

# Press Release

## Access to essential medicines threatened by combination of increasing inflation and potential further price cuts in EU countries

Brussels, 26 November 2021

Access to off-patent medicines is essential to increase competition, offer accessible and affordable treatments and for the budgetary sustainability of healthcare systems in Europe, as highlighted by a European Parliament report<sup>1</sup> adopted this week.

However, as EU governments struggle to cope with the economic and financial effects of the Covid-19 pandemic, several countries are proposing further cost containment measures for off-patent medicines, which cover 70% of prescription medicine supply across Europe at just 25% of the total cost.

Many essential off-patent medicines have already been subject to strict price regulation (often referred to as reference pricing), successive price cutting measures, and budget adjustment measures (such as clawback) for many years. These measures have led to substantial price erosion, which is now compounded by mounting inflation across Europe and the recent increase in global production costs: raw material costs have tripled<sup>2</sup>, shipping rates are 6 times more expensive<sup>3</sup>, airfreight costs have more than tripled<sup>4</sup>, energy costs rose by more than 230% last year<sup>5</sup> with overall producer prices increasing by 10%<sup>6</sup>. Against this background further price cuts would be simply unsustainable for manufacturers. This creates serious risks for medicines supply and availability.

The European Commission has collected a growing body of evidence showing that extreme cost containment policies applied to generic medicines are counterproductive, driving industrial consolidation and supply risks and potential medicine withdrawals from the market for important older, less expensive medicine. Medicines for Europe calls on the Commission to react by legally mandating Member States, which use monopsony buying power, to integrate security of supply considerations into the EU Transparency Directive (which governs medicines pricing and reimbursement decisions) and the Public Procurement Directive (which governs medicine tendering).

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<sup>1</sup> Report on a pharmaceutical strategy for Europe ([2021/2013\(INI\)](#))

<sup>2</sup> [The Print – Pharma industry warns of Covid drug shortages as raw materials prices surge 200% \(May 2021\)](#)

<sup>3</sup> [McKinsey & Company – What’s going on with shipping rates? \(August 2021\)](#)

<sup>4</sup> [Air Cargo News - Airfreight rates expected to continue to rise \(November 2021\)](#)

<sup>5</sup> [Euronews - Why Europe's energy prices are soaring and could get much worse \(October 2021\)](#)

<sup>6</sup> [Eurostat - Producer prices in industry, total - monthly data \(Jan 2020 vs September 2021\)](#)

Director general of Medicines for Europe, Adrian van den Hoven, says: *“Just this week the European Parliament recognized that off-patent medicines provide the majority of accessible and affordable treatments and contribute greatly to the budgetary sustainability of healthcare systems, generating costs savings while underpinning the high quality of healthcare. Our industry is part of the solution, not part of the problem: it’s time to treat it as such. Security of supply needs to be factored into the pharmaceutical policies of Member States. We all need to remember that healthcare is an essential investment, not just a short-term cost.”*

## Medicines for Europe

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**Medicines for Europe** represents the generic, biosimilar and value-added medicines industries across Europe. Its vision is to provide sustainable access to high quality medicines, based on 5 important pillars: patients, quality, value, sustainability and partnership. Its members directly employ 190,000 people at over 400 manufacturing and 126 R&D sites in Europe and invest up to 17% of their turnover in R&D investment. Medicines for Europe member companies across Europe are both increasing access to medicines and driving improved health outcomes. They play a key role in creating sustainable European healthcare systems by continuing to provide high quality, effective generic medicines, whilst also innovating to create new biosimilar medicines and bringing to market value added medicines, which deliver better health outcomes, greater efficiency and/or improved safety in the hospital setting for patients. For more information please follow us at [www.medicinesforeurope.com](http://www.medicinesforeurope.com) and on Twitter @medicinesforEU.