



NOAH
Review
2001-2002

Board Members

Officers:-

John McNally	Intervet UK Ltd	<i>(Chairman)</i>
Nick Kamm	Vetoquinol UK Ltd	<i>(Vice-Chairman)</i>
Sam Black	Leo Animal Health	<i>(Past Chairman)</i>
John Powell	Bob Martin Company	<i>(Treasurer)</i>

Members:-

David Hinton	Merial Animal Health Ltd	
Bill Hird	Elanco Animal Health	
Dr Sue Huggett	Sherleys	
Neil Macdonald	Animalcare Ltd	
Peter Watson	Bayer plc	
John Hanley	Fort Dodge Animal Health	
Antony Harris	Janssen Cilag Ltd	
Peter Coe	Pfizer Ltd	<i>(Retired December)</i>
Brian Clark	Virbac Ltd	<i>(Resigned December due to company move)</i>

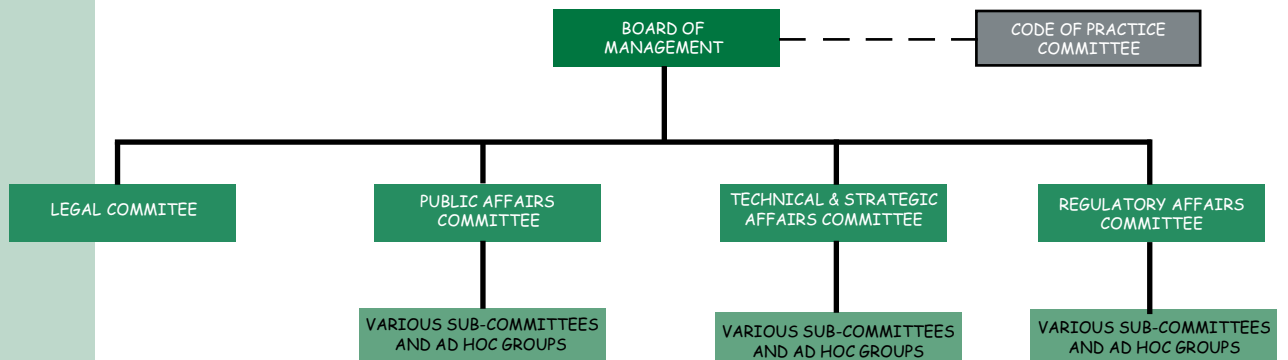
Ex-Officio Members:-

Barbara Butterworth	Janssen-Cilag Ltd	<i>(Chairman: Legal Committee)</i>
Phil Dobson	Novartis Animal Health	<i>(Chairman: Technical & Strategic Affairs Committee from January)</i>
Andrew Coulson	Covance	<i>(Chairman: Technical & Strategic Affairs Committee until August)</i>
Dr Tony Mudd	Alpharma	<i>(IFAH Representative)</i>
Amanda Wiggins	Intervet UK Ltd	<i>(Chairman: Regulatory Affairs Committee from January)</i>
Adrian Steward	Novartis Animal Health	<i>(Chairman: Regulatory Affairs Committee until December)</i>
John Grace	Elanco Animal Health	<i>(Chairman: Public Affairs Committee)</i>
Kevin Woodward	Schering-Plough Animal Health	<i>(FEDESA Representative from January)</i>

NOAH Staff

Philip Sketchley	Chief Executive (from January 2002)	<i>p.sketchley@noah.co.uk</i>
Roger Cook	Director (until March 2002)	
Stephen Dawson	Technical Executive	<i>s.dawson@noah.co.uk</i>
Pam Fraser	Book-keeper	<i>p.fraser@noah.co.uk</i>
Alison Glennon	Communications Manager	<i>a.glennon@noah.co.uk</i>
Joanne Jeffs	Office Supervisor	<i>j.jeffs@noah.co.uk</i>
Kleo Kyriacou	Clerical Assistant	<i>k.kyriacou@noah.co.uk</i>
Sue Wells	Secretary to the Chief Executive	<i>s.wells@noah.co.uk</i>

Committee Structure



Chairman's Report



John McNally

In the good old days the certainties in life were death and taxes. In 2002 to the list we must surely add change. Several people cautioned that being appointed NOAH chairman was a risky business career-wise, with many previous incumbents meeting the challenge of corporate mergers, re-structures or appointments overseas during their brief twelve month tenancy of the job. My fate has been the latter, for as you read this I hope to be enjoying the start of an Antipodean winter having taken over the running of Intervet Australia's operations from April 2002.

