

16 Sept 2026



Dialog Grundversorgung Schweiz

Established Antibiotics an international perspective

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SANDOZ

Bottom Line Up Front: Penicillin antibiotic supply chain (i.e. 50% of all antibiotics used) is highly vulnerable



Penicillin antibiotic supply is under threat. Europe and the **U.S.** now depends heavily on **China** (supplies ~80% of antibiotic starting materials) and **other Asian countries** (~50% of finished dosage).



Sandoz operates the last fully integrated, large scale, penicillin manufacturing site in Europe or the United States, ensuring that critical molecules remain anchored in Western production.



Sandoz is committed to secure **penicillin antibiotic supply for the European population.** To **guarantee this independence, Sandoz needs long term volume commitments, stockpiling, strategic reserves from Partner Countries.**

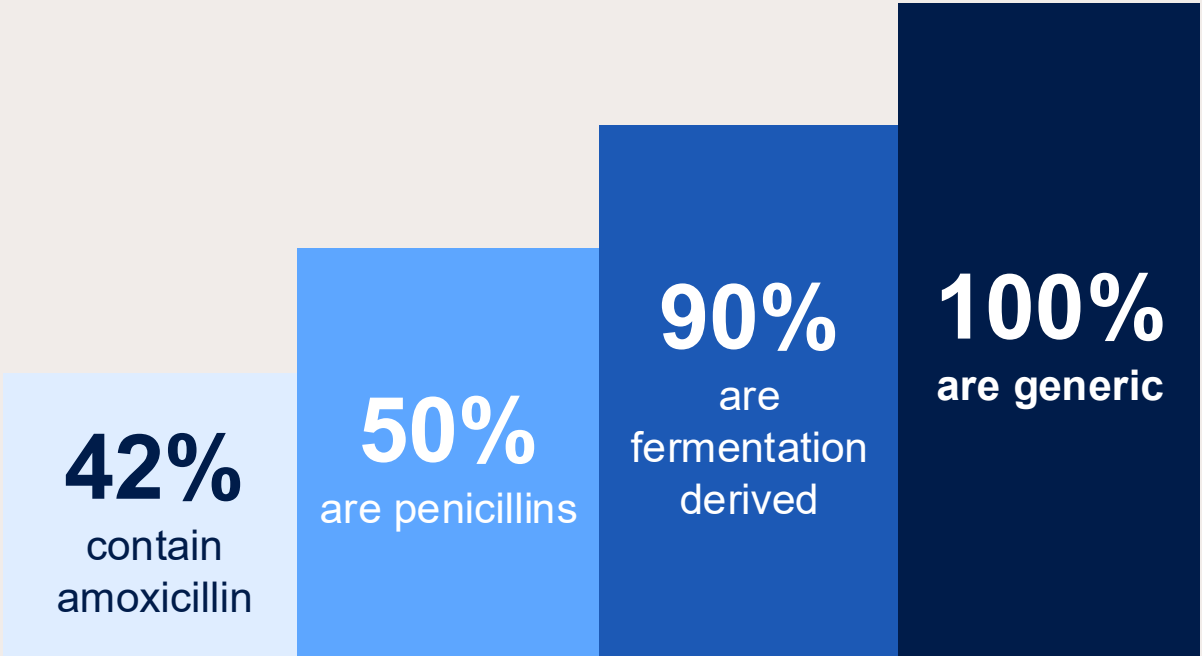
Penicillins are the most prescribed antibiotics in Europe, making it a strategic resilience pillar

