

Pharmaceutical Industry

Germany – A World-Class Pharmaceutical Location

Combining cutting edge-innovation, a long tradition as the “world’s pharmacy” and continuously growing demand for healthcare products, Germany is the ideal location for pharmaceutical R&D, production, and sales of medicines.

Driven by trends such as demographic change, a rise in chronic diseases and an increasing emphasis on prevention and self-medication, Europe’s biggest pharmaceutical market is growing faster than the German economy. Germany belongs to the world’s leading clinical trials locations and - based on R&D investment and patent application levels - is the leading pharmaceutical innovation location in Europe. Building on these competencies, many German organizations have also joined global efforts to combat the Covid-19 pandemic.

The country is the largest exporter of medicinal products and ranks among the top pharmaceutical producers worldwide. In light of the global need for personalized medicine, Germany has also evolved into one of the main suppliers of novel biopharmaceuticals. Located in the heart of Europe and benefiting from excellent infrastructure and a highly skilled workforce, the continent’s most populous country offers attractive opportunities and a favorable investment climate for pharmaceutical companies planning to expand internationally.



Covid-19: Clinical Research in Germany

There are currently 97 Covid-19 clinical studies registered in Germany, almost half of which are international studies - underlining Germany's leading role in global research for Covid-19 treatment.

Covid-19 Fuels Debate over API Production Locations: The effects of the corona crisis on global drug supply chains has reignited debates about international trade and potential shortage of drugs and generics.

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Latest Publications

PHARMACEUTICAL INDUSTRY



Industry Overview - The Pharmaceutical Industry in Germany

Europe's largest pharmaceutical market offers the perfect location for pharmaceutical R&D, production, and sales of medicines.

[Livestream Webinar: The German Consumer Healthcare \(OTC\) Market](#)

The Industry in Numbers

- Germany constitutes the major European pharmaceutical market and the fourth largest worldwide. In 2019, pharmaceutical industry sales in Germany increased by 5.7 percent, reaching EUR 46.4 billion (ex-manufacturer prices).
- More than 500 pharmaceutical companies are located in Germany. SMEs constitute the backbone of the economic sector, with around 90 percent of drug manufacturers having less than 500 employees. Overall, the German pharmaceutical industry has a workforce of 120,000 people (2019).
- Germany generated production value of EUR 36.1 billion in 2018, making it the leading pharmaceutical manufacturing location in the EU.
- In 2018, the pharmaceutical industry in Germany invested almost EUR 7.4 billion in R&D. The sector shows the highest research intensity across all major German industries – about 12.5 percent of revenues were reinvested in R&D in 2018.

Revenues of the pharmaceutical industry in Germany 2010 – 2019 (in EUR billion)

2010	30.2
2011	31.9
2012	32.6
2013	34.2

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2014	36.2
2015	38.0
2016	39.5
2017	41.5
2018	43.9
2019	46.4

Revenues are based on ex-manufacturer prices. Source: IQVIA 2020

Top 10 of the most important indications (ATC-3) on the statutory health insurance market in terms of sales (2016)

Indication areas (ATC-3)	EURO in mil.	% vs. previous year	% share of total sales	% share of total quantity
Total	38,676.60	3.13	100.00	100.00
L04B Anti-TNF products	2,127.5	8.15	5.50	0.07
N07A Multiple sclerosis Product	1,730.90	- 0.91	4.48	0.08
A10C Human insulin and analogues	1,394.70	1.15	3.61	1.76
L01H Antineoplastic protein kinase inhibitors	1,385.20	15.61	3.58	0.04
B01F Direct factor-Xa inhibitors	1,070.90	32.09	2.77	0.65
N02A Analgesics, Anaesthetic agents	1,061,70	3.18	2.75	1.18
J05B Virostatic agents, not for HIV	961.80	- 35.71	2.49	0.16

J05C Virostatic agents for HIV	961.50	3.68	2.49	0.09
L04X Other immunosuppressants	899.00	11.90	2.32	0.24
T02D Diabetes tests	833.50	- 1.97	2.15	3.66

Source: BPI 2017

Over-the-Counter (OTC) Market

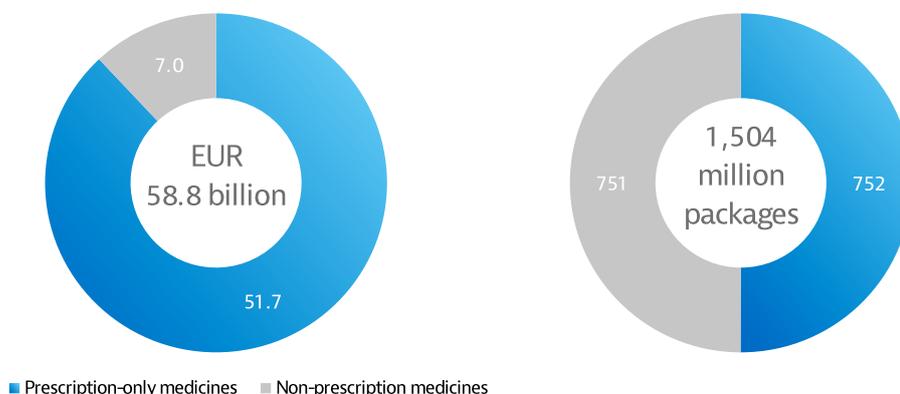
The average annual growth rate of the German OTC market amounts to four percent for the period 2014 to 2019. In 2019, revenues increased by 3.7 percent to almost EUR 10.7 billion. More than EUR 7.2 billion was generated in the non-prescription drugs segment and over EUR 3.4 billion with health products.

