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# The Pharmaceutical Market in 2025: Analysis and Outlook

**SUMMARY**

# France at a Strategic Turning Point

## Medicines: a Driver of Health and Cost Efficiency

FOR EXAMPLE

**-50%**

in pharmaceutical expenditure (2015-2022) for liver disease and pancreatic cancer, enabled by access to hepatitis C treatments

Source: CNAM France, Report on Charges and Products, 2024



**Over 1.4 million**

lives saved in Europe thanks to COVID-19 vaccines

Source: CNAM France, Report on Charges and Products, 2024

## Investing in Pharmaceuticals:

**2.10 €**

generated for the French economy per €1 invested in pharmaceuticals (+21%).

**85.6 years**

life expectancy for women (2023)

Source: INSEE France, Social Portrait 2024 edition



Positioning France as a **Leading Hub** for establishing France as a preferred destination health care innovation and economic

## An Economic Imperative

Source: *Economic Footprint of the Pharmaceutical Industry in Europe*, PwC for EFPIA, November 2025



**64,2**  
**years**

of disability-free life expectancy



**Sustained growth in healthcare needs and demand for care**

## France's Declining Attractiveness in the Pharmaceutical Sector: A Strategic Warning



**Only 60%**  
**of medicines approved in Europe are available in France**

vs

**89%** in Germany



**83%** in Italy



**71%** in Spain



Source: *Leem 360° Attractiveness Barometer 2025*

France allocates **half as much of its GDP**

to medicines as the **United States**

**1.2%** vs **2.4%**

Source: *DREES, Health Expenditure in 2024 (France)*

**-38%**

**decline in France's share of the European pharmaceutical industry over 20 years**

Source: *Rexecode (France), 2025*

**Pharmaceutical Innovation and Growth**  
for the pharmaceutical industry — driving growth across France and Europe





# Shifts in the Global Pharmaceutical Market

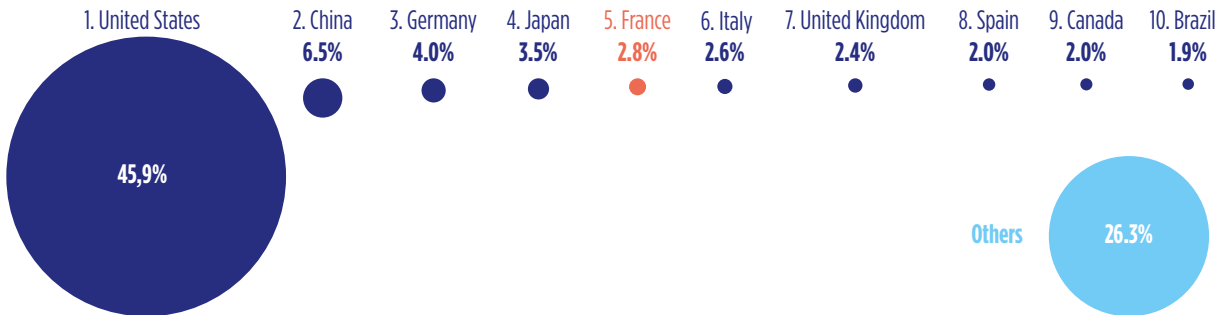
The global pharmaceutical market continues its growth trajectory, reaching revenues of \$1.737 trillion in 2024, representing an 8.09%<sup>(1)</sup> increase compared to 2023. According to forecasts, the market could continue to grow at a rate of 5 to 8% per year, reaching \$2.4 trillion by 2029<sup>(2)</sup>. This growth is underpinned by two key dynamics: the arrival of innovative treatments and the expected impact of patent expirations affecting a significant number of drugs.

France maintains its position in fifth place worldwide, with 3% of the market by value, far behind the United States, which continues to hold its dominant position with nearly 46% of global sales. China remains in second place with nearly 7% of the market, followed by Germany (4%), which moves into the top three.

## 1. TOP 10 PHARMACEUTICAL MARKETS

(sales in billions of dollars)

Source : IQVIA - Top 10 pharmaceutical markets worldwide, 2024



In recent years, the pharmaceutical industry has entered a new innovation cycle, largely driven by biologics. Over the past twenty years, more than 1,000 new active substances have been launched worldwide, including nearly 400 in the last five years<sup>(3)</sup>. In Europe, the major pharma-

ceutical markets — France, Germany, the United Kingdom, Italy, and Spain — have seen the introduction of nearly 43 new medicines with marketing authorisation (MA), representing a 39% increase compared to the previous year.

(1) Leem, 2024 Economic Review.

(2) IQVIA - The Global Use of Medicines 2025 - Outlook Through 2029.

(3) Ibid.

Biological medicines alone account for nearly 45% of new market introductions in Europe over the past five years. These more targeted and often personalised treatments constitute a major advance in the management of diseases long considered incurable or difficult to control. As such, they are emerging as a strategic pillar for the future of the global pharmaceutical industry, with the market expected to grow at a forecast rate of 7.75% per year by 2031.

