



**‘The technological revolutions about to take place hold great promise’**

**Leem (Les Entreprises du médicament) is the professional organization of pharmaceutical companies operating in France. Its general director, Philippe Lamoureux, argues that the Covid-19 crisis is a warning to France and Europe of the short-sightedness of failing to invest and attract investors in health research and innovation.**

**Philippe Lamoureux,**  
Leem general director

**How is the French pharmaceutical industry faring in the face of the pandemic?**

Pharmaceutical companies have demonstrated their resilience and potential throughout the pandemic. I salute the commitment of all the employees in our sector, who have worked tirelessly, under all circumstances, to ensure that treatments are available to patients. Our industry has thus distinguished itself as one of the five strategic sectors for recovery from the crisis in France. This is through the stability of recruitments in the country, the maintenance of the level of exports and our strong contribution to France's trade balance surplus, and the increase in investments (€9 billion in 2020, i.e., +15%), in research and development and in the industrial fabric. Pharmaceutical companies are looking to the future and offer hopeful prospects.

However, the health crisis has highlighted France's decline in

research and innovation. In 10 years, France has fallen from first to fourth place in Europe in several areas: drug production, R&D, clinical trials, taxation, etc. This is due in particular to excessive regulation and economic pressure on mature healthcare products, which has led many companies to relocate — the tax and regulatory conditions no longer allow them to manufacture their drugs in France.

The solution to catch up is multifactorial. It is essential to strengthen industrial incentives for investment, to simplify market access conditions, to strengthen cooperation between public and private research, and to provide drug policy through a modern, simple, agile and better coordinated administrative organization. All the parameters of the healthcare system must be considered together. This is how France will regain its attractiveness and competitiveness in an increasingly competitive international environment.

Finally, there is another issue that came to the attention of public authorities during the Covid crisis: 80% of the raw materials for medicines consumed in Europe come from China and India. The answer to this issue of pharmaceutical sovereignty can only be found on a continental scale, on which we must implement economic models that allow us to assume higher labor costs and environmental standards. But we must guard against the temptation to withdraw: the "global" dimension of our industry is the primary condition for its innovative dynamism.

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The measures announced in 2021 at the CSIS "Innovation Santé 2030" and ratified in the 2022 LFSS social security financing laws, are in line with this objective. The major investments in academic and basic research, the boost to clinical research and industrial policy, and the radical transformation of market access mechanisms are all very good news. It is essential to extend these reforms and to transform our country's assets into competitive advantages.

**'One of the challenges for our sector is to know how to deal with the unprecedented wave of innovations that is coming'**

**How has the pharmaceutical industry been perceived through this crisis?**

This period has put pharmaceutical companies in the spotlight. They demonstrated an exceptional capacity to react, mobilize, innovate, take risks and be resilient. We can be proud of that, especially given the scale of the challenge.

Very quickly, our laboratories got down to work to produce new vaccines. Today, promising new treatments are available to patients. These efforts reflect the exceptional mobilization of all the research teams and, more broadly, of all the players in the sector. So the way our industry is viewed has changed dramatically thanks to the leading role it has played in the fight against the pandemic.

These results are confirmed by the reputation survey we conducted last September, in partnership with Ipsos. Indicators are up on all fronts. The image of pharma has clearly improved among the general public

(41% positive image in 2021 vs. 28% in 2019). Its usefulness is no longer in question for nearly 100% of respondents.

**What do you think will be the major trends in the industry in 2022?**

Unfortunately, the Covid crisis is not yet behind us. Research, development and production of effective vaccines and treatments against this mutant virus will continue to mobilize drug companies this year.

The year 2022 will also be marked by major political deadlines that will be decisive for the future of our industry, in particular for healthcare innovation in France and the prevention and management of future pandemics.

To begin with, the French Presidency of the European Union during the first half of 2022 will be a unique opportunity to create a true Union of public health; I am delighted about this. The issue of health sovereignty must be addressed at the European level, in particular through the

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strengthening of industrial health policy and the strategic positioning of the Union. In this context, we support the establishment of the European Health Emergency preparedness and Response Authority (HERA).

Prevention will also be at the heart of European political priorities, in particular the fight against cancer, the fight against antibiotic resistance, or to protect the mental health of young vulnerable people.

The technological revolutions that are about to take place hold great promise. One of the challenges for our sector is to know how to deal with the unprecedented wave of innovations that is coming: the contraction of the drug budget that we have been witnessing for the past dozen years will no longer be the case. The 2023 PLFSS legislation will be decisive in this respect.

Another major trend is digital health. The European Health Data Space will make it possible to pool a very rich and useful database to improve diagnoses, while establishing legislative conditions to protect data and anonymity.

In the context of the French presidential elections in April, Leem has also presented a platform of proposals to the candidates on behalf of the sector, structured around the following four objectives: Make France the European leader in pharmaceuticals by providing massive support for research and innovation; Make the pharmaceutical industry the spearhead for reindustrialization; Make patient access to treatment a top national priority; and Reform pharmaceutical policy for greater simplicity and efficacy.

Our ambition is to ensure that health remains at the heart of the debates and political priorities of the next presidential term. While waiting for the verdict, Leem's proposals can be compared with those of the candidates, all of which have been detailed during the campaign, at [www.lasantecandidate.fr](http://www.lasantecandidate.fr)

**How can French and European regulation foster pharmaceutical innovation?**

As the crisis has shown, the French ecosystem is penalized by its lack of clarity and visibility, even though these are essential components for the development and availability of healthcare innovations. These are recognized factors in France's loss of attractiveness to industrial promoters. It is urgent to simplify this ecosystem, to make it predictable and supported with the appropriate budget.

Let's take the example of the LFSS laws, which are subject to the principle of annual budgeting. This short-term vision of drug expenditure regulation prevents the regulator from anticipating the arrival of innovative technologies and their (potentially cost-saving) impact on the organization of care. This is an aberration. Multi-year budgeting could be included in a legal framework, taking into account the projected needs for financing drug expenditure over the longer term.

**'We must consolidate the early and/or accelerated access mechanisms implemented in recent years and actively participate in the deployment of European regulation for the assessment of health technologies'**

It is not just a question of the budget, but also of health priorities. We hope that the future Health Innovation Agency will make it possible to define a clear ambition and steering system for research at national level.

Furthermore, we must not forget the issue of access to innovation, which is fundamental for patients. We must consolidate the early and/or accelerated access mechanisms implemented in recent years and actively participate in the deployment of European regulation for the assessment of health technologies, which aims to promote cooperation between Member States on the assessment of clinical data (effective implementation in 2024).

**Leem has been a partner of TSE since 2019. What role can economists play in the pharmaceutical industry?**

Spending on drugs is by nature a highly administered expense, in a social security budget that must be constrained. However, the management of this expenditure is today purely budgetary and we have seen the limits of this approach during the Covid-19 crisis. Drug expenditure, which represented 14% of health insurance expenditure in 2011, will only represent 11% in 2021. The adequacy between the budget and France's pharmaceuticals needs is never questioned. The objective of reducing social deficits, which has obsessed health policy in recent years, has overshadowed a question that is becoming critical today: what is the right level of financing (I would like to say investment) to face the challenges of innovation, the relocation of essential medicines, the aging of the population, and the chronification of diseases? Economists can help us to understand the limits of a purely budgetary logic and, with a global vision of the system, to support the need for change. The response to drug issues must be holistic to be relevant. To put it simply, we expect economists to help us ask the right questions.