Menu

Facilitating trade in health products through international manufacturing recognition and harmonisation policy

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Executive Summary

Meeting multiple regulatory requirements for pharmaceutical manufacturing in different markets is an inherent reality of modern trade in health. Medicines, vaccines, medical equipment, and their standards of production are highly regulated to ensure patient safety, product quality and efficacy throughout development, manufacture, distribution, and use.

The global life sciences supply chain involves multiple regulatory authorities and spans numerous jurisdictions, which can lead to duplication in the necessary supervisory and regulatory oversight activities as inputs and finished medical products cross borders.

World Trade Organization (WTO) rules recognise the burden of regulatory duplication, and support and encourage recognition strategies. However, they have generally been underused as a potential solution to the challenge of trading across multiple regulatory jurisdictions.

Through a dynamic and global approach to recognising manufacturing standards and processes for pharmaceuticals and aligning against international standards, the UK can reduce unnecessary duplication, deliver patient access to medicines and bolster supply chain resilience.

This paper is concerned with recognition of set pharmaceutical manufacturing aspects:

- good manufacturing practice (GMP),
- good laboratory practice (GLP),
- good clinical practice (GCP)
- good distribution practice (GDP)
- batch testing and release
- manufacturinginspections.

While the arguments for the benefits of creating scope for regulatory activities to be **shared between comparable authorities** in carefully defined circumstances may be similar to other aspects of the MHRA's work – for example, recognition policy on the licensing of medicines – this paper is focused on how recognition of manufacturing can support supply chains efficiency for medical products.

The primary beneficiaries of recognition are patients; removing additional steps in an already complex supply chain helps facilitate timely patient access to medicines, vaccines, and healthcare products with the same level of quality and safety.

Recognition also offers significant benefits to companies, particularly those with activity in multiple global markets. The development of mutually shared standards and procedures in manufacturing will inevitably help spread the economic and health benefits of innovative health products across nations.

As a champion of robust regulation and open trade, the UK should aim to be an innovator in this area, both in life sciences and more generally. For the UK's life sciences ecosystem – particularly the bodies responsible for delivering regulation and guidance – a more active role in global recognition will support international leadership and facilitate mutually beneficial partnerships with like-minded bodies from other nations.

The value of manufacturing recognition policy to the UK

The UK can bolster its position as a leader in life sciences by charting a pragmatic approach towards, and engaging purposefully with, a global recognition policy for manufacturing.

Promoting a UK brand of regulatory diplomacy and leadership in which the MHRA's international reach is coupled with an agile regulatory framework lays the foundations to unlock increasing international recognition of UK best practice. This can in turn reduce regulatory asymmetries and encourage further international cohesion and alignment.

Successfully operating such a policy has the added benefit of helping to shape a level playing field for UK exporters, setting the scene for export-led economic growth through the promotion of internationally agreed standards that reduce barriers to trade, introduce certainty to the domestic investment and operating environments, and reward innovation.

When executed effectively, the benefits of recognition policy are clear: the UK can realise efficiency savings for domestic industry, ease pressures on regulatory bandwidth, and boost competitiveness through increased export growth and inward investment, all while improving outcomes for patients.

A UK approach – five key recommendations for a global manufacturing recognition strategy

The UK is a considerable exporter and importer of medicines, vaccines, medical devices, and related goods. These imports supply the NHS, fuel a globally recognised research ecosystem, and underpin a manufacturing sector that employs 56,500 people and produces exports that reach every major market in the world.

Over **£25.4 billion** **worth of medicinal and pharmaceutical products were exported around the world** in 2022.[1] This figure is almost double the £13.8 billion worth of branded medicines procured by NHS England in 2022,[2] illustrating the scale and importance of UK pharmaceuticals trade flows compared to domestic consumption.

However, **£30.8 billion** **worth of medicinal and pharmaceutical products were imported in 2022**, meaning the UK trade deficit was approximately £5.4 billion.[3] Between 2010 and 2020 the UK fell from fourth to 98th place in overall trade balance in pharmaceuticals,[4] demonstrating the need for UK policy strategy that supports the life sciences.

The **UK should be a pragmatic user of recognition** and other forms of cooperation, and champion the continued recognition of UK life sciences standards by others.

Recommendation	Rationale
1 **Support unilateral recognition of UK manufacturing standards by others**	The UK should continue to encourage other countries to use UK standards as a benchmark and source of regulatory relief in their own systems, including by codifying this practice in their own trade agreements with others. This can support the deployment of UK intellectual property and UK-manufactured products and enhances the global reputation of UK regulation. Where states have recognised U.S., EU or other 'stringent regulatory authorities'[i] or 'listed authorities' in this way, the UK should ensure that it receives the same treatment.
2 **Make pragmatic use of manufacturing recognition to support the UK as a life sciences importer and exporter**	Recognising and leveraging the work of listed international peers through unilateral recognition can be encouraged, when this is in the UK's best interest and is not detrimental to areas of leadership. The UK already recognises batch testing on medical products imported from the EU to minimise delays in medicines imports for the NHS, avoid the imposition of costly and duplicative paperwork requirements on businesses importing finished pharmaceutical products into the UK, and make efficient use of MHRA resources.
3 **Build a tailored portfolio of life sciences mutual recognition agreements (MRAs)**	The UK should aim to build a portfolio of MRAs that targets its triple strengths as an international research hub, pharmaceutical exporter, and sophisticated public health provider. This means, on a case-by-case basis, combining recognition for GLP, GMP, GCP, batch testing and inspections with the widest feasible product scope. The UK should be open to the possibility of incorporating aspects of medicine or device authorisation into its MRA frameworks with like-minded partners. These could draw on the approaches used in unilateral recognition regimes by states such as Singapore. In general, UK MRAs should be negotiated on a standalone basis and avoid being tied to Free Trade Agreement (FTA) negotiations where feasible.

i. Defined by the World Health Organisation as a member of ICH (EC, US FDA, PMDA); or an ICH observer (Swissmedic, Health Canada); or a regulatory agency associated with an ICH member through a legal binding MRA (Australia, Iceland, Liechtenstein, and Norway)

Recommendation	Rationale
4 **Support regulatory cooperation frameworks and global harmonisation on which recognition can be built**	The UK should champion regulatory convergence mechanisms, such as the Pharmaceutical Inspection Co-operation Scheme (PIC/S), Project Orbis and the Access Consortium, designed to align best practice in areas on which MRAs may ultimately be built. Global harmonisation of international manufacturing policy can help to ease recognition between regulators.
5 **Champion the 'good governance' dimension of mutual recognition**	As it has in financial services, the UK should aim to ensure that MRAs include strong provisions balancing regulatory autonomy with responsible practice. This means blending cooperation and two-way alert systems with protocols for the design, maintenance and possible suspension of recognition – ones which acknowledge the disruption that can be caused if recognition can be withdrawn without warning or adequate justification.

