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Bold measures to enhance France and Europe's industrial competitiveness have never been more critical

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As global powers race to secure health sovereignty and industrial resilience, France stands at a crossroads. With rising regulatory asymmetries, fierce international competition, and mounting fiscal pressure on its pharmaceutical sector, the stakes have never been higher. Didier Véron, President of G5 Santé – the collective voice of France's leading healthcare CEOs – offers a sharp, behind-the-scenes look at how industry leaders are navigating this shifting landscape. From R&D momentum and pricing reform to Europe's place in the global innovation race, Véron argues that "choosing France means contributing to global health," but the time to act is now.

What is the role of G5 Santé, and how does it aim to strengthen France's position in the global life sciences arena?

G5 Santé is a strategic think tank composed of the global CEOs of France's eight leading healthcare companies: Sanofi, Servier, Ipsen, Pierre Fabre, bioMérieux, Guerbet, LFB, and Théa. Encompassing pharmaceuticals, diagnostics, and medical imaging, G5 Santé serves as a collective platform to shape public policy and reaffirm France's place as a global leader in life sciences. Founded over two decades ago and currently under my chairmanship since 2020, the group engages directly with French and European authorities to advance the dual agenda of health and industrial sovereignty.

Although our companies operate internationally, their commitment to France remains substantial. While the French market accounts for roughly eight percent of our global revenue, it represents 30

percent of our total workforce. Collectively, we invest EUR 3.8 billion annually in research and development in France. Across the country, we maintain 30 research centres employing 9,000 scientists, and operate 53 manufacturing sites with 20,000 employees, together generating an export surplus of EUR 18 billion. These figures underscore our status as an essential pillar of France's innovation and industrial base.

Our capacity to engage meaningfully with policymakers stems from the fact that our members are global decision-makers, not national affiliates. Unlike many counterparts in broader industry bodies such as LEEM – where I also serve on the board – our dialogue is shaped by CEOs with direct oversight of strategy and investment. That distinction grants us both visibility and credibility when addressing national and EU institutions.

In addition to our national engagement, G5 Santé plays an active role internationally. Several of our members hold board-level positions within the European Federation of Pharmaceutical Industries and Associations (EFPIA), and we maintain close ties with global organisations such as the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and the Biopharmaceutical CEO Roundtable (BCR). While our advocacy often begins in France, it is firmly anchored in a global perspective, ranging from navigating US trade policy to addressing the pace of pharmaceutical innovation in China. In this evolving landscape, we see it as imperative that France and Europe reclaim their leadership role in the global life sciences ecosystem.

How is G5 Santé contributing to the competitiveness and attractiveness of France's healthcare sector?

A central priority for us is to strengthen France's position as both a competitive and attractive hub for healthcare innovation and industrial investment. This involves acting on two levels. Upstream, the fundamentals are encouraging: France benefits from a strong academic research base, robust public-private collaboration, and high-quality training across its medical, pharmaceutical, and engineering schools. The "France 2030" programme, and specifically its Health Innovation pillar, has reinforced these strengths by directing substantial investment – EUR 54 billion across all sectors, with a notable share earmarked for health – towards bioclusters, digital health infrastructure, infectious disease preparedness, and the relocalisation of production capacity. The establishment of the French Health Innovation Agency (AIS) has also brought greater strategic coherence to the national innovation agenda.

The real difficulties lie downstream. We observe that in France 40% of medicines approved by the EMA are not marketed in France. Moreover, France's drug prices remain systematically below the European average, not only at launch but throughout the product lifecycle. For patented medicines, only Poland and Greece have lower price levels. Meanwhile, the fiscal burden on manufacturers continues to grow. The safeguard clause alone, originally marginal, now amounts to over EUR 1.6 billion annually, a figure that weighs heavily on the sector. Access delays, too, are among the longest in Europe, averaging more than 500 days. While the Research Tax Credit (CIR) remains an important policy instrument to support R&D, broader fiscal and regulatory conditions have steadily deteriorated.

