

HEALTH INDUSTRY: WHAT AUTONOMY FOR EUROPE?

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Debate led by **Jean-David ZEITOUN**, Physician and Entrepreneur at Inato | France

Relocating the health industry in Europe to counter drug dependency and secure European sovereignty

While Europe has been experiencing occasional disruptions in its medicines supply for several years, the pandemic has brought this issue to the forefront. Today, 63% of active pharmaceutical ingredients are manufactured in India and China. Thus, in the event of a very sharp rise in demand, a drop in supply, or a malfunction in the supply chain, supply becomes uncertain.

Strengthening the French pharmaceutical industry and relocating the production of essential and frequently disrupted medicines to Europe would help protecting against this risk. Relocation would require investment by the States, the coordination of European countries and the equipping of existing industrial sites with more innovative and modern production equipment, in order to guarantee a level of productivity that would allow competitiveness. In other words, it would require minimizing or even avoiding any additional costs compared with medicines produced in Asia. As a result, it would not necessarily create jobs. This process could take 2 to 3 years according to Sanofi, or 3 to 5 years according to Seqens.

The relocation of production in Europe faces many limitations; other scenarios should be considered

While the relocation of a limited number of products, mostly high added value products, could be sustainable, it is illusory to envision the relocation of the entire pharmaceutical industry to Europe. First, Europe will always remain dependent on a certain number of suppliers, particularly raw materials; without securing the supply chain, relocation will simply shift the problem to another geographical area. Second, it would mean taking the risk of locking ourselves into a dynamic of “sovereignty at any cost”, of isolation, without any real consideration for economic constraints. While it is possible to be competitive on products with high added value, production costs in Europe would be much higher for the rest of the products, without necessarily guaranteeing superior quality. Relocating would then be taking a step backwards, and the positive effects would have to be qualified.

Rather than a change of production location, perhaps it would be more relevant to seek to guarantee trade flows, by creating interdependence between supplier and buyer countries. This could be achieved through more efficient stock strategies (anticipation, increase in stocks, etc.), by multiplying sources and supply chains, by increasing the efficiency of logistics chains and by working to ensure open borders.

Focusing on innovation in the health industry, and learning lessons from the COVID-19 crisis

The pandemic is an opportunity to rethink the health system, building on what has been successfully put in place to move forward. The crisis forces us to reconsider our organizational systems, highlighting the complexity of European controls, which can sometimes prevent efficiency and/or innovation. It is leading to strong advances in the use of digital technology, new collaborations between industrials and the strengthening of cooperation and partnerships. When the crisis comes to an end, one of the key focus should be avoiding to go back to the original state, but instead moving towards an innovative Europe, which in turn would create the conditions to become attractive and modern. It is essential to turn existing industrial sites into modern and competitive, flexible sites, capable of reacting to emergencies, even if this requires a strong investment by the States, particularly in terms of research. This seems to be the only way to assert Europe's position against the United States and China and to implement Europe's desire for technological and economic power.