

Chemical & Pharmaceutical Logistics: Freight Forwarders Are Becoming Strategic Partners



Supply chain quality and reliability are increasingly more important than their price.

Climate change, tighter security regulations, capacity constraints, harsh infrastructure and digitalization: pharmaceutical and chemical logisticians are facing major challenges. Despite rising cost pressures, the quality and safety of pharmaceutical transports must not be saved at the wrong end. After all, patients' health is at stake here. The EU Directive GDP was amended in 2013 to increase the safety of the pharmaceutical supply chain. In addition, a further EU guideline has been in force since February 9, 2019, with the Falsified Medicines Directive (FMD). Among other things, it stipulates that prescription medicines may only be marketed in a package with serial number and tamper-evident closure. The goods must be validated at the point of sale before they can be handed over.

Transport monitoring is becoming increasingly important

However, what has to happen if the serialized goods are damaged, contaminated, sabotaged or stolen during transport? What safety technology is available? When do authorities need to get involved and who bears the liability risks? There are still some questions to be answered regarding the implementation of the FMD. In addition, the effectiveness of the GDP amendment is also being debated controversially. Last but not least, the question arises whether the implementation will be sufficiently monitored to ensure the required quality of pharmaceutical transports.

However, pharmaceutical logisticians should not only focus on GDP, but "above all on the individual needs of their customers," Bernd Schlumpberger stated, Head of Fleet and Transport Management at Teva ratiopharm. In his experience, the details of the respective safety requirements would often not be clarified in advance. For example, it makes a big difference if a medication transport can still be delivered on the same day of loading, or whether it requires an overnight stay in a parking lot. "If there is a higher risk, the equipment of the truck should exceed the minimum requirements of GDP," Mr. Schlumpberger recommends, whose fleet can be divided into three safety

SAVE THE DATE

transport logistic

Date: May 4 - 7, 2021

categories. The bandwidth ranges from the standard GDP vehicle to the high-end version with elaborate safety equipment, which protects the cargo compartment from unauthorized access, for example. “Not every transport justifies the use of the expensive high-end version. That's why we offer exactly the right truck for every use,” Mr. Schlumpberger stated. In any case, the FMD would increase the requirements for continuous monitoring of transports between shippers and the recipients. “Working with subcontractors is becoming more risky,” Mr. Schlumpberger said, who therefore sees a clear trend toward medium-sized transport companies with their own drivers.

Increasing demand for IT competence



Networking between the shipper and the freight forwarder is also gaining in importance in chemistry: Talke, a global logistics service provider, is assuming ever deeper integration into its customers' supply chain. “The trend towards outsourcing is unbroken due to a shortage of skilled workers and the pressure on costs and competition,” Christoph Grunert said, who is responsible for European logistics activities and international project business at Talke as a member of the executive board. More and more possibilities are also being created for chemical logistics service providers in the wake of digitalization. That is also the reason why Talke has long been associated with SAP in an innovation partnership to define common standards for the chemical industry.

Mr. Grunert sees the increasing scarcity of storage areas for products requiring approval, such as toxic or flammable substances, as a disadvantage of Germany's location. Older storage areas can often no longer be used due to current environmental laws, while the new construction of hazardous goods warehouses is made difficult by lengthy approval procedures. Added to this are the problems with dilapidated transport infrastructure. “The past two years have clearly shown how much the chemical industry depends on functioning waterways and rail connections,” Peter Viebig explained, who is responsible for the transport sector at Talke. When the railroad tracks

sank into the underground between Rastatt and Baden-Baden in 2017, supply throughout Europe was severely disrupted "If the volume of several daily trains has to be shifted to the road, bottlenecks are pre-programmed," Mr. Viebig stated.

Trend toward longer contract periods

Against this background, logistics has long since been converted from a necessary evil to a strategic success factor, which service providers benefit from. "Shippers are now sitting at a table with freight forwarders to secure the necessary cargo space capacity in the long term," Mr. Viebig reported. This trend has been reinforced by the increasing lack of drivers, which has also had an impact on transport prices. Last but not least, this development ensures longer contract terms, because each new negotiation usually results in higher costs.
