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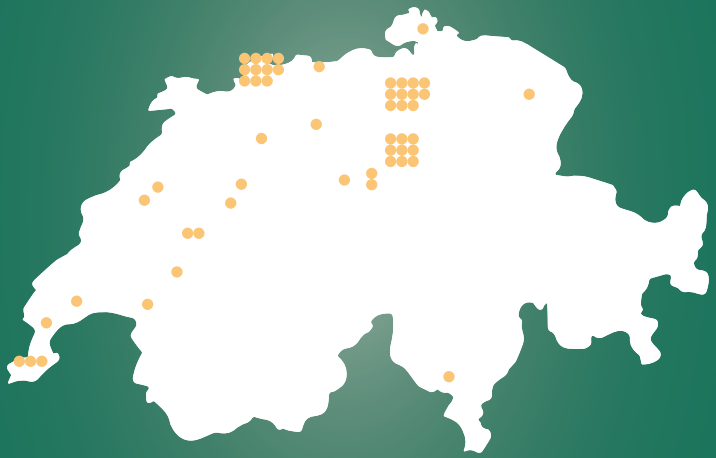
HEALTH PANORAMA 2024

Key facts and figures on the Swiss health and pharmaceutical landscape

The research-based pharmaceutical industry in Switzerland



The member companies of Interpharma employ almost **40’000 people** at **48 sites** across Switzerland.

Interactive map

For a sustainable healthcare system

Dear Reader,

How do we create a sustainable healthcare system? That is probably one of the most important questions facing modern society. There is no magic formula, but we know for certain that a sustainable healthcare system cannot be conceived of as a series of isolated silos and instead calls for a holistic approach. It balances optimum access to healthcare, the quality of provided services and the resulting costs. And it is a learning system that is based on a strong location and that facilitates innovation.

With Health Panorama, we want to give you some fact-based food for thought and illustrate complex relationships with a view to contributing to vital discussions on the concept of a sustainable healthcare system.

In 75 charts, we provide you with a compact overview of the **key facts and figures relating to the healthcare system, the pharmaceutical sector and Switzerland as a pharmaceutical hub.** You will also find facts and figures online at www.datacenter.interpharma.ch and can order or download this and other exciting publications at www.interpharma.ch.

We hope you enjoy reading this edition of Health Panorama, and we look forward to any feedback you may have.

Dr. René Buholzer
CEO and Delegate of the Board

The Swiss healthcare system

Life expectancy in Switzerland has almost **doubled** in the last 100 years.

Between 2010 and 2022, the **cancer mortality rate** fell by **32 percent** in men and **16 percent** in women, partly due to new drugs.

Drugs account for less than **12** out of every 100 francs spent on healthcare.

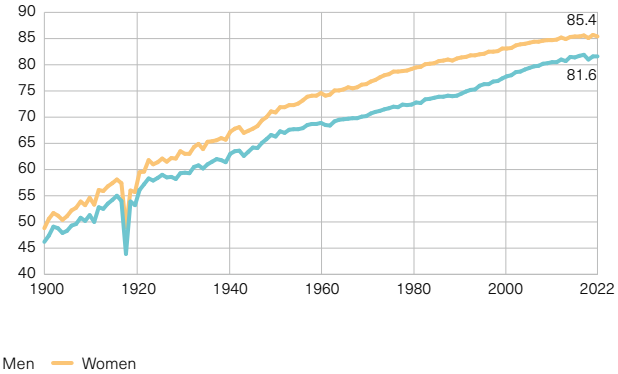
Life expectancy in Switzerland is increasing

Life expectancy in Switzerland has almost doubled in the last 100 years.

Thanks to better healthcare, new and innovative medicinal products, improved hygiene and a high quality of life, we are not only living longer, but also more healthily.

In the early 1990s, life expectancy was still around seven years longer for women than for men – today, this gap is just under four years.

Mean life expectancy at birth
In years, 1900–2022



Source: Federal Statistical Office (2022), Statistical Yearbook of Switzerland.

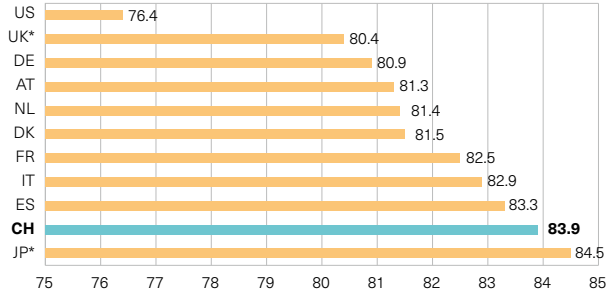
Switzerland has one of the highest life expectancies in the world

At an average of some 84 years for the population as a whole, Switzerland had the second highest life expectancy in the world in 2021.

According to the OECD, only the Japanese live longer. The (estimated) mean life expectancy in Japan is 84.5 years.

Switzerland owes its leading position to a high-quality healthcare system that is accessible to the entire population and a high quality of life (to name just a couple of examples).

Mean life expectancy at birth in international comparison
In years, 2021



Source: OECD (2023), OECD Health Statistics 2021.

* Data from 2020. (UK and Japan based on estimates.)

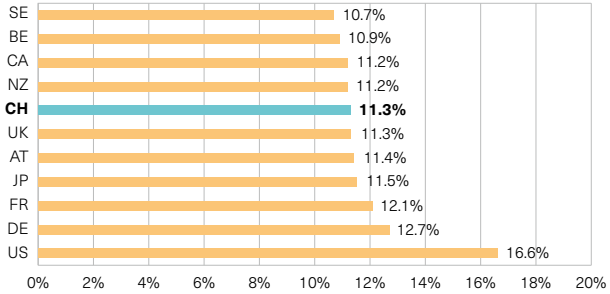
Swiss healthcare spending is similar to that of reference countries

Healthcare spending as a percentage of gross domestic product (GDP) is a reflection of how much of a country's overall economic output it spends on health goods and services and invests in healthcare infrastructure.

According to estimates for 2022, the average healthcare spending of all OECD countries was 9.2% of GDP.

Internationally, Switzerland is in seventh place with a share of 11.3%. In 2018, Switzerland was still in second place, behind the USA, with a share of 11.9%.

International comparison of healthcare expenditure as a percentage of GDP, in percent, 2022



Source: OECD (2023), OECD Health Statistics 2021.

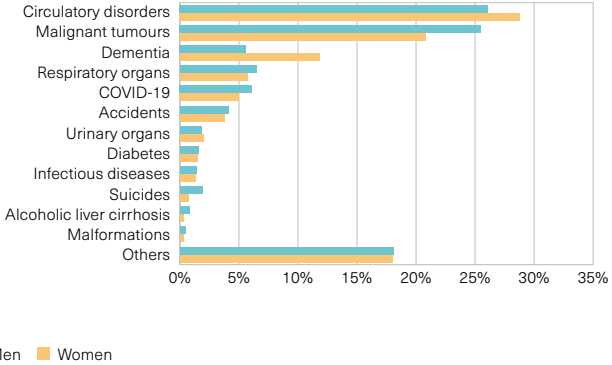
Diseases of the cardiovascular system and cancer are the most common causes of death

In 2022, 74'425 deaths were recorded in Switzerland. Both in women (28.8%) and in men (26.1%), cardiovascular diseases were the most common cause of death.

The second most common cause was cancer, accounting for 20.8% of deaths in women and 25.5% in men.

Dementia is the third most common cause of death in women (11.8%) and is almost twice as frequent as in men (5.6%).

Most common causes of death by gender
Deaths 2022: 74'425



Source: Federal Statistical Office (2024), Cause of Death Statistics.

As life expectancy increases, growing numbers of people are suffering from dementia

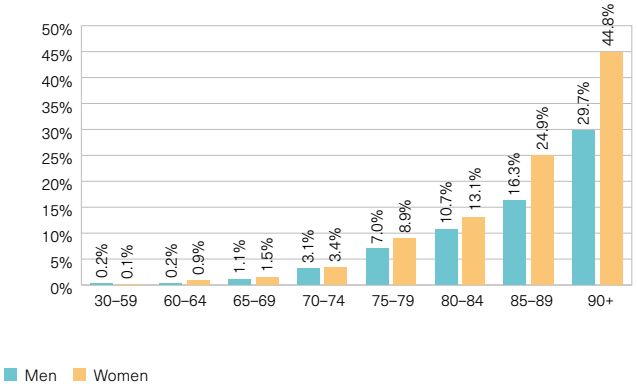
In 2023, estimates suggested that around 153'000 people were living with Alzheimer's or another form of dementia in Switzerland. Approximately 32'200 new cases are recorded each year – one every 16 minutes on average.

Around 45% of women over the age of 90 suffer from dementia. In men, dementia affects roughly 30% of those aged 90 and above.

Between 1998 and 2021, there were 198 unsuccessful attempts to develop an Alzheimer's drug. Pharmaceutical companies around the world are still researching effective treatments.

Number of dementia patients

Per age, 2023



Source: Alzheimer Switzerland (2023).

Cancers of the digestive tract are the most common cause of death

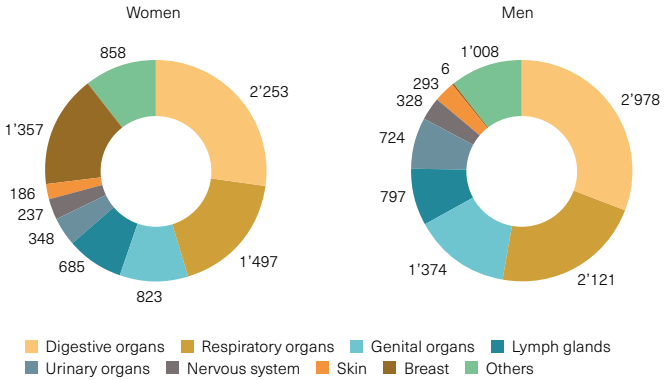
In 2020, 17'877 people in total died of cancer. More men (9'629) died of cancer than women (8'248).

Most deaths from cancer are due to cancers of the digestive tract in both men and women. Cancer of the respiratory organs comes in at second place.

The third leading cause of death attributable to cancer is breast cancer in women and cancer of the genital organs in men.

Deaths by type of tumour

2022



Source: Federal Statistical Office (2024), Cause of Death Statistics.

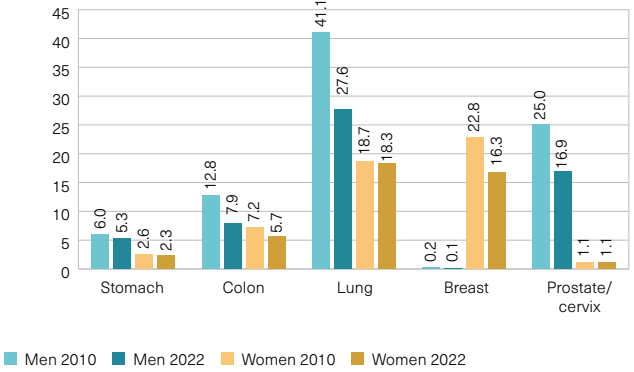
Cancer mortality rates are also falling thanks to medical advances

The cancer mortality rate fell in both men (–32%) and women (–16%) from 2010 to 2022 – not least due to medical advances and the pharmaceutical industry's research into oncology.

Between 2010 and 2022, colon cancer mortality dropped by around 38% in men and by 21% in women. Lung cancer mortality in men likewise saw a sharp decline (–33%), but only fell slightly in women.

Prevention, early diagnosis and access to modern treatment play a crucial role in fighting cancer.

Development of cancer mortality rate per 100'000 inhabitants
2010 and 2022



Source: Federal Statistical Office (2024), Cause of Death Statistics.

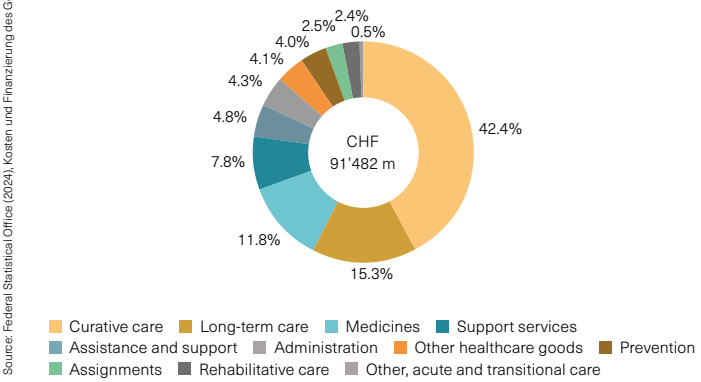
Drugs account for less than 12 out of every CHF 100 spent on healthcare

Healthcare spending in Switzerland totalled CHF 91.5 billion in 2022. The 2.5% increase is below the trend over the last five years (+3.2%).

