



# Pharmaceuticals – keeping the industry competitive

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# Agenda

The Pharmaceutical Industry in Germany: an Overview

Germany: A Perfect Research and Production Location?

Challenges: What is missing?

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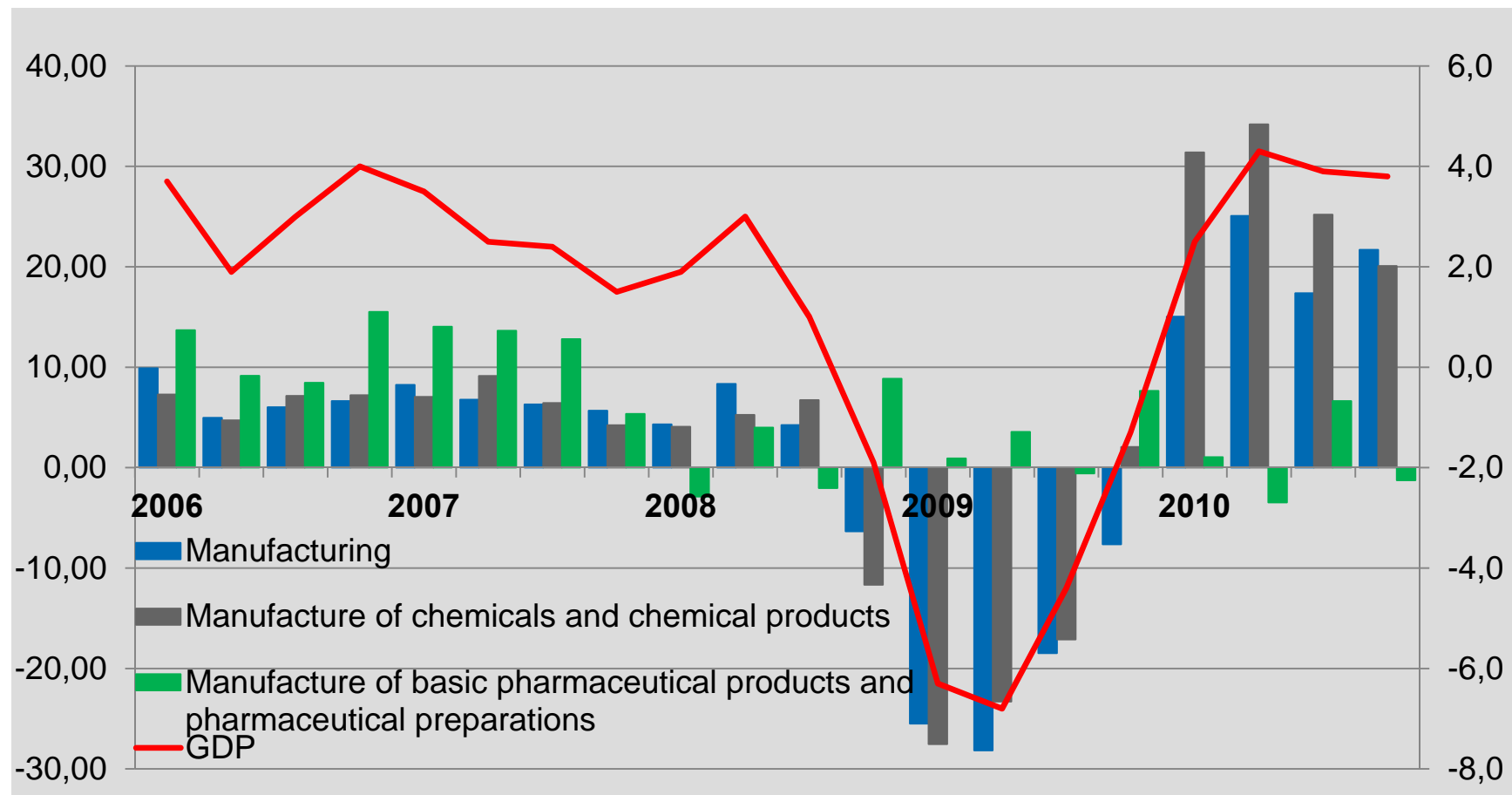
# The Pharmaceutical Industry in Numbers

