



Drug Shortage Vulnerabilities: East Coast Long Shoreman Strike



Janie M. Gwinn
Vice President
Regulatory Affairs
Amneal Pharmaceuticals

October 2024

Drug Shortage Vulnerabilities: East Coast Long Shoreman Strike

The views expressed in this presentation and on the following slides are solely those of the presenter and not necessarily those of Amneal.

Impact of the Longshoreman East Coast Strike

1. Economic Impact:

Daily Costs: The strike, which involved over 45,000 dockworkers, was estimated to cost the U.S. economy up to \$4.5 billion per day.

Supply Chain Disruptions: Affected 36 ports along the East and Gulfcoasts, which handle a substantial portion of U.S. imports and exports. This led to delays in the delivery of goods, including critical medical supplies and consumer products.

2. Shortages and Delays:

Immediate Effects: Perishable goods, such as fruits and vegetables, were among the first to be impacted due to their short shelf life.

Long-Term Effects: Delays in the availability of drug substances, excipients, and finished drug products, which are crucial for healthcare.

Response Measures

1. Government Interventions:

Negotiations: The Biden administration played a crucial role in facilitating negotiations between the International Longshoremen's Association (ILA) and the U.S. Maritime Alliance. This included high-level meetings and pressure on both sides to reach a temporary agreement.

Temporary Suspension: The strike was suspended after three days, with a tentative agreement to continue negotiations until January 15, 2025. This allowed ports to resume operations and start clearing backlogs.

3. Supply Chain Adjustments:

Diversification: Companies began diversifying their supply chains to reduce dependency on East Coast ports, including increasing reliance on West Coast ports and other transportation methods.

Stockpiling: Many retailers and manufacturers had preemptively increased their inventories in anticipation of the strike, which helped mitigate immediate shortages.

Industry and Government Reactions

1. Resilience and Adaptation:

Rapid Response: The nation's ability to rapidly adapt and respond to emerging challenges was tested and improved.

Policy Adjustments: Policies were adjusted to better handle future public health emergencies and supply chain disruptions.

2. Areas for Improvement:

Supply Chain Transparency: There is a need for greater transparency and real-time monitoring of supply chains to predict and mitigate shortages.

Local Manufacturing: Increasing local manufacturing capabilities for critical drugs and medical supplies are essential.

3. Mitigation Strategies:

Diversification of Supply Chains: Companies began diversifying their supply chains to reduce dependency on single points of failure.

Government Interventions: Potential government interventions, such as invoking the Taft-Hartley Act, were considered to mitigate prolonged disruptions.

4. Public Health and Communication:

Misinformation Management: Efforts to combat misinformation and improve public trust in health recommendations were crucial.

Community Engagement: Strengthening community health initiatives and local supply chains proved beneficial.

Overall Assessment

The country demonstrated resilience in the face of the strike, with effective government intervention and proactive measures by businesses helping to mitigate the worst impacts. The strike highlighted the vulnerabilities in the U.S. supply chain and the need for continued efforts to enhance supply chain resilience and reduce dependency on single points of failure.

Strategies to Mitigate Drug Shortages

1. Identifying Safe Substitutes:

Alternative Supplies: Facilities identified alternative drugs and supplies that could replace unavailable items without compromising patient care. This involved working closely with pharmacists and suppliers to ensure substitutes met quality and safety standards.

2. Increasing On-Hand Inventory:

Stockpiling: Many healthcare organizations increased their inventory levels to cover approximately six weeks of supplies. This helped offset potential shortages and provided a buffer against supply chain disruptions.

Burn-Down Rate Analysis: Facilities carefully monitored the rate at which supplies were used to maintain optimal stock levels without causing financial strain.

3. Supplier Strategies and Rerouting:

Rerouting Shipments: Some suppliers rerouted shipments through West Coast ports to avoid the strike-affected areas. While this helped, it also introduced challenges such as increased transportation costs and potential delays due to capacity issues at alternative ports.

4. Alternative Transportation:

Airfreight: For urgent shipments, healthcare facilities used airfreight to expedite deliveries. Although more expensive, this method ensured critical supplies reached their destinations quickly.

Utilization Reviews: Facilities conducted reviews of clinical practices to ensure supplies were used efficiently. Engaging physicians in discussions about alternative products and conservation measures helped extend the life of existing inventories.

Strategies to Mitigate Drug Shortages

5. Conservation Strategies:

Utilization Reviews: Facilities conducted reviews of clinical practices to ensure supplies were used efficiently. Engaging physicians in discussions about alternative products and conservation measures helped extend the life of existing inventories.

6. Building Supply Chain Resilience:

Risk Analyses: Healthcare providers conducted risk analyses to identify high-volume suppliers affected by the strike. This proactive approach allowed them to prioritize response strategies and allocate resources effectively.

