

## PHARMACEUTICAL FOREIGN TRADE ZONE CASE STUDY

### BACKGROUND

Global trade bypasses international borders and cultural hurdles to unite countries by providing valuable resources and commodities to the people who need them.

The global trade industry is built on a foundation of rapid and efficient supply chain distribution. However, even the most efficient supply chains must overcome the rigorous requirements associated with U.S. Customs and FDA compliance. Despite a company's efforts to make upstream and downstream improvements, these regulations can impede the speed to market and compromise overall supply chain efficiency.

Foreign trade zones (FTZ) help U.S. companies overcome this obstacle and ultimately remain relevant in the shifting, fast-paced world of global trade.

Achieving and maintaining FTZ status requires continuous compliance with strict regulations, documentation and security requirements set forth by the U.S. government. As a result, many manufacturers cannot allocate the necessary resources to achieve FTZ status in their own warehouses. Instead, they turn to third-party logistics (3PL) providers to fulfill this need and ultimately streamline their supply chains.

### CHALLENGE

As a trusted partner with several industry-leading manufacturers of pharmaceutical and medical device products, MD Logistics is tasked with ensuring a safe and secure supply chain for valuable, temperature-sensitive products. As a result, MD Logistics continuously seeks ways to streamline customer's extensive global trade operations.

After auditing a major pharmaceutical client's processes, MD Logistics quickly realized FTZ solutions would offer pharmaceutical customers several benefits, including lower risk, increased efficiency, and speed to market when importing product.

### WHY MD LOGISTICS WAS THE SOLUTION

As a leading third-party logistics (3PL) provider, MD Logistics specializes in creating customized solutions for its life sciences and pharmaceuticals customers.

With its flexible infrastructure and ability to scale labor and adjust processes when necessary, MD Logistics seamlessly integrated the necessary procedures and controls needed to secure FTZ status in a timely manner.

### RESULTS

After securing FTZ status and finalizing the organizational structure needed to remain compliant, MD Logistics activated the solution within its pharmaceutical facility for ambient (controlled room temperature), cold chain (2 to 35 degrees Celsius) and extreme cold chain (below -20 degrees Celsius) products.

Upon realizing the tremendous benefit to its customer base, and further streamlining its internal processes, MD Logistics began to offer FTZ solutions to other life sciences and pharmaceuticals customers.

### BENEFITS TO THE CLIENT

FTZs streamline the U.S. Customs process and therefore increase the overall efficiency of global supply chain by offering the following benefits:



#### *Quick speed to market*

FTZ services allow a customer's product to quickly flow into the market. This seamless process decreases potential interruptions or delays, thereby increasing order efficiency and mitigating potential stock out scenarios.



#### *Safe and secure biologic storage*

FTZ status means that when a customer's imported product arrives at a U.S. port, it can be moved immediately to MD Logistics' secured and monitored facilities without waiting for customs clearance. This rapid movement creates a



significant advantage when handling new products that must clear a strict set of customs regulations as well as sensitive pharmaceuticals that require storage at a constant temperature of 2 to 35 degrees Celsius.

*Cost savings*

Products being shipped internationally are considered to be on foreign ground while they are stored in MD Logistics' FTZ environment. As a result, customers realize financial savings in customs filing and processing fees.