## Key data (2010):

- ▶ 100,341 employees
- ▶ Turnover: EUR 37.5 billion
  - ▶ Export turnover: EUR 23.6 billion
- ▶ Gross value added per employee: EUR 139,000 (2009)
- ▶ Research & Development (2009):
  - ▶ R&D-expenditures: EUR 5.4 billion
  - ▶ R&D-employees: around 20,000

# Export Turnover and GDP Growth

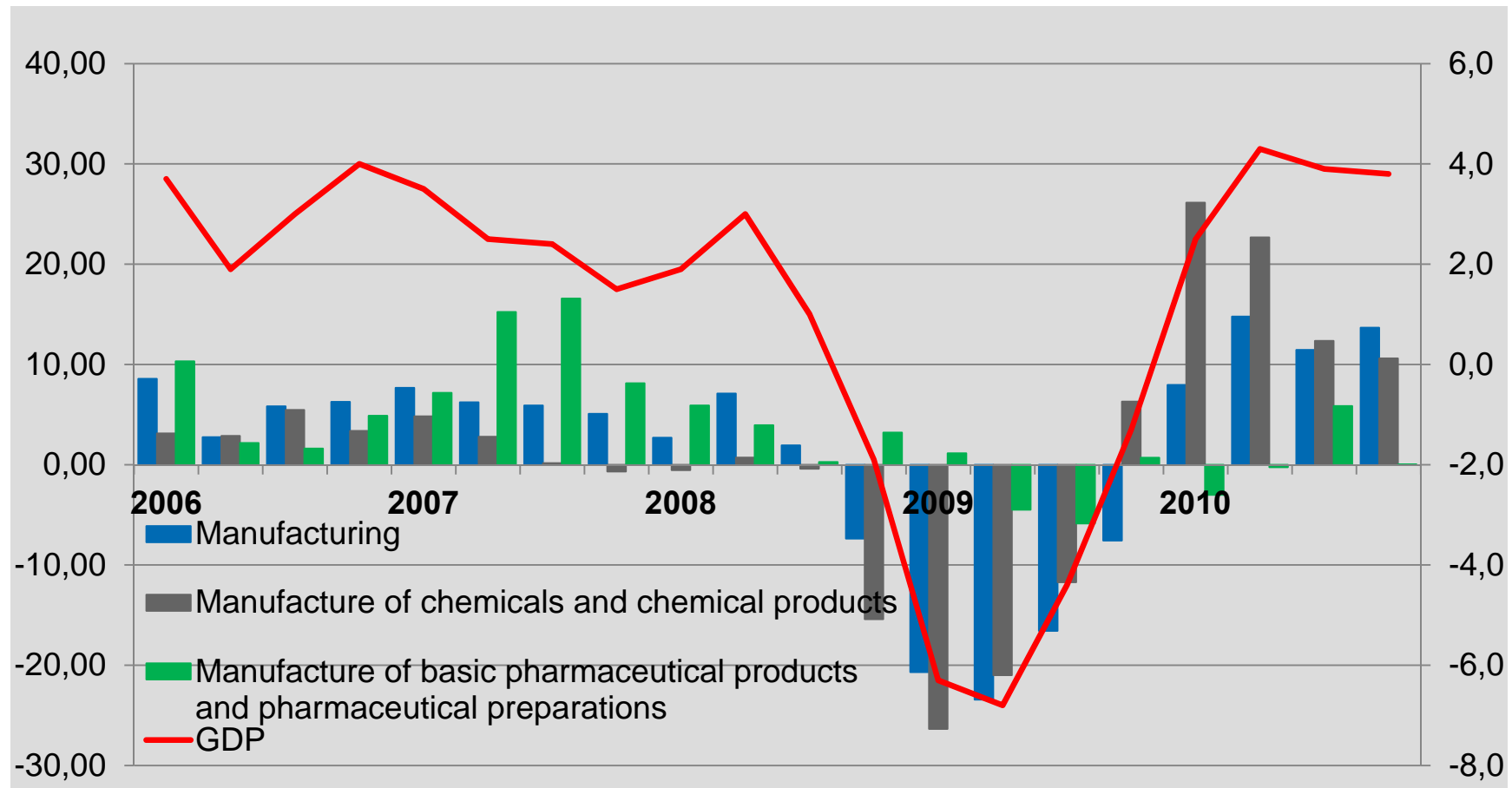
## Percentage change of previous year's quarter



