

# Brexit Barometer 3

Testing the opinion of the animal medicines industry

**Summer 2018**



# Introduction

Welcome to our third Brexit Barometer report which tracks the very latest in industry sentiment as we move ever-closer to the March 2019 deadline for exit from the EU. Developed against the backdrop of some of the most turbulent months we have seen in the Brexit process so far it is clear that uncertainty and lack of clarity from Government are the greatest concerns for our industry.

Insights presented have been drawn from across NOAH membership and include feedback from a day of lively debate at our Members' Day in June.

The impact and opportunities arising from Brexit have been examined through six different lenses affecting our industry – 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.



**As the reality of a no-deal Brexit looms, there have been clear and noticeable shifts in the levels of optimism among our industry. In some areas, such as Public health and food production we have seen a noticeable increase in negative sentiment whereas when it comes to issues surrounding Trade and Export, there is even greater business uncertainty.**

Whilst this latest Barometer presents a pessimistic and, at best, uncertain view overall, as ever there are pockets of optimism – particularly in relation to Animal health and welfare.

However, NOAH remains committed to supporting our members through the coming months, as the implications of the UK Exit from the EU become clearer, we will continue to call on government to provide clarity and solutions for business and strive for the best outcome for our industry as the process unfolds.

**Dawn Howard**  
Chief Executive, NOAH

## About NOAH

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

**For further information, please visit:**  
[www.noah.co.uk](http://www.noah.co.uk)

# Where we are now

**Summer  
Autumn  
2018**

Negotiation phase continues:

- Transition terms
- Separation terms
- Northern Ireland
- Framework for future UK-EU relationship

**December  
2018**

13<sup>th</sup> EU summit (fall back option if the two sides still want to reach agreement)

**October  
2018**

18<sup>th</sup> Key EU summit in which a deal is hoped to be reached

**Before  
29<sup>th</sup> March  
2019**

UK Parliament passes implementation deal

**By  
29<sup>th</sup> March  
2019**

Ratification of deal agreed at October or December summit

**29<sup>th</sup> March  
2019**

11pm Britain leaves the EU

**From  
29<sup>th</sup> March  
2019**

Transition period (if deal reached)

# The Barometer

To continue to benchmark sentiment against the results of our first two barometers, we asked our members and stakeholders to tell us how optimistic they now 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...



Since the last Barometer, for the **overall industry picture** on Brexit, uncertainty has been replaced with more decisive sentiment and there has been a **notable increase in pessimism**. This time, no contributors to the Barometer felt very optimistic about the future of the industry in light of Brexit and almost half (43%) stated that they felt very or somewhat pessimistic.



**Public health and food production** in the UK has been hit hardest when it comes to **increases in negative sentiment**, with almost a third (32%) now feeling very or somewhat pessimistic compared with 17% in the last Barometer.



Conversely, when it comes to **animal health and welfare**, the picture has become **more positive** with contributors who felt very or somewhat pessimistic falling from 21% to 14% and those feeling very or somewhat optimistic increasing to 73% from 65%.



Looking at **post-licensing controls** for the overall market and at trade and exports, there has been a clear shift away from definitive optimism or pessimism towards **greater uncertainty** for both topic areas.



Perhaps unsurprisingly given the ongoing lack of clarity from government about post-Brexit arrangements, **negativity and uncertainty have grown** when it comes to **bringing a product to market**.