1. Introduction:

What is manufacturing recognition and how does it facilitate life sciences trade?

Medicines imports and exports are among the most highly regulated of any goods traded by the UK. All life sciences goods placed on the UK market must be authorised in the UK, including those imported and placed on the UK market.[ii]

Likewise, UK pharmaceutical exports to other countries are subject to similar regulation and standards in their export destinations. These standards tend to include:

GMP – good manufacturing practice: the minimum standards that a medicines manufacturer must meet in their production processes. It ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the marketing authorisation and products specifications.

GLP – good laboratory practice: the rules and criteria for defining and enforcing processes and the conditions under which non-clinical health and environmental safety studies are planned, performed, monitored, recorded, reported and archived.

ii. Implementation of the Windsor Framework is in progress but will mean there is an all-UK market for medicines which includes both Great Britain and Northern Ireland.

GCP – good clinical practice: the ethical and scientific quality standards for designing, recording and reporting trials that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety and wellbeing of trial subjects are protected, and that clinical trial data are credible.

Batch release: the certification of a medicinal product, medicine, or vaccine by an authorised person before that batch of the product is made available to patients.

Authorisation processes: the authorisation of a medicine, vaccine, or medical device to be placed on the market in a defined jurisdiction.

The regulation duplication challenge

Regulatory and standards regimes are a critical part of a country's system for ensuring that traded medicines are safe and that trade partners sustain high standards of production. However, they can also create a high degree of duplication (see figure 1), for example in the activity of National Competent Authorities (NCAs).

Figure 1: The potential duplication challenge in the journey of a medicine

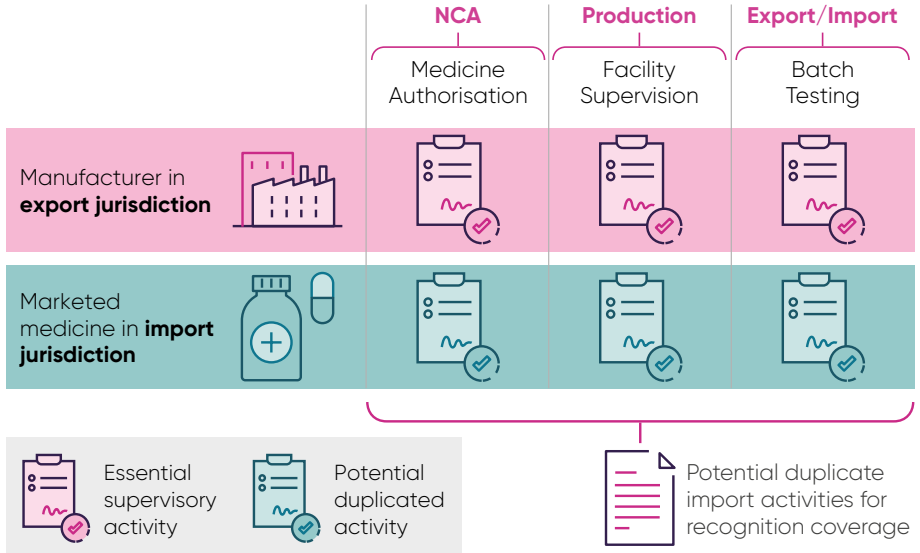


Figure 2: Median approval time for pre-market approval of a new active substance of other 'stringent regulators' (2021), in days

Every new medicine or vaccine is assessed for authorisation in every marketing jurisdiction. Both domestic and foreign inspections by regulatory authorities may be required to assess conditions in manufacturing facilities or the composition of their output. Although standards are often developed internationally, their codification into regulation and their enforcement is a national practice.

Duplication of testing, inspections, and other processes across a medicines management cycle, such as regulatory reviews for variations and new products, has significant implications in time, cost, and resources for both manufacturers and regulators. Including duplicative steps into an already complex, integrated supply chain also increases its complexity and length, resulting in delays in patient access.

To illustrate the discrepancies that exist between international regulators, figure 2 shows the median times required for pre-market approval of a new active substance under different jurisdictions.

In life sciences, recognition is a tool that can help to reduce the burden on regulators and businesses, while ensuring the highest standards of safety are maintained.

Recognition as trade facilitation in the WTO rulebook

Recognition is explicitly addressed, encouraged and in some cases required in WTO frameworks, including the WTO Technical Barriers to Trade (TBT) Agreement, the WTO Sanitary and Phytosanitary (SPS) Agreement and the WTO General Agreement on Trade in Services (GATS) Agreement (all 1995).

All three of these agreements promote recognition as a way of supporting trade in regulated goods and services and supporting diversity and choice in product and service markets. There is no WTO-level agreement that explicitly addresses recognition in pharmaceuticals, although the TBT Agreement applies in many cases.

This body of WTO practice is important because it sets out some key assumptions about how to tackle the question of the impact of (necessary) regulation on trade. These assumptions might be summed up as follows:

- That it is possible – and desirable – for one state to 'recognise' a body or agency in another jurisdiction as having a level of competence to make judgements of a defined kind that will be accepted as authoritative in the first state.

  This body or agency could be a conformity assessment body, a qualification assessment body or a sectoral regulator of some kind. This is sometimes referred to in contemporary FTA or Memorandum of Understanding (MoU) drafting as 'deference' or 'reliance', as it usually implies a willingness to defer to, or rely on, the judgements of a third country authority in very carefully defined circumstances and subject to defined contingent conditions.

  This crucial step potentially transforms the way that regulation affects trade because it allows elements of the regulatory oversight of traded goods and services to be shared **between** governments, removing duplication.

- That it is possible to determine whether the substantive regulated standards in a third country jurisdiction are **equivalent** in their aims and outcomes to those in another, even if they are not formally identical.

  This crucial step opens the possibility of a state relying not only on the judgement of authorisation bodies, but on the substantive law and regulation of a partner country, further reducing duplication in regulatory requirements.

- That, on these bases, it should be possible to adopt certain forms of **regulatory relief** for traded goods, designed not to eliminate oversight of product or service requirements, but to **remove unnecessary duplication** in the application of such requirements.

These assumptions and the policies based on them ensure the effective regulation of traded goods and services while removing a degree of duplication in regulatory requirements for imports.

However, they also raise sensitive practical and political questions about when and in what ways states should trust and rely on the regulatory capabilities of others.

Although many WTO states have sought to harness the potential of recognition in some areas, it remains an underused tool in the WTO toolkit, especially for life sciences.

Government structures and international memberships that support recognition policy

At its core, the underlying principle of recognition policy in the life sciences sector centres on how recognition by one authority of another authority's practice and regulatory standards can increase efficiencies and, in turn, derive benefits to patients. **Central to realising this objective in a UK context is the concept of regulatory diplomacy: creating an international body of converging practice on which recognition can be built.**

This section briefly examines how UK government structures engage in the policy development process, international regulatory cooperation, and delivery of recognition arrangements. It also sets out why the UK's international memberships are important for informing effective recognition policy frameworks.

