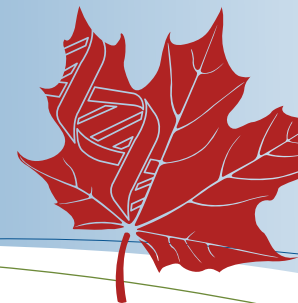


BUILDING ON MOMENTUM

Canada's Path to Global Biotechnology Leadership



Canada currently stands at a critical juncture. Global economic instability, rising trade tensions, and unpredictable geopolitical shifts are challenging traditional pillars of economic growth. In this climate, one sector has stood out for its strength, resilience, and historic levels of success: Canada's life sciences industry.

Driven by landmark public and private investments, the sector has entered a new era of growth and global relevance. Initiatives such as the Biomanufacturing and Life Sciences Strategy (BMLSS), the Strategic Innovation Fund (SIF), the Venture Capital Catalyst Initiative (VCCI), and Health Emergency Response Canada (HERC) have helped catalyze unprecedented momentum.

The Canadian life sciences sector in recent years has secured more than **\$30 billion** in investment—evidence of both confidence and capacity. Additionally, the sector has outperformed other innovative technology based economic drivers, with record levels of return on investment performance. Homegrown companies are securing major international partnerships, expanding manufacturing operations, and commercializing breakthrough innovations. Canadian life science expertise is being sought after globally—for its research excellence, skilled talent, and biomanufacturing capabilities.

This progress is not only an industry milestone—it is a national asset.

A globally competitive life sciences sector strengthens Canada's economic resilience, enhances domestic health security, and ensures access to critical medicines and technologies. It drives high-value job

creation across the country, fosters innovation across sectors, and positions Canada as a destination for global investment and talent.

To position Canada as a global leader in biotechnology innovation, we must focus on building a world-class healthcare ecosystem—one that not only fosters scientific excellence but also attracts international business, strategic partnerships, and investment.

In a time of uncertainty, life sciences offer a strategic advantage—one that delivers both immediate and long-term value to Canadians.

The recently elected federal government has recognized the urgent need to attract investment into Canada's life sciences sector by advancing a suite of policies—such as enhancements to SR&ED, flow-through shares, the Canada Patent Box, and gaps in access to adequate levels of venture capital with a \$1 billion recapitalization of Venture Capital Catalyst Incentive (VCCI)—that directly respond to the sector's call for a more competitive, investor-ready policy environment. These measures signal a clear commitment to creating the conditions required to scale innovation, retain IP, and position Canada as a global destination for biotech investment.

Canada is in the midst of a historic era of life sciences achievement. Visionary investments and bold policy have laid the groundwork for a globally competitive sector. Now, with international peers accelerating their own biotech strategies, Canada faces a pivotal opportunity—not just to protect its gains, but to lead. By acting decisively, Canada can solidify its position as a global life sciences leader, driving innovation, investment, and health outcomes on the world stage.

Act Competitively and Showcase Ambition

Canadian life sciences can achieve global leadership in scale, opportunity, and visibility on the world stage. The sector is primed for the challenge of global leadership. But momentum alone is not enough. To translate this activity into long-term competitive advantage, Canada must act with urgency and ambition. The decisions made now will determine whether this era of success becomes a foundation for global leadership—or a missed opportunity.

This is a defining moment. With sustained federal leadership and private sector contributions—in regulation, investment, and policy—Canada can turn today's success into long-term global advantage.

Policy in Action to Drive Investment, Innovation, and Health Security

Competitive Investment Climate: Unlock Capital for Canadian Biotech

The combination of federal government programs and private sector investment have generated unprecedented returns for Canadians emanating from the life sciences sector, while establishing life sciences as a preeminent and highly valued asset in Canada. To truly capitalize on these milestones, Canada must continue to allow the sector to thrive and compete for investment. Long-standing challenges in accessing capital have been the preeminent barrier to growth throughout the life sciences sector for decades.



Given global events, Canada must position its economic assets strategically. The government must make clear fiscal commitments that signal Canada's intent to compete globally and prioritize its life sciences sector.