Sources: Statistisches Bundesamt

# Production: Resistant to Cyclical Fluctuations

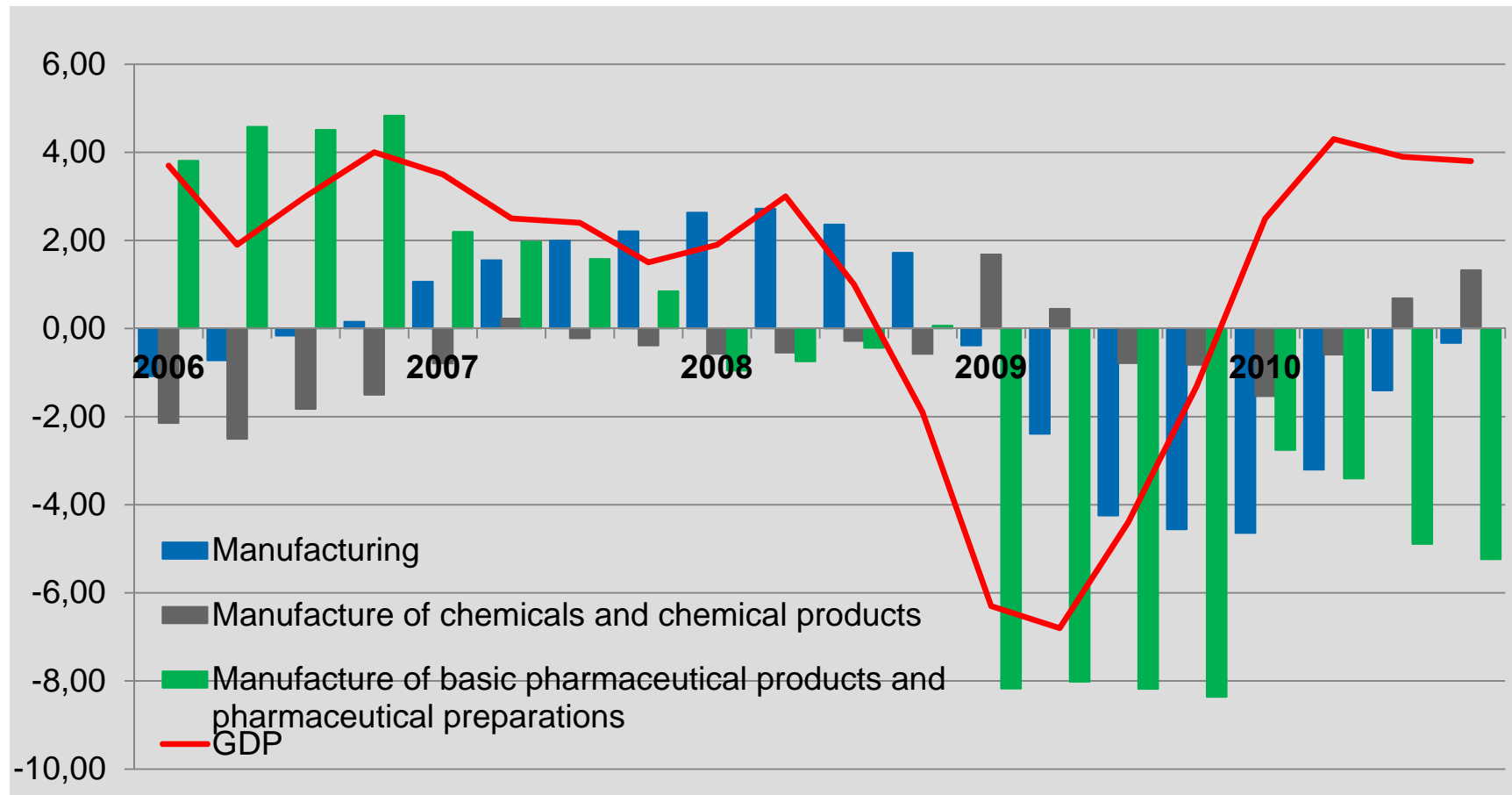
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# Employment: A Stark Decline