Government departments responsible for recognition policy

The UK's recognition strategy and pursuit of regulatory diplomacy in the life sciences spans a range of areas of domestic regulation, from conformity assessment processes to security of supply factors.

The successful delivery of UK recognition policy requires coordinated working relationships across government, where crucial policy and delivery levers reside in different departments. At a high level, the following departments are critical to shaping and successfully executing UK recognition policy objectives:

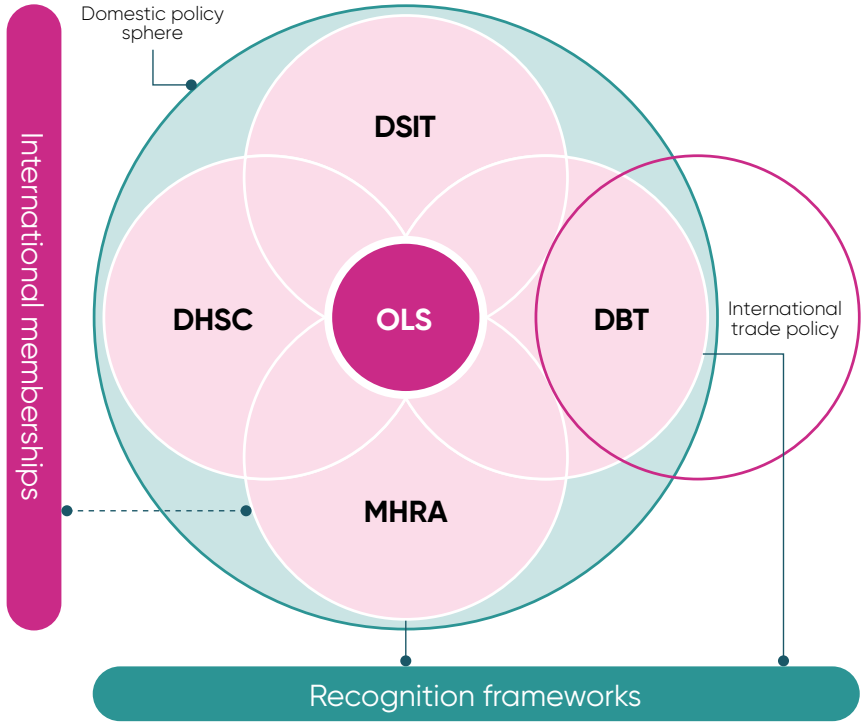
- the Department for Business and Trade (DBT)
- the Department for Health and Social Care (DHSC)
- the Department for Science, Innovation and Technology (DSIT)
- the Medicines and Healthcare products Regulatory Agency (MHRA)
- arm's length bodies of the MHRA, such as the National Institute for Biological Standards and Control (NIBSC)
- the Office for Life Sciences (OLS)

Figure 3 illustrates the structures and necessary close working relationships required to generate increasingly harmonised approaches to regulatory standards between the UK and key trading partners. It underscores the crucial links between domestic policy and international trade policy, where regulatory diplomacy has its impact.

It also stresses the fundamental role played by international memberships, which are essential to stimulating technical regulator-to-regulator dialogues.

Regulatory diplomacy and the role for DBT

Figure 3. The role of government departments, regulator and international memberships in formulating and delivering UK recognition policy



The creation of the DBT and the merging of decision-making responsibilities for international trade policy and domestic business regulation is a positive step for advancing UK regulatory diplomacy objectives. Whilst the MHRA rightly remains under the DHSC, the opportunity presented by fusing broader domestic regulation and international trade competencies should be fully harnessed, with a core DBT objective set to devise and execute a regulatory diplomacy strategy that promotes UK 'gold-standard' approaches to regulation and supervision across export markets.

Increasing regulatory alignment and exporting UK regulatory 'best practice' for life sciences should be viewed as a fundamental pillar of the UK's overall life sciences policy. It can unlock deepened cooperation with key regulatory peers and allow collaboration in areas such as improving intellectual property protections, as well as encourage research and innovation in key disease areas. This in turn can lay the groundwork for binding trade frameworks that integrate recognition, both in the form of FTAs and MRAs.

International regulatory harmonisation to support recognition

The UK is a comparatively small global market for pharmaceuticals, so it is essential that it does not become isolated from wider international dialogues that focus on regulation and the development of international standards, especially for the regulation of new technologies or therapies.

Regulatory harmonisation between established regulatory authorities through international forums and organisations allows for alignment in technical requirements that can help to break down barriers and pave the way for easier recognition and reliance activity.

Greater harmonisation, championed by regulators and supported by wider government approaches to international collaboration on technical manufacturing standards, promotes innovation, furthers patient safety by ensuring that the highest standards are made mainstream, and furthers supply chain resilience by minimising divergences in processes where this is unnecessary.

The MHRA has established an International Strategy Unit, whose role is to engage with, and lead discussions within, international memberships. International collaboration must not be overlooked in the agency's future plans and must remain a post-Brexit MHRA priority. This also represents an opportunity to further the MHRA's 'unique offer' to global industry, furthering changes to international frameworks that support innovation.

A core pillar of the UK's regulatory diplomacy approach – alongside the groundwork laid by DBT – is effective involvement with international memberships that support regulator-to-regulator technical dialogue and engagement.

The international memberships that support UK recognition and harmonisation policy formation are listed below.

International memberships	Detail and UK priority
International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH)	The UK should continue to encourage other countries to use UK standards as a benchmark and source of regulatory relief in their own systems, including by codifying this practice in their own trade agreements with others. This can support the deployment of UK intellectual property and UK-manufactured products and enhances the global reputation of UK regulation. Where states have recognised U.S., EU or other 'stringent regulatory authorities'[1] or 'listed authorities' in this way, the UK should ensure that it receives the same treatment.

International memberships	Detail and UK priority
International Pharmaceutical Regulators Programme (IPRP)	The IPRP aims to create an environment for pharmaceutical regulators to exchange information on issues of mutual concern and regulatory cooperation. Membership is relatively comprehensive globally, with eight working groups covering bioequivalence for the following: - generics - biosimilars - cell therapies - gene therapies - medicines standards - nanomedicines - quality - pharmacovigilance The primary UK interest in the IPRP is the opportunities and avenues the forum provides to explore recognition topics that extend beyond essential GCP standards.

