THE BELGIAN BIOPHARMACEUTICAL SECTOR UNDER PRESSURE

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FOREWORD

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CEO

In the context of the current geopolitical situation, it is becoming increasingly evident that Belgium, and Europe in general, must rethink its strategy.

The latest Pharma Figures raise concerns. It is clear that we are no longer dealing with the familiar "business as usual" situation we have seen in recent years, marked by steady growth and positive trends in employment, patent applications, and exports.

In the context of the current geopolitical situation, it is becoming increasingly evident that Belgium, and Europe in general, must rethink its strategy.

That is why we are calling for a robust Life Sciences strategy to strengthen Europe's competitive position: one that better valorises innovation, removes obstacles to innovative activity, and boosts investment in both our domestic market and the development of new markets.

If not, we risk losing the biopharmaceutical sector as a pillar of the manufacturing industry in our country.

KEY FIGURES 2024

44,738
direct jobs[1]

2019 → 2024: + 16.2 %

2023 → 2024: - 0.5 %

Evolution

2019	38,489
2023	44,958
2024	44,738

6,490
researchers[2]

2019 → 2024: + 20.9 %

2023 → 2024: - 0.0 %

2019	5,369
2023	6,489
2024	6,490

6.0
billion euros investments in R&D[4]

2019 → 2024: + 55.1 %

2023 → 2024: + 5.5 %

Evolution

2019	€ 3.9 billion
2023	€ 5.7 billion
2024	€ 6.0 billion

79.0
billion euros export[6]

2019 → 2024: + 58.7 %

2023 → 2024: - 1.4 %

2019	€ 49.8 billion
2023	€ 80.1 billion
2024	€ 79.0 billion

417
patent applications in the pharmaceutical and biotech sector[5]

2019 → 2024: + 13.6 %

2023 → 2024: - 6.5 %

Evolution

2019	367
2023	446
2024	417

15.1
billion euros added value generated by the biopharmaceutical sector[7]

2018 → 2023: + 82.6 %

2022 → 2023: + 12.4 %

2018	€ 8.3 billion
2022	€ 13.4 billion
2023*	€ 15.1 billion

* Value-added figures are not yet available for 2024.

9/10
biopharmaceutical companies in Belgium have fewer than 250 employees

25 %
of the employment in the sector[3]

01 JOBS

Account for almost
10 %
of total manufacturing employment

44,738
employees in the Belgian biopharmaceutical sector in 2024

1st
decline after years of growth

Employment falls for the first time

After more than a decade of uninterrupted growth, 2024 marks the first time the number of jobs in the sector has declined – by half a percent – to 44,738. This significant shift in trend also impacts the broader ecosystem in which these companies operate, since each job in the sector generates more than one additional job at suppliers, such as in logistics. As a result, the total number of indirect jobs has also declined.

Nevertheless, the biopharmaceutical sector remains an important source of employment in Belgium.
If we also consider the jobs created through the spending of all these employees (both direct and indirect), the biopharmaceutical sector supports nearly 141,000 jobs in Belgium.
That is almost 20,000 more than five years ago.

Evolution of direct, indirect, and induced employment in the Belgian biopharmaceutical sector[11]

Leading the way in manufacturing

The manufacturing industry is struggling when it comes to employment. More than half of the sectors involved have seen employment decline over the past five years. As a result, total employment in manufacturing has fallen by 0.8 % over that period – by 2.1 % in 2024 alone.

The three largest sectors within manufacturing – the food, metal and chemical industries – have continued to grow, albeit modestly. For example, employment in the food industry has increased by 5 % over the past five years, and in the metal and chemical industry by 2 %.

Because the decline in employment in the biopharmaceutical sector in 2024 was less pronounced, its share of total manufacturing employment has continued to rise – even in 2024. For example, almost one in ten employees in the manufacturing industry is employed in the biopharmaceutical sector.

A wide range of profiles

The biopharmaceutical sector covers a wide range of activities, from research and development (R&D) through production and logistics to marketing and distribution. This means that the job profiles are just as diverse.

