ExM LEADERS

From Uncertainty to Strategic Resilience

How Europe's External Manufacturing Leaders are Reshaping Manufacturing Networks

Report from **External Manufacturing Leaders Basel** 27-08-2025

Supported by

INTERLABOR BELP AG

How is global trade uncertainty is reshaping pharma manufacturing?

In August 2026, senior european pharma executives gathered in Basel for the inaugural **External Manufacturing Leaders** think tank from PharmaSource.

This gathering was under Chatham House Rules and brought together executives managing some of the world's most complex pharmaceutical supply chains at a time of unprecedented upheaval.

The timing of this inaugural event was deliberate. The new US administration has fundamentally altered the landscape of global pharmaceutical manufacturing through sweeping policy changes.

From "Most Favored Nation" pricing policies threatening to radically reshape established drug pricing, tariffs and reshoring, and supplier fragility concerns have created ripple effects across the rest of the world. Wars and geological conflicts have further complicated an already volatile environment.

Against this backdrop, participants shared insights in three critical areas:

- **Identifying pressure points** in their current operations
- **Sharing strategies** for building more resilient manufacturing networks
- **Exploring opportunities** for industry collaboration.

This report synthesises those discussions, revealing an industry grappling with fundamental questions about regionalising supply chain, rising costs and exploring new partnership models.

The event was supported by **Interlabor** and attendees represented a wide cross-section of European biopharma, including representatives from: Roche, Bayer, MSD, BioNTech, Boehringer Ingelheim, Daichii Sankyo, Bristol Myer's Squibb, Grünenthal, Elanco, Polpharma Biologics, ARTBIO, and Biogen.

› Find out more about upcoming External Manufacturing Leaders events


INTERLABOR
CAL SOLUTIONS
rmaceutical Industry


Eduardo da Fonseca
Shilpi Ghosh
Philip Coetze
Chetan Shahi
Tina Proimadi
Dhananjay Jere
Harch Ooi
Malik Akhtar
Yassine Laqbayli
Olivier Froelich
Jeroen Janssens

SPONSORED BY

Interlabor

For more than six decades, Interlabor Belp AG has established itself as a trusted and independent provider of GMP-compliant analytical services to the pharmaceutical industry.

Their expertise encompasses both routine and highly specialized analyses, including raw material testing, finished product release, stability studies, and the characterization or identification of unknown substances and particles.

The laboratory offers comprehensive method development and validation services to support a wide range of analytical needs.

In recent years, Interlabor has built strong expertise in the detection and quantification of nitrosamines, helping clients comply with evolving regulatory expectations in this critical area.

Clients particularly value Interlabor's strong troubleshooting capabilities, flexibility in adapting to diverse project needs, and their reputation for reliability and punctual delivery.

By tailoring analytical concepts to complex challenges, Interlabor consistently combines scientific rigor with strict adherence to regulatory requirements, making them a long-standing and dependable partner for pharmaceutical companies and CDMOs alike.

INTERLABOR BELP AG
interlabor.ch
info@interlabor.ch
Tel.: +41 (0)31 818 77 77

INTERLABOR
BELP AG

CHALLENGES

Manufacturing Networks Under Pressure

The Great Reshoring Reckoning

The political push for domestic pharmaceutical manufacturing, particularly in the United States, has emerged as one of most significant and complex pressure point facing external manufacturing in 2025.

Discussions revealed a stark disconnect between political rhetoric and manufacturing reality, with executives expressing deep scepticism about the feasibility and wisdom of rapid reshoring initiatives.

US Capacity Questions

A fundamental challenge facing reshoring efforts is straightforward: insufficient manufacturing capacity and skilled workforce to support domestic production goals. "The US is very congested. There's not enough capacity or talent to be able to cope with the demand," explained one executive, highlighting the mathematical impossibility of rapidly relocating decades of outsourced production back to American soil.

This capacity constraint is compounded by the deterioration of domestic manufacturing infrastructure. Years of outsourcing have left the US with aging facilities and eroded expertise in API production.

"Many facilities are quite old. Particularly in small molecules, where the US has historically outsourced its expertise in APIs, It will take years to build this up," noted a senior leader with extensive North American operations.

