R&D investment by America’s innovative biopharmaceutical companies reached record levels in 2016, according to the latest PhRMA annual member survey.

- PhRMA member companies invested $65.5 billion in research and development (R&D) in 2016.  
- PhRMA member R&D spending represents the vast majority of total biopharmaceutical industry R&D spending in the U.S., which the latest data from the National Science Foundation put at about $75 billion.  
- The U.S. pharmaceutical sector accounts for the single largest share of all U.S. business R&D, representing about 17% of all domestic R&D funded by U.S. businesses in 2014.  

R&D intensity (R&D as a percentage of sales) has remained consistently high in recent decades, averaging around 20% of domestic sales since the 1990s.

- In 2016, R&D expenditures totaled 24.0% of domestic sales, and 20.4% of total sales.  
- As the Congressional Budget Office (CBO) has stated, “The pharmaceutical industry is one of the most research-intensive industries in the United States. Pharmaceutical firms invest as much as five times more in research and development, relative to their sales, than the average U.S. manufacturing firm.”  
- A 2015 Brookings Institution study on advanced industries confirmed the biopharmaceutical industry has the highest R&D-intensity in the U.S. economy.  

The sustained high level of R&D investment over time has contributed to critical medical advances being approved for U.S. patients, and the pipeline is robust.

- Since 2000 the FDA has approved nearly 600 new medicines, including entirely new approaches to treat cancer, neurological conditions, and many rare diseases.  
- The pipeline has never been more promising, with about 7,000 medicines in clinical development, three quarters of which are potentially first-in-class medicines, meaning they represent a possible new pharmacological class for treating a medical condition.  

A predictable policy and regulatory framework is critical to fostering continued biopharmaceutical innovation, as companies make the risky investments required to navigate the long, complex, and costly R&D process. The biopharmaceutical industry is committed to pursuing new scientific opportunities and seeking creative new ways to develop new treatments and cures against our most challenging and costly diseases.
CITATIONS