

Brexit Barometer 2

Testing the opinion of the animal medicines industry

Winter 2017/2018



Introduction

Welcome to our second Brexit Barometer. This latest report tracks the shifting sentiment among our industry when it comes to six key opportunity areas unveiled as part of our inaugural Brexit Barometer that followed our Brexit Workshop in May 2017 – Animal health and welfare, Public health and food production, R&D and innovation, Bringing new products to market, Post-licensing controls for the overall market and Trade and investment.

The Brexit Barometer brings together expertise, insight and feedback from a diverse group of our member organisations and stakeholders on Government progress against the opportunities and challenges that continue to face our sector as Britain's exit from the EU gathers momentum.

At our 'Brexit: What's next for animal health' event on 1st November 2017, which was attended by more than 100 delegates from across the industry, we gleaned a fascinating range of insight from a range of voices. From those who are working at the 'coal-face' on Brexit within Government to those of us whose businesses and organisations are dealing daily with the prospect of our exit from the EU, the discussion focused on progress, collaboration and industry response to the journey so far.



It was abundantly clear from the feedback on the day that while there are opportunities which are within our industry's grasp as the Brexit process unfolds, the only way to capitalise on these is through collaboration across the industry and continued close dialogue with Government plus an urgent need for greater clarity on what is happening behind the scenes.

When it comes to sentiment and levels of optimism across the six opportunity areas defined by contributors to the first report, we are seeing the sands shifting – in some areas subtly and

in some cases more definitively as Government progress (or in some cases, lack of) affects industry opinion. This time, the Barometer paints a particularly uncertain and complex picture of how our sector feels and we will continue to track this in future reports.

In spite of this ongoing uncertainty, we remain encouraged by the fact that there are already many areas of convergence and ways in which organisations and stakeholders across our sector are working together. We look forward to continuing to support our members throughout the Brexit process to help deliver a successful outcome for our industry.

We are also committed to working closely with our members and stakeholders to understand their challenges. Supporting them in realising their opportunities as the Brexit process continues to unfold is of paramount importance as we strive to deliver the best outcome for our sector as we prepare to exit the EU.

Dawn Howard
Chief Executive, NOAH

About NOAH

NOAH (the National Office of Animal Health) represents the UK animal medicines industry. Its aim is to promote the benefits of safe, effective, quality medicines for the health and welfare of all animals.

For further information, please visit:
www.noah.co.uk

Where we are now

The last six months have seen activity around the UK's exit from the EU gather pace, with the opening of formal negotiations. Our timeline recaps the key milestones since our last report and those coming up.

June 2017

19th Formal Brexit negotiations begin

21st Queen's speech announces new Agriculture Bill

October 2017

1st-4th Conservative party conference provides no new detail on Brexit

17th Government responds to the House of Lords Brexit: Farm Animal Welfare report

December 2017

8th First stage of the negotiations, including the 'divorce principles' agreed

12th Animal Welfare Draft Bill published, including animal sentence

July 2017

25th House of Lords publishes its Brexit: Farm Animal Welfare Report

November 2017

20th MPs rejected the inclusion of animal sentence into post-Brexit UK law

20th Announcement that EMA to move to Amsterdam

Information about Withdrawal Bill published

May 2018

English local government elections

Spring 2018

Reformed Agriculture Bill scheduled ahead of Parliament

October 2018

Target date for concluding withdrawal negotiations



Download the report:
<https://publications.parliament.uk/pa/ld201719/ldselect/lducom/15/1502.htm>



Download the report:
<https://www.parliament.uk/documents/lords-committees/eu-energy-environment-subcommittee/Brexit-farm-animal-welfare/Gov-Brexit-farm-anim.pdf>

The barometer

To benchmark current opinion against that outlined in our first barometer, we asked the attendees at our 1st November event to tell us how optimistic they feel about the six key topic areas – as well as how they feel about the overall future of the industry in light of Brexit.

Topic areas

- *R&D in the animal health sector*
- *Bringing a product to market in the UK*
- *Post-licensing controls for the overall market*
- *Animal health and welfare in the UK*
- *Public health and the production of food in the UK*
- *Trade and exports in relation to animal health*

Optimism ratings

-  **very optimistic**
-  **optimistic**
-  **in the middle**
-  **pessimistic**
-  **very pessimistic**

What's changed? At-a-glance overview...