Together, curative and long-term care accounted for over half of total healthcare costs.

At CHF 10.8 billion, drugs accounted for 11.8% of healthcare spending. In other words, for every CHF 100 spent on healthcare, less than CHF 12 are spent on drugs.

Breakdown of healthcare costs by services provided
Total costs in 2022: CHF 91'482 million



Source: Federal Statistical Office (2024), Kosten und Finanzierung des Gesundheitswesens.

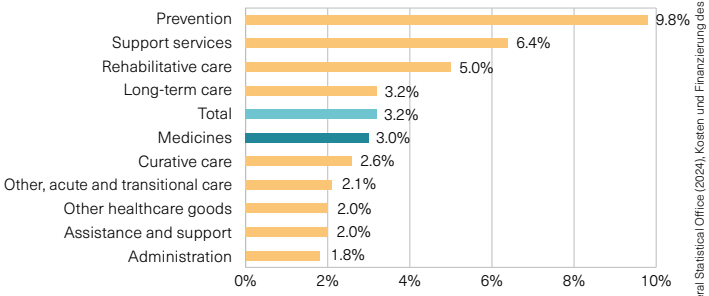
The cost of drugs has increased at a below-average rate over the past 12 years

In the entire Available period from 2010 to 2022, total healthcare costs rose by 3.2% per year. The greatest growth was recorded in prevention (including preventing communicable diseases and educating the population), which rose by +9.8% on average each year.

At +3%, the rise in spending on drugs is below average compared to the overall healthcare costs.

The biggest contribution to growth in absolute terms comes from curative and long-term care.

Cost development according to services provided
average annual growth, 2010–2022



Source: Federal Statistical Office (2024), Kosten und Finanzierung des Gesundheitswesens.

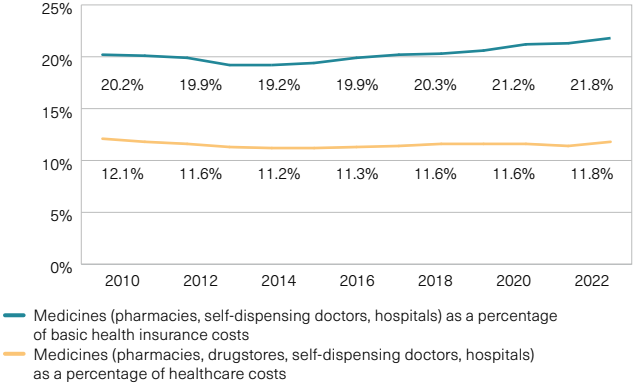
Drugs as a percentage of healthcare costs are stable

Medicines accounted for an 11.8% share of healthcare costs in 2022. The share of costs incurred under compulsory health insurance (CHI) was 21.8%.

While many innovative medicines are coming onto the market, the cost of medicines is growing at a slower rate than the overall healthcare costs. Drugs as a percentage of healthcare costs have been stable for more than a decade.

The cost of drugs covered by CHI experienced moderate growth due to the shift from inpatient to outpatient care.

Cost of medicines as a proportion of healthcare and basic health insurance costs, 2010–2022



Source: Federal Statistical Office (2024), Kosten und Finanzierung des Gesundheitswesens.

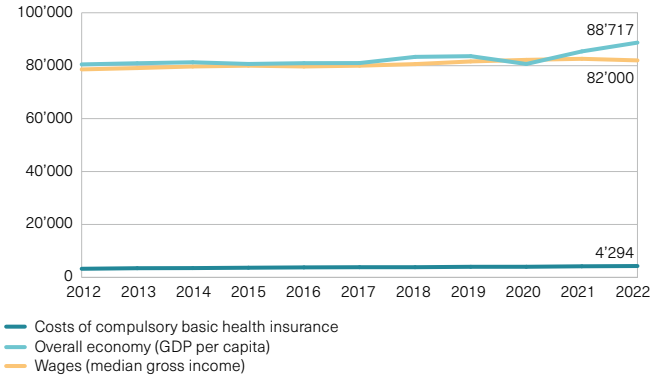
GDP and wages are rising faster than healthcare spending

An absolute comparison with wage development and gross domestic product (GDP) is one suitable way of tracing the effective healthcare cost burden on the general public.

Between 2010 and 2022, per capita annual healthcare spending in Switzerland rose by CHF 1,038 to CHF 4,294. In the same period, GDP per capita rose by CHF 8,230, and median gross income rose by CHF 3'400.

Both GDP and wages therefore rose significantly more per capita than healthcare spending.

Per capita growth in OKP costs, GDP and wages
2012–2022



Source: Illustration Interpharma with data basis: Federal Office of Public Health (2024), Statistics on compulsory health insurance. Federal Statistical Office (2024), Growth and Productivity Statistics (GPS), Federal Statistical Office (2024), Swiss Labour Force Survey (SLFS).

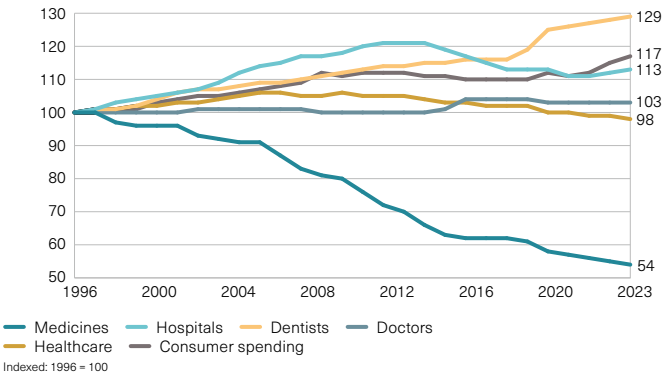
Since the KVG was introduced, the drugs price index has fallen by 46 percent

The drugs price index is the only price index in the healthcare system that has been falling continuously since the Health Insurance Act (KVG) was introduced in 1996.

At 54 points, the price index in 2023 was 46% lower than it was in 1996, whereas the hospital price index, for example, was around 13% higher in 2023 than it was in 1996.

Every three years since 2012, the prices of reimbursable medicines have been reviewed and reduced where necessary, generating recurring annual savings of more than CHF 1.5 billion in the healthcare system.

Price indexes in Switzerland's healthcare system
1996–2023



Source: Federal Statistical Office (2024), National Consumer Price Index.

Swiss households spend almost as much on alcohol and tobacco as on drugs

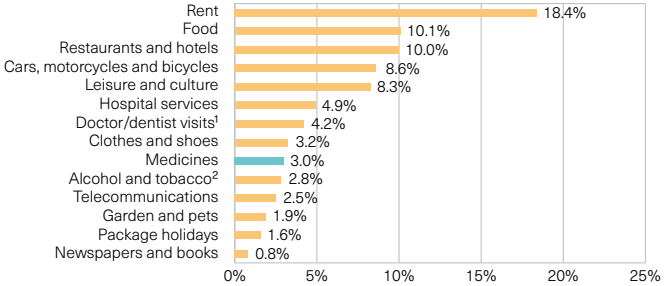
Around a fifth of household spending goes towards rent, making it one of private households' largest expenditure items by far.

Furthermore, Swiss households spend 10% of their budget on food, 10% on eating out and staying in hotels, and 8.6% on cars, motorcycles and bicycles.

People in Switzerland spend more of their disposable income on clothes and shoes (3.2% in total) than they do on drugs (3%).

Spending structures of Swiss households

Basket of goods in national consumer price index, 2024



[1] Outpatient services (excluding hospital outpatients), excluding medicines
[2] Incl. alcohol in restaurants and hotels

Source: Federal Statistical Office (2024), National Consumer Price Index.

The financing of healthcare is complex

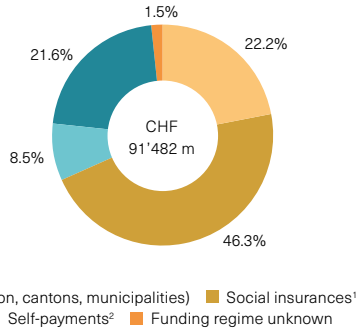
Social insurance met around 46% of the healthcare costs arising in 2022, which amounted to CHF 91.5 billion. This includes premium-funded CHI, which amounted to CHF 34.5 billion, covering nearly 38% of overall costs.

In today's system, 100% of the costs of the outpatient sector are met by the health insurance companies, while in the inpatient sector 55% are met by the cantons and 45% by the health insurance companies.

The "uniform financing of outpatient and inpatient services" (EFAS) calls for the abolition of this funding regime in order to reduce false incentives in the system. The savings potential constitutes billions.

Financing of the healthcare system

Total costs 2022: CHF 91'482 million



[1] Cost-sharing social insurance
[2] Private insurance and self-payment without cost sharing

Source: Federal Statistical Office (2024), Kosten und Finanzierung des Gesundheitswesens.

Medication sector

The drug price reviews result in recurring annual **savings** of more than **CHF 1.5 billion.**

The FOPH sets **drug prices** at the **European level.** Adjusted for fluctuations in exchange rates, the difference to prices abroad is just 2 percent.

The share of **generics** has increased continuously since 2012 and was **64 percent** in 2023.

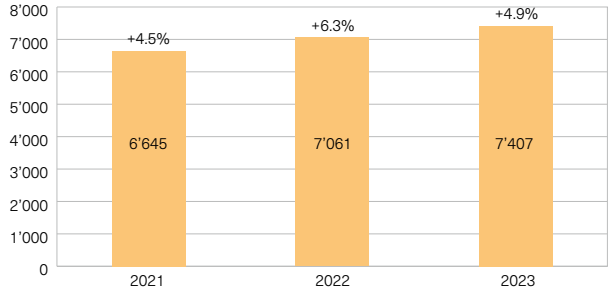
Increasing demand for provision of medications

The medication sector comprises prescription-only and over-the-counter drugs, as well as reimbursable drugs on the Specialities List (SL) and non-reimbursable drugs.

In 2023, Switzerland's medication market achieved a volume of CHF 7.4 billion at ex-factory prices (+4.9% year on year).

Growth is driven in particular by rising demand for medical care and by demographic development. New and innovative drugs made a below-average contribution to growth in 2023.

Development of market value at factory gate prices,
in CHF millions



Source: Interpharma calculations based on IQVIA AG data (2024).

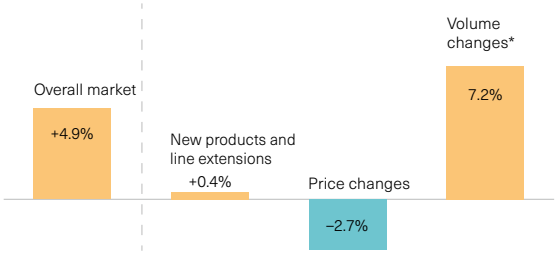
Price cuts dampen growth of the medication sector

The Swiss medication sector grew by 4.9% in 2023. Due to demographic development, the demand for drugs is shooting up (contribution to growth: +7.2%).

Regular drug price reviews result in recurring annual savings of more than CHF 1.5 billion and dampened the overall sector by –2.7% in 2023. The pharmaceutical industry is therefore making a major contribution to containing the increase in healthcare costs.

New products – designed to treat the likes of cancer or auto-immune diseases, for example – made only a weak contribution to growth (+0.4%).

Development of individual components at ex-factory prices,
growth 2023



Source: Interpharma calculations based on IQVIA AG data (2024).

* Volume changes: percentage of revenue growth resulting from increased sales of products launched on the market before 2023.

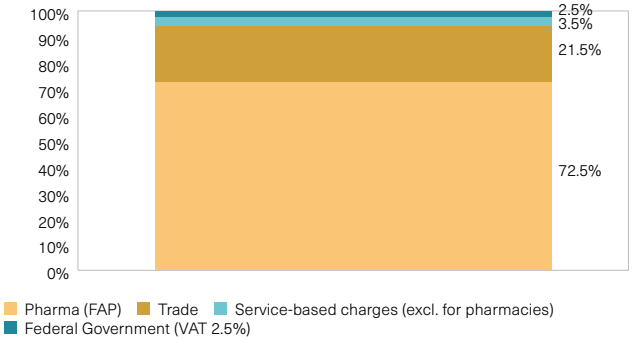
One quarter of drug prices go to distribution

For a drug priced at CHF 100, around CHF 72.5 go to the manufacturers and CHF 27.5 to retailers, doctors, pharmacists and – through value-added tax – to the Federal Government.

With the new calculation of the trade margin on July 1, 2024, low-priced drugs now have a higher margin and therefore a higher public price. The margins of more-expensive medicines are being reduced.

