

George Y. Gonzalez, Jesus Alcocer in Global Trade Magazine Series: Out of Asia: Promise from Pandemic of a Manufacturing Renaissance in North America

November 12, 2020 George Gonzalez

PRACTICES Healthcare and Life Sciences, International

This article was co-written by Partner George Y. Gonzalez and Summer Associate Jesus Alcocer.

The COVID-19 pandemic has exposed the weaknesses of supply chains on which nearly half of the population relies on for life-saving medication. Countries have enforced restrictions on the flow of essential medical supplies in a bid to save their own populations. States competed with the Federal government for ventilators in the market, paying multiples of the devices' usual prices. Doctors, working in painfully under-supplied hospitals, folded plastic sheets to make their own protective masks. Many U.S. hospitals have had to connect multiple patients to devices meant to sustain the life of one. Hospital doctors and administrators have already been asked to decide who should live and who should die.

Understanding the need to transform the current supply chain, the following is the first part in a three-part series that examines how the promise from the COVID-19 pandemic is a manufacturing renaissance in North America. This first installment will lay the groundwork for understanding the current deficiencies within the supply chain and then pivot to explore the dangers of over-reliance on foreign exporters and what challenges U.S. companies are continuing to face in China.

The Current State of the Pandemic Supply Chain

It is late March 2020. In New York's Presbyterian hospital, doctors are wrangling to accomplish something that "hasn't really ever been done before," at least not according to Dr. Jeremy Beitler, a pulmonary disease specialist. The hospital, one of the world's largest, is affiliated with two Ivy League institutions and routinely ranks as one of the top five health centers in the U.S. Inside its contemporary art-clad walls doctors are connecting two people to a ventilator designed to sustain a single set of lungs. The process, which had been only tested in animals before, carries with it a host of risks because sharing does not double ventilator access, and many victims need their own device. Moreover, the two patients need different volume and pressure levels, – which means that often one or both cases are kept in sub-optimal settings.

Professionals, including the editor in chief of the journal Respiratory Care, have warned against ventilator sharing, arguing that "the time to try an untested treatment not previously used in humans is not amid a pandemic." For the doctors in charge of triage at New York's Presbyterian, however, the other option was death. As Dr. Charlene Babcock, an emergency doctor in Detroit puts it: "If it was me, and I had four patients, and they all need intubation, and I only had one ventilator, I would simply have a shared discussion meeting with all four families and say, 'I can pick one to live, or we can try to have all four live.'"

This technique has now expanded across the country, as state governments fought to outbid each

other to purchase one of the few ventilators left in the market. The machines went to the highest bidder. It has been four months since that day in March, but the situation that led doctors to attempt an untested off-label procedure in one of New York's top hospitals stems from issues that run much deeper.

Foreign companies made close to 50% of the intensive-care ventilators in the U.S., where at the time, there were fewer than 12 manufacturers with the capabilities to produce them. As the COVID-19 pandemic advanced, even these U.S. manufacturers found it impossible to sharply increase their supply since the hundreds of parts that make up these complex devices were sold by companies across the world. It would take at least eight months for St. Louis-based Allied Healthcare Products to revamp its supply chain and meet the rising demand, according to the New York Times. In less than seven months, there have been close to 150,000 reported COVID-19 deaths in the United States.

This fragile state of U.S. healthcare supply was exposed by an inadequate manufacturing base that had been deteriorating for years. The toll of COVID-19 has revived efforts to overhaul the capabilities of manufacturers in the U.S. – an issue that had been dormant for decades, as manufacturers moved to jurisdictions outside the U.S., principally to Asian countries in pursuit of lower costs. Just last week, newspapers heralded the “end of an era” in U.S. manufacturing as Intel, the largest chipmaker in the country, announced it was finally considering outsourcing its production to Taiwan and South Korea. This policy was embraced by Intel's competitors but shunned by the Silicon Valley giant for decades.

Excerpted from *Global Trade Magazine*. To read the full article, click [here](#).