

COLLEGE OF EUROPE
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**THE EUROPEAN PHARMACEUTICAL INDUSTRY IN
A GLOBAL ECONOMY:**
What drives EU exports of pharmaceuticals overseas ?

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Abstract

The pharmaceutical industry is one of the most competitive sectors in the European Union. With its substantial investments in Research and Development, this industry represents a key asset for the European economy and a major source of growth and employment. However, despite the importance of the pharmaceutical sector for the European Union, few researchers have attempted to assess the determinants of the EU exports of pharmaceuticals. This thesis aims at filling the aforementioned gap by addressing the following research questions: What drives EU exports of Pharmaceuticals and how to boost this trade? In order to tackle these questions, this thesis has derived hypotheses from the Gravity Model of Trade and the relevant academic literature on pharmaceuticals. Based on a methodology combining both econometric analysis and interviews, the research sheds light on the complex interaction of factors influencing the EU exports of pharmaceuticals. The thesis reveals that the protection of intellectual property in the receiving countries, their economic size, the importance of their health sector, and the quality of infrastructures constitute major drivers to the EU exports of pharmaceuticals. On the contrary, the research shows that transports costs as well as tariff barriers and non-tariff barriers tend to hinder the EU exports of pharmaceuticals. In lights of those results, the research discusses the efficiency of the current initiatives launched at the global and European levels to boost the trade of pharmaceuticals and provides some recommendations in that regard.

Keywords

Pharmaceutical industry

Exports

Gravity Model

Intellectual Property Rights

Non-tariff barriers

Free Trade Agreements