The omens I have to say were not good as I took up office in the midst of the FMD crisis which had not only forced the cancellation of our annual dinner for the first time but had also delayed the associated AGM by a month. Our conference in October survived FMD and was again better attended and even more successful than the previous year. My predecessor Sam Black's objective for his year was to build relationships within the industry, mine was to shape NOAH for the future. Not having access to a crystal ball I couldn't have foreseen the IFAH (International Federation of Animal Health) proposals for harmonising association priorities. I have strongly believed that the funding of NOAH had to be less reliant on subscriptions as, for the larger companies at least, they tend to catch the eye of our masters in overseas head offices.

Changes to the Compendium distribution this year reduced costs, which in normal circumstances would have lead to a 15-20% reduction in subs next year. Unfortunately an unforeseen legal case swallowed much of the gain. Future enhancements and developments to the Compendium should increase this revenue, thereby further reducing our dependence on subscription income.

Pivotal to these developments will be our new Chief Executive Philip Sketchley. Taking the reins in January 2002 he has the background, skills and personality to steer NOAH through the rapidly changing environment in which our industry has to operate. Roger Cook will be a difficult act to follow, but given the skill and professionalism of his team I'm sure the transition will continue to be seamless. Matters both internal and external have occupied the staff and officers this year in almost equal proportions. This is not an ideal situation as the role of NOAH should be to focus on the external issues.

External issues included:

- The Veterinary Review 2001 proposals, from the EU. NOAH has been pivotal in the alliance which has lobbied both the UK and European authorities and politicians to preserve the status quo on classification of farm animal medicines. Although no decision has yet been reached the situation looks more hopeful than six months ago.
- Government response to Marsh and the FMD inquiries
- Competition Commission inquiry into the cost to the public of POM medicines. Although only announced in October 2001 this has already cost NOAH and the industry substantial amounts in management time and representation costs. It remains to be seen whether their findings will lead to significant changes to the way business is done in the UK.

Internal issues included:

- Code of practice issues; review of procedures, legal issues and appointment of a new chairman to the Code of Practice
- Recruitment and appointment of a new Chief Executive
- IFAH proposals to strengthen communication between and harmonise the work of all national associations, with funding implications

Other notable changes of the year included the announcement of Mike Rutter's retirement from the VMD. I wish him, on behalf of the industry, a long and happy retirement. Overall, medicines sales stabilised following their decline in 2000, although with an approximate 10% decline in sales of products for food producing animals compensated by a 10% increase in companion animal products, reflecting the difficulties UK agriculture finds itself in.

The end of my term in office coincides with Roger's retirement, perhaps the most significant internal change to affect NOAH this year. May I take this opportunity to thank him, on everyone's behalf, for his efforts and outstanding support of NOAH over the past sixteen years. He promises us we have not seen the last of him, but whatever the guise, either as guest at future annual dinners or in his new consultancy role, I wish him a long and happy retirement from the organisation. Finally, as ever my thanks to the staff and officers for their efforts and support over the last year. I will continue to watch the development of the organisation from down-under with interest and by virtue of modern communications offer Phil and my successor any help and support I can.

April...

- NOAH Annual Dinner cancelled due to Foot & Mouth disease

May...

- 'Marsh Report' on dispensing published
- Chanelle Animal Health and JMLoveridge join NOAH
- NOAH AGM, Hertfordshire
- COMISA becomes IFAH - International Federation for Animal Health

June...

- DEFRA replaces MAFF and DETR
- Soil Association report on coccidiostats published: NOAH responds
- Code of Practice Seminar
- NOAH briefs consumer press
- FEDESA General Assembly

July...

- Draft EU Commission proposals for veterinary legislation (Review 2001): includes clause to make all farm animal medicines prescription-only
- Aquaculture Vaccines Ltd and Phytopharm plc join NOAH
- NOAH attends launch of FACE (Farming & Countryside Education Service)
- NOAH holds Crisis Management Course
- Vetoquinol acquires Chassot

September...

- FEDESA Brainstorming session, Antwerp
- NOAH MEP lobbying
- SPVS Final Year veterinary students Conference, Lancaster
- Animal Health Alliance formed to fight Prescription Only Medicines proposal
- Vetoquinol launches Arizon - a treatment against ear infection

October...

- NOAH Annual Conference, Stratford Upon Avon
- NOAH Veterinary Data Sheet Compendium 2001-2002 published
- Competition Commission announces veterinary enquiry
- Brixham Environmental Laboratory joins NOAH
- OIE Conference on Antimicrobial Resistance, Paris
- British Veterinary Association Congress, Winchester

- NOAH exhibits at the British Veterinary Nursing Association Congress, Stoneleigh
- FEDESA co-hosts Pet Night at European Parliament

November...

- Phil Sketchley joins NOAH as Chief Executive
- Review 2001 proposals sent to European Council and Parliament
- VPC report on antimicrobial resistance published

December...

