

BARDA Announces \$354M Award to Promote Domestic Rx Manufacturing

- *A team led by Phlow Corp. will manufacture “essential” pharmaceutical ingredients and finished medicines “at risk of shortage.”*
- *The contract continues the administration effort to reduce U.S. reliance on foreign nations for the medical supply chain.*
- *The public-private partnership could be extended for 10 years for a total award for \$812 million.*

Today, the **Department of Health and Human Services (HHS)** **announced** a new partnership with **Phlow Corporation to promote the pharmaceutical manufacturing in the U.S.** — perhaps the most significant step taken to date from an administration that has become increasingly focused on the drug supply chain. The Biomedical Advanced Research and Development Authority (BARDA) awarded the \$354 million, four-year contract to the Virginia-based company to **manufacture “essential medicines at risk of shortage,”** including generic medicines and pharmaceutical ingredients needed to treat COVID-19. The contract could be extended over ten years for a total award of \$812 million in funding, making it one of the largest BARDA awards in history. Today’s action comes amidst rumors of a budding “Buy American” executive order (EO), as well as recent steps from the administration to provide emergency-linked exemptions from the Drug Supply Chain Security Act and suspend inspections of some foreign manufacturing facilities.

The contract includes provisions for a new manufacturing facility to be built in Virginia, and **the administration and Phlow will develop a list of priority Active Pharmaceutical Ingredients (APIs) and finished medicines to be produced.** Additionally, the Phlow-led team of public and private partners will employ advanced manufacturing processes — including continuous manufacturing — to lower production costs, reduce waste, and increase capabilities. Strategic partners on the project include Civica Rx, a nonprofit created in 2018 by American hospitals to alleviate drug shortages; Ampac Fine Chemicals, a custom manufacturer of pharmaceutical ingredients; and the Medicines for All Institute, a nonprofit arm of the Virginia Commonwealth University’s College of Engineering.

Administration officials celebrated the effort to return pharmaceutical manufacturing capability to the U.S., after heavy criticism from both parties over the nation’s reliance on foreign countries for the medical supply chain. White House trade advisor Peter Navarro, who noted the nation had relied on foreign manufacturing and supply chains for “far too long,” has pushed for the White House to issue an EO that would limit exports of medical equipment and incentivize domestic medical supply manufacturing. Mr. Navarro has suggested that the EO could come “soon” despite reports of infighting on the action. HHS Secretary Alex Azar, focusing on President Trump’s “America First” initiative, has declared the partnership as a “significant step to rebuild our domestic ability to protect ourselves from health threats.”