RV veKommunicate

POLICY **PULSE**

A Monthly Newsletter

FIRST TAKE

Waiting For The Vaccine

The wait for the vaccine is finally over. The Covid-19 vaccine, going by reports, will be biggest vaccination programme in the history of the world. The vaccine gives hope to countries that the spread of the pandemic will be stopped, and the economy can breathe again. Most forecasters have predicted that the world economy will see a growth next year and companies are hoping to get their goods and services back to the market after a long hiatus. This edition of Policy Pulse looks at the economic growth prospects within India and globally. It also identifies some critical policy issues that have come into the public domain in India. Some possible non-tariff measures like the EU's Green Deal have also been discussed. As we come to the end of a difficult year, we hope that 2021 brings in economic growth and good health across the world. One important element to help countries tackle the health issues brought about by the pandemic will be to consider a temporary waiver of certain obligations under the TRIPS agreement of the World Trade Organization (WTO) that has been brought in for discussion by India and South Africa. Member countries of WTO were reluctant to consider the proposal earlier but in the latest meeting of the TRIPS Council, it appears that some convergence on exploring ideas to keep the discussion open in the future at the TRIPS Council was discussed. That is a good beginning.

IN THIS ISSUE

MACROECONOMIC SNAPSHOT

Global Economy

Breaking Through?

We are in the early recovery phase of the cycle following the COVID-19 recession. As per the Organisation for Economic Co-operation and Development (OECD), the global economy may get back to pre-pandemic levels of growth by the end of next year as vaccines are expected to help propel recovery, but growth is likely to be uneven.

"For the first time since the pandemic began, there is now hope for a brighter future. Progress with vaccines and treatment have lifted expectations and uncertainty has receded. The road ahead is brighter but challenging," OECD Chief Economist Laurence Boone.

GDP Growth (Q4-Q4 % change)	2018	2019	2020F	2021F
United States	2.5	2.3	-2.4	3.7
Eurozone	1.2	0.9	-7.2	4
United Kingdom	1.5	1.1	-8.5	4.2
Japan	0.3	-0.6	-2.8	3.1
China	6.4	6	5.5	4.5

Inflation (CPI, Q4-Q4, %)	2018	2019	2020F	2021F
United States	2.2	2	1.1	1.8
Eurozone	1.9	1	-0.1	1.2
United Kingdom	2.1	1.4	0.4	1.7
Japan	0.8	0.5	-1	0.2
China	2.2	4.3	1.5	2.3

Source: Global Economic Research

Global trade had bounced back after a sharp decline earlier this year, but it decelerated in September. The overall volume of global trade grew 7.9% in June, 4.8% in July, 2.4% in August, and 2.1% in September. The volume of trade remains roughly 4% below the previous year's level. For the third quarter, however, trade volume was up 12.5% from the previous quarter, almost reversing the 12.2% decline in the second quarter.

In September, the volume of exports was up 2.5% in the Eurozone, 2.6% in the United States, 5.3% in Japan, and down 3.8% in China. However, Chinese exports had grown strongly in the previous two months. Exports increased strongly in other emerging countries as well. For all these countries, export volume decelerated in September 2020 versus August 2020. Meanwhile, global industrial production increased only 0.9% in September, a deceleration from the previous two months. Industrial production declined in both the Eurozone and the United States but increased in Japan and China. It increased in emerging Asia excluding China as well as in Latin America. Industrial production declined in Central Europe, Africa, and the Middle East.

Regional Economy Updates

- **USA** is witnessing a renewed outbreak of the pandemic prompting localized restrictions on activities. After the highest economic activity of 2020 recorded in the third quarter, there are growing signs that the economy has again started losing its momentum. Reports suggest that a stimulus package is likely to be passed in the first quarter of 2021 that may soften the hit to the US economy.

The IMF, in its biannual World Economic Outlook report expects "a long and difficult ascent" in 2021 from the recession induced by COVID.

- The **Eurozone** has long been in an economically unsteady state. With new lockdowns across Europe the Euro area GDP has stagnated in Q4 and falling by 0.5% q-o-q in Q1 2021.The combination of a protracted demand shock and energy prices below pre-pandemic levels suggest a disinflationary effect. The risk stemming from Brexit continuing to remain at the edge could lead to lower growth, higher inflation and looser policy said reports.
- The **Japanese** recovery of real economy will be gradual, although pent-up demand could push up apparent real growth rates above potential. Japan is managing COVID better than most developed markets, but its economy is yet to improve. Over the past month, key indicators like industrial production and the manufacturing index have improved but remain in contraction. The new prime minister has extended fiscal stimulus: employment subsidies and given support for businesses and the health care system. The fate of the already delayed 2020 Summer Olympics remains in a substantial uncertainty surrounding the outlook for the New Year.
- **China's** recovery from COVID-19 continues at a strong pace, with viral outbreaks limited and manufacturing surging. The country logged its highest single month of exports to the world in October, however, with the rest of the world at growing risk of a renewed recession, the potential for an export-driven growth is limited. Household consumption continues to recover slowly in China. Recently, the Chinese Communist Party released a five-year plan that called for "more sustainable," "higher-quality" growth, focusing on innovation rather than raw production.