- Interim Government response to Marsh Report published, welcomed by NOAH
- NOAH exhibits at Agrivision, Stoneleigh

January...

- Roger Cook presents paper at the Animal Health Distributors' Association conference, Blackpool
- Food Standards Agency Stakeholders meeting on poultry medicines
- Policy Commission on the Future of Food & Farming published (Curry Report)
- Richard Arnold becomes new chairman of NOAH Code of Practice Committee replacing David Kitchin

February...

- Veterinary Products Committee Working Group on Feline and Canine Vaccination Report recognises benefit of vaccination
- Veterinary Practice Readers Update
- NOAH briefing for veterinary and agricultural press
- Lord Taverne hosts a luncheon on behalf of NOAH re veterinary research
- NOAH attends Competition Commission Hearing
- NOAH briefs VMD Advisory Group
- NOAH attends the CEJA launch of educational material, Brussels

March...

- First IFAH General Assembly
- Roger Cook retires as NOAH director
- Steve Dean appointed new VMD Chief Executive
- Antec joins NOAH

April...

- British Small Animal Veterinary Association Congress
- NOAH Annual Dinner

Twelve months ago the Foot and Mouth epidemic was only a few weeks old but the huge and wide ranging effects it was to have on every aspect of rural life were becoming clear. NOAH and its members, in spite of the specialist nature of our work, could not help but be affected. In the office we helped co-ordinate supplies of disinfectants and euthanasia products, while advising our members on how their sales staff should operate in rural areas. As the year progressed the acceleration in the ongoing trend of a fall in the sale of farm animal medicines was confirmed, so that by the end of 2001 sales of farm medicines had slipped to only 45% of the industry total. With the end of the epidemic came a number of official and unofficial enquiries (but not the widely demanded Public Inquiry) and NOAH gave evidence – we await the outcome, but clearly things will never be the same again. NOAH has also submitted industry views to the “Lessons Learned” Enquiry.

One dramatic and far reaching change came in June, when DEFRA (the Department for Environment, Food and Rural Affairs) replaced MAFF (the Ministry of Agriculture, Fisheries and Food) and most of the MAFF ministerial team moved on as well. We were sorry to lose Nick Brown, Baroness Hayman and the rest of their team, as we had enjoyed a productive relationship with them. Now we are pleased to look forward to building our links with Margaret Beckett and Lord Whitty.

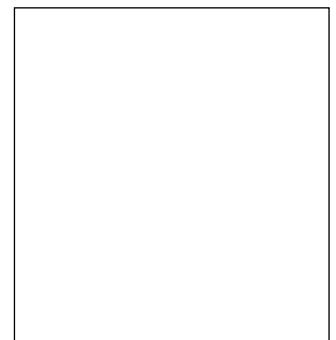
2001 would have been a year of enquiries, even without FMD. The "Marsh Report" (the Dispensing Review) was published in May, and the interim Government response came in December. The diligence and attention to detail of Sir John Marsh and his team was evident in their excellent, if occasionally idealistic, report and their good work was built on by the Government's thoughtful response. Perhaps the most significant point was one of tone, with both documents recognising the positive worth of animal medicines – things to be encouraged rather than obstructed.

What comes next will greatly depend on two other enquiries, both outside the control of DEFRA: the EU's Review 2001 project (see page 4) and the Competition Commission's investigation into the pricing of POM veterinary medicines. Both "Marsh" and the Competition Commission investigations derived from the same basic allegation that farmers and pet owners were being over-charged for medicines. Sadly, the original complaint was flawed, in two fundamental ways – firstly, thanks to medicines being "free" on the NHS, we have no understanding of the true price of human medicines so any bill for animal medicines is likely to shock, especially if it is greater than £6.20 – the current NHS prescription charge. Secondly, the distribution rules and traditions are so different across the EU that any simple comparison will mislead. The Competition Commission will report in March 2003.

One enquiry that did come to a satisfactory end was the "Quinquennial review" of VMD. The review team rightly advised that VMD should remain an agency of DEFRA and that its basic structure was sound. Change will nevertheless occur as Mike Rutter retired in March 2002, to be succeeded as Chief Executive by Steve Dean. We wish Mike a long and happy retirement and wish Steve every success in his new role. However we now learn that DEFRA Agencies are to suffer yet another Review, and we await with interest their findings and any potential changes that may result from them.

Throughout NOAH's existence, self regulation has been a major principle, arguing that it is better to be governed by rules tailor-made by those who understand our industry than to have them imposed from outside. One very successful example is our Code of Practice (see page 7), another is AMTRA (Animal Medicines Training Regulatory Authority) which governs the standards and examination of qualifications for the staff of merchants, saddlers, pet shops and manufacturers' sales representatives. During the past year the AMTRA Manufacturers' Committee has carried out a thorough revision of the manufacturers' qualification and the revised version will be presented to the NOAH AGM on 18 April. Article 14 of the NOAH Code of Practice requires all companies to ensure their sales staff hold the relevant AMTRA qualification.