Recommendations:



- Commit to a **\$350M Life Sciences Venture Capital Catalyst Initiative (LS-VCCI)** to unlock \$1B in total investment, matched 2:1 with private capital.
- Engage pension funds and institutional investors to **establish pathways into Canadian biotech** to capitalize on returns for Canadians.
- Expand **non-dilutive funding**, particularly through HERC and IRAP, to support early-stage growth, commercialization, and scale-up.

Value for Canadians:



- Strengthens domestic capital markets for life sciences.
- Increases scale-up success rate of early-stage Canadian biotech companies.
- Creates new highly skilled jobs in Canada.
- Anchors Canadian IP and talent domestically.
- Reduces dependence on foreign capital and enhances national health and economic sovereignty.

Tax Policy: Sharpen Tools to Support Innovation and Growth

Other countries with strong life sciences sectors are outcompeting Canada on tax policy. Programs like SR&ED have fallen behind, while European and Australian governments for example are effectively using tax incentives to attract capital and support growth in their jurisdictions.



Recommendations:

- **Eliminate proposed capital gains tax increases** to avoid penalizing high-risk innovation ventures.
- Expand **SR&ED** eligibility and implement a **Patent Box** to reward Canadian R&D and commercialization.



Value for Canadians:

- Encourages talent recruitment and retention in early-stage companies.
- Increases re-investment of capital gains into domestic innovation.
- Enhances Canada's appeal to founders and investors.
- Keeps IP generation and commercialization rooted in Canada.

Health Security: Strengthen Vaccine Access and Preparedness



Recommendation:

Establish a **dedicated annual federal vaccine budget** to ensure Canadians benefit from the full spectrum of vaccine innovation—supporting both public health resilience and sector sustainability.



Value for Canadians:

- Improves vaccination coverage and public health outcomes across jurisdictions.
- Ensures rapid deployment capability for future health emergencies.
- Stimulates sustained private-sector investment in vaccine R&D and production.
- Supports job growth in advanced biomanufacturing and public health delivery.

Regulatory Modernization: Make Canada a Best-in-Class Global Regulator

An effective regulatory environment, delivering an efficient, transparent regulatory process to ensure safety ultimately supports the introduction, acceleration, and adoption of biotech innovation. The speed at which our governments responded to the COVID-19 pandemic, whether to create and launch relief programs, simplify and shorten procurement processes or expedite clinical trials, shows we can and must aim higher.



A high performing world class regulatory system that is predictable, efficient, consistent and transparent, avoiding barriers to business investment is key to cementing Canadian's access to biotechnology innovation.



Recommendation:

Health Canada operations need to deliver timely, consistent performance and fulfill its ambition to become a world-leading regulator—capable of enabling vaccines and next-generation therapies including gene editing, mRNA, cell therapies, AI-powered diagnostics, and radiopharmaceuticals.



Anticipated Impact:

- Attracts global clinical trials and R&D operations.
- Reduces time to market for new therapies, improving patient access.
- Signals to international commercial investors that Canada is innovation-ready.
- Accelerates commercialization of homegrown biotech innovation.

To fully realize the promise of Canada's life sciences sector, longstanding challenges in regulatory performance must be addressed—particularly the delays Canadian patients face in accessing the next generation of breakthrough medicines. While innovation moves rapidly, the current pace of regulatory review risks leaving Canadians behind and diminishing the country's appeal as a launch market.

Improving the timeliness, clarity, and predictability of regulatory pathways is essential not only to deliver better health outcomes at home, but also to position Canada as a science-based, globally trusted regulatory regime. A modernized approach will signal to international partners that Canada is a jurisdiction worth aligning with—one that enables innovation, supports efficient market entry, and fosters investment in the full life cycle of therapeutic development.



Recommendation:

Align efforts through the entire product approval and assessment process including Health Canada, Canadian Drug Agency and pCPA to address new and ongoing performance related delays and aim to ensure timely access to new medicines for Canadian patients.



Anticipated Impact:

- Canadians will receive timely access to the latest, most effective medicines, improving health outcomes and quality of life.
- A more timely system of decision means quicker decisions, better coordination, and more responsive healthcare.
- Stronger, science-based decision making ensures treatment are supported by best available evidence, aligning with global standards.
- A transparent, reliable process strengthens public trust in Canada's ability to deliver high-quality, equitable care when it matters most.

This is a defining moment. With sustained federal leadership and private sector contributions—in regulation, investment, and policy—Canada can turn today's success into long-term global advantage.



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