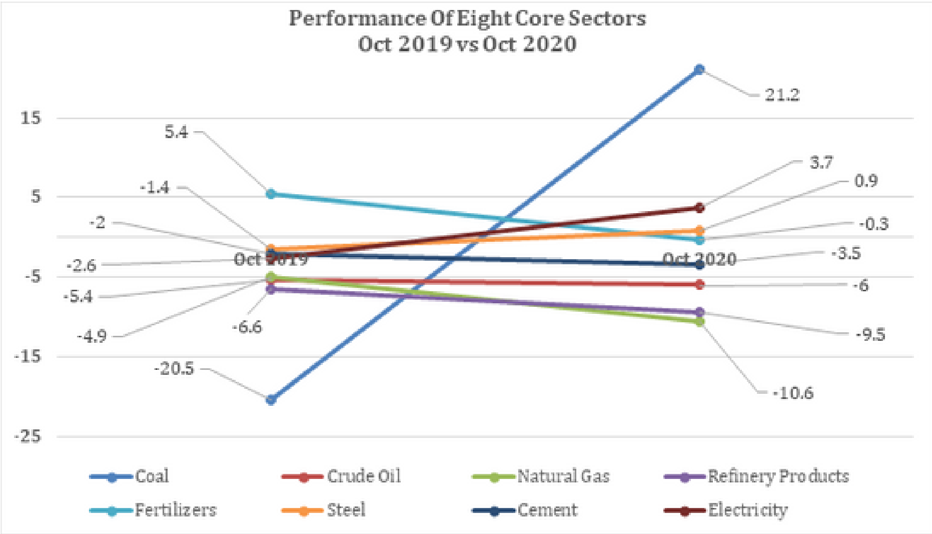
While countries are preparing for the imminent distribution of vaccines reports point to the difficulties of rolling out massive vaccination campaigns. However, countries remain optimistic of a favourable outcome from the vaccine rollout for containing the pandemic thereby improving the economy.

Indian Economy

The Indian economy is recovering, although with some caution. While agriculture has benefited from favourable weather conditions, manufacturing and services are impacted by containment measures and uncertainty. Significant social hardship persists and the fall in the unemployment rate must be seen against the background of declining labour force participation.
Reserve Bank of India (RBI), in its latest RBI's Economic Activity Index estimates India's GDP growth for the second quarter of 2020-21 as negative and the GDP contracted by 8.6 per cent during the quarter. Indian economy shrank for the second straight quarter; hence, for the first time in history, India entered into a technical recession. While some of the economic indicators such as manufacturing index, unemployment rate, GST collections, industrial output, etc. have regained lost ground with many of them even surpassing pre-pandemic levels, some other indicators like eight core industries, air traffic, inflation, and investments in projects are still in the recovery phase.
Supply chain disruptions have pushed inflation above the target range of the central bank. GDP, reports suggest, is set to shrink by 10% in fiscal year (FY) 2020-21, with household consumption sluggish and investment largely unresponsive to easier monetary conditions. Despite a projected rebound of around 8% and 5% in FY 2021-22 and FY 2022-23, respectively, due to base effects and returning confidence, the GDP loss will be substantial.

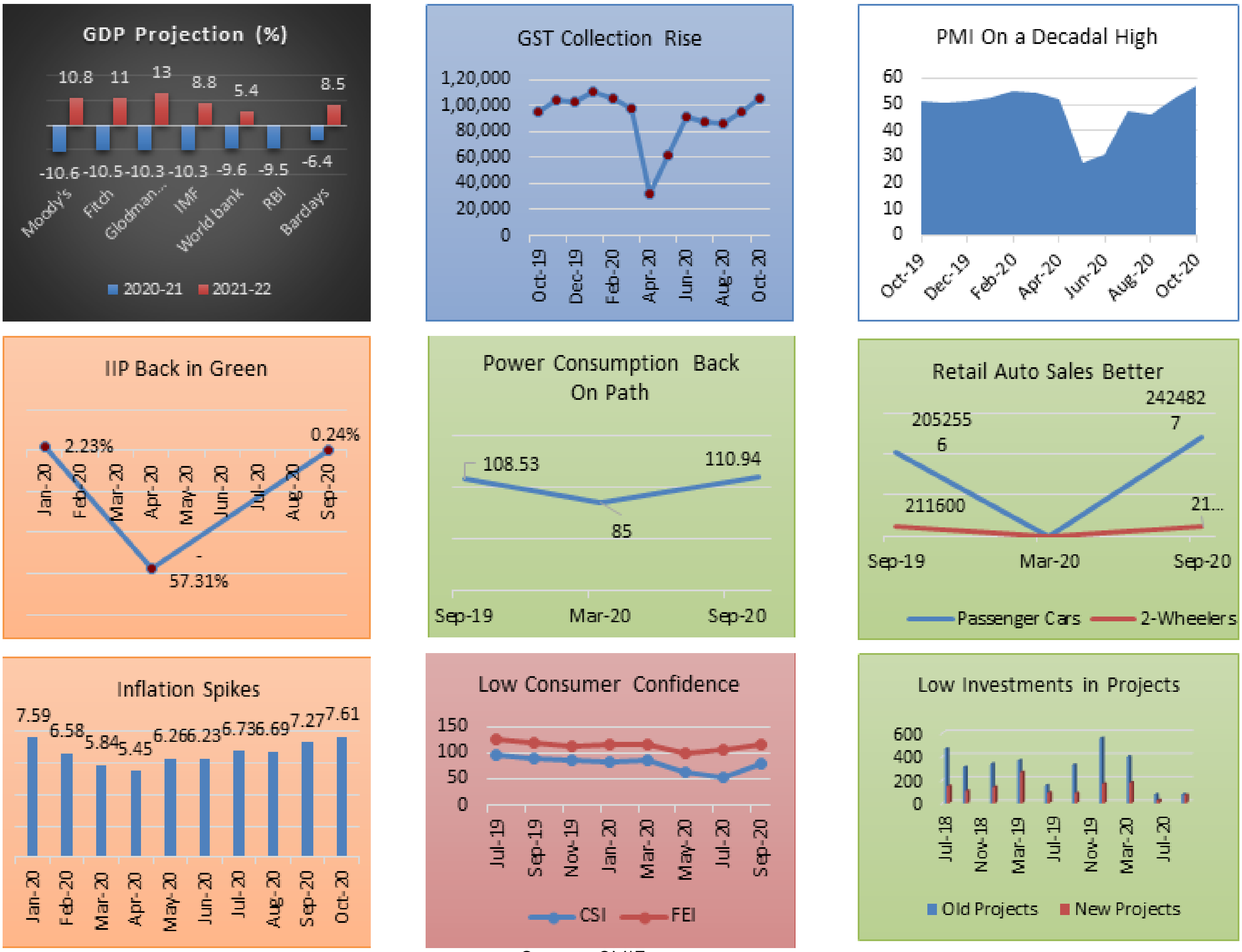
Performance of Eight Core Industries

The combined Index of Eight Core Industries stood at 124.2 in October 2020, which declined by 2.5% as compared to the Index of October 2019.Its cumulative growth during April to October, 2020-21 has been (-) 13.0%. Out of the eight core industries, except coal, steel and electricity, all other sectors such as crude oil, natural gas, refinery products, fertilizer and cement sectors witnessed a negative growth in October 2020 in comparison to the same period of the previous year. However, given the current impact of the pandemic the positive news is that with majority of industries starting operations and rapidly inching towards full capacity, the performance of coal, refinery products, steel, cement and electricity sector showed good growth in October 2020, in comparison to September 2020.



