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Shanghai Pharma inks deal with DHL to build global pharma network

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Chinese pharma giant Shanghai pharma has inked a deal with contract logistics firm DHL Supply Chain to prepare its logistics infrastructure for what the company calls 'rapid global expansion.'

As per the terms of the agreement, Shanghai Pharma will partner with DHL Supply Chain to enhance quality control measures, streamline distribution processes, and strengthen compliance with local and international food and pharmaceutical regulations.

The deal will give Shanghai Pharma priority access to DHL's network, including its temperature-controlled life sciences services to Europe. DHL said it will work with Shanghai Pharma to improve the group's overseas distribution and help Shanghai Pharma meet its retailing goals. DHL and Shanghai Pharma also said they plan to improve quality control and compliance with food and pharmaceutical regulations, while streamlining distribution.

The partnership would "raise the bar for quality control and supply chain efficiency across China's entire pharmaceutical industry. China's national market for drugs has grown rapidly in recent years to become the world's second-largest, with an estimated growth to around US$167 billion by 2020" said, Cho Man, president and executive director at Shanghai Pharma.

The quality and resilience of our logistics infrastructure will determine not only how successfully we adapt to new legislation like fapiao – which seeks to cut down on multiple distributors and mark-ups by only allowing two invoices per goods shipment – but also our ability to capitalize on the huge international growth opportunity for high-grade Chinese pharmaceutical products and medical devices, he added.

The German firm will also support Shanghai Pharma's supply chain optimization needs as the manufacturer ramps up its overseas distribution and retailing efforts.

Recently, DHL's airfreight station in Shanghai received CEIV-Pharmaceutical certification with IATA. Yin Zou, the chief executive for Greater China at DHL Supply Chain, said: "China's pharmaceutical industry has historically suffered from high levels of fragmentation among its local customers and distributors. In this regulatory climate, end-to-end supply chain management plays an increasingly crucial role in determining how effectively Chinese pharmaceuticals firms not only maintain sales locally, but gain traction abroad in a cost-effective and sustainable manner."

He further said that Shanghai Pharma holds a formidable reputation as one of China's leaders in pharmaceutical development, manufacturing, distribution and retail. Through the partnership, he said that the company looks forward to applying our global life science expertise to Shanghai Pharma establish an efficient and agile supply chain network.