Overall sentiment has become more 'neutral' suggesting a **rising level of uncertainty** with more than a third feeling neither optimistic or pessimistic about the future – an 8% increase in comparison to the first Barometer.



Public health and food production remains the most optimistic of the six areas overall, albeit **slightly less optimistic** than the previous report revealed.



Optimism regarding **bringing a product to market** has seen a shift **from a 'neutral' sentiment to an optimistic one**. More than a third (39%) now feel 'optimistic' or 'very optimistic' in comparison to 30% previously.



Trade and exports continue to be a cause for concern with **a quarter of respondents now feeling 'very pessimistic'** in comparison to 0% who previously felt this negative.

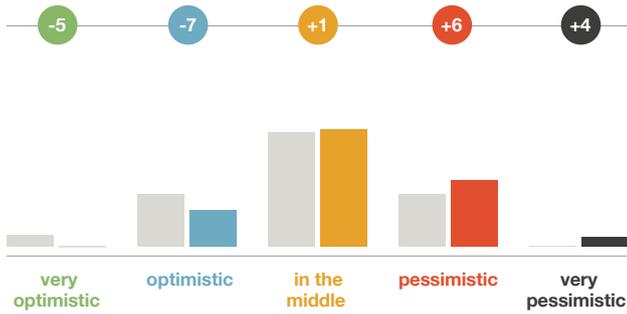




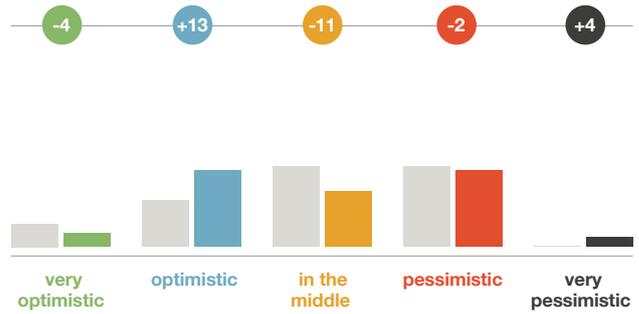
In light of Brexit, how optimistic do you feel about...

Previous quarter This quarter

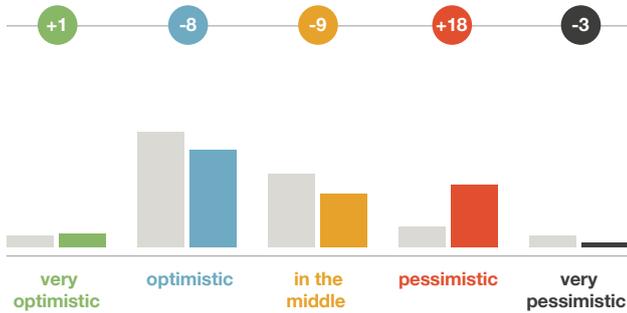
R&D in the animal health sector



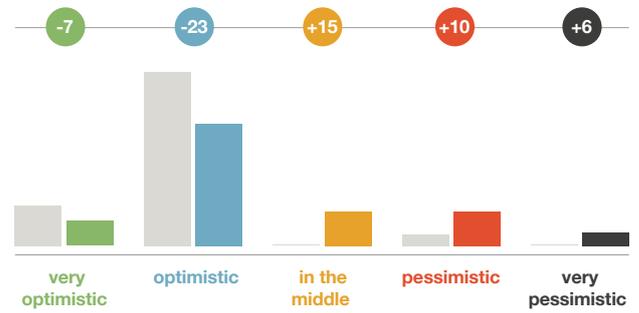
Bringing a product to market in the UK



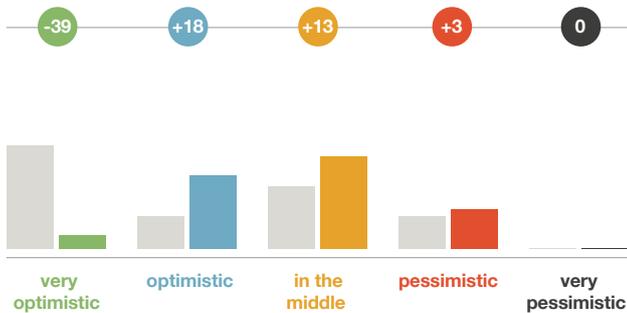
Post-licensing controls for the overall market



