industry contributes regularly to community efforts on behalf of the needy on the island: The Pharmaceutical industry in Puerto Rico accounts for over 50% of the corporate funding for The Puerto Rico Community Foundation and 55% for The United Way. (In 2003, Puerto Rico pharmaceutical industry employees in both the commercial and manufacturing sectors also accounted for 32% of the total island-wide employee donations to The United Way.)

The pharmaceutical industry is very environmentally conscientious and has an excellent environmental protection record in Puerto Rico. It has consistently responded quickly and effectively, in conjunction with governmental authorities, to even the slightest environmental situation. And, its many environmental protection projects have done much to create awareness, along with other island industries and residents, for the importance of protecting the island's environmental integrity.

Of the pharmaceutical industry's top 20 products worldwide, 16 are manufactured in Puerto Rico. These 16 blockbuster products are Lipitor, Prilosec, Zocor, Celebrex, Zoloft, Paxil, Vioxx, Prozac, Claritin, Zyprexa, Norvasc, Glucophage, Neurontin, Premarin Tabs, Hydrocortone Apap and Risperdal.

However, we know from experience within both, the pharmaceutical industry and others, that past success is not necessarily an indicator of future success. To manage the challenges of doing business on the island, the pharmaceutical industry requires the commitment and support of the commonwealth agencies, and of its residents to rally and collaborate to achieve our common goals for Puerto Rico.

THE NATURE OF THE PHARMACEUTICAL INDUSTRY

In order to develop a strategy to retain and expand the pharmaceutical industry, it is necessary to understand its nature and its current state around the world.

Brand-name pharmaceutical industry growth depends on the discovery and successful development of new products. Due to the high rate of failure of new compounds, this ongoing endeavor is very expensive. It is estimated that the average cost of bringing a new product to market is \$800 million. In 2003, the Pharmaceutical Research and Manufacturing Association's (PhRMA) member companies - parent companies of the PIA-PR member companies - invested an estimated \$33.2 billion in research to develop new treatments for diseases. This represents an estimated 17.7% of domestic sales spend on R&D, a higher R&D to sales ratio than any other U.S. industry. At this level of investment, PhRMA member companies spend more on R&D than the National Institutes of Health and the international pharmaceutical industry.

This rate of investment is difficult to sustain given the present business environment characterized by increasing drug development costs and dependence on a few successful products.

To sustain this rate of investment, pharmaceutical companies have been involved in a process of mergers and consolidations. This process leads to the rationalization of manufacturing operations. As a consequence, the industry has needed to close manufacturing plants all over the world. It is not unusual to see a merged company close a manufacturing facility previously operated worldwide by the predecessor company. Puerto Rico has been affected by this trend; some island plants have shut down and their production has gone elsewhere. In some cases, however, Puerto Rico plants have survived by absorbing the manufacturing capacity eliminated elsewhere.

In light of this process, it is important to understand what is happening in countries that compete directly with Puerto Rico for pharmaceutical industry

investments. Industry will go where it can maximize its profits by taking advantage of cost factors that impact operating profit margins; incentives that offset those costs; advantageous access to markets; reduced taxes on profits; etc. These benefits are important determinants to an industry presence.

PUERTO RICO'S COMPETITIVE ENVIRONMENT

The loss of Section 936 has adversely affected Puerto Rico's privileged position as a global competitor. Today, global competition for pharmaceutical operations continues to be intense. Therefore, to remain competitive, Puerto Rico needs to continuously monitor its competitive environment in order to identify evolving incentives beyond those now offered. A review of two competitors that are offering attractive incentives for pharmaceutical industry investment - Ireland and Singapore - can help Puerto Rico identify areas for improvement and a strategy for implementing a functional, up-to-date course of action that will attract industry to its shores.

In Ireland, the government offers financial support for start-up facilities. Investors receive the red-carpet treatment, including the assignment of dedicated executives empowered to coordinate investor activities and cut through the red tape to expedite permits, paperwork, and all such matters. Investors planning to locate in Ireland sense the promotional culture: Government representatives at all levels make every effort to win over their business.