Unlike in Belgian industry as a whole, the majority of workers in the biopharmaceutical sector hold a higher education degree, due to the complex nature of the sector. Nonetheless, there are still numerous opportunities for people with lower or secondary-level qualifications, who account for nearly 30 % of all jobs in the sector.[8]

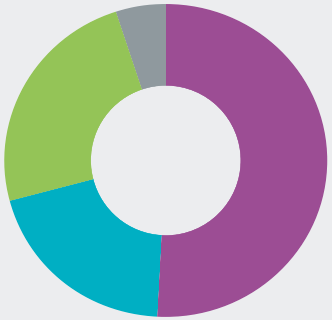
Looking at the types of companies involved, we once again see the diversity of the biopharmaceutical sector. From innovative biotech startups and mid-sized family businesses to large multinationals, the sector is an ecosystem of companies of all sizes.

DID YOU KNOW?

A DIVERSE BELGIAN BIOPHARMACEUTICAL SECTOR

The biopharmaceutical sector in Belgium is not just made up of major players. Nine out of ten biopharmaceutical companies in our country are small or medium-sized enterprises with fewer than 250 employees. Together they account for a quarter of all employment in the sector.[3] This underlines the vital role that smaller players also play in the innovation ecosystem of Belgium's biopharmaceutical industry.

Distribution of profiles in the biopharmaceutical sector in 2024[8]



51 %
- Non-university higher education (longer duration)
- University education
- Academic bachelor
- Academic master's degree

20 %
- Non-university higher education (longer duration)
- Vocational education

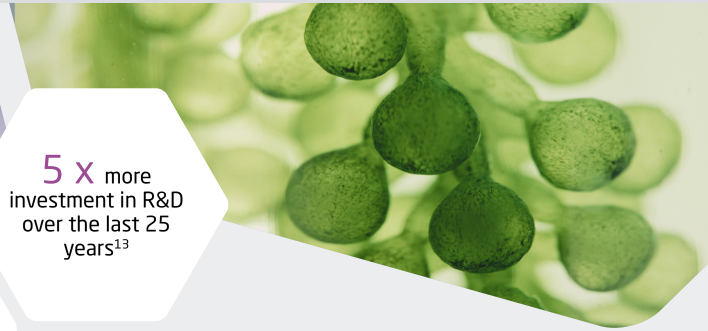
24 %
- Higher secondary education

5 %
- Lower secondary education
- Primary education
- No degree

No glass ceiling

The Belgian biopharmaceutical sector has been making efforts to increase gender diversity for years, and this is clearly yielding results. With 50 % female employees in 2024, the sector achieved a very balanced gender distribution.[9] If we zoom in on the R&D and production domains, women are even better represented than men: the research teams and the production teams have 62 % and 67 % women respectively.

And the glass ceiling appears to be a thing of the past. In 2024, 48 % of management team members are women. If we zoom in on the management positions, we see that no less than 63 % of the directors are women.[10]



5 x more investment in R&D over the last 25 years[13]

Over € 16 million invested in R&D every day by the innovative biopharmaceutical sector[4]

417 patent applications – that is more than one per day[5]

02 RESEARCH & DEVELOPMENT

The sector par excellence in terms of R&D

Because Belgium has no natural resources, our economy relies on knowledge. In the European innovation scoreboard, Belgium occupies a respectable fifth place. The biopharmaceutical sector has emerged as one of the undisputed pillars of the knowledge economy. The sector invests heavily in research and development, delivering crucial innovations year after year. These not only offer added value for our knowledge economy, but, above all, contribute to better health.

