

What would BREXIT mean for Biotech?

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Britain's exit from the European Union (EU) has shaken the world economy. There is an uncertainty in the business world across sectors, and biotech is no different. Britain is a very important market for biotech and pharma, and one of the immediate challenges is the fate of the European Medicines Agency (EMA) among others.

As per a Norton Rose Fulbright, a global law firm, "After Brexit (2018+) the impact upon the life sciences and healthcare sector largely depends upon what model the UK adopts for its relationship with the EU. If the UK remains in the European Economic Area (EEA), then the changes may be minimal. If the UK joins the European Free Trade Association (EFTA) and negotiates sector specific access to the single market, then the landscape depends on the exact nature of that relationship. If the UK distances itself further from the EU, then the changes may be more extensive.

Whatever the relationship ultimately is, the UK has a strong track record in the life sciences and healthcare sector with tax incentives, investment and funding, R&D and other key drivers high on its agenda. We would expect that to continue. The UK accounts for approximately 25% of the EU market and will remain a key market. Switzerland (which is not in the EU) is a prime example of how the sector can develop effectively outside of the EU."

We contacted industry captains, to understand their views on BREXIT, and whether it will have any impact on Indian lifescience, pharma and biotech sector. Here's what they have to say:

"We respect the democratic decision reached in this referendum. We expect that there will now be a protracted period of transition and we will engage with all the relevant stakeholders to safeguard the competitiveness of the life science industry and the speed of patient access to innovative medicines. We also expect that there will be a period of intense negotiations to determine how the UK will work with Europe and the rest of the world and this could take several years to complete. We therefore believe that the effects of BREXIT will not be immediate and it is too early to discuss its impact on the industry."

- Sanjay Murdeshwar, Managing Director, AstraZeneca India

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"BREXIT is likely to have an impact on the pharmaceutical industry which includes life sciences and the biotech sectors. Membership of the EU has meant that Britain had tariff free access to the EU the second largest economy in the world. The majority of Britain's exports are to the EU. There is expected to be a sizeable impact on scientific research in the UK including clinical research. While Britain contributes money to the EU to fund science and technology research it also gets back a significant amount by way of grants for R&D. In fact of the 28 countries that form part of the EU it receives the highest grants towards research after Germany.

The decline in the value of the amount is likely to have immediate impact on Indian companies that have an exposure to the UK market. Many existing contracts of pharmaceutical companies with manufacturing and R&D will be losing propositions unless these are renegotiated. However, there is an opportunity to strengthen India - UK economic ties given the long history of these two nations.

One of the immediate challenges as a result of BREXIT is the fate of the European Medicines Agency (EMA) itself which is currently located in London and oversees drug regulation and approval for all EU nations. If it comes to a stage where EMA has no jurisdiction over Britain then pharmaceutical companies in UK would need to get approval in both the UK and the EU translating into more time and energy to get drug approvals and bring new medicines to patients in these countries. BREXIT puts under jeopardy the ability of pharmaceutical companies in Britain to access the large pool of patients in the EU market not only for its drugs but also for clinical trials. The EU is estimated to have around 500 million patients."

- Ranjit Shahani, President Emeritus, OPPI

"It would not mean anything for bioscience industry, unless other members of EU also start exiting EU.

As for Indian pharma/lifesciences/biotech sector, nothing foreseen, except a minor blip for some companies that have UK as a major market. We have to wait and watch. It's too early to comment."

-Dr. K.R. Rajyashri, Director & CSO, Navya Biologicals