Percentage change of previous year's quarter



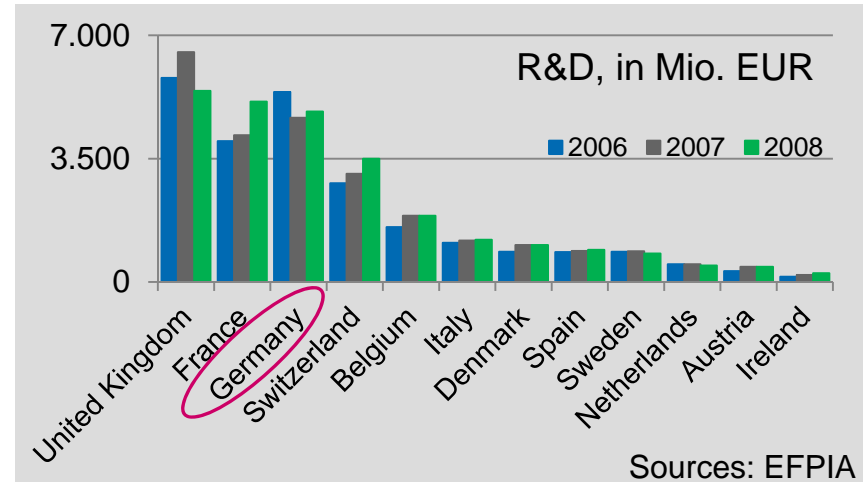
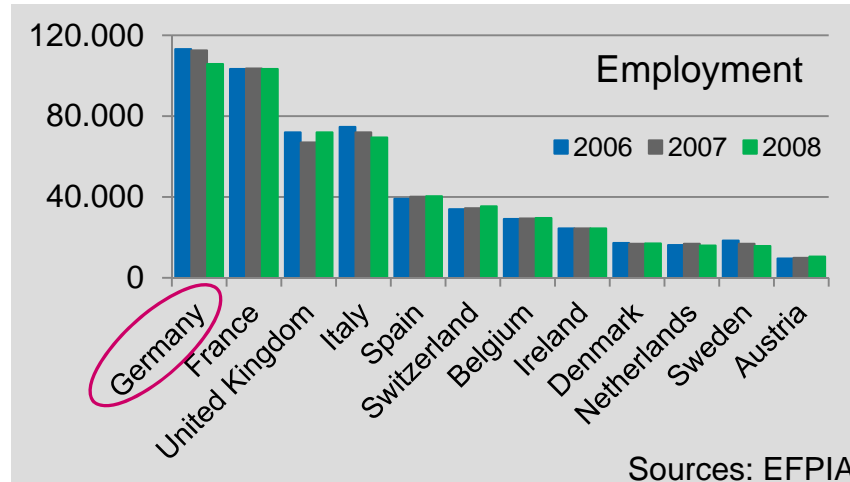
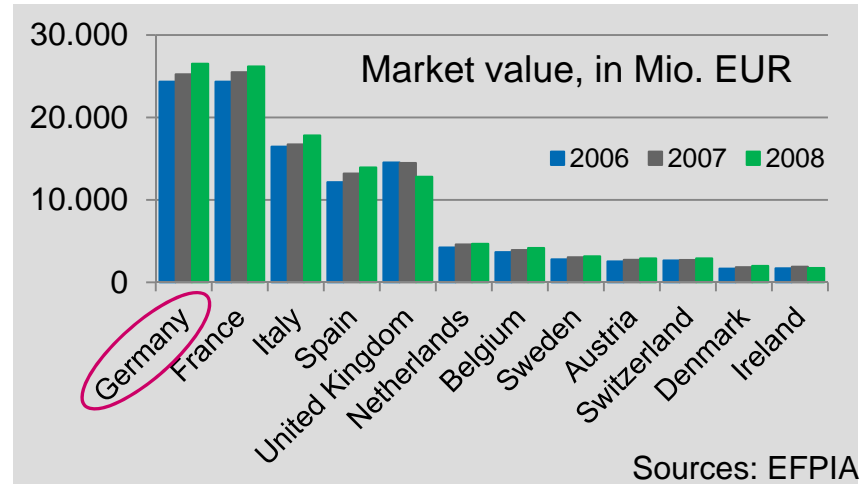
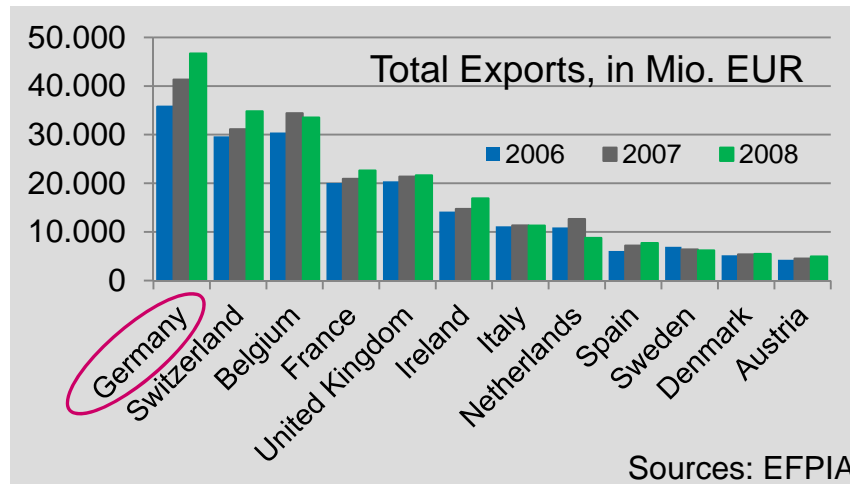
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# Strengthening Germany as Location for R&D

