

Protect property rights of biopharmaceutical firms to save San Diego jobs

By Robert Balgenorth

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International trade officials recently wrapped up the latest round of negotiations over the Trans-Pacific Partnership (TPP) at San Diego's Bayfront Hilton Hotel. The TPP is a historic trade agreement between the United States and eight of the most prominent and dynamic economies in the Asia-Pacific region.

San Diego was the perfect venue for these critical discussions. In 2010 alone, 70 percent of California's exports – totaling \$100 billion – went to the Asia-Pacific region. And the focus of this round of TPP negotiations, the biopharmaceutical sector, is especially important for San Diego.

From our leading research institutes, to the major biopharmaceutical companies headquartered in San Diego, California is a hotbed for biomedical innovation and the heart our nation's leading bioscience industries.

Central to the success of the TPP is the establishment of strong intellectual property rights. In the next round of negotiations – set to start this week in Leesburg, Va. – officials must work to ensure “data exclusivity” for high-tech biopharmaceuticals. Strong property rights allow companies to invest in drug research and development and retain high-quality biomedical jobs in California and across the United States.

Data exclusivity refers to the period of time in which

pharmaceutical companies can keep their research results to themselves. This is especially important for a breakthrough new class of drugs known as biologics.

Derived from living organisms, these drugs have been shown to be particularly effective in treating some of the most devastating diseases, including cancer, Alzheimer's and HIV/AIDS.

Unfortunately, they are also highly susceptible to poaching. When competitors have access to innovators' research data, they can more easily create compounds just different enough to bypass patent protections.

The complexity of these lifesaving biologics comes with a steep price tag. To be brought to market, these compounds require upward of \$1 billion – an enormous financial risk that pharmaceutical companies will only take if they are assured their investment won't be knocked off by a competitor.

A 12-year period of data exclusivity is what manufacturers need to protect their original research. A period of that length gives innovators a fair chance to recoup their investment costs, and increases the chances that vital, lifesaving therapies will successfully reach the marketplace.

Biologics and other breakthrough drugs don't just keep California residents healthy, they stimulate the economic health of our currently robust bioscience sector.

In California, biopharmaceutical companies supported more than 490,000 jobs in 2008 – jobs not only directly in the industry, but also in related fields like construction. The construction workers our unions represent know how important new research and production facilities are to the good middle-class-sustaining wages they earn building them.

Overall, direct biopharmaceutical wages in California were estimated to be \$9.9 billion, generating \$376.9 million in state tax revenue. The total economic output from the biopharmaceutical sector in the Golden State that same year was more than \$115 billion.

Speaking from personal experience, cultivating California's biopharmaceutical sector also has the salutatory effect of boosting labor-management apprenticeship programs. This industry depends heavily on highly trained union workers to build, expand and renovate its research and development facilities.

In turn, unions make huge investments in training and educating their membership to be well-suited for bioscience jobs in the future. California's building trades unions spend well over \$100 million annually on training and apprenticeship programs. Thousands of apprentices are being equipped with the skills they need to thrive in the 21st-century economy at no cost to taxpayers. The result is the biopharmaceutical industry – and Californians – can avail themselves to the safest, most efficient, and best trained workers ready to build and refit the facilities that discover new lifesaving medicines.

Thus, boosting the biotech industry leads to a virtuous interplay between drug development and job creation – more local drug development dollars means higher demand for highly skilled union labor which in turn means more investment in member training which attracts even more development dollars and creates even more new jobs and economic growth.

Other nations have taken note of our thriving biopharmaceutical sector – now supporting 3.2 million jobs across the U.S. economy and responsible for 300 new medicines over the past decade – and are taking action to catch up. The U.S. has already begun to see its dominance in the bioscience field challenged. We can take action

that will help keep us on top, however. The Trans-Pacific Partnership is a good place to start. A smart, streamlined trade framework with strong protection for intellectual property will help maintain our global leadership and allow companies to continue creating high-quality jobs here in the United States.

Balgenorth is president of the California Building Trades Council.

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