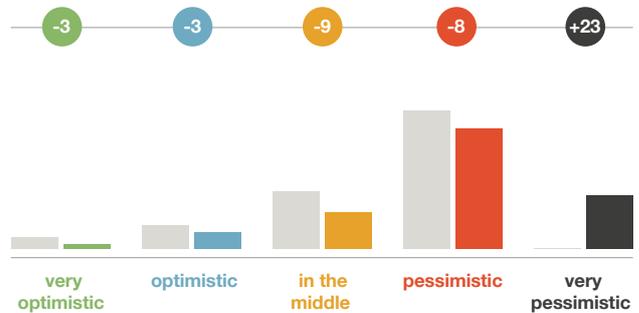
Animal health and welfare in the UK



Public health and the production of food in the UK



Trade and exports in relation to animal health





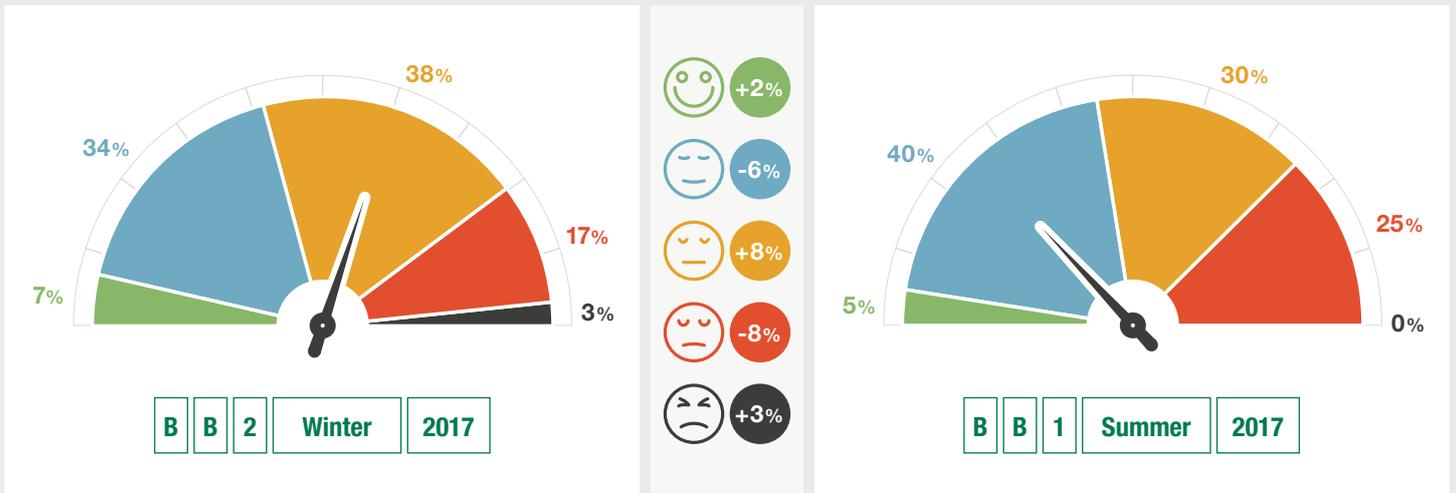
In light of Brexit, how optimistic do you feel...

Overall feeling

This quarter

The difference

Previous quarter



Our industry optimism vs. Government progress

In addition to testing levels of optimism on the day of the event, NOAH gathered feedback from delegates in advance on the level of progress the industry feels is being made by Government against each of the topics. It is on here that the picture becomes more negative.

Despite the fact that the Barometer still shows areas of optimism across each of the six opportunity areas, opinions on Government's actual progress to date is negative with the vast majority (84%) feeling that Government is not progressing well with the negotiations overall.

Of the six topic areas, a lack of progress against the asks required on bringing a product to market in the UK prompted the most negativity with 85% of respondents stating that they felt this area was not progressing very well or not progressing at all.

A perceived lack of progress on the asks associated with trade and export came in at a close second. However, in spite of 80% of respondents saying that they felt this was not progressing well or not progressing at all, there was a glimmer of hope as 20% disagreed, stating that progress is going well or reasonably well.

