Arguments and Positions

Innovation Incentives in the Chemical and Pharmaceutical Industry

Maintaining its top position in research and development (R&D) is getting increasingly difficult for the industry location Germany. Industrial nations competing with Germany massively invest in education and research and create innovation-friendly framework conditions. Emerging markets – particularly China – are catching up. The German chemical-pharmaceutical industry is facing this challenge. In 2019, the industry invested about 12.1 billion euros in R&D and worked consistently on eliminating company-internal obstacles to innovation. But industry alone cannot defend Germany’s leading position – support from politics is needed for this purpose.

Provide research incentives

The fiscal research incentives adopted at the end of 2019 for all innovative companies were long overdue. Start-ups need easier access to venture capital. Furthermore, patent protection is essential for successful research: Supplementary protection certificates (SPCs), which can extend the patent term by maximally 5 years, allow drug manufacturers to make up for the long development times of medicines. Access to health data for private research would enable fresh research approaches and strengthen Germany as a location for pharmaceutical research.

With its High-Tech Strategy, the federal government is on the right track to strengthen the innovation location Germany. Innovations are driven forward if and when existing and future legislations are checked as to their impacts on research and development into new products and processes. Such an innovation check is lacking so far. Highly qualified scientists, engineers, technicians and skilled workers boost the innovative strength of companies.

Back from politicians and society

Innovative products and processes from chemistry and pharma are part of the solutions to great societal challenges (such as healthcare, demographic change, food, mobility, climate protection, resource conservation). Politicians and society should be open to innovation and thus facilitate progress.

THE VCI IS CALLING FOR THE FOLLOWING

- Increase spending and provide fiscal incentives for research
  The political goal of raising the share of R&D spending in GDP to 3.5 percent is correct. The framework conditions for research and innovation need to be improved: by way of adequate research funding in the federal budget and the fiscal research incentives for all companies adopted in end 2019.

- Consistently continue the German High-Tech Strategy, foster venture capital, safeguard property rights
  The High-Tech Strategy should be linked with a cross-departmental innovation policy. In order to maintain the high level of research in Germany, adequately funded R&D promotion programmes are important for a sufficiently wide range of technologies – also within the European “Green Deal”. These should give due consideration to the specific needs of medium-sized enterprises too. Framework conditions for venture capital should be optimised. Adequate patent terms, supplementary protection certificates (SPCs) – also in the form of an EU-wide “unitary SPC” – and data protection are decisive for a reliable protection of intellectual property. Access to health data should be secured also for private research.

- Introduce an "innovation check" in the impact assessment of legislation
  Political framework conditions should not render innovations more difficult or even stand in their way. Instead, existing and future regulation should undergo an innovation check.

- Create better conditions for natural science education
  General natural science-technical knowledge should be introduced already in elementary schools, and one third of the total number of lessons in secondary schooling should be dedicated continually to STEM subjects. Excellent basic research is essential for the chemical-pharmaceutical industry. Universities should have more funding. Possibilities for further advanced education and qualification of employees need to be expanded.