

The Role of Intellectual Property Rights in Promoting Innovation in the Bio-Pharmaceutical Sector in the Netherlands

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Thank you for joining us today at the U.S. Embassy. I am very pleased that you all have taken the time this morning to participate in an important discussion on the role of intellectual property rights in driving innovation in the Netherlands and Europe more broadly.

As many of you know, the United States and the Netherlands co-chaired this year's Global Entrepreneurship Summit (GES) in June here in The Hague. During the GES, we gathered more than 1,200 entrepreneurs and investors in the sectors of health, energy, water, food and agriculture, and connectivity.

GES provided us with insights into necessary conditions for dynamic innovation. This involves good public-private partnerships, informed government policy to enable entrepreneurial risk-takers, and excellent educational and research institutes. These pre-conditions have made the Netherlands one of the leading innovation ecospheres for innovation.

Indeed, entrepreneurial ideas and creativity came shining through the many presentations and meetings at the GES.

These same ideas are behind the advanced technologies that will drive future economic growth and job creation and shape businesses of the future, whether it is developing innovative medicines and medical treatments, game-changing artificial intelligence technologies, or solutions to environmental threats.

But a great idea can only go so far. To bring a great idea to market requires significant time and resources that encourage and incentivize creators to bring their ideas to life.

This is where intellectual property protections play a critical role. They give tangible value to ideas and empower people to earn a livelihood off their creativity. They fuel economic growth, job creation, and access to creative and innovative output.

Intellectual property protections provide the underpinning for advancement of many critical industries, including the bio-pharmaceutical industry, which brings us life-changing pharmaceutical products. Innovation is not only about smaller and faster electronics, but also about life-changing medications. Pharmaceutical companies are some of the biggest drivers of innovation.

We know that there is a positive correlation between robust IP protection and enforcement and success in attracting foreign direct investment, clinical trials, research and development, and well-paying jobs, all of which contribute to developing a knowledge-based economy.

The Netherlands is already a significant center of bio-pharma activity in Europe. Hundreds of companies are researching new innovative treatments and therapies, which extend lives, create employment, and improve the welfare and health of people everywhere.

At the same time, we know that the cost of research and development for life-changing drugs is significant.

According to the Pharmaceutical Research and Manufacturers of America, the average drug takes a decade and \$2.6 billion to develop, and only two out of ten drugs meet or exceed costs of R&D, with 90 percent of drugs making no profit at all.

To find solutions to the growing cost of health care, we as societies, governments, and companies must carefully consider how to overcome public health challenges, but not in a way that de-links the driving force of intellectual property protection to innovation.

There are many avenues that we should examine, such as efficient yet rigorous regulatory approvals and strengthened overall health care systems, especially as they pertain to supply chains.

We should encourage additional incentives for research, particularly in neglected diseases, and the development and use of generics following expiration of IP protection terms.

There are clearly many more ideas for tackling this difficult issue, but weakening intellectual property rights for innovative companies is not the answer.

In conclusion, allow me to thank you again for coming here to discuss this issue. I wish you an interesting and informative discussion today.