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Industrial Policies for Health: The G20 Must Act Now

by Smita Srinivas

A year and a half into the pandemic, industrial policies are reverting to a dangerous "normal", aggravating the drivers of the pandemic and accelerating the same business models that arguably brought us to this crisis juncture. The lessons of Covid-19 must instead be reflected in the future design of industrial policies and their impact on public health. Future pandemics, biodiversity loss and climate change may combine to be far less forgiving than the present crisis. While the SARS-CoV-2 virus precipitated the pandemic, clear-headed industrial policies can steer us in a new and more sustainable direction.

Why? Because Covid-19 is not a healthcare crisis alone, but a strike at the connected industrial skeleton of the global economy where multiple industries connect and create unstable and lop-sided pathways. To fully recover and prevent new crises from erupting, a more robust health agenda must emerge from the "institutional triad" of industrial production, demand and delivery.[1]

This combinatorial problem offers no given pathway even in single industries but several options which are historically and geographically diverse. This institutional variety can offer the G20 vision and opportunity to build investment, and trade partnerships anew. Yet, without a laser focus on inter-linked industries and their health impact, post-pandemic recovery for rich and poor economies alike looks unsustainable.

[1] Smita Srinivas, *Market Menagerie. Health and Development in Late Industrial States*, Palo Alto, Stanford University Press, 2012.

Smita Srinivas is a Co-Chair of the T20 Italy Task Force on "Global Health and Covid-19".
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A cross-cutting industrial approach is needed

Health systems, health policy design and health governance are currently too distant from their foundational industries. It is not the health industry alone that matters. The virus has made future economic agenda-setting even more vulnerable and with it healthcare, which has become deeply fragmented over the years. Its business model is driven by select, profitable, slivers of industrial activity where a thousand cuts have undermined public goals for healthcare and multiplied the regulatory confusions about industrial development alongside.

Health policy priorities are not set with industrial realities in mind. With some exceptions, nor are industrial priorities tailored towards public health and may instead be actively accelerating our health crises. Agriculture and the food industry for instance involves a series of separate policies and regulations for different stages of processing, resulting in seemingly "high quality" products and industrial processes that are not always environmentally beneficial or healthy.

Health and sustainability challenges are compounded by the absence of widespread industrial policies that stall the degradation of land, air or water that sustain industries and us. The G20 Health Ministerial cannot therefore be associated with national health ministries alone, but should be compelled to work through ministries of Industry, Finance and Environment, also allowing for better cooperation and coordination among Health and Agriculture ministries themselves.[2] The G20 cannot afford to reproduce jurisdictional silos while claiming progress.

While industries, firms and platform technologies are often driven by considerations other than individual or planetary health, industrial policy design in most countries and regions signals complexity rather than easy compliance. In the health industry alone, there are immediate challenges of production and access to Covid-19 or other vaccines, diagnostics or medicine needs. Yet, even where such access is improved, there will be no inevitable alignment of firms with the long-term health policy opportunity identified through "traditional" medicines, the One Health concept and/or integrated health perspectives. Without strong industrial policies to steer them, more narrow science, innovation or technology policies have few reliable levers to shape how firms act.

Institutional norms, customs, standards, regulations and other laws must draw these industry dynamics closer together. Industrial policy is an amalgam of strategically designed and iteratively improved institutions. These "soft" and "hard" institutions evolve to generate acceptable health risks in societies, and this tends to be a noisy and expensive conversation. The powerful medium of industrial policies can signal to firms and other organisations what types of technological advance

[2] Eduardo Sonnewend Brondízio et al. (eds), *The Global Assessment Report on Biodiversity and Ecosystem Services*, Bonn, IPBES Secretariat, 2019, http://ipbes.net/node/35274.

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eventually occur.

Without common understanding and urgent action to shape such institutions, a normative stance of multilateral stakeholders toward individual or planetary health runs the risk of leaving nations and sub-national governments with little clarity and dangerous uncertainty. Inertia by firms, industry associations and investors also follows suit. To a large degree this has already generated the perfect storm of biodiversity loss, uncertainty on the spread of new zoonotic diseases and continued impact of meat production, dairy and fish supply chains and their searing climate effects. Shareholder activism cannot be the only path forward.

