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HEALTH, AN UNDERESTIMATED DRIVER OF THE EUROPEAN ECONOMY

The Draghi report underscores the alarming state of the European economy: dwindling competitiveness, stagnant growth, and a dire lack of innovation. These economic challenges are magnified by a dual demographic challenge posed by an aging population and a strained healthcare workforce (1). An aging population demands more extensive care, thereby intensifying pressure on our universal healthcare systems and complicating access. Economic opportunities for the European Union can no longer rely on demographic growth. By the year 2040, the European workforce is expected to diminish by nearly two million workers annually (2).

Strategies for addressing the general economic situation

The Draghi report outlines three essential pillars to revive the European economy:

1. Accelerate technological innovation and significantly increase R&D investments to catch up with the United States and China;
2. Implement a coherent plan combining economic competitiveness and carbon emission reduction; and
3. Reduce the European Union's dependence on foreign raw materials and technologies.

Rethinking the determinants of growth, particularly European productivity, becomes essential to build a Europe that is both a pioneer of sustainable growth, a strategic sovereign power, and a model of social protection.

1. [EU competitiveness: Looking ahead - European Commission](#)
2. [Health at a Glance: Europe 2024 – State of Health in the EU Cycle](#)

Indeed, the European economy possesses an unparalleled advantage linked to the robustness of our social security frameworks. The Draghi report identifies health industries as **critical** for European competitiveness. **By fostering R&D investments and pioneering innovative pharmaceutical production** to tackle future health challenges, we can ensure strategic autonomy from imported health products, reinforce our competitive edge and attractiveness, while strengthening our healthcare systems.

An innovative health industry enhances European competitiveness and sovereignty

The pharmaceutical sector is essential for the health, prosperity, and resilience of Europe. It not only boasts the largest contribution to the EU's trade balance, with a trade surplus of approximately 158 billion euros in 2023 (3), but also enhances productivity. The Gross Value Added: GVA per employee in the pharmaceutical industry far exceeds the average of other European industries (4). Furthermore, Europe leads the world in vaccine research and production, conducting 22% of global clinical trials and hosting the largest research facilities (5).

Additionally, the pharmaceutical industry has a dual positive impact on the economy:

- Firstly, a direct economic impact as a vital industrial and service sector. In 2022, the pharmaceutical industry contributed 311 billion euros to the GDP of the EU27 and 448 billion euros to the European GDP (3).
- Secondly, an indirect impact through enhanced productivity gains resulting from improved population health and reduced pressure on healthcare systems.

The fiscal benefits of investing in the pharmaceutical sector are also substantial. For example, in France, the annual tax revenues generated by the domestic pharmaceutical sector amounts to 4.8 billion euros, while the fiscal costs stand at 4.2 billion euros. This results in an impressive 14% return on investment in medicines (6).

Furthermore, there is mutual interest between public and private sectors in developing novel therapies. Cutting-edge technologies, powered by artificial intelligence, are already transforming healthcare by accelerating the discovery of innovative treatments aimed at addressing the challenges posed by an aging population (7)

3. [International trade in medicinal and pharmaceutical products](#)

4. [Economic footprint of the pharmaceutical industry in Europe](#)

5. [Improving the attractiveness of the Vaccines Industry in the European Union](#)

6. [Poids de la régulation de l'industrie de santé et contribution du G5 santé à l'économie en 2022](#)

7. [A Blueprint for Competitiveness: Elevating Europe's Life Science Sector](#)

Health innovations therefore present transformative solutions to improve the quality of care, address the unmet therapeutic needs of populations, and improve Europe's economic growth and productivity through a healthier population. **These therapeutic innovations, emerging as the essential medicines of tomorrow, can maintain Europe's competitive edge on the global stage.**

Preventive care for improved quality of life, economic advantage, and health benefits.

The benefits of pharmaceutical advances are particularly evident in the field of prevention, where Europe can be a pioneer. Preventive care benefits the health of populations and healthcare systems (increased life expectancy, quality of life, better efficiency of healthcare systems) and provides significant economic benefits. For instance, every euro invested in prevention yields 14 euros of economic gains in high-income countries (8) and 19 euros for adult vaccinations (9).

These gains can then be reinvested in improving the quality of healthcare services, developing new therapies, and supporting education and employment; thus, creating a virtuous circle between health and productivity.

However, today, government investment in prevention is alarmingly low, with only around 4% (10) allocated from national budgets, and less than 0.5% of this dedicated to immunization (11). **Increased investment in preventive measures thus offers a considerable potential for cost savings.**

Health: a strategic investment for the future

An innovative health industry is critical for ensuring that patients and citizens have access to the most advanced therapies, while simultaneously enhancing Europe's competitiveness, sovereignty, and health security. The sector plays a vital role in retaining talent, localizing clinical trials, and in establishing innovative research and industrial sites. Considering the shifting global political landscape and China's significant role in R&D and the pharmaceutical industry development, it is imperative for Europe to develop its own model.

8. [Return on investment of public health interventions: a systematic review - PubMed](#)

9. [The value of prevention for economic growth and the sustainability of healthcare, social care and welfare systems](#)

10. [Health at a Glance: Europe 2024 – State of Health in the EU Cycle](#)

11. [Immunization funding across 28 European Countries](#)

The Draghi report warns of the growing competitiveness gap in the pharmaceutical sector between Europe and the United States and China, mainly due to low R&D investments. While the pharmaceutical R&D investments between the Europe and the United States were similar until 2014, a significant disparity has emerged, resulting in a major gap of approximately 25 billion euros by 2022 (12).

The repercussions are reflected in the origin of new molecules entering the markets: while these were evenly distributed until 2013, the gaps have widened between 2018 and 2023, with only 26% of molecules originating from Europe, compared to 53% from the United States (13). The pharmaceutical sector, particularly innovative treatments, hinges on substantial long-term investments in research, development, and production. It thus also requires a stable and predictable regulatory and legal environment.

Despite the numerous advantages brought by this sector, such as improved population health, enhanced system resilience, and increased economic dynamism, **spending in health continues to be perceived as a cost rather than an investment.**

Considering current budgetary constraints, a new economic governance framework in Europe (Reform of the Stability and Growth Pact) (14) was implemented in April 2024. This framework provides increased flexibility for countries with public debt and/or excessive deficits to execute structural reform plans over an extended period of seven years, instead of the initial four years, and is contingent on the countries' public investments in four key areas: green and digital transition, defense, and economic and social resilience. The transition of healthcare systems towards prevention and a more proactive approach to care must be recognized as a priority investment contributing to "economic and social resilience." Coordinated European investments in pharmaceutical innovation and preventive measures can bolster Europe's geostrategic and economic ambitions.

A call to action

Investments in innovative pharmaceutical R&D and production are powerful engines in driving Europe's economy. Beyond the profound impact on public health and in the resilience of healthcare systems, the sector contributes to Europe's competitiveness, sovereignty, and health security.

12. [Economic footprint of the pharmaceutical industry in Europe](#)

13. [Economic footprint of the pharmaceutical industry in Europe](#)

14. [New economic governance framework](#)

To maximize the sector's potential, these investments must be accompanied by regulatory and legislative frameworks conducive to the sector (such as the ongoing revision of the General Pharmaceutical Legislation) and be integrated into the priorities benefiting within the framework of the Reform of the Stability and Growth Pact.

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