However, the ex-factory price of pharmaceutical companies remains the same.

Composition of drug prices
2023



The trade includes both a price-related surcharge in percent of the ex-factory price (FAP) and a pack-related surcharge in CHF depending on the level of the FAP.

Source: santésuisse and Interpharma (2024), gemeinsamer Auslandpreisvergleich.

Cost savings of CHF 1.5 billion through drug price reductions

In the price reviews, the FOPH splits drugs into three groups, one of which is reviewed each year with respect to efficacy, suitability and cost-effectiveness.

Between 2017 and 2023, the prices of more than 2'700 medicinal products were reduced by an average of –14%.

The reviews result in recurring annual savings of more than CHF 1.5 billion. The pharmaceutical industry is the only player in the Swiss healthcare sector that makes a significant contribution to cost containment through institutionalized price reviews.

Savings through triennal price reductions by the FOPH

	Number of products with price reduction	Average price reduction
2017	436	–18%
2018	477	–16%
2019	435	–16%
2020	375	–11%
2021	378	–10%
2022	300	–10%
2023*	350	–10%

Source: Federal Office of Public Health (2022), press releases of 25/10/2019, 03/11/2022 and 03/11/2023.

* Expected values

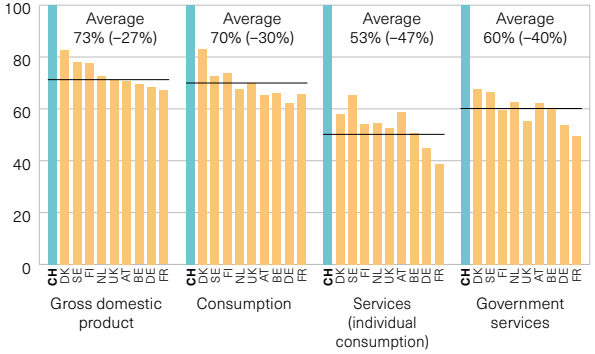
The price level in Switzerland is generally above average

Compared to economically similar countries, prices in Switzerland are generally above average.

The gross domestic product (GDP) highlights the difference in disposable income. Measured in terms of GDP, Switzerland is 27% above the average of the nine international reference pricing countries.

The prices for consumer goods, as well as services, are 30% to 47% cheaper in other European countries than in Switzerland.

Comparative price level indices
Switzerland = 100, 2022



Source: Eurostat (2024), comparative price level indices and real expenditures for ESA 2010 aggregates.

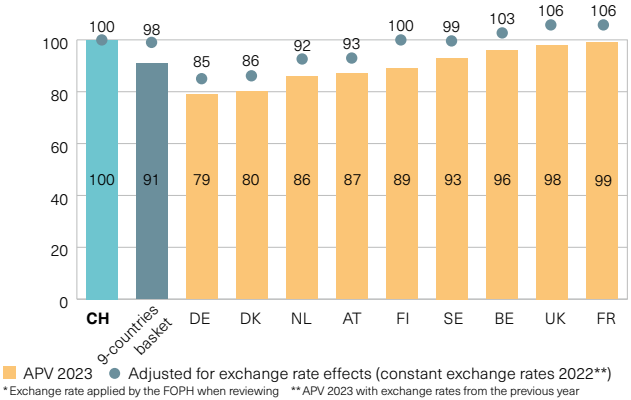
Patented medicine prices are at the European level

In 2023, the 250 top-selling patent-protected original preparations were on average 9% cheaper in other comparable countries than in Switzerland. The strong Swiss franc has widened the price difference compared with the previous year.

With constant currency exchange rates, the price difference stands at just two percentage points – and patented medicine prices are therefore practically in line with the average for comparable countries.

With its regular price reviews, the pharmaceutical industry is generating recurring annual savings of more than CHF 1.5 billion in the healthcare sector.

Top 250 original products, basket of 9 countries
Exchange rate CHF/EUR: 1.01*, prices of April 2024



* Exchange rate applied by the FOPH when reviewing ** APV 2023 with exchange rates from the previous year

Source: santésuisse and Interpharma (May 2024), Gemeinsamer Auslandpreisvergleich.

Patent-protected products still make up the bulk of the medication sector

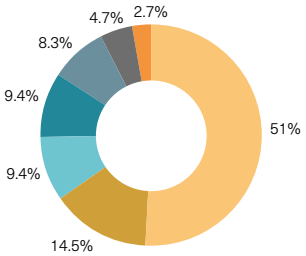
Patent-protected drugs make up the largest proportion of Switzerland's pharmaceutical market at 51%.

The generics-eligible sector – consisting of off-patent original preparations with generic competition and generics – represents a share of around 24%.

In 2023, generics again accounted for a greater share of the reimbursable drugs market than off-patent original products.

Composition of the market for covered medicines

By sales at ex-factory prices, 2023



Patent-protected products
Generics
Original (chemical products which patent is expired and at least 1 generic)
Products whose patent protection has expired and without generics/biosimilars substitution
Out of market
Reference products (biologics with expired patent protection and at least 1 biosimilar)
Biosimilars

Source: Interpharma calculations based on IQVIA AG data (2024).

Pharmacies remain the most important distribution channel for medicines

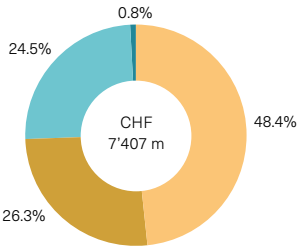
Pharmacies remain the most important distribution channel for medicines, with 67% of all packages crossing the counter there. In terms of value, pharmacy sales make up a good 48% of total sales.

Self-dispensing doctors and hospitals each make up around a quarter of medicine sales in terms of value.

Drugstores only make up a small proportion of medicine sales, with a value share of just under 1%.

Pharmaceutical outlets by sales

In CHF millions, at ex-factory prices, 2023



Pharmacies
SD doctors[1]
Hospitals
Chemists/drugstores

[1] Doctors with own in-practice pharmacy are defined as self-dispensing doctors (SD doctors).

Source: Interpharma calculations based on IQVIA AG data (2024).

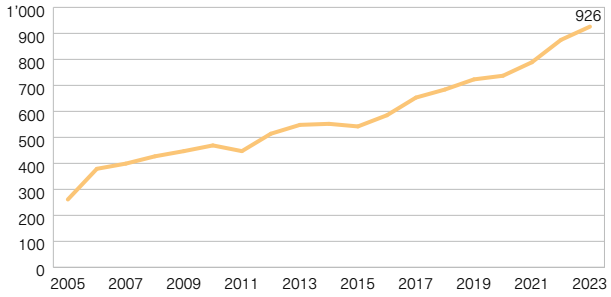
The generics sector has more than tripled in value since 2005

Generics are identical copies of off-patent original preparations based on synthetic active ingredients.

Reimbursable generics achieved a value-based volume of CHF 926 million in 2023. That corresponds to an increase of around 6% year on year.

The value of the reimbursable generics sector has therefore more than tripled in the last 18 years.

Generics sector
Reimbursable, in CHF millions, at ex-factory prices, 2005–2023



Source: Interpharma calculations based on IQVIA AG data (2024).

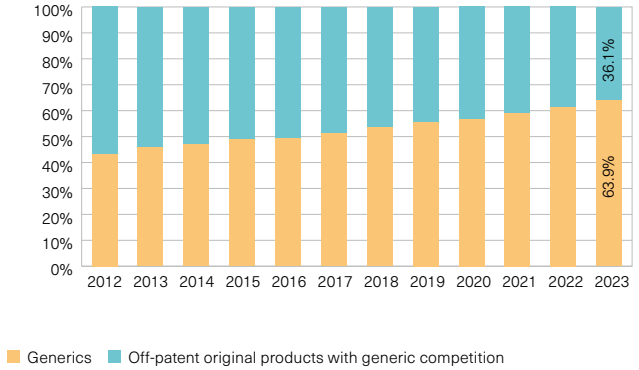
Increasing generics share

The share of generics has increased continuously since 2012 and was 64% in 2023.

Relative to the previous year, the share therefore rose by 4%.

Measured by the number of tablets, generics were dispensed in 64 out of 100 cases in Switzerland in which generics were available in 2023.

Generics share
Total, 2012–2023



Source: Interpharma calculations based on IQVIA AG data (2024).

Biosimilars are more complex than generics

Generics are made up of simple molecules. Biosimilars, on the other hand, are manufactured from living cells that cannot be copied exactly. A biosimilar is therefore never identical to the original product. Rather, it is similar at most.

The process of developing and manufacturing biosimilars is far more complex than that of generics. That is why a biosimilar's development costs alone are 100 times those of a generic. To put it more simply and to illustrate the different levels of complexity, generics are like a bicycle and biosimilars more like an airplane.

For biosimilars to receive regulatory approval in Switzerland, they must meet high patient safety standards, undergo extensive clinical trials and have proof of safety.

Difference between generics and biosimilars

	Generics	Biosimilars
Complexity	Minimal	Very high, clinical trials required
Comparability	Identical copy of the original product	Similarity must be proven through clinical trials
Development costs	At least CHF 1 million	At least CHF 100 million
Number of producers	Many	Few

Source: Interpharma (2024).

Tenfold growth in biosimilars

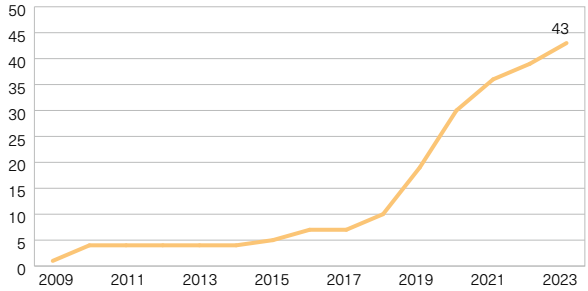
Modern biotechnology has achieved enormous medical breakthroughs in the last few decades for the treatment of mostly life-threatening diseases such as cancer.

Due to the expiry of patents on biologicals, the first me-too products that imitate these innovative technologies (known as "biosimilars") have entered the market.

At present, biosimilars are not widely used in Switzerland – but usage numbers are on the rise. In 2023, they accounted for 2.7% of the medication sector. However, the number of reimbursable biosimilars available in Switzerland has increased more than tenfold since 2014 (from 4 to 43 products).

Biosimilars share

Number of biosimilars in the SL, 2009–2023



Source: Federal Office of Public Health (2024), Specialities List.

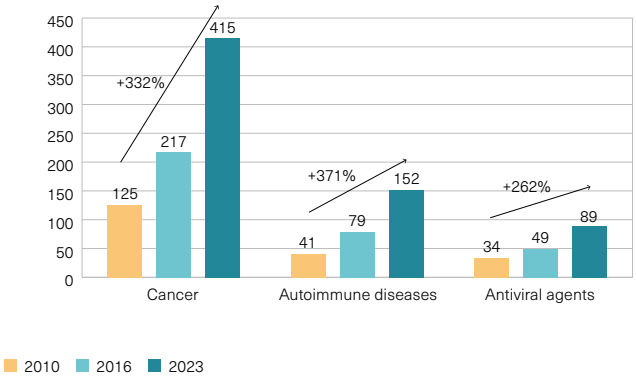
Growing number of new drugs for cancer, autoimmune diseases and viral diseases

As there are more and more treatments for cancer, autoimmune diseases and viral diseases, patients' chances of recovery are increasing.

A total of 415 cancer treatment drugs were available in 2023, while 290 new and innovative medicinal products have been added in this area since 2010.

The number of available treatments for autoimmune diseases and viral diseases is more than three-and-a-half times as high as in 2010 and two-and-a-half times as high as in 2010 respectively.

Reimbursable drugs market. Number of available therapies
2010, 2016, 2023



Source: Federal Office of Public Health (2024), Specialities List.

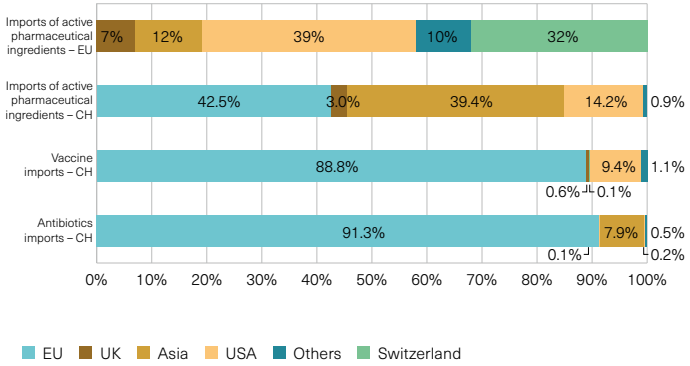
The EU is the key supplier of active ingredients, antibiotics and vaccines

The production of medicines is complex and requires many specialized steps. Before an active ingredient is ready, it often crosses many national borders. Therefore, Switzerland depends on global trade for the supply of active ingredients, vaccines and antibiotics.