Strengthening Partnerships: Building strong relationships with distributors and suppliers was crucial for maintaining transparency and securing timely inventory updates.

Overall Response and Resilience

- Despite the challenges posed by the strike, healthcare facilities demonstrated resilience by quickly adapting to the situation.
- The proactive measures taken helped mitigate the worst impacts and ensured that patient care continued with minimal disruption.
- The strike underscored the need for ongoing efforts to enhance supply chain resilience and reduce dependency on single points of failure.

Industry's Mitigation Strategy for the October 2024 Long Shoreman Strike (Three Days)

1. Rerouting and Alternative Transportation

Air Freight: Redirected shipments to air freight to ensure the continued supply of critical drugs, despite the higher costs.

West Coast Ports: Shipments were rerouted through West Coast ports to bypass the affected East Coast ports.

2. Inventory Management

Stockpiling: Preemptively increased their inventory levels in anticipation of the strike, which helped buffer against immediate shortages.

Dynamic Inventory Strategies: Adjusting inventory strategies to maintain optimal stock levels and avoid overstocking or stockouts was crucial.

3. Supply Chain Diversification

Multiple Suppliers: Companies diversified their supplier base to reduce dependency on single points of failure and ensure a more resilient supply chain.

Local Manufacturing: Expanding local production facilities in the U.S. and other regions to reduce reliance on imported active pharmaceutical ingredients (APIs) and other components.

Industry's Mitigation Strategy for the October 2024 Long Shoreman Strike (Three Days)

4. Regulatory and Government Support

FDA and HHS Coordination: The FDA and HHS worked closely with manufacturers and distributors to identify potential shortages and address them promptly.

Regulatory Flexibility: The FDA allowed temporary importation of drugs from other countries to fill gaps in the supply chain.

5. Enhanced Communication and Collaboration

Stakeholder Engagement: Regular meetings with trade associations, distributors, and other stakeholders helped assess vulnerabilities and coordinate responses.

Customer Communication: Clear communication with healthcare providers and patients about potential delays and alternative options helped manage expectations and maintain trust.

Conclusion

Pharmaceutical companies demonstrated resilience and adaptability through proactive measures such as rerouting shipments, increasing inventory levels, diversifying supply chains, and leveraging regulatory support. These strategies helped mitigate the impact of the strike and ensured the continued availability of critical drugs and medical supplies.

FDA and HHS Response

1. Monitoring and Coordination:

Real-Time Monitoring: The FDA, in coordination with the Administration for Strategic Preparedness and Response (ASPR) and the Department of Health and Human Services (HHS), closely monitored the situation to quickly identify potential shortages of lifesaving products.

Stakeholder Engagement: Regular meetings were held with trade associations, distributors, manufacturers, and other stakeholders to assess vulnerabilities and supply chain impacts.

2. Supply Chain Adjustments:

Rerouting Shipments: Efforts were made to reroute shipments through unaffected ports, such as those on the West Coast, to ensure the continued flow of critical medical supplies.

Air Freight: For urgent supplies, air freight was used to bypass the congested ports and expedite delivery.

3. Inventory Management:

Stockpiling: Healthcare facilities were encouraged to maintain higher inventory levels of critical drugs and medical supplies to buffer against potential shortages.

Just-in-Time Adjustments: Facilities that operated on a just-in-time inventory model adjusted their practices to carry more stock on hand.

4. Regulatory Flexibility:

Expedited Approvals: The FDA expedited the approval process for alternative sources of critical drugs and medical devices to mitigate shortages.

Temporary Importation: The FDA allowed temporary importation of drugs from other countries to fill gaps in the supply chain.

Lessons Learned

1. Diversification of Supply Chains:

Multiple Ports: Businesses should diversify their supply chains by using multiple ports, including those less likely to be affected by strikes or natural disasters.

Alternative Transportation: Exploring alternative transportation methods, such as air or rail, can help mitigate the impact of port disruptions.

2. Inventory Management:

Stockpiling Critical Supplies: Maintaining higher inventory levels for critical products can provide a buffer during disruptions.

Dynamic Inventory Strategies: Implementing flexible inventory strategies that allow for rapid adjustments based on real-time supply chain conditions is crucial.

3. Supply Chain Transparency and Monitoring:

Real-Time Monitoring: Investing in technologies that provide real-time visibility into supply chain operations can help identify potential disruptions early and allow for proactive measures.

Supplier Risk Assessments: Regularly assessing the risk profiles of suppliers and having contingency plans in place can enhance supply chain resilience.

Lessons Learned

4. Collaboration and Communication:

Stakeholder Collaboration: Strengthening collaboration between suppliers, manufacturers, and logistics providers can improve coordination and response times during disruptions.

Clear Communication Channels: Establishing clear communication channels with all stakeholders ensures timely information sharing and coordinated responses.