Ireland offers excellent infrastructure; with extremely reliable power and telephone services. In addition, it will act proactively to meet special needs; such as, setting up a utilities company to meet an extraordinary power need. Furthermore, Ireland does not insist on a specific employment count as a condition for granting incentives. The country is primarily interested in the economic activity generated by the investor, recognizing that the industry's indirect impact is far more important than the number of direct jobs it creates. For a pharmaceutical investor, Ireland offers the added advantage of being easily accessible to the European Community, which today rivals the US as the world's most important market.

Singapore's approach to attracting pharmaceutical investment is more aggressive than Ireland's. Singapore assigns liaison personnel to the industry to facilitate all negotiations and processes. The government issues a single, integrated, pollution-control permit that greatly simplifies the permits process. Its rules regarding environmental matters are clear. Its work force is highly educated. It will even devise a tailor-made, financing and tax incentives package for a given company to facilitate developing the knowledge needs of its workforce on a related technical competency. In addition, government financing is available and the country's infrastructure is excellent.

Furthermore, both Ireland and Singapore aggressively promote the renewal of workforce education and specific high-tech skills, maintaining up-to-date databanks of manpower inventories by competencies.

While Puerto Rico's tax incentives are highly advanced, flexible, and competitive, to assure its future competitiveness it needs to create a promotional culture and an agency sense of urgency; develop a clear and precise permitting process; strengthen its infrastructure readiness and start-up financing capabilities; and, set up a process to match the specific needs of the pharmaceutical industry with a technically knowledgeable and skilled workforce.

In addition, we call attention to the concept of missed opportunities: Although the pharmaceutical industry has invested significantly in Puerto Rico during the last few years, it has also invested several billion dollars in Ireland and Singapore during that time. And, it can be expected to continue to invest substantially in them during the next five years because of the excellent climate for industry investment generated and promoted by these two island nations that will continue to compete with Puerto Rico.

Furthermore, we can anticipate that India and China will be among Puerto Rico's next generation of competitors. This emerging competitive environment requires ongoing monitoring.

ATTRACTING AND RETAINING THE PHARMACEUTICAL INDUSTRY IN PUERTO RICO

As previously stated, the pharmaceutical industry's growth, by its very nature, depends on new product development. The survival of manufacturing plants is bound to the transfer of new products as they are developed. New facilities are generally built to accommodate expansion and new-product requirements, and are set up where a company already has a facility. A pharmaceutical company that has outgrown a facility will expand it where it's at. And a company that is already operating on the island is more likely to choose to bring a new product line to Puerto Rico than one that has never done business here; that is, if its past business expectations have been met or exceeded on the island.

The decision to transfer a new product to a particular plant is typically made two to five years in advance of the product's commercial launch. Thus, the future of pharmaceutical manufacturing plants in Puerto Rico two to five years from now is being decided as we write this report.

To determine how fit a plant site is for a new-product transfer, pharmaceutical corporations consider the following elements:

1. Market Considerations: reliable pre-launch activities schedule; to assure timely product manufacturing and release to market
2. Tax and Financial Considerations: available tax benefits and/or opportunities to reduce tax impact
3. Investments Requirements: need to create or expand capacity; adequate facilities
4. Available Human Resources: skilled technical and managerial resources.
5. Cost of Manufacturing: lower operating costs leading to competitive product cost

6. Permits Requirements: expeditious granting of construction and environmental permits
7. Dependable Infrastructure: adequate and reliable sources of power, water, waste treatment, transit, etc.
8. Dependable and Collaborative Local Government Partnership: an obligatory consideration given the present worldwide concern with terrorist activity; assuring a maximum degree of product, facilities and, above all, employee safety and security - while facilitating startup, growth and long-term commitments
9. Familiar Regulatory Conditions: use of established, broadly-based regulatory and financial standards

Puerto Rico's attraction for the pharmaceutical industry is determined by the industry's assessment of the added value of setting up or maintaining operations on the island in comparison to moving or remaining elsewhere.

