

A temporary US tariff relief for Indian pharma sector

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With the Trump administration exempting Indian pharmaceuticals from harsh tariffs, it is a win-win situation for both countries. But for how long? Is there something more in store? Experts share their thoughts on what lies ahead for the Indian pharma sector having their presence in the US



A temporary sigh of relief for India's pharma sector. Eagerly waiting for the US administration to announce the reciprocal tariffs on its Liberation Day, the entire world kept a close watch on what was unfolding on April 2, 2025.

An array of tariff announcements amidst the trade war across sectors sent shockwaves to the global economy. However, the US administration fell short of announcing any harsh tariff on India's pharma sector thus benefitting the major export industry.

The question remains for how long.

Even pharma stocks were a relieved lot. This relief may be short-lived. According to media reports, President Donald Trump may announce separate tariffs for the pharma sector.

Why pharma was spared?

A lot of Indian pharma majors have their sites located across the US manufacturing much-needed generic medicines. These generics are mostly consumed by the US citizens. The US administration reinforces the need to maintain robust and resilient domestic manufacturing in pharmaceuticals.

Says **Sudarshan Jain, Secretary General, Indian Pharmaceutical Alliance (IPA)**, "India and the US share a strong and growing bilateral trade relationship, with a shared vision to double trade to \$500 billion under the Mission 500 initiative. Pharmaceuticals remain a cornerstone of this partnership, as India plays a vital role in global and US healthcare by ensuring a steady supply of affordable medicines. Pharmaceuticals have been exempted from tariffs. The decision underscores the critical role of cost-effective, life-saving generic medicines in public health, economic stability, and national security."

Bhavin Mukund Mehta, Vice-Chairman of Pharmexcil and Whole-Time Director of Kilitch Drugs said, "As India evaluates the impact of reduced tariffs, we recognise the pharmaceutical sector as the clear winner. With India importing

\$800 million worth of pharmaceutical products from the US and exporting \$8.7 billion, the strong trade ties between the two countries create a powerful win-win scenario. This shift drives significant cost savings on life-saving medicines and also positions Indian exporters to gain a competitive edge over their Asian counterparts, further strengthening India's leadership in the global pharmaceutical market."

A tactical move

President Trump's decision to exempt pharmaceuticals from tariffs is not just a tactical move, but a recognition of critical healthcare dependencies. **Sheetal Arora, CEO & Promoter, Mankind Pharma** mentions, "The US healthcare system relies heavily on India's robust generic manufacturing and China's API production, creating a supply chain that, if disrupted, would have immediate and severe consequences for patient care. Building domestic manufacturing capacity to meet these needs will take years of investment, regulatory adjustments, and workforce development. It's heartening to see our longstanding partnership with the US being recognized—this relationship has fostered an environment where open dialogue can lead to mutual growth."

Kiran Mazumdar Shaw, Chairperson, Biocon Group welcomed the US Government's decision to exempt Indian pharmaceutical products from tariffs which underscores the strong bilateral relationship between India and the US, as well as the critical role of the Indian pharmaceutical sector in enhancing public health. Shaw opined, "The emphasis on affordability, accessibility, and availability of lifesaving medicines is particularly important, as it resonates with the shared priorities of both nations. It is also encouraging to see the alignment with the ambitious Mission 500 initiative aimed at doubling trade between our countries by 2030."

The omission of medicines from Trump's latest round of country-specific import taxes does not mean pharmaceutical-specific tariffs are off the table in future. "The devil is in the detail. For example, it is not clear if active pharmaceutical ingredients (API) are excluded from the "pharmaceutical" language of the fact sheet. The same may also be applicable to medical devices. If Indian APIs are still tariffed at 26 per cent, generic drugs and the ability to produce them at low cost in the US would be impacted. So we have to see where do the tariffs start or end. If the tariffs are on the pieces that come together to make drugs, such as API, then these will impact costs in the US," mentions, **Girdhar Balwani, Director, Cadila Pharmaceuticals and Hypothalamus**.

What does this mean for Indian pharma?

The no-reciprocal tariff for the time being will help Indian pharma companies decide on strategic opportunities to reshape the sector. This is a wake-up call for Indian pharma players to focus on next-generation generics, accelerating biosimilar development, and expanding domestic API production. This will help to reduce future geopolitical vulnerabilities.

Chakravarthi AVPS, Senior Vice President (National) and Chairman of AP and Telangana, Federation of Pharma Entrepreneurs (FOPE) said, "I see President Trump's new tariffs as a mixed outcome for India. While most Indian exports now face a 26 per cent tariff, there is major relief for the pharmaceutical sector, which remains exempt from these tariffs for now. India is a key player in global healthcare, supplying 47 per cent of the US generic drug market."

While this is a good news for Indian Pharma, with exports crossing \$9.00 billion in 2024, it is also a wake-up call for companies with significant exports to the US as there could be non-tariff barriers. Says Dr Ajit Dangi, President and CEO,

Danssen Consulting says, "For sustained pharma exports to the US, Indian Pharma should actively consider establishing manufacturing facilities in US / acquiring small established US pharma companies, move up the value chain to develop complex generics, bio similars, bio betters etc, upgrade GMP standards etc. The unpredictability of global markets, increasing trend of 'deglobalisation' and geopolitical conflicts disrupting supply chain, make it imperative that we do not sit on our laurels (Pharmacy of the World) and embrace new strategies."

Diplomatic efforts hold key

Continued diplomatic efforts and strategic negotiations will be crucial in safeguarding India's leadership in the global pharmaceutical market, highlighting our strength in delivering high-quality medicines at the most affordable prices.

A clear tectonic shift in the global pharms supply chain seems inevitable in the long run. India, being the backbone of generic supply globally and a major supplier to the US, needs to get ready for what is next—not only retaliatory trade barriers but a systemic shift towards local manufacturing in the West.

Hari Kiran Chereddi, Managing Director, HRV Global Life Sciences and CEO, New Horizon Global Pharma says, “This is not a temporary disruption; its a long-term realignment. Although it will take time and billions of capital to shift drug manufacturing to the US, Indian pharma needs to actively de-risk its America-centric exposure. There’s a silver lining: as the US decouples further from China, India stands out as a credible, quality-driven alternative. We’re already seeing increased interest from global buyers who want to hedge supply chain risk. Strategic Indian pharma players are shifting rapidly—venturing into US collaborations, domestic contract manufacturing, and even acquisitions to remain competitive. What remains to be seen is how API focussed companies will react to it, especially in terms of manufacturing on US soil.”

The Indian pharma sector is keeping a close watch on how things unfold in days to come. Till then let it be business as usual for the Pharmacy of the World.