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India's chemical industry is of vital importance to several industries, including pharmaceuticals, and exported USD 30.18 billion worth of products in 2022-23. Chemexcil's Raghuveer Kini discusses his industry's key role in global supply chains, his association's strategic goals and achievements, and the need for continued international collaboration.

Can you give our international audience an overview of the chemical industry's role in the Indian healthcare and life sciences sector, and explain the rationale behind your move from Pharmaexcil to Chemexcil?

The chemical industry, particularly within the larger healthcare and life sciences sector, typically deals with critical chemicals used in the manufacturing of pharmaceutical Active Pharmaceutical Ingredients (APIs).

The Indian chemical industry plays a crucial role in the Indian healthcare and life sciences sector in the following ways

1. Supplying essential Chemicals to manufacture Active Pharmaceutical Ingredients, Bulk Drugs, Excipients, etc.

2. Research and Development (R&D) Indian chemical companies are involved in R&D activities, particularly in drug discovery. It contributes to the development of new medicines and treatments for various diseases, improving healthcare.
3. The Indian chemical industry is able to produce essential medicines at a competitive cost for users and is accessible to millions of users, especially in developing nations.

The Indian Chemical industry is an essential pillar of the Indian healthcare and life sciences sector.

The Indian chemical industry holds a prominent global position, ranking as the third-largest producer in Asia and the sixth-largest worldwide. The market size of the chemicals and petrochemicals sector in India is around USD 215 Bn; expected to grow to 300 Bn by 2025. It commands a significant market presence. Indian dyestuff and dye intermediates sector are contributing to 16 percent to 18 percent of the global market share. Notably, India stands as the fourth-largest producer of agrochemicals globally is projected to grow at 8-10 percent CAGR till 2025. boasting a production portfolio that includes 50 technical grade pesticides. The country has secured its position as the 13th largest exporter of agrochemicals worldwide and stands as the second-largest exporter in Asia. Furthermore, India has distinguished itself as the third-largest manufacturer of H-acid, underscoring its pivotal role and impact in the international chemical landscape.

I began my career with the Plastic Export promotion council (Plexconcil) in trade promotion and moved to Pharmaceutical Export Promotion Council, Pharmaexcil, in 2004, (Pharmexcil was initially the part of Chemexcil later, it separated) and I continued with Pharmaexcil until my retirement in 2019. Subsequently, I took charge of the export promotion council for medical devices, based in Delhi. Due to personal reasons and family issues, I found it challenging to continue in Delhi, leading to my move to Mumbai in CHEMEXCIL . In August 2023, I joined as the Director General of Chemexcil, marking a transition from pharmaceuticals to chemicals. While there is a connection between the two, the move brings new challenges and opportunities in the chemical industry.

What priorities have you set for Chemexcil, and what achievements are you aiming for in the next year?

My primary goal is to make Chemexcil the number one and premier Chemical export promotion council in India in the coming years. Currently, we are the sixth largest producer globally and third in Asia. Despite challenges like geopolitical crises and the impact of world events, we are striving to elevate Chemexcil’s position. Additionally, I aim to assist the Indian chemical industry in

resolving their trade related policy issues, in order to boost their exports to new markets, and in the month of October we have signed an MOU with the Argentine Chamber of Chemical Products (CAPQ) importers association in Argentina, recognizing its potential as a significant market. The objective of this MOU is to set up a long-term partnership and cooperation between Chemexcil and CAPQ, To promote Chemical trade, exchange trade related matters, cooperate for trade promotional events in India and abroad, facilitate the development of the chemical sector. It will allow both to leverage their combined resources and expertise to create a win-win situation for Chemical trade between India and Argentina

Within the chemical industry, which segments contribute significantly to exports, and what is the dominant area in terms of international trade?

The major contributors to chemical exports is group of organic, inorganic, basic chemicals, and, and agrochemicals, collectively this group representing nearly 60 percent of international trade. Specifically, within these, the segment related to chemicals used in pharmaceuticals and agrochemicals holds the maximum share. CHEMEXCIL has 4-Panels (Product groups) viz., Dyes and Dye intermediates, Basic organic inorganic chemicals including Agrochemicals, Cosmetics, toiletries, soaps, essential oils, and Castor oil and its derivatives. Notably, the second panel, encompassing basic organic and inorganic chemicals, stands out as the largest contributor to exports. We lead globally in the export of castor oil and its derivatives, and in essential oils, we rank second, following China, in agrochemical exports. This data provides a comprehensive overview of the key segments driving India’s chemical exports.

