

## Federal Budget Submission 2026

### About BIOTECCanada

BIOTECCanada is the national association representing Canada's biotechnology sector. The more than 200 member companies of BIOTECCanada reflect the broader Canadian biotech ecosystem including early stage/start-ups, multinational pharmaceutical companies, clinical stage pre-commercial companies, venture capital, universities, incubators, and accelerators found across the country with hubs in every province.

### Opportunity for Canadian Leadership

The life sciences sector in Canada has been a financial driver with more than \$30 billion dollars of investment in recent years, while serving the health of the Canadian population. Competitively, the world looks to the Canadian sector for the quality of the research it generates and the highly skilled labour force that supports sector growth. These prized assets are the cornerstone of how the Canadian industry is looking to expand its value and grow operations in Canada. The core opportunity for the sector lies in its ability to translate world leading scientific discovery into development of products by attracting investment from within Canada and from international investors, while establishing a comprehensive regulatory regime enabling those products into use as healthcare solutions.

The Canadian biotechnology ecosystem is comprised of clusters in each province which bring together world-class universities and research institutes; biotech entrepreneurs; large multinational players; and, a highly educated workforce. A strong life sciences sector depends on a full policy continuum—from early-stage research supported through investment, to scale-up through private capital and a modernized regulatory system to support commercialization (see Figure 1). In order to capitalize on those assets, Canada must strengthen that continuum, helping companies grow in Canada, attract global investment, and anchor more of the value chain at home.

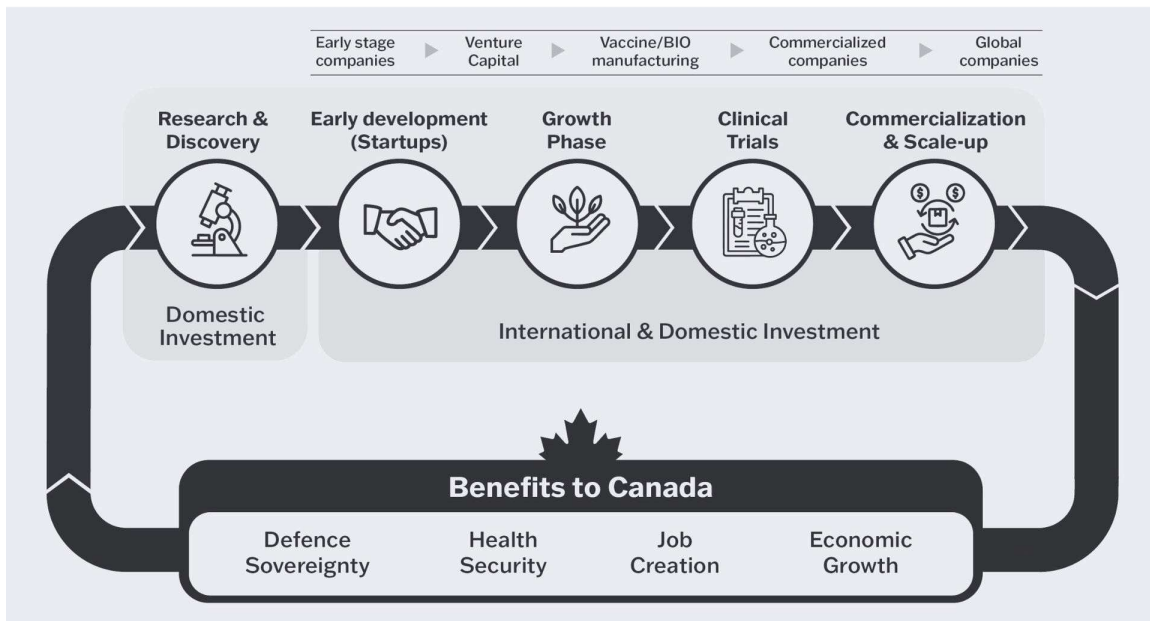


Figure 1. Canadian Life Sciences Ecosystem and Continuum

As 2026 unfolds, unprecedented policy directives emerging from the United States have opened up a generational opportunity for Canada’s long-standing leadership in life sciences to grow the economy and ensure the health security of Canadians. Recent U.S. tariff announcements on pharmaceuticals, along with new Executive Orders invoking Most-Favoured-Nation (MFN) pricing principles, threaten the health of Canadian companies, supply chains, and patient access to essential medicines, as well as the viability of the Canadian market. As the national industry association representing all investment and regulatory elements of the life science ecosystem in Canada from research and discovery, through to commercialization, BIOTECCanada has been working with our national network to determine impacts related to the recent actions taken by the White House. As many other leading economic drivers in Canada, the existing value and future potential of the life sciences sector is extremely vulnerable.

Continued implementation of federal investment and regulatory initiatives such as the Biomanufacturing and Life Sciences Strategy, the Strategic

Innovation Fund (SIF), the Venture Capital Catalyst Initiative (VCCI), and Health Emergency Response Canada (HERC) is critical to maintaining momentum. However, the geopolitical environment now demands additional measures to safeguard the sector. BIOTECCanada's federal budget recommendations for investment and improvements to Canada's regulatory systems will stabilize the domestic environment and protect Canada's competitiveness by generating effective, timely and competitive guard rails to protect and promote economic opportunities for Canada.