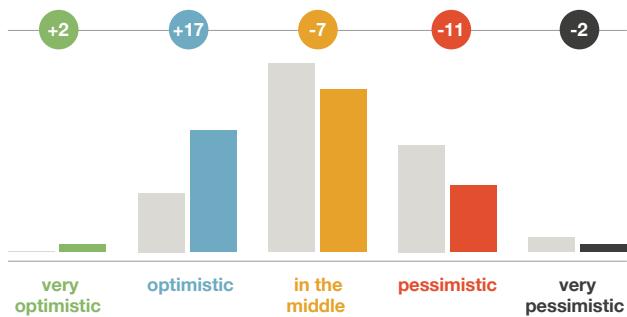


# In light of Brexit, how optimistic do you feel about...

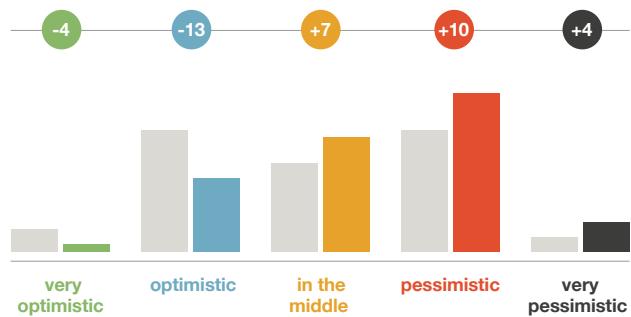
Previous quarter

This quarter

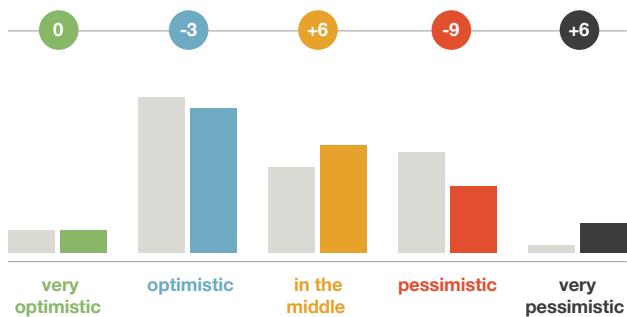
## R&D in the animal health sector



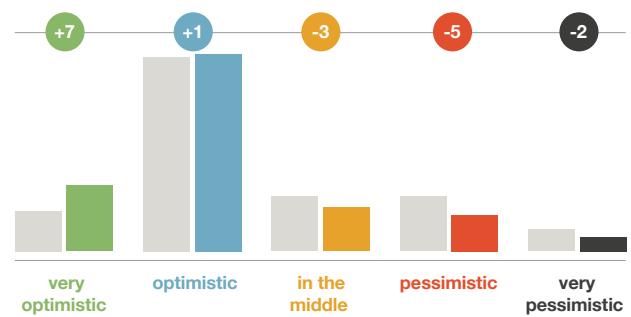
## Bringing a product to market in the UK



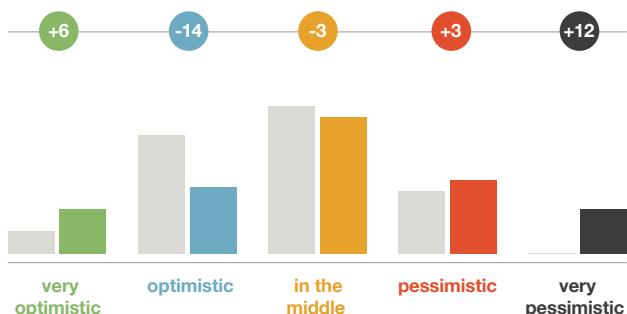
## Post-licensing controls for the overall market