In ending this, my last annual report as Director of NOAH I wish to record my most sincere thanks to all those who have worked to make our Association such a success over the last 16 years: Officers, Board and Committee members, our professional advisors and, above all, the staff in Enfield. Without their support my work would have been impossible; together we have achieved a great deal. I wish Phil Sketchley and the whole NOAH team every success in building on these achievements in the future – good times and good fortune to you all.



Roger Cook

John Grace from Elanco took over the chairmanship of the Public Affairs Committee at a difficult time, when foot and mouth disease was uppermost in everyone's minds. It affected NOAH's activities, causing the cancellation of the Annual Dinner. With FMD as a backdrop, the Marsh report on veterinary dispensing was issued. Following hard on its heels, the Review 2001 proposals set out a possible European view for the future of animal medicines. Tough times re-emphasised the need to look closely at what the animal medicine industry needed to say, and who it needed to be talking to.

The key messages of the PAC were agreed as:

- Animals need and benefit from animal medicines
- Increasing regulatory demands threaten availability
- The animal health industry is vital for the health of all animals and actively promotes responsible use of medicines.

With these messages in mind, a close look was taken at where NOAH's activities should be concentrated. It was agreed that NOAH could not try to do everything, and it was best to be successful in a few key areas than spread too thinly. A programme of meetings with politicians, those involved in regulatory matters, allied organisations and professional bodies and the media was agreed for each quarter, and from this our success at setting up good dialogues can be measured. Some of these contacts were through formal groupings such as the RUMA Alliance, Pet Health Council, Pet Advisory Committee, National Pet Week and FACE (Farming and Countryside in Education); others were as more informal discussions.

Having agreed to a more structured series for NOAH's face to face contacts, the association still ensured up-to-date information on animal medicine topics was freely available. The NOAH website, www.noah.co.uk, was totally revamped to make the information more accessible, and the relaunch publicised – by Christmas the site had had 200,000 hits. Efforts are being made to establish links from other sites to NOAH's. Many aspects of the NOAH site also appear on the political portal epolitix.com, which is viewed as a first-stop information source by Westminster MPs and their researchers.






The website acts as an important resource for the media – often journalists call the office having looked at the NOAH site first, but more traditional contacts were not neglected. A number of press releases were issued, the regular series of articles in *Veterinary Review* continued and, to introduce Phil Sketchley to the press, a lunch briefing was held. For the first time, NOAH placed 'lobby briefings' in the principal publications read at Westminster, 'The House Magazine' and 'Parliamentary Monitor'. The NOAH Conference, with its dual themes "The Future of UK Agriculture - the Great Debate" and "Review 2001 and the Marsh Report - where now for animal medicines?" was a success. NOAH's first foray into agricultural exhibitions was the back-to-business Agrivision event at the Royal Showground in December: the new stand (which was also taken to the Animal Health Distributors' Association Conference in January and the congress of the British Small Animal Veterinary Association in April) looked good but unfortunately the event did not attract the expected number of visitors.

NOAH (National Office of Animal Health) - Microsoft Internet Explorer provided by Demon Internet Ltd

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The National Office of Animal Health (NOAH) represents the UK animal medicines industry whose aim is to provide safe, effective, quality medicines for the treatment and welfare of all animals.

Benefits of pet vaccination recognised by independent committee

A new report concludes that dog and cat vaccines play a very valuable role in the prevention and control of major infectious diseases and strongly supports their use. The Report was published by the Veterinary Products Committee (VPC) Working Group on Feline and Canine Vaccination.

"We are pleased that the VPC has arrived at these conclusions," said David Sutton, chairman of NOAH's companion animal vaccine group. "It presents the issues in a balanced and scientific manner, which allows informed public debate amongst veterinary surgeons and pet owners," he added.

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Marsh process 'a success'

Animal medicines are a positive benefit for society - and the Government recognises this fact. This is the clear message from the Government's response to the Marsh Report reviewing veterinary medicines dispensing.

Speaking at the AHDA Conference in Blackpool, Roger Cook, NOAH director, said that both Marsh and the Government in its response recognised that regulation is key to animal medicine availability. "Bad and/or excessive regulation can add to costs, reduce availability and encourage law breaking, while good regulation can encourage progress while protecting the vulnerable."