Most prescribed antibiotics are fermentation derived

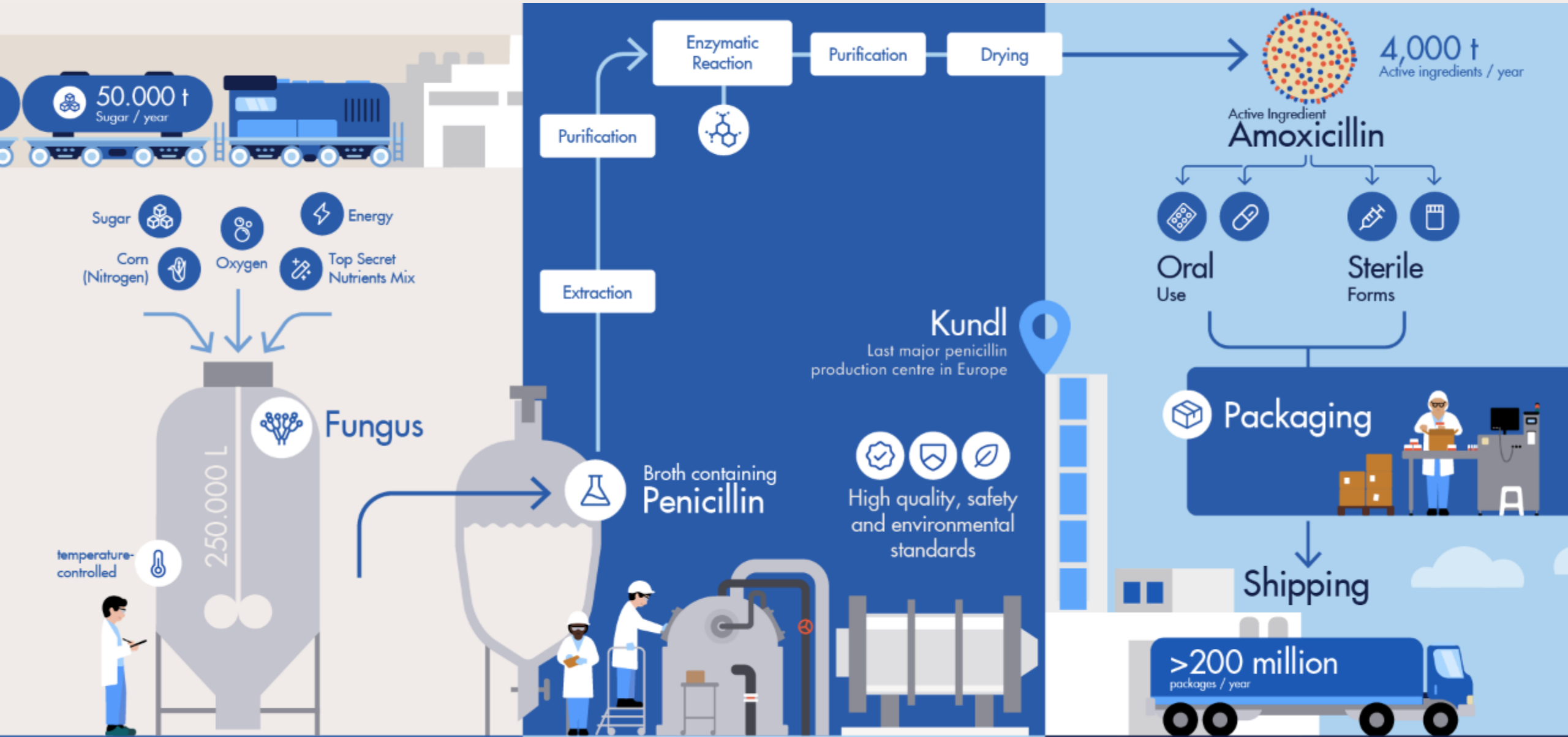
Antibiotic class	Fermentation	Generic	Prescriptions
Penicillins	✓	✓	48%
Cephalosporins	✓	✓	16%
Tetracyclines	✓	✓	11%
Macrolides	✓	✓	9%
Fluoro-Quinolones	✗	✓	7%
Others	✓ / ✗	✓	8%
Total			100%



Top 30 antibiotics prescribed in Europe represent 95% of all antibiotic therapies



Sandoz committed to maintaining fully-integrated supply chain: from the active ingredient to finished product

