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We spoke about the presidency of the European Union, next year is also the year where Japan will host the G7 and, of course, pandemics have been very high on the G7 agenda for the last few years so maybe I can turn to you now, Haruka? Thank you.

Haruka Sakamoto

Thank you for giving me this opportunity today.

The COVID-19 pandemic has now been going on for nearly three years. Its socioeconomic impact has been so significant that it is now clear that a public health crisis like a global pandemic can lead to national security issues. While so-called Non-Pharmaceutical Interventions are essential to control infectious diseases on a global scale, the game changers are likely to be vaccines, diagnostics, and therapeutics, the so-called medical countermeasures, or MCMs.

At the same time, the potential global security risk of medical countermeasures became clear again. In general, when considering the value chain of MCMs, the flow can be divided into three main parts: upstream, midstream, and downstream. First, the upstream part is the surveillance or intelligence function, which is to quickly grasp the information in the event of some infectious disease outbreak. The midstream corresponds to actual research and development. And the final downstream part involves clinical trials, regulatory approval, manufacturing, procurement, and allocation of MCMs. The important point is that such an MCM value chain cannot be completed in a single country. In the past, the semiconductor industry has shifted from a vertically integrated model in which a single major company was responsible for the entire value chain to a horizontal division of labor. Similarly, the pharmaceutical industry is also shifting from a vertically integrated model to a horizontal division of labor in which each process is divided into separate companies and organizations. The horizontal division of labor was also the mainstream in vaccine production during COVID-19, and this type of production structure will continue to be the mainstream for rapid vaccine R&D in the future.

At the same time, it is quite important to determine how to establish and diversify a value chain system that can be completed among like-minded countries. I am repeatedly saying that

the MCM value chain cannot be completed in any one country. In particular, since access to vaccines is a matter that directly affects the lives of its own citizens, it is a very important security matter for any country and geopolitical risks should be reduced as much as possible when securing MCMs for their own citizens. For example, currently, the raw materials for all kinds of medicines are mainly dependent on China and India. In other words, it is presently challenging to complete the pharmaceutical value chain without China and India. It will become more important to complete or diversify the supply chain among friendly countries, taking into account cost and environmental impact.

Also, in addition to the security perspective, in the case of a pandemic on the scale of COVID-19, there is the issue of how to prepare the capacity to manufacture vaccines for the entire population on a global scale. Local production of COVID-19 vaccines took place outside of Western countries, mainly in India, African and Asian countries. Without the manufacturing capacity of these countries, it would not have been possible to rapidly manufacture and distribute as many vaccines worldwide as it did for COVID-19, and technology transfer is critical during the global pandemic. On the other hand, technology transfer to low- and middle-income countries is not always easy, mainly due to intellectual property rights issues. In the past, even if Western countries developed new pharmaceuticals, the transfer of technology to low- and middle-income countries was limited because they had been a strong stance for the protection of intellectual property rights, and there was an absolute gap in access to pharmaceuticals between high-income and low- and middle-income countries. This time of COVID-19, China has rewritten that power structure. They actively provided COVID-19 vaccines to countries that traditionally would not have had access to Western medicines due to price issues, by offering homegrown vaccines at a lower price and actively transferring technology. In the field of pharmaceuticals, which is a major industry for many countries, there is a desire to continue to protect the industry through intellectual property, but there are also moves to restrain rule-making by China in this field. How to handle IP and technology transfer, especially in times of emergency, will continue to be an important issue to consider.

In the wake of the COVID-19 pandemic, there is a trend toward shifting the coordination body from the global level to a regional body. The status of each region was introduced by other panelists today, but in the area of pandemic control, including R&D for new MCMs, it is expected to be conducted jointly at the regional level. Regarding the regional body, it should be noted here that Asia, where Japan is located, is a complicated region to establish a single regional body. For example, the WHO has six regional offices, but Asia is the only region where WHO has two regional offices because of historical and political reasons. Also, Asia includes large countries in terms of population size and economies, such as Japan, China, Korea, and India, as well as smaller countries with smaller populations, such as island nations. While we generally welcome the coordination by the regional body, how to unite Asia in terms of infectious disease control will be a major issue in the future.

The G7 presidency in the U.K. in 2021 focused on R&D for MCMs, and the Germany G7 in 2022 focused on intelligence and human resources for pandemic preparedness and responses. The G7 in Japan in 2023, which will start soon, is expected to focus on global health governance, including the promotion of regional bodies, and pharmaceutical R&D and innovation, based on the discussions in the U.K. and Germany, although the full agenda is not yet known. The G7 Summit will be held in Hiroshima, and the G7 Health Ministers' Meeting

will be in Nagasaki. Both cities experienced a public health crisis in a different sense than infectious diseases, namely, the health hazards caused by the atomic bombings, and both are symbol cities of peace. I hope that the Japanese government will actively lead the discussion in Hiroshima and Nagasaki, the cities of peace, on how we should confront global health challenges amid increasing challenges that continue to threaten our lives, including climate change, the crisis in Ukraine, and the food and energy crisis.

Thank you for your attention.

Michel Kazatchkine

Thank you very much for these perspectives, Haruka, and also for giving us a flavor of the forthcoming G7.