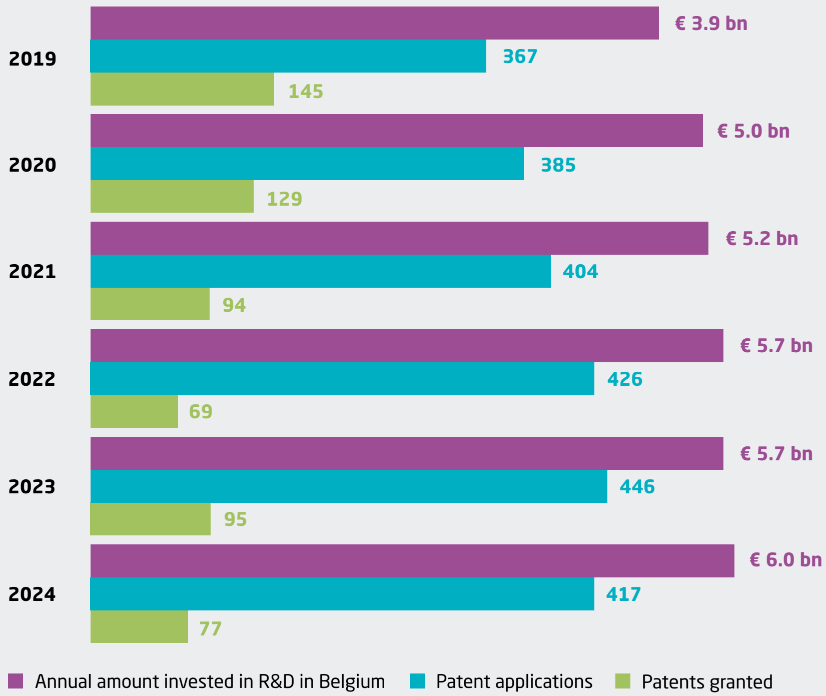
In 2024, the sector exceeds € 6 billion in R&D investments for the first time. This is an increase of more than 5 % compared to 2023 and an increase of more than 50 % over a five-year period. In terms of both absolute investments and growth figures, the biopharmaceutical sector is the leader in R&D in Belgium.

DID YOU KNOW?

THANKS TO THE BIOPHARMACEUTICAL SECTOR, BELGIUM MEETS THE LISBON TARGET

In the Europe 2020 strategy, which succeeded the Lisbon Strategy, the EU set a target for combined public and private investment in research and development to reach at least 3 % of gross domestic product. Belgium has been able to exceed this R&D intensity threshold for several years now, thanks in no small part to the crucial contributions of the biopharmaceutical industry. In 2023, investment in R&D amounted to 3.3 % of GDP.

Evolution of patents applied for/granted and R&D investments



R&D intensity

The development of innovative new medicines requires considerable time and resources.
The biopharmaceutical sector is therefore the most R&D-intensive industry in Belgium, with an intensity of 37.5 % in 2024. R&D intensity indicates how much of the added value is reinvested in research and development. In absolute figures, this means an investment of no less than € 6 billion in R&D.
The sector not only leads the way in Belgium, but is also playing an increasingly significant role at the European level.[12]

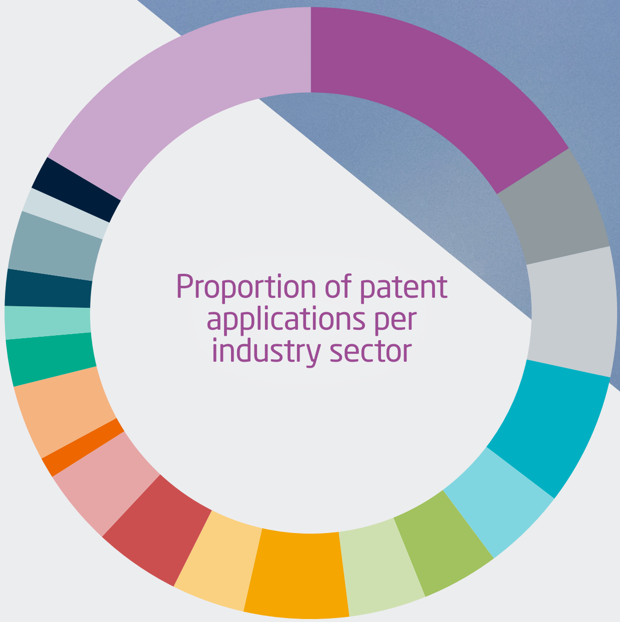
No innovation without patents

Because research programmes in the biopharmaceutical sector are often much more expensive and take more years to complete than in other sectors, protecting intellectual property is crucial. Patents play an important role in this. They provide the protection needed to capitalise on investments – something biopharmaceutical companies rely on to continue investing in R&D.

In 2024, for the first time in years, we see a decline in the number of patent applications filed by pharmaceutical companies. While there were 446 applications in 2023, that number fell to 417 in 2024.

This marks a clear break from the trend of recent years. Yet the biopharmaceutical sector remains a national frontrunner accounting for almost 16 % of all patent applications in Belgium.

