

PRESS RELEASE

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European benchmarking study of measures to promote the inward investment appeal and positiveness of pharmaceutical R&D and manufacture

Practical working guidelines to boost the competitiveness of the industry in France and attract inward investment in healthcare

A detailed analysis of the measures implemented by six European countries to attract inward investment in pharmaceutical R&D and production¹, the Roland Berger benchmarking study is supported by Leem and conducted on behalf of the Sectoral Strategic Committee for Healthcare Industries and Technologies (CSF Santé). This study opens up avenues to support the deliberations of the next meeting of the Strategic Council for the Healthcare Industries (CSIS) in 2018, and to provide input for the work now being done by CSF Santé.

France has a tradition of delivering substantial benefits for pharmaceutical production and R&D. It has in-depth manufacturing expertise in chemicals and biotechnologies. It boasts a broad national network within which competitiveness clusters, biotech startups and major pharmaceutical corporates interact. It is characterised by the high quality of its research, training and employee base.

However, in many strategically important areas (patient access to treatments, industry taxation, regulatory instability, labour cost, etc.), France is outpaced by its European neighbours. The Roland Berger European benchmark proposes to reverse the trend by drawing inspiration from flagship measures implemented in the other countries surveyed. Many practical examples of initiatives that generate inward investment could easily be transposed to France.

Critical positioning of France relative to its European competitors.

The report begins by reviewing all the factors that restrict the growth of investment in France: the burden of employment legislation, the high cost of labour, the lack of regulatory visibility and stability, the level of taxation and its lack of transparency, the complexity of pharmaceutical regulation, the lack of public-sector/private-sector coherence, the lack of clarity of the French offer in terms of promotion, etc.

¹ Six countries are surveyed and compared with France: Germany, Great Britain, Italy, Spain, Switzerland and Ireland.

Reducing the competitiveness gap to our European neighbours by building an industry strategy for the short, medium and long terms.

In total, 110 measures have been identified by Roland Berger benchmarking study within the 6 European countries, which could narrow the competitiveness gap between France and its neighbours.

These measures, all of which could be deployed quickly, would make it possible to boost the competitiveness of the industry in France, attract inward investment in healthcare, and maintain both over the long term. Leem sees this European benchmark as a real-life illustration of the structural reforms that need to be implemented in France, and which must inform the strategic guidelines adopted at the next CSIS meeting to improve the appeal of France and boost the competitiveness of the country's healthcare industries.

The Roland Berger benchmarking study makes the case in favour of building an industry strategy for the short, medium and long terms:

- Short-term initiatives that would help France to close its competitiveness gap through easy-to-implement initiatives, such as ring fencing of the CIR research tax credit, reintroducing the accelerated depreciation scheme, adopting a proactive strategy to capture inward investment post-Brexit, introducing a formal structure for mechanisms designed to support pharmaceutical investment in France, adopting a more proactive approach to promoting the French industry on the basis of major governmental reforms, and conducting a review to examine over-transposition (so-called 'gold plating') of European directives
- Medium-term initiatives (over the next 5 years) to lock in the ability of France to compete successfully by offering greater stability and more transparent fiscal and employment standards. Roland Berger also proposes the deployment of a two-year efficiency programme to simplify and streamline health and pharmaceutical industry procedures. A strategy for developing the pharmaceutical sector, based on removing obstacles to clinical research, enhancing regional specialisation by capitalising on existing regional alliances, defining a brand promotion strategy and making increased use of bridges between the academic world and industry. The final element of these medium-term recommendations involves intensifying dialogue between central government and the industry by leveraging a higher level of political will via the CSIS and CSF
- Long-term initiatives (over the next 10 years) to reposition France as the European leader in health innovation, with particular focus on areas such as immuno-oncology and biotherapies. The Roland Berger report calls for clear confirmation of French ambitions in terms of pharmaceutical excellence and a long-term coherent realignment of all public policies.

"The examples we see in other countries prove the point. Only an industry strategy defined at the highest level of government on the basis of a tripartite dialogue between the state, the regulator and the pharmaceutical companies will allow France to reassert its position as Europe's leading manufacturer", says Leem Chairman Patrick Errard.

"I am delighted with the new recommendations to emerge from this European benchmarking study, which was proposed and included in the healthcare industry and technologies contract of November 2016. CSF Santé must decide which of these proposals it wishes to prioritise for implementation", says Marc de Garidel, Vice-Chairman of CSF Santé and Chairman of Ipsen.

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