Source: Ministry of Finance

Performance of Key Economic Indicators



Source: CMIE

WTO UPDATES

2020 Marks 25 years of TRIPS

On 24th November, government officials, IP experts and academia gathered virtually to mark the 25th anniversary of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). In his keynote address, Deputy Director-General (DDG) Yi Xiaozhun acknowledged the TRIPS Agreement and its contribution to trade and economic growth for the past 25 years. He also acknowledged this agreement's contribution to facilitating or adding to the multitude of diversity in knowledge sharing. He pointed out to the IMF's data indicating that IPR payments increased by 1053% from USD 38 billion in 1995 to USD 438 billion in 2019. By referring to the Doha Declaration on the TRIPS Agreement in relation to health aspects, the DDG pointed out the relevance of such initiatives in addressing the challenges of the ongoing pandemic in the world. The other speakers mentioned the need to engage in leveraging IP to foster inclusive growth and development. Most importantly, the session looked at the role of TRIPS Agreement in the dynamics of knowledge economy.

World Trade Report 2020 Focuses on Digital Trade

The World Trade Organization (WTO) launched the World Trade Report where it pointed to the various policies identified by countries to spur innovation and technology to boost economic growth.

The report said that technological upgradation, digitalization of production process, developing know-how skill sets of its working population have become the core of policies of many countries. Based on the assessment of national policies supporting development of technologies, Innovation and related activities, the report finds that policies in general are horizontal in nature. However, it becomes disruptive only when it becomes sector- specific. It clearly points out that government procurement policies involving technological content may have a positive impact on its economy. It also sought attention to the role of IPR regulation and its effect on driving innovation and industry. This report further encourages countries to focus on innovation. However, it points out that in order to avoid uncertainty in the trade of digital goods and services, countries must work together to foster ecommerce. International cooperation is at the crux for trade of technological products in the global market. Given this context, to facilitate such trade, the DDG Yi Xiaozhun, during the launch of the report said that WTO framework must be updated to tackle the challenges brought up the trade of digital goods and services.

India, Other Countries Question EU's Green Deal

Under the Green Deal, the EU proposes to expand its carbon tax mechanism to its trading partners to meet its emission targets. Due to its scale of implications, countries including India, USA, Argentina, Armenia, Bahrain, Canada, China, Indonesia, Paraguay, Qatar, Russia, Saudi Arabia, Turkey, Uruguay, Colombia, and Norway registered their concerns. The EU was requested to provide the details on the Carbon Border Adjustment Mechanism (CBAM) and its potential impact on sectors and products. Since this mechanism will mean higher duties for exports to the EU if these products do not meet the EU sustainability targets the countries asked EU to provide details of the impact for sectors by citing the exact HS Codes of products that are expected to be covered under this mechanism. WTO members reiterated the point that addressing climate change challenges differs among countries and depends on the capabilities of the countries under the Paris Agreement. They also pointed out that the CBAM mechanism was becoming a tool for creating import restrictions by the EU. Such concerns were raised during the meeting of Committee on Trade and Environment (CTE) of the WTO.

Update on Negotiations on Fisheries Subsidies

The negotiations to reach an agreement to curb subsidies for fisheries have been a critical matter at the WTO. However, as mandated by the 11th Ministerial Conference and Sustainable Development Goals, such an agreement must be negotiated by 2020. Currently, the chair of the negotiations (Colombia) has revised the consolidated draft text and members are required to find a consensus so that negotiations may reach a closure. This text, if agreed by the WTO members would require countries to reexamine their policies for fisheries. It is intended to curtail subsidies for illegal and unregulated fishing and also to prohibit overfishing which leads to depletion of marine resources.

FTA & OTHER UPDATES

RCEP Launched

In mid-November, the 37th ASEAN summit was hosted virtually by Vietnam. On the concluding day, the top officials from 15 countries of Asia-Pacific region including China, Japan, South Korea, Australia, and New Zealand along with the ASEAN countries signed the trade agreement – the Regional Comprehensive Economic Partnership (RCEP). This deal is intended to develop the supply chains in the trading bloc. However, for the deal to get its functional status, it must be ratified by six ASEAN members and three non-ASEAN members of the bloc. The agreement is set to provide tariff benefits to 92% of traded good. RCEP provides greater focus for data protection, transparency and ease of customs procedures, among the host of issues to make facilitate trade. Although India had withdrawn from the pact in 2019 but the deal has a clause by which India may join at a later date. It is significant to note that this deal is China's first regional or plurilateral trade agreement as it has signed mainly bilateral agreements till date.

China Resumes Preps for Trilateral Agreement Talks with Japan and South Korea

Following the signing of the RCEP deal, China seems to be shifting its focus on resuming talks on trilateral agreement (CJK FTA) with its important neighbours – Japan and South Korea. Although the negotiation for a free trade agreement among these Asian economies has crossed eight years since 2012, any progress is hindered by the political differences among them. It is to be noted that the three Asian partners account for about 24% of the global economy. Experts says that this trilateral deal may focus on the following products – AI, robotics, chips, IT products and further, the deal and may receive some impetus following the positive outcome of the RCEP agreement.

India Seeks New FTA With Russia and Others

India has been in talks to enter into a trade agreement with the Russia-led free trade bloc, Eurasian Economic Union (EAEU). Russia has stated that the deal between India and the Eurasian bloc is critical to foster further growth in their relationship. In 2019, trade between Russia and India stood at USD 10 billion and the trading partners are hoping to increase it to USD 30 billion by 2025.

An early conclusion of this trade deal may benefit agricultural and food exports. Also, it may open up new markets for pharmaceuticals, textiles, chemical and defence sectors.

