

Securing Medical Supply Chains in a Post-Pandemic World

Mark Pearson, Deputy Director
OECD Directorate for Employment, Labour and Social Affairs

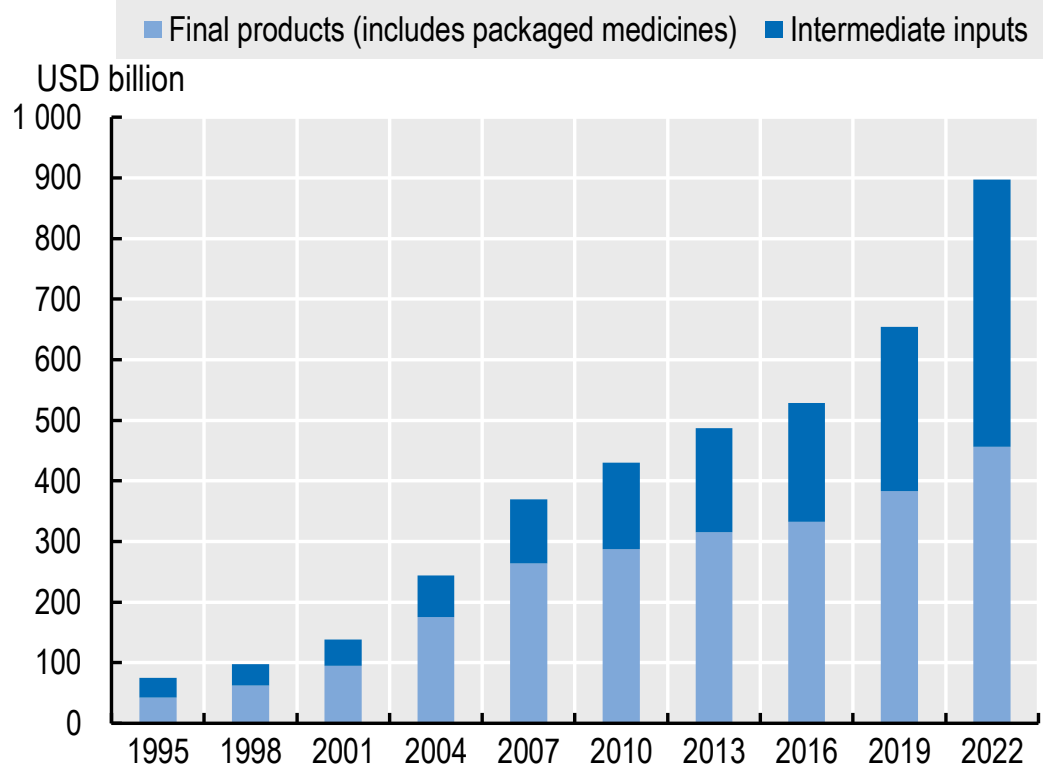




Medical supply chains are increasingly internationalised

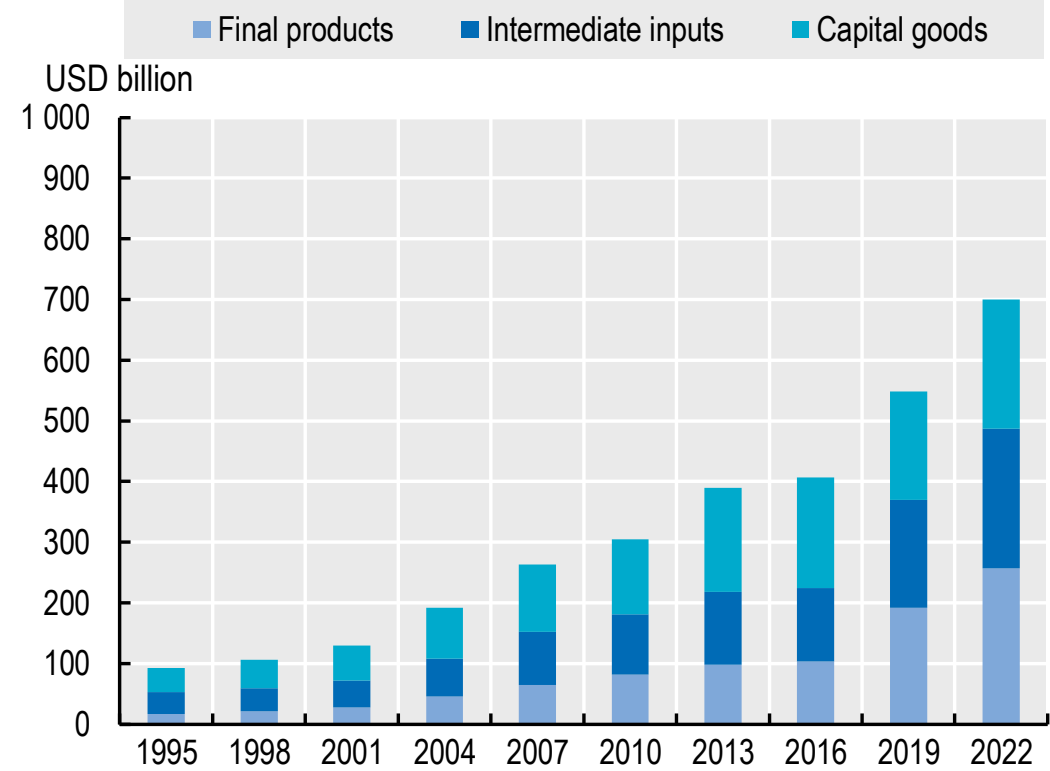
➤ World trade of medical goods has **steadily increased** over the last 30 years

