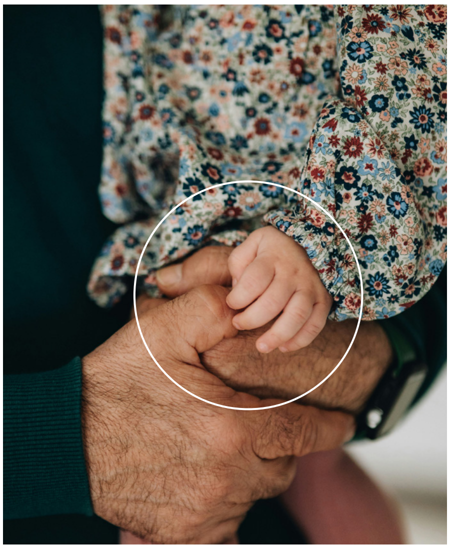
The pharmaceutical sector:

A catalyst to foster Europe's competitiveness

Europe has a choice to make

The pharmaceutical sector is uniquely positioned to simultaneously drive two key pillars of our future: better health and economic stability and growth. Today, the innovative pharmaceutical industry supports **2.3 million jobs** across the region and contributes over **€200 billion to the EU economy**. R&D investment growth in the EU is driven mainly by the health sector with the industry investing **€55 billion each year in European R&D**. The industry spends a greater percentage of revenue on research and development and contributes more to the EU trade balance than any other sector.

Building on Europe's strengths to address today's challenges



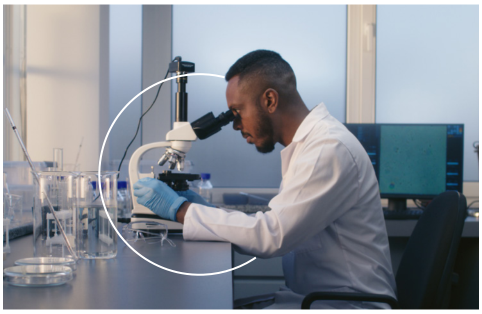
From the discovery of DNA to the development of nuclear medicine and mRNA treatments, Europe has a long history of medical and pharmaceutical leadership. It continues to be an engine-room of scientific breakthroughs and advances in patient care. The EU is home to some of the world's most talented scientists, thriving academic institutions and research clusters, with a social model built on universal access to healthcare.

Policymakers and industry have the opportunity to turn these strengths into better health for Europeans, economic growth and security for the region.

Evidence shows **health investment returns up to four times its cost**, it can unlock €10 trillion in GDP, and, more importantly, save 60 million lives. When health is treated as an economic asset rather than a fiscal burden, it becomes a driver of competitiveness, health sovereignty and workforce productivity. Yet, as Europe moves towards a future in which nearly one in three citizens will be over 60 by mid-century, chronic diseases are rising, and the working-age population is shrinking, **health care spending as a share of GDP has barely shifted in a decade**.

A steady decline aggravated by a volatile geopolitical context

Despite repeated warnings, Europe continues to struggle with structural high complexity, unfavourable regulation, and 27 pricing structures that urgently must be modernised to make the region attractive again for the development and launch of innovative medicines. In less than 25 years, R&D investments in Europe have dropped by a quarter, moving to other more forward-looking regions. In the last decade, the EU's share of global clinical trials has halved, leading to 60,000 fewer trial places for European patients. Today, **only 50% of medicines present in the US market are available to patients here**. This trend is now at risk of being irreversible. Geopolitical shifts – marked by pending tariff threats, changes in US pricing policy, and China's rapid emergence as a global biotech hub – are accelerating global competition for life sciences investment.



The time to act is now

If not addressed urgently, these new dynamics coupled with a challenging regulatory framework will further erode Europe's competitive edge in biopharmaceutical research and production. The immediate result would be the aggravation of delays in launches of and access to innovative medicines in Europe. The longer-term domino effect would undermine the entire European thriving life sciences ecosystem. In an increasingly de-globalised world, maintaining European health and economic security necessitates retaining the capacity to research, develop and manufacture new treatments and cures across the region.

As a matter of urgency, the EU and its Member States must respond with fast and impactful actions to re-build a vibrant industrial ecosystem that attracts life sciences investment, leads to better health outcomes for European citizens, more sustainable and resilient healthcare systems, and significant economic growth.

10 Actions for Competitiveness, Growth, and Security

Create the right ecosystem to support a key competitive sector for the European economy

Some of the recently agreed legislations affecting the innovative pharmaceutical sector maintained decades-old status quo and missed the opportunity to reposition Europe in the global race and provide an attractive incentives framework. Despite some positive statements on the recognition of the importance of our sector for the European economy, **effective improvements to the operating environment for life sciences in the EU remain yet to materialise**. From intellectual property protection to trade, the EU has many levers to creat

Below are our proposed 5 actions to do that.

1. **Create the best-in-class intellectual property and incentives framework.**
2. **Modernise the European regulatory and clinical trials frameworks to keep pace with innovation.**
3. **Ensure better coherence of health, environmental and chemical regulatory frameworks.**
4. **Increase flow of funding for innovation and simplify access to it.**
5. **Ensure the EU trade policy supports key competitive sectors for Europe.**

Reform national access measures to truly value innovation

Due to the widespread application of clawbacks and paybacks in more than two thirds of EU Member States, industry contributions to pharmaceutical expenditure have been steadily increasing from 15% to 22% over the past years. In practice, this means that **during the last decade the innovative industry has entirely paid back the increase of spending linked to the entry of its own innovation on EU markets**. This situation is not sustainable.

Below are our proposed 5 actions to do that.

1. **Reignite the Strategic Dialogue on Pharmaceuticals.**
2. **Increase national net public spending on pharmaceutical innovation.**
3. **Integrate all aspects of the value of innovative medicines in HTA and pricing and reimbursement mechanisms.**
4. **Gradually eliminate national cost-containment measures and enforce the EU Transparency Directive.**
5. **Enable companies to freely set launch prices in all European markets.**