G20 Leaders Reiterate Goal of Sustainable Development

G20 leaders met virtually under the Saudi Arabian leadership on 21-22 November 2020. The focus of the meeting was on addressing the Covid-19 pandemic. The G20 leaders used the occasion to reiterate their position of achieving sustainable developmental growth. They endorsed the G20 Action Plan and extended their commitment to Debt Service Suspension Initiative (DSSI) and acknowledged the role of private players in the initiative. On the health front, they confirmed their compliance with the International Health Regulations (IHR 2005). They acknowledged the importance of efficient health systems to achieve Universal Health Coverage and vowed to continue their support in the fight against anti-microbial resistance (AMR) and zoonotic diseases, infectious and communicable diseases. They mentioned the Riyadh Initiative and support to the forthcoming 12th Ministerial Conference.

By acknowledging the critical role of infrastructure in economic growth, the G20 emphasized the use of technology in infrastructure projects. Importantly, in the finance segment, the group has categorically stated that no operations of 'global stablecoins' can come into being without the relevant regulatory measures in place. In terms of fostering the digital economy, it has mentioned that data free flow 'with trust and cross-border data flow' is crucial for its growth. The G20 mentioned their commitment to the upcoming Conference of the Parties (COP) to the Convention on Biological Diversity (CBD). And lastly, to address the carbon emissions, the group endorsed the 4R – Reduce, Reuse, Recycle and Remove framework of Circular Carbon Economy (CCE) Platform. The future G20 meetings are scheduled to take place in Italy (2021), Indonesia (2022), India (2023) and Brazil (2024). In a side event, the leaders shared their views on tackling climate change issues.

POLICY/REGULATORY BRIEF

INDIA

Shipping Ministry Overhauled

The Government of India announced the decision to rename the Ministry of Shipping and broaden its mandate. The name has now been changed to the Ministry of Ports, Shipping and Waterways. The mandate now includes ports, inland waterways, ship building, ship-repair industry, ship breaking, fishing vessels industry, floating craft industry, etc. The ministry has recently issued the draft "Coastal Shipping Bill, 2020" in which there is a provision on integration of coastal maritime transport with inland waterways. Hence, this change is likely to infuse the development of logistics sector in India, thereby reducing the cost of transportation. Further, the ministry has issued the 'Draft Merchant Shipping Bill 2020' for public consultation.

Portal to Chart Changes for Tackling Climate Change

The Ministry of Environment, Forest and Climate Change, Government of India launched a web portal that is designed to be a single point information source on actions/initiatives taken by various Ministries with regard to tackling climate change issues. The portal is known as 'India Climate Change Knowledge Portal'. The components of this portal include India's climate profile, National Policy Framework, India's NDC goals, Adaptation Actions, Mitigation Actions, Bilateral and Multilateral Cooperation, International Climate Negotiations, Reports and Publications. Under the Paris Agreement, India has to meet its Nationally Determined Contribution (NDC) limits. That is, reduction in the emission intensity of GDP by 33 to 35 percent by 2030 from 2005 level. It has to achieve 40% cumulative electric power installed capacity from non-fossil fuel- based energy resources by 2030 and create an additional carbon sink of 2.5 to 3 billion tonnes of carbon dioxide equivalent by adding forest and tree cover by 2030.

Labour Reforms: Notification of the Draft Rules

The Ministry of Labour and Employment has notified the draft rules – 'Occupational Safety, Health and Working Conditions Code, 2020'. This draft rules provides code on safety, health and working conditions of the dock workers, building or other construction workers, mines workers, inter-state migrant worker, contract labour, working journalist, audio-visual workers and sales promotion employees.

Deadline for Policy Compliance for FDI in Digital Media

The Ministry of Information and Broadcasting has issued a notice giving directions to facilitate the entities involved in uploading/streaming of news and current affairs through digital media as per the policy of 26% FDI permit under the Government approval route. The notice states that any entity bringing fresh foreign investments in the country must seek prior approval of the government through the Foreign Investment Facilitation Portal as per the requirements.

PLI Scheme for 10 Key Sectors

The Production-Linked Incentive (PLI) Scheme has been approved for 10 key sectors for enhancing India's manufacturing capabilities and increase exports under the Atmanirbhar Bharat vision of the Government. The newly identified sectors are advance chemistry cell (ACC) battery, electronic/technology products, auto, pharma, telecom and networking products, textile – MMF and technical, food, high efficiency solar PV modules, white goods (ACs & LED) and specialty steel. The product lines have also been notified for this Scheme. This Scheme was initially notified to 3 sectors including mobile manufacturing and specified electronic components, critical KSMs and drug intermediaries and APIs and manufacturing of medical devices.

GLOBAL POLICY UPDATES

Medical Robotics Gets Regulatory Focus in China

As medical robotics was getting more commercialized and moving away from the R&D phase, the industry size was being estimated to be USD 620 million in 2019. Although rehabilitation robot holds the major market share, surgical robots are also finding a place in the market. The growing market is expected to be USD 2.49 billion in 2026. Given the growth of the industry and investments, the medical drugs and devices regulator of China, National Medical Products Administration (NMPA) has issued a notice announcing, “the Establishment of Medical Robotics Standardization Agency”. This agency would formulate and revise industry standards for medical robotics such as classification, terminology and basic common technologies. It has formed an Expert Committee comprising 60 members including foreign device manufacturers.

UK: Immigration and Agriculture Bills Receives Royal Assent

As the UK readies to embrace Brexit changes, two bills- Immigration and Agriculture- becoming laws comes at a crucial juncture. This Agriculture Law is set to replace the Common Agricultural Policy of EU by December 31. Although the UK government would provide its support, it would introduce new mechanism to promote progress in air and water quality, soil health and biodiversity. The Environment Bill is in the process of becoming a law and upon enactment may have implications for diverse sectors.

Australia Set to Review its Privacy Act

Recently, the Australian Government had announced the details on the review of the Privacy Act 1988. The review seeks to update on various provisions of the Act in lieu of legislations of other countries like the EU’s GDPR. In this regard, it has released an Issues Paper seeking comments. Experts say that the review is considering the implementation of the APEC Cross-Border Privacy Rules (CBPR) system. It is to enable and protect free flow of data with appropriate data protection.