A study we commissioned with BIPE (now part of BDO) highlights the economic impact of this trajectory. France has fallen to sixth place in Europe for pharmaceutical exports and ninth for trade balance, ceding ground to countries such as Italy, Belgium, and the Netherlands. The G5 companies alone account for EUR 18 billion in trade surplus, without which the sector would be in deficit. But faced with inflation, rising energy and raw material costs, and unsustainably low margins, several companies have been forced to relocate production to lower-cost regions, including China. In this context, international markets are increasingly sustaining our growth, while domestic conditions remain insufficient to support long-term industrial investment. France continues to perform well upstream, but unless the downstream environment is addressed, we risk losing our ability to compete.

In light of global shifts, how is G5 Santé advocating for industrial sovereignty and a more strategic regulatory approach?

The current geopolitical context makes our message all the more urgent. In the United States, renewed protectionist rhetoric – most notably proposals for a 25 percent tariff on pharmaceutical imports – raises serious concerns for a market that continues to account for more than half the global pharmaceutical industry's profits. Meanwhile, China is quickly emerging as a powerhouse of innovation, now representing 30 to 40 percent of global biotech transactions. Many major players are moving aggressively to partner with or acquire early-stage Chinese assets. In this climate, Europe must assert itself, or risk becoming marginal in the global innovation race.

G5 Santé has long argued for a more coherent industrial policy that rewards companies for investing in France and Europe. Yet each year, new price cuts are voted into the national budget. In 2025, more than EUR 1 billion in price reductions is expected. We believe essential medicines

manufactured in France should be exempt from these blanket measures. In addition, many lower-margin products are now affected by input cost increases that make local production barely viable, yet current regulation offers no path for price adjustment, given the state-controlled system overseen by the Economic Committee for Health Products (CEPS).

One key lever we support is Article 75 of the 2025 Social Security Financing Law, which allows CEPS to factor in the manufacturing location of a medicine when setting its price. Originally introduced in 2022 under Article 65, this provision has been strengthened but remains underused. If fully applied, it would allow industrial commitment to be recognised in pricing decisions, transforming a theoretical mechanism into a meaningful tool of industrial policy.

This is not about erecting barriers; it is about acknowledging those who have made long-term commitments to France. If France wants to remain a strategic location for life sciences, regulation must reflect the value of those who have chosen to build here.

To what extent are policymakers receptive to your concerns, and how constructively are your proposals received?

Broadly speaking, public authorities are aware of the issues we raise. When we engage with them, they do grasp our arguments. The difficulty is execution: with public finances under considerable strain, every sector is expected to contribute to the national effort. This fiscal constraint inevitably limits the government's capacity to implement supportive measures, even when there is political will.

Within this context, we at G5 Santé have continued to advocate for mechanisms that reinforce France's health and industrial sovereignty. One of our key proposals is to prioritise locally manufactured health products in public hospital procurement. Such a policy would not only reduce carbon emissions, but also reward companies that have chosen to invest and produce in France. We have also called for a more proportionate application of the safeguard clause, a tax that weighs heavily on our sector. Specifically, we believe that manufacturers operating production sites in France and in Europe should benefit from a reduced contribution.

Another area of growing concern is access to innovation. Although the European Medicines Agency (EMA) may authorise a treatment at the EU level, it often remains out of reach for patients in France. Our analysis of European approvals between 2020 and 2023 shows that 40 percent of authorised indications were still not accessible for patients in France. This is largely due to France's

additional national procedures: following EMA approval, every new product must be reassessed by the French National Authority for Health (HAS) and then enter pricing negotiations with CEPS. Although early access is a procedure that enables patients to gain rapid access to an innovation, the system is still restrictive and results in an average time to market exceeding 500 days, creating a significant barrier to timely access.

What are the main drivers behind these access delays, and how should the regulatory system evolve?

A fundamental issue lies in the HAS's methodological framework, which is among the strictest in Europe. In rare diseases, for instance, the agency frequently requests randomised double blinded comparative clinical trials, even when such trials are practically impossible due to the small patient population. More broadly, its evaluation logic tends to be rigid, with an approach that often leans more towards budgetary caution than innovation enablement.