Pharmaceuticals



↑ **10-fold**

Medical devices

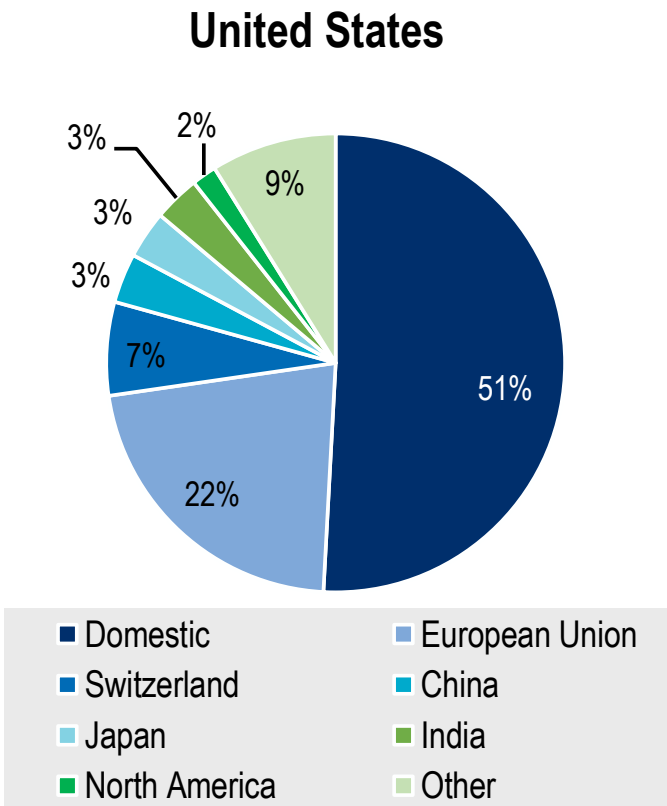
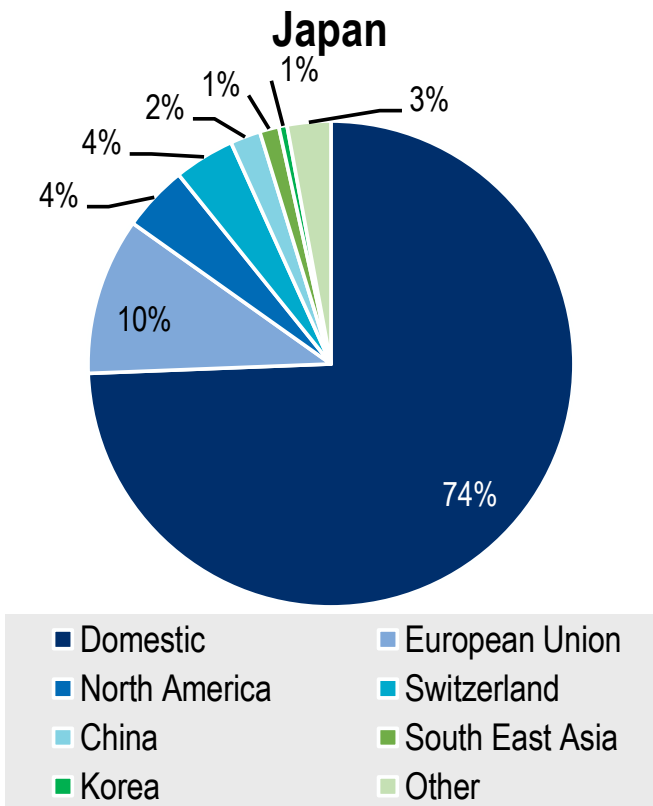
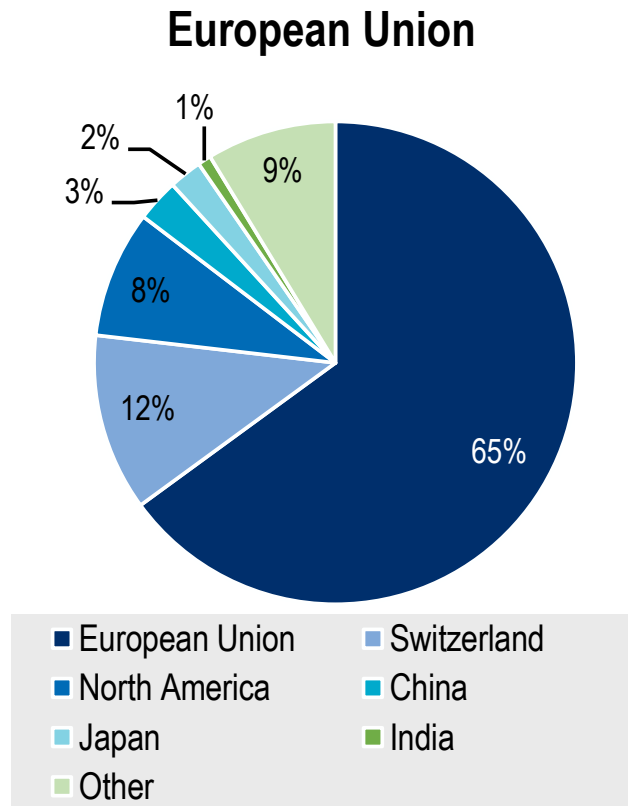


↑ **7-fold**



Value added mostly comes from OECD economies

➤ In the European Union, Japan and the United States, the **foreign share in value added** of final consumption of **finished pharmaceutical products** accounted respectively for 35%, 26% and 49% in 2019



➤ Although the contributions of foreign economies in **quantities** would be different...

Source: Based on Figure 1.5 in OECD (2024), *Securing Medical Supply Chains in a Post-Pandemic World*, available at <https://doi.org/10.1787/119c59d9-en>.

Shortages of medical products are worrying...



- > Shortages of **medicines** already common and increasing prior to COVID-19, still prevalent
 - > E.g., 60% increase in notifications between 2017 and 2019 in 14 OECD countries



- > Prior to COVID-19, shortages of **medical devices** received less attention than medicine shortages

Why is UK being hit by medicine supply shortages?