The EU is its most important trading partner, since around 42.5% of active ingredients, 91% of antibiotics and 89% of vaccines come from the EU.

However, all partners are mutually important. From the EU's perspective, 32% of active ingredients imports come from Switzerland.

Imports of active ingredients
Share by value (CHF), 2023



Source: Federal Office for Customs and Border Security (2023), Eurostat (2024).

Focus on the patient

In Switzerland, patients **wait** an average of **301 days** for **access** to new, innovative medicines.

Out of a total of 167 **medicines** authorized by the EMA, **87 percent** are **fully available** in **Germany** and only **48 percent in Switzerland.**

Innovative medicines for **cystic fibrosis** have **reduced** the number of **hospital days** for affected individuals **by 80 percent.**

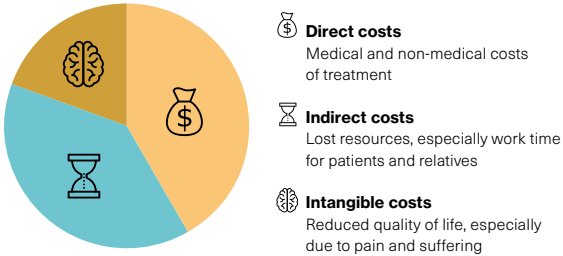
Diseases generate a variety of costs

Diseases are primarily a burden on the sick and their relatives. But others are often affected too. Health insurers cover the costs of medical treatment, employers suffer from lost workdays, and the patient's social circle also has to deal with the consequences of disease (such as care costs).

A distinction can be made between direct costs (medical and non-medical treatment costs), indirect costs (lost resources) and intangible costs (reduced quality of life). The sum of these costs corresponds to the cost of a disease to society.

Composition of overall costs of a disease

Illustration



Source: Polynomics (2020), Gesellschaftliche Betrachtung der Krankheitskosten.

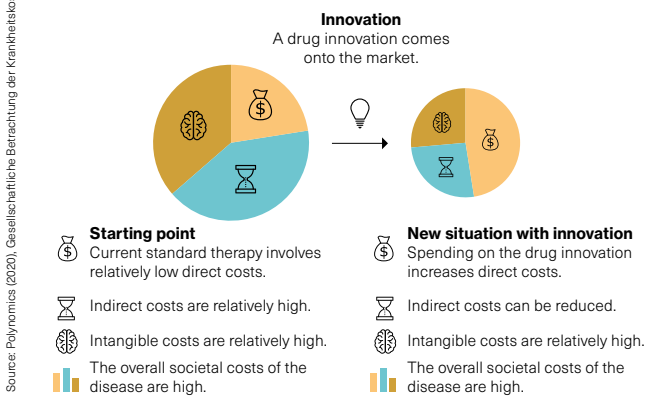
Impact of treatment innovation on healthcare costs

Innovative medicines can revolutionize the treatment of diseases. This can also have an impact on the different types of healthcare costs.

Generally speaking, direct treatment costs increase when an innovation is created, whereas indirect and intangible costs decrease. From a macroeconomic perspective, it is particularly interesting to know whether the novel treatment leads to a reduction in the total costs of the disease. How the composition of the total costs develops is of secondary importance.

Disease costs from a societal perspective

Impact of innovation; illustration



Source: Polynomics (2020), Gesellschaftliche Betrachtung der Krankheitskosten.

The benefit of innovative medicines is felt at multiple levels

The direct benefit of innovative medicines is apparent at three levels: patients benefit from the chance of a cure, faster recovery or a better quality of life.

Society benefits from innovations. Shortened and improved healing processes cut treatment and nursing costs, enabling patients to return to work more quickly.

Lastly, the national economy benefits too, since new drugs enable reinvestment in research and development. This creates jobs, generates added value and brings in higher tax revenues.

Overall consideration of the benefits

Overall consideration of the benefits
- Higher life expectancy
- Faster recovery
- Chance of a cure
- Better quality of life
- Reduced emotional burden

Benefits to society
- Lower costs through shorter healing process
- Quicker return to work
- Reduced nursing costs
- Effects on other social institutions (unemployment insurance, disability insurance)

Benefits to the economy
- Jobs
- R&D investments
- Contribution to gross value added
- Taxes

Source: Interpharma (2024).

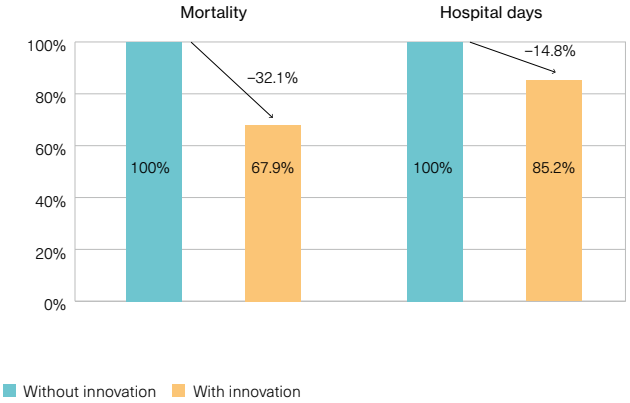
Innovations increase life expectancy and relieve the strain on the healthcare system

From a macroeconomic perspective, pharmaceutical innovations can cut the total cost of a disease even if the price of a new drug causes direct treatment costs to rise.

Using data for Switzerland, the effect of pharmaceutical innovations introduced between 1990 and 2011, or 1994 and 2010, can be demonstrated at various levels.

The innovations reduced mortality among the under-85s by almost a third and resulted in two million fewer hospital days in 2019, saving the healthcare system CHF 3 billion.

Benefits of pharmaceutical innovations



Source: Lichtenberg, Frank (2022): The association between pharmaceutical innovation and both premature mortality and hospital utilization in Switzerland, 1996–2019. Swiss Journal of Economics and Statistics (2022), 158:7.

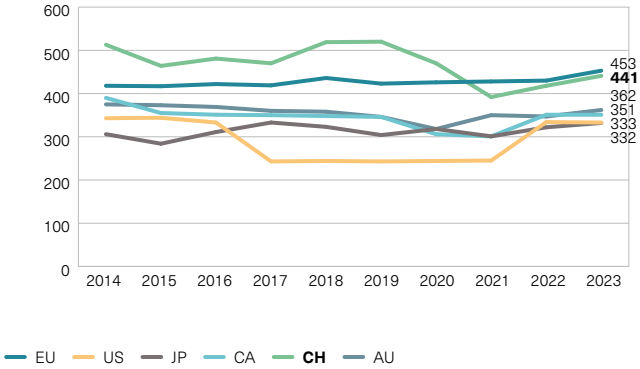
Comparison of approval times

Having a strong and independent regulatory authority for medicinal products is in the interest of both patient safety and Switzerland as a pharmaceutical hub.

An international comparison with other authorities reveals that substantial improvements have been made to Swiss marketing authorization between 2019 and 2021. The approval time for Switzerland has been increasing again since 2021.

However, approval by the regulatory authority does not mean that a medicinal product will immediately be made available to patients on an equal footing. Before this can happen, it is necessary to establish reimbursement under basic insurance.

Comparison of regulatory approval times for medicines
In days; new active substances (NAS) 2014–2023; comparison between USA (FDA), EU (EMA), Japan, Canada, Australia and Switzerland (Swissmedic).



Source: CIRS (2024), RD Briefing 93 – New drug approvals in six major authorities 2014–2023.

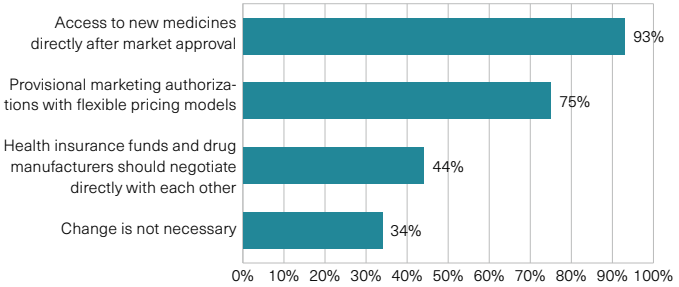
Access to drugs from the marketing authorization date

gfs.bern compiles the representative "Health Monitor" on Interpharma's behalf each year. In the 2024 survey, 1'200 eligible voters were asked for their views on the Swiss healthcare system.

According to the "Health Monitor 2024", 93% of respondents would like access to new drugs from the day of marketing authorization by Swissmedic.

Additionally, 75% of respondents were open to flexible pricing models with a view to obtaining provisional and therefore immediate reimbursement from health insurers.

Acceleration of access to medicines
Health Monitor 2024, in % of voters: fully/rather agree



Source: gfs.bern, Health Monitor 2024, (N = 1200).

Access to innovations in Switzerland comes with a delay

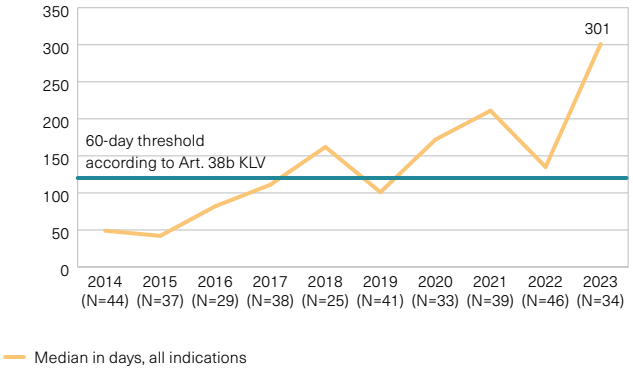
Patients in Switzerland have been experiencing long delays in their wait for access to highly innovative drugs since 2016.

The median time from marketing authorization to inclusion in the Specialities List was 301 days in 2023, as opposed to 60 days – which is the specified deadline (Art. 31b of the Health Insurance Benefits Ordinance).*

Only 9% of all products included in the Specialities List in 2023 were added within 60 days.

* If the conditions for accepting the application as defined under Art. 69 (4) of the Health Insurance Benefits Ordinance are met before definitive approval by Swissmedic, the FOPH will normally come to a decision within 60 days of the definitive approval.

Interval between Swissmedic approval and inclusion in SL
In Days, 2014–2023, N = 366



Sources: SL, Swissmedic. Calculations by Interpharma. New active substances and new indications 2014–2023, with preliminary approval by Swissmedic.

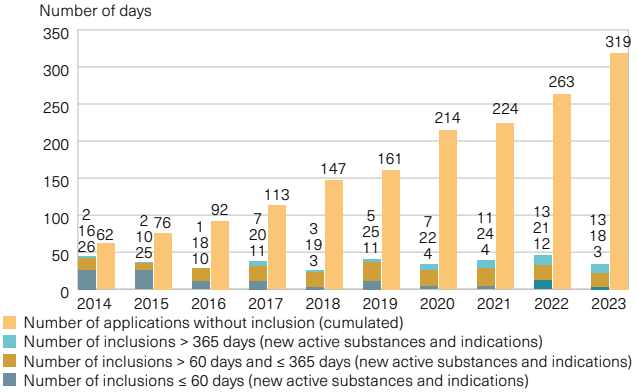
Delays are leading to a backlog of applications

There is a structural problem in Switzerland with respect to rapid and equitable patient access to new, highly innovative drugs.

The reason for this is that the tried and tested standard drug reimbursement system is increasingly reaching its limits with the emergence of novel treatments and groundbreaking advances.

Since 2014, there has been a sharp increase in the number of drugs that have marketing authorization but are not yet reimbursable. This number stood at 319 in 2023. Moreover, 31 out of 34 products (91%) took longer to be added to the Specialities List than the 60 days stipulated in the ordinance.

Interval between Swissmedic approval and inclusion in SL, along with cumulated non-inclusions, in days, 2014–2023, N = 366



Sources: SL, Swissmedic. Calculations by Interpharma. New active substances and new indications 2014–2023, with preliminary approval by Swissmedic.

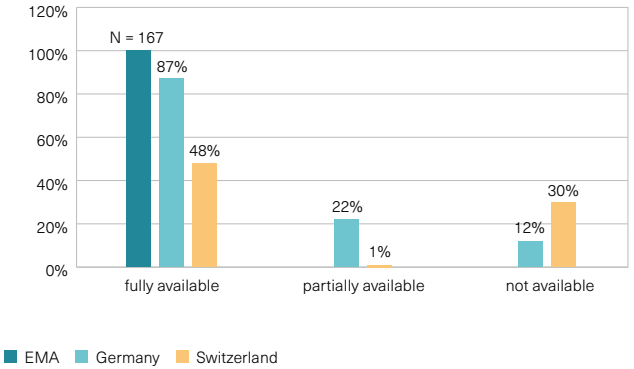
Switzerland is losing ground in terms of access to innovations

The EFPIA Patients WAIT Indicator compares access to pharmaceuticals in Europe on an annual basis. In this regard, Switzerland has been experiencing a negative trend for years.