As a result, many industry stakeholders are left struggling to understand why their products are available across Europe and in the United States but remain inaccessible to patients in France.

We are not challenging the principle of regulation itself; it is both legitimate and necessary to ensure public resources are used responsibly. However, we believe that the level of regulatory constraint must be reassessed, and that the system should include positive incentives for those who choose to invest in France. Whether French or international, companies that have established R&D facilities, manufacturing plants, or broader operations locally should receive recognition for these commitments. We are advocating for a regulatory model that values long-term investment in the country, rather than treating France simply as a downstream commercial market.

How would you characterise the current climate for healthcare investment in France, and what structural reforms are most urgently needed to restore momentum?

There was a palpable sense of optimism last year as several significant investments were announced in France's healthcare and pharmaceutical sectors. However, the dissolution of the National Assembly has since altered the landscape. Political uncertainty has dampened reform efforts, and the country now finds itself in a state of inertia. At the most recent Choose France summit in Versailles, while many industries were well represented, global healthcare CEOs were notably absent—an absence that reflects growing doubts about France's capacity to implement

meaningful structural change.

What we are witnessing is a decline in per capita drug expenditure since 2008 and an unprecedented level of regulatory and fiscal pressure. The safeguard clause alone may surpass EUR 2 billion. In addition, a EUR 1 billion price reduction is already confirmed for 2025, with further cuts under discussion. This accumulation of constraints sends a dissuasive signal to investors. In contrast, the United States is moving decisively, over USD 200 billion in health-related investments have been announced since the beginning of the year, supported by assertive, if not coercive, diplomatic engagement. This competitive pressure only stresses the urgency for France to act.

At G5 Santé, we remain committed to championing investment and innovation in France. As part of our annual White Paper series, we published a study last autumn focused on improving the efficiency of the French healthcare system. The question we asked was simple: in a context of constrained public finances, how can we continue to fund the arrival of new health innovations?

Drawing on OECD (Organisation for Economic Co-operation and Development) findings that 20 to 25 percent of health spending may be avoidable, we analysed 35 real-world use cases and submitted 15 actionable proposals to government stakeholders. These are structured around three key axes.

The first concerns governance and coordination. While many initiatives aimed at improving efficiency exist, they often operate in silos. We are calling for a national, politically supported steering mechanism, centred around a formal multi-year health programming law. Annual budget laws are insufficient; they do not provide the predictability needed to plan long-term investments in R&D, prevention, or care delivery. A structured, forward-looking health strategy is urgently needed.

The second axis involves mobilisation of stakeholders. Efficiency will only be achieved through the full engagement of healthcare professionals and patients. One glaring example is treatment adherence: non-compliance costs France an estimated EUR 9 billion per year due to avoidable complications, hospitalisations, and loss of autonomy. Measures such as expanding task delegation – enabling pharmacists and nurses to administer vaccines, for instance – are steps in the right direction.

The third axis focuses on financial mechanisms that support efficiency. Today, systemic incentives are often misaligned. Hospitals, for example, are reimbursed on a per-activity basis, which discourages care models that reduce hospital stays, such as at-home administration of treatments. Budgetary silos – such as the strict separation between outpatient and hospital expenditure envelopes under the National Objective for Healthcare Insurance Expenditures (ONDAM) framework

- hinder the recognition of overall care pathway efficiencies. A fungible, cross-sector approach is essential. We also propose wider adoption of point-of-care diagnostics in pharmacies and greater use of real-world data to enable earlier, more cost-effective interventions.

These reforms are not abstract. They are pragmatic responses to a dual imperative: ensuring patient access to innovation and safeguarding the long-term sustainability of our health system. France has the scientific talent, industrial base, and political momentum to succeed; provided we align regulation, investment, and innovation behind a coherent strategy.

The dialogue between all public and private stakeholders is essential to be able to move forward together: the next G5 Santé Meetings on October 7th on the topic of financing and efficiency of the health system will be a great opportunity to promote this very important dialogue.