International memberships	Detail and UK priority
European Directorate for the Quality of Medicines and HealthCare (EDQM)	The EDQM is a directorate of the Council of Europe, responsible for enabling members to cooperate to ensure the quality of medicine. This includes the following MHRA involvement: • The European Pharmacopoeia is a single reference work, elaborated by the EDQM, which sets out common standards for the quality control of medicines in the signatory states. The standards have been ratified in legal binding treaties across Europe. Observers include the U.S., World Health Organisation (WHO) and others. MHRA involvement in the pharmacopoeia enables the UK to benefit from shared knowledge on safety and standards. • The MHRA's NIBSC is an observer at the EDQM's Official Medicines Control Laboratory Network for biological medicines, which provides reference samples and materials against which medicines can be tested for quality and safety. While the UK has its own NIBSC, observer status enables the UK to keep abreast of technical issues and manage its own national standards. As a signatory to the convention covering EDQM's work, the primary UK interest in the body should revolve around maintaining active participation in order to continue to benefit from efficiency gains in shared standards.

International memberships	Detail and UK priority
International Coalition of Medicines Regulatory Authorities (ICMRA)	The ICMRA is a voluntary, executive-level, strategic coordination and leadership entity of regulatory authorities. ICMRA provides global architecture to support enhanced communication, information sharing and crisis response and assists in addressing regulatory science issues. ICRMA's aims are primarily focused on informal communication. For example, supplementing engagement around key global health meetings such as the World Health Assembly. Primary UK interests in the ICMRA centre on the UK accessing a wealth of 'soft' intelligence and exerting influence at an executive level. It is important that the UK continues to engage with the ICMRA proactively.

International memberships	Detail and UK priority
Pharmaceutical Inspection Convention/ co-operation Scheme (PIC/S)	PIC/S brings together 54 regulatory authorities in a non-binding co-operative to support the international development, implementation, and maintenance of harmonised GMP standards and quality systems of inspectorates in the field of medicinal products. Shared GMP standards are fundamental to UK interests. They ensure that imported goods are safe for use in the UK and introduce efficiencies by minimising duplication of quality control procedures. The primary UK interest in PIC/S is well known and the MHRA is a well-established party in this forum. The UK should continue to play an assertive and influential role within the PIC/S co-operative.

International memberships	Detail and UK priority
Medical Devices Innovation Consortium (MDIC)	The MDIC has a primarily US-centric membership base. This public-private partnership brings together representatives of regulatory bodies, industry, non-profits and patient organisations to improve the processes for development, assessment and review of new medical technologies, accelerating the path from R&D to patient access. MDIC does not possess 'hard' levers or established codes of practice. Primary UK interests in this forum relate to exploiting the opportunity for knowledge-sharing, along with the identification of opportunities to streamline processes concerning medical technologies and their applications.

Recommendation: Support regulatory cooperation frameworks

The UK should champion regulatory convergence mechanisms, such as the PIC/S scheme and the Access Consortium, that are designed to align best practice in areas on which MRAs may ultimately be built.

2. Unilateral recognition

Although recognition is often 'mutual' it does not need to operate within a framework of mutual reciprocity. Reciprocity may be useful or politically important in any given bilateral context where recognition can confer trade advantages. However, there are situations in which it may make sense for a state to recognise regulatory or other authoritative judgements in third countries for the purpose of its own regulation or market supervision.

In life sciences, unilateral recognition is used in some markets to 'borrow' the expertise of world-class regulators from third countries. While maintaining their own regulatory and authorisation frameworks, states create the legal option to 'rely' on defined decisions from a defined set of market regulators in defined situations. This form of unilateral recognition are a useful way for authorities to efficiently use their regulatory resource by reducing unnecessary burdens without compromising regulatory rigour.

As referenced previously, Singapore unilaterally recognises authorisation outcome decisions issued by the MHRA, the U.S. Food and Drug Administration (FDA) and EU European Medicines Agency (EMA). Similarly, the recent UK decision to permanently recognise EU/EEA batch testing of medicinal products via the UK's 'listing system' (box 1, below) is a pertinent example of how unilateral recognition policies can be adopted to realise tangible benefits for the domestic life sciences industry.

Unilateral recognition is used in some markets to **'borrow' the expertise** of world-class regulators from third countries

Box 1: UK recognition of batch testing of medicinal products from listed countries – towards a unilateral approach for the UK

Batch testing is an end-of-process laboratory test that confirms every batch of medicine or vaccine has the correct composition. The process exists to help ensure patients receive medicines of the necessary quality to deliver the intended therapeutic effect.

The UK has reciprocal batch testing arrangements in place with major pharmaceutical nations via MRAs, including Australia, Canada, Israel, Japan, New Zealand, Switzerland, and the U.S.

In December 2022, the UK government published a new policy decision on its permanent approach to accepting batch testing results from third countries where no MRAs are in place.[6] To operationalise this policy, the UK has implemented a 'listing system' of 'approved countries for import'.[7] Where a third country is listed, the requirement to batch test import medicines into the UK is removed, provided they have been Qualified Person (QP) certified in a listed country.

As part of its December decision, the government added the EU/EEA to the listing system on a unilateral basis, meaning that the UK will accept QP-certified EU/EEA imports even though no corresponding recognition exists for UK medical exports into the EU. Currently, the EU/EEA states are the only non-MRA approved countries for export. However, the UK lists are open for review every three years.

This example of a pragmatically applied UK unilateral approach has proven effective in eliminating duplicative batch testing requirements, while upholding patient safety and preserving the UK supply of essential medicines by providing certainty for industry.

Going forward, the UK should continue to identify instances (beyond batch testing) where similar pragmatic approaches can be applied to other third country regulatory jurisdictions that do not have MRA coverage.