From health industry to multi-industry rules

Regulating industries one at a time is a losing strategy for "people, prosperity and the planet". Industrial supply capabilities and their national regulations have defined which countries are industrially self-reliant in principle if not in practice. Oxygen supply which is used in industries as widely diverse as steel, petrochemicals, oil and gas, construction, food processing and aerospace, has undergone war-scale re-steering in some countries as a result of Covid-19, with intriguing contrasts in terms of success and speed, particularly at the sub-national level where multiple industries have to be shut or reconfigured, and industrial oxygen supply shifted to medical needs.[3]

A fine-grained analysis of national industrial policy and local responses is urgently needed as development and health models come under scrutiny.[4] While the World Health Organization, multilateral development agencies or national policy makers cannot respond to all industrial problems at once, they simply cannot afford to address them separately. Now that Covid-19 has made the "why" clear, the G20 Task Forces (TFs) can and must coordinate "the how" of industrial policies.

Rethinking the G20 Ministerials

The T20 Task Force on "Global Health and Covid-19" has emphasised that access to medicines, vaccines and medical equipment or diagnostics cannot be neatly separated from the multiple causes of illness or its economic drivers and consequences.[5] Similarly, the Task Force's One Health and Equity paper emphasises the complex determinants of illness and multi-faceted drivers that generate

[3] Smita Srinivas, *Institutional Variety and Sustainable Industrial Policy*, Background paper prepared for the Industrial Development Report 2022, Vienna, United Nations Industrial Development Organization (UNIDO), 2021.

[4] The well-known "Kerala model" of healthcare has been under scrutiny for many months for its inability to manage Covid-19, approximately 2.8 per cent of India's population, contributing up to 70 per cent of all cases on 28 August 2021, with high test positivity rate of 18.67 per cent in the last week alone. See "Kerala Reports 31,265 COVID-19 Cases; Shows Dip in TPR", in *The Economic Times*, 28 August 2021, https://economictimes.indiatimes.com/articleshow/85716509.cms.

[5] Lieve Fransen et al., "Boosting Equitable Access and Production of Diagnostics, Therapeutics and Vaccines to Confront Covid-19 on a Global Footing", in *T20 Italy Policy Briefs - TF1*, September 2021 (forthcoming).

ill-health.[6] A health response cannot be limited to the health industry. The multifaceted industrial systems required to keep supply chains dynamic during a pandemic are also critical for wider economic development to address poverty and employment or entrepreneurial activity. There is thus urgent need to define cross-cutting industry growth and regulation goals across task forces such that the G20 Health Ministerial directly combines its health policy responses with industrial policies.

The T20 process should address the challenges of consultative Ministerials and national inter-ministry coordination. The Health Ministerial will be notably incomplete without explicit next-step coordination between TF1 (Global Health and Covid-19), TF3 (Trade, Investment and Growth), TF7 (Infrastructure Investment and Financing) and TF9 (International Finance). TF11 (Reforming the T20) can demonstrate the potential for such change.

An aspirational multilateral system also has to offer practical and cross-cutting strategies, regional accountability, local training and technical capacity, shared resources on expensive items and direct investment on long-term health risks (defined not by Geneva but by the countries themselves). This requires attention to the links between leading investments and industrial policy instruments from competition policies to procurement, to address multiple industries at once as well as specific health concerns from cancer to Covid-19.

For instance, firms that make medical devices and diagnostics that address diseases such as tuberculosis alongside Covid-19 have only slowly emerged, despite billions of tests being conducted. Similarly, national industrial policies that induce firms to deepen and diversify R&D or manufacturing capabilities could also have anticipated incentives for rentable prototyping or clean room space or simultaneously build competitive and widespread capabilities to reduce and recycle plastics generated by the pandemic.

The G20 has an opportunity to boost complex planning and problem-solving capacities and the T20 TFs can provide expertise and coordination to demonstrate this. Three related and actionable tasks can rebuild the skeleton for a healthy economy and individual and community health.

Multi-industry regulation

First, many of the world's major problems involve multiple industries as well as conflicting industrial policies and regulation. Political economy of stakeholders can often retain those regulations that maintain market power for some. Furthermore, while multi-industry regulation often stalls because of a "lack of data", blaming "missing" data is often a sign of such tilted power, expressed as the unwillingness or inability to identify and collect real-

[6] Maria Grazia Dente et al., "One Health-Based Conceptual Frameworks for Comprehensive and Coordinated Prevention and Preparedness Plans Addressing Global Health Threats", in *T20 Italy Policy Briefs - TF1*, September 2021 (forthcoming).

