

Supply deal with Australian company to help ease crippling US baby formula shortage

By **ADAM CREIGHTON**, WASHINGTON CORRESPONDENT

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President Joe Biden has applauded a deal between Bubs Australia and the US Food and Drug Administration that will see one of Australia's top infant formula manufacturers send 1.25 million cans to the US to help ease a crippling national shortage.

"I've got more good news: 27.5 million bottles of safe infant formula manufactured by Bubs Australia are coming to the United States," Mr Biden said in a tweet on Friday (Saturday AEST).

The FDA on Friday gave the green light to the importation of several varieties of baby formula manufactured by Bubs, which has become the third international manufacturer to strike a deal with US authorities, who are desperate for extra supply.

"We're doing everything in our power to get more formula on shelves as soon as possible," Mr Biden said, referring to the worsening supply crisis that was triggered by a product recall by one of the biggest US domestic suppliers in February.

Bubs Australia chief executive Kristy Carr told The Australian she was "really pleased" to be able to help the US, which will receive, Bubs Organic Grass Fed, Bubs Supreme A2 Beta-Casein Protein and Bubs Easy-digest Goat Milk under the deal.

"As a mum I can really feel for American parents out there and what they are going through," she said, speaking from Sydney.

After weeks of growing panic among the 8 million plus American parents who regularly buy baby formula, President Biden resorted to the Cold War era Defence Production Act last week to expedite domestic production in what's become a worsening political headache for the Democrats.

Eighteen Republican governors slammed the Biden administration's response to the crisis in a letter published on Thursday, calling on the abolition of tariffs and further imports from Mexico.

"After months of inaction, the out-of-stock rate for baby formula now stands at 40 per cent nationwide and up to 50 per cent in six of our states, a crisis exacerbated by surging inflation and the rising cost of consumer goods" the governors said, noting 53 per cent of babies received formula at some point.

Abbott Nutrition, with almost 50 per cent of the market, had to shut its Michigan factory in February after multiple babies became ill, including two deaths, triggering a shortage at a time of already stressed global supply chains.

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"We have been running our facility in Dandenong, Victoria, 24/7, in three shifts, for the last 10 days to prepare for this and we will continue to do so to be able to supply the US," Ms Carr said.

"One of our biggest unique advantages is that we wholly own our manufacturing facilities and supply chains, so can turn things up and down very quickly," Ms Carr added.

Bubs, one of 26 companies globally to apply to export emergency formula to the US, already had a presence in the US, including sales and distribution teams, giving it a head start on relevant approval processes regulations.

"It was very critical aspect for FDA that they were able to get international brands onto shelves quickly and we already had a strong foundation in the US, launching a product there a year ago," Ms Carr said.

Earlier this week the FDA struck deals with UK's Kendal Nutricare and France's Dandone for a combined 2.5 million extra cans, expected arrive from June onwards.

"Steps like the one the agency is taking today means more infant formula will be available to parents and caregivers in the weeks and months ahead," said FDA Commissioner Robert Califf in a

statement, referring to the Bubs deal, which the company said required a “material” increase in production.

Bubs, which has been producing infant formula for 17 years and has around 5 per cent of the Australian market, was the first international baby formula manufacturer to respond to the Biden administration’s call for help. “We’ve been working day and night, weekends, as the FDA has, and I really commend them,” Ms Carr said.

The US, which ordinarily manufacturers 98 per cent of the baby formula to supply the US market, imposes tariffs as high as 17.5 per cent of foreign baby formula.

Bubs, whose share prices has increased over 10 per cent in the past five days, was assisted by Bondi Partners, founded by former Ambassador Joe Hockey, in procuring the deal with the FDA.

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