Singapore Amends Personal Data Protection Act

As data becomes a key determinant in digital economy, countries are revamping their legislative framework on data protection. Currently, the Ministry of Communications and Information of Singapore has updated its Personal Data Protection Act. The notable changes include the exceptions to consent requirements which may be used by businesses for legitimate purpose. Also, certain changes have been made to ‘deemed consent’ and data portability obligations have been introduced. Further, penalties for any data breach have been increased significantly. Further, the Personal Data Protection Commission (PDPC) has issued the draft Advisory Guidelines on key provisions of the amendment.

OPINION COLUMNS

Fact Check on Climate Change and Mitigation Action: G20 Economies

Policy Matrix

Manonithya

With the ratification of the Paris Agreement by the signatories, addressing climate change and mitigating strategies had become the focal point for a country's developmental strategy. Although the US had withdrawn its membership, the other member countries of this agreement have been undertaking measures to meet their commitments. Further, 2020 is significant as the member countries are required to provide an update on the Nationally Determined Contribution (NDCs) under the Paris Agreement. However, the Covid-19 pandemic situation and its negative implications on economy have posed challenges to the climate action initiatives. The stimulus packages announced by the respective countries for making an economic recovery may pose challenges to the emission reduction targets. Given this scenario, a report on G20 countries in terms of their action on climate change and mitigation activities has been released ahead of the G20 meet.

The Climate Transparency Report 2020:
This report assesses the G20 economies in relation to the three goals of the Paris Agreement. It offers insights into the ambitious targets of emission reduction and the achievements of G20 countries. By taking into account the Covid-19 pandemic across the globe and its impact on economies, it suggests ways that may be considered by Governments while revamping the economy from a climate action perspective.

Previously known as the 'Brown to Green Report', this report focuses on the implementation of various schemes by the G 20 economies to phase out the energy intensive sector in a bid to address climate change issues. It finds that G20 energy related CO_2 emissions decreased by 0.1% in 2019. However, emission reductions need continuous effort of such initiatives. This report raises concerns due to the focus given to the fossil fuels in the stimulus packages.

<u>Emission Targets Vs G20 Stimulus Package:</u> As of mid-October 2020, G20 economies have announced a stimulus package of USD 12.1 trillion. In G20, France, UK, EU, Germany, Canada, South Africa, South Korea and Japan have set net-zero emission targets for 2050 whereas China has set to achieve the same by 2060. However, the report

points out that G20 stimulus package have been found to be supporting energy intensive sectors like domestic coal, gas, oil, airlines, and automobile sector. By the referring to the Energy Policy Tracker, the report mentions that 53.5% of the total commitment made in G20 stimulus package to energy sector is directed towards fossil fuels. But G20 countries other than Mexico, Russia and Saudi Arabia are found to have provided certain support to green technologies like renewable energy and low-emission transport sector.

NDC Updates: As mentioned earlier, the NDC target must be set out by countries by 2020. However, till October 2020, only Japan has provided an update. Australia, Russia and Indonesia have stated that they will not update their NDC target. Hence, the initial NDC adopted before the signing of the Paris Agreement stands only as a target. Among G20 countries, the report finds that only India's 2015 NDC target for 2030 has provided a 20 C compatible plan under CAT 'Fair-Share Evaluation' (Refer: Climate Action Tracker).

<u>Mitigating Climate Change and Strategies:</u> As per the German Watch – Global Climate Risk Index 2020, India is placed second followed by the US for bearing economic losses for the period of 1999-2018 due to extreme weather events. By analyzing the above-mentioned Index, the report warns that even if the target of 1.50 C is achieved, G20 needs to prepare a combat plan to mitigate vulnerability and risks arising from climate change resulting in extreme warmer weather patterns. Such heat waves would seriously activate unfavorable agricultural condition affecting the yield of maize, rice, soybean, and wheat crops. Among G20 members, Australia, Brazil, France, India, Indonesia, Italy, Mexico, Turkey, Saudi Arabia, and South Africa are identified as being vulnerable to severe climate change impacts.

In order to fight against climate change, all G20 members except Saudi Arabia has Climate Adaptation Strategy plan which this report finds essential to prepare the country in mitigating climate related risks. Based on mapping of G20 emissions at sectoral level at 77% in energy, 10% in agriculture, 10% in industry and 3% in waste, this report intended to inform the countries on their position towards mitigating climate change and what may be the future course of action. Hence, it recommends G20 to develop national just transitional policies.

Further, this report analysed the various policies of sectors like energy, power, transport, building, industry and agriculture land-use of G20 economies. It finds that only six members including Australia, EU, France, Germany, Japan and South Korea have hydrogen strategies. Most importantly, it points out that no G20 country has policies for de-carbonising heavy duty vehicles.

<u>Climate Change Risks and Financial Institutions</u>: This report acknowledges the existence of three different climate related risks for economy and financial system as follows:

Carbon Price Scheme in G20:

1. ***Other than India and Australia, 18 countries of G20 have established carbon pricing scheme.***
2. ***France, South Korea, and EU – High carbon tax rates***
3. ***Japan, Mexico, South Africa, Argentina – low carbon tax rates***

physical, transition and liability risks. It suggests the G20 countries and its central banks and financial institutions to align their policies towards low carbon, and climate resilient development. Green Finance Principles should guide the national financial policy. It has identified India, Saudi Arabia and South Korea to lack the Green Finance Taxonomy under such principles. Finally, the report clearly states that to limit warning to 1.50 C above pre-industrial levels, global CO_2 emissions need to be reduced by 45% by 2030 and reach net-zero emission levels by 2050.

