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> Switzerland and the US share a long, historic relationship built on trust, shared values, and innovation. We are natural partners, not competitors

16.10.2025

Tags:

Switzerland, USA, Tariffs, Trade, Interpharma, Association, Exports

As global trade tensions escalate, Switzerlandâ??s export-driven pharmaceutical industry finds itself at a challenging moment. With the United States imposing tariffs of up to 39 percent on Swiss goods and threatening further measures, the pressure on Switzerlandâ??s most important industrial sector â?? responsible for ten percent of GDP and over 40 percent of exports â?? has intensified. RenÃ© Buholzer, CEO of Interpharma, the association representing Switzerlandâ??s research-based pharmaceutical companies, reflects on this â??wake-up callâ?• for policymakers and explains how Switzerland must respond: by modernising pricing frameworks, strengthening competitiveness, and preserving its status as one of the worldâ??s most innovative life science hubs.

Switzerlandâ??s pharma industry seems particularly exposed to the recent shifts in US trade and pricing policy. With 39 percent duties already in place and talk of 100 percent tariffs still on the table, whatâ??s the mood among Interpharmaâ??s members and in Switzerland more generally?

In Switzerland, there is now a much clearer awareness of how important the pharmaceutical industry is to our countryâ??s economy, which has not always been the case. Pharmaceuticals represent around ten percent of Switzerlandâ??s GDP, and innovative pharma companies account for about 41 percent of total Swiss exports. This means that when tariffs are introduced, our sector inevitably comes into focus and feels the impact.

The initial shock came when President Trump perceived a USD 40 billion trade deficit with Switzerland. This analysis was based only on trade in goods and excluded services, which would have created a very different picture. Since pharma makes up a large share of Swiss exports, our industry became a clear target.

At first, there was some public confusion â?? a few people even panicked, thinking Switzerland might suddenly be â??in trouble.â?• But quickly, there was a strong sense of unity. People understood that we are all in the same boat and that having a robust export sector is not â??doing something wrongâ?•; itâ??s simply how our open economy functions.

Still, there is frustration and shock as Switzerland and the United States have traditionally enjoyed a close, mutually beneficial relationship. We are a major investor and high-quality job creator in the US, ranking among the top globally relative to our size. Historically and culturally, the two countries share many similarities; the first Swiss Constitution was even partly inspired by the US-model.

Initially, there may have been some overconfidence that reason would prevail, but this has been a wake-up call. Beyond the tariffs, what worries us even more is the â??Most Favoured Nationâ?• executive order, which could have longer-term consequences for drug pricing and market access.

More broadly, the protectionist trend in the US â?? the push to â??produce in the US for the USâ?• â?? poses a serious strategic challenge. It risks fragmenting global value chains and weakening competitiveness over time. Of course, you cannot simply shut down a factory in Switzerland and open one in the US overnight; these transitions take years and vast investment. But this kind of disruption has the potential to fundamentally reshape the global pharmaceutical landscape in the medium to long term.

With Novartis and Roche expanding in the US under reshoring pressure, how are you working to ensure Switzerland â?? their traditional base â?? remains competitive? What balance are you seeking in this more uncertain global landscape?

We work very closely with Roche and Novartis, who are both strong and active members of Interpharma, as well as with our other members and the Swiss government. Our first priority has been to make policymakers understand what is truly at stake â?? economically and strategically.

Pharma generates roughly CHF 4.4 billion in annual sales in Switzerland, yet our members pay an estimated CHF 5 billion in taxes across all three levels of government â?? federal, cantonal, and municipal. On top of that, the sector invests around CHF 9 billion in R&D locally. In other words, we invest far more in Switzerland than we earn here. Thatâ??s something many people, including parts of the public and politicians, still donâ??t fully appreciate.

There remains a misconception that high health insurance premiums are caused by drug prices and that pharma is simply â??earning too much.â?• But companies like Roche and Novartis do not depend on selling medicines in Switzerland â?? they operate globally. When youâ??re paying more in taxes than you generate in domestic revenue, itâ??s clear that the Swiss market is not the source of the majority of your profits.

Weâ??ve therefore made a concerted effort to explain the global nature of the industry and the complexity of the US trade situation. Itâ??s not only about tariffs; itâ??s about several overlapping instruments â?? the 39 percent duties, the potential 100 percent tariffs under Section 232, and the â??Most Favoured Nationâ?• executive order. These are distinct measures, each with different legal implications and levels of uncertainty, and they are often conflated in political or media discussions.