Daniel Boffey
Chief reporter

Global issues are factor but Britain such as rising costs p

- NHS medicines shortage
- 'The worst I've known it':

ELMUNDO
SALUD
La 'falta' de fármacos se enquista en España: estos son los medicamentos con problemas en los últimos tiempos

El número de presentaciones con problemas de suministro crecen cada año en España: la cifra se ha triplicado desde 2015. En concreto, en 2023, las farmacias registraron más de 90 incidencias semanales

The Asahi Shimbun | Asia & Japan Watch

Search

HOME What's New National Report Politics Business Asia & World **Sci & Tech** Cult

The Asahi Shimbun > Sci & Tech > article

Drug shortages continue in Japan as supply issues remain

THE ASAHI SHIMBUN

December 5, 2023 at 18:53 JST

Share Tweet Print

1/1

>> ...but there are many causes

Medicines

- > Problems in manufacturing (~50-60%)
- > Prices “too low” in some contexts
- > Surges in demand
- > Distribution failures



Medical devices

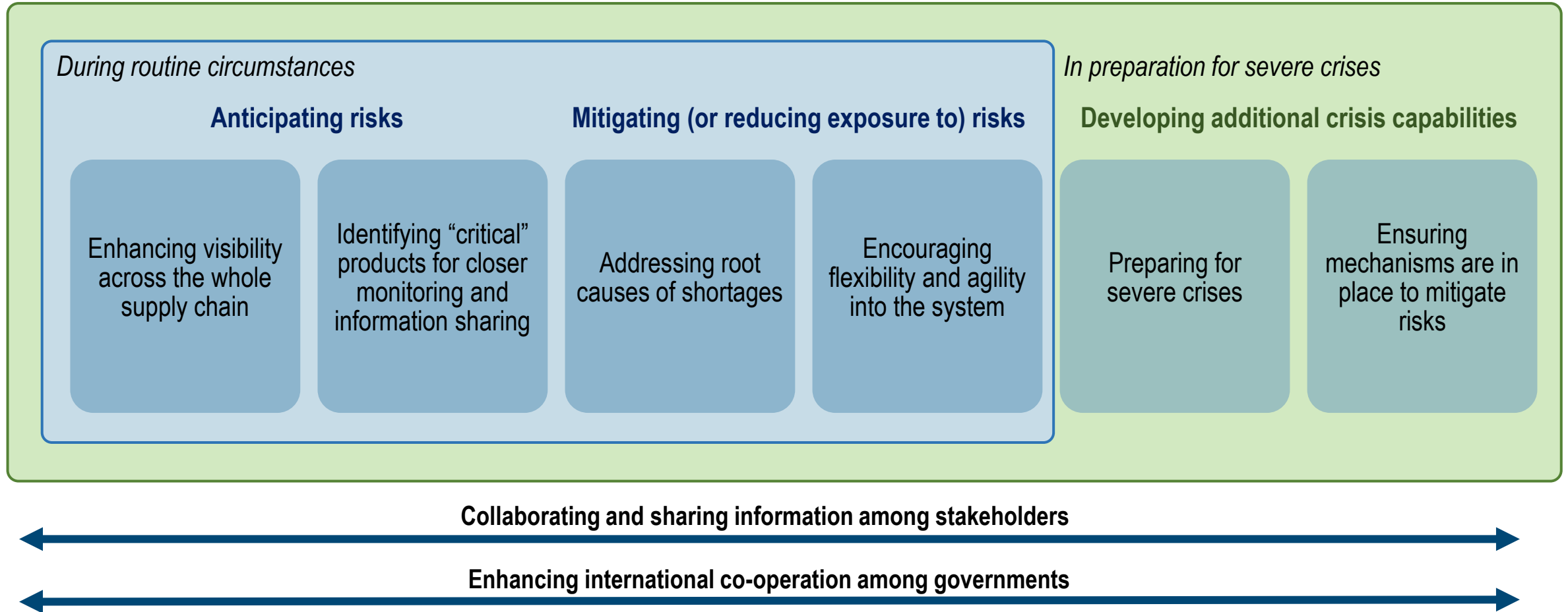
Risks to future supply:

- > Stricter regulation being implemented in EU
- > Shortages of critical raw materials
- > Price inflation



➤ **COVID-19** aggravated shortages due to surge in demand, interruptions in manufacturing, panic buying and trade barriers

» Policies must strengthen supply chains now and in anticipation of future crises

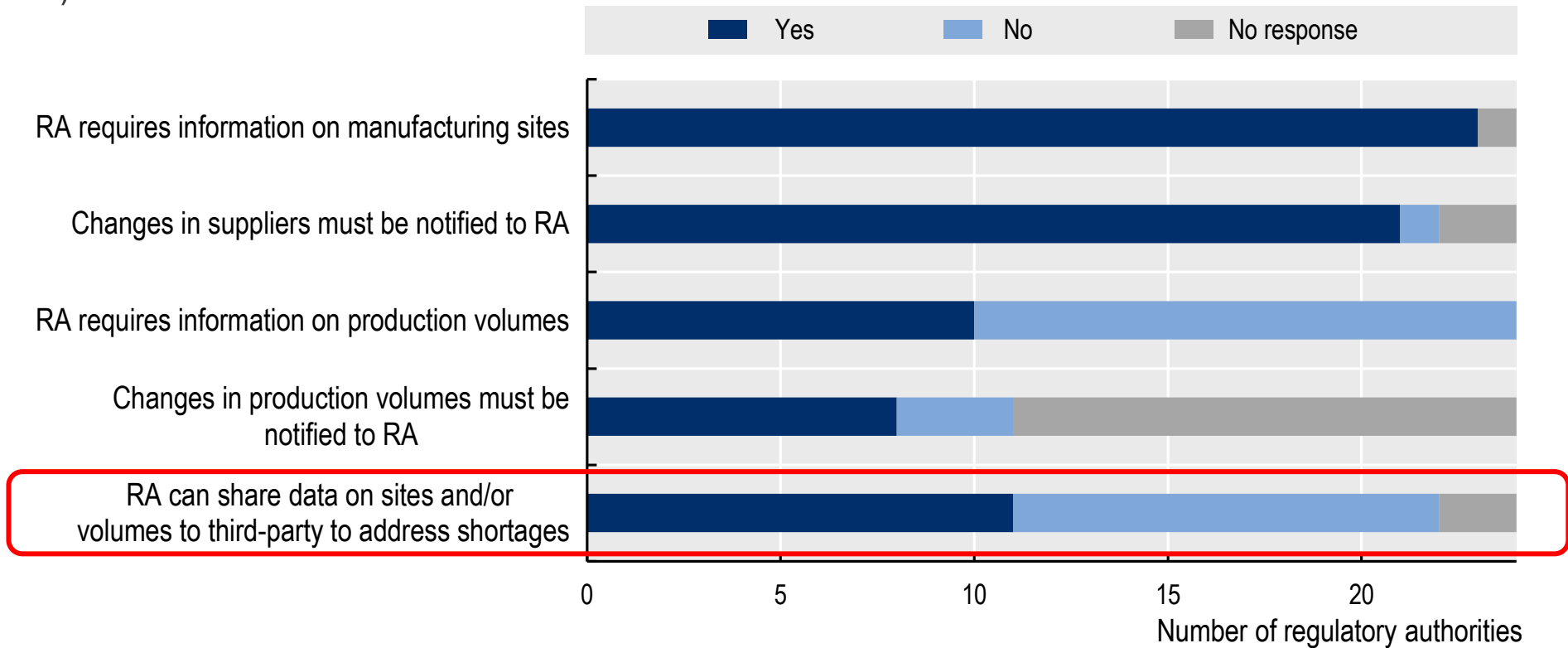




Anticipating risks - Enhance visibility

➤ Enhance visibility and use information better across the whole supply chain

e.g., Regulators already collect some information on manufacturing supply chains of medicines (24 regulatory authorities)



» Anticipating risks - Enhance visibility (cont.)