Environmental Concerns

There is a contradiction between reshoring policies and sustainability objectives that have become central to pharmaceutical operations over the past decade. "The environmental impact of reshoring will be huge. One of the reasons pharma companies don't want processing chemicals in Europe or North America is for sustainability reasons," observed one executive.

Pricing Policy Uncertainty

The "Most Favoured Nation" policy proposal has generated particular anxiety among many who view it as potentially catastrophic for industry economics. Whilst acknowledging that "there is an element of truth" in the policy seeking to reset price points in the US, one executive warned it could "kill the industry," The potential for dramatic pricing could changes every aspect of manufacturing strategy, from CDMO selection and contract negotiations to capacity planning and technology investments.

The "Wait and See" Approach

Despite mounting pressures, many organisations have adopted what participants described as a "freeze position" – avoiding bold decisions whilst hoping for policy reversals or clarifications.

"A common strategy is 'waiting to see what happens' and 'hoping it will go away'. We won't make bold decisions. We are making specific adjustments but not too complex," explained one executive, articulating a sentiment echoed across multiple organisations.

This wait-and-see approach reflects the fundamental mismatch between political cycles and pharmaceutical manufacturing timelines.
While politicians operate on four-year horizons, pharmaceutical manufacturing decisions have consequences lasting decades.

"It takes four years to set up a new API supplier, eight years for regulatory approval, by which point policy will have changed again," noted one participant, highlighting the impossibility of aligning manufacturing strategy with political timelines.

Frustration with Leadership

Frustration was expressed about rushed decision-making from Pharma leadership seems to ignore operational realities. "We are annoyed by leadership decisions to move manufacturing too fast. From an External Manufacturing perspective we want to work on strategic relationships with CMOs. It's hard to plan around the time in office of one president."

Some participants advocated for maintaining long-term perspectives that transcend political cycles. "Senior management in pharma wants to deal with Trump, but it's a waste of time. His time in office will come to an end, and we should deal with what comes now," argued one executive,

Unintended Consequences

The discussions revealed how supply chain modifications can create unexpected downstream effects, often negating the benefits they were designed to achieve.

"Optimising at one end now, might make things worse at the other side," warned one participant, highlighting how supply chain changes designed to address specific risks can inadvertently create new vulnerabilities elsewhere in the network.

The pressure for rapid supply chain modifications conflicts with the careful balance of speed, quality, and cost that characterises successful pharmaceutical manufacturing.

"There's conflict between speed versus quality, cost versus speed," noted one executive. This is particularly challenging for price-sensitive segments like animal health and generics, where margins are already thin.

Any change comes with extra costs built in. “It is expensive to change suppliers at a late stage, so important that procurement is at the table early” added another.

“Tariffs are easy. War is not.”

Geopolitical Risk Beyond Trade Policy

While tariffs and trade policies dominated headlines, participants identified broader geopolitical risks that pose equally serious challenges to pharmaceutical supply chains.

"Tariffs are easy. War is not," observed one executive, highlighting how military conflicts can completely disrupt established supply chains in ways that trade policies cannot.

The Russia-Ukraine conflict provided a stark example, with several participants describing how processing and packaging operations previously conducted in Ukraine had to be rapidly relocated.

Beyond immediate geopolitical risks, participants identified macroeconomic trends that could reshape global pharmaceutical manufacturing. "The US market is contracting, Mexico already in recession," noted one executive, whilst observing that while is China growing fast, it can be lower profit margin.

STRATEGIES

Resilient Network Strategies: Adapting to uncertainty

Delegates shared practical solutions for building supply chain resilience whilst maintaining operational efficiency and cost competitiveness.

Risk Management in a changing world

The discussions revealed significant focus in enterprise risk management and business continuity planning capabilities, representing a maturation of the External Manufacturing function from tactical execution to strategic risk management.

"Risk management and continuity planning is now a board level priority" emphasised one participant,

Several participants described scenario planning processes designed to anticipate and prepare for potential disruptions. "In a crazy changing world... wait and see... listen... create options," advised one executive, describing an approach that combines careful monitoring of external developments with preparation of multiple response strategies.