Non-prescription drugs include pharmacy-only drugs as well as OTC drugs that may also be sold outside of pharmacies. Product groups that are not subject to pharmaceutical legislation - for example, food supplements – belong to the health products segment and can be sold by pharmacies as well as in the mass market (e.g. drugstores and supermarkets).

Traditional brick-and-mortar pharmacies represent the main distribution channel for OTC products and enjoy a high level of trust among the German population. Almost 75 percent of revenue was generated by the 19,000 local pharmacies in 2019, followed by mail-order pharmacies and the mass market.

Remedies for the respiratory system, analgesics and products for the digestive system account for the highest share of OTC sales via pharmacies (including mail order). Although self-medication represents the major part of revenue, OTC products may also be prescribed and reimbursed by health insurance companies.

Drug Sales in the German Pharmacy Market 2019 (in EUR billion and million packaging units)



Note: Revenues are based on ex-pharmacy prices. The pharmacy market includes sales by brick-and-mortar as well as mail-order pharmacies.
Source: IQVIA/German Medicines Manufacturers' Association (BAH) 2020

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Biopharmaceuticals

The development of biological drugs has led to substantial shifts in the pharmaceutical industry landscape in recent years. Large companies have moved their focus from small molecule drugs towards the development and production of complex biological compounds that are made with the help of a variety of organisms.

Because of their high therapeutic potential, biologics have taken up a considerable share of the pharmaceutical market in Germany: From 2015 to 2019, the biologics market grew by 11.6 percent on average annually – more than twice the growth of the overall pharma market. The total revenue of biopharmaceuticals in Germany is EUR 12.7 billion (2019), equivalent to more than a quarter of the market for pharmaceuticals.

Pharmaceutical Production

Germany is one of the world's top pharmaceutical production locations. In 2018, pharmaceutical production volume reached EUR 36.1 billion – equivalent to 18 percent year-on-year growth. Germany is the biggest pharmaceutical manufacturing location within the European Union and ranks second in Europe after Switzerland.

In the field of biopharmaceutical production, Germany has the second highest figures worldwide after the USA. Three important factors contributing to this excellent position are the high-performing industrial infrastructure, the long-standing strength of the local chemical industry, and a highly qualified workforce.

Research and Development

Germany provides the perfect environment for the development and production of research-intensive, high-grade products. In 2018, the pharmaceutical industry in Germany invested almost EUR 7.4 billion in R&D – more than in any other European country. The German pharmaceutical sector shows the highest research intensity across all major German industries – about 12.5 percent of revenues were reinvested in R&D in 2018. With 499 clinical trials financed by research-based pharmaceutical companies in 2019, Germany ranks fifth worldwide. Based on the number of patent applications, the country is leading in pharmaceutical innovation in Europe. In 2018, some 584 patents were registered with the European Patent Office by the pharmaceutical industry in Germany.

Over 30 biotechnology clusters bundle scientific expertise at a regional level and connect academic and industrial players in the field of drug development, thereby contributing substantially to the advancement of pharmaceutical innovation and creating an innovation ecosystem that enjoys global acclaim.

References

Dr. Hagen Pfundner, CEO Roche Pharma AG and Managing Director Roche Deutschland Holding GmbH



"The availability of a highly trained labor force, a secure legal framework, the company's own long tradition in Germany, and a proven record in biopharmaceutical production were determining factors for the site expansion."

Associations

The pharmaceutical industry is represented by several associations:

German Association of Research-based Pharmaceutical Companies (vfa): The vfa represents the interests of 44 global leaders in research-based pharmaceutical companies and more than 100 subsidiaries and affiliated companies in healthcare, research, and economic policy.

- [Official Homepage - vfa](#)

German Association for the Pharmaceutical Industry (BPI): The BPI represents approx. 240 companies. This includes traditional pharmaceutical companies, pharmaceutical service providers, and companies in the fields of biotechnology, herbal medicine and homeopathy/anthroposophy.

- [Official Homepage - BPI \(only in German\)](#)

German Association of Pharmaceutical Producers (BAH): With more than 450 members, the BAH has the most members among the pharmaceutical industry associations in Germany. Its members are primarily pharmaceutical producers, but also pharmacists, lawyers, publishers, agencies, as well as market and opinion research institutes in the healthcare field.

- [Official Homepage - BAH](#)

Pro Generika: Pro Generika is the association of companies that manufacture generic and biosimilar products in Germany. Pro Generika has 16 member companies in Germany. Companies manufacturing generic and biosimilar products together cover over 75 percent of the medicinal drugs required by the statutory health insurance funds.

- [Official Homepage - Pro Generika \(only in German\)](#)

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