Recommendations of the Report: The report advocates five Green Recovery principles to be incorporated into G20 stimulus package roll out. Those are as follows:

- Direct investment to sustainable infrastructure
- Investments in nature-based solutions and the environment
- Invest in education and R&D in zero-carbon technology/industry and climate resilient agriculture
- Conditional bailouts in terms of environment to businesses of energy intensive sector
- Reinforce policy, regulations and incentives to green technology-based industries while rejuvenating the economy

India's Arrangement: As mentioned earlier, India has been undertaking continuous efforts in addressing the challenges of climate change and to meet its commitments. In particular, the country has been trying to leverage solar energy which is evident from the recently held 3rd edition of 'REINVEST 2020' which is on renewable energy. As of date, India is the 4th largest country in terms of having renewable power capacity. Further, changes have been brought in terms of electric equipment, and focus has been shifted to address energy consumption sectors including agriculture. Also, there would be a launch of a comprehensive National Hydrogen Energy Mission in near future. Hence, despite all odds posed by the global pandemic situation India seems to be on track in meeting its international commitments while driving its economy. However, policy makers may take a clue from certain sections of this report to further boost their initiatives.

(The writer is a Senior Research Analyst)

Health Policy Response to COVID-19- Lessons Learnt

Anatomy of a Regulation

Aishwarya

The COVID-19 pandemic has brought upon a global health emergency coupled with an unforeseen economic crisis. The pandemic has exposed that across countries, the universal health coverage systems are fragile and underfunded and how these vulnerabilities can have profound implications for health as well as the economy. Countries have so far taken unprecedented measures, but policymakers have found that their flexibility to respond was largely influenced by the capacity of their healthcare systems. As a result, policy tradeoffs have emerged. Some countries prioritized health over economy, while others successfully or unsuccessfully tried to combat the spread of the disease while also trying to limit its effect on the economy. Either way, so far, the big takeaway has been that strengthening the capacity of health systems to respond swiftly and effectively to public health emergencies is essential.

In the case of India, a nationwide lockdown was employed as the only containment strategy. Its purpose, ostensibly, was to buy time for the government to take measures to deal more effectively with the pandemic once the lockdown is lifted. But, for all the talk of it being one of the most stringent lockdowns across the world, once lifted, India never seemed to gain a solid footing.

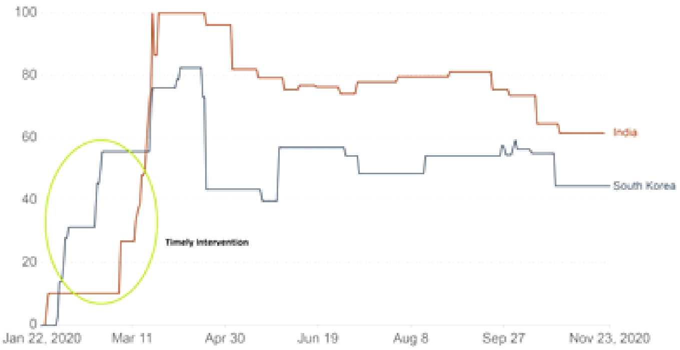
A combination of various factors such as inadequate policy cohesion, lack of infrastructure, lack of appropriate behavioural conditioning in the public, and ineffective implementation have led to India being the second worst-hit nation with over 9 million cases. So what should have been done? Firstly, experts have called for higher investment in healthcare and the use of data in policy making, strategizing and planning. But this is easier said than done. Financing the health sector is a long-standing development challenge. The WHO estimates that an additional USD 370 billion per year is needed for primary health care to achieve the SDG targets on universal health care in low- and middle-income countries.[1]

Secondly, scaling up country readiness and response operations must include measures such as: training and deploying the public health force; ramping up testing capacity and availability; the rapid identification, diagnosis and management of cases; identification and follow up of contacts when feasible; plan to trace and quarantine contacts; infection prevention and control in healthcare settings; ensuring access to key facilities such as hospital beds and intensive care units, ventilators and other machines and personal protective equipment for health care workers; implementation of health measures for travellers; and awareness raising in the population though risk communication and community engagement.

As an example, the policy response of South Korea was studied. Ranked 93rd in the number of cases, the policy effort of Korea can be deemed as successful. Creative information gathering methods were used to monitor and manage COVID-19 cases and their contacts, including CCTV, medical facility records, GPS and card transactions. Early and rapid responses to the outbreak as well as implementing preventive strategies, have helped South Korea to preclude community infection.

[1] WHO (2019), Global Spending on Health: A World in Transition, World Health Organization, Geneva

Figure: Government Response Stringency Index[2]



Source: Oxford COVID-19 Government Response Tracker, Policy Responses to the Coronavirus Pandemic- Our World in Data

According to a study[3], the critical factors in South Korea's public health administration and management that led to this success include national infectious disease plans, collaboration with the private sector, stringent contact tracing and government-driven communication. South Korea employed the “TRUST” strategy, which stands for Transparency, Robust Screening and Quarantine, Unique but universally applicable testing, Strict control, and Treatment.

A crucial point is that Korea employed an adaptive and not simply a reactive policy response. Existing policy structure was sufficient to achieve maximum efficacy. Now, to build on that, the Korean government has proposed new legislations[4] as well. These are:

- Act on Special Cases Concerning Promoting the Development of Public Health Crisis Response Medical Products and Supplying Medical Products for Emergency Response
- ·Special bill on emergency use and development support of public health response medical product such as infectious diseases
- Act on pharmaceutical development and support for Public Health Crisis Response
- ·Bill on public health response medical product and innovative new drug development support

These legislations have been proposed to combat institutional limitations to support rapid development of products and emergency use, shorten the review period for product permits for medicines responding to health risks such as infectious diseases, develop and supply the public health crisis response drug designation system and to ensure effective treatment opportunities for patients and quickly overcome public health crises. While applauding Korea's approach, it is also important to understand a core difference. In South Korea, local governments have limited autonomy, and its public health governance is centralized. Unlike federal or decentralized governance structures, South Korea's agencies can act quickly to implement policy decisions at the local level. This is contrary to the situation in India.

In India, public health and allied subjects, such as sanitation, hospitals and dispensaries, are the exclusive responsibilities of state governments under the Seventh Schedule of the Indian Constitution whereas the prevention of the spread of infectious or contagious diseases from one state to another falls under the Concurrent List of the Constitution, making it the shared responsibility of the Centre and the states.