UK reciprocal batch testing arrangements

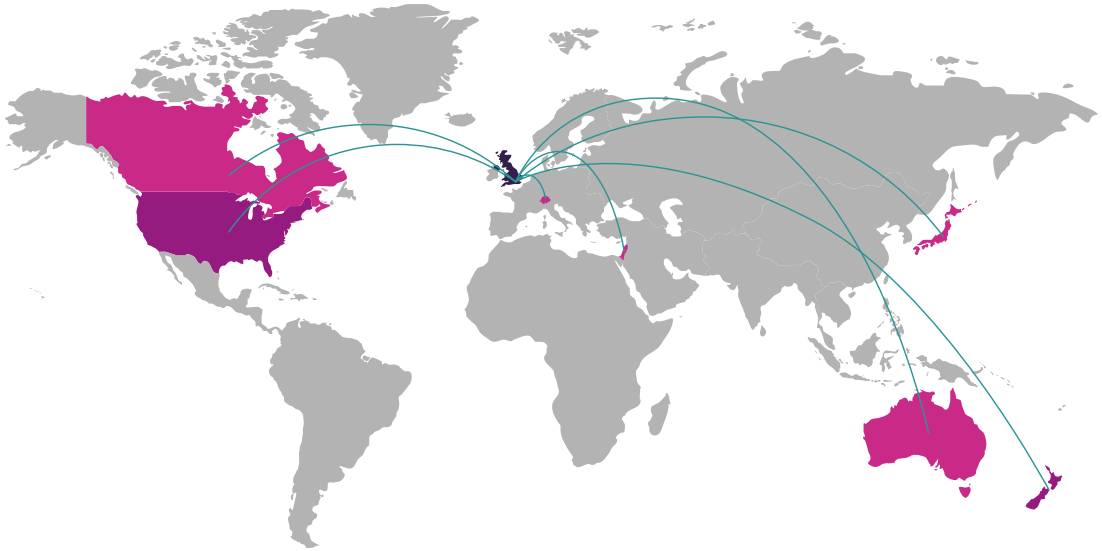


Table 2: Examples of unilateral recognition regimes

Country	Recognised regulators	Simplified Review	Full review process alternative
Saudi Arabia[8,9]	EMA, FDA	**Verification pathway:** process where the product has been approved and marketed by both EMA and FDA – 30 days. **Abridged pathway:** process where the product has been approved and marketed by either the EMA or FDA – 60 days.	280 days
	Stringent regulatory authority: FDA, EMA, MHRA, Swissmedic, Health Canada and the Therapeutic Goods Administration (TGA)	**Priority review pathway:** for the treatment of a serious or life-threatening condition and/or demonstrates the potential to address unmet medical needs – 168 days.	243 days
Singapore[10]	EMA, FDA, MHRA, Australia-TGA, Health Canada	**Verification pathway:** any new or generic product that has been approved by our reference drug regulatory agencies – 50+60 days. **Abridged pathway:** any new or generic product that has been approved by at least one drug regulatory agency – 50+180 days.	50+270 days
Taiwan[11,12]	EMA, FDA, Pharmaceuticals and Medical Devices Agency (PMDA-Japan)	**Simplified review:** the product is approved by all three countries and uses the same Chemistry, Manufacturing and Controls (CMC) – 120 days.	360 days
	General Institute for Drugs and Medical Devices (BfArM-Germany), National Agency for the Safety of Medicine and Health Products (ASM-France), MHRA, FDA, PMDA	**Accelerated review:** orphan drugs recognised by 10 advanced countries – 240 days	360 days

What tends to underpin these frameworks from a policy and political perspective is the desire to facilitate the distribution of high-quality medicines as quickly and effectively as possible by striking a pragmatic balance between the capabilities of domestic regulators and their listed global peers. This takes the form of expedited treatment under local frameworks, not simple substitution of third country frameworks for domestic ones. The judgements being relied on are generally discrete regulatory determinations on fundamental product safety, usually for new medicines being placed on the market for the first time.

Box 2: Unilateral recognition of UK decisions in the UAE-India FTA

The UAE-India FTA uses unilateral recognition in life sciences in an interesting way: the two parties use the standards of a group of the most well-respected, listed international regulators as an external benchmark for a defined set of purposes. In essence, the two parties mutually agree to unilaterally recognise defined judgements from these authorities to facilitate trade. Specifically, the FTA creates the following commitments:

- Where no prescribed standards exist in the pharmacopeia of one of the parties for a pharmaceutical product, the other party shall accept all the standards related to that product that have been accepted by a group of leading regulators, including the UK. (ARTICLE 4: Recognition of Quality Standards).
- The parties agree to recognise and accept GMP and GCP assessments of facilities and products operating or produced in the other party, where these have been produced by one or more of a group of regulators, including the UK. Parties are permitted to assert the right to carry out their own inspections, but these are expected to be an exception from normal practice, based on issues clearly identified in post-market surveillance. (ARTICLE 5: GMP and GCP Inspections).

The UK has a general interest in encouraging such commitments between other third countries as a way of reinforcing the global credibility of UK standard-setting and the reputation of its regulatory bodies. In some cases, there may also be commercial interests in play if the trade being facilitated under such arrangements involves UK-generated IP or medicine manufacture and trade through the subsidiaries of UK life sciences companies.

Recommendation: Support unilateral recognition of UK standards by others

The UK should advocate for the MHRA to be included as a reference country in any unilateral recognition framework that is extended to listed peer regulators, especially the FDA and EMA. Such reliance could be covered under domestic regulations of a third party or embedded in a form of agreement between third parties (see box 2).

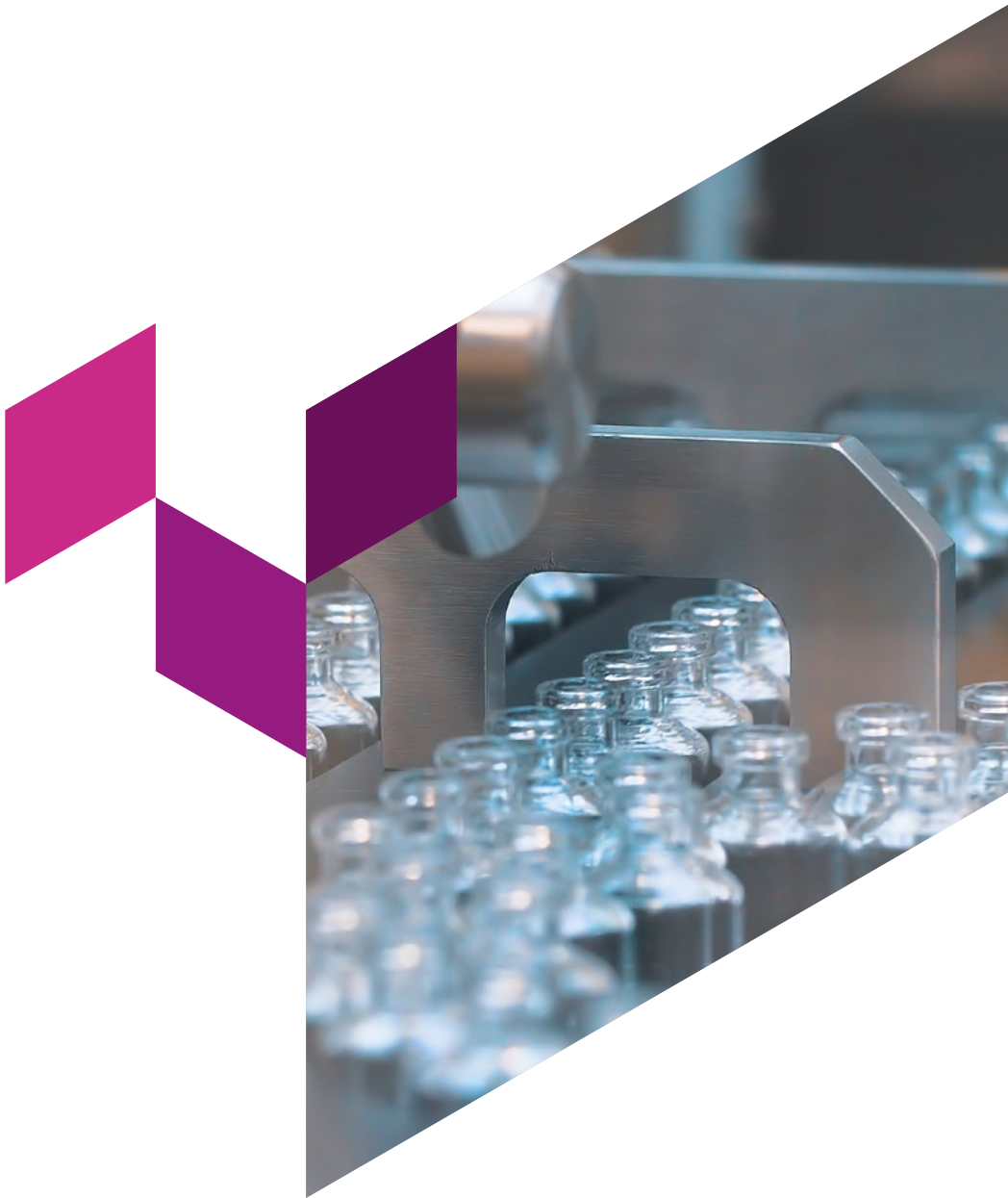
Unilateral recognition from third parties streamlines the introduction and export of UK-authorised (and potentially produced) medicines to third-country markets. While the UK seeks market access opportunities in global markets via unilateral recognition, it should avoid doing so where this may create unnecessary competitive pressure between UK and US or EU regulators.