Federal government programs and private sector investment need to continue generating value emanating from the life sciences sector for Canada. Key federal commitments with Health Emergency Response Canada (HERC) and Canada's Biodefence Industry Strategy have placed life sciences as a preeminent and highly valued sector in Canada. These initiatives have helped to place Canadian life science companies at the forefront of global industry growth and expansion. They have also served to improve Canadian capacity toward economic and health sovereignty against a global reality of unprecedented competition for the next generation of innovative technologies, especially the life science expanse of platforms and products.

**BIOTECCanada offers the following recommendations:**

**1. Increase access to investment capital**

New investment and government support are key to ensuring that emerging companies can access capital that allows them to move along the development continuum. BIOTECCanada welcomes the recent \$150M life science fund from the Business Development Bank (BDC) and the previously announced Venture Capital Catalyst Initiative (VCCI). The sector requires additional dedicated non-dilutive allocations for life sciences from the Government's announced \$750M growth vehicle. Initiatives to mobilize pension funds are likewise timely and important.

### **Recommendations:**

- The government should implement a *Life Sciences Venture Capital Catalyst Initiative (LS-VCCI)*, a life sciences venture fund as quickly as possible to sustain a competitive life science sector.
- Canada should commit additional budget to non-dilutive investment for life sciences.

## **2. Establish a competitive tax environment for emerging, start-up companies developing technologies vital to long-term economic growth**

A competitive tax regime which includes an IP box mechanism encourages companies to commercialize their IP in Canada and increases the likelihood those companies will further invest and remain in Canada once they are commercial. In the long term, the creation of jobs and company earnings will provide additional tax revenue for the government that would not exist if a company left to commercialize in another jurisdiction.

Importantly, a reduced corporate tax for R&D companies in Canada should be implemented as soon as possible and not delayed. High value Canadian biotech companies that are not yet commercial are making decisions now on where to invest (e.g.: clinical trials, manufacturing) and headquarter based on which jurisdiction offers the greatest opportunity to extend investment capital. For those companies, the implementation of an IP box when coupled with a strong SR&ED tax credit would be a significant incentive for companies to locate IP and operations in Canada.

### **Recommendations:**

- Create a Canadian patent box to protect and retain the value of domestic innovation.
- Work with industry to identify areas for further expansion of the SR&ED credit program to cover innovative or emerging technologies, which would significantly help to maintain Canada's competitiveness as global developments occur.

### 3. Improve regulatory performance and alignment with global standards

An effective regulatory environment ensures safety while encouraging the introduction, acceleration, and adoption of biotech innovation. A high performing world class regulatory system that is predictable, efficient, consistent and transparent, is key to cementing Canadian's access to biotechnology innovation. A competitive regulatory system will accelerate the growth of Canadian companies and facilitate the attraction of innovation to Canada for Canadian patients. Canada's ambition to be a world leading regulator is key, particularly as new game-changing technologies such as mRNA, cell and gene therapies, gene editing, radiopharmaceuticals and artificial intelligence are developed and deployed.

Health Canada significantly updated and increased the cost recovery fees charged to companies to review submissions in past years and continues to increase fees on an annual inflationary basis with the goal to address the volume of work as well as added complexity from globalization, technological advancement and more sophisticated data and systems such as artificial intelligence (AI). The predictability in regulatory program performance is vital to meeting the needs of Canadians and health innovation.

#### **Recommendations:**

- Health Canada must continue to be resourced to improve the health and safety of Canadians by delivering key services and strengthen the implementation of modernized regulations.
- Canada must strengthen approval timelines to match best international practices, expand rolling review models, and increase reliance and collaboration on trusted foreign regulatory authorities to support predictable science-based decisions.

#### 4. Modernize intellectual property protections

For an early-stage biotech company, the intellectual property (the patent) of a biotech company is the very core of the company. The mechanism of action, molecule, or process is the intellectual property protected by the patent. Importantly, translating that IP into where it is being used by patients requires significant time and investment capital. The complexity of the IP and time needed to take it from the lab into commercial use correspondingly requires both significant investment capital and also investors who have the knowledge and ability to invest in these complex companies over the extended period required to undertake clinical work and meet regulatory requirements. For this reason, biotech investors are unique and the global landscape for investment attraction is highly competitive.

A strong and competitive IP policy regime is fundamental to providing this safe space for global investors. In this context, to remain an attractive investment destination, Canada must at a minimum ensure that we do not fall out of step with other like-minded jurisdictions. Being uncompetitive in this regard will reduce the availability of investment and correspondingly force companies to take their IP and innovations to other jurisdictions that are protective and respectful of IP rights and patent protection.

#### Recommendations:

- Extend data protection to ten years as a means to provide appropriate protection for the large investment and regulatory burden involved in bringing new products to market and in order to encourage companies to bring such products to market in Canada in a timely manner.
- Expand patent term restoration timeline and the government's implementation framework to meet the intended benefits for patentees taken by CUSMA signatories to support companies establishing and launching products in the Canadian market.

**5. Implement a more competitive evaluation framework to ensure innovation is appropriately valued at securing the best possible therapies to address the needs of Canadian patients.**

A set of unprecedented policy directives emerging from the United States carry serious implications for Canada’s biopharmaceutical and broader life sciences ecosystem. Recent U.S. tariff announcements on pharmaceuticals, along with new Executive Orders invoking Most-Favoured-Nation (MFN) pricing principles, threaten the health of Canadian companies, supply chains, and patient access to essential medicines, as well as the viability of the Canadian market.

**Recommendations:**

- Reinstating the United States as a reference country for the Patented Medicine Prices Review Board.
- Ensuring health technology assessment agencies integrate higher willingness to pay benchmarks in valuing therapies and enable provincial review bodies to increase predictability and support earlier product launches.