

## Global Policy Issue Brief –

### Global Supply Chains for Medicines



At Viatris, we see healthcare not as it is, but as it should be. This future-focused outlook drives our commitment to policy solutions that help increase access to affordable, quality medicines for patients worldwide, regardless of geography or circumstance. With a mission to empower people worldwide to live healthier at every stage of life, we provide access at scale. In 2023 alone, our interconnected global supply chain enabled us to supply 80 billion doses of high-quality medicines to approximately 1 billion patients across more than 165 countries and territories.<sup>1</sup>

#### Public Policy Statement

Secure, reliable access to medicines is best supported by a diverse and agile global supply chain designed to respond quickly to evolving needs. No country can make every medicine it needs, and no medicine is made in every country. Protectionism and localization will not improve overall supply resiliency; policies supporting strong global supply networks are needed.

### Issue Background

Medicine supply chains are necessarily complex and global, relying on a vast network that spans continents to produce and deliver medicines. Inputs are sourced from hundreds of locations; medicines are produced at scale in dedicated facilities by specialized experts; and shipments are transported securely for distribution to hospitals and pharmacies in communities around the world. Supply networks are comprised of facilities in countries across continents that all play a role in serving global patient needs, not only meeting local demand.

In the wake of supply disruptions for certain health products during the height of the COVID-19 pandemic, many countries are pursuing production localization or regionalization as a means to secure supply availability and increase access. While localization may seem like a solution for global supply shocks, it does not inherently translate to improved resilience or access.

- Local production of finished medicines does not equate to autonomy, as most of the ingredients, machinery, supplies, and other production inputs must still be sourced globally.
- The disruption of established global production operations would lose the benefits of economies of scale and could lead to higher production costs.

---

<sup>1</sup> Viatris 2023 Sustainability Report

- There are over 500 molecules on the WHO Essential Medicines List (EML), which lists the basic medicines required for a functioning health system; it is not feasible for each individual country to independently produce this full range of medicines, let alone all other medicines outside of the EML that may offer benefits to health and well-being.

## Importance for Access

Expanding resilient and equitable access to medicine starts with an understanding of the various factors impacting access. It is essential that public policies and investments are strategically targeted at overcoming the access barriers faced in each country, including regulatory efficiency, adequate health financing, and predictable and competitive procurement systems. Rarely, if ever, is geographic proximity to medicines production the main driver of access.

Reliance on agile global supply networks is critical for access to medicines. The global supply chain enables efficiencies and economies of scale, important for cost-effective production while adhering to globally recognized quality assurance standards. The globalization of medicine supply chains supports risk diversification, leveraging suppliers and production sites across countries and regions to support the ability to weather shocks around the world. Whether due to spikes in demand from changing disease patterns or disruptions to supply based on local disasters, the agility achieved through a strong, flexible global network improves manufacturers' ability to respond quickly to changing demand and evolving patient needs by moving supply where it is needed.

Leveraging a global supply network has been instrumental in enabling Viatri's progress in expanding access to HIV treatments around the world: Our antiretrovirals (ARVs) now reach 8.6 million patients in 125 countries. The efficiencies and resilience brought by a global supply chain strategy were crucial in making this expansion – and impact on public health – possible.<sup>2</sup>

## Viewpoint

The global supply chain, with its breadth, resilience, and established efficiencies, continues to be the best structure for maximizing supply availability and enabling access to medicines for patients, regardless of geography. No country makes every medicine it needs, and no medicine is made in every country.

The global supply chain is built on a network of facilities operating in countries around the world. Supporting the strength of this network with investments in infrastructure and an enabling environment for development of production capabilities, including in countries with no existing production capacity, is a helpful addition to the global supply chain.

---

<sup>2</sup> Viatri's 2023 Sustainability Report

Policies that support local production only for local or regional needs or give advantage to local producers at the expense of global suppliers, however, can pose a risk to the sustainability of supply and represent a missed opportunity for policies and investments that can better impact sustainable access to medicines.

The effectiveness of the global supply chain can be further enhanced by ensuring certain conditions are met:

- Countries' trade policies and agreements must allow for the unhindered movement of medicines and health products across borders, particularly in emergency situations. Bilateral and multilateral collaboration, partnerships, and mutual recognition agreements should be leveraged to protect the global supply chain and facilitate the movement of medicines, especially in times of crisis.
- Adequate infrastructure – including roads, cold chain storage, and distribution systems – must be present to securely deliver medicines to pharmacies and hospitals.
- Investments in procurement of quality-assured health products must enable fair competition supporting security of supply, regardless of production location.