In other sectors, the UK has an established track record in deploying unilateral recognition pragmatically where it serves UK interests. The same basic principle should apply in life sciences.

For example, in the case of batch testing from the EU, continued unilateral recognition meets this pragmatism criteria and eliminates unnecessary duplication. This is not least because an inherent feature of batch testing is the application of a stringent set of objective, verifiable and precise control measures – such as laboratory-controlled quantitative testing across multiple samples and qualitative QP-certification – all of which serve to strengthen the case for avoiding duplicative methods.

Recommendation: Make pragmatic use of manufacturing recognition

Recognising and leveraging the work of listed international peers through unilateral recognition can be encouraged, when this is in the UK's best interest and is not detrimental to areas of leadership.



3. Mutual recognition

Mutual recognition describes any situation where an element of reliance is agreed or coordinated between two or more partners. The reciprocal nature of such agreements is often seen as politically important, but it also enhances the value of any resulting package by creating value for exporters and importers simultaneously. The scope of an MRA is generally defined by the processes and products it covers, and these can vary widely between agreements.

Generally, the role of MRAs is not to formally harmonise or align life sciences regulation or technical standards, but to determine areas in which practice among parties is sufficiently similar to produce equivalent outcomes, to the extent that parties are willing to rely on that practice in defined areas as a substitute for their own regulatory actions.

Some mutual recognition regimes, such as the EU's internal system, may be explicitly built on obligations to comply with technical standards or regulation, but this is not the norm. Other types of initiatives may aim for collaboration between regulatory authorities rather than compliance, through regular dialogue and expedited facilitation of market access.

Activity scope in MRAs

In principle, MRAs could cover many or most areas of pharmaceutical or life sciences regulation. In practice, they are generally targeted at areas where recognition can remove duplication by authorities in the inspection of facilities (GMP), the design and implementation of high medicine trial standards (GCP) and the inspection of physical batches of medicines for the compliance with composition requirements as part of the supervision regime for traded goods (batch testing) (see table 3).

These are all areas where importing regimes will often require assessments of practice at the source for traded goods, or of batches of produced medicines or vaccines. These inspections will often duplicate those already being conducted by the exporting state's authorities. In these circumstances, a degree of mutual reliance on the supervision of the exporting state can reduce that duplication and the cost, time, and resources for both regulatory authorities and manufacturers involved in inspections.

Table 3: Areas of supervision potentially subject to MRAs

Regulatory domain	What is covered	Examples of MRA in this area
GMP – good manufacturing practice	The minimum standards that a medicines manufacturer must meet in its production processes; ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the marketing authorisation and products specifications.	UK pharmaceutical MRAs with the following countries have established precedent regarding the mutual recognition of GMP inspections: • UK-Australia • UK-Canada • UK-Japan • UK-Switzerland • UK-US
GLP – good laboratory practice	The rules and criteria for defining and enforcing processes, and the conditions under which non-clinical health and environmental safety studies are planned, performed, monitored, recorded, reported, and archived.	The EU has concluded MRAs on GLP with Japan, Israel and Switzerland. Similarly, UK pharmaceutical MRAs with the following countries have established precedence regarding mutual recognition in GLP, alongside GMP and batch testing certification: • UK-Japan • UK-Switzerland
GCP – good clinical practice	The ethical and scientific quality standards for designing, recording and reporting trials that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety and wellbeing of trial subjects are protected, and that clinical-trial data are credible.	The FDA-EMA GCP Initiative is a good example of GCP.
Batch release	Certification of a medicinal product or a drug by an authorised person before that batch of the product is introduced into free circulation.	The EU-Switzerland FTA is a good example of batch release recognition. Similarly, the UK MRAs with the following countries introduce mutual recognition of batch release certificates: • UK-Australia • UK-Canada • UK-Japan • UK-US
Authorisation processes	The authorisation of a drug or medical device to be placed on the market in a defined jurisdiction.	Only the EU's internal market extends to mutual recognition of this type and this is based on wide harmonisation of pharmaceutical regulation. In recent decades, the centralised role of the EMA has displaced national authorisation, especially for new and innovative medicines.

Globally, GMP is the most aligned area of supervision and therefore is often the bedrock of most MRA coverage. This is due to the globalised nature of supply chains for manufactured medicines and vaccines and the resulting high level of collaboration among regulators. This is reflected in the fact that medicinal products for human use is the initial product group on which the PIC/S platform has developed GMP guidelines (see box 3).

GMP is also often a priority for MRA negotiators because GMP regulation (and manufacturing as an activity) will often be the key area where alignment and recognition can ease cross-border activity.

Box 3: International standard-setting for GMP

The PIC/S is a non-binding, informal co-operative arrangement between regulatory authorities in the field of GMP of medicinal products for human or veterinary use. It is open to any authority that has a comparable GMP inspection system. PIC/S presently comprises 54 participating authorities from 50 countries.

PIC/S aims to lead the international development, implementation and maintenance of harmonised GMP standards and quality systems of inspectorates in the field of human and veterinary medicines. It achieves this by developing and promoting harmonised GMP standards and guidance documents, training national regulatory authorities (particularly GMP inspectors), and facilitating cooperation and networking for national regulatory authorities and international organisations.

Through PIC/S membership, regulatory authorities automatically benefit from being part of the PIC/S Rapid Alert and Recall System arising from quality defects, which is part of a wider system that includes the alert and recall system of EU/EEA/MRA partners.

