More Temperature-Sensitive Medicines Moving by Ocean Freight Despite Market Shake-up

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Over the years, the ocean freight market has been fraught with capacity and wildly fluctuating rates. By 2016, the market underwent a series of consolidations including a bankruptcy of a major container carrier. In addition, rates fell to historic lows but began to recover towards the end of the year.

Meanwhile, air freight rates remain high and capacity is tightening. Concerns in the way some air freight providers have handled temperature-sensitive pharmaceuticals still remain fresh with shippers as they look to shift some, if not all, pharmaceuticals to other modes of transport.

Growth in Ocean Freight

More pharmaceutical shippers are looking to ocean freight as an alternative to the more expensive air freight. Indeed, ocean freight data provider, Datamyne, indicates in terms of TEUs, US imported refrigerated pharmaceutical goods within harmonized code 30, increased 18.1% from 2015 to 2016.

Not surprising, the major port of entry for both 2015 and 2016 is the New York/New Jersey port with over 30% of import TEUs. It is not surprising in that the majority of pharmaceutical companies are located closer to this port. Perhaps slightly more surprising is that the Port of Charleston is the second largest import port for refrigerated pharmaceuticals with a little more than 20% of total TEUs.

In a previous post, TOP 10 US Pharmaceutical Ocean Imports (http://www.pharmalogisticsiq.com/logistics/columns/top-10-us-pharmaceutical-ocean-imports), it was noted that both the New York/New Jersey and Charleston ports have invested in cold chain facilities but primarily targeting the food and beverage segment. Even though these facilities are temperature-controlled, the handling of products is certainly different. But, one thing that both ports have made significant investments in are reefer plugs and racks allowing containers to maintain required temperatures once offloaded from vessels.

In 2016, slightly half of all US import refrigerated pharmaceuticals were handled by three non-vessel operating common carriers (NVOCCs), Expeditors International of Washington, Blue Anchor (Kuehne + Nagel) and Danmar Lines (DHL). These three NVOCCs offer specialized solutions for temperature-sensitive pharmaceuticals including the following:

- GDP-compliant, temperature-controlled facilities and movements
- Clinical trial and laboratory sample product storage and movements
- Global healthcare agency compliance programs
- Real-time tracking and monitoring of shipments

Drawbacks to Ocean Freight

Before we all move our temperature-sensitive pharmaceuticals to ocean freight, there are some drawbacks to consider. According to Pharmaceutical Outsourcing (http://www.pharmoutsourcing.com/Featured-Articles/333837-The-Successful-Use-Of-Sea-Freight-For-Pharmaceutical-Shipments/) , temperature controlled containers are of variable quality while the availability of good equipment can be poor in some regions. Transit times are also slow which can increase inventory costs and introduce supply chain problems.

According to Mark Edwards, Managing Director of Modalis and Chairman of the Pharma IQ Sea Freight Working Group, there are ways to mitigate the drawbacks including:

- Use containers less than 5 years old. These have been shown to be more reliable.
- Communicate shipment requirements well in advance to ensure availability and work with your freight forwarder to find out which line offers the best service on each route.
- If you use a freight forwarder, have a tri-partite quality agreement with them as well as with the relevant shipping line. This means that everyone fully understood your needs and you have a signed document to that effect.
- Different ports and vessels will have different power outage times so a full risk assessment of this part of the supply chain will need to be carried out to comprehend the risk and arrange suitable mitigation.

Shippers will continue to evaluate alternative modes of transportation to ensure high-valued, temperature-sensitive pharmaceuticals are delivered to the final destination without being compromised. Air, Ocean, road and rail all have their benefits as well as drawbacks. Shippers will not only need to do their homework to determine the best mix of transportation, but also work with their supply chain partners to communicate needs and set expectations.

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