Both R&D in the animal health sector, and post-licensing controls in the UK prompted negativity around three quarters of respondents who felt that these areas were not progressing well or not progressing at all.

The topic of animal health and welfare in the UK was seen as an area where more progress is being made and elicited a more positive response than the previous categories with almost half (45%) believing it is progressing reasonably well or well.



Spotlight on the insights

Action plan or action gap?

A major concern that needs to be addressed from the perspective of those who contributed to the barometer is that of confusion around the Government's action plan. A perceived lack of clarity and direction coupled with political infighting is seen by many as an area that needs attention.



"The problem is that I do not know what is being discussed on top level with the EU so it looks like nothing is being achieved. Reading EU news; not much seems to be happening and the UK is not taken very seriously at all."

"All seems to be very confused and with a lot of political infighting within the UK let alone within EU."

"There is no clear direction on what outcome we are aiming towards and therefore it is impossible to plan for what will happen."

Keeping the talent pool topped up



Irrespective of topic, the industry is in agreement that people are paramount to protecting the industry's future during the transition. From safeguarding the existing skilled workers in the veterinary profession where a large proportion is drawn from non-UK EU countries, to championing the UK jobs market for British workers.

"We need applied R&D, not just high-brow stuff that is of no use to the sector. We need people to do it, many of them are from outside the UK."

"Many locum vets are from outside the UK. Do we have enough qualified vets to support the UK animal population? Without the EU to enforce welfare standards at current levels, will there be a "race to the bottom" as our farmers try to compete with cheap imported products from the Americas, for example?"

"Assume we will need to match the quality, welfare and other standards required by EU member states to export our products, whether medicines manufactured in the UK or produce from UK livestock. How will this be agreed, monitored, enforced?"



Regulation, regulation, regulation

Concerns continue to be raised around issues such as border inspections and the effects that these will have on costs and efficiency as well as the cost implications of changes to regulations and the licensing system.



"What will import restrictions and costs look like? Will this delay, or even prevent, products being available for use, without hindrance, in the UK?"

"We are uncertain of the additional costs and burden that EU Companies may have in terms of marketing existing and new products in the UK."

"We need to understand the licensing system post-Brexit, including its cost as well as the ROI for licensing a product separately in the UK."

A changing business and personal landscape

From a business perspective, feedback suggests that changes have been minimal at this stage, mainly due to the lack of certainty highlighted by industry, however, there is clear concern about increasing workloads and admin resulting from Brexit at a day-to-day level. There is also a knock-on effect of personal anxiety brought about by the impact of Brexit and the societal implications of the vote.

"Workload increase – planning RMS transfers, MA strategies and answering queries from commercial colleagues globally on the RA implications."

"Increased number of Brexit related meetings/discussions despite not having anything concrete on which to base decisions/actions."

"Bemusement and sometimes animosity from European colleagues. Questioning on the "why" and "what were you thinking" every time I leave the UK, on business or holiday, inside or outside the EU."



What does it mean to me?

With so much complexity and mixed messages on progress across many of the areas which affect our sector, we asked a selection of our members in December for their take on what the current landscape means to their customers and what they should do in response. **Here's what they told us:**

It appears that we may have recently avoided a 'hard Brexit' during the final stages of the first phase of Brexit negotiations. This could be seen as a positive for our customers, as a 'hard Brexit' would be expensive for UK pharmaceutical companies (who do not have another base in the EU).

We can be optimistic that talks have at last turned to how we will trade with each other post-Brexit. However, everything remains unclear, and the government remains opaque about what stance they will adopt.

We have supported our customers by defining in detail the actions that we foresee will be necessary as a result of Brexit, however some of these will be prohibitively expensive for many UK companies.

A no deal scenario would have been bad for our customers, in and out of the EU. Recent progress is cause for optimism.

The Brexit current landscape appears to be unstable, and although assumptions are being made, there is no clear mandate for any action. Therefore, our advice to our clients is to currently not take any action.

Our customers need to be putting pressure on their MPs to maintain regulatory alignment and full membership of the single market and customs union.



Contact us

t: +44 (0)20 8367 3131

e: noah@noah.co.uk

www.noah.co.uk