Only around half of the drugs that are reimbursed in Germany are on the Specialities List as standard in Switzerland and therefore available to all patients on an equal footing. Relative to the previous year, this represents a worsening by eight percentage points.

Of the total of 167 medicinal products authorized by the EMA from 2019 to 2022, 87% were fully available in Germany and only 48% in Switzerland.

Availability of innovative medicines in international comparison, 2019–2022



Source: EFPIA WAIT 2023.

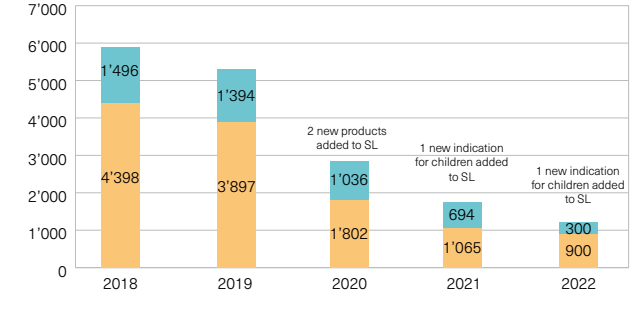
Innovative medicines relieve the strain on the healthcare system

Cystic fibrosis is a genetic metabolic disorder that disrupts water transport and salt exchange in the body, leading to a significant build-up of mucus – including in the lungs.

Until 2020, drugs only treated the symptoms. Since then, however, new medications in Switzerland have improved life expectancy and quality of life considerably, so that many affected individuals can once again live and work normally.

The number of hospital days in Switzerland fell from 5'894 in 2018 to 1'200 in 2022, demonstrating that innovative medicines not only help patients but also relieve the strain on the healthcare system.

Hospitalization days of patients with cystic fibrosis* and approval of new drugs in primary care, 2018–2022



Source: Cystic Fibrosis Switzerland (2023).

* Annual support requests submitted to the Swiss Cystic Fibrosis Association by patients for compensation for hospitalization days. Figures for 2022 until the end of the 3rd quarter.

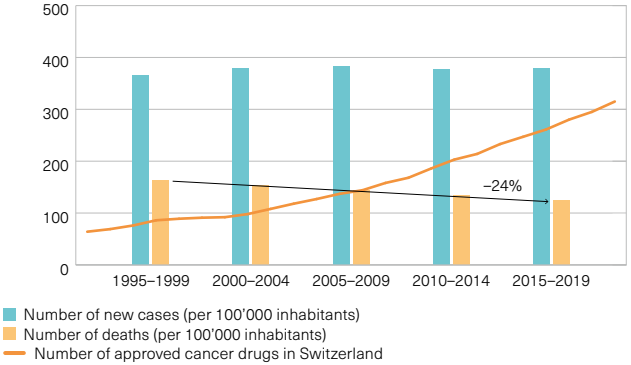
Despite a consistently high level of new cases, fewer people are dying of cancer

Thanks to new, innovative treatment methods, the treatment of cancer has vastly improved in recent decades.

Although the number of new cases remains constant, the number of deaths from cancer is falling steadily – due in particular to newly approved, innovative drugs and treatments.

While there were only three approved cancer drugs in Switzerland in 1996, there were 315 in 2019. At the same time, deaths from cancer decreased by 24% from 1995 to 2019.

Cancer: number of new cases, deaths and approved drugs in Switzerland.
In four-year periods, 1995–2019



Source: Interpharma (2023) based on data from BFS (2022) and Swissmedic (2022).

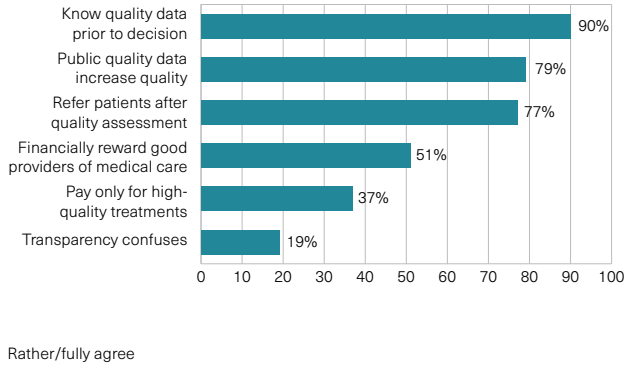
The public is keen to improve the measurement of quality data

According to the "Health Monitor", the voting public rate access and quality in the healthcare system more highly than the costs arising from these.

However, due to the lack of data, an objective assessment of the quality of healthcare is difficult. The population hopes for better quality of medical services as a result of the availability of quality data on providers.

Ninety percent would like to be aware of this data before treatment, 79% are in favour of public access to the data, and 77% want to see quality data taken into account in referrals.

Statements on quality data
In percent of respondents, proportion "more", Health Monitor 2024



Source: gfs.bern, Health Monitor 2024 (N = 1200).

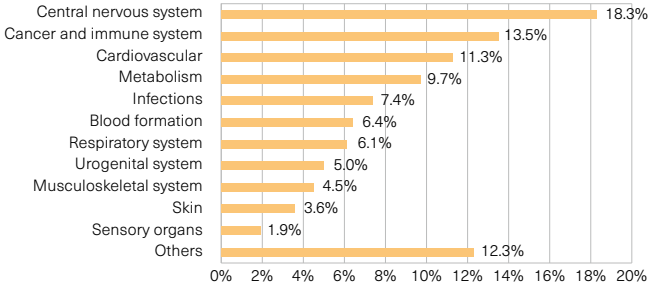
Patients benefit from a large number of new active ingredients

Patients are benefiting from lots of new active ingredients. Based on the number of approved treatments, drugs designed to treat diseases of the nervous system account for around 18% of these treatments, making them the largest category. They include analgesics, antiepileptics and treatments for mental illnesses.

Cancer treatments and immunotherapies account for around 14% of available treatments in Switzerland.

Other major indication areas in 2023 were treatments for cardiovascular diseases (11%) and metabolic diseases (10%).

Percentage of approved products by indication area
10'861 products approved by Swissmedic in total (excl. homeopathy). Switzerland, 2023



Source: Swissmedic (2024), Authorised human medicinal products, extended list of medicines.

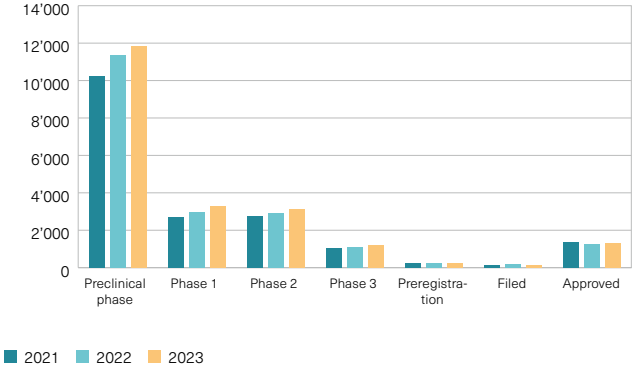
9'300 active ingredients in development offer hope

In 2023, a total of 9'309 active ingredients were at development stages close to marketing authorization (excluding the preclinical stage). Compared to the previous year, this represents an increase of around 8%.

The portfolio's steady growth reflects both medical advances and the fact that pharmaceutical companies are making large investments in research and development.

New drugs – particularly to treat cancer – are a focus of research activities. But pharmaceutical companies are also continuously looking into new ways of potentially treating infectious diseases, diseases of the central nervous system or respiratory diseases.

Number of active agents in development stages close to marketing authorization
Global, 2021–2023



Source: Citeline Pharma Intelligence (2023), Pharma R&D Annual Review 2023, Pharmaprojects, May 2023.

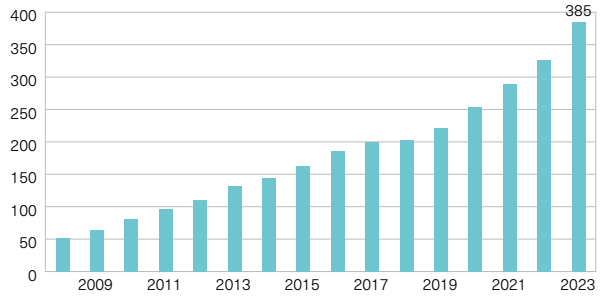
The number of drugs for rare diseases is on the rise

A disease is considered rare if it affects fewer than 5 out of 10'000 people. Since it is a known fact that there are 6'000 to 8'000 such diseases, the totality of all rare diseases is comparable to a widespread disease.

The number of indications with orphan drug status is continuously increasing, because many pharmaceutical companies are committed to researching rare diseases.

In 2023, there were 232 approved drugs with orphan drug status. They are used in 385 indications – including rare diseases of the immune or nervous systems, rare metabolic disorders and rare forms of cancer.

Number of indications with orphan drug status in Switzerland
Total: 232 medicines with orphan drug status, 2023



Source: Interpharma calculations based on Swissmedic data (2024), human medicine with orphan drug status.

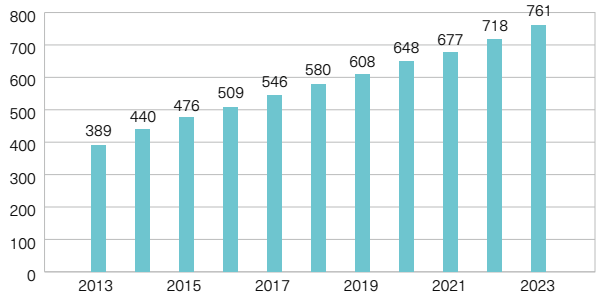
Pharmaceutical companies are researching an increasing number of rare diseases

Pharmaceutical companies around the world are carrying out intensive research into new drugs and treatments for rare diseases. Despite huge advances in recent years, many rare diseases are still not treatable.

In 2023, companies around the world were investigating 761 different mechanisms of action for tackling various rare diseases – around twice as many as in 2013.

On average, the process for rare diseases – from clinical trial to regulatory approval – takes four years longer than for common conditions. This is due in part to the complex biology, the heterogeneity and the progressive nature of these diseases.

Number of targets against rare diseases
Global, number of targets, 2013–2023



Source: Citeline Pharma Intelligence (2024), Pharma R&D Annual Review 2024; Pharmaprojects January 2024.

Leading the way in research and development

In 2023, the world's 15 largest pharmaceutical companies invested around **USD 161 billion** in **research and development.**

In Switzerland, **Interpharma's member companies invest** around **70 percent more in research** alone than they **turn over** in the country.

The number of **laboratory animals** in the industry has been **more than halved** since 2006.

The long road from laboratory to patient

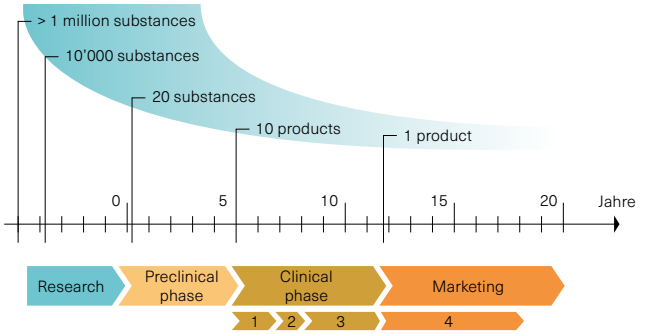
Pharmaceutical research is a risky undertaking. On average, the development of a new drug takes 12 years, and there is a 90% risk of failure.

The long, costly and strictly regulated process of drug development ensures that the best and safest medicine reaches patients.

Out of more than one million potential substances, approximately 10'000 are investigated in basic research. Only approximately 20 of them reach the preclinical stage. Of these 20 substances, 10 make it to the clinical stage. Only one is eventually sold on the market as a finished preparation.

Steps in the development of a medicine

Illustration



Source: Interpharma (2023).

Patent protection enables reinvestment in new drugs

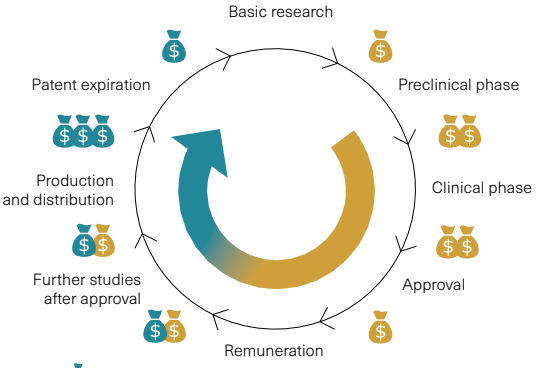
Many development stages and administrative hurdles have to be overcome before a drug is ready for the market. This process is associated with high costs.

