Defense Inspector General Publishes Report On Vulnerabilities In DOD's Pharmaceutical Supply Chain, Including Over-Reliance On Foreign-Origin Products

On September 20, 2021, the U.S. Department of Defense ("DOD") Office of the Inspector General ("OIG") released a redacted public version of its assessment of steps that DOD has taken to date to mitigate "the risks of disruptions to the pharmaceutical supply chain" in accordance with applicable agency instructions that were published in 2019. DOD's OIG determined that "reliance on foreign suppliers for pharmaceuticals" and active pharmaceutical ingredients ("APIs") "is a public health, readiness, and national security risk."

Consistent with the Biden Administration's preferred course of action in a variety of other sensitive supply chain settings (*e.g.*, semiconductors, batteries, and critical minerals), DOD's OIG recommends a coordinated, "whole-of-government" approach to addressing pharmaceutical supply chain risk management. Among other proposals, the OIG recommends that DOD develop and issue implementing guidance for supply chain risk management, create a working group to assess risks to the pharmaceutical supply chain, and pursue federal legislation requiring pharmaceutical manufacturers to include country of origin statements for APIs and final drug products on the product packaging. The DOD's OIG report stated that DOD could improve its analysis of country of origin statements made by pharmaceutical vendors in order to assess supply chain vulnerabilities like over-reliance on foreign suppliers.