How would you assess the current R&D landscape in France, particularly in terms of clinical research performance, public-private collaboration, and the country's positioning within the global innovation ecosystem?

France benefits from an exceptional public research base in life sciences, anchored by world-class institutions such as INSERM (the French National Institute of Health and Medical Research), the CEA (French Alternative Energies and Atomic Energy Commission), ranked as the most innovative research institute globally, and the CNRS (French National Centre for Scientific Research), whose staff numbers surpass those of many leading international institutions, despite operating with a fraction of their budgets. Scientific talent is indisputably strong. However, the system remains fragmented, with coordination and governance issues that limit its full potential. In contrast to the centralised model of the NIH, France's research ecosystem is spread across multiple entities, making alignment and efficiency more difficult.

To address this, a dedicated Health Research Programme Agency was recently established within INSERM, led by Executive Director Franck Mouthon under the leadership of INSERM President Didier Samuel. This agency is expected to streamline coordination and catalyse more cohesive strategies. Encouragingly, the traditional divide between public and private sectors is narrowing, and further progress is expected, G5 Santé's R&D leaders will meet again in September to explore deeper public-private partnerships.

France's R&D momentum also owes much to supportive fiscal mechanisms, notably the Research Tax Credit (CIR), which continues to play a decisive role in attracting investment. Collectively, the

eight G5 Santé companies invest approximately EUR 3.8 billion annually in R&D within France, representing around 75 percent of all private-sector life sciences R&D in the country, a figure that reflects both commitment and legitimacy when it comes to shaping future policy.

On the clinical research front, while France maintains a strong foothold in oncology, other therapeutic areas have experienced setbacks. The country still ranks third in Europe for the number of clinical trials; it was overtaken by Spain and must continue to modernise to remain competitive. At the same time, France is progressing in building out its biocluster strategy, with promising initiatives such as the Paris-Saclay Cancer Cluster and BIOASTER in Lyon, models of effective public-private collaboration involving major players like Gustave Roussy, Sanofi, Servier, Ipsen, and bioMérieux.

International partnerships, such as those with the University of Cambridge, remain essential but often require long lead times. Domestic collaborations, by contrast, tend to move faster due to the presence of pre-existing framework agreements. Finally, safeguarding innovation also depends on a robust intellectual property framework. In this respect, the European Union's new pharmaceutical package must seek to reinforce IP protections. Europe currently leads in global patent filings, and preserving this advantage is essential for the future of R&D on the continent.

In short, while challenges remain, France continues to consolidate its position as a strategic centre for life sciences innovation. Sustained effort will be required to modernise governance, reinforce partnerships, and protect the intellectual capital that drives scientific progress.

What broader message would you like to convey as President of G5 Santé, particularly in light of today's global challenges and strategic competition?

The need to implement bold measures to enhance France's and Europe's industrial competitiveness has never been more critical. This urgency is amplified by the increasingly assertive protectionist stance of the United States and the rapid strides China is making in innovation. In such a context, it is imperative that Europe, and France in particular, strengthens its position and champions a robust industrial agenda at the European level.

Today, European companies face growing regulatory pressure, often far more stringent than that imposed on their American or Chinese counterparts. While the market remains open, there is still hesitation when it comes to proactively supporting European players. Encouragingly, recent steps taken at the European level, including initiatives to prioritise European-made products in public

procurement, are moving in the right direction. However, France must go further.

We must actively support those who have chosen to invest and produce locally. Maintaining production units and reindustrialization will raise the average standard of living, increase government tax revenues and revitalize our regions.

While the language around “Made in France” may be politically nuanced, the intent must be clear: to reward industrial commitment to the national and European fabric. In this increasingly uncertain global landscape, where regulatory asymmetries distort competition and geopolitical rivalries intensify, the window of opportunity is narrow. It is now, or perhaps never, that we must act.

As we often say at G5 Santé: *“Choisir la France, soigner le monde,”* choosing France means contributing to global health. The time has come to turn that principle into a policy reality.

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