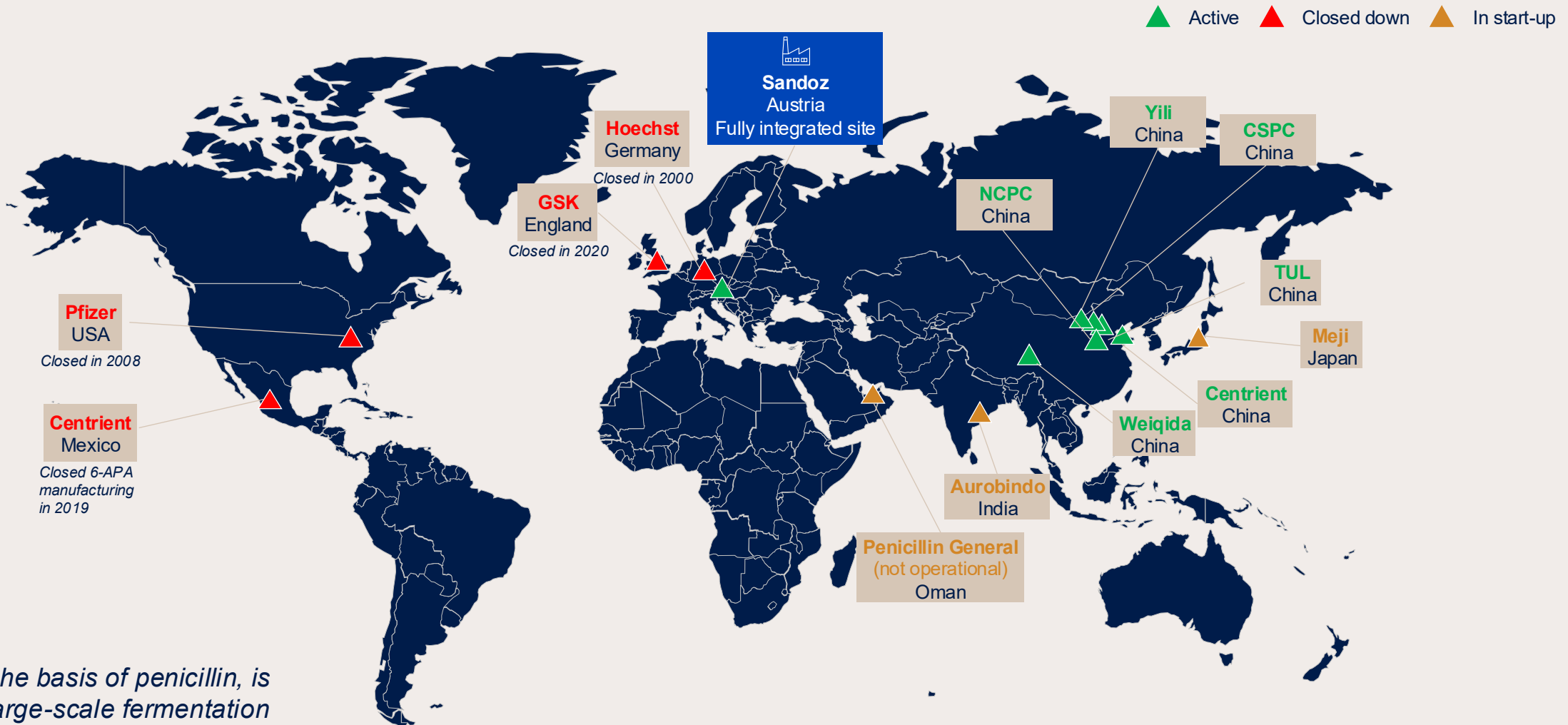


Document **Fermentation**

Active Pharmaceutical Ingredient

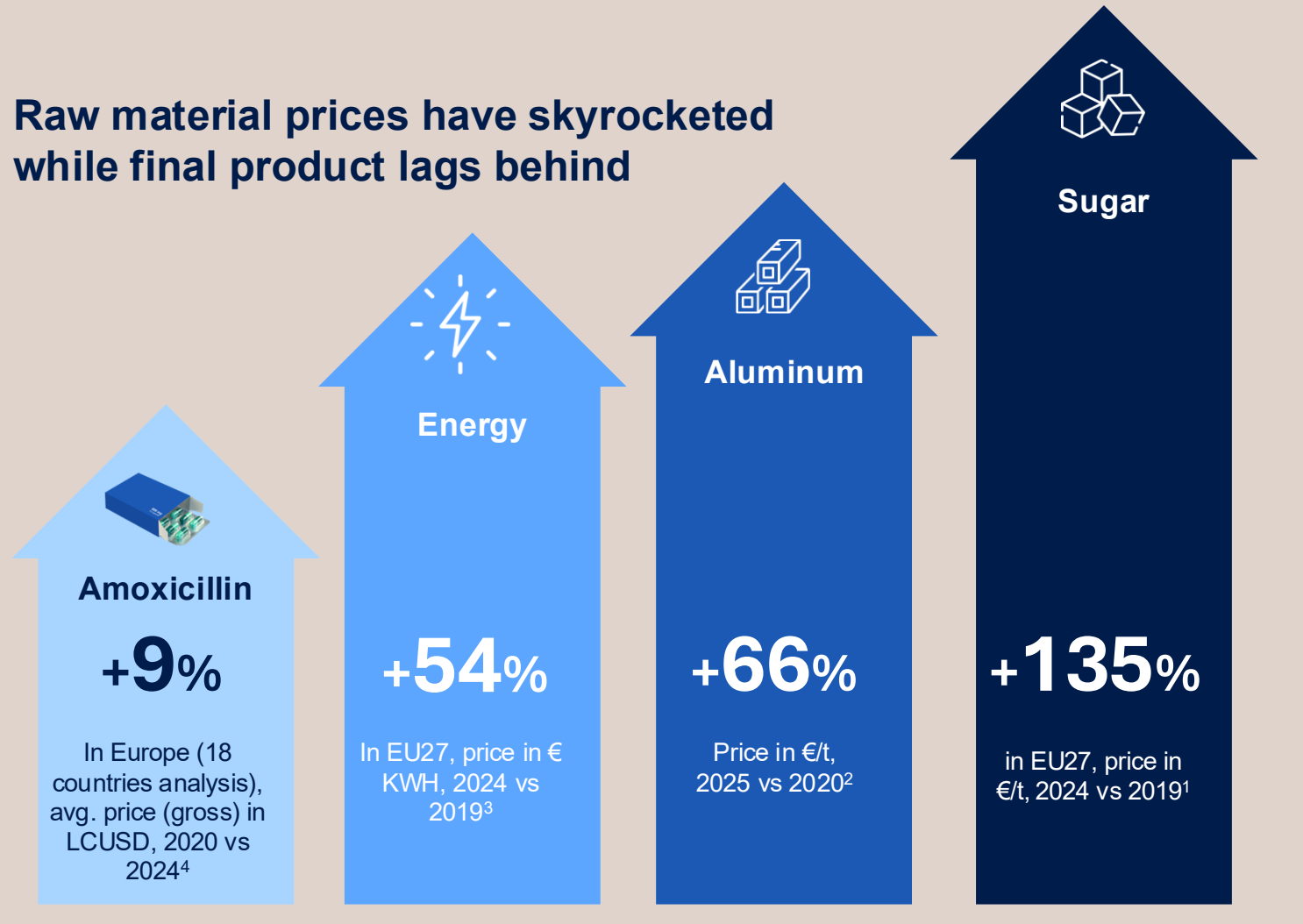
Finished Dosage Form

Situation: Antibiotic supply at risk – Sandoz operates the last integrated 6-APA manufacturing site in the US / Europe



Cheap today, exposed tomorrow: How market design is undermining European resilience

