

Coronavirus Pandemic Disrupting Dietary Ingredient Supply Chain? USDA Wants To Know

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by Malcolm Spicer | @TheTanSheet | malcolm.spicer@informa.com

Executive Summary

'We've got be sure that companies can continue to get ingredients for their products,' says CRN CEO Steve Mister, Concern supplies from India, which is a week into a a three-week nationwide lockdown, and other potential supply chain problems were noted by CRN members in a survey it conducted to help USDA gauge global food and nutrition ingredient supply chains during the pandemic.



A move toward normalcy for nutritional ingredient supplies from China to US firms might not eliminate potential supply chain disruptions due to the novel coronavirus pandemic because supplies from India might dwindle.

'We've got be sure that companies can continue to get ingredients for their products,' said Steve Mister, president and CEO of the Council for Responsible Nutrition. "There is a great deal of concern because there are so many ingredients that come from India," he recently told HBW Insight.

Concern about a cutoff in supplies from India, which on 25 March started a three-week nationwide lockdown that has some employees in health care ingredient manufacturing and other industries staying away from their jobs, and other potential supply chain problems were described by CRN

members in a survey the trade group conducted as requested by the US Department of Agriculture in its outreach for gauging the condition of global food and nutrition ingredient supply chains during the pandemic.

Another concern prominently stated in CRN members' response is about maintaining manufacturing and marketing operations as consumer demand increases with potential supply chain disruptions on the horizon.

"Supply chain is definitely not equipped to handle surge in demand we've seen," one member stated in a general comment about potential disruptions.

Consumer response to the Covid-19 pandemic is affecting a supply and demand for a specific product category, another member said in general comments. "Due to increases across the market on immune-related products, demand is exceeding supply on immunity-related ingredients (botanicals and vitamins) as well as supporting materials such as packaging."

"One of the things they're apparently concerned about, and several of our members have raised this because I've seen the survey results, India has pretty much shut down for the next three weeks," Mister said.

"Due to increases across the market on immune- related products, demand is exceeding supply on immunity-related ingredients (botanicals and vitamins) as well as supporting materials such as packaging." – CRN member input for USDA-requested survey

Since Mister's interview with HBW Insight, CRN has compiled information its members provided in the survey and has submitted a summary report to USDA. The federal agency sought input on domestic and international supply chain issues that CRN members were experiencing, such as difficulties receiving raw ingredients, excipients or packaging materials.

The USDA also asked the American Herbal Products Association to survey its members. AHPA circulated a short online survey to its members asking for a yes or no response to, "Is your company currently encountering any export or import delays, ingredient supply shortages, or other disruptions in your supply chains?"

AHPA also asked members: "Please describe as specifically as possible with regard to any 1) specific product(s) or ingredient(s), 2) country(ies) of origin, 3) U.S. port(s) of entry, or 4) any other factor disrupting your supply chain. Please provide input for any/all categories that apply."

Industry consultants recently advised that US manufacturers that were losing ingredient supplies in the pandemic may need to qualify more suppliers, potentially requiring tests of all lots,, identify alternative sources for materials

CDC COVID-19 Tracker

and prepare for shortages from suppliers in multiple countries. (Also see "In Covid-19 Storm, Supplement Manufacturers' Safe Harbor Could Be Qualifying New Suppliers" - HBW Insight, 18 Mar, 2020.)

Shipping Also Slows In Pandemic Response

CRN on 31 March provided the information on members' supply chain concerns it had submitted to the USDA; an AHPA representative was not available for a request to provide information on its members' survey results.

Firms in the US nutritional supplement and other health care product industries could have had some of their India concerns eased when the country's ministry of home affairs, on the lockdown's first day, clarified its list of industrial

establishments that can remain open to cover "manufacturing of essential goods including drugs, pharmaceuticals, medical devices, their raw material and intermediates." Also included are manufacturing packaging materials for food items, drugs, pharmaceuticals and medical devices. (Also see "India Lockdown: Early Signs of Manufacturing Strains But Resolutions Underway" - Scrip, 27 Mar, 2020.)

US firms likely are worrying less about supplies from China. Firms there began exporting health care product ingredients and other supplies in February after the country responded to the coronavirus outbreak first detected in its Wuhan region in December. (Also see "China's Global Pharma Supply Chain Operations Resuming In Wake Of Outbreak, USP Says" - Pink Sheet, 13 Mar, 2020.)

"China is starting to come back online. I think there had been some disruptions for some of our members, but they are hopeful that this was going to be a short problem because it looks like they're starting to come back," Mister said.

Still, CRN members had more to say in their survey responses about China as well as India than other topics or countries.

On India, members comments included:

- > "Delay in import and expert clear as 50% of staff at customs and central government are working; major impact on incoming passenger and cargo flights";
- > "Supply of ingredients ... may be impacted due to Indian manufacturers are shut down until they get clarity or approval from the government to work under food grade or essential business category. This could impact our ability to manufacture food/dietary in the near future if supply is not maintained";
- > "Short supply and long lead time partially because of shutdown in India and logistics delay in US."

The Centers for Disease Control Prevention reported that from 21 January through 4 p.m. EDT on 1 April, 186,101 COVID-19 cases have been confirmed in the US and 3,603 deaths linked to the disease.

CDC also reported sources of COVID-19 exposure: Travel-related: 1,110 Close contact: 3,128 Total under investigation: 181,863

The center's data include confirmed and presumptive positive cases of COVID-19 reported to or tested at CDC since 21 January, with the exception of results for persons repatriated from Wuhan, China, and Japan. cases have been reported from all states and Washington, DC, Puerto Rico, Guam, the Northern Mariana Islands and US Virgin Islands. Its data i

About China, CRN's survey input included, "Planning for a month delay out of China for materials. General rule that we are applying. This means that we need to start our material planning and procurement process a month earlier."

However, other members noted other impediments in their China supply chains. They said, "Production changes at the major global manufacturer and not directly due to COVID-19."

CRN also noted in its letter to USDA included with members' input that supplies from Australia and New Zealand are affected. "While manufacturing does not appear to be significantly impacted ... members report difficulties in getting ingredient from these countries because of the distance and reduced availability of cargo flights and shipping vessels."