Although the past five years still show overall growth, innovation appears to be becoming increasingly challenging. Investments are extremely risky and do not necessarily lead to a positive result.
This is confirmed by the number of applications that result in an effective grant of a patent.



15.9 %	**Pharma and biotech**	5.5 %	**Medical devices**	6.9 %	**Other machines**	7.0 %	**Metallurgy**
4.4 %	**Organic chemistry**	4.1 %	**Computer technology**	4.1 %	**Measuring devices**	5.5 %	**Civil engineering**
3.9 %	**Electrical machines**	4.6 %	**Transport**	4.1 %	**Chemical industry basic materials**	1.1 %	**Thermal processes**
4.0 %	**Coatings**	2.5 %	**Semiconductor components**	1.8 %	**Handling**	2.0 %	**Polymers**
3.1 %	**Chemical engineering**	1.3 %	**Power tools**	1.8 %	**Engines and pumps**	16.5 %	**Other**

03 EXPORT

Biopharmaceutical sector remains a key driver of Belgian exports despite slowdown

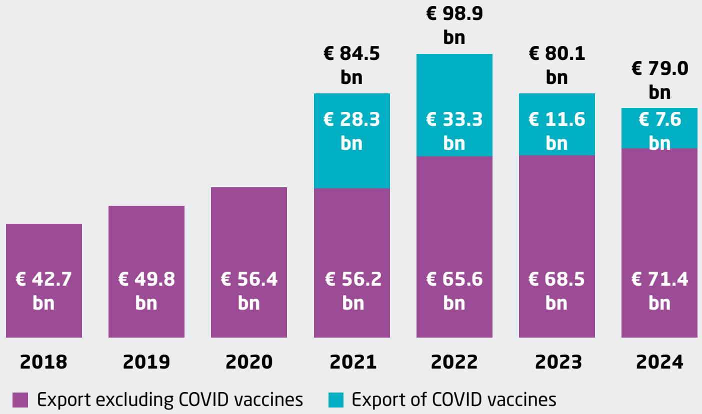
Thanks to the combination of strategic assets such as a favourable location and high-quality infrastructure with a strong biopharmaceutical industry, Belgium has emerged as an international hub for the distribution of medicines and vaccines. Belgium's crucial role became even clearer during the distribution of COVID-19 vaccines.

With € 79 billion in exports[14] – accounting for 15.5 % of Belgium's total exports – the biopharmaceutical sector remains the country's undisputed export champion in 2024.

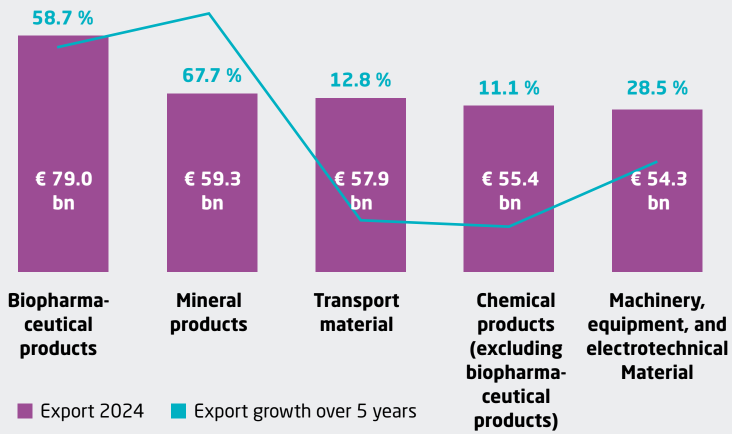
For the first time in years, however, a decline has been recorded: exports of biopharmaceutical products are down 1.4 % compared to 2023. This drop is partly due to declining exports of COVID-19 vaccines. If we exclude those, the sector still posted growth of 4.1 % in 2024.

Compared with the other top five export sectors, the biopharmaceutical sector continues to perform strongly – even in the face of this year's decline.

Evolution of total exports in the Belgian biopharmaceutical sector



Top five Belgian export sectors



Continued driver for positive trade balance

Every day, Belgium exports € 216 million worth of biopharmaceuticals. In 2024, this generated a trade surplus of € 16.6 billion – a substantial share of Belgium's total trade surplus of € 27.7 billion. The biopharmaceutical sector thus accounts for 60 % of the national trade surplus, the largest contribution of any sector.

