# Merck's withdrawal from UK research sparks fears over life sciences sector’s future



US pharmaceutical giant Merck has announced the cancellation of its £1 billion London research centre and will lay off 125 scientists in the capital by the end of 2025, marking a significant setback for the UK’s life sciences sector. The decision involves scrapping the UK Discovery Centre, a state-of-the-art facility that was already under construction at Belgrove House, King’s Cross, and was due to open in 2027. Merck, operating as MSD in Europe, will also vacate laboratories at the London Bioscience Innovation Centre and the Francis Crick Institute as part of this withdrawal, relocating research operations primarily to the United States.

Merck’s announcement highlights its frustration with what it describes as the UK government’s failure to make meaningful progress in addressing longstanding challenges around investment and valuation in the life sciences industry. The company criticised successive governments for the overall undervaluation of innovative medicines and vaccines, factors it sees as driving its decision to discontinue discovery research operations in the UK. The firm said it was abandoning the new centre to focus resources elsewhere, though it will retain its UK headquarters in London and a large animal health site in Milton Keynes.

This move deals a heavy blow to the UK government, which under both the current Labour administration and the previous Conservative government had positioned life sciences as a strategic priority. The sector has been described as “one of the crown jewels of the UK economy” and central to ambitions to turn the UK into a “global science and technology superpower” by 2030. Increased public and private investment in R&D, as well as efforts to cluster research around academic hubs such as the Knowledge Quarter near King’s Cross, has been a key part of this strategy. Merck’s planned London Discovery Research Centre was intended to employ around 800 people and symbolised a long-term commitment to UK-based medical research.

However, underlying tensions between the pharmaceutical sector and the UK government have intensified, particularly following the breakdown in negotiations over drug pricing policies. The recently increased rebate rate under the voluntary pricing and access scheme (VPAS) — which now requires companies to pay back 23.5% of revenues from newer branded drugs, compared to 5.7% in France and 7% in Germany — has raised concerns about the sector’s competitiveness. While Merck stated that its decision was unrelated to the failed drug pricing talks, the timing and context suggest the sector feels under growing financial pressure in the UK.

Merck’s retreat follows earlier worrying trends in the UK pharmaceutical industry, with other US-based companies such as Pfizer announcing plans to close major UK research facilities and cut thousands of jobs. Industry experts and medical professionals have expressed concern about the long-term implications for British science and innovation, especially as pharmaceutical firms increasingly consolidate research and development elsewhere to reduce costs and benefit from more favourable business environments.

The UK government has committed to boosting R&D funding to establish the country as the world’s most innovative economy, recognising the strengths of its science base and the value of co-locating private sector and academic research. However, Merck’s decision exemplifies the challenges the UK faces in retaining global life sciences companies amid international competition, regulatory pressures, and complex pricing negotiations.

While Merck will keep its headquarters in London and maintain a significant presence in animal health, the loss of the UK Discovery Centre and the associated scientific jobs represents a damaging reversal for the capital’s burgeoning life sciences cluster and raises questions about the UK’s ability to compete in the global pharmaceutical research arena.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[2]](https://www.reuters.com/business/healthcare-pharmaceuticals/merck-scrap-london-drug-research-centre-2025-09-10/), [[3]](https://www.ft.com/content/5ace49a8-47ab-409d-8909-6edb107ce71a)
* Paragraph 2 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[2]](https://www.reuters.com/business/healthcare-pharmaceuticals/merck-scrap-london-drug-research-centre-2025-09-10/)
* Paragraph 3 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[3]](https://www.ft.com/content/5ace49a8-47ab-409d-8909-6edb107ce71a), [[6]](https://www.gov.uk/government/publications/life-sciences-sector-deal/life-sciences-sector-deal), [[5]](https://www.telegraph.co.uk/business/2020/08/18/drugs-giant-merck-launches-plans-1bn-uk-research-hub/)
* Paragraph 4 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[3]](https://www.ft.com/content/5ace49a8-47ab-409d-8909-6edb107ce71a)
* Paragraph 5 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[7]](https://www.standard.co.uk/news/uk/drug-firm-to-close-research-plant-6562130.html)
* Paragraph 6 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[6]](https://www.gov.uk/government/publications/life-sciences-sector-deal/life-sciences-sector-deal)
* Paragraph 7 – [[1]](https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs), [[4]](https://www.merck.com/stories/breaking-new-ground-in-the-uk/)