Patent protection often starts in the early stages of development. So, by the time the drug is sold on the market, the patent has already been valid for a good, long while.

Drugs only begin to generate income for companies once the reimbursement decision is made. This income must be high enough so that companies again have the venture capital they need to conduct research into new drugs.

Research cycle

Illustration



Outer circle: research cycle; inner circle: patent expiry.

Source: Interpharma (2023).

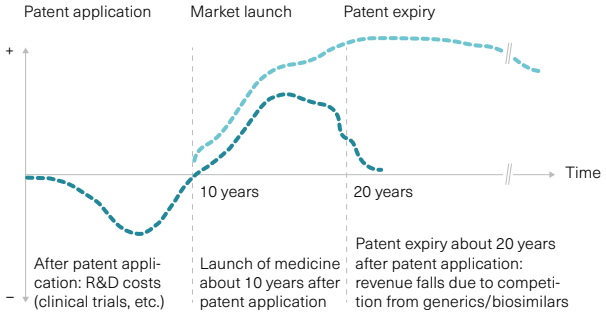
Drugs reach the market 10 years after the patent application

The development of a new drug incurs high costs. On average, a drug is not launched on the market until 10 years after the patent application. Only then can a company begin to recoup its costs.

When patent protection expires after approximately another 10 years, the price drops massively – particularly due to me-too products. But patients still benefit from once-groundbreaking treatments even years after the patent has expired.

This price decline after patent expiry contributes to sustainable financing of the healthcare system.

Life cycle innovation model



Source: Interpharma (2023).

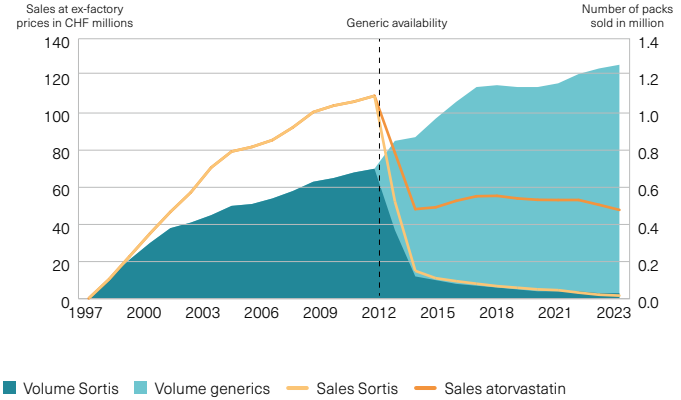
Today's innovations are tomorrow's generics/biosimilars

Sortis – a cholesterol-lowering drug – was an innovative blockbuster in 2011 and the top-selling product in Switzerland, generating sales of more than CHF 100 million per year (EFP).

The patent for Sortis expired in 2012, and prices have fallen sharply since then. The cost of the medicine's active ingredient, atorvastatin, has halved to date.

Today, more patients are benefiting from this former innovation – in the form of numerous generics containing atorvastatin as the active ingredient. At the same time, the total costs have fallen significantly.

Volumes and sales of Sortis (atorvastatin) and generics after patent expiry, years 1997–2023



Source: Calculations by Interpharma with data basis IQVIA AG (2024).

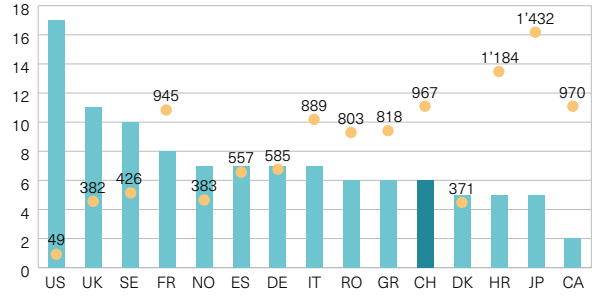
Market incentives improve the supply of antibiotics

Developing new antibiotics is expensive and has a failure rate of 97%. Due to rapid development of resistance, these substances must be used sparingly – and this inhibits a functioning market.

As the development of new antibiotics is risky and unprofitable, countries such as the USA, UK and Sweden rely on incentive schemes. As a result, most of the 18 antibacterial substances approved between 2010 and 2020 were quickly available in those countries.

In Switzerland, only 6 of these 18 substances were approved in the same period – and reached the market with a delay of over 2.5 years.

Availability of antibiotics in international comparison*
Number of launches and median launch delay 2021



* Authorizations considered until 31.12.2019; market launches considered until 31.12.2020.

Source: Illustration based on the "Supplementary Materials" by Outterson et al. (2021). For Switzerland: extended list of medicinal products from Swissmedic and information from marketing authorization holders in Switzerland (Ecoplan research).

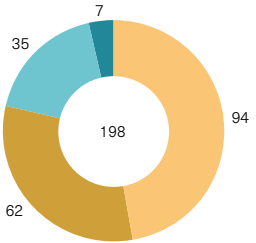
A low success rate makes drug development costly

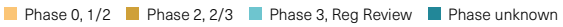
Only a few drugs make it to market. Pharmaceutical companies run a high risk of loss when developing a new drug.

Between 1998 and 2021, there were 198 unsuccessful attempts to develop an Alzheimer's drug. The failure rate is 98%.

When a drug is successful, companies must be able to fund research into unsuccessful drugs too. Without this cross-subsidization, there would not be enough funds to conduct research into new drugs.

Unsuccessful Investigational Alzheimer's Drug
By clinical phase 1998–2021





Source: PhRMA Analysis of Adis R&D Insight Database. May 2021.

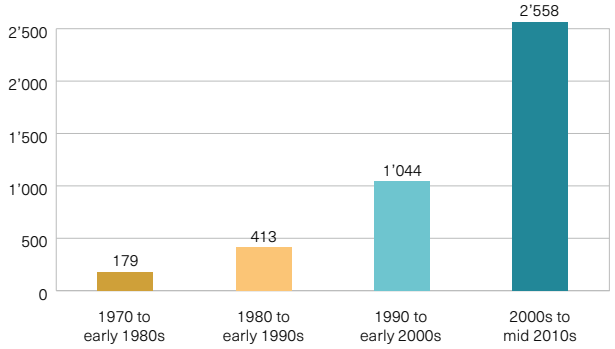
A new drug requires billions in investment

On average, it takes around 12 years for a new drug to be ready for the market – and the high failure rate means this is a high-risk business.

From research and development to market readiness, the process costs an average of USD 2.6 billion. Depending on the field in question, however, the costs can be significantly higher.

Today, the development of a new drug is therefore around two and a half times as expensive as in the 1990s and 14 times more expensive than in the 1970s.

Cost of development up to market readiness
Average development costs in million dollars



Source: Joseph, A. DiMasi, Henry G. Grabowski, Ronald W. Hansen, Innovation in the pharmaceutical industry: New estimates of R&D costs, Journal of Health Economics, 47 (2016), 20–33.

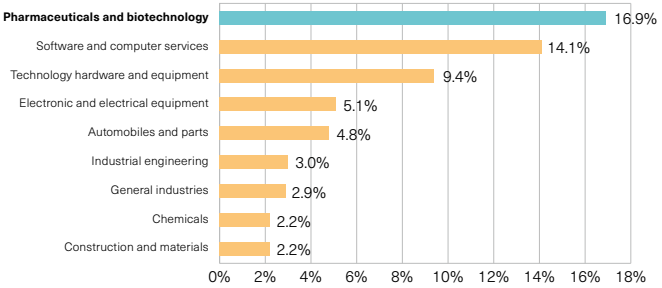
The pharmaceutical industry invests above-average sums in research and development

Research intensity provides an indication of the percentage of generated sales that flows back into research and development.

The pharmaceutical and biotech industries invest around 17% of sales straight back into researching and developing new products. This is a leading figure in comparison with other industries.

The pharmaceutical industry therefore invests substantially more than other innovative industries such as software, computer services or technology hardware.

Average research and development intensity
As a percentage of sales, 2022



Source: European Commission, The 2022 EU Industrial R&D Investment Scoreboard (2023).

Recovery in returns on research investment

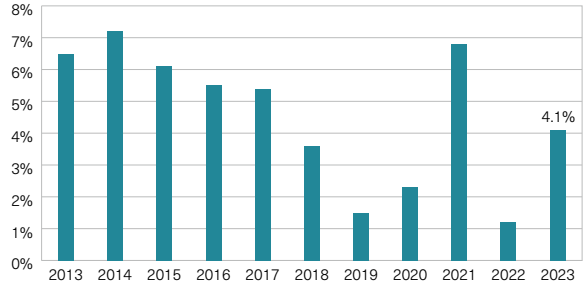
The returns on investment in research and development (R&D) for the world's 20 largest pharmaceutical companies amounted to 4.1% in 2023.

After the record low of 1.2% the previous year, returns are recovering again following a falling global trend in recent years. Nevertheless, steadily rising R&D costs continue to represent a challenge for the companies.

As the development of new treatments is becoming increasingly complex and costly, pharmaceutical companies need to redesign their research processes by incorporating digital technologies and using health data, for example.

Return on research investment

Global, period 2013–2023



Source: Deloitte (2024), Unleash AI's potential, Measuring the return from pharmaceutical innovation – 14th edition.

Pharmaceutical companies incur more than a third of private-sector R&D

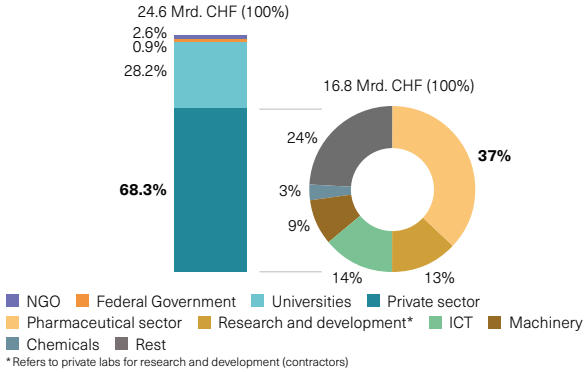
In 2021, a total of CHF 24.6 billion was invested in research and development (R&D) in Switzerland.

Around 70% of these investments came from the private sector. The pharmaceutical industry is the most important investor, accounting for 37% of private-sector research spending. Other important research industries include the ICT and mechanical engineering sectors.

The importance of the pharmaceutical industry is highly underrated, because external research contracts also fund a large percentage of laboratories and research institutions that fall under "research and development".

Total research and development expenditure

Overall investment of public and private sector; private sector broken down by industry, 2021



Source: Federal Statistical Office (2022), Research and Development (R+D) 2021 and Research and Development (R+D) in the Private Sector 2021.

* Refers to private labs for research and development (contractors)

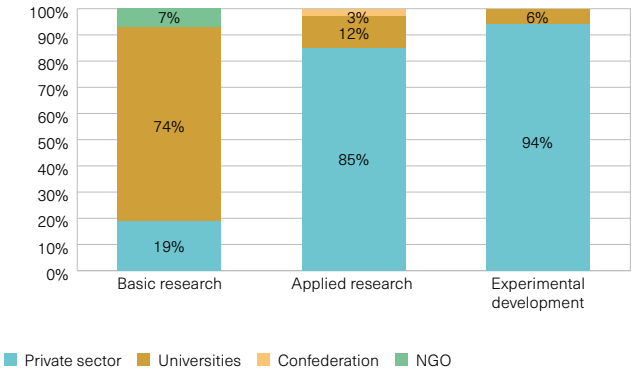
The private sector conducts 85 percent of applied research in Switzerland

Research spending (2021: CHF 24.6 billion) is split into basic research, applied research and experimental development.

The private sector conducts 20% of basic research in Switzerland, while 80% is carried out by universities.

The private sector conducts 85% of applied research. When it comes to experimental development, as much as 94% of research is carried out by the private sector.

Breakdown of research activities by field, 2021



Source: Federal Statistical Office (2022), Research and Development (R+D) 2021.

