



PRESS RELEASE

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Survey of productive investment in pharmaceuticals and biotechnologies in France - 2016

Restoring the appeal of France for inward investment in healthcare

As a detailed and predictive map of the French pharmaceuticals manufacturing base, the 4th Survey of Productive Investment in Pharmaceuticals and Biotechnologies in France conducted by KPMG on behalf of Leem and Polepharma **reveals an inconsistent pattern of productive investment in France** .

A slowdown in investment...

Despite a stable level of investment in chemical production facilities since 2010 (€410 million annually on average), investment in facilities producing biological medicines fell by 20% between 2010 and 2015. This reduction in investment reflects the low proportion of French production accounted for by new biological medicines. **Of the 76 marketing authorisations (MAs) granted by the European Medicines Agency (EMA) for biological medicines between 2012 and 2016, only 5 are produced in France, compared with 21 in Germany and 12 in Italy.**

The insufficient appeal of France as a base for the production of new medicines is also echoed, although to a lesser degree, by chemical-based drugs. **Of the 206 chemical-based drugs granted EMA authorisation between 2012 and 2016, 16 are produced in France, compared with 85 in Germany and 57 in the UK.**

... for a strategically important industry that provides progress in treatment and jobs

These results are warning signs for the future of an industry of strategic importance to France, both economically and socially. In 2016, pharmaceutical production generated a trade surplus of €7.6 million, but the French trade balance in pharmaceuticals was in the red. The pharmaceutical industry provides 98,690 direct jobs, 43,666 of which are in production skills spread across 271 manufacturing facilities throughout France. The industry devotes 10% of its annual revenue to R&D in France, well ahead of the 8% figure for aerospace and 5% for the automotive industry.

Despite the strengths and benefits of the French pharmaceuticals industry, which is recognised around the world for its expertise, facilities and productivity, the sector is now emerging weakened from a five-year period marked by instability in political decision-making, a growing pile of government standards, the over-transposition of European directives into French law, and the disproportionate burden of regulatory measures imposed on pharmaceuticals and their taxation.

An urgent need to reboot the drivers of French appeal and competitiveness

In an environment characterised by increased international competition, pharmaceutical production in France must regain its previous economic vitality, because this is the only way of generating a high level of sustainable direct and indirect jobs. Analysis of the survey results reveals a direct correlation between investment in production and employee numbers. This fact alone justifies a radical change of policy to maintain and expand national manufacturing capacity.

Anxious that the new government should recognise the strategic importance to the French economy of this industry of the future, Leem and Polepharma are asking the relevant public authorities to relaunch the country's drugs manufacturing policy, and bring forward emergency measures designed to:

- Improve the processes involved in accessing innovation, which have been downgraded in recent years
- Introduce new economic regulations that will attract inward investment and are tailored to address the challenges posed by innovation
- Actively support a new manufacturing model and facilitate business sector transformation to enable the drug industry to evolve towards the biotechnologies model.

A number of initiatives have been put forward by Polepharma and drug manufacturers to boost the appeal of France to investors. These initiatives include the creation of a European label showing where individual drugs are produced, and application of Article 18 of the CEPS-Leem framework agreement, which requires that investment in production-focused R&D conducted within the European Union is taken fully into account when setting and revising the price of medicines.

"In Polepharma, France has Europe's leading pharmaceutical development and production cluster; a fact that underlines the strong dynamic impetus that only joint action between private- and public-sector stakeholders at local and regional level can initiate and deliver. The development path of this job-creating powerhouse should encourage decision-makers to interpret the results of our survey as a call to action, which although a cause for concern, offers the potential for real and practical engagement", says Polepharma Chairman Stéphane Thiroloix.

"As a provider of progress in treatments, and with the potential to deliver dynamic economic and jobs growth, the French pharmaceutical manufacturing industry now finds itself at a crossroads", analyses Leem Chairman Patrick Errard. "Without significant investment in production, our manufacturing base runs a very real risk of being left behind by its European neighbours, which, as a result of proactive government policies, have returned to growth. Such a proactive and ambitious policy is now clearly essential to attract the production of new molecules developed by the chemical and biotechnology industries here to France, and to boost our exports".

The survey results are available to download from www.leem.org

Leem press contacts:

Stéphanie Bou – +33 (0)1 45 03 88 38 – sbou@leem.org /Virginie Pautre - +33 (0)1.45.03.88.87 - vpautre@leem.org /Jean-Clément Vergeau – +33 (0)1.45.03.86.82 - jcvergeau@leem.org

Polepharma press contacts: Caroline Villedieu – Tel.: +33 (0)2 37 20 24 24 – caroline.villedieu@polepharma.com