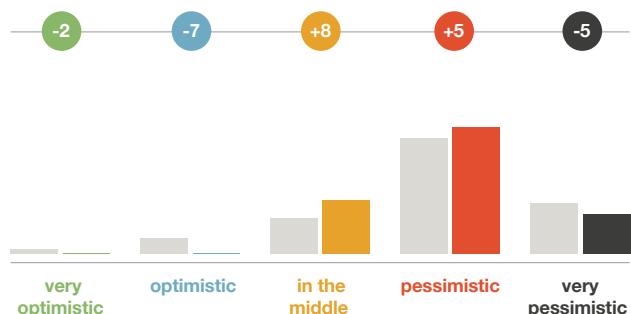
## Animal health and welfare in the UK



## Public health and the production of food in the UK

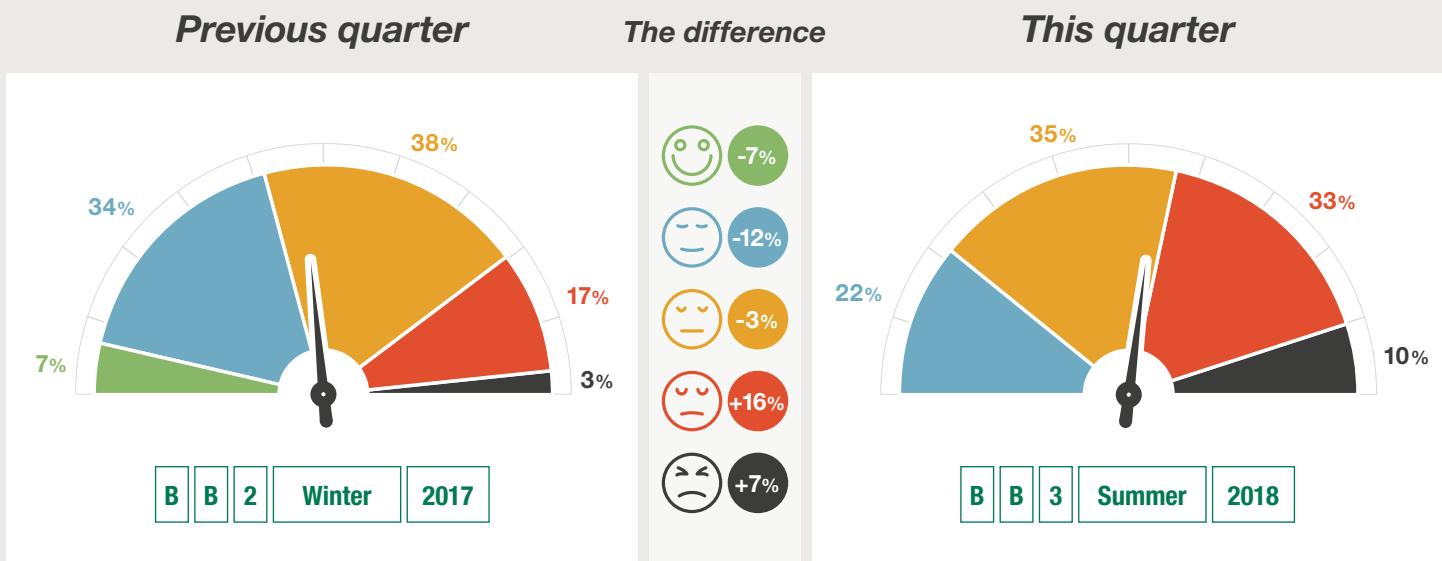


## Trade and exports in relation to animal health

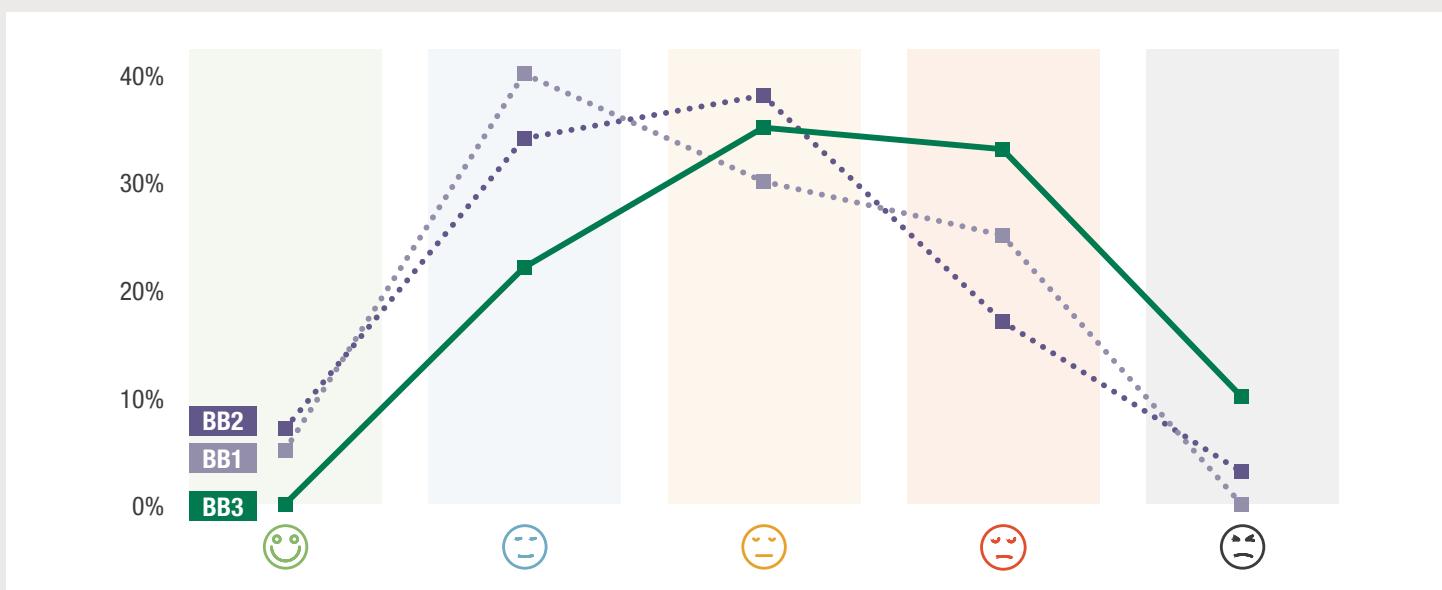


# In light of Brexit, how optimistic do you feel...

## Overall feeling: from Brexit Barometer 2 to 3



## Overall feeling: comparing Brexit Barometer 1, 2 & 3



# Spotlight on the insights

## What's the deal?

There is significant pessimism when it comes to progress and Government transparency as the Brexit process continues to unfold. When asked about progress, one contributor commented:

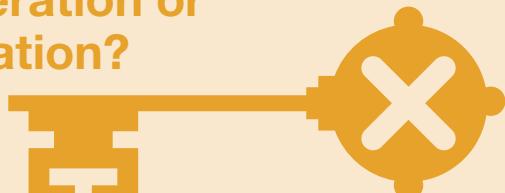


“To be honest, I can think of very little progress. The only possible positive I can see is the stance on animal welfare.”