[2] The nine metrics used to calculate the Government Stringency Index by the authors were: school closures; workplace closures; cancellation of public events; restrictions on public gatherings; closures of public transport; stay-at-home requirements; public information campaigns; restrictions on internal movements; and international travel controls

[3] Lessons from South Korea's Covid-19 Policy Response, The American Review of Public Administration, July 2020.

[4] Notified to the WTO in October 2020

However, fiscal and institutional constraints experienced by states negate the true power conferred on them by the constitution. Findings from a World Bank report [5] note that "implementation of the research findings of central agencies had become a challenge due to the lack of technical capacity at sub-national levels". On the other hand, the centre does not have the directive to regulate in terms of general public health. Because of this, states and centre have both passed the baton and neither can assume full responsibility. The fact that India ranks 176 out of 191 countries[6] when it comes to government expenditure on health, in itself narrates the story. It is therefore clear that effective policy decisions surrounding a crisis such as the current pandemic requires co-operative and collaborative vision and effort from both- the centre and the states. In 2019, a high-level group on health sector had recommended assigning the subject of health under the concurrent list of seventh schedule of the constitution.

As there were no real precedents to guide policymakers, policy solutions proposed as countermeasures to the pandemic should be given certain amount of leeway. They were always likely to be convoluted and to a degree inadequate, given the magnitude and complexity of the crisis. The MERS outbreak in 2015 had prompted the South Korean government to expand legal and administrative boundaries regarding pandemic responses. This came in handy when COVID-19 struck. One hopes that the current pandemic acts as the Indian government's lesson for preparedness in the future.

(The writer is a Research Associate)

5] India's Public Health System How Well Does It Function at the National Level? - World Bank Policy Research Working Paper 3447

[6] Report of High Level Group on Health Sector submitted to Fifteenth Finance Commission, 2019

Evolving Food Safety Strategy

With food Safety, comes food Security!

Between The Lines

Anjali Chauhan

The United Nation's 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) aims to stimulate action in areas of critical importance for people, Planet and prosperity with robust consideration of the economic, social and environmental dimensions of development remain at the core of these goals. The SDGs call for major transformations in agriculture and food systems by doubling the agricultural productivity and incomes of small-scale food producers to end hunger and achieve food security. The COVID-19 pandemic has led to new challenges and demonstrated the need to ensure food safety and security in global crises that disrupt food supply chains. However, this would help in the development of local food supply chains and ensure food security globally.
'Food Security for all' is at the crux of 2030 Agenda for Sustainable Development as well as the major goal of Food and Agriculture Organisation (FAO). According to FAO, the global food trade stands at USD 1.6 trillion. Yet, given the challenges which the world has faced recently, it makes it even more crucial to feed the growing population and maintain safety in the global food chain. The COVID-19 pandemic sets an appropriate example for food safety. It also highlights other major issues such as antimicrobial resistance, emerging zoonotic diseases, new technologies, innovation, food fraud, digitalisation of food systems and circular economies. The FAO's 27th Committee on Agriculture (COAG), held virtually from 28 September to 2 October 2020 agreed to back the development of a new FAO strategy to achieve the 2030 Agenda for Sustainable Development with consideration on food safety issues. Working on a new FAO food safety strategy, it allows the committee to consider the prevalent safety concerns and changes needed globally.
The FAO will now work to develop a new food safety strategy that will align to the new developments in food ecosystem. It would also direct the path on unanticipated global challenges and crises that may affect the food supply. The new strategy will serve as an international policy and advocacy instrument with increased consideration for food safety along its integration across the global food chain. It would also serve as a decision-making tool to direct adequate investments for sustainable, safe and resilient food and agriculture.
The FAO's objective would be to submit an updated version of the strategy for consideration in the next committee meeting. It is also understood that additional insights and directions to consider in this new strategy may proceed from the 2021 UN Food Systems Summit, given the focus on Ensuring Access to Safe and Nutritious Food for all.
This shift towards a new food safety strategy is in addition to the WHO's plan to update the global strategy for food safety and deliver the new plan by 2022. This move by WHO aims to strengthen international efforts in food safety and lower the burden of food borne illnesses. The plan to update the strategy is to address current and emerging challenges, incorporating new technologies and including innovating strategies for strengthening food safety systems.

Besides international organizations like FAO and WHO which are planning to update the food safety strategy, the United States Food and Drug Administration (USFDA) in July 2020 announced the New Era of Smarter Food Safety Blueprint. This blueprint will take over the next decade and lead the way in the New Era of Smarter Food Safety. This step by USFDA is to keep pace with the global evolution and changes in the food system expected over the next few years. The new approach to food safety would ensure leveraging technology and other tools to create a safer, more digital and traceable food system. The blueprint outlines a partnership between government, industry and public health advocates based on a commitment to create a more modern approach to food safety. The challenges that have emerged during the COVID-19 pandemic have accelerated the need for actions called for in the blueprint, especially in times of crisis.

On similar lines, the European Union is to lead the food safety program for three years in association with 23 counterparts from 12 countries. This would be the European Commission's first funded project "FOODSAFETY4EU" for supporting the food safety systems of the future. This project is set to run from the start of 2021 until the end of 2023. It is a multi stakeholder program comprising stakeholders from 12 countries including Ruokavirasto (Finnish Food Authority), the Federal Agency for the Safety of the Food Chain (AFSCA) in Belgium, Economic and Food Safety Authority (ASAE) in Portugal, European Food Information Council, Food Drink Europe, ISEKI-Food Association, Euro Co-op and Wageningen University in the Netherlands. Consumer concerns on the transparency of the safety assessment process for foods as well as technological developments and innovations have shown the need to be reflected on the EU food safety system of the future which is the driving force for this project.

Looking forward, in coming decades we are likely to encounter a more volatile world. Climate change, shifting diets, rising population, emergence of opportunistic pathogens leading to serious illnesses will make the agriculture, nutrition, health and safety even more challenging. With the global food industry looking towards overcoming the challenges, it is even more important that the countries begin to join hands in encouraging innovation and facilitating trade without compromising consumer safety. Ensuring safe food for all is going to be more difficult as these pathogens continue to emerge. Addressing these factors, international organizations and countries have started working to put together the framework for ensuring food safety. A new era with redefined strategies for safety and security for all may be one of the key highlights of this decade.

