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Strategic Autonomy and the Competitiveness of Europe's Innovative Pharmaceutical Sector: A Wake-up Call

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Brussels, 20 April 2023 - It is high time for Europe to break its relative decline in the pharmaceutical sector. Europe used to be the preeminent region in the world for Research and Development and innovation in the sector – being the location for a majority of R&D and the development of new medicines. However, its competitiveness has been going down for several decades – and, in more recent time, the pace of the decline is now accelerating. Europe is not just outpaced by the United States. Unless there is a new direction, China will soon be ahead of Europe too.

Europe is behind the global frontier in innovation and new product development in medicines. It is not just Europe's share of global R&D that is going down. Of all the new chemical and biological entities that are developed, Europe is contributing a falling share. There is a similar development in the drug pipeline – medicines that are in the regulatory approval process. The location of clinical trials for Advanced Therapy Medicinal Products – an area of new frontline drug development – is moving out of Europe.

If Europe is to improve its strategic autonomy and restore competitiveness in the pharmaceutical sector, better policies are needed to incentivise innovation and attract R&D investment. A new strategy for the pharmaceutical industry should include – among other things – better protection of intellectual property, more and focused R&D expenditures, and streamlined regulatory and reimbursement processes.

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