Exports in Europe and far beyond

Less than one-third of Belgium's total exports leave the European Union, whereas more than half of biopharmaceutical exports do. Within the EU, Germany and Italy are the most important trading partners for the biopharmaceutical sector, accounting for 10.6 % and 8.5 % of exports respectively.

The United States, however, remains Belgium's most significant trading partner in 2024 by far, representing nearly 24 % of biopharmaceutical exports. This share is much higher than the share in total Belgian exports to the US, which is only 6.8 %. This also highlights the biopharmaceutical sector's strong dependence on the US market – meaning any disruption in US demand would have a major impact.

A DEEP DIVE INTO THE DYNAMICS OF BIOPHARMACEUTICAL EXPORT MARKETS

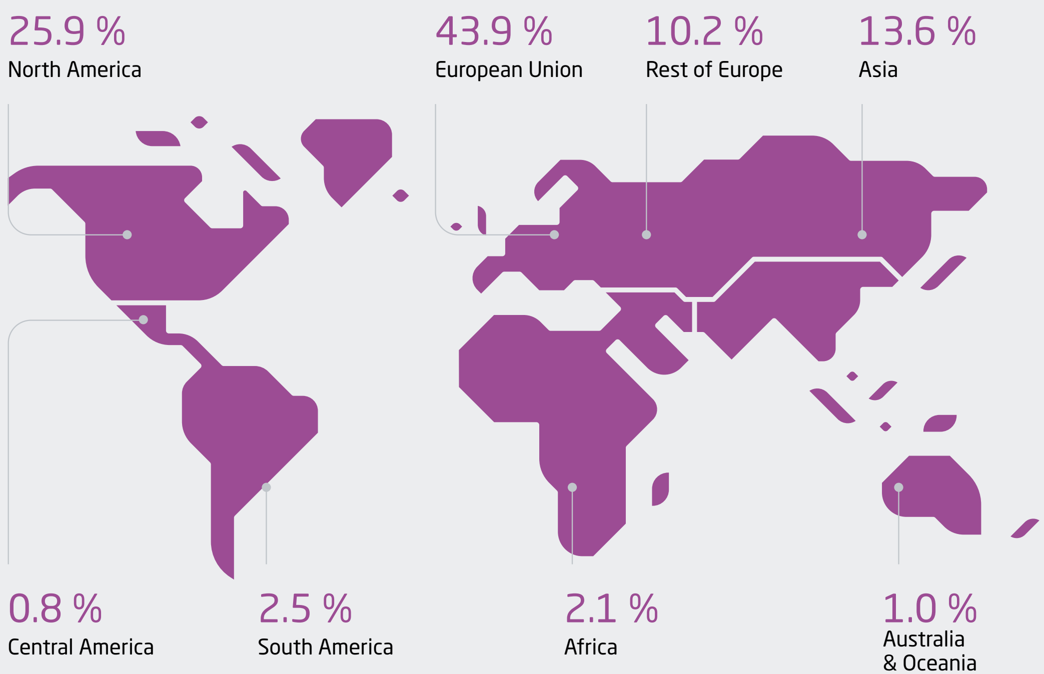
While most of Belgium's biopharmaceutical exports go to Europe or North America, other regions are also important trade partners. In 2024, Central and South America accounted for nearly € 2.6 billion in exports, Africa for almost € 1.7 billion, and Australia and Oceania for over € 800 million.

Asia is the third-largest trading partner for Belgium's biopharmaceutical sector, with exports to the region reaching € 11 billion in 2024. Over the past five years, Asia has also shown the fastest growth in export volume compared to other regions.

A closer look at exports to Asia reveals that the Middle East accounts for € 2.3 billion. Within the Middle East, Saudi Arabia is the leading export market at € 900 million, followed by the United Arab Emirates at € 380 million - representing 39 % and 17 % of exports to the region, respectively. Both countries have seen exponential growth over the past five years: 171 % for Saudi Arabia and 154 % for the UAE.

The rest of Asia accounts for € 8.4 billion in exports. China leads the way with € 2.2 billion, or 27 % of total biopharmaceutical exports to Asia. Japan follows with € 1.9 billion (22 %), and South Korea ranks third with € 0.9 billion (11 %). These countries have also seen strong growth over the past five years: exports to China rose by 91 %, to Japan by 53 %, and to South Korea by an impressive 191 %.