PIC/S membership also facilitates the conclusion of other agreements – almost all global GMP MRAs are between PIC/S members. During the recently concluded initial negotiation on ASEAN Sectoral MRA on GMP Inspection, PIC/S membership accession was accepted as one of the essential criteria for an MRA.

Future PIC/S accession talks from key links of global pharmaceutical supply chains, such as India, should be focused on encouraging these jurisdictions to improve and align regulatory practices with the UK and U.S. Meanwhile, other platforms, such as the Access Consortium, can also be leveraged to strengthen work-sharing practices and build confidence on regulatory capacity among participating regulators.

Product scope in Mutual Recognition Agreements

The products in scope in an MRA will vary across MRAs and potentially across parts of an MRA. MRAs can cover human and veterinary medicine, blood and blood plasma, medical gases, active pharmaceutical ingredients (APIs), clinical trial medicines, human tissue and organs. Product scope can be broadly divided into four categories:

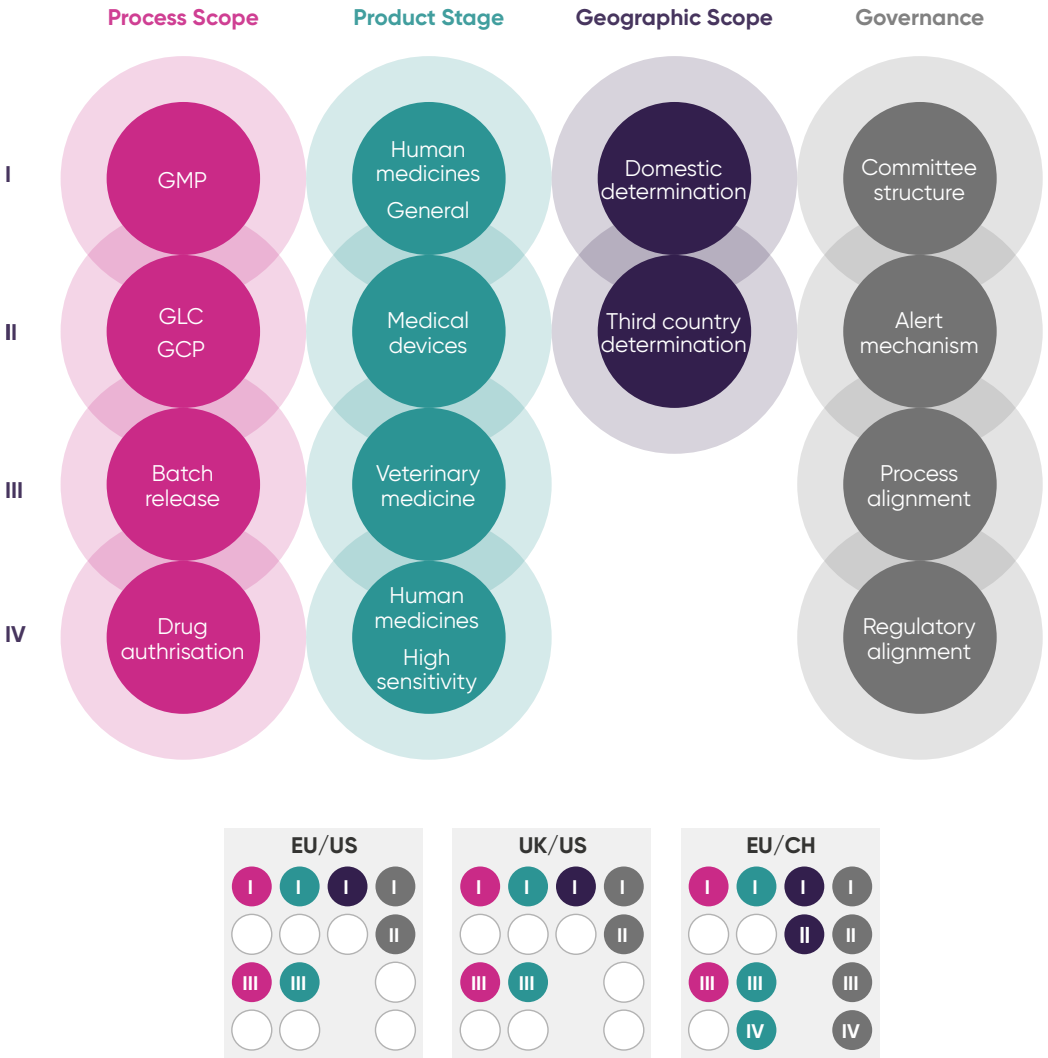
- Human medicines – general sensitivity. These are medicines or other treatments such as gases for human use.
- Human medicines – heightened sensitivity. These are a class of medicine for human use that are of heightened sensitivity, usually because of their advanced or novel status, or are human blood, tissues or their derivatives.
- Veterinary medicines.
- Medical devices.

As with questions of process, coverage will fundamentally reflect areas where partners are satisfied that their regulatory approaches produce equivalent outcomes. However, MRAs can also reflect the underlying structure of the regulatory regime in an MRA partner. Generally, MRAs are applied based on the defined regulatory frameworks assessed, so the exclusion of a product from a particular framework (for example, due to the different frameworks for human and veterinary medicine) may also impact what is in scope in a negotiation.

For example, blood and blood components are excluded from the UK-Canada MRA under the UK-Canada FTA, because the relevant Canadian legislation underpinning mutual recognition of GMP is the Food and Drugs Act 1985. This legislation does not regulate human blood and blood components but does cover products derived from human blood or human plasma and biotherapeutics. This mix is reflected in the MRA.

The broad spectrum of MRA coverage in terms of both scope and degree of alignment is visualised in the below matrix (see figure 4). The matrix also compares the degree of scope and depth of coverage across three existing MRA examples.

Figure 4: The life sciences MRA content matrix



Territorial scope in Mutual Recognition Agreements

MRAs will generally cover inspections conducted in the territory of the FTA party, but they can also extend to any investigation by a recognised body anywhere in the world. While application to domestic inspections is generally mandatory in MRAs, application to inspections in third countries is generally at the discretion of states. In the EU-Israel and EU-Swiss MRAs, application to inspections in third countries is also contingent on products then being subject to controls in one of the parties.

Governance frameworks in Mutual Recognition Agreements

Most MRAs will create formal channels of dialogue between the parties and between regulators and experts for information exchange and regulatory cooperation to underpin the operation of the MRA. Given the central role of regulatory and supervisory equivalence in MRAs, these frameworks for cooperation and collaboration are an important pillar of MRA good practice.

These governance bodies will be charged with overseeing the implementation of the MRA and will often have the mandate to amend relevant annexes through joint decision. This authorisation is important to ensure that MRAs can adapt quickly to perceived risks or to reflect a deepening of collaboration or cooperation.

