

Interview with Minister Bruton, Department of Jobs, Enterprise, and Innovation

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The Irish pharmaceutical industry employs more than 50,000 people, and generates more than 50% of Irish exports. How would the Minister sum the importance of this sector to the Irish state and economy?

The Life science industry as a whole employs over 50,000 people of whom over 24,000 are employed in the pharmaceutical industry and the balance in the medical device industry. In addition, a further 24,000 people are employed providing services to the industry. The pharmaceutical industry in Ireland is highly advanced, incorporating the latest technology, state of the art equipment and strict quality control procedures. Ireland's pharmaceutical industry offers a wide range of products and services, from research and development for new medicines to the manufacturing and marketing of new medicines for humans and animals.

The industry has been a key contributor to the Irish economy in recent years contributing corporation tax and total tax receipts of approximately €3 billion annually. Ireland is now the largest net exporter of pharmaceuticals in the world and using the broader pharmachem measure, exports were worth €55.1 billion in 2011, accounting for over 50% of all exports from the country. The total replacement value of the investment by the sector in the Irish economy exceeded €40 billion. Over €7 billion has been invested in the last ten years.

An important aspect in the development of the sector, which has helped to significantly boost its contribution to the Irish economy, has been the success of the sector in diversifying the nature of its investment in Ireland from the original bulk active plants to higher value activities. The

maintenance of a culture of support for innovation is significant to the success of such a move up the value chain.

What makes Ireland competitive in relation to ‘like economies’—such as Singapore and Switzerland—in attracting foreign investment from pharmaceutical companies? Tax: Our 12.5% Corporation Tax rate is obviously an important factor for consideration by companies in the pharmaceutical industry.

Talent: Ireland’s highly educated, English speaking, flexible workforce compares extremely favourably to the workforce in other jurisdictions.

Track record: Ireland has an almost unique track record for excellence and compliance in the highly regulated field of pharmaceutical manufacturing, something that is underpinned by the highly educated workforce and an internationally respected regulatory body in the Irish Medicines Board.

Technology: The Government has demonstrated a very significant commitment to supporting technology uplift in the pharmaceutical industry over the years, through support for in-house R&D, the creation of NIBRT to support the transition to manufacturing of next-generation biotech drugs, and support for academic research and education.

What is the Department’s strategy to ensure that the pharmaceutical industry continues to invest in Ireland in the future, and that these investments continue to increase in complexity?

Significant supports are available through IDA Ireland to companies who wish to invest in R&D to support new product development and process optimisation to increase plant productivity. The recent research prioritization exercise which was overseen by my Department and its agencies, prioritised two areas, therapeutics and manufacturing, which are directly relevant to the industry. IDA works closely with its sister agencies, Science Foundation Ireland (SFI) and Enterprise Ireland (EI), in the research prioritization forum to ensure that Government investment in academic research supports the near and long term needs of the pharmaceutical industry.

It must also be borne in mind that the Irish Medicines Board (IMB) is a regulatory body that is respected by industry and regulatory authorities globally. This is due to its excellent knowledge of the technical challenges faced by the industry and the expectations of the international community pertaining to the quality of pharmaceutical products. The IMB is known for its tough but fair approach which has raised the bar for regulatory compliance in Ireland, which in turn places Ireland in a strong competitive position to retain and win investment in manufacturing. The IMB is an example of government investment in suitably resourcing a regulatory body which can underpin Ireland’s reputation as a great place to invest.

How has foreign investment stimulated the growth of a pharmaceutical ecosystem?

Ireland has built up a cluster of indigenous companies that are internationally recognised sub suppliers to the pharmaceutical industry, such as PM group and Innopharma. Development of an indigenous cluster of biotech companies developing their own novel products is challenging in the pharmaceutical industry due to the high risk and long timelines in the industry. Hence venture capital in Ireland has tended to focus on industries that provide faster returns on investment such as software and medical devices. However, there are examples of high tech start-ups spinning out from multinationals such as Elan spinouts Merrion, Sigmoid and AGI and corporate venture investment by MNCs in Irish companies such as Roche and Genentech investing in TCD spinout Opsona.

What final message would the Minister like to send to this industry, on behalf of the Department?

The Irish Pharma/biopharma Industry is enormously important and highly valued. There is recognition in Government that industry has been faced with some tough years due to patent expiration but it is now excited that 2012 saw the highest number of new drugs approved by the FDA in 6 years (39).

The Government is aware of trends in the industry, such as the need for more flexible manufacturing because of the trend towards niche buster products and the prediction that 7 of the world's blockbusters will be biologic drugs by 2016.

My Department will continue to support its agencies SFI, IDA and Enterprise Ireland to invest in research and training to help the academic system support industry through the likes of the National Institute for Bioprocess Research and Training, the Solid State Pharmaceuticals Cluster and the Pharma Technology Centre. IDA, who has responsibility for attracting foreign direct investment to Ireland, has expanded its overseas network and remains committed to maintaining and growing relationships with key decision makers in the pharmaceutical industry. IDA can offer a wide variety of assistance to companies to support new investment and uplift in technical capability of existing clients.

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