

# India's pharmaceuticals, local production and public health security in sub-Saharan Africa: a comparative study

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## INTRODUCTION

Indian firms play a crucial role in the global production of pharmaceuticals, particularly for Africa. Their supply has lowered the price of a range of medicines globally and is vital for many donor organisations. India's pharmaceutical industry has thus become the poster child for the global access to medicines campaign. It is lauded by groups such as Médecins Sans Frontières (MSF) as the "pharmacy to the developing world". This fits with a "win-win" message the Indian government has sought to encourage regarding its engagements with other developing countries.

The precise benefits of the Indian industry to sub-Saharan Africa are uncertain. The continent bears a substantial burden of infectious and, increasingly, non-communicable diseases. Yet, the continuing supply of imported generic medicines has been considered fragile in light of both patent restrictions and the increasing focus of some larger Indian companies on developed country markets. Concerns have also been noted in relation to the quality of Indian pharmaceuticals imported to Africa. Meanwhile, the Indian industry could undermine African health security by outcompeting production of local firms, whose policymakers are seeking to encourage manufacturing. Initiatives have included the 2007 African Union Pharmaceutical Manufacturing Plan for Africa (PMPA) and the 2012 PMPA Business Plan, and have received the support of UN bodies (e.g. UNIDO) and donors (e.g. GIZ). While strong opinions exist on the impact of the Indian pharmaceutical industry within Africa, substantive evidence is lacking, particularly in a comparative basis, across the continent.

This fellowship seeks to provide a comparative analysis on the involvement of the Indian pharmaceutical industry within Africa and its implications for local production and health security.



## CONCEPTUAL FRAMEWORK

This research will primarily adopt a global value chain (GVC) and global production network (GPN) approach to map the relationship between different actors involved in this South-South trade and their local impact. The GVC framework has strength in understanding the various governance relationships between firms at different stages of production (e.g. Gereffi et al. 2005), while the GPN approach (e.g. Henderson et al. 2002) helps recognise the influence of wider stakeholders (e.g. institutional conditions, industry association groups, international organisations, NGOs, labour unions) in shaping production arrangements. These frameworks highlight the relationship between firms at different stages of production, the influence of wider stakeholders and the challenges for upgrading. Although usually applied in a North-South trade context, this research will apply the GVC and GPN approaches to South-South trade.

## AIMS AND RESEARCH QUESTIONS

Aim: to explore how India's pharmaceuticals reach sub-Saharan African markets and investigate local impacts through a comparative analysis across selected countries in East, West and Southern Africa.

1. What are the overall patterns of trade in pharmaceuticals into Africa, and how prominent are Indian pharmaceutical firms within these?
2. How do Indian pharmaceutical firms reach African markets and govern "South-South" pharmaceutical trade?
3. What are the upgrading prospects for local African firms from participating in these South-South value chains, including to increase local manufacturing?
4. What role do state policies (e.g. industrial policies, public procurement of medicines) play in shaping the dynamics of Indian imports and local production?
5. What comparative variations exist between different African countries and regions (East, West, Southern) in the contributions of local and Indian firms to the supply of medicines? What policy lessons can be learned across different African regions and from India for Africa?



Local manufacturing companies in Uganda (left) and Kenya (right)

## METHODS

Empirical research involves collection and analysis of secondary trade data and primary interviews with key stakeholders (policymakers, firms, and NGOs). It will examine the role of various actors (e.g. firms, industry associations, states, international organisations) in South-South trade. The relationships between these stakeholders involved in the supply of pharmaceuticals for sub-Saharan Africa will be explored.

After identifying the extent of Indian pharmaceuticals' presence within sub-Saharan Africa's South-South trade, the research will then focus on three main regions – East, West and Southern Africa. The comparison involves selected larger countries, with manufacturing capacity, as well as smaller countries, which are more import dependent. The project will provide the first major comparative, cross-regional study of the involvement of the Indian pharmaceutical industry, and its implications for local production, in Sub-Saharan Africa.



Local manufacturing companies in India

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