The Regionalisation Mandate

Regionalisation emerged as the dominant strategic response to geopolitical uncertainty, representing a fundamental shift from the global optimisation models that dominated pharmaceutical manufacturing for the past two decades.

"Region-for-region strategies will help create more resilient supply chains," explained one executive, describing how companies are restructuring their manufacturing networks around geographical clusters.

“We do EU for EU, US for US, Asia for Asia” said another, represents a conscious decision to trade cost efficiency for supply chain security.

The regional approach offers multiple benefits beyond risk mitigation. It reduces transportation costs and carbon emissions, simplifies regulatory compliance by keeping manufacturing and market access within the same regulatory jurisdiction, and provides greater flexibility to respond to local market requirements.

Some leaders framed regionalisation in terms of patient benefit rather than risk management. "Focus on being close to the patient," suggested one executive, emphasising how regional manufacturing can improve access by reducing supply chain complexity and potential disruption points between manufacturing and patient care.

Multi-Sourcing Strategies

The discussions revealed that leading organisations are implementing supplier diversification strategies tailored to specific product categories and risk profiles.

The pandemic provided a stark reminder of the importance of supply redundancy. "Dual sourcing was key for COVID. People have too short a memory," observed one executive.

“Whether it is dual sourcing, tri-sourcing, multi-sourcing, the strategy changes based on what you are buying” said another. Some have parent-child relationships “we might have 80% with one site, and 20% with another so we have the ability to switch.”

Not all products require the same level of supply redundancy, and that the optimal sourcing strategy depends on factors including production volume, manufacturing complexity, regulatory requirements, and market criticality.

"Dual or tri sourcing APIs are critical because they have the longest lead time to change," explained one leader.

The Importance of Strategic Partnerships

One of the most significant trends discussed was the evolution from transactional supplier relationships toward deeper strategic partnerships with a smaller number of carefully selected manufacturing partners.

“We need significantly less CDMOs”

"We need significantly less CDMOs.” explained one executive. “They come into our network with licensing deals, but ideally we want fewer, more strategic relationships,

The move toward strategic partnerships requires a focus on supplier relationship management, said another:

"We are currently dealing with all CDMOs at the same level, same level of attention. We need to move towards strategic relationships with some, to have a steering committee and treat as a strategic partner,"

Strategic partnerships can address the challenge of securing manufacturing capacity in an increasingly constrained market. "It is hard to get capacity when we need it, so we need strategic partnerships," explained one executive.

The True Cost of Resilience

"Resilience doesn't come for free," acknowledged one executive, articulating the need for organisations to explicitly budget for supply chain security rather than expecting it to emerge from cost optimisation initiatives.

Participants identified opportunities to offset resilience costs through portfolio and operational optimisation. "Our opportunity is to reduce complexity: reducing portfolio complexity, formulation or packaging complexity by moving to standardisation," stated one participant.

The investment required for resilience also extends to supplier relationships. "Invest money in your CDMO," advised one participant, describing how strategic partnerships require mutual investment in capabilities, systems, and relationships.

For price-sensitive segments, this creates particular challenges. "If we put CDMOs out of business by forcing lower margins, it could take years to find alternatives. We have to find the balance, with selective partnerships. Making sure the CMO stays afloat is better than risking a year without product."

COLLABORATION

Collective Action for Sector Advancement

The group explored opportunities for industry-wide collaboration to address common challenges.

The Power of Collective Bargaining

Participants identified significant opportunities for pharmaceutical companies to leverage their collective purchasing power to improve supplier relationships, drive standardisation, and achieve better commercial terms.
"There could be more collective bargaining. More industry collaboration could make a difference, if we go to suppliers with common standards," suggested one executive.

The push for **industry standardisation** gained particular urgency in the context of pricing pressures from US policy changes.

"With incoming price pressure from the US, we can do more to standardise so there is more options for supply interchangeability. We should push standardisation to suppliers and regulators," argued one participant.

Information Sharing Challenges and Opportunities

There is a desire for better supplier intelligence balanced against competitive concerns about sharing commercially sensitive information.

Participants expressed interest in better intelligence about CDMO strategic directions and ownership intentions.