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NOAH's public affairs activities are becoming increasingly structured and designed to remind people that animal medicines are very much part of the solution to provide safe food and good animal welfare. Nevertheless, others have different agendas and it follows that a significant part of communication has to be reactive. One big issue during 2001 has been the Review 2001 proposals. Following dialogue between European regulators and NOAH's European federation FEDESA, the proposals contain much that could help improve medicines availability. However, there are causes for concern and NOAH has been working alongside FEDESA to lobby both UK officials and British MEPs as discussions about the proposals progress through these parallel channels. In the UK there was particular concern about the clause that proposed all farm animal medicines should be prescription-only, and NOAH has been part of an industry-wide Animal Health Alliance lobbying specifically on this issue. Taking the need to sometimes be reactive to its conclusion, NOAH organised a crisis management seminar for its members in May.

NOAH published a new edition of the Compendium of Data Sheets, with a new distribution policy. A free copy was sent to each veterinary practice and branch practice and pre-publication discounts were offered to the profession for additional copies. For the first time the book contained an active ingredient index, as well as a directory of services and referral practices.

Many thanks to the Public Affairs Committee members and to NOAH's PR consultancy Kendalls; without their input and commitment nothing would happen.

Technical Activities

The Marsh Report and Review 2001 demanded rapid and in depth responses as well as much lobbying in the UK and across the EU. These, coupled with the Competition Commission inquiry may well affect classification and possibly distribution of medicines in one way or another and everybody, including the VMD, can see significant workloads and possible expense arising. This area is at the forefront of our work for this year at least.

The most important thing, making sure animals get the medicines they need for their health and welfare, seems often to be overlooked, and the Competition Commission don't consider animal welfare relevant to their remit. This is very sad, and it is vital that all involved in the care of animals continue to recognise that animal medicines are a force for good. The aim of the authorities should be to ensure that safe and high quality medicines reach the animals that need them, rather than focussing on remote and theoretical risks. It is good to see that these messages are getting through, with recognition of the role of medicines in the Marsh Report and Government response, and in recent CVMP activities in Europe. We have been delighted to hear of VMD stressing the medicines availability message in negotiations on Review 2001 in the Council of Ministers working group.

As reported elsewhere, Foot and Mouth Disease hit the industry hard, and also had quite an impact on the VMD with a number of their more experienced assessors and officers being drafted into the struggle. This led to a slow down in processing of many applications. Thankfully things now seem to have returned to near normality. Changes to Variation procedures from 1 April should lead to more efficient assessment of variation applications by the VMD, and are to be welcomed.

The antibiotic issue continued across the EU but it now appears to becoming a slightly more rational debate: there is now general recognition from all sectors that the primary cause of resistance in humans is medical use, but that ensuring responsible use among all users is vital. In the autumn of 2001, the Veterinary Products Committee issued a discussion document which is in danger of once again applying a unilateral aspect to the approvals for products in the UK, and NOAH submitted detailed comments.

Technical Activities continued

Despite many assurances from the VMD, there still has been no official change to the system for Animal Test Certificates, although some positive changes have been made for simple pharmaceutical applications within the existing legal framework. We were pleased to see in DEFRA's announcement of Steve Dean's appointment as Chief Executive of the VMD from 1 April that he "will consolidate and strengthen the Agency's position as one of the key regulatory agencies for veterinary medicines in Europe".

Regrettably, if companies continue to switch their product development work from the UK to other member states, this may be difficult to achieve. In the first nine months of 2001/02, there were no applications for ATCs for food-producing animals at all, compared with 28 in 1997/98. While this also reflects difficulties in carrying out trials caused by FMD, and the general shift from investment in medicines for food-producing species, applications for companion animals were down too.

After much pressure from NOAH, Government agreed to pay for the reassessment of products to confirm that they comply with EU TSE requirements, rather than the industry paying fees of between £¼m and £½m as originally proposed. This was a major victory for the industry since as well as costing quite substantial sums in a year when budgets were naturally tight, it would certainly have set a dangerous precedent - NOAH's view has always been that compulsory variations required by the authorities should not be subject to a fee.

NOAH's Environmental Working Group was set up during 2001 following recognition by the Regulatory Affairs Committee that NOAH needed to focus more on environmental issues affecting our business. The concerns include the growing public attention on the environment, the interest of the Environment Agency in veterinary medicines (especially the work of its Pesticides in the Environment Working Group) the integration of the Environment Agency and VMD within DEFRA, and the Veterinary Products Committee inquiry into the environmental effects of the avermectins and milbemycins. Ably chaired by Paul Cooper, the Group reports to the Regulatory Affairs Committee, but is comprised of both regulatory and technical representatives from Member companies, and will draw where required on other committees for expertise, including Public Affairs.