These trends, while strongly growth-oriented, mask significant market restructuring driven by patent expirations, estimated at €220 billion over five years across the world's ten largest pharmaceutical markets.

Beyond product-level dynamics, this market reconfiguration is accompanied by a broader transformation linked to shifting global geopolitical and economic balances.

## Donald Trump and the disruption of the global economic order



Consistent with a protectionist agenda, the Trump administration made the reduction of the trade deficit a central pillar of its policy, particularly in its relations to the European Union and China. This strategy materialised in April 2025 with the introduction of “reciprocal” tariffs of at least 10%. It was followed in May 2025 by the “MFN” executive order aimed at lowering drug prices in the United States in order to rein in healthcare spending, which reached 17.2% of GDP in 2024 (compared with 12.3% in Germany and 11.4% in France<sup>(4)</sup>), in a context where prices are on average 2.78 times higher than in other advanced economies<sup>(5)</sup>.

On 21 August 2025, the European Union and the United States reached a non-binding framework agreement (the “Turnberry Agreement”), establishing a Most Favoured Nation (MFN) regime for off-patent medicines and a 15% cap on branded drugs, conditional on the outcome of the US Section 232 investigation. This arrangement effectively challenges

the tariff exemption framework that has been in place since 1994 under the World Trade Organization (WTO).

During the summer of 2025, the Trump administration required 17 major pharmaceutical companies to submit binding commitments within 60 days, resulting in the signing of 16 agreements. These included price reductions under the GENEROUS Medicaid program, based on international reference pricing against a basket of developed countries, including France.

By introducing a uniform reference pricing mechanism, these measures weaken the traditional model of innovation financing and exacerbate global imbalances, particularly as the United States accounts for 46% of global pharmaceutical expenditure. For Europe — and France in particular — they risk delaying access to innovation and reducing industrial attractiveness, with an estimated impact of -25% to -33% on sector revenues according to the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), raising significant concerns over healthcare sovereignty.

(4) DREES – Health Accounts – 2024 Edition.

(5) RAND Corporation, International Prescription Drug Price Comparisons: Estimates Using 2022 Data – published in February 2024.

## The rise of China



The European Union now finds itself caught between mounting pressure from the US administration and a profound shift in global influence towards China, which has long been regarded as the world's pharmaceutical manufacturing hub but is now emerging as a leading centre of therapeutic innovation.

In less than a decade, China has reoriented its strategy towards research and development, establishing itself as a major

player in medical innovation. The results are striking. In 2024, China conducted 7,100 clinical trials, surpassing the United States (6,000<sup>(6)</sup>), and accounted for nearly 40% of global oncology clinical trials<sup>(7)</sup>. More than one third of new molecular entities originating from global R&D in 2024 now come from China (28 out of 81), compared with just seven in 2020<sup>(8)</sup>. In contrast, Europe is losing ground: the European Union accounted for only 18 new molecules in 2020, a figure that remained unchanged in 2024, while China has rapidly increased its share of market approvals<sup>(9)</sup>.

## The rise of India



The expansion of the Asian pharmaceutical sector is also driven by India, which has become a key global production hub, evolving from a low-cost supplier of generics into a critical pillar of essential medicine supply and global health security.

Supported by government initiatives such as the National Pharmaceutical Policy (NPP) launched in 2023 and Biopharma Sakti in 2026, the Indian pharmaceutical

industry is built on an integrated ecosystem combining strong export orientation (nearly 60% of total production<sup>(10)</sup>), a competitive labour force, and deep integration into Asian value chains —particularly with China, which supplies 70% of the active pharmaceutical ingredients (APIs) imported by India.<sup>(11)</sup>

Ranked third globally in pharmaceutical production volume and 11<sup>th</sup> in value, the sector is a major economic driver<sup>(12)</sup>, supporting 2.7 million people directly and indirectly.

■ In a shifting geopolitical context and amid global market reconfiguration, Europe and France appear to be losing momentum. Over the past two decades, Europe has lost 25% of its global share of investment, with R&D growth lagging behind that of the United States and China.

■ Against this backdrop, France and Europe face a critical juncture: the challenge lies in their ability to establish an enabling ecosystem for research and development, strengthen the competitiveness of firms, and build a trade policy based on strategic international partnerships, in order to ensure access to the most innovative therapies.

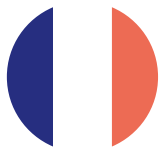
(6) ITIF, *Fact of the Week: China Has Surpassed the U.S. in the Number of Drug Clinical Trials*, June 2025 (WHO-ICTRP data).

(7) IQVIA – *The Global Use of Medicines 2025 – Outlook Through 2029*.

(8) EFPIA, *The Pharmaceutical Industry in Figures 2025*.

(9) (11) BBC News Afrique, *Article on Pharmaceutical Sector Dynamics in Africa*, 2025, available online.