Could you provide insights into India’s current export landscape for chemicals, considering factors such as pricing and existing policies? What recent developments or policies favour chemical exports, and where do you see opportunities for improvement?

At present, India is positioned favourably in the global economic scenario, particularly after the G20 summit. Despite geopolitical challenges and some global economic slowdowns, India’s overall economic performance is robust. This positive outlook extends to the export landscape, and we anticipate continued success in the chemical sector. We are actively exploring new markets and have recently engaged with the top importers of chemical organizations, such as in Argentina, to strengthen ties and facilitate exports.

India’s chemical exports witnessed growth in the year 2022-23, reaching exports to USD 30.18 billion. (Source: Niryat Portal) This achievement highlights the increasing strength and competitiveness of the Indian chemical industry on the global stage.

Key product segments played an important role in driving this export growth are Organic and Inorganic Chemicals emerged as the top contributor, followed by Agrochemicals and Dyes, its Intermediates. These segments collectively accounted for a substantial portion of the total export value, demonstrating their vital importance to the industry’s success.

This performance can be attributed to several factors, including:

The global demand for chemicals which is steadily increasing due to factors such as population growth, rising disposable incomes, and expanding industrialization. This creates a favorable environment for Indian chemical exporters to tap into new markets and expand their reach. Indian chemical companies have made significant efforts in improving their product quality, cost efficiency, and operational effectiveness. This has made them more competitive in the international market, enabling them to capture a considerable share of market. The Indian government has implemented various supportive policies and initiatives to promote the growth of the chemical industry. These initiatives, such as the “Make in India” program, have provided a conducive environment for companies to invest, expand, and contribute to export growth.

The strong performance of India’s chemical exports in 2022-23 serves as a testament to the industry’s potential for continued growth and success. By leveraging its competitive advantages and capitalizing on favorable global trends, the Indian chemical industry is well-positioned to play an even more significant role in the global market in the years to come.

In terms of our present standing, Chemexcil is the fourth-largest contributor to India’s exports among all export promotion councils. Our goal is to elevate this position and increase our contribution to India’s GDP, currently Indian Chemical industry is contributing 5-6 percent in India’s GDP. We are focused on addressing trade and policy related issues by collaborating with government authorities and relevant stakeholders, including the Environment Department.

What are your insights on the significant dependency on API imports from China? Have there been initiatives or policies to address this, and how is India positioning itself in the global scenario, especially considering the “China plus one” strategy after COVID?

As regards India’s reliance on API Imports from China and Efforts to reduce is concerned I can say that yes India’s pharmaceutical industry is partially dependent on the import of Active Pharmaceutical Ingredients (APIs) from China because of following factors

- China dominates the global API market, accounting maximum of the total production.
- Chinese API manufacturers benefit from economies of scale and lower production costs, making them a more cost-effective option for Indian companies compared to domestic production.
- India’s domestic API manufacturing capacity is relatively low, contributing to the reliance on imports.

The Indian government launched the PLI scheme to incentivize domestic API production. This scheme provides financial assistance to companies that invest in setting up API manufacturing facilities in India.

The government has also encouraged for innovation and develop cutting-edge technologies for API production.

India has been actively pursuing FTAs with other countries to diversify its import sources and reduce dependence on China.

After the COVID-19 pandemic highlighted the risks associated with overdependence on China, India is actively pursuing a “China Plus One” strategy. This strategy aims to diversify its import sources and reduce reliance on China by establishing partnerships with other countries. The Indian government is actively working in that direction, and several export promotion councils, including Chemexcil, are contributing to this strategy. Pharmaceutical and chemical parks are emerging, offering comprehensive facilities, including duty-free access. The Department of Commerce is driving these initiatives, aiming to position India as a reliable and strategic player in global trade.

India also aims to become a global leader in the pharmaceutical industry by focusing on innovation, high-quality production, and cost-competitiveness. This will require further investment in research and development, infrastructure development, and skill development.