Lots of other activities have progressed during the year, including discussions in relation to reports of milk residue test failures; the successful collaboration between NOAH and the relevant manufacturers in establishing "closed transfer" dipping systems for OP dips which ensured that these valuable products remained on the market for farmers who chose to use them; ongoing discussions with VMD on a revised fees structure which will, while maintaining the same total income for VMD, more accurately attribute fees charged to work done.

Looking ahead, liaison with the Food Standards Agency and Environment Agency will continue to be important, with their input into animal medicines issues growing, particularly post-marketing. There is a natural tendency for these "single issue" Agencies to focus on specific aspects without always considering the wider picture as VMD usually does, but it is important always to balance benefits against possible risks. Discussions on Review 2001, the Competition Commission enquiry and the Marsh Report will continue through 2002, and could alter the shape of medicines distribution for the UK. There will also be important discussions on the implementation of the Freedom of Information Act and the repeal of Section 118 of the Medicines Act in relation to animal medicines.

Thanks are due to Peter Watson who stepped down from the Technical and Strategic Affairs Committee after ten years of invaluable service to the industry, to Andrew Coulson and Adrian Steward who stepped down as Committee chairmen, to Phil Dobson and Amanda Wiggins who have stepped into their shoes with enthusiasm, and to all committee members and chairmen for their input which makes everything happen.

Code of Practice Committee

The Committee is the longest standing of all NOAH's institutions, having existed since 1974. Its role is to rule on complaints that companies' promotional activities (adverts, leaflets, sales staff etc) are in breach of the Code.

The Committee comprises an independent Chairman who is a QC, five independent members (three practising vets, two farmers) and eleven industry executives, at least four of whom must be veterinary surgeons, supported by the Secretary to the Committee, Desmond Hutchinson, in addition to Roger Cook, Phil Sketchley (since his appointment) and Sue Wells (Assistant Secretary) from the NOAH office.

With regards to Committee Chairmanship, after 6 years of superb leadership Mr David Kitchin QC stood down at the end of 2001 and Mr Richard Arnold QC was appointed. We would like to sincerely thank Mr Kitchin for his excellent service during his term of Chairmanship and welcome Mr Arnold to the Committee.

At last year's AGM Mr James Allcock MRCVS [Intervet UK Limited], Mr Dudley Gradwell MRCVS [Janssen Animal Health] and Mr Kevin Stevens [Bayer plc] were elected to the Committee. Mr Peter Coe [Pfizer Limited] retired at the end of 2001 and Mr Brian Clark [Virbac Limited] left the Committee at the same time to take up a European position. Mr Brian Hoskin [Vetoquinol UK Limited] is due to stand down from the Committee in April, as being the longest serving member on the Committee. Nominations for three industry vacancies are due for proposal and adoption at this year's AGM.

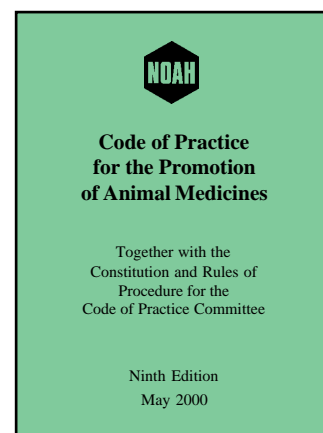
We congratulate Mr Peter Allen (one of our independent farming members) on his MBE, awarded in the New Year Honours list for services to the livestock industry.

Two procedural changes to the Constitution of the Code of Practice Committee were agreed at the May 2001 AGM. During Winter 2001/2 further procedural revisions were discussed in preparation for the 2002 AGM.

The current system regarding quarterly and interim meetings has been slightly modified in that the Committee will meet six times in 2002 during the year.

In 2001 the Committee met in January, March, July, October and December. During the period a total of 5 new cases were considered, ruled upon and all but one settled. Unfortunately a member company challenged the Code in the High Court and it was subsequently necessary to refer the case to the Board of Management. We are pleased to report this has now been settled but at substantial cost to NOAH. Details of all cases for the first 6 months of 2001 have been circulated to the Veterinary Press and put on the NOAH website.

A very successful seminar was held at the Offices of Merial Animal Health on 28 June 2001, and a further seminar is planned this Summer.



The Animal Health Industry in 2001

In 2000 two trends had continued - a growth in sales of companion animal products balanced by a fall in farm animal sales due to falling farm incomes, overall leading to static sales for the UK industry. This trend was expected to continue during 2001. However, Foot and Mouth Disease arrived in February 2001.

The FMD crisis obviously hit hard. The timing of the outbreak caused maximum problems to the industry: late winter and spring are times when livestock are particularly at risk from disease or parasite challenge. It is common for sheep and cattle to be dosed with wormers and vaccines before turning out to grass, while spring treatment of sheep with ectoparasiticides (sheep dips etc.) against scab, fly-strike etc. is an important spring routine to protect both animal welfare and productivity and control contagious disease.