**Research-intensive industries are becoming more and more important in highly developed economies.**

- ▶ Knowledge-based economy, where innovation and research are the primary drivers for growth and competitiveness.
- ▶ The pharmaceutical industry is a highly research-intensive industrial sector (2007).
  - ▶ R&D-Intensity: With R&D expenditures totalling 4.5 billion Euros (equalling 11.2% of turnover), the pharmaceutical industry is one of the most research-intensive industries in Germany.
  - ▶ R&D-Employees: More than 18,000 people were employed in R&D, equalling more than 16% of all employees in the pharmaceutical industry.

# Pharmaceutical Industry: European Ranking



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# Pharmaceuticals in Germany

## Local-specific advantages

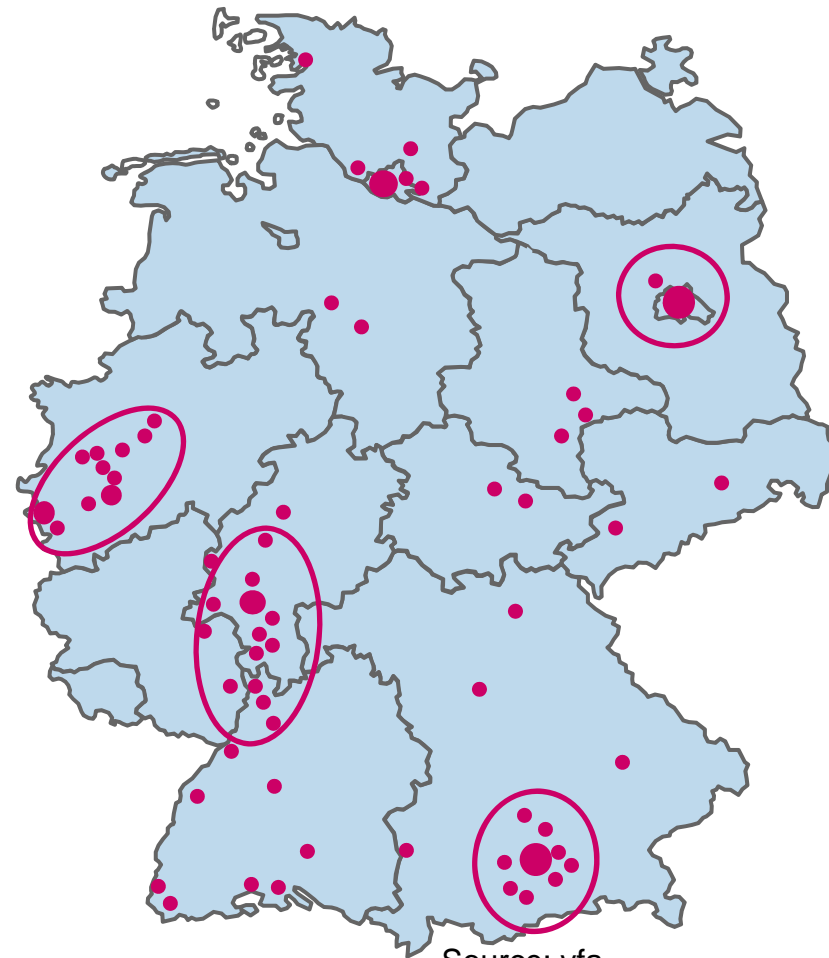
- ▶ Infrastructural benefits
- ▶ Europe's largest health economy
- ▶ Industry clusters
- ▶ Highly trained labour force