There is resounding agreement that the uncertainty continues and has worsened for many businesses across the industry. When asked about positive changes as a result of Government progress in the last six months, one contributor puts it bluntly that there has been:

“Zero. None. There is no meaningful information from Government.”

## Cooperation or separation?



There are mixed feelings when it comes to the likely levels of cooperation in the aftermath of Brexit. Concerns that the EU can't make leaving the European Union “look too attractive” make some contributors believe that cooperation will be limited. Others believe this threat to be a short-term negotiation tactic, and that once the agreement is signed it will “hopefully improve”.

There is positivity for some around the continued cooperation of people at the day to day working level, who note that most of the bad feeling is isolated to politicians and those “across the top”, whilst lower down there is more desire to get on with the job and make it work.

Whilst there are relatively low expectations around cooperation in general, there is a belief that around issues of public health such as antimicrobial resistance there will be strong cooperation, where it is “clearly in the interest of both parties”.

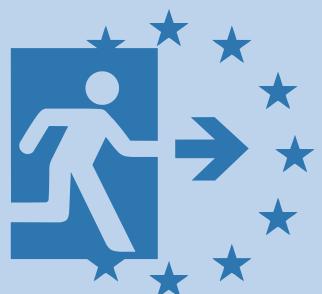
## Keep doors open

Industry continues to express concern about maintaining the UK's current trade and regulatory environment. Concerns included registration and commercialisation of UK produced medicines, the need to maintain joint labelling (especially for smaller products) to ensure continuity of supply, as well as cross-border movements and the potential impact to supply chains.

Contributors called for urgent action on protecting the UK's close alignment with Europe to maintain the “seamless trade and regulatory environment we have now”.

Against this backdrop, there is an underlying fear, echoed by numerous contributors, that the UK will become a ‘wave 2’ country in terms of receiving medicines because it is a smaller market.

When it comes to the industry vision, contributors see an opportunity for the UK to “retain our status as an open, transparent and fair market with some of the best standards of health and welfare and licensing in the world.”

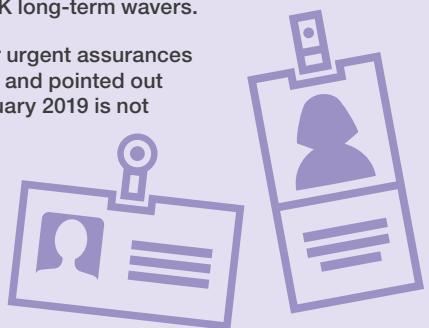


## Talent: a crisis of confidence?

Contributors to the Barometer are clear that the UK has a strong reputation at present when it comes to talent – the challenge is how we maintain this and protect the cultural vibrancy and mix of people who allow our industry to flourish.

There were notes of caution sounded around recruitment right now while uncertainty about future arrangements with the EU and the post-Brexit relationship continues. Contributors expressed concern that this uncertainty will impact on the availability of talent within the UK market in the longer-term as potential employees' confidence in their ability to work in the UK long-term wavers.

Contributors called for urgent assurances to people already here and pointed out that waiting until February 2019 is not a viable option.



# What does it mean to our industry?

With so much complexity and mixed messages on progress across many of the areas which affect our sector, we asked a selection of key individuals involved in the animal health sector for their insights on the opportunities and challenges right now. Here's what they told us. To see the full video interviews, keep an eye on our website and @UKNOAH Twitter feed.

The business is going to go on regardless, what you will find is that the resourcefulness in animal health will come to the surface and we will find a way round it. There will be challenges, we just don't know what they are right now, but we will overcome them.

**Dr Edward Ferguson,  
Zoetis**

I think the biggest challenge for the animal health sector both before and after Brexit is maintaining its partnerships. These are partnerships with academia, with fellow companies, start-ups and multinationals. Particularly in the UK there's a really fervent research scene amongst academia and it would be such a waste if that was spoilt or if Brexit caused any friction in this space.

**Joseph Harvey,  
Animal Pharm**

One of the big opportunities in terms of animal health in the broadest sense is probably around things like the pet travel scheme and the ability to bring back in legislation which will protect the status of our companion animal industry.

**Simon Doherty,  
BVA**

The main thing I think will be a challenge is making it attractive for pharmaceutical companies and authorisation holders to get authorisations for new medicines in the UK. That's quite a big concern because there's already a lack of medicines coming into the UK market.

**Leah Craven,  
Nimrod**

They write the rules. They hold all the cards. So they are certainly going to follow the rules. We have to find another way of having that close alignment. We want that close alignment. The question is whether we will get it.

**Rick Clayton,  
AnimalhealthEurope**



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