

China
13 JUL 2013
Vol. 19

THE OTSUKA WHATS & WHOS

Otsuka
people creating
new products
for better health
worldwide

Tatsuo Higuchi, President & CEO of Otsuka Holdings Speaks at APEC China CEO Forum 2013



Panel moderator (left end) and international panelists, including Mr. Tatsuo Higuchi, President and Representative Director, CEO, Otsuka Holdings Co., Ltd. (right end), at the start of the panel session on innovation

In the lead-up to the 2014 meeting of the heads of state of the Asia Pacific Economic Cooperation (APEC) nations, which will be held in China, the Chinese government hosted the APEC China CEO Forum 2013 on July 13 in Beijing.

Tatsuo Higuchi, President and CEO of Otsuka Holdings, participated in this forum as a speaker in the panel discussion on Chinese economic issues and development. Otsuka was invited by the Chinese government to participate in this CEO forum because of Otsuka's innovation in health care issues, including pharmaceuticals, and track record in business development in China and Asia. The panel discussion meeting room was packed with 400 government VIPs and industry representatives.



Summary of President Higuchi's Presentation

The theme of the panel discussion was "Future innovation in technology will come not from the West, but from the East – Do You Agree?" President Higuchi's presentation covered the following topics.

(1) Innovations, regardless of their geographical origin, are universally recognized and spread worldwide, and become further refined through this process. A long-term outlook is essential when discussing the impact and unexpected historical developments resulting from innovations. As one example, Susumu Tonegawa, who in 1987 had been awarded the Nobel Prize in Physiology or Medicine for his discovery of the genetic principle for generation of antibody diversity, had begun his studies in Japan, but later moved to the United States in order to study molecular biology, and then moved to Europe in order to study immunology, and it was through the fruits of his studies in different regions that he made his discovery. Gunpowder and paper were invented more than one thousand years ago in China and, through this same process of interaction and combination, subsequent discoveries and the development of the printing press in the West became possible.

(2) As with other scientific discoveries, new drug development requires continual effort, investment, and combinations of different technologies, from basic research through to manufacture, and a long-term outlook is indispensable for drug discovery innovation. As one example, a new drug for schizophrenia that Otsuka had discovered took more than 20 years of persistent research to bring to market, and during that time unmet medical needs continued being found.

(3) In many fields, including medicine, innovation has spread from West to East, or vice-versa. Innovations emerge based on people's true needs, and succeed globally irrespective of their place of origin. Taking Japan as an example, Japanese society is right now confronting the problem of an increasingly elderly population, but this very problem will provide many opportunities for innovation in medical and health care for elderly societies.



(4) I would like to talk about Otsuka Pharmaceutical's expansion in China as a way of explaining the effects that different time frames, societies, and environments have on innovation. In 1976, after the Tangshan Earthquake, the Chinese government realized the need for intravenous drip infusions manufactured using advanced technology, and asked Otsuka to manufacture them in China. In 1981, Otsuka Pharmaceutical became the first Japanese pharmaceutical company to open a plant in China together with the Chinese government. At that time, there was no system in place in China for accepting foreign investment. Otsuka nevertheless made the decision to invest, and the Otsuka Group now has twenty-seven companies in China.

(5) Innovation requires communication, effort, education, and attention to the surrounding societal and physical environment. More than anything, innovation requires diversity in cultures, organizations, and technologies, a fact that Otsuka has kept firmly in mind as we continue to develop new products, from our pharmaceutical drug business to our neutraceutical business. Innovation occurs through the interaction and combination of Eastern and Western elements.