

Shanghai Pharma and DHL join forces to build global life sciences distribution network

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Shanghai Pharma, one of China's largest listed pharmaceuticals groups, has signed a Memorandum of Understanding (MOU) with DHL Supply Chain to prepare its logistics infrastructure for rapid global expansion. Under the MOU, the pharmaceuticals giant - which generated revenues of more than US\$18 billion (RMB121 billion) last year - 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. A range of recent government initiatives, including the "two-invoice" or fapiao policy which was rolled out earlier this year, have put greater onus on China's pharmaceutical sector to improve the transparency and efficiency of local supply chains.

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"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," said Cho Man, President and Executive Director, Shanghai Pharma.

"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. Our partnership with DHL will help Shanghai Pharma to become one of the world's foremost pharmaceutical manufacturers - supported by a global distribution network that combines world-class quality control with fast, seamless delivery."

To facilitate this planned expansion, the MOU will grant Shanghai Pharma priority access to DHL's global logistics network including temperature-sensitive life sciences services to Europe. DHL Supply Chain will also support Shanghai Pharma's supply chain optimization needs as the manufacturer ramps up its overseas distribution and retailing efforts.

"China's pharmaceutical industry has historically suffered from high levels of fragmentation amongst its local customers and distributors,³ an issue which recent legislative changes like the 'two-invoice'

policy have sought to combat," said Yin Zou, CEO Greater China, DHL Supply Chain. "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.

"Shanghai Pharma already holds a formidable reputation as one of China's leaders in pharmaceutical development, manufacturing, distribution and retail. With this partnership, we look forward to applying our global life science expertise to help them

establish an efficient and agile supply chain network to provide consumers with reliable and convenient access to medications."

"This agreement puts Shanghai Pharma in a strong position to stand out from China's highly competitive and cost-conscious life sciences industry⁴ with access to DHL's market-leading logistics and value-added services," said Cho Man. "We believe that our partnership will not only greatly benefit both parties, but raise the bar for quality control and supply chain efficiency across China's entire pharmaceutical industry."

Source: [Deutsche Post DHL](#)