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world datasets that directly affect human health.

Despite these real challenges, neglecting multi-industry links undermines:
1. Preventative health and early diagnosis strategies.
2. Phase outs and bans (5-10 years or less) of known toxic chemicals and exposure found in multiple related industries.
3. Extended Producer Responsibility policies that through phase-out, take-back, innovative design and disposal can reshape commodity manufacturing and incentives in several industries. While some traditional policies such as tariffs and taxation can be used to limit toxic components or by-products, industrial policies should boost technological learning so that firms get more agile and innovative over time. Ideally, new firms, products, services and platforms can enter these priority markets for better health, and older firms can adapt or phase out.

Regional multidisciplinary problem-solving teams

Second, in studying the industrial-clinical interface through multidisciplinary dialogue changes the framing of problems and priorities. For example, we analysed at least seven types of uncertainties faced by both firms and clinical practitioners in the immense ramp-up in research and production of Covid-19 diagnostic kits around the world.[7]

Covid-19 has shown that some societies have successfully managed industrial operations and some multi-industry challenges at scale while addressing clinical challenges and science. "Scientific assessment" without industrial realism cannot be translated into the economy. Virology, clinical practice, engineering, economics and other expertise must collaborate through newer concepts and mixed-methodologies that can test, trace, and treat industry or technology evolution, and its sometimes unexpected, sharply divergent sub-sectors or technologies.

Industrial "last mile" surveillance to boost health

The good news is that industrial last mile success stories are visible during Covid-19 and have collapsed the traditional "manufacturing" versus "delivery" and "public" versus "private" divides. A range of stakeholders have administered lockdowns, tested, traced and treated patients, trucked oxygen and restocked food shelves, delivered gas cylinders, refrigerated samples and vaccines, or collected and disposed biohazard waste. What is needed is public health surveillance training that aims for wider capacity-building.

These may include industry associations and firms working closely with local health officials including at province, ward or neighbourhood levels, the police, waste collectors, teachers and staff at transport terminals, and applied school and university programmes that can educate through

[7] Smita Srinivas, Ramakrishna Prasad and Pritika Rao, "The Clinical Foreground and Industrial Background: Customizing National Strategy for COVID-19 Testing", in *IKD Working Papers*, No. 87 (October 2020), https://www.open.ac.uk/ikd/node/989.

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real-world problems. The success of polio eradication is a story of wide stakeholders beyond vaccine suppliers, and also of highly localised and participatory administrative capabilities to anticipate and manage vaccine demand and delivery. It is juggling this institutional triad of production, demand, and delivery that will determine whether the G20 post-pandemic response generates industrial success in the coming years.

Conclusion

A herculean effort has been underway for almost two years as societies adapt to Covid-19. This is the time to document and institutionalise such essential training moving from infectious to non-communicable diseases and to widen priorities for health enhancements, including psycho-social, biodiversity and climate improvements which are deeply intertwined.

The focus on health enhancements rather than disease solutions requires attention to how industries interlink and what institutions-norms, customs, standards and regulations can be more effective. While some societies and living philosophies do indeed recognise these interconnections between health and wider ecology and economy, traditional industrial policy design rarely does.

In practical terms, this shift requires a roadmap from existing research that demonstrates why this is an urgent need, to timelines for sustainable goods and services that boost health in the coming years. Past industrial development paradigms based on income per capita or manufacturing "catch-up" combined with the UN's contentious Security Council are heightening uncertainty of the how and where of investment and employment. New multilateral and national leadership voices must strengthen the ground on which profitable industries can boost health.

In order to do this, "scientific assessments" and multi-industry regulation will need clarity and persistent, clear-headed priorities. Similarly, regional multidisciplinary teams are needed. Surveillance, testing and tracing should include industrial last mile solutions that boost cumulative health status instead of disease-focused strategies alone. Multidisciplinary teams ensure theory and action generate actual solutions that are made for specific country contexts while solving wider ones. All chart a prerequisite path for gaining public trust and support.

In this spirit, the T20 Task Forces must seize this pandemic moment to move from being an "ideas bank" to institutional knowledge builders for the G20, so that despite the T20 baton being handed on from Italy, year-on-year health gains are set, met and exceeded.

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Via dei Montecatini, 17
I-00186 Rome, Italy
Tel. +39 066976831
iai@iai.it
www.iai.it

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Director: Andrea Dessì (a.dessi@iai.it)

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