"We need to know about the longer term strategic goals of the CDMO. What are their ownership objectives? Will they be acquired by a VC? We would like more visibility into their roadmap before committing."

Joint Investment and Ownership Models

Delegates discussed the potential for collaborative ownership of manufacturing assets, representing a fundamental challenge to traditional supplier relationship models.

"Should the big pharma players collaborate and form their own CDMO?" asked one participant, introducing a discussion of jointly owned manufacturing facilities operated for the benefit of multiple pharmaceutical companies.

This concept could address several challenges simultaneously: providing guaranteed capacity access for participating companies, and run as a cost centre to eliminating profit margins being made on routine manufacturing activities.

Optimising Supplier Relationships

"I like the real experts in smaller CDMOs, with a clear focus and specialisation" said one participant.

While it can take more management to put work from one specialist to another, but it's better than large CDMOs who might " keep expanding into new spaces and combining sites that don't fit together or have common culture,"

Successful CDMO relationships require ongoing investment from both parties, with participants sharing examples of effective partnership development approaches.

"Honesty and humility helps to build partnerships," described one executive, emphasising how transparent 'open book' negotiation approaches can build stronger relationships than adversarial tactics.

The Rise of External Manufacturing

Overall, the conversations revealed a fundamental shift in how external manufacturing is perceived and valued within pharmaceutical organisations.

"Five years ago external manufacturing didn't get the credit it deserved. This has definitely changed now, and the rise of contract manufacturing is now widely acknowledged," explained one executive.

Further, pharma companies have begun recognising superior performance from external manufacturing partnerships compared to internal operations.

> "Our company has already recognised that our CDMOs' performance is better than internal sites."

"We want to get to a point where everyone wants to apply to CMO management as they find the most attractive part of the business," described one participant.

Recognition of the critical role of external manufacturing to modern pharma would help improving talent recruitment and retention.

TAKEWAYS

5 Strategic Imperatives for the New Era

1. The End of Global Optimisation

The era of globalised, cost-optimised supply chains has ended. Leading companies are consciously trading efficiency for resilience, implementing "region-for-region" strategies that build in redundancy.

The industry must accept the higher costs of multi-sourcing key products in exchange for supply security. As one executive noted: "Resilience doesn't come for free."

2. From Transactional to Strategic Partnerships

To navigate these times, pharma companies should seek to simplify and consolidate supplier relationships where possible, moving from managing numerous transactional CDMOs to developing deep partnerships with fewer strategic suppliers.

This evolution requires new organisational capabilities, and differentiated relationship management approaches that treat strategic partners as extensions of internal capabilities.

3. Political Timelines vs. Manufacturing Reality

The fundamental mismatch between political cycles (2-4 years) and pharmaceutical manufacturing timelines (4-8 years for supplier changes) is creating strategic paralysis.

The challenge is to how maintain long-term perspectives while building optionality to respond to policy changes as they happen.

4. Collective Action Opportunities

Significant opportunities exist for industry collaboration on standardisation and collective bargaining. With pricing pressure mounting, standardisation initiatives could reduce costs whilst improving supplier interchangeability.

Joint CDMO ownership models could eliminate profit margins on routine manufacturing.

5. The Strategic Importance of External Manufacturing

External manufacturing has evolved from tactical procurement to strategic capability over the past five years.

Companies now recognise that "CDMO performance is better than internal sites" and that strategic importance of supply continuity at board-level, elevating the function's organisational influence.

ExM LEADERS

External Manufacturing Leaders is a series of exclusive think tanks, bringing together senior pharmaceutical professionals for confidential, peer-to-peer discussions on the most pressing challenges in manufacturing strategy.

The events are hosted by PharmaSource in major life science hubs, including Basel, London, Boston and during CDMO Live in Rotterdam.

Strategic Focus

Tackling the specific challenges around building resilient supply chains in this volatile geo-political landscape.

Peer to Peer Network

Connect with carefully selected leaders who share similar challenges
Seniority: Director/VP+

Confidential Environment

Chatham House Rules ensure open sharing of strategies and solutions without public disclosure.

› Find out more about the External Manufacturing Leaders series