Raw material prices have skyrocketed while final product lags behind



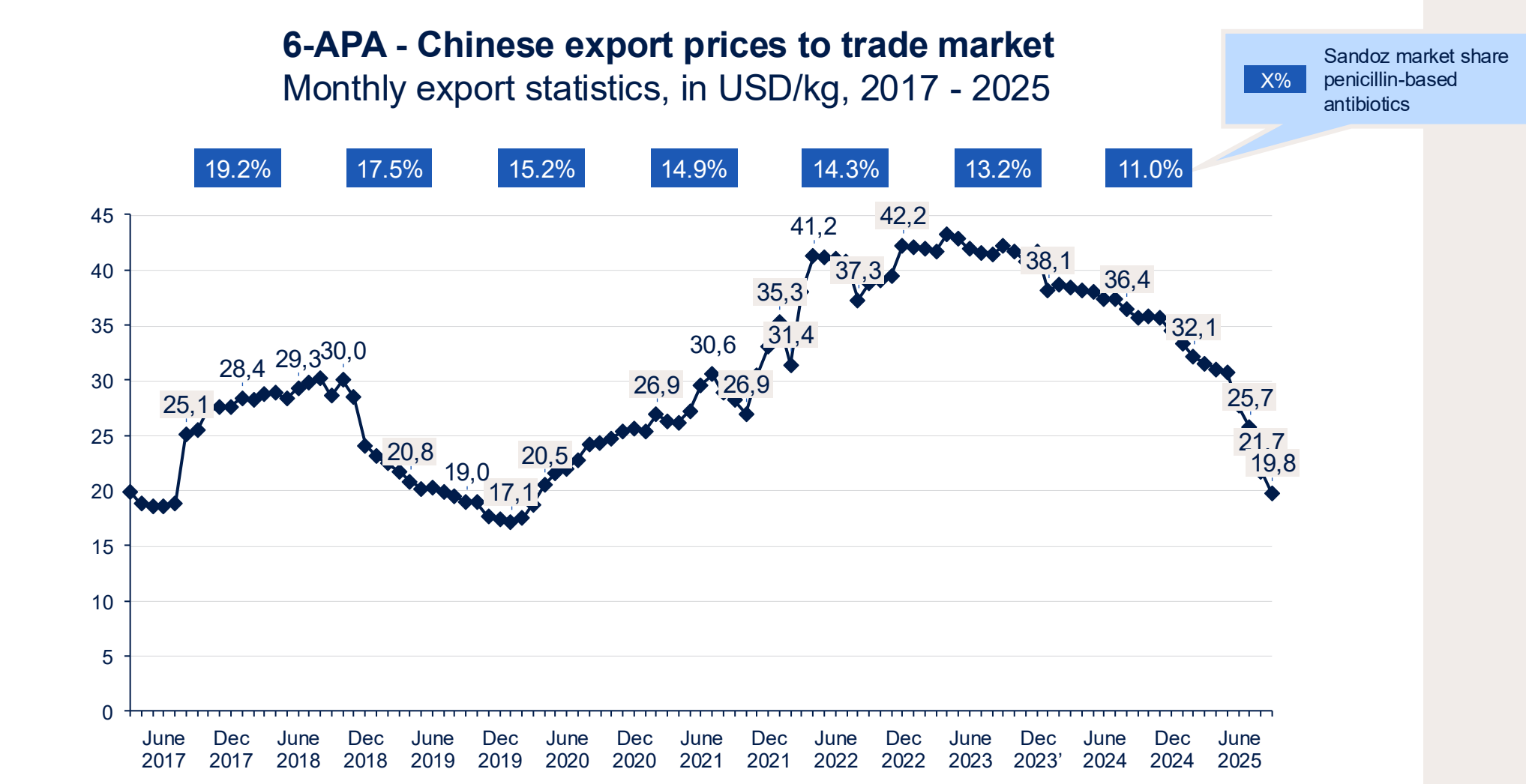
Broken market in European countries

- Government procurement mainly via tender (lowest price wins)
- Reimbursement prices are controlled by Government
- Retail market controlled by just a few wholesalers – price is key and supply resilience is neglected

Increasing reliance on Chinese and Indian suppliers

Routine procurement causes strategic vulnerability

China is strategically driving competition out of business – strategy also affecting Sandoz

