



## Market Insight: The German Pharmaceuticals Industry

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Valued at 29.6 billion Euros in 2015, Germany's drug market was the fourth largest worldwide after the United States, Japan and China. In the EU-15, Germany, France, Italy and United Kingdom represented the largest pharmaceutical markets in 2015. The pharma industry in Germany employs 140,000, with over 15% engaged in R&D. In 2014, the pharma in Germany invested Euro 5.2 billion into R&D. The industry is characterized by medium-sized and privately owned enterprises, large German groups and German subsidiaries of global corporates. The ageing population and good consumer spending index continue as growth drivers and make the German pharma market attractive for exporters, suppliers and investors.

Governmental regulations such as the German government's commitment to its fiscal austerity program and continued spending cuts restricted the economy's potential. In 2015, Germany's pharmaceutical market was up 6% over the previous year. There is great potential in the German drug market, especially in the fields of regenerative medicine and gene/cell therapy. The market was projected to grow annually by 3% from 2012-2015, with the fastest growth in the specialized hospital market for new and expensive pharmaceuticals. Good Opportunities also exist for local production, research and acquisition of German drug firms. The German pharma law still prevents the development of pharmacy chains, since all roughly 20,000 German pharmacies are individually owned and a pharmacist is not allowed to own more than four pharmacies. However, with a franchise concept of marketing, suppliers/investors can align pharmacies in look-alike "cooperatives" and purchasing groups, following the success of *Easy Apotheke* Franchise, recording growth of 19% in 2016 with sales of Euro 246 million at 114 locations throughout Germany.

Online pharmacy sales continued with 2-digit growth in 2016, according to IMS Health, making up 12% of the German OTC drug market. OTC drugs accounted for 77% of online pharmacy sales valued at Euro 1.6 billion, +16.6% over 2015 levels. Amazon is also reported to be looking at the pharmacy market to develop a home delivery service in the context of Amazon Prime and cooperate with local pharmacies as exclusive partners.

The Digital Pharmacy was discussed at the Interpharm-Pharmacy Association meeting in Bonn in April 2017. The ehealth law stipulates an electronic medication plan by January 1, 2019, which ABDA, the German Pharmacy Association, believes to be unrealistic. ABDA is currently working to establish the respective telematics infrastructure and install the necessary card reader hardware in all pharmacies. ABDA has meanwhile developed an IT division to digitally connect all pharmacies in Germany and is working on a "Digital Pharmacy" 2030 plan including apps for pharmacists and patients and secure communication methods. U.S. suppliers with digital solutions in this market should find good potential over the coming years.

Recent sales growth has been seen with drugs for acute conditions such as cancer, rheumatoid arthritis, and multiple sclerosis; but also for chronic conditions such as cardiovascular diseases; diabetes; and preventive medicine. Drugs for rare diseases, also known as Orphan Drugs, with a market exclusivity for 10 years in the European Union, should also see good market potential as should bio-based medication; personalized medicines and biosimilars. The pharmaceutical industry has also implemented new and modernized technologies to improve the efficiency of operations.

(based on bpi data of IMS World Review 2016; source: German Pharmaceutical Industry Association)

### The Global Pharmaceutical Market\*\*

|                                   |  |
|-----------------------------------|--|
| <b>Total market:</b>              | <b>979 billion Euros (+9% compared to 2014)</b>  |
| <b>North America:</b>             | <b>417 billion Euros (+11% compared to 2014)</b> |
| <b>EU:</b>                        | <b>217 billion Euros (+7% compared to 2014)</b>  |
| <b>Japan:</b>                     | <b>74.3 billion Euros (+6% compared to 2014)</b> |
| <b>Asia, Africa, Australasia:</b> | <b>279 billion Euros (+7% compared to 2014)</b>  |
| <b>Latin America:</b>             | <b>66 billion Euros (+19% compared to 2014)</b>  |

Data presented by BPI based on data of IMS World Review 2016.

### Pharmaceuticals in the German Statutory Health Insurance System

|                                |   |
|--------------------------------|---|
| <b>Total SHI expenditures:</b> | <b>213.7 billion Euros (+4%; 2015)</b>  |
| <b>SHI expenditures</b>        |   |
| <b>for pharmaceuticals:</b>    | <b>34.8 billion Euros (+4.3%; 2015)</b> |
| <b>% of pharmaceuticals</b>    |   |
| <b>of total expenditures:</b>  | <b>16.3%</b>                            |

Data presented by BPI based on data of IMS World Review 2015.

### Pharmaceutical Drug Prices

Development of drug prices in SHI system

In the first six months of 2016: -1.7% (compared to 2015)

Data presented by BPI based on data of IMS World Review 2017.