5. Policy and Regulatory Support:

Government Interventions: Governments can play a crucial role by facilitating negotiations and providing regulatory support to mitigate the impact of strikes and other disruptions.

Incentives for Resilience: Policies that incentivize investments in supply chain resilience, such as tax breaks for stockpiling critical supplies or investing in advanced manufacturing technologies, can help build a more robust supply chain.

6. Local Manufacturing and Sourcing:

Reducing Dependency: Increasing local manufacturing capabilities and sourcing materials domestically can reduce dependency on international suppliers and mitigate the impact of global disruptions.

Regional Supply Chains: Developing regional supply chains that can operate independently of global networks can enhance resilience.

Conclusion

The longshoreman strike underscored the importance of a resilient and adaptable supply chain.

Learning from this experience and implementing these strategies, businesses and governments can better prepare for and manage future disruptions, ensuring continuity and stability in the supply chain.

Thank You!





References:

<https://thehill.com/policy/healthcare/4912018-port-strike-hhs-medical-supply-chain-drug-availability/>

[Port strike: Blockbuster weight-loss drug supply hit in trade shutdown](#)

<https://tempestmag.org/2024/10/notes-on-the-ila-tentative-agreement-and-the-end-of-the-strike/>

[ILASTrike, settlement, and Biden](#)

[Dockworkers' union to suspend strike until Jan. 15, source says | AP News](#)

[Dockworkers' union suspends strike until Jan. 15 | AP News](#)

[The ILASTrike is over. What should shippers prioritize now? | Supply Chain Dive](#)

[The ILASTrike is over. What should shippers prioritize now? | Supply Chain Dive](#)

[U.S. Port Strike: Supply Chain Disruption Could Leave Retailers Scrambling](#)

[Dockworkers Strike Will Impact Supply Chains and the Economy](#)

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://www.bestpracticesconstructionlaw.com/2024/10/articles/project-management/claims-and-disputes/stuck-at-the-docks-managing-construction-delays-and-supply-chain-issues-resulting-from-the-east-coast-ports-strike/>

<https://www.hhs.gov/about/news/2024/10/01/statement-by-us-department-health-human-services-strike-east-coast-gulf-coast-ports.html>

<https://marylandmatters.org/2024/10/03/longshoremen-put-strike-on-hold-reopen-ports-on-east-and-gulf-coasts/>

References:

<https://www.nbcnews.com/business/economy/us-port-strike-huge-impact-global-supply-chain-rcna173416>

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.fox5ny.com/news/ny-nj-east-coast-port-strike-2024-dockworkers-products-map-ila>

<https://www.fox5ny.com/news/ny-nj-east-coast-port-strike-2024-dockworkers-products-map-ila>

<https://www.usatoday.com/story/news/2024/09/30/why-are-dock-workers-on-strike-international-longshoremen-association-shortages-higher-prices/75448854007/>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.andersoneconomicgroup.com/ila-strike-against-ports-a-long-east-gulf-coasts-potential-week-1-losses-estimated-at-2-1-billion/>

<https://www.forbes.com/sites/sap/2024/09/30/east-coast-port-strikes-what-businesses-can-do-to-mitigate-supply-chain-disruption/>

<https://www.moody's.com/web/en/us/insights/economics/six-supply-chain-strategies-to-implement-with-us-dockworkers-strike-looming.html>

References:

<https://thehill.com/policy/healthcare/4912018-port-strike-hhs-medical-supply-chain-drug-availability/>

[Port strike: Blockbuster weight-loss drug supply hit in trade shutdown](#)

<https://tempestmag.org/2024/10/notes-on-the-ila-tentative-agreement-and-the-end-of-the-strike/>

[ILASTrike, settlement, and Biden](#)

[Dockworkers' union to suspend strike until Jan. 15, source says | AP News](#)

[Dockworkers' union suspends strike until Jan. 15 | AP News](#)

[The ILASTrike is over. What should shippers prioritize now? | Supply Chain Dive](#)

[U.S. Port Strike: Supply Chain Disruption Could Leave Retailers Scrambling](#)

[Dockworkers Strike Will Impact Supply Chains and the Economy](#)

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://www.bestpracticesconstructionlaw.com/2024/10/articles/project-management/claims-and-disputes/stuck-at-the-docks-managing-construction-delays-and-supply-chain-issues-resulting-from-the-east-coast-ports-strike/>

<https://www.hhs.gov/about/news/2024/10/01/statement-by-us-department-health-human-services-strike-east-coast-gulf-coast-ports.html>

<https://marylandmatters.org/2024/10/03/longshoremen-put-strike-on-hold-reopen-ports-on-east-and-gulf-coasts/>

References:

<https://www.nbcnews.com/business/economy/us-port-strike-huge-impact-global-supply-chain-rcna173416>

