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Pharmaceuticals in Ireland



Business Support on Your Doorstep

Country Facts:

Basic Information

Official Name: Republic of Ireland

Date of Establishment: 29 December 1937

EU Accession: 1 January 1973

Time Zone: GMT

Capital City: Dublin (1.084 m 2009)

Neighbouring Countries:
Northern Ireland

Area: 68,890 km²

Population: 4,670,976 (July 2011)

Territorial Division (26 regions):
Carlow, Cavan, Clare, Cork, Donegal, Dublin, Galway, Kerry, Kildare, Kilkenny, Laois, Leitrim, Limerick, Longford, Louth, Mayo, Meath, Monaghan, Offaly, Roscommon, Sligo, Tipperary, Waterford, Westmeath, Wexford, Wicklow

Ethnic Groups: Irish: 87.4%, Other White: 7.5%, Asian: 1.3%, Black: 1.1%, Mixed: 1.1%, Unspecified: 1.6%

Economic Data

Currency: Euro since 1 January 2002

Inflation: -1.6% (2010)

GDP (\$bn): 204.144 (2010)

GDP (Purchasing Power Parity): 173.614 (2010)

Real GDP Growth 2011: 2.3%

Real GDP Growth 2010: -0.3%

Structure of GDP: Agriculture 2%, Industry 29%, Services 70%

Key Industries: Pharmaceuticals, Chemicals, Computer Hardware and Software, Food products, Beverages and Brewing, and Medical Devices



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Political Data

State Organisation: Republic

Political System:

Parliamentary Democracy

President: Mary McAleese

Prime Minister: Enda Kenny

Membership of International Organisations: EU, UN, UNESCO, OECD, IMF, UNIDO, WHO, WTO, INTERPOL, EMU, CE, IAEA, ICC

The Pharmaceutical Sector in Ireland

The Pharmaceutical Sector in Ireland may be divided into four main sub-sectors:

- Primary Pharmaceuticals (Chemical)
- Secondary Pharmaceuticals (Final Dosage Form & Packaging)
- Diagnostics
- Biopharmaceuticals (Alteration of molecules, genes and cells to develop new medicines and therapies)

The main Pharmaceutical activities in Ireland are:

- Research and Development
- Global Business Service Centres
- High Value Manufacturing
- Headquarters and IP Management
- Supply Chain Management

Key Sector Characteristics:

- Ireland is the No. 1 European location for international pharmaceutical investment.
- 9 out of the top 10 pharmaceutical companies are located in Ireland.
- 7 out of 10 pharmaceutical blockbusters are produced in Ireland
- Ireland is home to over 100 companies engaged in pharmaceutical and chemical related activities.

- Ireland is the largest net exporter of medicines globally

Contribution to the Irish Economy

Pharmaceuticals are a major contributor to the Irish economy.

- The pharmaceutical and chemical industry continues to perform strongly throughout the economic crisis and now accounts for 60% of Ireland manufacturing exports.
- The sector was worth 50.8 billion in 2010, a 7.3% increase from 47.3 billion in 2009.
- The sector contributes more than €1 billion in corporation tax to the Irish Exchequer annually.
- The replacement value of the sector is estimated to be €40 billion.

Key Players

GlaxoSmithKline – Is the world's 2nd largest pharmaceutical company and a world leader in the areas of anti-infectives, the central nervous system and respiratory. The company established its manufacturing facility in Cork in 1974 and continues to expand its operations.

Merck & Co. Inc – Is a global healthcare company ranked 8th in the world for pharmaceutical sales. Established 1891, Merck currently discovers, develops, manufacturers and markets vaccines and medicines to address unmet medical needs.

Pfizer – is the largest pharmaceutical company in the world and produces human and animal medicines and consumer healthcare products. It alone have eight operations in Ireland employing over 2,000 people in both high end manufacturing and research development.

Genzyme – is the 4th largest independent pharmaceutical bultechnology c in the world. In 2001 Genzyme Corporation

announced the establishment of a new multi phase manufacturing facility on a 31 acre site in Waterford. In 2007 Genzyme Ireland Limited was approved an R&D grant of €3.9 million in support of a major new R&D investment of €19.5 million in facilities and R&D projects.