THE PHARMACEUTICAL INDUSTRY'S COMMERCIAL SECTOR

– Sales, Marketing and Distribution

With combined Puerto Rico sales in excess of \$1 billion and more than 1,200 direct jobs on the island, the commercial sector of the pharmaceutical industry in Puerto Rico is a catalyst for economic growth and a critical component of Puerto Rico's economic base. This commercial sector of the industry is a vibrant, critically important component of the island's economy. Not only is it an important arm of the pharmaceutical industry's Manufacturing Operations sector - in itself a most important economic contributor on the island - it also represents an increasingly important source of highly paid, professional and technical jobs, and is a critical source of tax revenues for the government.

To assure the continued success of the commercial sector of the pharmaceutical industry, the commonwealth government needs to uphold certain fundamental public and social perspectives that affect this sector and require special effort. A closer look at these critical areas, of interest and concern to the pharmaceutical industry's commercial sector, will highlight a number of measures that can be implemented by the government, in collaboration with the pharmaceutical industry in Puerto Rico, to strengthen this important sector of the island's economy.

The pharmaceutical industry's commercial sector has played an integral role in ensuring the success of Puerto Rico's health objectives, including the Healthcare Reform. It promotes and contributes to the wealth of information and the ongoing, long-term educational preparation of our country's medical class. It considers its primary mission to assure that pharmaceutical drugs are available to those that need them. (Indeed, because it recognizes the social and human value of the products it markets, the entire pharmaceutical industry endeavors to assure that products are available and accessible to all; a commitment required of, and evidenced by, no other industry in the world). This sector is also the central force behind the continued development of a local

pharmaceutical Research and Development (R&D) industry; a future economic arena where Puerto Rico must assure the island's full and successful participation. A future collaborative relationship with the government of Puerto Rico will do much to increase the opportunities of the pharmaceutical industry's commercial sector to enhance and further the island's economic objectives and contribute to the well being and quality of life of its residents. There are a number of critical areas where this collaborative relationship can be strengthened.

Actions that serve as barriers to trade with other states, including local price control measures, local special labeling requirements that attempt to go beyond those already imposed by the US Food and Drug Administration (FDA), and other similar measures are not a solution to the healthcare concerns of any government, including the government of the commonwealth of Puerto Rico. It is a fundamental belief of the members of the Pharmaceutical Industry Association of Puerto Rico that much more can be achieved through a government–industry partnership that effectively leverages their joint capabilities to assure that the indigent population has proper access to the medicines they need.

Quality medicines can help avert costly health measures and add value to the course of treatment. Access to new and better medicines not only improves the treatment of disease, it can even mean no hospital stay, no surgery and increased productivity for patients and healthcare systems alike. In health care in particular, the best way to assure access to needed treatment and medicines and to control costs is through a competitive, fair and open market strategy. Countries that regulate pharmaceutical prices often delay or restrict access to new products. This has been demonstrated in Europe, where a recent study has shown that price controls cost European economies billions more than they save: They decrease medical innovation - transferring jobs, research, infrastructure, investment and technology from Europe to the US - and deny patients access to needed, cutting-edge medicines while increasing disease

morbidity and mortality rates. Delay in patient access to new drugs in Europe is linked to a widening, negative disparity in health outcomes, compared to the US.

In Puerto Rico, price controls are having the perverse effect of creating potential shortages for the very patients they were intended to help; a situation, congruent with what has happened in Canada, that may allow medicines from other countries as well as unapproved drugs - including drugs offered over the internet or from untrained storefront operators - to reach the island. These medicines promise equivalence to FDA-approved drugs but cannot be effectively regulated or guaranteed to be safe under current law by the US or other nations. In fact, under both, the Clinton and Bush administrations, the Secretaries of Health and Human Services and FDA Commissioners have found that there is no way to assure the safety, to patients, of such imports. They have, therefore, declined to allow US market access to them. In addition, price controls reduce the incentives for research and the development of breakthrough medicines – the medicines that will, someday, treat or prevent diseases for which there is no effective treatment today.