# Pharmaceuticals in Germany

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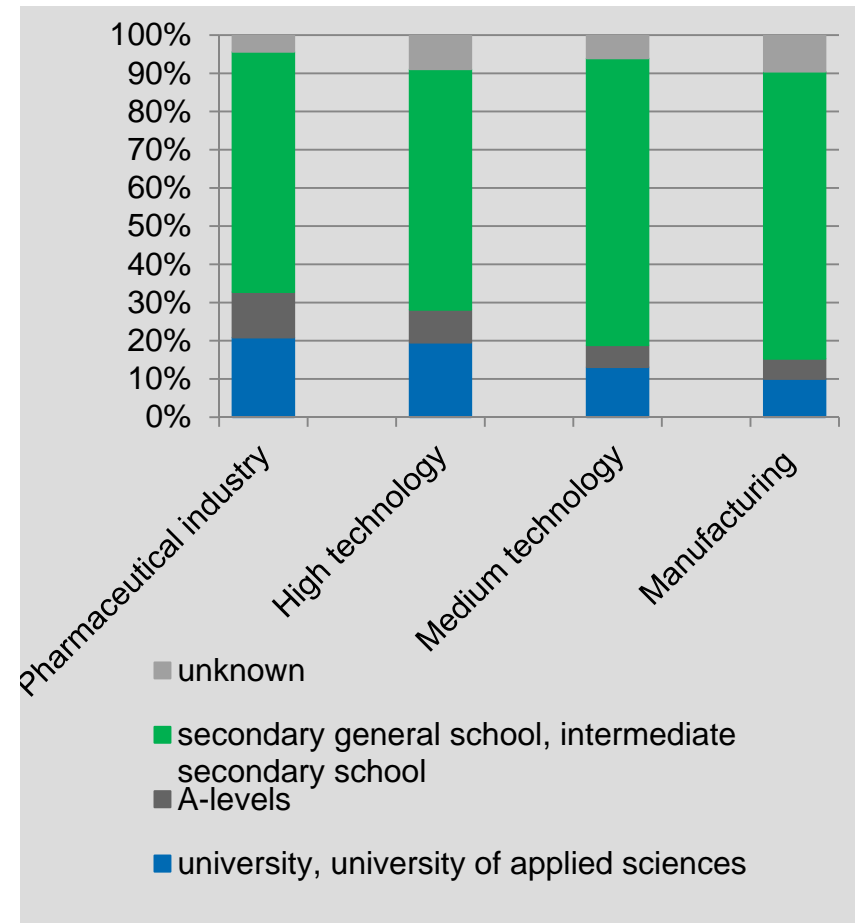


Source: vfa

# Pharmaceuticals in Germany

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# Starting Points for Improvement

**The pharmaceutical industry complains about the following weaknesses of Germany as a location for industry:**

- ▶ Hostility towards technology in general and towards pharmaceutical companies in particular
- ▶ Highly regulated and therefore insecure pharmaceutical market
- ▶ Missing tax break for R&D

