Thank you on behalf of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) for the opportunity to provide our perspective on this topic. We represent the global research-based pharmaceutical industry, whose primary contribution to global health is the development and supply of innovative medicines and vaccines.

Last year, the CEWG report provided a comprehensive basis for discussion on increasing coordination and financing particularly in type II and III diseases. IFPMA welcomed the conclusion that new models would be supplementary instruments to address challenges that cannot be fully tackled through the current innovation paradigm.

The consensus-reached outcomes from the open-ended meeting last November and reflected in the tabled resolution show member states' long-term commitment to address this endeavor comprehensively and to deliver tangible results.

Colleagues, we need a mix of vision and pragmatism in this debate. This is a good time to move forward onto a concrete path.

In this spirit, we welcome undertaking a systematic and standardized global review of both unmet needs for type II and III diseases and R&D flows and research capacity. This task will help develop a clear picture of needs, gaps and priorities and should be performed by talking, among others, to those with experience in planning and conducting R&D and those who provide significant funding.

In a time of scarce financial resources and high fragmentation we believe that understanding key research gaps is a precondition to addressing them.

We hope establishing the Observatory will be a prime opportunity to achieve the above goal.

Concurrently, IFPMA member companies continue their engagement in this area. A recent IFPMA status report shows that R&D on these diseases is increasing. Our member companies' R&D programs have increased in recent years to reach a total of 132 projects in 2012—a significant 40% increase from last year. Also, 85% of these projects are carried out through collaborative approaches.

Additionally, there is an opportunity today to leverage existing initiatives, such as the TDR Programme, and the WIPO Re:Search initiative, and to learn from recent positive examples such as the newly established Global Health Innovative Technology Fund.

IFPMA and its members stand ready to provide expertise and to assist further in this process which is so crucial to achieving our shared commitment to facilitating innovation and access to medicines for unmet medical needs.

Thank you.