(10) (12) Business France – Team France Export, *Market Report: Medicines and Biotechnologies – India, 2025*



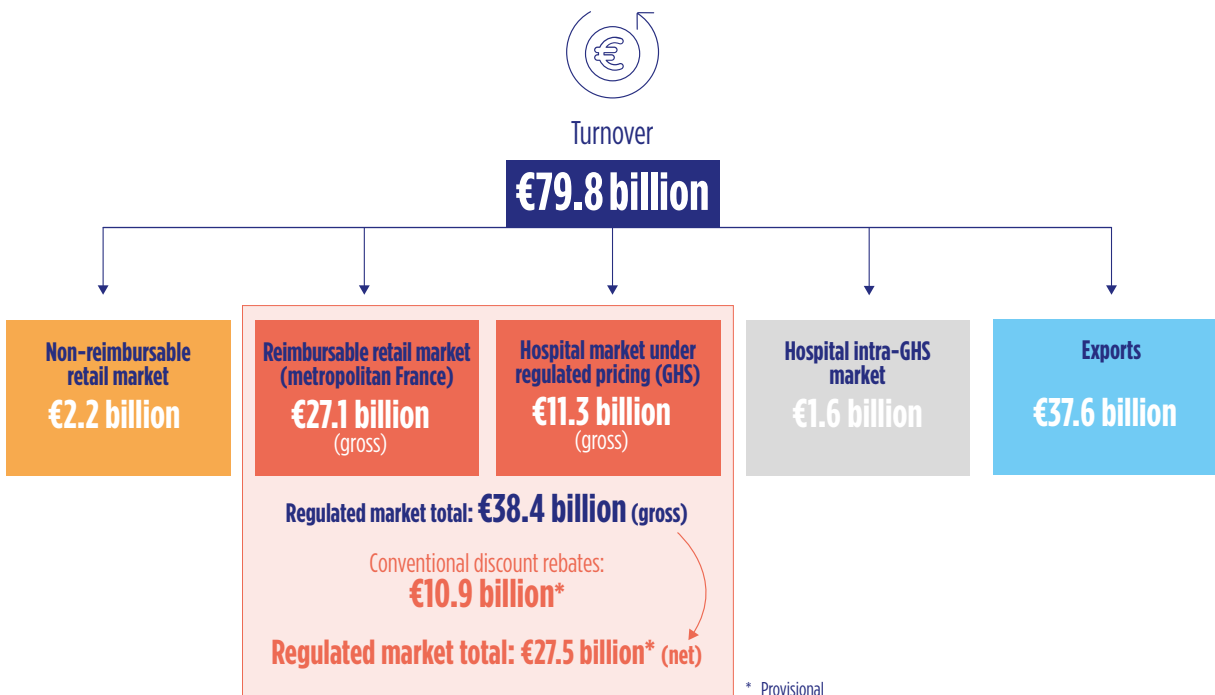
# The French pharmaceutical market: an economic driver constrained by Social Security

After a prolonged period of stagnation between 2009 and 2019, despite rising healthcare needs and the arrival of major therapeutic innovations (notably in hepatitis C and immunotherapy), the regulated pharmaceutical market remained broadly stable at around €23 billion until

2020. A renewed growth trajectory emerged in 2021, driven by increasing healthcare demand, innovation, and the expansion of therapeutic indications. In 2024, the net turnover in the regulated pharmaceutical market reached €27.7 billion.

## 2. PHARMACEUTICAL TURNOVER IN FRANCE IN 2024

Source : GERS, Leem attractiveness barometer 2025



However, the development of the French pharmaceutical market remains strongly constrained by the increasingly strained financial position of the Social Security system. After coming close to balance in 2019, the Social Security deficit widened sharply during the Covid-19 crisis, reaching €39.7 billion in 2020, before gradually declining to €10.7 billion in 2023. It deteriorated again in 2024, reaching its highest level outside exceptional crisis periods since 2012<sup>(13)</sup>.

In the absence of a medium –and long-term vision for the healthcare system, the pharmaceutical sector is increasingly used as a cost-containment lever to help reduce this deficit.

Pharmaceutical policy, largely driven by the Social Security Financing Act (LFSS), is embedded in a predominantly budgetary approach to expenditure control. This relies on increasingly stringent and often opaque mechanisms governing pricing, rebates, and the clawback mechanism (“clause de sauvegarde”), in a context of relatively high sector-specific taxation compared with other European countries.

This framework is based in particular on price reductions negotiated by the CEPS, which generated €856 million in savings in 2024 –slightly above the €850 million target – with objectives set at €1 billion in 2025 and €1.4 billion in 2026.