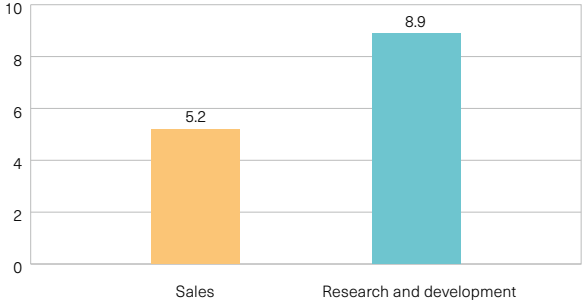
Switzerland as a research location: investment of 70 percent more than sales

In 2023, Interpharma companies generated sales of around CHF 5.2 billion throughout Switzerland and invested CHF 8.9 billion in research and development in the country.

Accordingly, Interpharma companies in Switzerland invest over 70% more in research alone than they earn in Switzerland.

The only way they can make these large investments in Switzerland as a research hub in the first place is because of Swiss pharmaceutical companies' successful international operations.

Interpharma companies in Switzerland: sales and research
In CHF billions, 2023



Source: Interpharma (2024).

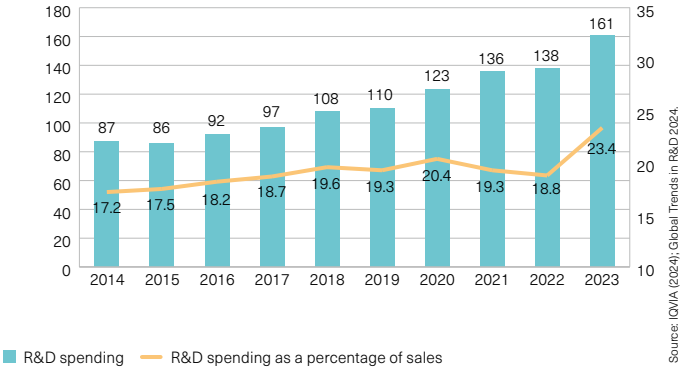
The pharmaceutical industry invests USD 161 billion worldwide in new drugs

In 2023, 15 of the world's largest pharmaceutical companies invested around USD 161 billion in research and development.

This is an 85% increase in research spending compared to 2014.

Along with the USA, Switzerland is one of the countries with the highest research and development spending per capita in the pharmaceutical industry worldwide.

Expenditure on research and development,
In USD billions, 2014–2023



Source: IQVIA (2024); Global Trends in R&D 2024.

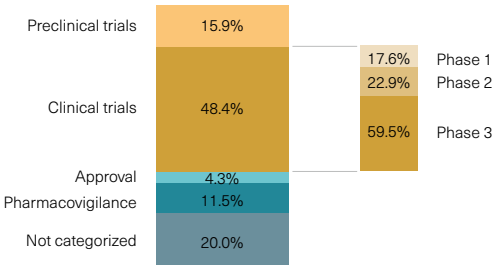
Almost half of all research spending goes towards clinical trials

Over 48% of pharmaceutical research spending goes towards clinical trials, which test the efficacy and safety of drugs for humans in phase I to phase III trials.

Before drugs can be administered to humans, they undergo pre-clinical testing for efficacy and safety in animals. These tests are required by law to protect humans from undesirable side effects.

After market approval, new drugs continue to be monitored to ensure safety.

Distribution of research expenditure by operations
2022



Source: PhRMA, Annual Membership Survey 2023.

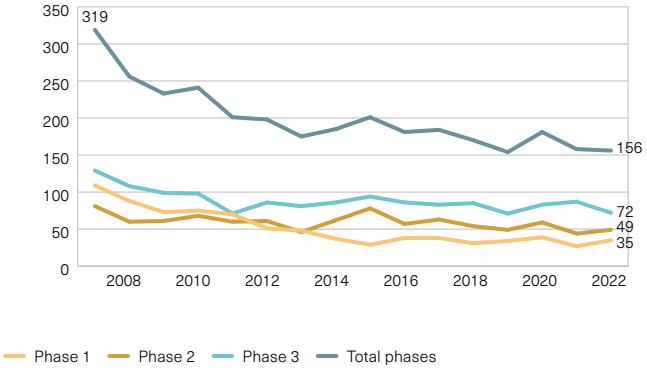
Clinical trials enable early access to innovative drugs

Switzerland has a long tradition of conducting clinical research. In 2023, Swissmedic gave the green light for 156 clinical trials in Switzerland.

The framework conditions in Switzerland are not ideal for clinical research, which is shown in the falling number of clinical trials.

An attractive environment for clinical research requires efficient processes, modern digital infrastructure, access to health data, and authorities and framework conditions that welcome innovation.

Clinical drug trials definitively approved by Swissmedic 2007–2022



Source: Swissmedic (2023).

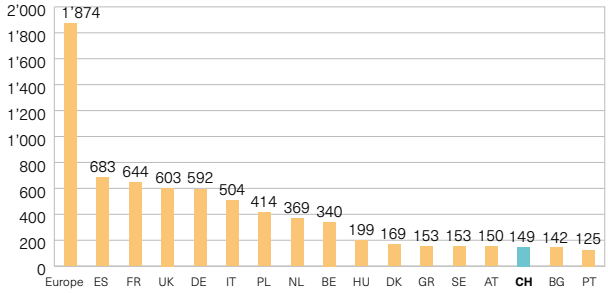
Switzerland is falling behind in clinical trials

Nowadays, clinical research for drugs is usually conducted in several countries at the same time. On the one hand, this is done to minimize the influence that local factors might have on the trial results, and on the other it is done to find enough participants.

For Switzerland as a research hub, being involved in many clinical trials is crucially important. But this is where Switzerland is falling behind. In 2022, of a total of 1'874 clinical trials in Europe, only 149 took place in Switzerland.

Countries such as Belgium, the United Kingdom and Spain in particular have surpassed Switzerland in clinical trials in recent years.

Number of clinical trials in Europe 2022*



Source: ClinicalTrials.gov, Interventional Studies | Phases: Early Phase 1, 1, 2, 3 | Industry Start date from 01/01/2022 to 12/31/2022.

* Remark: In total, 1'874 clinical trials took place throughout Europe in 2022. 149 of them took place (exclusively or partially) in Switzerland. The list is not exhaustive. Only countries are shown in which at least 100 clinical trials took place.

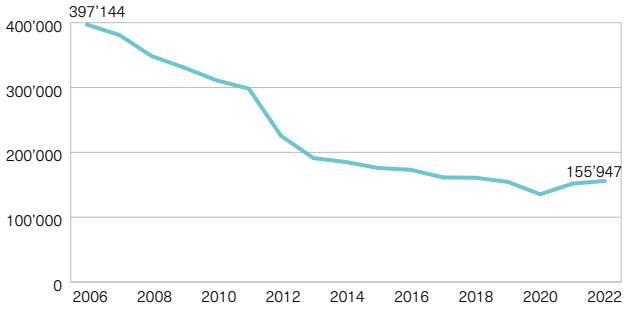
The number of laboratory animals has been declining for years

The aim of the 3Rs principle is to replace as many animal experiments as possible (Replace), to reduce the number of laboratory animals (Reduce), and to keep their stress levels to a minimum (Refine).

Despite increasing research activities in Switzerland, the number of laboratory animals in the sector has been reduced from almost 400,000 (in 2006) to 155,947 (in 2022) thanks to consistent implementation of the 3Rs.

Research involving animals is essential in the development of new drugs to ensure that medicine is safe and effective in humans. Animal experiments may only be carried out in Switzerland if there are no alternatives available.

Number of laboratory animals in the industry in Switzerland
2006–2022



Source: Federal Food Safety and Veterinary Office (FSVO) (2023), Animal experiment statistics.

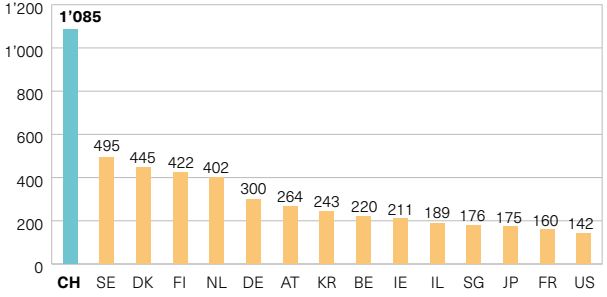
Switzerland is a leader when it comes to filing patents

Swiss companies filed 9'410 patents in 2023 – a record value relative to the population. Switzerland has over 1,085 applications per million inhabitants.

Sweden (in second place) recorded 495 applications per million inhabitants. Submitting 445 patent applications, Denmark ranks third in the international comparison.

For the pharmaceutical industry, patents are an essential prerequisite to ensure that funds can still be reinvested in research and development.

Patent applications
Per million inhabitants, 2022



Source: European Patent Office (2023), Patent Index 2022.

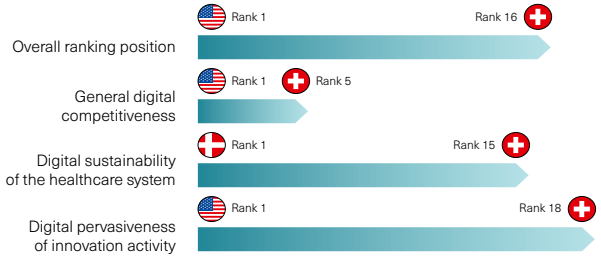
Switzerland is not ready for digitalization

In terms of competitiveness, Switzerland can regularly be found in one of the top spots in international comparisons. The Digital Readiness Index paints a different picture.

In the overall ranking, the USA leads the way, ahead of Japan and Israel. Switzerland was trailing behind in 16th place in 2021. It needs to catch up – particularly with regard to the availability of health data and the political framework conditions.

Better framework conditions are needed for the use of digital technologies to ensure that Switzerland remains attractive as a research hub for pharmaceutical companies in the future.

"Digital Readiness Index" for chemical/pharmaceutical research, position of Switzerland, 2021



Source: BAK Economics (2021), Global Industry Competitiveness Index 2021.

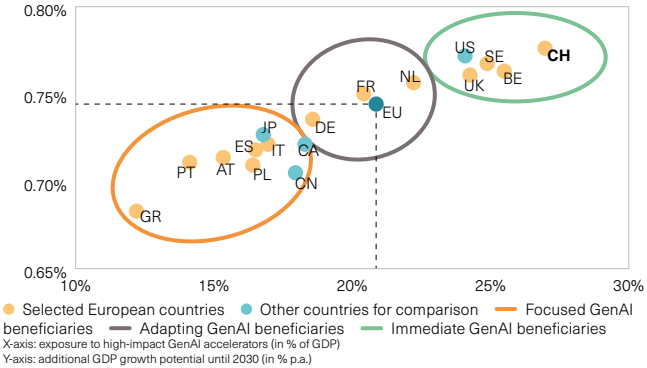
High potential of artificial intelligence for Switzerland

Compared with other European countries, Switzerland's economy stands to benefit significantly from generative artificial intelligence, as industries with high productivity potential in this area make a considerable contribution to Swiss GDP.

The healthcare sector can benefit particularly strongly from the potential of artificial intelligence.

Research and development driven by GenAI can be used for targeted and tailor-made cancer treatment. The technology could also be used to boost efficiency in high-tech pharmaceutical production.

High potential of generative artificial intelligence for Switzerland, country comparison of GenAI-driven yearly GDP growth potential, 2024



Source: Ettlin et al. (2024), Embracing the GenAI opportunity.

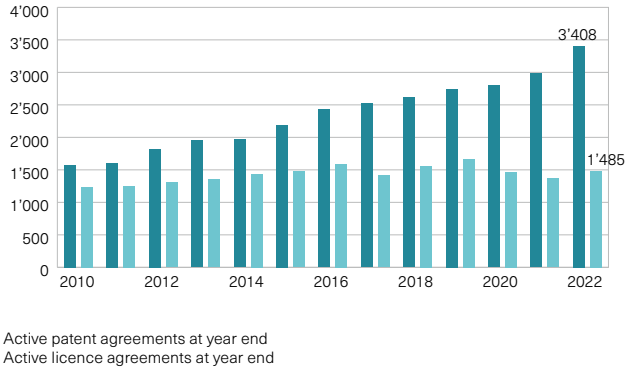
Swiss universities benefit from patent agreements

Research cooperation between private and public sector institutions is the key element for innovation. Both academia and the private sector benefit from knowledge sharing, the use of synergies and access to talented individuals.

According to the swiTTreport survey, there were a total of 4'893 such research cooperation projects in Switzerland in 2022, 3'408 of which related to patent agreements.

When companies fall back on existing patents in research and development activities, they pay license fees. Because patent or license holders are often universities, the funds invested flow back into the public purse through such agreements.

Aggregated data on research at Swiss universities and research institutes, 2010–2022



Source: swiTT (2022), swiTTreport 2021.