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## Bibliography

1. <https://www.theguardian.com/business/2025/sep/10/us-drugmaker-merck-scraps-1bn-london-research-centre-and-cuts-125-science-jobs> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/healthcare-pharmaceuticals/merck-scrap-london-drug-research-centre-2025-09-10/> - Merck has announced the discontinuation of its drug research operations in London, citing the UK's challenging business environment. The company will not proceed with occupying the Belgrove House site at King's Cross, which was due to open in 2027, affecting approximately 125 staff members. Research activities will be relocated primarily to the United States. Merck criticized the UK government for undervaluing innovative medicines and lacking investment in the sector. The company also plans to vacate laboratories at the London Bioscience Innovation Centre and the Francis Crick Institute by the end of 2025.
3. <https://www.ft.com/content/5ace49a8-47ab-409d-8909-6edb107ce71a> - US pharmaceutical giant Merck has canceled plans for a £1 billion research centre in London’s King’s Cross, resulting in the layoff of 125 scientific and support staff. The decision is a significant setback for the UK government, which has prioritized life sciences as a key sector for economic growth. Merck cited the UK’s lack of international competitiveness as a major factor and stated its decision was unrelated to recent failed drug-pricing negotiations with the National Health Service (NHS). However, tensions between the UK health secretary and the pharmaceutical sector remain high, particularly following a surge in the NHS clawback tax on drug sales.
4. <https://www.merck.com/stories/breaking-new-ground-in-the-uk/> - Merck has announced the groundbreaking of its new London Discovery Research Centre and UK headquarters, located opposite King’s Cross Station in London’s Knowledge Quarter. The 270,000-square-foot, 10-story facility is slated to open in 2027 and will bring together all UK colleagues to drive medical advances against health challenges. The centre aims to employ approximately 800 people and is part of Merck's global efforts to accelerate research and development capabilities.
5. <https://www.telegraph.co.uk/business/2020/08/18/drugs-giant-merck-launches-plans-1bn-uk-research-hub/> - US pharmaceutical giant Merck is to build a new London research hub for 800 people as part of a £1bn investment in Britain. The drugs firm, which is known as MSD in Europe, will shift most staff at existing labs and its hub in Herefordshire to the new site opposite King's Cross Station. It expects to create around 120 jobs for scientists and technicians. The hub will be based in London’s so-called Knowledge Quarter where there is a cluster of science firms.
6. <https://www.gov.uk/government/publications/life-sciences-sector-deal/life-sciences-sector-deal> - The UK government has committed to increasing research and development (R&D) funding to establish the UK as the world’s most innovative economy, with the life sciences sector at the forefront of this drive. The Life Sciences Industrial Strategy highlighted the strength of the science base in UK universities and the importance of co-locating private sector science with academic centres of excellence. Global life sciences companies are recognising this strength through their actions, such as AstraZeneca's decision to move their main UK research campus to the Cambridge Biomedical Campus.
7. <https://www.standard.co.uk/news/uk/drug-firm-to-close-research-plant-6562130.html> - Pfizer plans to close its major UK research centre in a move affecting up to 2,400 jobs. The US group said it was shutting its renowned research and development (R&D) facility at Sandwich, Kent and would make the majority of the site's 2,400 staff redundant over the next 18 months to two years. Medical experts said the move was 'devastating' for British science, coming as the latest in a series of UK R&D job cuts as the industry moves to slash costs.