

## **The Michigan Center for Innovation and Economic Prosperity 2007 Report: Executive Summary –Pharmaceuticals**

Though Michigan has many of the components necessary to foster a vital pharmaceutical industry, a poor attitude towards business in the state makes it harder for entrepreneurs to break into the pharmaceutical industry. The report describes the general structure of the pharmaceutical industry, details innovative trends, analyzes Michigan's place in the industry, and then assesses three big competitors to Michigan: New Jersey, Canada, and China.

The major strengths of Michigan's pharmaceutical industry that are highlighted in the report are as follows. It has one of the fastest growing life sciences sectors in the country and is the #2 state in overall research and development expenditures. Furthermore, the concentration of pharmaceutical companies in a few key counties makes for favorable agglomeration economics, especially because those companies tend to cluster around top universities to benefit from Michigan's rich talent pool. Also, Michigan has become increasingly adept in forming linkages between universities and the private sector—universities have made an effort to tailor their medical technology programs to the needs of the private sector, creating a mutually beneficial relationship between the two. Lastly, the Michigan Life Sciences Corridor and the various research parks involved in the pharmaceutical industry in Michigan allow new companies to offset some of the high costs associated with research and development.

However, Michigan's pharmaceutical industry also faces obstacles—two of the most significant of these obstacles are highlighted in the report. Because Michigan's companies are facing the increasing encroachment of generic drugs and the loss of patent protection on some of their most profitable drugs, many of them have been forced to close their facilities in Michigan. The downsizing of one of the biggest pharmaceutical companies in the world, Pfizer, left thousands of some of Michigan's most highly-skilled workers facing either unemployment or relocation out of the state. Furthermore, the high cost of prescription drugs in Michigan has fostered an unfriendly state attitude to pharmaceutical companies, especially in the top echelons of Michigan's government.

To contend with competitors around the world, Michigan will not only need to retain its highly skilled, highly educated workforce, but to embrace the pharmaceutical industry as an ally in the fight to create a space for Michigan in the global economy.

For a full copy of this report or more information on the *Michigan Center for Innovation and Economic Prosperity*, please visit [www.mciep.org](http://www.mciep.org) or call 517-884-1267.