Understandably farmers were pre-occupied with the threat of FMD and, already in financial difficulties, were reluctant to spend money and effort treating animals which might be culled a few days later. There is a real fear that parasitic disease problems could be stored up for the future - in particular that scab, until 1992 a notifiable disease, will run out of control.

By the time FMD took hold, a large proportion of sales by manufacturers had taken place. What is still unravelling is the extent to which animal health merchants achieved their usual level of 2001 spring sales or, indeed, whether the product was sold to farmers but remained unused on farms. Some merchants and farmers did not make autumn purchases because they still have unused stocks, bought in the spring. Some manufacturers helped farmers by offering reimbursements for products purchased and administered to animals which were subsequently slaughtered as a result of FMD.

It is inevitable that, in those areas directly hit by FMD, the massive slaughter of sheep and meant that sales were well down because of the reduced number of animals left to treat. In these areas companies will notice reduced medicine sales through 2002 and beyond until farms are restocked.

Some products, of course, increased in use - disinfectants (not strictly medicines, but an important part of the wider animal health sector) and euthanasia products have seen abnormally high usage.

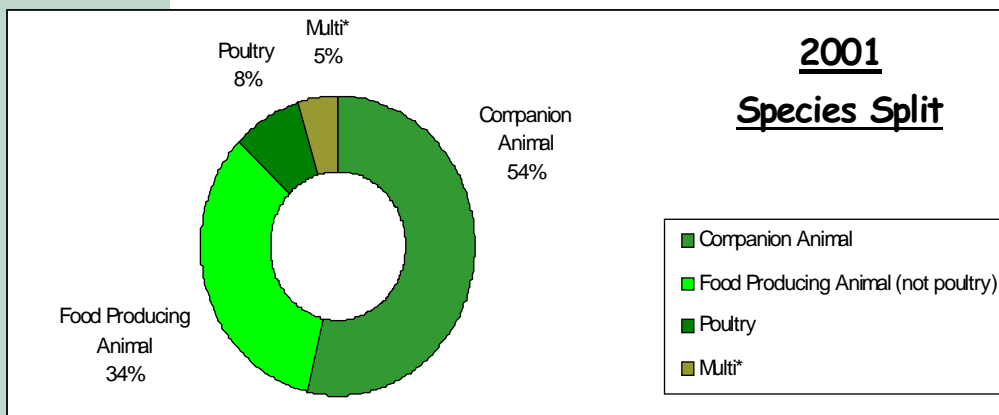
The 2000 sales of animal medicines in the UK amounted to £357m at ex-manufacturers prices - about 47% for farm animals, the remainder for "companion animals" (pets and horses). Sales for 2001 are £358.9m. There was a decline in farm animal medicine sales, but there were few major increases in companion animal sectors either. Companion animal vaccines show an increase of around 13% over the equivalent total this time last year; anti-inflammatories, cardiovascular preparations and pet wormers show an increase; antibiotics are static; small animal ectoparasiticides are down. Sadly, the sector showing the most significant gain is neurological preparations, showing an increase of just over 18%, bolstered by an almost doubling of euthanasia preparation sales.

So what will happen in 2002? If the current consumer spending boom ends, companion animal sales could suffer - routine vaccination might be missed, for example, if an animal does not have to be kennelled in order for the owners to take a holiday abroad. Pet insurance policies may lapse, if money gets tighter.

As the farming community tries to find its feet, there will be those re-stocking who can afford to invest in the best stockmanship, including the proper use of preventive medicine. But there will also be those that were not directly hit, that were not able to trade but were not eligible for state compensation, who will struggle to find the money necessary to invest in the health of their animals. 2002 looks to be a difficult year, but if British livestock farming is to come through, animal medicines will have a vital role. Healthy food comes from healthy animals.

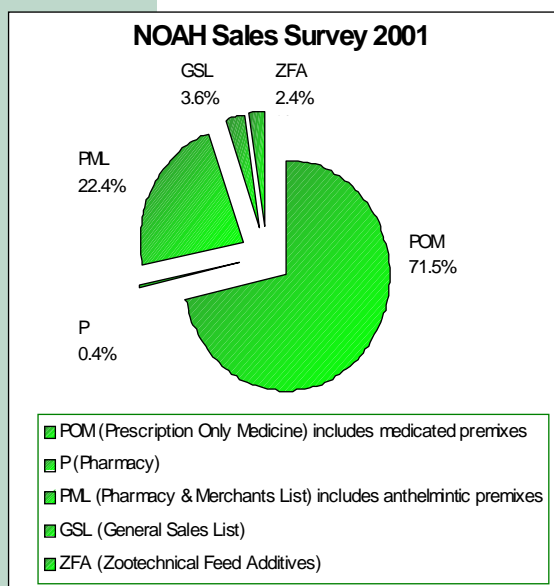
Sales Survey of Animal Health Products 2001 (£sterling at ex-manufacturers' prices)

