

CORONAVIRUS

Pharmaceutical giant's plan to end Australia's reliance on Indian and Chinese medicines after COVID-19

Sue Dunlevy, News Corp Australia Network

May 2, 2020 10:00pm

 Subscriber only

Exclusive: Australians struggling to get prescriptions filled as drug supply from China and India is disrupted by COVID-19 could be helped by a plan to build a pharmaceutical manufacturing hub in Australia by 2022.

The plan before the government's National COVID-19 Co-ordination Commission would end Australia's reliance on India and China for our medicines, create jobs during the COVID-19 recovery and build a new export industry.

It could even see Australia exporting its high quality drugs to China where the emerging middle class is already paying inflated prices for Australian baby formula and vitamins.

Wealthy investors in the United Arab Emirates are already working on similar plans and want to work with Australia on the project.

Australia's largest generic medicines supplier Arrotex has proposed a \$1.5 billion Medicine Manufacturing Future Fund supported by the government, superannuation funds and the pharmaceutical industry.

By the end of 2022, the fund would build a state of the art manufacturing and technology park that could produce the 120 most vital medicines used by Australians and the ingredients needed for that manufacture.



 Dennis Bastas, Chairman and CEO of Arrotex Pharmaceuticals. Picture: Supplied

Dennis Bastas chairman and CEO of Arrotex said the factories would be ready to make 120 key medicines during a pandemic or other crisis but during normal times, would make around 30 commonly used medicines to supply the Australian market and for export.

“Instead of the taxpayer supporting it we would manufacture 20-30 products here that we now source offshore to supply the Australian market,” he said.

“I’m not planning to own the factory just to assist in setting it up and add my IP and intellectual know how,” he said.

Arrotex supplies one in every four medicines supplied under the nation's drug subsidy scheme and Mr Bastas owns the intellectual property and recipes for 150 of the most commonly used medicines in

Australia.

He said he would be prepared to provide these recipes without charge during an emergency so medicines could be supplied to Australians.

The Proposal

Key strategies are urgently needed to help Australia recover and prosper, to foster in a resilient future for Australia that secures:

1. Access to the most vital medicines for all Australians, regardless of what economic shocks are occurring at the time and the response of other countries to create their own protective stockpiles;
2. The development of a high tech, advanced manufacturing hub for Australian pharmaceutical sector;
3. New value chains that strategically position Australia as the global leader in quality sourcing and advancing technology for vital medicine manufacturing.

We believe the now is the right time to focus on developing a home-grown pharmaceutical self-sufficiency as a key plank in our recovery from this crippling economic and health crisis for 2020/21 and beyond.

We believe Australians will robustly support the development of a **Future Fund** that both attracts financial investment from all governments, here and overseas and the patient capital from a world now recognising the need to broaden the world's secure supply chains of safe and vital medicines.

We can use those funds to establish our capability to manufacture the 120 most important medicines that Australians need.

The Future Fund would initially support the construction of a world-class, state-of-the-art factory that can be used to manufacture those vital medicines for domestic use in the first instance but also for export to other regional markets.

In times of national pandemics or critical shortages; the Australian Government can nationalise the facility to focus on stockpiling medicines of critical need.

We recommend the Australian Government work with Arrotex to design and establish the **Australian Medicine Manufacturing Future Fund**

Phase one:

The first phase would be to develop a blueprint on how the Future Fund would be leveraged and to prepare a feasibility study into the construction of an advanced manufacturing and technology park to manufacture both key API's and the finished medicinal product.



 A proposal by an Australian-owned pharmaceutical company, Arrotex.

MORE NEWS

Most medicines are now produced in India where labour is cheaper but new robotised and computer controlled manufacturing plants would make it commercially viable to produce some medicines in Australia.

Mr Bastas said Australia could work with other mid-sized nations like the UAE, which is considering setting up its own pharmaceutical manufacturing hub.

The UAE could produce around 30 of the most commonly used 120 medicines, Australia could produce another 30, he said.

COVID-19 has exposed Australia and the world's dangerous reliance on India which produces 70 per cent of the most commonly used drugs and China which produces 80 per cent of the world's raw pharmaceutical ingredients.

India banned the export of 26 key medicines early in the pandemic, factories in China ceased production and dozens of European countries banned the export of hundreds of medicines from their shores.

Spain, which makes medications needed to sedate people who need a ventilator to recover from COVID-19, has been unable to meet demand for the products.

News Corp revealed last week there are currently shortages of 600 medicines in this country including 75 which are in critical shortage and hospital pharmacists have raised alarm because they can't get orders for medicines filled.

Most of the pharmaceutical manufacturing plants in Europe and India were 10-20 years old and often production had to be stopped because of problems.

Originally published as [Billion dollar plan to make more medicines in Australia](#)