The clawback mechanism, originally designed as a financial safety net, has progressively become a structural instrument of expenditure control, generating €1.63 billion in 2023 and €1.76 billion in 2024 (against a legal target of €1.6 billion). It has undergone profound changes, with eight reforms in as many years, signi-

ficantly increasing its complexity and unpredictability. In 2024, its calculation was based 70% on companies’ net turnover and 30% on their growth. It was substantially redesigned in 2025 with the introduction of a structural tax designed to secure the €1.6 billion target, while the clawback mechanism is expected to revert to its original role as a backstop instrument.

In 2025, the pharmaceutical sector is expected to contribute nearly 50% of total savings required by the health insurance system –over €3 billion out of €6 billion within the ONDAM framework– highlighting its central role in fiscal adjustment.

Between 2020 and 2025, the regulated pharmaceutical market grew at an average annual rate of 6.1% before clawback deductions. However, this apparent dynamism masks a higher underlying growth potential of 8.9%, reduced to 4.7% after accounting for price cuts and clawback contributions, which absorb around four percentage points of annual growth.

While healthcare expenditure under the ONDAM framework grew by an average of 3.4% between 2010 and 2024, pharmaceutical market growth averaged only 1.7% over the same period. As a result, the ratio of net pharmaceutical turnover to ONDAM expenditure has declined steadily: from 11.6% in 2012 to 9.12% in 2024, and an estimated 9.03% in 2025.

Relative to GDP, pharmaceutical expenditure represents only around 1.2% in France, compared with approximately 2.4% in the United States<sup>(14)</sup>.

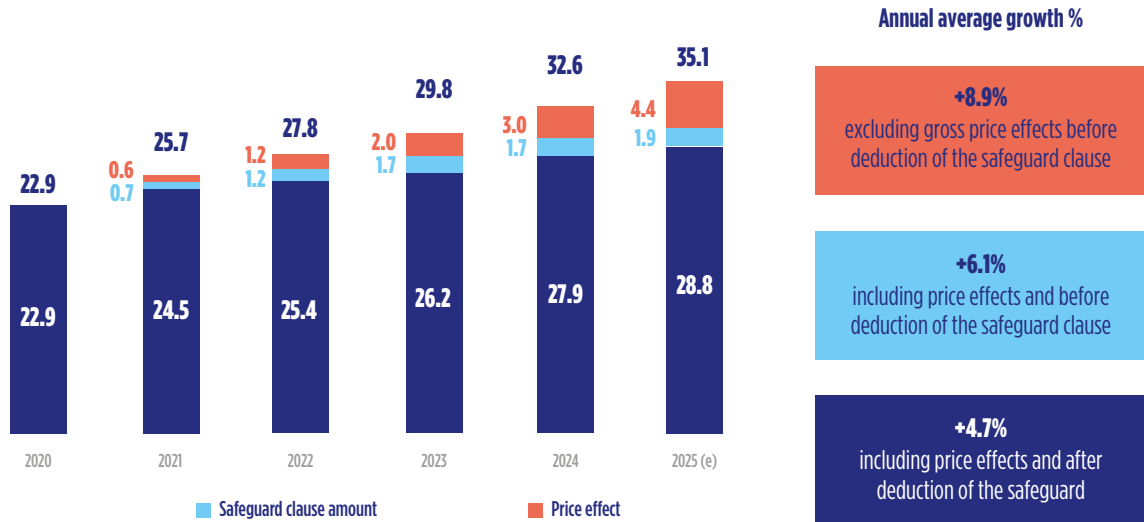
(13) French Court of Audit – The Financial Situation of Social Security – November 2025.

(14) DREES report on health accounts 2024.

### 3. REGULATED MEDICINES MARKET INCLUDING PRICE EFFECT AND SAFEGUARD CLAUSE (NET OF PRODUCT DISCOUNTS PFHT)

(in € billion)

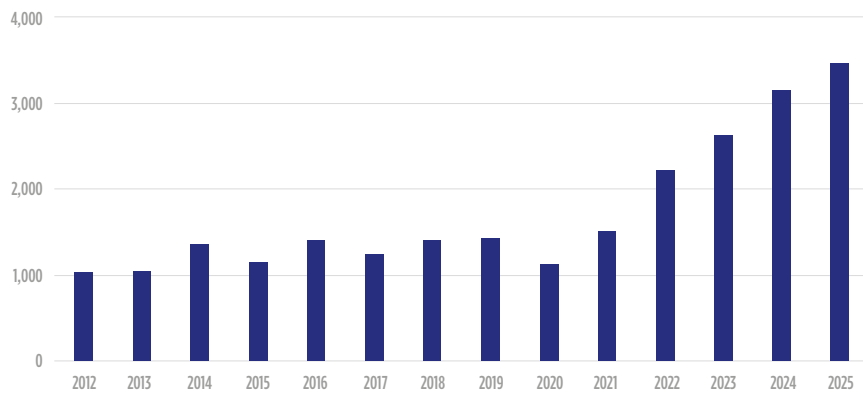
Source : URSSAF notification, BDO estimates for 2025, BDO calculations



### 4. TOTAL AMOUNT OF MEDICINE REGULATION MEASURES

(in millions of euros)

Source : Leem, based on the Social Security Financing Act (LFSS)



## The intensive use of regulatory instruments to control pharmaceutical expenditure is slowing the momentum of a sector that is nonetheless key to the French economy

In terms of employment, industrial output, and trade balance, the pharmaceutical industry remains a structural driver of the French economy, although its momentum is gradually weakening, raising concerns about its long-term contribution to national growth.

