

**Witness:**

John Pournoor  
3M Corporation

**Testimony**

Statement of  
3M Company  
John Pournoor, Ph.D.  
CBRTA Chairman & Emerging Markets Business Development Manager  
3M Government Markets

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Mr. Chairman (and members of the Committee): I would like to thank you for calling today's round table on "Preparing an Effective and Immediate Public Health Response," and for inviting 3M to share its experiences and perspective in this area.

3M is a diversified global technology company with international operating units in 65 countries and more than 67,000 employees worldwide; roughly one-half of our employees are located in the U.S. 3M's worldwide sales in 2004 were \$20.0 billion, of which 61 percent – or \$12.1 billion – were international sales outside the United States. Of note, exports from our U.S. plants were a critical component of our international sales: In 2004, 3M exported almost \$3.8 billion in finished and semi-finished goods that were manufactured in our facilities in the United States. This ranked 3M as the nation's 39th-largest exporter in 2004, up from the 50th-largest exporter in 2003, giving 3M an almost 4-to-1 trade balance in favor of exports. 3M also annually invests more than \$1 billion on research and development. We manufacture over 50,000 products and are world-class producer of respiratory protection products, medical supplies, and food microbiology solutions among many other categories.

Mr. Chairman, I chair CBRTA, an alliance of industrial, non-profit and academic institutions successfully leveraging our own investments in R&D with both accountability and IP protection to more rapidly prototype needed government solutions. CBRTA focuses on chemical, biological and radiological solutions. I have facilitated state homeland security exercises, and have worked with our teams on our Public Health Solutions initiatives, and recently launched, with our international teams, our Avian Flu preparedness campaign in the Asia-Pacific region.

3M works with many local, regional and national agencies and institutions on fulfilling requirements for emergency preparedness and response. Our products and service offerings help local and state governments in areas of patient surge, isolation, registration and credentialing, stockpiles, personal protective equipment, decontamination, triage and trauma, information technology, education, training and preparedness exercises. My role has placed me at the crossroads of needs and capabilities in certain areas of Homeland

Security, Defense and Public Health. It is from this tactical and operational perspective that I would like to share our perspective with members and participants in this forum.

Mr. Chairman, today, the United States is investing in a variety of national preparedness programs stretching in outcomes from the development of new vaccines, to stockpiles of pharmaceuticals, personal protective equipment and medical supplies and many others in order to raise our levels of readiness in response to natural or man made bio-events.

Because we operate in a just-in-time and lean manufacturing economy that also applies to health care delivery systems, little supplies inventory exists to respond to a sudden surge of patients for threats like epidemics, pandemics or mass casualty events. Accordingly, the timely availability of effective bio-defense medical countermeasures requires that first, projections of potential patient loads be made, and then proportional demand plans be put in place to respond to such patient loads. NIH, HRSA and CDC are stimulating and fueling consideration of preparedness levels and augmentation of the system with needed caches. These demand plans must address adequate supply, purchase and distribution of needed medical countermeasures as well as stratification of priority groups receiving care.

The wrinkle in this new era of public health demand planning is that not only both the local characteristics of the health care networks and the epidemiology of the event must be considered, but supply chain and logistics factors must also be incorporated. Supply chain and logistics is often not viewed as a function of public health. Yet, it happens to be one of the core competences of U.S. industry and a requirement for effective public health surge-response. This suggests an opportunity for public-private pre-event planning and partnership assuring uninterrupted flow of needed goods and services during a bio-event. 3M is developing unique demand planning tools aligned with each of these principles in such areas as health care personal protective equipment, decontamination, medical supplies, and mass clinics.

One can zoom out from the view of flow of needed goods to local and regional health care systems to the global economy and the flow of manufactured goods across borders. In many cases our consumption demands are met with production both at home and in other parts of the world. Uninterrupted flow of these goods and services requires that we assure continuity at a global trade levels during worldwide bio-events. This makes it even more imperative that, today, during the pre-event period, we build a cushion for a future surge in demand in the system. Surge in demand during an event will cause a surge in production and a consequent surge in needed capacity and needed raw materials. These core elements of good manufacturing practices are to now be also viewed as fundamental elements of an effective public health response.

Aside from preparing for greater supply-demand elasticity during a surge in needed health care resources, measures can be taken to stimulate development of new solutions in response to new challenges and threats. Some of these opportunities have or will be touched upon by other participants at this round table discussion.

Creation of incentives to leverage commercial investment in technology towards developing new solutions is key imperative. The incentives for such a leverage span from continued R&D funding of government-industry partnerships from small businesses to large ones, clear articulation of risk management and indemnification boundaries, protection of intellectual property rights and ultimately development of sustainable and practical business models around bio-defense.

We know intimately how R&D expenditures – and the protection of intellectual property assets – can spur innovation. Last year for example, 3M received close to 600 U.S. patents – a direct result of our \$1 billion-plus R&D investment. In the intellectual property area, patent reform, prior user rights, and research exemptions can play a significant role in reducing risk of R&D investment. In this area a good place to observe lessons learned is the Orphan Drug Laws. We believe creation of analogue tracks to spur commercialization of bio-defense solutions is appropriate.

3M and I are thankful for the opportunity to provide input and work towards solutions with you. I hope I was able to touch on a few key topics from a manufacturers perspective in the time allotted to me and will be happy to answer any questions you may have.