### Main suppliers of pharmaceuticals\* to Germany (in million Euros)

|                        | 2014     | 2015      |
|------------------------|----------|-----------|
| <b>Switzerland</b>     | 8,525.59 | 10,176.52 |
| <b>The Netherlands</b> | 6,585.71 | 7,615.16  |
| <b>USA</b>             | 5,791.55 | 7,020.76  |
| <b>France</b>          | 2,264.25 | 2,265.97  |
| <b>Italy</b>           | 2,461.80 | 2,200.68  |

\* Business branch 21, Production of pharmaceutical goods.

Source: Illustration of the BPI based data of the VCI 2016 and the Federal Office for Statistics 2016.

### Main importers of pharmaceuticals\* from Germany (in million Euros)

|                 | 2014      | 2015      |
|-----------------|-----------|-----------|
| USA             | 10,583.16 | 13,488.87 |
| The Netherlands | 6,239.57  | 8,215.95  |
| Great Britain   | 6,006.59  | 7,099.58  |
| Switzerland     | 4,097.19  | 4,646.63  |
| France          | 3,598.51  | 3,663.20  |

\* Business branch 21, Production of pharmaceutical goods.

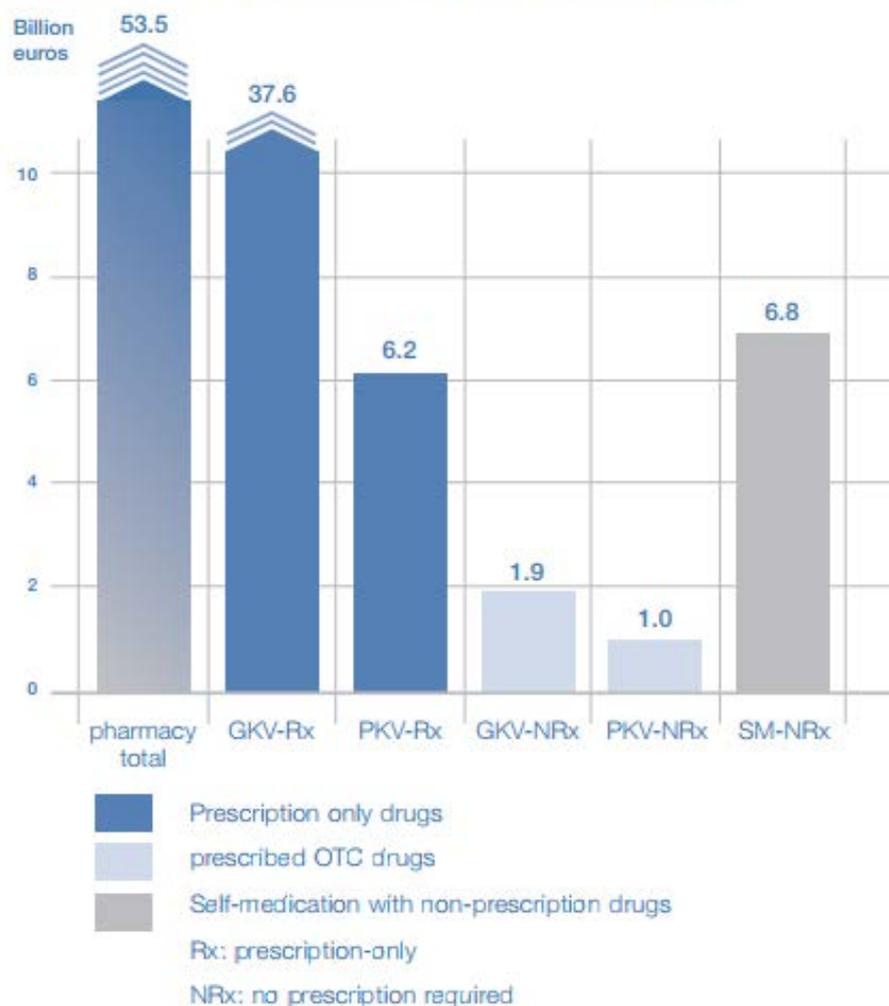
Source: Illustration of the BPI based data of the VCI 2016 and the Federal Office for Statistics 2016.

GKV: statutory health insurance

PKV: Private health insurance

Source: Illustration of the BPI based data of the VCI 2016 and the Federal Office for Statistics 2016.

### Turnover of the medicines market in pharmacies and mail order business, 2015, at pharmacy sale prices (in billion euros)



BPI's own presentation, based on data from IMS PharmaScope® National 2016.