Since 2020, it has been one of the main sources of industrial job creation, ahead of sectors such as leather goods and agrifood. In 2024, the sector employed 109,243 people, with strong regional concentrations in Île-de-France (30,331), Auvergne-Rhône-Alpes (16,364), and Normandy (9,811). This makes it a significant contributor to regional development and economic dynamism. However, in 2024, this momentum slowed in a more uncertain economic and regulatory environment, with wage growth limited to around 1%.

The sector is also strategically important due to its strong industrial base and innovation capacity, supported by a dense network of manufacturing sites and integrated R&D activities. France had 256 GMP-certified pharmaceutical production sites in 2024. This industrial base contributes directly to territorial attractiveness, as illustrated by a 38% increase in production-related investment between 2023 and 2024, according to the 2025 Leem economic attractiveness barometer.

Finally, the pharmaceutical industry remains a key pillar of France's trade balance, supported by a strong export

orientation (48.5% of revenue generated internationally in 2024) and a return to a trade surplus exceeding €4 billion in 2024, after a marked deterioration in 2023. This performance underpins industrial competitiveness, R&D investment, and integration into global value chains. However, France's position is eroding at the European level, with its share of eurozone pharmaceutical exports declining from around 20% in 2000 to 8% in 2024, notably in favour of Germany.

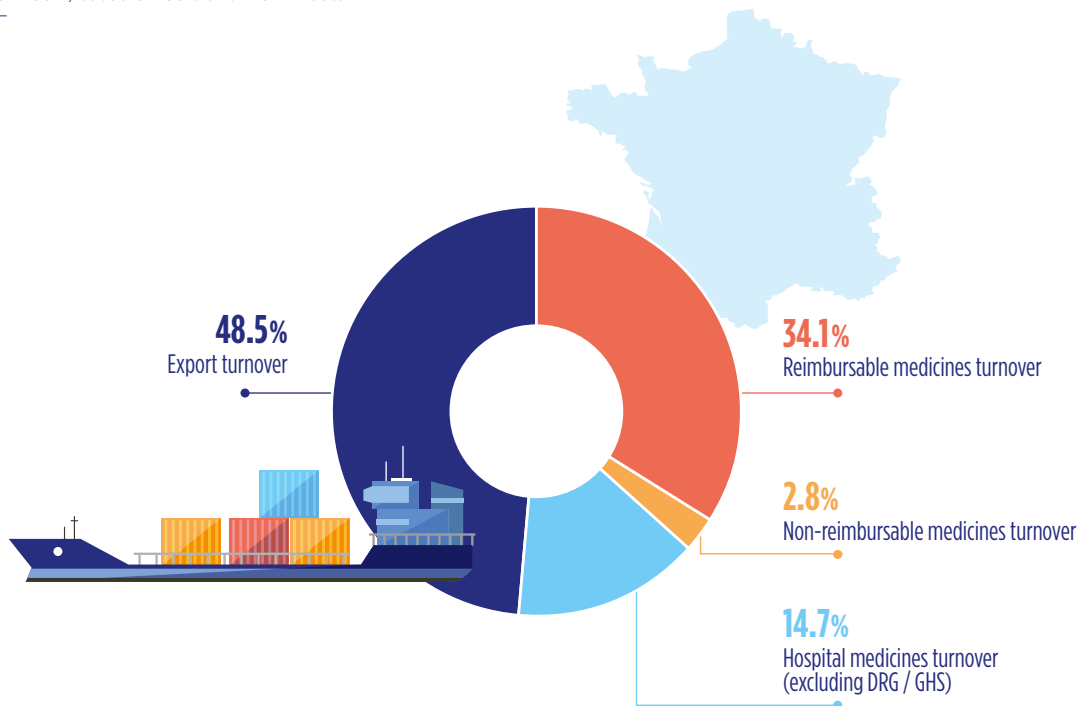
Strengthening the sector's attractiveness is therefore essential to sustain its long-term momentum, particularly given that medicines generate significant positive externalities for both the healthcare system and the wider economy.



## 5. EVOLUTION OF MEDICINES TURNOVER

(at manufacturer prices, excluding taxes, in millions of euros)

Source : Leem, based on Gers and DGDDI data



On the one hand, therapeutic innovations deliver substantial public health benefits and generate significant economic returns, particularly through prevention and reduced downstream costs. Vaccination programmes can yield returns of up to 19 times the initial investment<sup>(15)</sup>, while hepatitis C antiviral treatments have halved expenditure related to liver disease between 2015 and 2022<sup>(16)</sup>.

