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US-Israel-led Operation Epic Fury Singes Indian Pharma Interests

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The ongoing war between the United States of America, Israel and Iran is beginning to weigh on India's pharmaceutical sector, as rising freight costs, disrupted trade routes and delays to key West Asian markets are raising concerns across the industry. Let's examine to what extent and how this will invariably impact the Indian pharma industry.



We live in an interconnected world, where the impact of the ongoing war is already being felt across industries, trade routes and supply chains far beyond the immediate region of conflict. The conflict, triggered by the joint American and Israeli military operations on February 28, 2026 and intensified by subsequent Iranian retaliatory attacks across the region, has disrupted major air transit hubs and shipping routes, hampering the movement of goods from medicines to oil.

As we are putting this together, these disruptions are beginning to reflect in India's pharmaceutical trade, particularly with West Asia. The ongoing challenges in the global freight market have the potential to significantly impact Indian pharmaceutical exports, especially to GCC countries and the wider WANA region. The doubling of freight charges for both imports and exports, along with surcharges of \$4,000–\$8,000 per shipment, has added pressure on companies.

"Currently, GCC countries account for 5.58 per cent of total Indian exports. Our recent data also show an upward trajectory in the total export value of Indian pharmaceutical exports to the Middle East (WANA region) from \$1,320.44 million in FY 2020-21 to \$1,749.68 million in FY 2024-25," said **Namit Joshi, Chairman, Pharmexcil**.

Key markets like UAE, Saudi Arabia, Oman, Kuwait, and Yemen are highly dependent on India for affordable medicines and generic formulations. Pharmexcil data also indicates significant growth in emerging markets such as Jordan, Kuwait and Libya, as well as product categories like vaccines, surgical products and AYUSH formulations.

"Given the significant importance of this market for pharmaceutical products, a complete disruption of March's exports could result in a potential loss of approximately Rs 2,500 to Rs 5,000 crore for the Indian pharmaceutical industry. However, the Indian pharmaceutical industry must remain agile and proactive in navigating these challenges. Pharmexcil continues to closely monitor the situation and are actively engaging with stakeholders in the logistics and trade sectors to explore ways to mitigate the impact on pharmaceutical exports, especially in the GCC and WANA regions," observed Joshi.

Bracing for Supply Chain Challenges

The pharmaceutical industry is already beginning to feel the indirect effects of the US–Iran tensions, particularly on logistics and key industrial inputs.

"Tensions in the Gulf region are creating uncertainty in critical maritime and air cargo routes essential for pharmaceutical shipments. Key routes like the Red Sea, Strait of Hormuz, and Gulf shipping corridors are facing potential risks of rerouting or delays, which may impact delivery schedules. This is particularly concerning for temperature-sensitive pharmaceutical products that could be adversely affected by these disruptions," said Joshi.

Another major concern is the escalation of costs throughout the pharmaceutical supply chain. The major cost drivers include crude oil price fluctuations, rising logistics costs for APIs and finished formulations and shipping delays that will affect inventory cycles.

"The ongoing conflict in west Asia is significantly disrupting global pharmaceutical trade and supply chains, particularly affecting shipping routes, logistics costs, and medicine availability. Critical shipping chokepoints for global oil and goods, has seen increased disruptions, with tankers rerouting or using longer air paths to avoid conflict zones. This has resulted in longer lead times, higher fuel costs, and increased air freight surcharges, especially for time-sensitive pharmaceutical shipments. War-risk insurance premiums for shipments have risen, further inflating transportation costs, while major ports and airports in

the Middle East have experienced bottlenecks, slowing down the movement of essential medicines. These logistical challenges, compounded by escalating fuel prices, are driving up overall production and distribution costs for pharmaceutical companies,” said **Mohan Jain, Director, Naprod Life Sciences**.

The rise in war-risk insurance premiums, along with increased fuel prices, is driving up logistics costs for pharmaceutical companies, making the transport of both raw materials and finished products more expensive.

“These cost increases are particularly impactful for high-value, time-sensitive products such as biologics and specialty drugs that require precise temperature control during transport. The disruption in global shipping routes, combined with the bottlenecks at key air and seaports in the Middle East, has resulted in stock-outs and delivery delays, particularly for markets that rely heavily on imports. The companies most at risk are mid-size generic manufacturers with concentrated Gulf exposure, just-in-time inventory models, and limited ability to pre-finance alternate sourcing. Pharmaceutical companies will likely need to adjust their strategies by increasing inventory levels, diversifying their supply chain networks, and seeking alternative transportation routes to mitigate the risks associated with these ongoing geopolitical tensions,” added Jain.

The availability of LPG is another major concern for the industry. “One immediate concern is the reduced availability of LPG, which is used both as aerosol propellant and as fuel for boilers in many pharmaceutical facilities. Some suppliers are already indicating shortages. At the same time, ammonia supply is becoming constrained as priority is being given to the agriculture sector. This could eventually impact the availability of certain APIs and intermediates such as diclofenac diethylamine,” said **Saurabh Agarwal, Director at HAB Pharma**.

Experts also say that they are seeing inflationary pressure on packaging materials, with duplex and kraft board prices already up by nearly 25 per cent. “If the situation persists, the industry could see rising fuel costs, API shortages, and higher logistics costs. Since pharmaceutical companies cannot easily switch API suppliers due to regulatory approvals, geopolitical disruptions can have a longer-term impact on supply chains,” warns Agarwal.

For India’s pharma sector, the coming weeks will be critical, with companies closely tracking developments while recalibrating supply chains to manage disruptions and maintain export flows.

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