

Global Policy Issue Brief –

Security of Medicines Supply



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. Our global supply chain is comprised of 26 manufacturing and packaging sites, ~1,300 raw material suppliers, and over 500 finished product suppliers across more than 680 locations, and is strategically designed to protect the quality and safety of our complex portfolio, mitigate risks of disruption, and ensure supply reliability. In 2023, we leveraged this robust, global network to supply 80 billion doses of high-quality medicines to approximately 1 billion patients around the world.¹

Public Policy Statement

The global availability of safe, effective, and affordable medicines is threatened by systemic issues causing supply disruptions and medicine shortages. Stakeholder collaboration and policy action is urgently needed, and solutions must be targeted to the root causes of shortages. There is potential for misguided unilateral responses, such as supply chain localization requirements, to exacerbate supply vulnerabilities.

Issue Background

The repercussions of the COVID-19 pandemic, global conflicts, geopolitical tensions, energy crises, and record inflation have underscored the importance of secure supply chains prepared for future global health emergencies. Despite efforts to maintain safe, effective, and affordable medicines, gaps in access to medicines exist. Supply disruptions over the past decade, including medicine shortages, are a systemic issue that threaten the availability of essential medicines.

Importance for Access

Many current efforts and proposals intended to secure access to medicines may be ineffective and even jeopardize the sustained availability of medicines. Efforts that do not address the root causes of supply disruptions, such as forced localization, stockpiling, and trade restrictions in crisis situations, may carry unintended consequences for access.

Action is needed to resolve systemic issues and remove barriers to access. It is crucial that regulators, industry, and other stakeholders understand the root causes of supply

¹ Viatris 2023 Sustainability Report

disruptions to build targeted and effective solutions that minimize unintended consequences.

Viewpoint

To foster supply resilience and promote access to medicine, solutions must be tied to the root causes of supply disruptions.

- **Establish sustainable pricing policy.** Off-patent medicine pricing should allow for the continuous availability of medicines from multiple manufacturers and for manufacturers to cover the implementation costs of continuous adaptation to adhere to evolving regulations.
- **Structure procurement processes to support security of supply.** Procurement bodies should adopt best practices that foster a healthy market and encourage supply chain resilience, including moving away from price-only procurement considerations.
- **Streamline and harmonize regulatory processes.** Regulatory processes should eliminate the need to navigate varying systems between countries, reducing delays, and minimizing waste.
- **Introduce regulatory flexibility to facilitate a freer movement of products.** Suppliers should not face unnecessary delays and constraints on moving products where they are needed.
- **Improve demand planning.** Demand forecasts by procurement authorities and payers should be accurate to help suppliers maintain optimal levels of supply.
- **Streamline shortage reporting.** Focus and resources should be directed to addressing the root causes of shortages rather than increasing notification requirements.
- **Embrace the global supply chain,** including by reducing barriers to trade. Countries' trade policies and agreements should 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. Local market-shaping policies that set a preference for locally-produced products should be avoided.

Some of the measures already being proposed or implemented by governments do not target the root causes of supply disruptions and may exacerbate supply challenges. These measures, as listed below, should be avoided as they may carry unintended consequences for supply security.

- **Localization.** Policies aimed at favoring local manufacturing are not an appropriate tool for addressing security of supply. Local manufacturing capacity helps support the resilience of the global network, however, local facilities seldom only supply for the local market. As hundreds of globally-sourced components are required to produce a final medicine product, it would be impractical for any facility to produce a finished medicine from start to finish using only locally-sourced materials. While

commercial preference for locally-produced medicines is not an appropriate tool for supporting supply resiliency or local access, incentives to foster industrial development, such as improved access to structural funds, can be appropriate tools to bolster global manufacturing.

- **Stockpiling.** National stockpiling requirements can take products off the market, create artificial shortages in other countries, and impose additional costs. It is important to recognize the shortfalls of stockpiling and to promote alternative, structural solutions that can effectively reduce the risk of shortages. Stockpiling can be a tool to address emergency events, however it should not be used to promote the regular functioning of the market.

Secure, reliable access to medicines is best supported by a diverse and agile global supply chain designed to respond quickly to evolving needs. Viatris' robust ability to manage shocks affecting any country or region is rooted in such a network. Amid volatility in demand, inflation, and supply chain disruptions, the responsiveness and resilience brought on by a global supply chain is what has enabled us to maintain an on-time-in-full (OTIF) level of $\geq 90\%$ during the pandemic, limit stockouts in relation to our more than 22,000 SKUs, and uphold a reliable supply of medicines to approximately 1 billion patients around the globe.²

For more information on our Viewpoint, refer to our additional Issue Briefs on our [Public Policy](#) page.

² Viatris 2023 Sustainability Report