On the other hand, pharmaceutical innovation improves the efficiency of the healthcare system by reducing hospital admissions and enabling new care pathways, including greater coordination between hospital and outpatient care and the development of home-based

hospitalisation. In oncology, for example, the introduction of immunotherapies in metastatic lung cancer was achieved at a stable overall cost for health insurance between 2013 and 2021<sup>(17)</sup>.

These challenges are further amplified by a structural transformation of the healthcare system, driven by population ageing and an expected 28% increase in chronic diseases by 2035. In this context, the trajectory of pharmaceutical innovation will be critical to the long-term sustainability of the healthcare system.

(15) Vaccines Europe, Value of Vaccination, 2024.

(16) Cnam (2026), Charges and Products Report.

(17) De Pourville et al., Changes in healthcare resource use and associated costs for patients with metastatic lung cancer between 2013 and 2021: an observational study using the French national health data system (2024).



# Outlook for the French pharmaceutical market over the coming decades

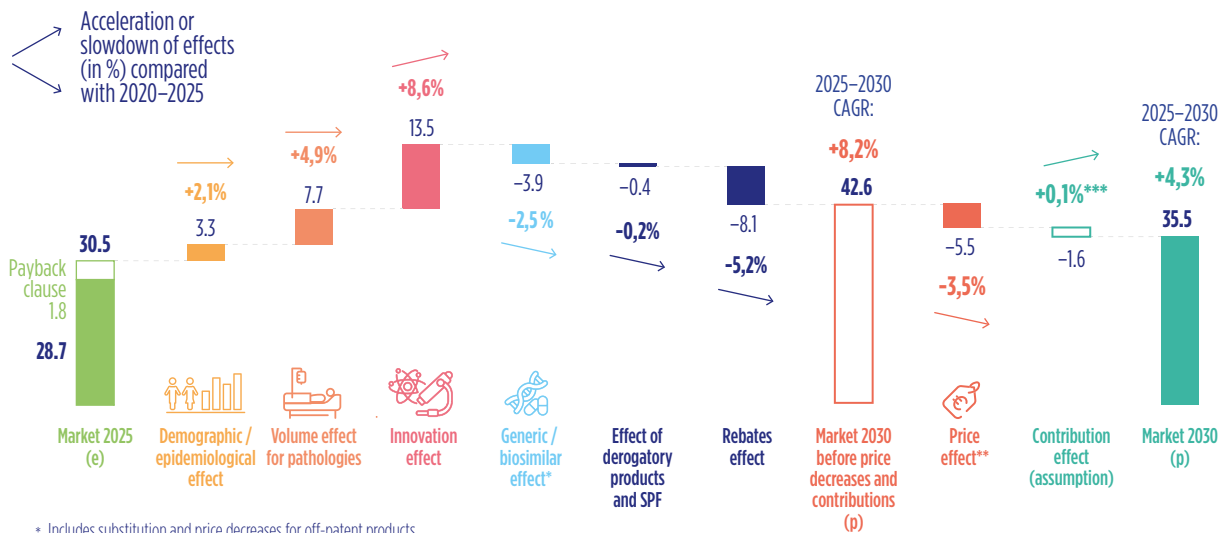
By 2030, the pharmaceutical market (net of product rebates and before the claw-back mechanism) is expected to continue following the trends observed in recent years (see previous chapter), under a scenario excluding strong price regulation.

Several factors are likely to drive this growth: demographic change, the increasing prevalence of chronic diseases, and the continued introduction of innovative medicines.

## 6. CONTRIBUTIONS TO THE GROWTH OF REGULATED PHARMACEUTICAL TURNOVER, NET OF REBATES, PAYBACK CLAUSES AND CONTRIBUTIONS, BETWEEN 2025 AND 2030

(at ex-factory prices, excluding taxes, in € billion)

Source : SSAF; data based on URSSAF notifications, Medic'AM, Retroced'AM, quarterly extrapolation



\* Includes substitution and price decreases for off-patent products  
 \*\* Excludes price decreases for off-patent products  
 \*\*\* Effect calculated from the date of the 2025 law (-€1.8 bn to -€0.2 bn)

(e) estimate (p) forecast

By 2030, the pharmaceutical market (net of product rebates and before the claw-back mechanism) is expected to continue following the trends observed in recent years (see previous chapter), under a scenario of strong regulatory constraints.

This dynamic is primarily driven by long-term demographic stability (68.1 million inhabitants in 2070<sup>(18)</sup>), but above all by significant population ageing: more than 20 million people aged 65 and over by 2050, and 16% of the population aged 75 and over, compared with 9% in 2014<sup>(19)</sup>.

(18) INSEE (2021), 68 million inhabitants in 2070: a slightly larger but older population than in 2021, National Institute of Statistics and Economic Studies (France).

(19) INSEE (2017), By 2050, the population would increase in all regions of mainland France, June.

