

# Trump Orders to Buy American Medicines Only and Impact on Indian Pharma Industry

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Donald Trump, on Thursday signed an executive order requiring federal departments to purchase some vital drugs only from US manufacturers. The Covid-19 pandemic and tensions with China have brought to light the US's strong reliance on imports of generic drugs. This made Trump take this step.

Trump's order does not specify the precise names of the drugs; rather, he orders the USFDA to agree on a list based on current criteria.

White House Trade Advisor Peter Navarro clarified that federal departments, such as the Department of Veterans Affairs, can opt-out of purchasing American products if the medication is not made in adequate and economically affordable commercial quantities in the US or if the medicine is bought domestically, the cost of production will rise by 25%.

The latest order, called 'Buy American,' comes less than two weeks after the US government's executive orders on drug pricing, proposing the creation of an international price index that seeks to cap drug pricing under Medicare Part B at the lowest price available in economically comparable countries.

## Donald Trump taking this step: Here's Why

The US, like other nations, is dependent on countries like China and India for essential drugs. This dependency put the Trump administration in a tight spot during the pandemic. It highlighted the extent of their presence in global supply chains.

The US government's \$765 million loan to Eastman Kodak, which once manufactured cameras and films to manufacture active medicinal ingredients for prescription medications, now seen as an effort to reduce imports.

The 'Buy American' Order also proposes to provide some relaxation for US manufacturers with regard to USFDA and Environmental Protection Agency regulations.

## Importance of US Pharma Market to India



The US is India's largest market for pharmaceutical products. It is said that every third pill sold in America is made from India. According to PHARMEXCIL, India's pharmaceutical exports to the US have an ex-factory value of about \$6 billion.

India, regarded as an exporter of finished pharmaceutical goods unlike China. The generic drugs are popular in the US due to their low cost, making them more available.

## Impact on the Indian Pharma Companies

The Indian Pharmaceutical Alliance, the main lobby for major Indian drug manufacturers, has said that it is keeping a close watch on trends as the US is a crucial place for pharmaceutical exports. "We are studying the executive order, so we can't comment at the moment," said Sudarshan Jain, Secretary General of the Indian Pharmaceutical Alliance.

India exported drugs worth around \$6.7 billion in the FY20. That accounts for about one-third of the country's pharmaceutical exports.

Regardless of the motive, the order is unlikely to have an impact on Indian pharmaceutical companies in the short term. According to PHARMEXCIL Chairman Dinesh Dua, Indian drugs are "largely" not involved in US public procurement processes. "As the USA is a member of the WTO procurement agreement, they don't encourage Indian companies to

participate in public procurement processes and mainly involve the US, EU and other members,” he said.

Another reason is that there are exceptions to the order. For example, the order will not apply in cases where the procurement of domestic essential medicines will increase the Agency ‘s costs by more than 25%. Nor does it occur in situations where there are inadequate domestic alternatives.

“This order is just a sense of what is to come,” said public health activist Dinesh Thakur. He studies the US and Indian pharma markets and their regulations.