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.fox5ny.com/news/ny-nj-east-coast-port-strike-2024-dockworkers-products-map-ila>

<https://www.fox5ny.com/news/ny-nj-east-coast-port-strike-2024-dockworkers-products-map-ila>

<https://www.usatoday.com/story/news/2024/09/30/why-are-dock-workers-on-strike-international-longshoremen-association-shortages-higher-prices/75448854007/>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.andersoneconomicgroup.com/ila-strike-against-ports-a-long-east-gulf-coasts-potential-week-1-losses-estimated-at-2-1-billion/>

<https://www.forbes.com/sites/sap/2024/09/30/east-coast-port-strikes-what-businesses-can-do-to-mitigate-supply-chain-disruption/>

<https://www.moody's.com/web/en/us/insights/economics/six-supply-chain-strategies-to-implement-with-us-dockworkers-strike-looming.html>

<https://www.mondaq.com/unitedstates/marine-shipping/1523382/the-potential-port-strike-in-the-us-east-coast>

<https://efwnow.com/resources/ilaportsstrike2024update/>

References:

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://www.hhs.gov/about/news/2024/10/01/statement-by-us-department-health-human-services-strike-east-coast-gulf-coast-ports.html>

<https://www.beckershospitalreview.com/supply-chain/port-strike-could-begin-oct-1-5-things-to-know.html>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.cbsnews.com/news/port-strike-ends-tentative-deal-until-jan-15-dockworkers/>

<https://abcnews.go.com/US/dockworkers-strike-suspended-sources/story?id=114445386>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-ila-f136bdcd52738e94f2938aaa79a1fa2a>

<https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/shipping/092424-us-east-coast-ports-brace-for-potential-longshoremens-strike-put-operational-plans-in-place>

<https://www.exiger.com/perspectives/east-and-gulf-coasts-longshoremen-strike/>

<https://www.foodlogistics.com/transportation/ocean-ports-carriers/article/22921748/45000-dockworkers-on-strike-at-36-ports-whats-next>

<https://www.hhs.gov/about/news/2024/10/01/statement-by-us-department-health-human-services-strike-east-coast-gulf-coast-ports.html>

References:

<https://www.uschamber.com/security/supply-chain/industry-association-letter-to-president-biden-on-port-labor-negotiations-in-the-east-and-gulf-coasts>

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://www.thescxchange.com/east-and-gulf-coast-port-strike-would-send-ripples-across-u-s>

<https://www.supplychaindive.com/news/ila-port-strike-ends-what-shippers-should-know/729282/>

<https://www.forbes.com/sites/sap/2024/09/30/east-coast-port-strikes-what-businesses-can-do-to-mitigate-supply-chain-disruption/>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-a-greement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.usatoday.com/story/news/2024/09/30/why-are-dock-workers-on-strike-international-longshoremen-association-shortages-higher-prices/75448854007/>

<https://www.bestpracticesconstructionlaw.com/2024/10/articles/project-management/claims-and-disputes/stuck-at-the-docks-managing-construction-delays-and-supply-chain-issues-resulting-from-the-east-coast-ports-strike/>

References:

<https://abcnews.go.com/US/dockworkers-strike-suspended-sources/story?id=114445386>

<https://maritime-executive.com/article/usmx-representing-industry-ready-to-resume-east-coast-labor-negotiations>

<https://apnews.com/article/longshoremen-strike-ports-dockworkers-agreement-86fac07d1189e11ca4816b2cbf37affb>

<https://www.agweb.com/news/business/taxes-and-finance/potential-strike-east-coast-and-gulf-coast-ports-looms-heres-what>

<https://www.nasdaq.com/articles/supply-chains-disrupted-us-east-and-gulf-coast-ports-face-worker-strike>

<https://www.nasdaq.com/articles/supply-chains-disrupted-us-east-and-gulf-coast-ports-face-worker-strike>

<https://www.forbes.com/sites/sap/2024/09/30/east-coast-port-strikes-what-businesses-can-do-to-mitigate-supply-chain-disruption/>

<https://www.moodys.com/web/en/us/insights/economics/six-supply-chain-strategies-to-implement-with-us-dockworkers-strike-looming.html>

References:

<https://www.forbes.com/sites/sap/2024/09/30/east-coast-port-strikes-what-businesses-can-do-to-mitigate-supply-chain-disruption/>

<https://www.ismworld.org/supply-management-news-and-reports/news-publications/inside-supply-management-magazine/blog/2024/2024-10/east-and-gulf-coast-dockworkers-strike-disrupting-supply-chains-and-the-economy/>

<https://altana.ai/resources/port-strike-supply-chain>

<https://www.scmr.com/article/assessing-the-potential-of-a-port-strike>

<https://www.ascm.org/ascm-insights/scm-now-impact/east-coast-dockworkers-threaten-strike-supply-chain-impact-imminent/>