This is occurring in a context where a substantial share of additional life expectancy is spent in poor health (life expectancy at birth of 85.6 years for women, compared with a healthy life expectancy estimated at 64.2 years).

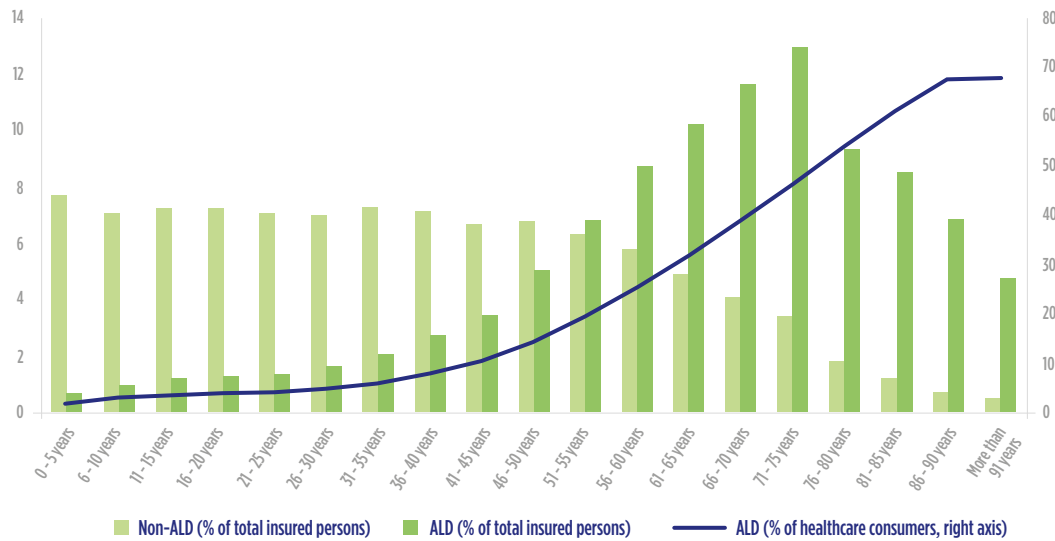
This trend is fuelling a strong increase in chronic diseases: nearly one in two

individuals aged 65–74 is affected by at least one long-term condition (ALD)<sup>(20)</sup>. ALDs accounted for 70% of the growth in Health Insurance expenditure between 2009 and 2023<sup>(21)</sup>, and represent a highly resource-intensive segment (22% of total healthcare expenditure versus 10.7% for other patients<sup>(22)</sup>).

**7. SHARE OF INSURED PERSONS (ALL SCHEMES) WHO CONSUMED HEALTHCARE AT LEAST ONCE IN FRANCE DURING THE YEAR CONSIDERED, BY AGE GROUP, ACCORDING TO THEIR STATUS**

(in %)

Source: IGAS-IGF, Review of Expenditure Related to Long-Term Conditions – Towards a More Efficient and Equitable System, June 2024



The rise in chronic diseases in France is driven both by population ageing and lifestyle-related risk factors (diet, physical inactivity, smoking). Global Burden of Disease analyses, which measure disease burden in disability-adjusted life years (DALYs), highlight the importance of these modifiable factors: approximately 40–45%<sup>(23)</sup> of DALYs related to diabetes are attributable to high BMI, while for cardiovascular diseases more

than half of the burden is linked to hypertension (54.5%), followed by high BMI (20.6%) and smoking (14.6%).<sup>(24)</sup>

In the long term, projections estimate that one in four French citizens could be living with a long-term condition by 2035<sup>(25)</sup>, representing nearly 75% of total healthcare expenditure in this group<sup>(26)</sup>.

(20) Assurance maladie (2023), *Number of patients by pathology and age group according to gender*, French National Health Insurance (Cnam).

(21) Cnam / Drees / F. Bizard (calculations).

(22) IGAS-IGF (2024), *Review of expenditure on long-term illnesses (ALD): towards a more efficient and equitable system*, June.

(23) Global Burden of Disease Study 2021, *BMC Public Health*.

(24) Global Burden of Disease Study 2019, *The Lancet*.

(25) Assurance maladie (2025), *60 Proposals from the National Health Insurance for the Future of the Healthcare System*, July.

(26) Cnam (2026), *Charges and Products Report*.

## What impact on pharmaceutical expenditure?

**These demographic and societal changes in France have a non-negligible impact on pharmaceutical spending: by 2030, there would be an unavoidable demographic and epidemiological effect, contributing on average in France to 2% of pharmaceutical market growth.**

## The arrival of innovative medicines

Over the coming years, innovation is expected to remain a key driver of pharmaceutical market growth, continuing the trend observed between 2020 and 2025, when it contributed 7.8% to market growth and an estimated 7.6% of regulated turnover.

This momentum is based on three main drivers: new marketing authorisations in the European Union (from 2026 onwards), continued diffusion of existing innovations, and the expected arrival of new approvals between 2029 and 2030.