Adding to the confusion is President Trumpâ??s preference for striking direct, company-specific â??dealsâ?• â?? such as those weâ??ve already seen â?? rather than broad national agreements. This approach sidelines governments and creates uncertainty for global supply chains.

From our side, weâ??ve told the Swiss authorities that the industry is ready to do its part. The major investments announced by Roche and Novartis in the US will inevitably reduce the trade deficit from Switzerlandâ??s side, which may ease some pressure. But the broader question remains: how can Switzerland remain competitive and attractive as a location for innovation and production in this changing world?

The reality is that President Trumpâ??s tariffs and rhetoric have a clear objective â?? to bring more manufacturing back to the US. The major pharma firms are responding to that pressure. Both Roche and Novartis already have significant, long-standing operations in the US. Roche, for instance, through Genentech, has deep roots there. So we are moving towards a more regionalised model.

At the same time, China is becoming a similarly large but increasingly protectionist market. The result is a â??smaller worldâ?• for trade â?? the world minus the US and minus China â?? where the rest of the countries must now compete to attract investment in manufacturing and R&D.

COVID-19 reminded many governments of the strategic value of having a strong domestic pharmaceutical industry. In Switzerland, that means we must redouble our efforts to remain an attractive global hub. We have a long tradition of innovation, quality, and regulatory excellence, but the challenges are growing.

Our main concern is complacency â?? the belief that Switzerland will somehow be spared because it has always adapted successfully in the past. We regularly engage with government ministers, members of parliament, and senior officials to stress that now is the time to act: to improve framework conditions, reduce bureaucracy, and modernise our pricing system.

None of these recommendations are new â?? theyâ??re consistent with the goals outlined in our Pharma Strategy 2030. But the pace of change has accelerated dramatically. The new US policies have made the urgency crystal clear. If we want to keep pharma as a key driver of Swiss prosperity, we must strengthen our competitiveness as a location now. The global race for investment is fierce, and Switzerland cannot afford to be complacent.

Could there be any positives in all this turmoil? Might this be the push that Switzerland needs to finally modernise its pricing frameworks and evaluation systems?

We have regular meetings with the Minister of Health and the Minister of Economic Affairs, and we even hold a high-level â??pharma summitâ?• involving both ministries and industry representatives. The dialogue is intensive â?? probably more so than in most European countries â?? and the willingness to act is there, at least rhetorically.

However, we still face challenges with the Ministry of Healthâ??s perspective. Their focus is primarily on what is financed through health insurance premiums, which every Swiss citizen must pay, rather than through general taxation. This creates a strong political dynamic: rising healthcare costs are immediately visible to voters, and therefore, the debate around drug prices becomes emotionally charged.

Lately, a worrying narrative has started to take hold â?? suggesting that because President Trump wants to reduce drug prices in the US, Swiss patients may have to pay more so that our companies can â??survive.â?• Thatâ??s a dangerous oversimplification. The reality is that Swiss patients had problems accessing innovative medicines long before any of this began.

We have been falling behind in international comparisons of timely access to new therapies. The EFPIA W.A.I.T Indicator, for instance, shows that Switzerland is one of the only top ten markets with a negative trend. Weâ??ve slipped to seventh place â?? alarmingly close to countries with far fewer resources. It is shocking that one of the richest nations in Europe now ranks near one of the poorest EU country for patient access to innovation.

There are also structural issues. For example, under Article 71a of the Health Insurance Ordinance, patients can get limited access to certain medicines through exceptional reimbursement, but the process is bureaucratic and inequitable. It was never designed as the main road for access , yet it has become a de facto workaround â?? which reduces political pressure to reform the system properly.

Meanwhile, ordinary citizens are struggling with rising health insurance premiums, and the government has recently changed how inpatient and outpatient care are financed, a reform known as â??Einheitliche Finanzierungâ?• (EFAS). The idea is to unify financing streams, but itâ??s unclear what this will mean for affordability and access in practice.

Against this backdrop, we are advocating for a holistic view of healthcare. Given pharmaâ??s immense economic footprint â?? contributing billions in taxes and R&D â?? the system must balance cost control with innovation and security of supply.