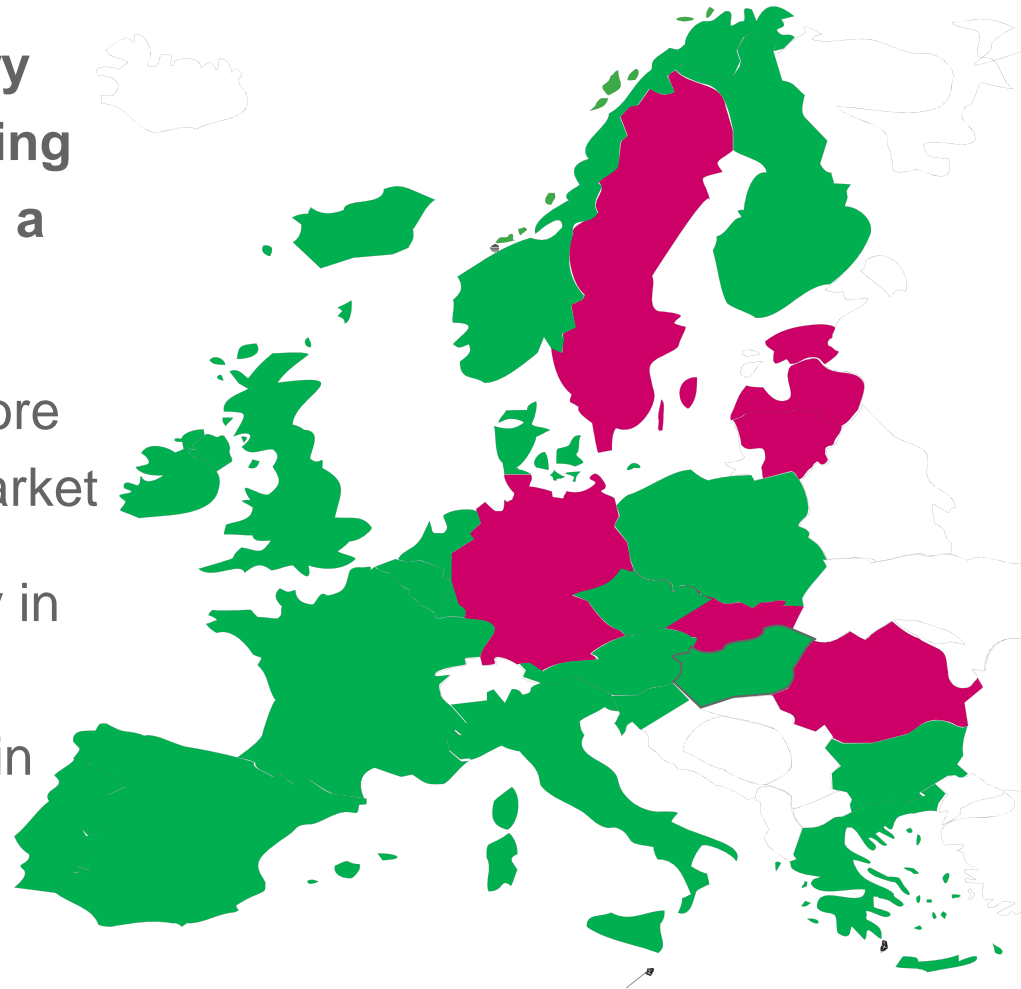
## Health care reforms since 2000:

- ▶ 2000: GKV-Gesundheitsreformgesetz
- ▶ 2001: Festbetrags-Anpassungsgesetz
- ▶ 2002: Arzneimittelbudget-Ablösungsgesetz
- ▶ 2003: Beitragssatzsicherungsgesetz
- ▶ 2003: 12. SGB-V-Änderungsgesetz
- ▶ 2004: GKV-Modernisierungsgesetz
- ▶ 2006: Arzneimittelversorgungs-Wirtschaftlichkeitsgesetz
- ▶ 2007: GKV-Wettbewerbsstärkungsgesetz
- ▶ 2009: 15. AMG-Novelle
- ▶ 2010: GKV-Änderungsgesetz
- ▶ 2010: Arzneimittelmarkt-Neuordnungsgesetz

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# Health Care: Industry of the Future

**Germany cannot afford to lose a strong pharmaceutical industry.  
Because of**

- ▶ demographic change,
- ▶ increasing health awareness of the population,
- ▶ medical and technological progress,
- ▶ increasing importance of participation in innovation networks,
- ▶ increasing exports and
- ▶ integration between health care industry and other economic sectors

**the Health Care Industry is a growth market par excellence!**