However, this expansion is accompanied by a structural increase in costs, linked

to the growing complexity of treatments –particularly the rise of biotherapies, which increased from 27% to 42% of FDA approvals between 2013 and 2024. Drug development has also become longer (+1 year and 2 months over the past decade) and more expensive (+72%), reaching an average cost of €2.2 billion per molecule over development cycles of 10 to 15 years<sup>(27)</sup>.

In this context, drug pricing increasingly reflects the cost of innovation rather than production costs alone. It must therefore be assessed in light of long-term gains for the healthcare system (reduced hospitalisations, complications, and work absences), which are essential to sustaining R&D investment.

## What sustainability for the health insurance system?

Against this backdrop, the financial sustainability of the French health insurance system is weakening: the deficit could reach €16 billion in 2025 and €41 billion in 2030<sup>(28)</sup>.

Regulatory mechanisms alone will not be sufficient to close this gap and could signi-

ficantly undermine the competitiveness of the pharmaceutical sector in an increasingly fragmented global environment.

Moreover, the system remains largely curative and short-term oriented through the ONDAM framework, with limited emphasis on prevention (2.8% of healthcare expenditure, ranking 20th among OECD countries<sup>(29)</sup>). Yet evidence shows that a 10% increase in prevention spending could reduce chronic disease costs by around

(27) Deloitte (2025), *Be Brave, Be Bold: Measuring the Return from Pharmaceutical Innovation*.

(28) Assurance maladie (2024), *Prevention: the forgotten antidote of the healthcare system*, Le Point, 24 September.

(29) OCDE, "The Economic Benefit of Promoting Healthy Ageing and Community Care", 2025.

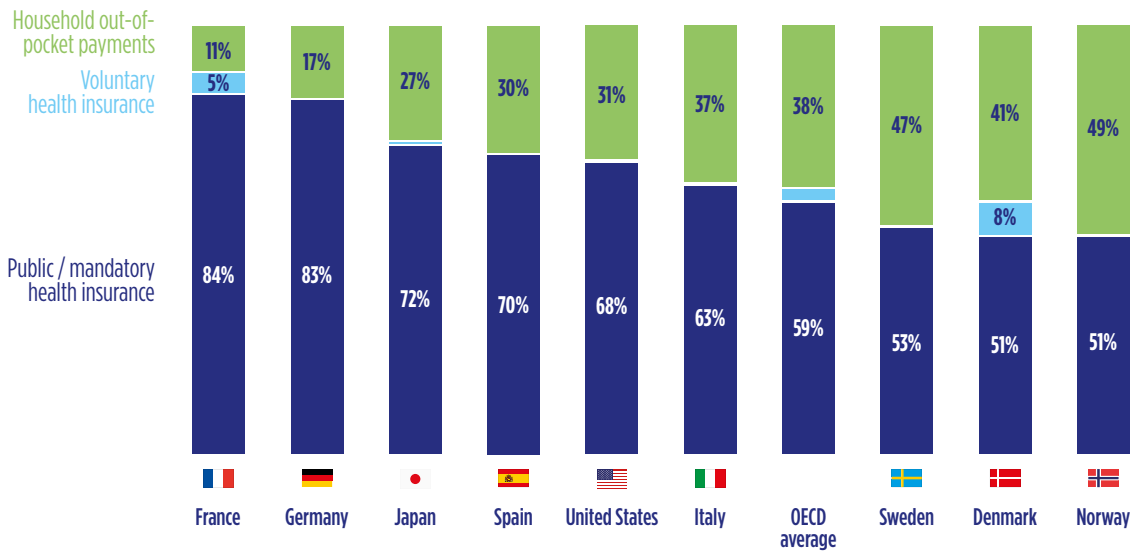
1% over five years, while alignment with best international practices could generate up to €16.7 billion in annual savings, add 2 healthy life years, and prevent 6.5 million cases<sup>(30)</sup>.

Over the past decade, the reimbursement rate for medicines in France has increased significantly, now exceeding 90% when

hospital treatments are included. This reflects the Health Insurance system’s commitment to ensuring broad access to care, particularly innovative medicines. However, the current and projected deficit of Social Security raises questions about the long-term sustainability of zero out-of-pocket payments for medicines.

**8. DISTRIBUTION OF THE COVERAGE OF TREATMENT COSTS WITHIN THE OECD**

Source : *La Tribune*, “Drug reimbursement: France, the OECD champion”, 14 January 2026



In the absence of a fully satisfactory solution, the German example illustrates an alternative approach: a means-tested co-payment cap system based on income, beyond which healthcare costs are fully covered. Low-income individuals or those with chronic conditions may be covered from the first euro. This model helps reduce inequalities between insured individuals while contributing to better control of healthcare expenditure.



(30) Assurance maladie, « Médicament : 10 ans d'évolutions majeures et une prise en charge renforcée par l'Assurance maladie », 15 janvier 2026.

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