Export 2024



TOP 5 EU 2024

Germany	10.6 %
Italy	8.5 %
The Netherlands	5.7 %
France	5.4 %
Spain	3.4 %

TOP 5 NON-EU 2024

United States	23.9 %
United Kingdom	5.5 %
China	2.8 %
Japan	2.4 %
Canada	1.9 %

Sector exports total **€ 216 million** every day

More than **50 %** of exports cross EU borders

Biopharmaceutical exports account for **15.5 %** of all Belgian exports

Biopharmaceutical exports have seen an almost tenfold increase **14 x** over 25 years[13]

04 PRODUCTION, ADDED VALUE AND INVESTMENT

Growth continues in these areas

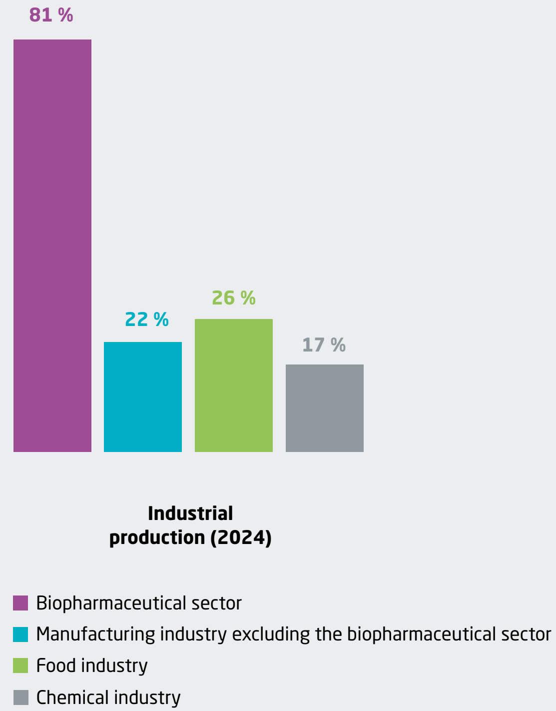
While we are seeing a slowdown in employment and exports, the biopharmaceutical sector in Belgium continues to grow in terms of production, added value and investment. Compared to other sectors in the manufacturing industry, the biopharmaceutical sector has achieved remarkably positive results.

Production

In 2024, industrial production in Belgium's overall manufacturing sector remains largely unchanged. Only four sectors show any growth – and the biopharmaceutical sector is one of them, with a notable increase of 10 %. Without this contribution, the total production output of Belgium's manufacturing industry would have declined for the second year in a row.[15]

If we look at the evolution over five years, we see that industrial production in the biopharmaceutical sector has increased by more than 80 %, almost three times more than in the total manufacturing industry. No other industry can boast such growth rates.

Evolution of industrial production over five years



Added value

In 2023 – the most recent year for which figures are available – the total Belgian manufacturing industry recorded a 4 % drop in added value. In contrast, the biopharmaceutical sector saw a 12 % increase[7], accounting for nearly a quarter of the total added value in the manufacturing industry.

Over a five-year period, the biopharmaceutical sector's added value has increased by more than 80 %. And over the past 25 years, it has more than quadrupled.[13]

We also see gains in labour productivity. In 2023, the sector generated around € 420,000 in added value per employee – over 50 % more than in 2018. By comparison, the increase in the broader manufacturing sector over the same period was just 18 %.

Investments in operating assets

This performance is partly due to the tremendous efforts in R&D and continuous investment in operating assets. These include investments in land, buildings, installations, machinery, and equipment – for example, to expand production capacity or to implement more sustainable and environmentally friendly production methods.

