Chapter 5
The Impact of COVID–19 on the Pharmaceutical Supply Chain in Egypt:
The Case of Pharco Group

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EXECUTIVE SUMMARY

The COVID-19 pandemic is regarded as the major disruptive event of this decade, resulting in unexpected socio-economic impacts worldwide. The COVID-19 pandemic has caused considerable damage to various industries worldwide. Availability and supply of a wide range of raw materials, intermediate goods, and finished products have been seriously disrupted. The magnitude of the COVID-19 pandemic has had an enormous impact on the health system and pharmaceutical industry in almost every country globally. This new virus has resulted in pharmaceutical organizations experiencing unprecedented logistical restrictions as a result of increasing demand and limited capacity. Accordingly, this case study assesses the impact of the COVID-19 pandemic on the supply chain (SC) integration of the pharmaceutical sector in Egypt. A case study technique was used for better understating of the situation and to analyze the industry's position and its capabilities to face the consequences of the pandemic, which hindered the integration along the supply chain.

BACKGROUND

The novel coronavirus disease (COVID-19) was discovered and diagnosed in Wuhan, China, in December 2019. The World Health Organization declared the COVID-19 outbreak a global pandemic on March 11th (WHO). Approximately the next two months, COVID-19 spread fast, infecting over 2.5 million people by April 23, 2020. The COVID-19 epidemic wreaked havoc on the global economy, particularly in the pharmaceutical business. While there is currently no cure for this unique infectious disease, the pharmaceutical sector is aiding governments in meeting unmet COVID-19 needs, which range from research and development on prospective treatment options to balancing the medications supply chain in times of crisis. In addition, pharmaceutical companies are fighting to maintain natural market flow, as the current pandemic has hurt access to important pharmaceuticals at reasonable prices, which is the basic purpose of any pharmaceutical system (Ayati et al., 2020).

For a developing nation such as Egypt, precautionary measures to control and limit the consequences of the pandemic were essential. Following the announcement of the virus's arrival, the Egyptian government has taken a number of precautionary measures to limit its spread, including enforcing a shutdown during certain hours and imposing limited partial isolation of certain areas that have seen an increase in the number of infections, in addition to a reasonably extensive examination of reported cases' contacts (Raslan, 2021).

The impact of COVID-19 on the Egyptian pharmaceutical sector was clear in several points, when Egypt put restrictions on the exportation and also when China as a main supplier of APIs stopped exporting the raw materials and APIs, which of course had a directly negative impact on the supply chain of the companies, also marketing strategies and sales of the pharmaceutical companies which mainly depends on the medical Reps and meetings with the doctors and patients which impacted by the quarantine policies which adopted by the government, Supplies were further impacted by the disruption of logistics and transportation systems, restricting access and movement of products to and from ports - all these points had a direct negative impact on the companies' business and their profits (Pharco records, 2021).

COVID-19 may be viewed by some pharmaceutical corporations as a once-in-a-century opportunity, as it increases demand for prescription drugs, vaccinations, and medical devices. One of these companies, Pharco, was instrumental in combating the coronavirus pandemic. Pharco is one of the most well-known private and local Egyptian pharmaceutical enterprises, and it is the largest pharmaceutical manufacturer in the MENA region, focusing on research, formulation, manufacturing, and commercialization of pharmaceutical goods. Its position as the market leader in Egypt's pharmaceutical sector is based on a single goal: to supply patients with highly effective and safe pharmaceutical goods at a reasonable cost.

IMPACT OF COVID-19 ON THE SUPPLY CHAIN OF THE PHARMACEUTICAL SECTOR

Prior to the Covid-19 outbreak, several pharmaceutical companies faced insufficient active pharmaceutical ingredients (APIs) supply, resulting in some essential drug shortages, while others had a stockpile of APIs; the companies either sold these supplies at exorbitant prices or refused to sell them due to insufficient amounts in their stockpile. Due to China's monopoly in API manufacturing and export, Indian pharmaceutical companies are the main importers of APIs created in China for use in their drugs. The international community relies on India for generic medications because there are no other reputable

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