Novartis (Sandoz): Pharmaceutical waste causing resistant superbugs and health risks

By outsourcing pharmaceutical production to countries with weak anti-pollution legislation companies like Sandoz, a subsidiary of the Swiss Novartis, contribute to the emergence of bacterial ‘superbugs’, blamed for 700,000 deaths every year.

Problem Analysis
Next to climate change, the international spread of multiresistant bacteria is one of today’s biggest catastrophes. “About 700,000 deaths every year worldwide are linked to common antimicrobial therapies becoming ineffective against these superbugs.” It has been estimated that total global deaths caused by antibiotic-resistant infections could reach 10 million per year by 2050. Water sources in and around major pharmaceutical production hubs often contain excessively high levels of drug residue because sewage and industrial emissions from bulk drug production are often dumped untreated or only partially treated in the environment. Local bacteria then become resistant to those drugs, becoming the so-called superbugs, which have created a global public health emergency.

Many pharmaceutical majors, including Novartis, outsource their production to emerging markets where labour is cheap, workforces skilled and environmental standards weak. As a result, places like Hyderabad where Novartis subcontractor Mylan Laboratories is based, come to depend on the economic benefits provided by the sector. The contamination will continue until pharmaceutical companies and major buyers of antibiotics take their responsibility for their entire supply chain.

Company
Main Company: Novartis International AG
Head office: Basel, Switzerland
Subsidiary: Sandoz, Germany
Other company involved: Mylan Laboratories Ltd, Hyderabad (India)

Sandoz claims to be the the “largest generic antibiotic manufacturer in the world, with 300 million packs of antibiotics produced annually” and “the 3rd largest maker of antibiotics globally and we produce the active pharmaceutical ingredients (API) for other leading companies.”

Company background
CEO of company: Joseph Jimenez (Novartis)
Total compensation: 11,989,448 CHF
Company’s annual net PROFIT: US$ 6.7 billion (2016)
Company’s annual TURNOVER: US$ 48.5 billion (2016)
Countries in which main company is present: Novartis products are available in 155 countries
Number of employees: 123,000 employees worldwide

Company activity
Company activity: Pharmaceuticals
Business sector: Antibiotic production

Country and location in which the violation occurred
India, Hyderabad

Summary of the case
India is in the grip of a severe water pollution crisis of which industrial pollution is a leading cause. This is in particular due to its bulk drug production sector, which has a major hub in the southern Indian city of Hyderabad, where around 170 pharmaceutical companies are located. During the last 40 years the sector has become more and more economically important to the area. Many pharmaceutical majors, based in the US and Europe, outsource their production to emerging markets where labour is cheap, workforces skilled, and environmental standards weak. The production plants in Hyderabad supply almost all of the world’s major drug companies. As such Mylan Laboratories Ltd, one of India’s top ten pharmaceutical exporters and one of the major

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polluters, supplies Germany’s Sandoz (the generics arm of Switzerland’s Novartis). Despite this concentration of drug manufacturing very little attention has been paid to the impact of pharmaceutical production on the environment and the inhabitants living in proximity to factories and industrial parks.

In Hyderabad, sewage and industrial emissions from drug manufacturing are often dumped untreated or partially treated into the environment. Scientific studies have found excessively high levels of drug residue (antibiotic and antifungal) in water sources in and around a major production hub in Hyderabad, as well as high levels of bacteria and fungi resistant to drugs. This results in the creation of superbugs, as the microbes living there build up resistance to the ingredients in the medicines that are supposed to kill them. These superbugs travel easily and have multiplied in massive numbers all over the world; the result is a public health emergency that is already killing hundreds of thousands of people a year.

International bodies, such as the World Health Organization, say the governments of the countries where the drugs are made are the ones responsible for stopping the pollution – but studies show that domestic legislation is having little impact on the ground. The Hyderabad-based state pollution control board said they did not find antibiotics in their studies of the water in the area and that the situation has improved. However, despite several requests from media outlets they did not share a copy of their report. A study of this issue prepared for Nordea by Changing Media Outlets they did not share a copy of their report.

Endnotes
6 Ibid., Gross profit from continuing operations
7 Ibid., Operating income from continuing operations
8 Ibid., p. II
9 Ibid., p. II
10 Madlen Davies, “Big pharma’s pollution is creating deadly superbugs while the world looks the other way,” The Bureau of Investigative Journalism, 6 May 2017 at https://www.thebureauinvestigates.com/stories/2017-05-06/big-pharmas-pollution-is-creating-deadly-superbugs-while-the-world-looks-the-other-way
12 Ibid.
13 Ibid.
14 Madlen Davies, “Big pharma’s pollution is creating deadly superbugs while the world looks the other way,” The Bureau of Investigative Journalism, 6 May 2017 at https://www.thebureauinvestigates.com/stories/2017-05-06/big-pharmas-pollution-is-creating-deadly-superbugs-while-the-world-looks-the-other-way (accessed at 4-12-2017)