Jobs in the Pharmaceutical Sector

- Employment in the sector has grown from 5,200 in 1988 to 25,300 in 2010.
- Over 24,500 people are employed in sectors that provide services to the pharma sector.
- 46% of pharma employees are third-level graduates.
- 25% of all PhD researchers in Irish industry are employed in the sector.
- In 2008, 2 out of every 5 pharmaceutical jobs created in Europe were in Ireland.
- Over the past ten year period, the number of operatives has significantly declines, with managers, professionals and associate professionals increasing.
- Employment in this sector is concentrated within foreign firms.

Growth areas:

The following areas represent growth opportunities for the sector over the next five years:

- **Niche generics/generics-plus:** Manufacture of value added generic pharmaceuticals.
- **Biopharma:** Early-stage drug discovery/drug delivery, enabling technologies.
- **Convergent medical technologies:** Development of new product offerings based on the convergence of multiple technology platforms involving collaboration between innovative pharmaceutical, medical technology, diagnostics and ICT companies.

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- **Pharma contract services:** Development, analysis/testing, regulatory affairs, niche manufacturing, IT.
- **Gastrointestinal disorders:** Ireland is increasingly becoming recognised as a centre of expertise in gastroenterology and immunology.

Investment Incentives

Ireland's intellectual property laws provide companies with generous incentives to innovate. The Irish tax system offers huge support to turn brilliant ideas into the finished article. A highly competitive corporate tax rate of 12.5 % is a major incentive. No tax is paid on earnings from intellectual property where the underlying R&D work was carried out in Ireland.

Ireland recently introduced a new R&D Tax Credit, designed to encourage companies to undertake new and/or additional R&D activity in Ireland. It covers wages, related overheads, plant/machinery, and buildings. Stamp duty on intellectual property rights has been abolished.

Key Challenges for the industry

- Impending expiration of many patents; this will lead to a significant fall in revenue.
- Lack of drugs in R & D stage ready to replace drugs whose patents are about to expire.
- Rising costs of R & D due to increasing legislative requirements and growing technological sophistication. As a result, pharmaceutical firms are adopting cost saving strategies such as job shedding in order to remain competitive.
- Increasing competition from new low-cost, overseas locations.
- Global Consolidation.

- The green agenda and the international drive to curb carbon emissions means even tougher regulations and additional taxes on water and energy.
- Demands for regulatory data have almost doubled in the last 2 years thus increasing the time to get a product to market.
- Loss of Talent & Key Skills through emigration.

New Trends in the Pharmaceutical Industry in Ireland

- **Live licensing** - Increasingly, Pharmaceutical companies are moving away from the "big bang" product launch that involved multi-million euro licence-application processes followed by expensive marketing campaigns. Instead the system of authorising new medicines is becoming more graduated: new therapies are being granted "live licences" contingent on further testing to confirm their safety and efficacy in different patient populations.
- **Niche Drugs** - These are drugs formulated to meet the needs of much smaller patient populations. Better understanding of the molecular basis of diseases has given medical practitioners the ability to see why patients will suffer the same symptoms due to different causes and will therefore respond to different treatments resulting in the demand for drugs that are more tailored to the individual.

Geographical Distribution

The sector has its greatest concentration in the Cork area where over the past 30 years there has been a steady stream of international companies either starting up new manufacturing subsidiaries or expanding existing ones.

Certification of Medicines

- Under European and Irish legislation, all medicinal products must be authorised before being marketed. Medicinal products marketed in Ireland must be authorised by the Irish Medicines Board. For more information visit: <http://www.imb.ie/EN/Medicines.aspx>
- The IMB is also responsible for issuing export certificates for medicinal products and active ingredients or to certify the Good Manufacturing Process compliance of a manufacturing site. For more information visit: <http://www.imb.ie/EN/Medicines/Export-Certification.aspx>
- The advertising of medicinal products in Ireland is regulated by the Medicinal Products (Control of Advertising) Regulations from 2007. For additional information visit: <http://www.ipha.ie/alist/promotion-of-medicines.aspx>

Useful Links

- **IDA: Industrial Development Agency**
<http://www.idaireland.com>
- **PharmaChemical Ireland**
<http://www.pharmachemicalireland.ie>
- **IPHA: Irish Pharmaceutical Healthcare Association**
<http://www.ipha.ie>
- **Irish Medicines Board**
<http://www.imb.ie>
- **European Commission's Directorate General for Enterprise and Industry - Pharmaceuticals**
http://ec.europa.eu/enterprise/sectors/pharmaceuticals/index_en.htm

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