The pharmaceutical industry and its commercial sector believe in strengthening the Medicare program to include a drug benefit for our nation's seniors and persons with disabilities. The inclusion of Puerto Rico within such a program will provide island beneficiaries the security of knowing they will have help in paying for medicines should they become ill, and will receive the real savings that come from drug price competition in the pharmaceutical marketplace - not government price controls. We applaud recent government efforts to procure full benefits for island residents from the Federal Medicare Drug Benefit legislation while embracing the principles of beneficiary choice and competition among private sector plans that are contained within that legislation. In addition, the government can assure that healthcare reform efforts on the island

- a. balance effective drug therapy and patient benefits with the overall cost of all healthcare-related services and products,
- b. provide open and free access to medications,
- c. incorporate patient education and disease management programs,
- d. support the right of physicians to freely prescribe the specific treatment they deem most appropriate for their patients,
- e. maintain an open-market system that provides and promotes free and robust competition, and
- f. promote the use of generic drugs while safeguarding intellectual property rights and promoting innovation.

At PIA-PR we believe these measures will champion the rights of patients, to whom the pharmaceutical industry is most committed, while promoting the competitive environment needed to support the continued presence of the pharmaceutical industry on the island.

In addition to its contributions to the economic development of the island, the commercial sector of the pharmaceutical industry is also concerned with the issues that directly impact the health and well being of Puerto Rico residents: It has consistently supported efforts that serve to promote access to medicines for those who need them, actively participated in the Medicare Prescription Drug Program and played a leading role in assuring the enhancement of the local Healthcare Reform. It engages in laudable product donation efforts. It has proactively shared responsibility with the government to provide additional patient healthcare benefits by establishing and implementing patient assistance and drug discount programs. And, it is also a leading resource for medical education; a value-adding activity that cannot be underrated inasmuch as it results in the application of world-class, up-to-date medical knowledge that benefits patients.

PHARMACEUTICAL INDUSTRY INNOVATION IN PUERTO RICO

Puerto Rico has gained world recognition as the leading center for pharmaceutical product manufacturing. Nevertheless, there is ample opportunity to enhance our future economic capacity and outlook by promoting the growth of a research and development (R&D) segment of the industry. There is in Puerto Rico a robust basic research establishment in our universities and medical centers, including a new molecular sciences complex planned for the University of Puerto Rico's Río Piedras campus. In addition, the government - with support from the pharmaceutical industry - approved legislation to provide incentives for research efforts implemented by the pharmaceutical, and other, industries on the island. This initiative, together with the evident interest of the scientific community on the island, should spur additional efforts to develop the required foundation for a world-class, research industry in Puerto Rico. At this time, five of the PIA-PR member companies are actively conducting clinical research efforts on the island. During 2002, more than \$6.5 million dollars were invested by these companies in Puerto Rico to carry out such studies, including investment in infrastructure and capacity building. Additionally, industry estimates suggest that the figure increased to over \$7 million in 2003 and the amounts spent are expected to steadily increase over the next years.

As examples for future pharmaceutical growth and development, Puerto Rico can look to US cities such as San Diego, Atlanta, Wichita, Pittsburgh, and the Raleigh/Durham area of North Carolina, all of whom shared the knowledge that there were big differences among regions - in terms of prosperity - depending upon how they chose to compete: Those regions choosing to compete on the basis of low wages and on the basis of tax breaks or tax incentives were experiencing growth, but not necessarily increases in prosperity or standard of living; whereas, those regions that had the ingredient of innovation had a much better track record creating prosperity and as a result, growth. This awareness led these regions to successfully develop as clusters of innovation: They have

not only been successful in creating the necessary conditions for pharmaceutical investment, they have also been successful in attracting different kinds of industries.

Puerto Rico can also increase the degree of collaboration among three groups: its research universities, the private sector and the government. Regions that have been successful in attracting investment have had well-established models for collaboration that helped build and reinforce relationships among these engines of growth and innovation. Such partnerships are critical if Puerto Rico is to develop into the biotech leader it aspires to become. A key to reaching this goal will be ensuring that workers here have the needed skills to succeed in this high-tech sector. The Center for Excellence in Advanced Technology is one stellar example of such a partnership. This joint effort will create a unique pharmaceutical and biotechnological training center.