So, yes, there is some light. The dialogue has become more structured, and we recently learned that the authorities will hold another round of talks before the next official revision process begins. That is positive. But whether this will translate into concrete reforms remains uncertain. Until now, the discussions have often stopped at the talking stage, without joint solutions or compromises.

Even compared to the EU, Switzerland is in some ways already advanced. We have provisions for confidential pricing and data-based assessments, tools that many European countries lack. But whatâ??s missing is execution and political will.

So far, the government has focused heavily on cost reduction â?? and while recurring annual savings of around CHF 1.5 billion have been achieved on drug expenditure, this has come at the expense of supply security and innovation. We urgently need to rebalance.

Whether this â??wake-up callâ?• will truly accelerate reforms is still unclear. The sense of urgency is often lacking in Switzerland. Thereâ??s a saying from a former Swiss Federal Councillor in the 1950s: â??The Swiss get up early, but they wake up late.â?• Unfortunately, that still applies today.

What are your key messages right now to policymakers in Switzerland?

We are consistently emphasising the following main messages.

First, we need an overarching national strategy for the pharmaceutical and life sciences sector â?? a unified vision that transcends ministerial silos and aligns health policy with industrial competitiveness. At present, responsibilities are split between the Ministry of Health and the Ministry of Economic Affairs, as though public health and economic policy were unrelated. Yet, as the US experience with the â??Most Favoured Nationâ?• clause shows, these areas are deeply interconnected. Pharma is both an economic and a health-system pillar, and government must treat it as such. Encouragingly, progress is being made: the Council of States (upper house of the Swiss Parliament) recently adopted â?? unanimously, which is extremely rare â?? a motion calling for a national life sciences strategy, and the National Council (lower house) is expected to follow suit during the winter session. This will mark an important milestone toward creating coherent and competitive framework conditions for the sector.

Second, in the short term, Switzerland needs to send a clear signal that it intends to reverse the negative trend in access to innovative medicines and security of supply. We have tabled concrete proposals to modernise the pricing system and have even published them in the legal journal Life Science Law to encourage public discussion. These reforms would strengthen access to innovation and ensure reliable supply.

If you look at President Trumpâ??s rhetoric on drug spending, Switzerland actually spends less on innovative medicines as a share of GDP than the US, despite being a wealthier country. Our prices are comparable to or below those in Germany and, in purchasing-power terms, probably the lowest in Europe. Yet this fact is often obscured by the conflation of innovative drugs with generics in political debate. We need to correct that narrative and make sure Swiss patients once again have timely access to new therapies.

In parallel, the government has already approved an initiative under the so-called Regulatory Relief Act to reduce bureaucratic burdens on businesses. A sector-specific study is now under way to identify how red tape in life sciences can be cut. We have submitted detailed proposals â?? for example, simplifying procedures such as Article 71 reimbursements â?? to make processes faster and more efficient. So there are encouraging signs of movement at both parliamentary and administrative levels.

The biggest stumbling block, however, is ensuring that the entire government adopts a holistic approach and recognises that guaranteeing security of supply must go hand in hand with sustainable pricing. Politically, there is a fear that improving access might lead to higher drug prices and thus higher insurance premiums. That may be true initially, but the cost of shortages or delayed access to innovative medicines is far higher â?? economically and socially.

We are urging a shift away from this narrow, siloed view of healthcare spending toward a system-wide perspective that values innovation and continuity of supply. Our proposals are on the table; now the question is to what extent the government is willing to act.

On the international side, Switzerland must also continue diversifying its trade relationships. We already have agreements with China and recently concluded one with India. Expanding this network helps offset potential losses from the US market and reinforces Switzerlandâ??s position as a global, innovation-driven hub.

And if you had two minutes in front of President Trump to advocate on behalf of Switzerlandâ??s innovative pharmaceutical industry, what would you say to him?

First, I would tell him that the Swiss pharmaceutical industry is one of the largest investors in the United States. We rank among the top four international contributors, creating tens of thousands of high-quality American jobs. Our companies are deeply committed to the US market and have a long-standing record of investment and partnership there.

Second, I would remind him that Switzerland and the US share a long, historic relationship built on trust, shared values, and innovation. We are natural partners, not competitors. We should strengthen that partnership rather than undermine it with tariffs or protectionist measures.

And third, I would say very simply: there is no reason to impose punitive trade barriers on an ally that is already investing, producing, and contributing to your economy. The Swiss pharmaceutical industry is part of the solution, not part of the problem.

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