Max Planck Institute
for Innovation and Competition

From Legacy to Leadership

A Playbook to Rebuild Ukraine's Pharmaceutical Industry in Partnership with the EU

Motivation & Research Question

Rebuilding Ukraine's pharmaceutical sector is a strategic win-win project.

- The EU-integrated Ukrainian pharma sector can bolster Continental **supply-chain resilience.**
- The COVID-19 pandemic and geopolitical tensions exposed Europe's overreliance on Asian producers for medicine.
- Having a modern Ukrainian pharma base next to the EU would diversify supply sources and act as a buffer in times of crisis.

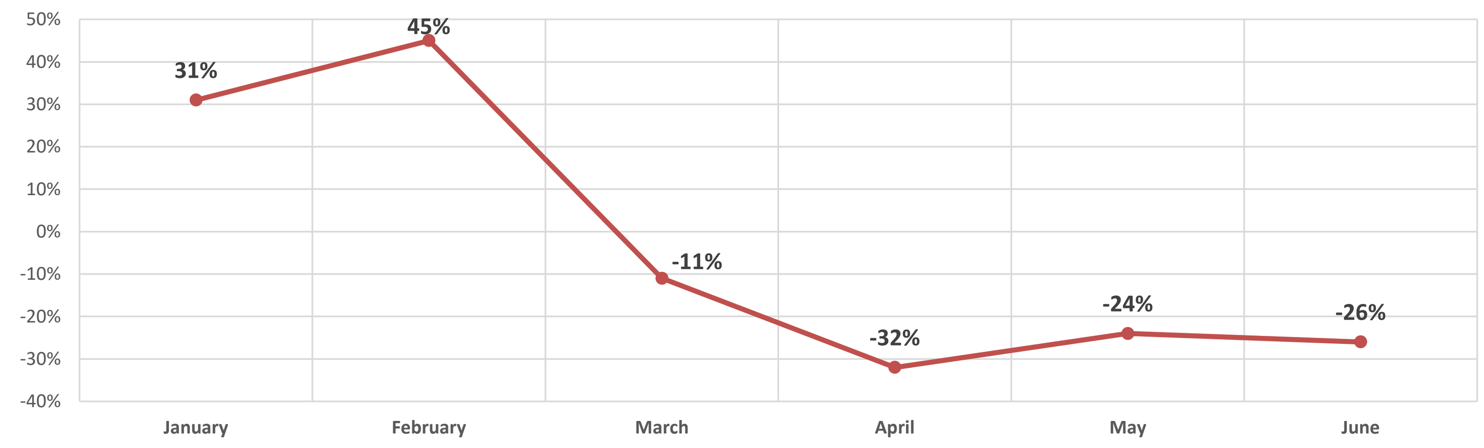
How can Ukraine leverage its legacy strengths to rebuild a pharma sector aligned with EU policy and cooperate with the EU in areas such as contract manufacturing, generics, APIs, vaccines, clinical trials, and more?

State of the Art in the Field

Ukraine's pharmaceutical sector has a rich **industrial memory** dating back to the Soviet era, when the country housed more than 70% of the USSR's pharmaceutical R&D and production capacity. This legacy fostered a strong domestic industry.