RECOMMENDATIONS

If present and future pharmaceutical Industry plants in Puerto Rico are to respond favorably to the criteria mentioned above and compete successfully with other sites for product assignment, they will require expedient and vigorous action by the Puerto Rico government to strengthen present conditions. Among the action items to be implemented, we respectfully suggest that the following 21 PIA-PR recommendations be given priority: (List is in random order of importance.)

1. Strengthen elements of the infrastructure (e.g., waste treatment facilities; reliable, economical power and water supply; product transport, etc.) that facilitate aggressive production and to-market requirements.
2. Improve cost of manufacturing by:
 - a. reducing the cost of certain services
 - b. identifying – with the support of industry specialists – laws that add unnecessary cost to industry operations and no value to the economic development of Puerto Rico and revising or eliminating these as feasible
 - c. facilitating startups
3. Offset high-cost service items - such as, energy, transportation, and environmental controls – with incentives or joint government-industry capital investments.
4. Identify mechanisms to improve the investment funds system to free up companies' cash flow.
5. Implement a vigorous, massive and global promotional campaign to publicize Puerto Rico as a good place to set up pharmaceutical facilities, attract the industry and endorse its presence on the island. Designed and structured in partnership with the pharmaceutical industry, such a campaign will assure a general perception that Puerto Rico supports the

presence of the pharmaceutical industry on the island and recognizes its contribution to the island's economy. It will also assure an industry perception that it is welcomed by the Puerto Rico community.

6. Cut through the red tape: The time spent in obtaining permits can be a determining factor when deciding on a location. It is therefore very important that the leaders of Puerto Rico government agencies devise and implement an effective system to reduce the permits process' cost to industry - in time and money. The pharmaceutical industry works on critical time constraints to bring products to market as soon as possible after approval and thus maximize limited periods of patent protection rights. Systems similar to those which have been successfully set up in other countries (e.g., Ireland and Singapore) can serve as models to assure an industry perception of the Puerto Rico government agencies' sense of urgency and interest in supporting product to-market timetables.
7. To promote Puerto Rico as a location of choice for global-sourcing opportunities, identify and ease regulatory burdens - such as: economic regulations, high compliance costs, extensive and complicated paperwork - that have been recognized as the most onerous burdens companies face when evaluating global-sourcing location options.
8. Elevate the PRIDCO Director's position to the Cabinet level with the necessary standing to
 - a. unite public resources and maximize their use
 - b. carry out essential functions and responsibilities with maximum flexibility and speed
 - c. effectively promote and serve activities that represent a major part of the GDP
 - d. maximize the economic development potential of Puerto Rico

Also, review PRIDCO's internal structure to assure that high-level officials (authorized to make important decisions) are available in a timely manner to meet with investors, and that effectively empowered executives are assigned to new investors to assist in handling all matters involving government negotiations.

9. Develop a promotional culture throughout and at every level of all government agencies. Create a facilitative environment that encourages industry support.
10. To assure future competitiveness, address now the requirements for future biotechnologies: Design, develop and implement an ongoing, strategic-planning process to assure Puerto Rico is prepared to attract currently emerging biotechnologies that will require high-tech production facilities, a highly developed infrastructure and highly skilled human resources; e.g. doctorate and specialized masters' level degrees.
11. Provide industry incentives for industry and academia to develop a collaborative, strategic plan for technical and scientific human resources. Update and strengthen academic curriculums at secondary and higher levels of the educational system to reflect current and future tendencies within our contemporary, knowledge-based economic structure and assure vital, skilled human resources for the industry; i.e., create a doctorate degrees program in Pharmaceutical Research, Industrial Pharmacy and other sciences; assertively promote a professional focus in science and technology.
12. Set up an administrative board - representing the pharmaceutical industry, and central and municipal agencies - to review, interpret and issue decisions on industrial incentives acts (and tax grants issued under such acts) whenever disputes arise on the application of a tax agreement between the industry and central or municipal government agencies.