(The writer is a Research Associate)

Oral Thin Film: A Multi-Utility Product with Growth Potential

Policy Dimension

Himani

Oral Thin Films (OTFs) emerged as a drug dosage system in 1970s, yet they have gained popularity in recent years due to improved dosing capacity, packaging and film stability and small dosage requirements. This can further be attributed to the increase in number of dysphagic patients worldwide. Till date, few OTF medications are available in the market which makes the OTFs industry a more attractive option for investors, thus giving companies a competitive edge in the market. In addition, OTF can also provide companies the easiest way to protect their drugs as they go off- patents thus can extend the revenue life of a medicine.

OTF is defined as a thin and flexible layer composed of polymers formed with or without use of plasticizers. The OTF drug delivery system comprises a solid dosage form that dissolves in few seconds, when come in contact of saliva without the administration of water. This dosage form is useful for patients with swallowing problem and is highly effective due to better drug release system and provides ease during handling, transportation and storage and leaves minimum or no residues in the mouth. The OTF drug delivery system is highly acceptable for some specific patient class including geriatric, pediatric and dysphasic patients[1]. In terms of regulatory prospects, the newly developed oral film application of reformulated drug can incur an additional three year of market exclusivity from the USFDA which can be extended up to seven years if it is an orphan drug. However, the sector faces major challenge due to requirement of massive investment in R&D for creating a simple and novel formulation which can hinder the growth of the market.

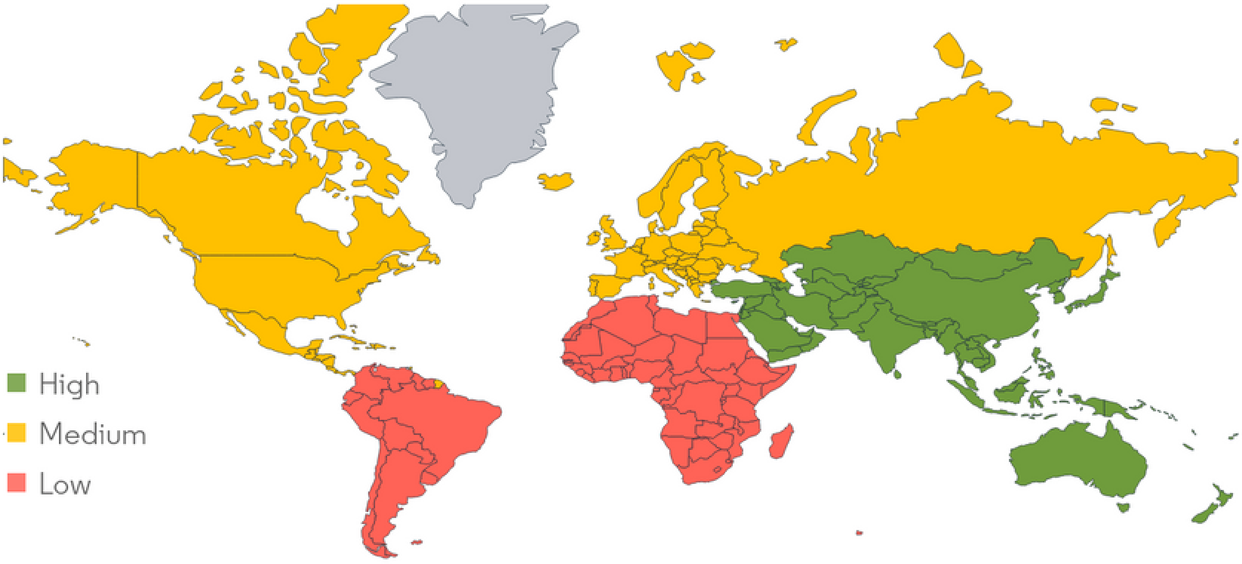
As per reports, the global OTF market is valued at USD 18.98 billion in the year 2020. The sector is predicted to reach worth USD 29.25 billion during the forecast period of year 2020-2025 with a Compound Annual Growth Rate (CAGR) of 10.50% [2]. The key drivers for the growth of the industry is the growing demand for the efficient drug delivery system, ease in transportation and storage and further better acceptability among patients.

Indian Scenario: The OTF market is new to India as the sector has started to mark its presence in the year 2012. As only handful of OTF products is available in Indian market with least market presence, the pharma companies may have a great opportunity to become the key players of the OTF market. However, this requires a hefty investment in the R& D and marketing of the product. It can be said that the growth of this sector in India would enable India to be a key competitor in global OTF market and further, such products has the scope of falling under patent protection.

Other Application: OTFs are not only acceptable as a drug dosage form but also as a mouth freshener, thus replacing the need of chewing gums. The products like Listerine and Ziminta mouth freshener strips are available in the mouth

[1] dysphagic patients means patients with swallowing problems
[2]https://www.marketdataforecast.com/market-reports/thin-film-drugs-market

Oral Thin Films Market - Geography growth rates



Source : Mordor Intelligence

freshener category, however the product have less market presence in Indian market. In addition, OTFs can also find food application as a food supplement or nutraceuticals especially for infants and young children. Thus, the OTF could prove to have multiple applications, which can provide growth to both pharmaceutical and food industry across different segments.

(The writer is a Research Analyst)

RV VeKommunicate

Global Business Communication Partners in Advocacy & PR, Reputation & Crisis Management, Research & Economic Data Analysis, with in-depth knowledge of Legal, Trade and Regulatory Affairs, specialising in various industries such as Agriculture, Automotive, Consumer Affairs, Processed Food, Manufacturing, Mining, Pharma & Healthcare, and Tourism.

VeKommunicate
1212 12th floor
Tower B, Emaar Digital Greens
Gurugram 121202

For Further Information, Please Contact:

Neha Jindal
Senior Account Director
Mobile: +91 9871569300

Deepak Sahoo
Senior Regulatory Director
Mobile: +91 9953834771

R Manonithya
Senior Research Analyst
Mobile: +91 7042980852

E-mail: info@vekommunicate.com
Website: www.vekommunicate.com