Moreover, the government is planning common infrastructure facilities like effluent treatment plants and testing laboratories within these parks. This shared infrastructure is designed to streamline processes, reduce costs, and promote sustainability in line with the growing emphasis on green chemistry and environmental sustainability.

For more specific details, you may consult my colleague, Mr. Uday Bhaskar, Director General Pharmexcil who is better positioned to provide insights.

How does India, especially in the chemical industry, view the push for countries to develop self-reliance in various sectors post-COVID? Do you see it as a challenge or an opportunity?

I view it as an opportunity rather than a challenge for India. The country is actively involved in developing green chemistry and sustainability. Given the global impact of environmental issues such as severe monsoons, earthquakes, and other natural calamities, there's a collective recognition of the need for sustainable practices. From my perspective, this presents an opportunity for India to contribute positively to these global efforts.

India is not just reactive but is proactively working on sustainability initiatives. The government is encouraging the development of green chemistry, and as a council, our role is to guide and support our members in aligning with these sustainability goals. Additionally, India is engaging in free trade agreements (FTAs), enhancing its global connectivity and trade relations. Agreements with countries like Australia, ongoing negotiations with the UK, Japan, Korea, and the CEPA agreement showcase India's commitment to fostering international collaborations.

Our commerce minister is actively addressing hurdles and demonstrating a personal interest in resolving issues. I'm optimistic about the trajectory, and I don't foresee any major obstacles. Overall, I see a positive and dynamic direction for the industry.

We are actively collaborating with the Ministry of Environment, Forest and Climate Change (MoEFCC) to drive initiatives aimed at promoting green chemistry and sustainability within the chemical industry. One of our key focuses is organizing skill development programs. These programs are designed to equip individuals with the necessary knowledge and expertise in green chemistry and sustainable practices.

Our primary role is to act as a facilitator and catalyst in encouraging people to embrace sustainability and actively participate in the production of green chemicals and green energy. By organizing skill development programs, we aim to empower individuals with the tools and understanding needed to contribute to sustainable practices within the chemical industry. Through such initiatives, we will be able to create a positive impact and foster a culture of environmental responsibility within the industry.

Can you provide insights into the opportunities presented by the focus on bio-based specialty chemicals and renewable chemicals within the chemical industry, especially in the context of the growing demand for green and sustainable practices?

Absolutely, the shift towards bio-based specialty chemicals and renewable chemicals presents a significant opportunity within the chemical industry. The demand for green and sustainable solutions is on the rise, particularly in top destinations like the EU and US. Notably, regulations such as the carbon border adjustment mechanism (CBAM) in the European Union emphasize the need for sustainable practices in chemical production.

This creates a substantial market for green chemicals, with a particular emphasis on sourcing raw materials from sustainable and environmentally friendly sources. For instance, there is a growing emphasis on producing chemicals using green energy sources like green hydrogen, as well as extracting ethanol from natural sources such as molasses. Additionally, the focus extends to harnessing energy from renewable sources like wind and water.

In essence, the opportunity lies in aligning chemical production with eco-friendly practices, meeting the sustainability criteria set by major markets. This not only addresses current environmental concerns but also positions the industry favorably for future developments in the green and sustainable space.

What is your vision for the chemical industry, and what message do you have for international decision-makers in the healthcare and life sciences sectors?

We are actively planning our activities for the next few years, focusing on newer markets and delegations. In the upcoming financial year, we are organizing a major event in Delhi, inviting key buyers worldwide to facilitate interactions with Indian small and medium-scale industries. Our goal is to bridge the gap for these industries, offering them opportunities to connect with international buyers who may provide the necessary support.

This initiative aims to address the financial challenges faced by many smaller industries, allowing them to showcase their products and capabilities. We envision this event to be a catalyst for collaboration and growth within the chemical industry. Additionally, we are working on facilitating trade and creating a favorable environment for foreign investments in India.

For our international audience, we encourage them to explore opportunities in India, engage with Chemexcil for their chemical sourcing needs, and consider foreign direct investment in the chemical sector. India offers a conducive environment, with special economic zones providing duty-free access to raw materials. We are also actively working towards aligning India with global standards, such as the REACH regulation for chemicals in the European Union, to further enhance the country’s regulatory compliance.

In summary, our focus is on global collaboration, facilitating trade, attracting investments, and positioning Chemexcil as a key player in the international chemical industry.

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