**Sales trends in the pharmacy market 2014- 2015**  
(packages in millions)

|                         | 2014    | 2015    | Change vs. previous year in % |
|-------------------------|---------|---------|-------------------------------|
| Total                   | 1,597.0 | 1,614.3 | 1.08                          |
| Prescription only       | 711.6   | 711.0   | -0.08                         |
| Pharmacy only           | 671.0   | 687.1   | 2.40                          |
| Non-drugs               | 153.2   | 153.8   | 0.39                          |
| General sales medicines | 48.2    | 49.3    | 2.28                          |
| Narcotics               | 12.5    | 12.6    | 1.61                          |

Source: Based on data of the BPI and Insight Health 2016

**Phases of the pharmaceutical drug research and development process in the EU**

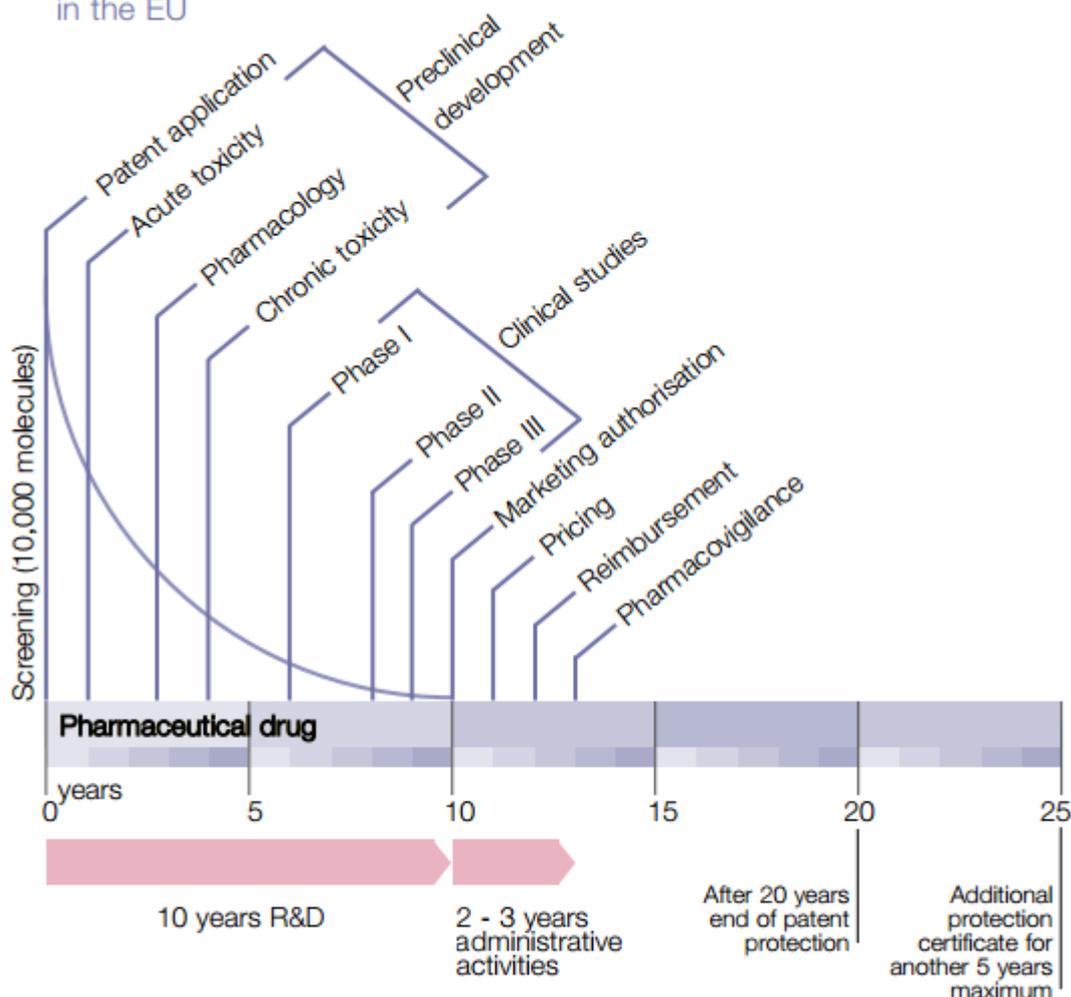


Illustration of the BPI based on data of the European Federation of Pharmaceutical Industries and Associations (EFPIA) 2015.

**Pharmaceutical Trade Shows with International Attendance**

**CPhi Worldwide**

Date: October 24-26, 2017  
Venue: Messe Frankfurt, Germany

Organizer: UBM plc  
Ludgate House 240 Blackfriars Road  
SE1 8BF London, UK  
[communications@ubm.com](mailto:communications@ubm.com)  
[www.ubm.com](http://www.ubm.com)

Internet: <http://www.cphi.com/europe/>

**Expopharm**

Date: September 13-16, 2017  
Venue: Düsseldorf, Germany

Hosted by: Messe Düsseldorf GmbH  
Messeplatz  
Stockumer Kirchstraße 61  
40474 Düsseldorf, Germany

Internet: <http://www.expopharm.de/>

**For More Information**

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