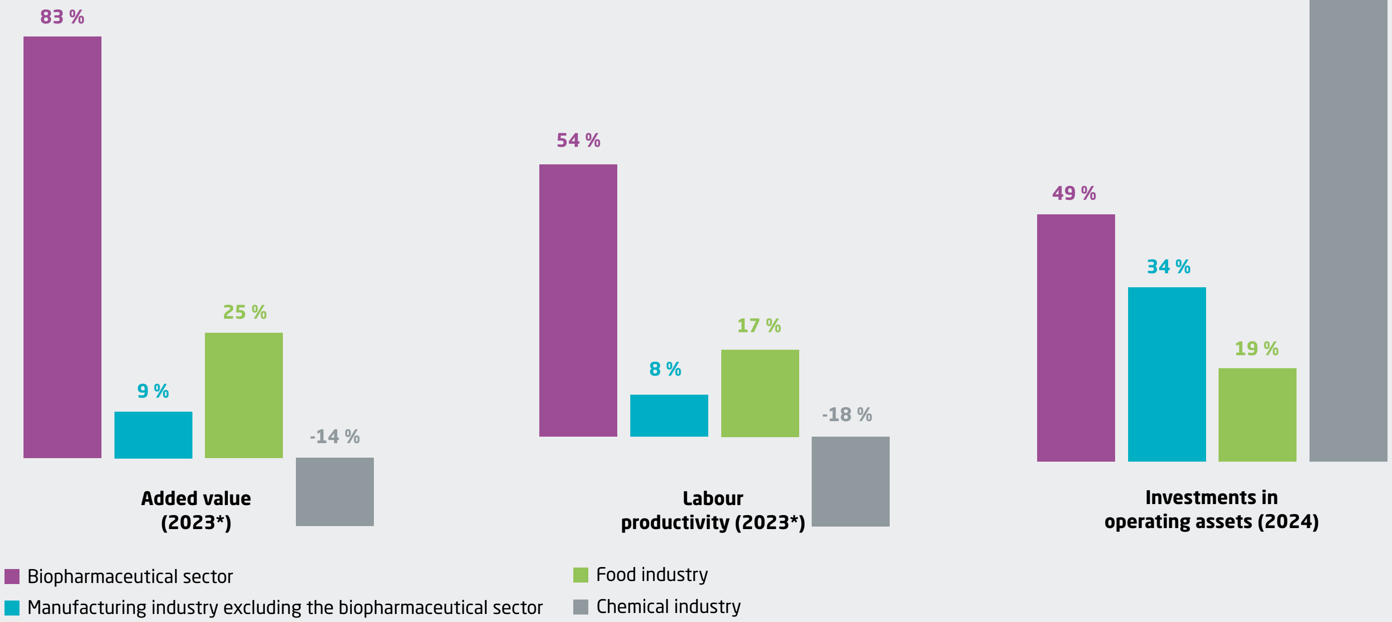
In 2024, the biopharmaceutical sector accounts for nearly 9 % of all capital investments made by the manufacturing industry in Belgium. Over the past five years, capital investment in the biopharmaceutical sector has increased by roughly 50 %.[16] By comparison, growth in the manufacturing industry as a whole has been just 35 %.

DID YOU KNOW?

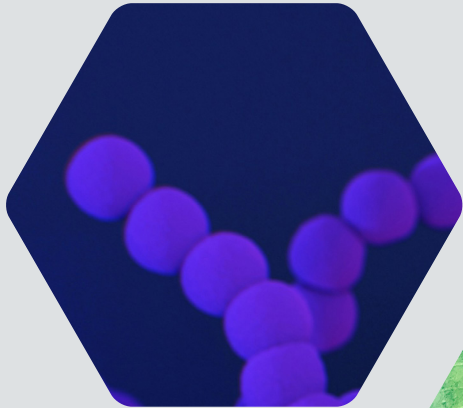
EMPLOYEES IN THE BIOPHARMACEUTICAL INDUSTRY CREATE THREE TIMES MORE ADDED VALUE

In 2023, the total manufacturing industry created almost € 140,000 in added value per employee – a respectable figure. But the biopharmaceutical sector far outperformed this, generating no less than € 420,000 in added value per employee – more than three times as much.

Evolution of added value, labour productivity and investment over five years



* The figures on value added and labour productivity are not yet available for 2024.



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6. The figures cover the pharmaceutical and biotechnology fields

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8. National Bank of Belgium (NBB), Added value (at basic prices)

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13. National Productivity Council, Annual Report 2021

14. This figure has been adjusted for inflation

15. National Bank of Belgium (NBB), Foreign trade, Community concept

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17. Statbel, Turnover and investments as per VAT returns

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