Many MRAs will also contain alert mechanisms (see figure 3) designed to alert the corresponding authorities to quality defects, recalls, counterfeit or falsified products or potential serious shortages and other problems concerning quality or non-compliance with GMP, which can necessitate additional controls or suspension of the distribution of the affected products.

One gap in life sciences MRA practice is the extent to which they address the sensitive question of the circumstances under which they might be suspended. As large volumes of trade can depend, in part, on the regulatory relief provided by MRAs, the risk of them being suspended without warning or adequate justification is material. This was exemplified by the EU's treatment of Switzerland in 2021 (see box 4).

Box 4: EU withdrawal of the EU-CH MRA for medical devices 2021[iii]

In 2021, the EU unilaterally suspended its MRA for medical devices with Switzerland. The EU updated its internal regulatory framework via the revision of the regulation on medical devices (EU 017/745) but announced that the linked MRA would not be updated in unison, despite Switzerland's requests. This de-linkage was justified not by Swiss regulation or practice, but by Brussels' frustration with stalled negotiations on a wider EU-Swiss institutional framework.

Around half of Swiss exports and imports of medical devices are traded with the EU, so the impact of sudden reversion to third country treatment for Swiss firms (and their EU import partners) was materially disruptive. While it is important not to overstate the potential of agreed protocols around suspension to prevent parties acting in this way, they can help reinforce the importance of transparency and proportionality in MRA governance.

iii. For a recent example of how the UK has pioneered such provisions in the regulatory reliance components of its Free Trade Agreements, see the Financial Services chapter of the UK-Australia FTA, which contains the most detailed protocols for managing regulatory deference ever agreed in an FTA.

Because MRA partners generally place a premium on their autonomy, such governance provisions will not ultimately prevent suspension, but they can aim to create obligations to consult, define clear criteria for suspension and create an expectation that parties will have an opportunity to remedy any perceived weaknesses in their regulatory framework before preferential treatment is lost. Such protocols could be established in the MRA itself or delegated to the governance bodies to develop as an initial mandate.

Mutual Recognition Agreements and Free Trade Agreements

While MRAs are generally concluded as standalone agreements, they can also be folded into FTAs. Utilising a standalone agreement can be a useful way of ensuring the MRA is not held up by slower progress in other areas in the FTA negotiation.

When an MRA is part of an FTA, there is potential to embed it into the wider strategic framework, although that can, in principle, result in an MRA being subject to the oversight of an FTA dispute resolution framework. However, there may be a trade-off between formal dispute resolution processes and the extent to which parties will commit to elements of best practice in areas such as MRA suspension.

Provisions within relevant parts of FTAs can also work to support the aims of MRAs. For example, commitments on conformity assessments within TBT Chapters: in the case of two trade partners that do not currently have an MRA, these open the door for further cooperation on this issue; in the case of two trade partners negotiating on an MRA or with one already in place, these reaffirm and provide additional legal cover for different aspects of an MRA. As such, it is important that regulatory issues are always considered in a holistic way when approaching trade policy.

Recommendation: Build a tailored portfolio of life sciences MRAs

The UK should aim to build a portfolio of MRAs that targets its triple strengths as an international research hub, pharmaceutical exporter and sophisticated public health provider. This means, on a case-by-case basis, combining recognition for GLP, GMP, GCP, batch testing and inspections with the widest feasible product scope.

The UK should be open to the possibility of incorporating aspects of medicine or device authorisation into its MRA frameworks with likeminded partners. These could draw on the approaches used in unilateral recognition regimes by states such as Singapore.

In general, UK MRAs should be negotiated on a standalone basis and avoid being tied to FTA negotiations where feasible.

MRAs represent one of the most important attempts by WTO members to manage the challenge of transnational trade in a world of national regulation. They promote a culture and practice of collaboration and trust among regulators that balances the basic desire for regulatory autonomy with a strategic commitment to ensuring that trade is not burdened with unnecessary duplication in regulation in practice. The UK should be a strong advocate of MRAs in general, and in life sciences in particular.

Current MRAs in force (either accorded by the UK or other trade partners) present different levels of ambition depending on product and activity scope, territorial application and governance structure. The MHRA should use MRAs to set 'gold standards' to secure the most facilitative market access conditions for the life sciences sector (see box 5).

Box 5: Is there a 'gold standard' for life sciences MRAs?

As visualised in figure 4, 'ambition' in a life sciences MRA can be measured in a range of ways. It can be a function of the scope of products and activities covered by an MRA, the territorial scope, the scope and intensity of collaboration or commitments to transparency, and the form of regulatory relief envisaged.

An ambitious MRA might be described as one that goes as far as possible on each of these dimensions, but in practice, MRAs vary widely in this respect. As noted above, this can reflect a range of factors, including the actual value of regulatory relief for existing or current trade flows and the structure of the underlying legislative framework to which recognition is being applied.

Where regulatory relief is tied to regulatory harmonisation (as in the EU internal framework) it may not always be feasible – politically or practically – for parties who are otherwise committed to exploiting the potential of the recognition toolkit to go beyond the boundaries that regulatory autonomy establishes.

Nevertheless a 'gold-standard' MRA that draws from the breadth of current extant practice might have:

- the scope and limited exclusions of the UK-Australia and UK-New Zealand MRAs, which limited exclusions chiefly to advanced new medicines
- the territorial scope of the UK-Japan MRA, which has clear scope for recognition of determinations in third countries
- the activity scope of a blend of the EU's, U.S.'s and UK's various MRAs on GMP, GLP, GCP and batch testing

Such an agreement could potentially be enhanced with best-in-class governance protocols, including those related to possible suspension.

To step beyond this model would mean considering the scope for mutual recognition in relation to drug or device authorisation on the model established by the unilateral recognition regimes profiled in section 2 above.

Mutual Recognition Agreements and 'good governance'

UK MRAs should develop a world-class governance framework, blending existing best practice in governance and two-way alert systems with protocols for the design, maintenance and possible suspension of recognition, which draw on the world-first work that the UK is already undertaking in areas such as financial services.

The UK should also be open to the possibility of incorporating aspects of drug or device authorisation into its MRA frameworks with likeminded partners. These could draw on the approaches used in unilateral recognition regimes by states such as Singapore.

Recommendation: Champion the 'good governance' dimension of mutual recognition

The UK should aim to ensure that MRAs include strong provisions balancing regulatory autonomy with responsible practice.

This means blending cooperation and two-way alert systems with protocols for the design, maintenance and possible suspension of recognition that acknowledge the disruption that can be caused if recognition can be withdrawn without warning or adequate justification.

Additionally, post-authorisation/approval stages of the product lifecycle can be subject to unilateral/mutual recognition with like-minded partners. So far, regulators have predominantly concentrated on easing the regulatory burden in marketing authorisation processes.

However, convergence and/or recognition in post-approval activities, such as pharmacovigilance, could save significant further administrative and financial costs and cover a larger portion of the product lifecycle.

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