	Jan-March	April-June	July-Sept	Oct-Dec	Total 2001	Total 2000
Feed Additives	5,326,405	5,310,240	5,426,029	5 890 601	21,953,275	21,937,801
Pharmaceuticals	51,416,804	60,026,259	61,099,383	64 830 833	237,373,279	238,275,104
Biologicals	19,803,403	18,028,518	21,651,368	22,524,345	82,007,634	79,812,830
Total (survey figure)	76,546,612	83,365,017	88 176 780	93,245,779	341,334,188	<u>340,025,735</u>
Total (with extrapolation for non-participating companies)	82,174,613	82,210,573	94,133,223	100,358,779	358,877,188	<u>356,969,735</u>

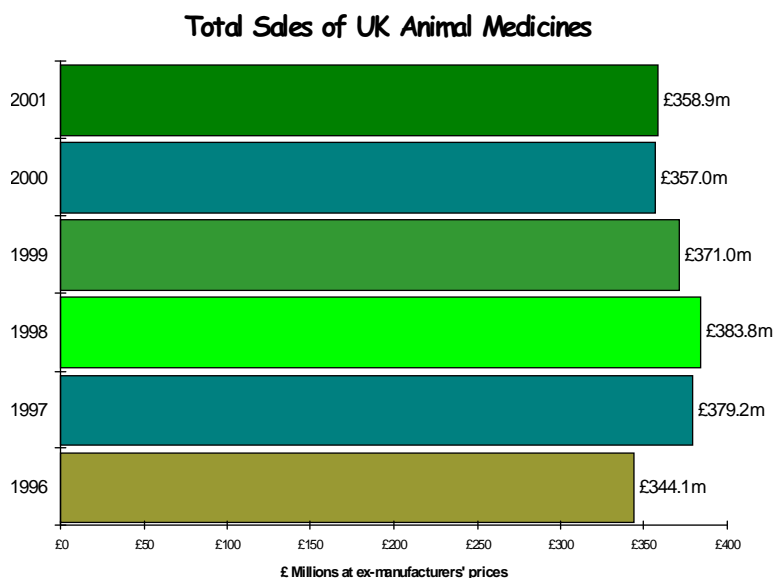


In 2000, 49% of sales were for companion animal species, and 38% for food animal species. Poultry and multi species sales remained proportionally the same.

*Many products are licensed to be used in different species, and some for both food producing animals and pets. Manufacturers do not always know exactly where they will be used. If greater than 90% of sales are estimated to fall within one of the three summary categories, products are allocated to that category. If less than 90%, they are allocated to the 'multi' category in the survey.



This chart shows the split of sales by the licence classification of each product



Membership

Key:

*Associate member
+Corporate member
#New member

ADAS*
Alpharma Animal Health+
Antec International Ltd*#
Aquaculture Vaccines Ltd+#
Animalcare Ltd+
Arnolds Veterinary Products+
Battle, Hayward and Bower+
Bayer plc+
Bob Martin Company, The+
Boehringer Ingelheim Ltd+
Brixham Environmental
Laboratory*#
Ceva Animal Health Ltd+
Chanelle Animal Health+ #
Cork International+
Covance*
Cross VetPharm Group Ltd+
Denes Natural Pet Care Ltd+
Don Whitley Scientific Ltd*
Dorwest Herbs Ltd+
Elanco Animal Health Products Ltd+
Evans Vanodine International plc+
Fort Dodge Animal Health+
Forum (Holdings) Limited+
GfK Healthcare UK Ltd*
(formerly IMS Health Ltd
until September 2001)

Huntingdon Life Sciences*
Intervet UK Ltd+
Inveresk Research International Ltd*
Janssen-Cilag Ltd+
J M Loveridge plc+#
Johnsons Veterinary Products Ltd+
Kendle International Ltd*
Leo Animal Health+
Merial Animal Health Ltd+
Monsanto Europe SA+
Moredun Scientific Ltd*
Norbrook Laboratories Ltd+
(until February 2002)
Novartis Animal Health Ltd+
Pfizer Ltd+
Pharmacia Animal Health Ltd+
Phytopharm plc*#
Quay Equestrian Ltd+
Schering-Plough Animal Health+
Seven Seas Ltd+
Sherleys+
Sinclair Animal and Household
Care Ltd+
Sorex Ltd+
Thomas' Europe+
Veterinary Laboratories Agency*
Vetoquinol UK Ltd+
Virbac Ltd+



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