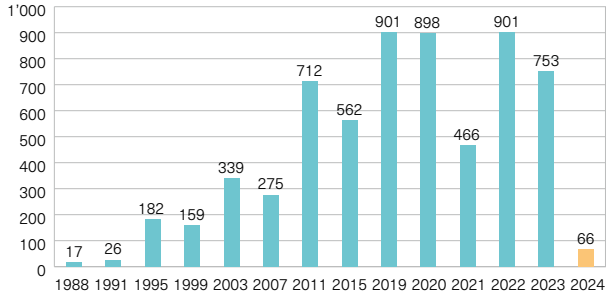
Collaborative research via the EU programs is indispensable

International networking in collaborative research is indispensable for Switzerland as a location.

Since early 1988, Swiss researchers have signed around 12'800 research agreements (grants) and received over EUR 5 billion for research projects.

Following the breakdown of negotiations, Switzerland ceased to enjoy full access to the Horizon Europe program from June 2021 and could no longer lead projects. Given that this has far-reaching consequences for research and for Switzerland as a location, it is important to maintain the bilateral approach.

Project participation of Switzerland
June 2024



Source: Horizon Dashboard.

Strong economic and political framework conditions

In 2023, the pharmaceutical industry accounted for nearly **40 percent** of all **Swiss exports.**

Around **46 percent** of Swiss **pharmaceutical exports** go to the EU.

Since 2000, the **number of people employed** in the pharmaceutical industry has risen by **some 22’000** to **around 48’000.**

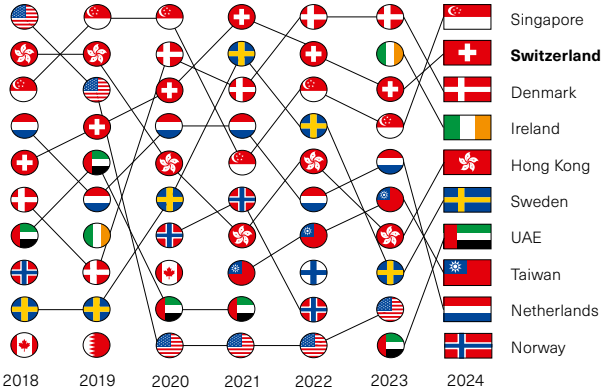
Switzerland is highly competitive, but faces strong competition

Switzerland briefly managed to clinch the top spot in the IMD World Competitiveness Ranking in 2021. In 2024, Switzerland came second behind Singapore and ahead of Denmark.

Ideal framework conditions are absolutely essential if a business location is to be successful and competitive.

The country's attractiveness as a location is coming under pressure: anti-business political initiatives, the uncertainties around bilateral agreements with the EU, and the rising costs of bureaucracy and regulation are putting Switzerland's competitiveness at risk.

World Competitiveness Ranking
2018–2024



Source: IMD (2024), IMD World Competitiveness Ranking.

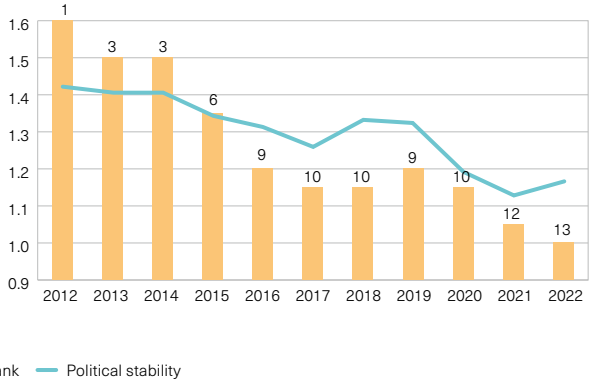
Investments in research and development need planning security and legal certainty

Political stability and legal certainty are traditionally important strengths of Switzerland as a location. However, Switzerland has steadily lost ground to other countries in recent years, falling to 13th place in 2022.

Innovative industries with a long investment horizon are particularly dependent on planning security and legal certainty.

When it comes to attracting new companies or investing in a location, political stability is an important factor in opting for a location.

Ranking of Switzerland in the Political Stability Index
2012–2022



Source: Daniel Kaufmann and Aart Kraay (2023). Worldwide Governance Indicators, 2023 Update.

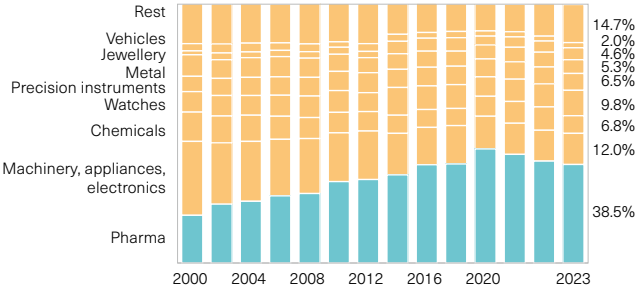
The pharmaceutical sector is Switzerland's most important export industry

With exports worth around CHF 105.5 billion, accounting for 38.5% (2023) of total exports, the pharmaceutical industry is Switzerland's most important export sector.

The pharmaceutical sector strongly increased its share of exports in the last 20 years.

Accordingly, the pharmaceutical sector exports as much as the MEM sector, the watchmaking industry and the chemicals sector combined.

Nominal exports in selected industries as percentage of total exports, 2001–2023



Source: Federal Customs Administration (2024).

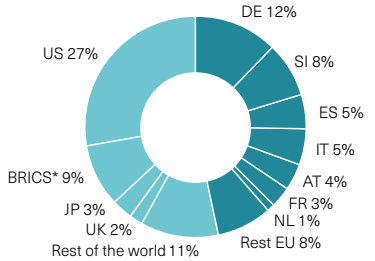
Europe is the most important sales market for Switzerland's pharmaceutical sector

In 2023, around 46% of Switzerland's pharmaceutical exports went to the European Union, making the EU the most important sales market for pharmaceutical products.

The USA accounts for 27% of exports, making it the single most important country. Exports to the USA have more than doubled from 12.8% to 27% over the past 20 years or so.

After the USA, Switzerland's neighbour (Germany) is the second most important country, accounting for around 12% of Switzerland's pharmaceutical exports.

Share of pharmaceutical exports
By destination, in percent; 2023



Source: Federal Customs Administration (2024).

* Incl. Egypt, Ethiopia, Iran (members of the BRICS Group since 2024)

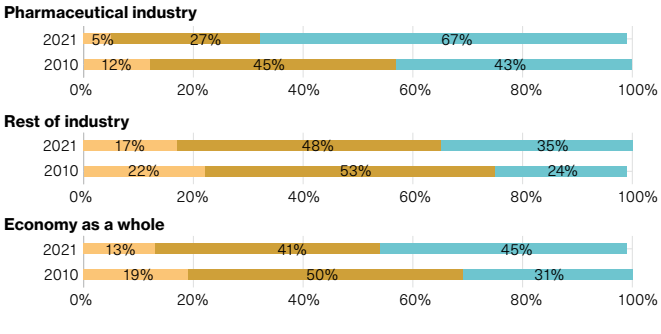
The pharmaceutical industry relies on highly qualified personnel

In 2021, a total of 45% of employees in Switzerland had a university degree. The demand for highly qualified personnel has been steadily increasing since 2010.

The pharmaceutical industry is extremely research-intensive. The increasing focus of Swiss pharmaceutical companies on innovative drugs has led to 67% of employees having a university degree.

The Swiss labour market is too small to meet the high demand for highly qualified workers, so access to skilled workers from third countries and the EU is of utmost importance.

Qualification structure
2010, 2021



The qualification level is measured on the basis of educational attainment (low = secondary level 1, medium = secondary level 2, high = tertiary level).

Source: BAK Economics (2023), The Importance of the Pharmaceutical Industry for Switzerland.

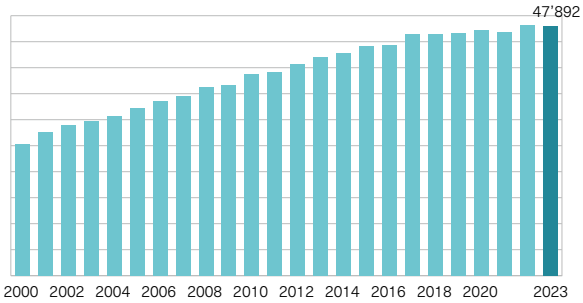
Employment growth in the pharmaceutical industry is weakening

Since 2000, the total number of people employed in the pharmaceutical industry has increased by some 22'000 to around 48'000.

As the level of employment has grown over the past two decades, so too has the significance of pharmaceutical companies to the labour market.

The strong employment growth seen in the past decades has become increasingly weak in recent years. If the pharmaceutical industry is to continue creating lots of attractive jobs, it needs good framework conditions set out in economic policy.

Number of people employed in the pharma industry
In persons, 2000–2023



Source: Federal Statistical Office (2024).

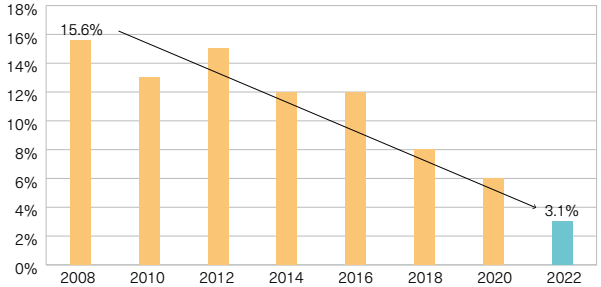
The pharmaceutical industry as a pioneer of equal pay

Compared to men, the proportion of women employed in the pharmaceutical industry is almost 45% – a record value.

The median pay differential between women and men for the economy as a whole was 9.5% in 2022.

In the pharmaceutical sector the pay differential in 2022 was just 3.1%. This equates to a reduction of 80% over the last 15 years – the best of the sectors analyzed.

Pay differential between women and men
measured by the monthly gross wage, in percent; 2008–2022



Source: Federal Statistical Office (2024).

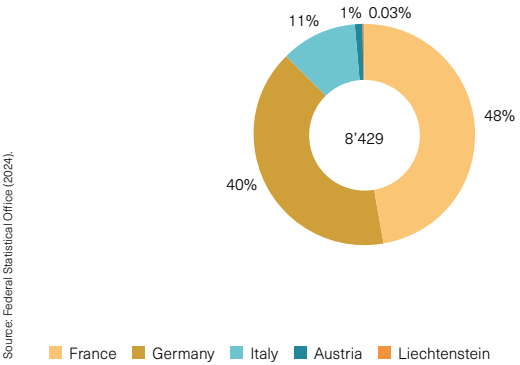
Switzerland is dependent on cross-border commuters

Each day, more than 380'000 cross-border commuters travel from neighbouring countries to their jobs in Switzerland. Thanks to the bilateral agreements, the population on both sides of the border benefits from less bureaucracy and simpler rules in their everyday lives.

The pharmaceutical industry is particularly dependent on cross-border commuters. Around 8'200 such commuters are employed in the industry, meaning that one in five employees in the pharmaceutical sector travels to Switzerland for work.

Regions such as Basel are especially reliant on the free movement of people running well, due to both their geographical location and historical links with border regions.

Cross-border commuters in the pharmaceutical sector
By country of origin, 2023



Source: Federal Statistical Office (2024).

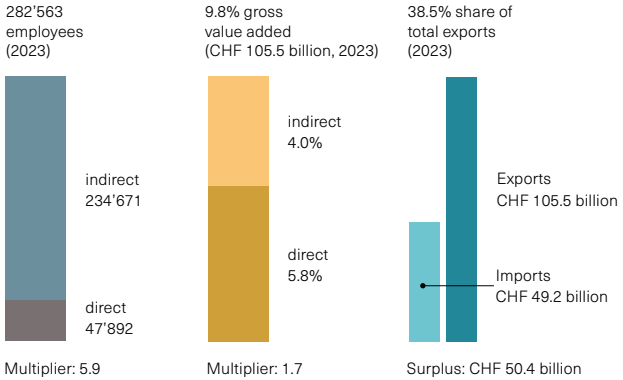
The pharmaceutical industry is the engine of Switzerland's economy

In 2023, the pharmaceutical industry employed around 47'900 people in Switzerland. The industry obtains products and services such as machinery, chemical substances, cleaning and security staff, insurance services and energy as part of its activities – creating an additional 250'200 jobs for people in other sectors.

The pharmaceutical industry generates 5.8% of Switzerland's gross value added. This rises to 9.8% when indirect effects are taken into account.

The pharmaceutical industry's trade surplus amounts to CHF 50.4 billion – making it the driving force behind the Swiss economy.

Employees, gross value added and share of total exports of the pharmaceutical industry



Source: BAK Economics (2024), The Importance of the Pharmaceutical Industry for Switzerland; Federal Statistical Office (2024); Federal Customs Administration (2024).

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