

Written evidence submitted by MSD (PEG0096)

1.0 Introduction

- 1.0 MSD welcomes the opportunity to respond to this inquiry. As a leading life sciences investor, with a presence in the UK for over 80 years, we have been part of an industry that has brought significant jobs, skills and growth to the economy.
- 1.1 MSD believes that there are significant opportunities for the UK Government to invest and grow the economy and that a globally competitive life sciences environment is key to achieving this. In the context of the COVID recovery and international trade agreements, there are a number of holistic measures that will be important for the UK relating to the pharmaceutical sector – namely investment in the UK’s science base, building healthcare resilience, and prioritising cross-border supply chain and regulatory cooperation. Fundamental to achieving this will be strong industry engagement.
- 1.2 This response addresses selected questions on which MSD has an informed perspective. MSD is happy to be contacted in relation to this inquiry.

2.0 About MSD

- 2.0 Scientific invention is at the heart of what we do, and today, we are at the forefront of some of the world’s most urgent global health challenges, including cancer, hepatitis C, antibiotic resistance, Alzheimer’s disease, Ebola and more. MSD is firmly committed to the UK; we recently announced our plans to invest in a new UK Discovery Centre, which will create around 150 new research roles, based in London. At present we are building our research teams in the UK, temporarily co-located at the London Bioscience Innovation Centre (LBIC) and the Francis Crick Institute, as we finalise plans for our permanent site.
- 2.1 Our Discovery Centre will build upon our already extensive presence in the UK, which includes a manufacturing facility in Northumberland, which produces over four billion tablets a year, our Milton Keynes site, which is the UK’s leading animal health business, and a head office in Hertfordshire.
- 2.2 As a company dedicated to saving and improving lives, MSD recognises that we have a special responsibility to help tackle COVID-19. During this time MSD has remained focused on protecting the safety of its employees and their families, ensuring the supply and manufacture of medicines and vaccines for patients and populations, contributing scientific expertise to the development of antiviral approaches, and supporting healthcare providers and the communities in which they serve.
- 2.3 To support this focus, MSD is undertaking a number of scientific initiatives to help combat COVID-19. We are exploring multiple pathways to advance understanding of SARS-CoV-2 and develop vaccines and treatments, including two COVID-19 vaccine development efforts, a research collaboration to develop a novel antiviral candidate, and an expansive internal research program to assess available vaccine and antiviral candidates [<https://www.msd-uk.com/news-room/covid-19.xhtml>].

3.0 What core/guiding principles should the Government adopt/prioritise in its recovery package, and why?

- 3.1 MSD is passionately committed to diversity and inclusion as fundamental principles of how we operate and we are also challenging ourselves to adopt and deliver on more ambitious green goals. The UK Government should move forward with a recovery plan that delivers on these important principles with clear ambitions.
- 3.2 Reducing socio-economic inequalities plays a key role in reducing health inequalities.ⁱ As a healthcare organisation committed to playing our part in saving and improving lives, we are passionate about supporting the Government and the NHS to ‘level-up’ on access to healthcare and health outcomes.
- 3.3 The COVID-19 experience has shone a light on the pivotal role of R&D within our society, both in meeting health challenges and driving economic growth and investment. Delivering on the ambition to grow R&D

intensity and implementing the Life Sciences Industrial Strategy in full to ensure that the UK is a globally competitive environment for future private investment is crucial.

4.0 How can the Government borrow and/or invest to help the UK deliver on these principles?

- 4.1 Public investment in R&D to meet the R&D intensity target of 2.4% by 2027 and 3% in the longer term is even more important, to encourage private investment and remain competitive. MSD welcomes the Government's recently published R&D Roadmap, setting out the vision to attract global talent, cut unnecessary bureaucracy and cement the UK as a world-leader in science.

5.0 What measures and support will businesses need to rebuild consumer confidence and stimulate growth that is sustainable, both economically and environmentally?

- 5.1 As the UK develops its own independent trade policy, we want to see the UK remain a leading player in the global life sciences sector; ensuring that the industry continues to drive job creation, economic growth and improved patient outcomes. MSD recognises that the UK will be leaving the EU Single Market and Customs Union and within this, our priorities are mutual recognition of assessments, inspections and testing; an appropriate lead time for any changes to customs procedures; and the protection of the UK's world-leading intellectual property regime. Pharmaceutical treatments have very complex global supply chains, which mean it is essential that we can move goods and capital in a timely manner with a minimum of disruption.
- 5.2 The Government should seek to ensure that the UK remains a competitive location for investment from the life sciences industry. To do this, the Government should ensure that the recommendations of the current Life Sciences Industrial Strategy and Sector Deals are implemented in full. We would also like to see a renewed Life Sciences Industrial Strategy that seeks to incentivise inward investment, transforms the UK's clinical research processes, builds a regulatory, access and uptake environment that supports the use of new treatments and improves patient outcomes.
- 5.3 The UK has the opportunity to increase its capacity in strategic areas, looking at future technologies, that will improve both health security and economic growth. For example, Ireland has seen major investments in both biopharmaceuticals and medical devices in recent years with all of the top 10 global drug companies having operations there. The Irish Government won investments against significant international competition due to its focus on providing the fiscal incentives and supporting the skills and research in biologics to make it a leader in advanced manufacturing.
- 5.4 On exiting the EU, the UK has the opportunity to continue its international thought leadership in regulation, to shape future international standards and practices, and to expand investment and support of clinical research, not only to provide direct financial benefits but to also support research in the NHS and the positive impact on care this will bring. Capitalising on these opportunities will be key to creating a flourishing life sciences environment in the UK in the future.