13. Amend the PR Tax Code to allow before-tax deductions to employees' earnings that can be used to purchase/obtain additional benefits (Cafeteria Plans) through their employers. And, allow pre-tax deductions to these cafeteria plans. The market conditions that led to the adaptation of Section 125 of the US Tax Code and the introduction of flex benefits are now prevalent in Puerto Rico. The diversity of the work force, the increasing healthcare costs and the need to increase employees' awareness of their benefits plan's value are all issues employers in Puerto Rico are dealing with on a daily basis. In addition, the market place is demanding solutions to an ever-growing situation regarding childcare and transportation needs. Such amendments would support pharmaceutical industry efforts to address these concerns.
14. Upgrade the skills of the commonwealth agencies' workforce along with authority. The Pharmaceutical Industry will pay for-use charges for competent services.
15. To provide faster and more efficient service, upgrade the knowledge and experience base of government agency board members' as concerns their clients' service needs.
16. Design new startup financial incentives where the initial cash-flow constraints of the investor are addressed. This incentive, offered in coordination with the banking industry, could contribute significantly to economic activity in Puerto Rico.
17. Do less crisis management and more process management. To identify and respond to specific industry needs (such as, infrastructure), assure that all pertinent agencies pull in the same direction and maintain open communication with the pharmaceutical industry.
18. To enhance the health and well-being of Puerto Rico residents and their quality of life, while strengthening the pharmaceutical industry's

commercial sector and enhancing its growth on the island, the government of the commonwealth of Puerto Rico can generate and implement policies that:

- a. Promote value-adding industry-government partnerships with the pharmaceutical industry's commercial sector to develop & implement programs aimed at increasing access to medicines, preventing and managing disease, etc.
 - b. Promote the pharmaceutical industry's innovative R&D projects on the island
 - c. Promote clinical trials sponsored by the industry on the island
 - d. Promote the establishment of market conditions where competition abounds
 - e. Assure that prescription product's consumption is determined by the product's demonstrated value in health improvement as determined by each patient's physician of choice
 - f. Eliminate artificial barriers to trade
 - g. Promote a competitive business environment, and
 - h. Result in an increased industry investment in Puerto Rico
19. The government of Puerto Rico can continue to advance a strengthened Medicare prescription drug benefit program for Puerto Rico residents consistent with the principles and objectives of the Federal program, embracing the principles of beneficiary choice and competition among private sector plans.
20. To assure the most advanced patient care, the commonwealth government can partner with the pharmaceutical industry's commercial sector in its comprehensive efforts to promote access to drugs for those who need them, and implement strategies to assure that Puerto Rico is actively involved in the investigation, development and commercialization of safe and effective prescription drugs.

21. To enhance Puerto Rico's economy, the government can promote pharmaceutical industry Research and Development (R&D) projects and collaborate with the industry and the interested island universities in future innovative joint ventures.

Closure

The industrial base created in Puerto Rico over the last 3 decades - and the well-trained, highly-productive technical, scientific, managerial and operational workforce that has developed within the pharmaceutical industry - are significant assets for Puerto Rico as it competes to retain the pharmaceutical industry on the island and attract new investments. Although these are important factors for retaining the industry, they are not, however, the only ones. And by themselves, they will not attract new investments. Given the present global competition, other things must be strengthened to enhance the island's ability to attract pharmaceutical industry.

The recommendations in this position paper are intended as constructive analysis. They are meant to realistically reflect our current situation as experienced by members of the pharmaceutical industry in Puerto Rico. They are offered in the spirit of contributing to bring Puerto Rico's policies and practices up to date, and to revise them as needed in tune with today's - and future - realities. With their implementation, Puerto Rico will be appropriately positioned to further attract and retain the pharmaceutical industry on the island.

The Pharmaceutical Industry Association of Puerto Rico is committed to collaborate and seek solutions in partnership with the government. As industry-government communications are strengthened further, we hope to see Puerto Rico retain its present industrial activity and become an attractive site for new pharmaceutical industry investment - worthy of a place among the world's very best.