

Professor Munnich,
Director-General Syrota,
Members of the LIR [Les Industries du Médicaments] and of the G5,
Ladies and Gentlemen,

I was pleased to see that recent work by the Harvard professor **Philippe Aghion** showed that greater health means lower mortality rates and, ultimately, an increase in *per capita* GDP. For Dr. Aghion, “**ten extra years of life expectancy adds the one additional percentage point of growth that the President of the Republic is seeking**”. This will give you an idea of the importance we attach to the global pharmaceutical sector, and particularly to neuroscience research.

Facing this unprecedented crisis, we have taken action first to rescue the financial institutions and to ensure continuity in banking circuits. We came also to support the hardest-hit industries and to aid our most vulnerable fellow-citizens. We must prepare now for the **post-crisis phase** and the recovery of global growth. And in this context, I would like to remember you that a report recently published by Ernst & Young stressed out that France is the second destination for foreign investments.

I would like to persuade you that France is an ideal place to invest in R&D. I will take then **the physician's three-stage approach**: (I) Diagnosis: France's position vis-à-vis new healthcare technologies; (II) Action: the French government's measures for encouraging both research and foreign investments; and (III) Proposal: the work currently underway.

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(I) Diagnosis: France's position vis-à-vis new healthcare technologies

French scientific excellence is regularly singled out and rewarded at the highest levels: Françoise Barré-Sinoussi and Luc Montagnier were awarded the Nobel Prize for Medicine in 2008 for their discovery of the AIDS virus, and this year the Abel Prize, often described as the "mathematician's Nobel", was given to the Russian-French mathematician Mikhail Gromov.

In the first half of this year, discussions were held about how best to protect France's manufacturing facilities and the jobs that go with them, specifically in the biotechnology field. There are some **400 biotech firms** in France, which puts it in third place in Europe, behind the UK but **on par with Germany**. The financial crisis hit the biotechnology sector extremely hard, creating an estimated

investment deficit of €300–600m for 2008 (this was chiefly felt on the stock market, but also in terms of venture capital). The French Government has attempted to **relaunch investment in these firms and encourage their growth**. We are also working on an investment fund dedicated to what we consider as a strategic sector. We would like to regain the number one spot in forward-looking sectors such as biotechnology, nanotechnology and neuroscience.

(II) Action: measures taken by the French government

We have implemented an extremely effective structure based on new **partnership and tools** which consists of a/ lower taxes, b/ better private and public networks and c/ greater research.

a/ lower taxes

30 percent is the figure to keep in mind. It means that you get back one third of your entire R&D spending in France in the form of a tax credit. In its **Economic Survey of France 2009**, the OECD considers this to be "one of the most generous incentives anywhere in the OECD". You will hear more about this later this morning from Luc Rousseau, my Director General for Competitiveness, Industry and Services.

b/ better private and public networks

We have initiated a proactive policy of creating clusters. Over the next three years, the Government will be sustaining that policy with a budget of **1.5 billion euros**, to be supplemented by local government spending. And in the coming weeks, we will be issuing a call for projects to establish a new cluster focused on clean tech. I am delighted that this policy has triggered a **European strategy for clusters** [Following the Commission communication entitled *Towards world-class clusters in the European Union: implementing the broad-based innovation strategy*] that was adopted by the Competitiveness Council in December.

c/ Greater research

As I said before, the quality and excellence of France's research system is widely recognized. **The Economic Modernisation Act** provided incentives for research staff from other countries to come work in France by reducing the tax burden on impatriates. **They are no longer liable to tax on expatriation bonuses or foreign-earned income.**

In the area of healthcare, we have instituted a stable and coherent pharmaceutical policy based on the work of **the Health Industries Strategic Advisory Board [Conseil Stratégique des Industries de Santé, CSIS]**. The CSIS was set up to discuss and offer joint solutions to the challenges of tomorrow. Working under the authority of the Prime Minister, the CSIS has put in place two structures:

- **Rebate credits** : these are credits on rebates owed by pharmaceutical companies to take into account their industrial presence in Europe and in France, particularly in terms of R&D investments
- **Extending the fast-track price-setting procedure** to all innovative pharmaceuticals, including those whose degree of innovation is considered minor

(III) Proposal: the work currently underway

A fourth meeting of the CSIS is planned for 2009. The measures that may be discussed during the meeting reflect recent developments:

a/ Place greater emphasis on public-private R&D partnerships in the healthcare sector

France would like to encourage the creation of world-class biotechnology clusters. Thanks to the development of centres of excellence, there has been increased involvement of industrial partners in the clusters – this meeting is proof of that.

b/ Develop the epidemiology sector

Epidemiology is a decision-making tool for the healthcare industry, the public authorities and health insurance organisations. An initial proposal has been made to create a "France Epidemiology" web portal, in order to take stock of the data sources and the conditions for accessing them. The cost of the measure is estimated to be €300,000 for the State and €100,000 for the private sector.

c/ Protect France's manufacturing facilities and the highly-qualified jobs that go with them by supporting technological changes

The recent announcement by Sanofi Aventis that it would invest €200m in its Vitry-Alfortville site to create a world-class bio production centre, and one that will be open to SMEs, is excellent news for France.

d/ Create an investment fund dedicated to biotechnology and innovative medical devices, with funding from both the State and major pharmaceutical firms

The Strategic Investment Fund will purchase a third of the fund's shares, and the rest will be acquired by major pharmaceutical groups who have headquarters in France. The fund, which will be set up along the lines of a Venture Capital Investment Fund, will provide only long-term financing and, given its €100m size, will invest sums of between €3m and €10m.

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On this day in 1947, Secretary of State **George Marshall**, in a speech at Harvard University, outlined the post-war European Aid Program commonly known as the Marshall Plan. Today, the day before President Obama and President Sarkozy will express again the strong partnership between

France and the USA, I am inviting you to renew this special transatlantic connection, by showing you that investing in France is a winning strategy for foreign businesses, as well as a source of happiness for your firms – because, as **Voltaire once said, being happy is excellent... for one's health!**

Thank you for your attention.