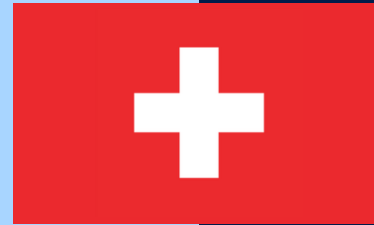


Price setting leads to unsustainable market conditions

A cappuccino is valued 2-3 times more than a daily course of Co-Amoxicillin in Switzerland



cappuccino: CHF 5.50*



**daily dose of Co-Amoxicillin
(1000mg / 20 Stk): CHF 1.92***

*Prices correct April 2026

Ref: Spezialitätenliste, Stand 01. August 2026 (BFS - Landesindex der Konsumentenpreise (LIK))

Pharmaceuticals sector

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Europe's last maker of key antibiotics ingredients shuts biggest domestic factory

Xellia Pharmaceuticals to close Copenhagen plant and shift some production to China

International | The parrots eat 'em all

A dire scarcity of drugs is worsening, in part, because they are so cheap

Many generic drugs have too few manufacturers

Strategic risks: China's growing power over Europe's pharmaceutical supply

A large share of the medicines prescribed in Germany are linked to Asian supply chains – from antibiotics to diabetes medication. This is particularly tricky: Even where India dominates as a producer, the crucial preliminary products often come from China.

Europe's Dangerous Medicine Dependency: The Achilles' Heel of Its Defence Strategy

10 maart 2025

NEWS

20 May 2025

Let's Not Wait for the Next Crisis to Act on Medicine Supply Security

Deutsches
Ärzteblatt

Abhängigkeit von China wachsendes Risiko für Arzneimittelversorgung



The Wall Street Journal

<https://www.wsj.com> › world › [Diese Seite übersetzen](#)

U.S. Supply Chains Deemed Vulnerable to Chinese ...

18.11.2025 — A report to Congress warns China could exploit U.S. reliance on its supply chains for pharmaceuticals and electrical equipment.



European Pharmaceutical Review

Halting Europe's essential medicines manufacturing exodus

Europe has stepped away from manufacturing essential medicines and active pharmaceutical ingredients (APIs) due to unrelenting price pressures.

BUSINESS | EUROPE

Can EU wean itself off essential drugs from China, India?

Pharmaceuticals are China's next trade weapon

Europe's dramatic decline in pharmaceutical production threatens health sovereignty

The rise of China and India, combined with protectionist pressure from the Trump administration, is redrawing the global map of the pharmaceutical industry. The Europe-wide deindustrialization that began in the 2000s is now accelerating.

Strategische Abhängigkeiten bei wichtigen Arzneimitteln von China

Wie verletzlich ist Europa?

Europe wakes up to critical medicine dependency on China, looks for ways to prevent possible crisis scenarios

Markets

Europe Relies Too Much on China for Drugs, Fresenius CEO Warns

ALAURE › FRANCE

La dépendance à la Chine au cœur de la pénurie mondiale d'amoxicilline et de paracétamol

MÉDICAMENTS › FRANCE



How China could choke EU supply of medicines

Europe relies on China for the production of certain key drugs such as antibiotics.

STRICTLY CONFIDENTIAL

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Outside of Europe, active state support for antibiotics manufacturing



China

- “One of the reasons for China’s specialization in **production of antibiotic APIs** is government support. This is how China achieved dominance over azithromycin [and other fermentation-based antibiotics] large-scale production.

Source: OECD Study [Ready for the Next Crisis? Investing in Health System Resilience](#)



Japan

- Economic Security Promotion Law mandates selected companies to set up China free supply chains for critical products to fully supply JP demand.
- **Up to 1bn\$** to support domestic production antibiotics and other critical APIs.
- Government will **subsidize 50% of total investment** in production and stockpiling facilities as of 2023.



India

- **PLI-Scheme** for critical bulk drugs to implement local manufacturing and reduce dependence from China: **US\$1bn** over 6 years, mainly antibiotics.
- **India imposes Minimum Import Price (MIP)** for domestic market in order to protect PLI funded manufacturing
- Increased pressure on Europe: Risk that China will redirect subsidized volumes to open markets, including the EU

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