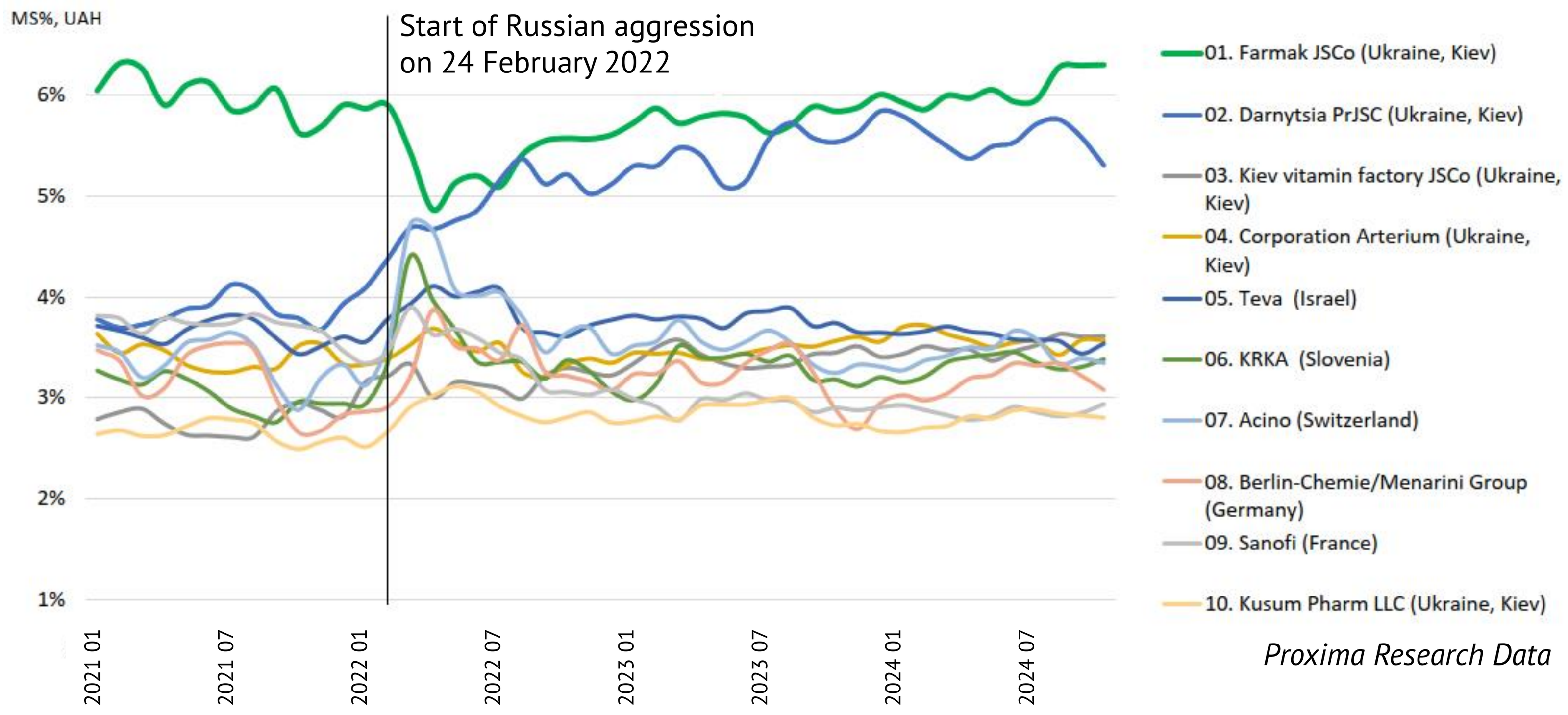
- By 2022 (pre-invasion), the Ukrainian pharma market reached €3.6 billion, with 113 active enterprises, and four local firms ranking in the national top 10.
- The sector has historically focused on affordable generics (78% of drug sales), yet nearly half of the firms (48%) engage in R&D.
- Since 2022, physical damage to pharma facilities was limited. The decline in 2022 was driven more by indirect effects, such as migration and poverty, than direct destruction.

The first six months of the full-scale war: Ukraine's pharma market dynamics



- By 2023, the sector had shown resilience. Pharmacy sales rebounded from $3.2 billion (2022) to $3.6 billion (+9.4%), the number of pharmacies began to recover, and job vacancies in pharma surged by +84.8% (exceeding pre-war levels).

Ukrainian companies in leading position in the Ukrainian pharmaceutical market despite the full-scale war



Proxima Research Data

Data & Methodology

- Descriptive empirical approach:
  - **Historical industry data from Ukraine** (archives, 1990s, since 2000).
  - **Primary data** from major Ukrainian pharmaceutical manufacturers (e.g., Farmak JSC, Darnytsia)
  - Ukrainian pharmaceutical **market data** (e.g., www.morion.ua, Proxima Research International Kyiv)
- Doctrinal legal research, comparative legal analysis, and policy review of the regulatory framework
- Structured interviews and questionnaires with Ukrainian and European stakeholders
- Case study analysis of startups and innovations

Potential Applications & Impact

The study enhances both the academic understanding and the **practical policy design** for the post-conflict economic reconstruction:

- It provides empirical insights into Ukraine's "industrial memory", and identifies enduring capabilities and their modernization potential.
- It pinpoints opportunities for EU–Ukraine collaboration through stakeholder interviews and case studies.
- It offers guidance on economic integration with the EU to promote supply chain resilience, with a focus on contract manufacturing, API and vaccine production, and generic medicines.

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Selected References

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