➤ Enhance visibility and use information better across the whole supply chain

- Harness information collected by regulators to better assess supply chain vulnerability
- Ensure that information can be shared with relevant stakeholders where needed
- Include 'track-and-trace systems' in the distribution chain
- Requires closer monitoring for 'critical products'



Anticipating risks - Identify critical products

➤ What are critical products, for closer monitoring?

- No consensual definition or terminology but “medicines/medical devices that should be available at all times”
- Countries consider two dimensions:
 - Clinical dimension
 - Supply chain dimension
- In some cases, ‘critical’ only refers to clinical importance, in others, it is a combination of clinically essential and a vulnerable supply chain



Mitigate risks – Address root causes of shortages

➤ Encourage improvements in quality management

- Require manufacturers to maintain quality management systems to highest established standard and monitor their implementation

➤ Market shaping - relieve pressure on prices when needed, better predict demand

- ***Strategic public procurement approaches***
 - Criteria other than price alone
 - Diversification of supply as a rationale for splitting awards
- ***Cooperation through cross-country pooled procurement***



Mitigate risks – Address root causes of shortages (cont.)

➤ Expand and diversify production capacities

- High on policy agenda
 - to respond to ever-increasing worldwide demand for medical products,
 - to reduce dependency on highly-concentrated manufacturing of some intermediate inputs
- Re-shoring and near-shoring?
 - Requires building capacities or adapting existing equipment
 - Requires trained human resources
 - Expected to increase production costs ... and prices for health system purchasers



Mitigate risks - Encourage agile and flexible systems

➤ Trade facilitation to allow movement of supply

- Implementation of trade facilitation measures e.g. streamlining and harmonising processes

➤ Regulatory co-operation and flexibility

- Harmonisation of regulatory requirements e.g. e-leaflets for hospital-administered products

➤ Co-ordinated and efficient stock management strategies

- Encourage appropriate inventory strategies
- Regional and co-ordinated stockpiling to respond to short-term supply-demand mismatches

➤ Harness digital technologies

- Digital technologies to better understand and improve predictions of supply and demand and movement of goods



Prepare now for rapid responses to future severe crises

➤ Prepare for more rapid responses

- Establish processes and criteria for defining “crisis-specific” lists of critical products; put in place mechanisms to monitor international and regional flows
- Enact appropriate regulatory flexibilities or requirements

➤ Ensure mechanisms in place to facilitate worldwide access to needed products

- Enhance co-operation among governments
- Support expanding production capacity and mandate the prioritisation of the medical sector for the supply of raw materials and electronic components
- Support development of new vaccines and treatments developed in response to specific crises



Anticipate, Mitigate, Prepare for the worst!



OECD Health Policy Studies

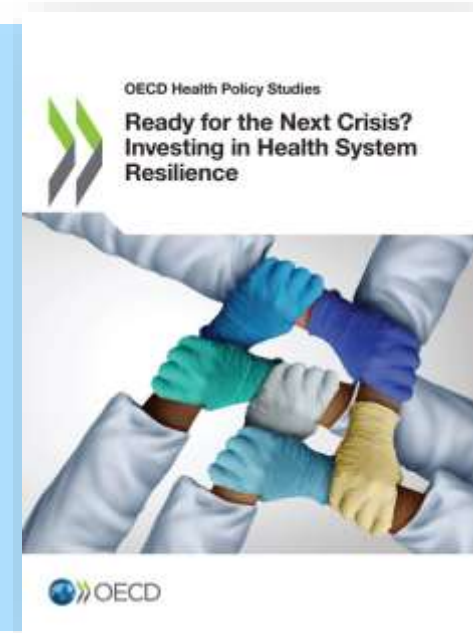
Securing Medical Supply Chains in a Post-Pandemic World



oe.cd/5qt

» Thank you!

Find our
publications
online



Follow us on Twitter

@OECD_social

Email us

PhmdGroup@oecd.org