6.0 How can the Government best retain key skills and reskill and upskill the UK workforce to support the recovery and sustainable growth?

- 6.1 For every one job provided by the UK life sciences industry, we support 2.5 jobs elsewhere in the economy.¹
- 6.2 As a research-based pharmaceutical company that strives to discover innovation in areas of unmet medical need, having access to a wide pool of global talent in sciences supports our long-term research goals. MSD supports the UK Government's commitment to attracting talent in the field of science to the UK. The Government should continue to prioritise the smooth movement of global scientific talent to help meet long-term research goals. The Government should also seek to implement an 'end to end' plan to build

¹ PwC, The Economic Contribution of the UK Life Sciences Industry, 2017.

the pipeline of highly skilled research and innovation talent in the UK, including steps set out in the Life Sciences Sector Deals 1 and 2.

- 6.3 As a company committed to the professional development of young people, MSD's Early Talent scheme currently employs over 35 Industrial Placement Students and 12 Graduates across all sites and divisions in the UK, and we are planning to expand our existing apprenticeship scheme in 2021. Indeed, the UK ranked first for the proportion of graduates from Natural Sciences, Mathematics and Statistics programmes among comparator countries, with 14% of graduates being from these programmes in 2016². However, evidence is emerging that young people have been disproportionately impacted by the COVID-19 pandemic. According to the Resolution Foundation, one-third of 18-24-year-old employees (excluding students) have lost jobs or been furloughed, compared to one-in-six prime-age adults³. The Government should continue to work in partnership with businesses, universities, other educational establishments/training providers and non-profit organisations to enhance entrance routes to careers in life sciences for young people from all backgrounds. We would also encourage a focus on access to further education and employment for those from more disadvantaged backgrounds and working with educational establishments to understand disproportionate impacts of the COVID-19 pandemic on young people.

7.0 Is the Industrial Strategy still a relevant and appropriate vehicle through which to deliver post pandemic growth?

- 7.1 The Industrial Strategy is still an important and relevant vehicle for increasing UK productivity by focusing attention and investment on skills, industries and infrastructure. The Life Sciences sector has rightly been identified as a key growth sector, with an overarching focus on increasing global competitiveness to attract inward investment. The high level of Government support (directional and financial) for life sciences investment and productivity to grow is a strong confidence signal.
- 7.2 Commenting specifically on the Life Sciences Industrial Strategy and Sector Deals, the areas of competitive advantage for the UK (genomics, NHS data) plus the areas identified for investment and growth (clinical research, manufacturing capability) require sustained commitment. There is a need to refresh the Life Sciences Strategy and focus now on Sector Deal 3, to reflect the progress made and the current opportunity to optimise inward investment in the post-COVID environment.
- 7.3 The infrastructure under the Life Sciences Council to support the delivery of the Sector Deals has evolved over time and is effective, from MSD's experience as a representative on the Council, the Life Sciences Industrial Strategy Implementation Board and the Innovation in Research and Data Group.
- 7.4 One important aspect of the Strategy's implementation continues to be how the Devolved Nations are engaged to ensure the relevance beyond England.

8.0 What lessons should the Government learn from the pandemic about actions required to improve the UK's resilience to future external shocks (including – but not limited to – health, financial, domestic and global supply chains and climate crises)?

- 8.1 The COVID-19 pandemic has displayed the UK's weakness in prevention, diagnosis and workforce capacity. Government must act to ensure adequate investment and prioritisation of these in the future. The Government may wish to invite insights from across industry, academia and charities to best navigate these challenges.
- 8.2 As the COVID-19 pandemic has illustrated, pharmaceutical supply chains rely on cross-border cooperation and predictability. The journey of medicines and vaccines into the hands of patients should be at the heart of the UK government's considerations around future trading relationships.

² Life Sciences Competitiveness Indicators, 2019.

³ Resolution Foundation, Young workers in the coronavirus crisis, 18 May 2020

- 8.3 To support continued supply resilience during the COVID-19 pandemic and into the future MSD would encourage the UK to use its independent trade policy to support liberalisation measures for medicines and vaccines, caution against the implementation of protectionist measures that may disrupt supply chains and warn against policies mandating changes to global supply chains which may disrupt the journey of a medicines or vaccine to patients.
- 8.4 The pharmaceutical sector is a key partner in the UK's health resilience/national security and MSD stands ready to support the UK Government with collaborative, ongoing efforts into the future.

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ⁱ Institute of Health Equity, The Marmot Review 10 Years on:
<http://www.instituteofhealthequity.org/resources-reports/marmot-review-10-years-on/the-marmot-review-10-years-on-full-report.pdf>