India restricts drug exports due to coronavirus impacts, threatening global drug supply

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Citing shortages due to the coronavirus of raw materials sourced from China, India has placed restrictions on the export of thirteen Active Pharmaceutical Ingredients (API) and another 13 generic drugs produced from these ingredients until “further notice.”

As India is a major global supplier of generic drugs, there are widespread fears that these export restrictions will lead to pharmaceutical price-hikes and shortages in countries around the world.

India's far-right Bharatiya Janata Party (BJP) government claims the restrictions, announced last Tuesday, are meant to prevent drug shortages in India. In fact, poverty and the Indian state's miserly expenditure of less than 3 percent of GDP on health care mean that large sections of India's 1.3 billion people lack access to quality health care, including drugs, under “normal” let alone, emergency conditions.

Due to hoarding by merchants, as well as actual shortages, India has already experienced steep increases in the prices of several drugs, especially antibiotics made with Penicillin G. “There are already signs that the reduction in supply to India has pushed up prices there considerably," an Oxford Economics' economist told BBC last week.

India accounts for the manufacture of at least 20 percent of the world's generic drug supply. The 26 APIs and drugs now under export restrictions account for about 10 percent of India's pharmaceutical exports.

While India is a major source of generic drugs, the country’s drug manufacturers are themselves dependent upon Chinese manufacturers for basic raw materials used in drug production, with some 70 to 80 percent of these coming from China.

The current supply disruptions in India are due to weeks-long shutdowns of Chinese drug manufacturing plants because of the coronavirus epidemic. At present it is unclear when normal production will resume in China. A further factor in the Indian shortages is the disruption of shipping within, and from, China.

According to Indian spokespersons, if the supply disruptions continue into April, it could seriously threaten the availability of many commonly used generic drugs worldwide. Those that would likely be impacted include: acetaminophen, calpol, crocin and sumo, which are used to alleviate aches and pains; common antibiotics such as tinidazole, metronidazole, chloramphenicol, and neomycin; clindamycin salts, and vitamins B1, B6 and B12; and hormone supplements such as progesterone used in birth control pills.

Europe and the USA have become heavily dependent upon the Indian supply of these drugs.

African countries also rely upon Indian generic drugs because of their cheaper cost. Due to widespread poverty and inadequate health care infrastructure, Africa would be especially vulnerable to drug shortages and price hikes.

A couple of weeks ago, Dr. Mojisola Adeyeye, the Director General of the National Agency for Food and Drug Administration and Control in Nigeria, warned of the devastating impact the looming drug shortage could have on her country: “If India is feeling it, we should start praying, because we don’t manufacture anything here except water; we import almost everything – active and non-active ingredients, equipment etc.”

Dr. Dinesh Dua, the chairman of the Pharmaceuticals Export Promotion Council of India (Pharmexcil), an official body set up by the Indian Ministry of

Commerce and Industry, told Reuters that the Indian government's moves to restrict drugs exports are “panicking” European drug manufacturers and authorities.

“I am getting a huge number of calls from Europe,” said Dr. Dua, “because it is very sizably dependent on Indian formulations and we control almost 26 percent of the European formulations in the generic space. So, they are panicking.”

The Indian government implemented its drug-export restrictions after a high-level government committee asked the Indian Council of Medical Research (ICMR), India’s top biomedical research body, to assess the supply availability of 54 drug raw materials as it became apparent that there were serious disruptions to key ingredients from China.

According to the *Economic Times*, which first reported on this development, fully 34 of these had no alternative suppliers to those based in China.

It is unclear what the impact of the export restrictions will be. At present, New Delhi has not imposed an outright export ban, but drug manufacturers have to seek government approval before shipping any of the 26 restricted items overseas.

Drug manufacturing has become globalized in recent decades, with US and European transnational pharmaceutical companies coming to rely upon China and India for basic raw material, generic drugs and medical devices. According to the US Food and Drug Administration (FDA), China is the second largest exporter to the US of drugs and biologics, that is drugs extracted from living organisms.

China has become the choice destination for API and other key ingredients because of its cheap labor and lax environmental controls, which facilitate the careless disposal of toxic wastes produced from drug manufacturing, as well as the availability of high-quality and cheap infrastructure, especially electricity.

Some observers have stated that shifting some of this manufacturing from China to India would significantly increase the cost of drugs, although wages in India are significantly lower than those in China. This is because India's physical and social infrastructure are vastly inferior.

So irrational is a system that subordinates drug manufacture to the pursuit of ever greater profits by transnational pharmaceuticals companies, the FDA now maintains a web page that lists hundreds of drugs currently in short supply.

One of the most important of such drugs, vincristine, which is used to treat cancer and tumors causing kidney disease in children, is now in acute short supply threatening the lives of children stricken with these diseases. This is because Teva Pharmaceutical Industries recently decided to stop manufacturing vincristine because its sale was not generating enough profits. Meanwhile, Pfizer, the only other producer of vincristine, is experiencing manufacturing problems.

Last Friday, the Indian news website *The Print* reported that the Indian drug industry is pushing back against the Indian government's export restrictions because they fear a hit to their profits and loss of markets. In a letter to India’s Directorate General of Foreign Trade (DGFT), Pharmexcil complained, that as a result of the restrictions, Indian drug companies will “not only suffer monetary losses, but also their credibility and reputation in the international market (are) at stake.”

According to *The Print*, the Narendra Modi-led BJP government may well withdraw the export restrictions. Should this come to pass, it will not be out of any desire to improve the well-being of the world's population, but due to the profit calculations of big business. These developments underscore the utter precariousness and irrationality of global drug manufacture and supply under decaying capitalism.