BPTF Comments – Docket No. BIS–2025–0022 for *Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients*

07 May 2025

The Bulk Pharmaceutical Task Force (BPTF) would like to share its written comments regarding the Department of Commerce's Bureau of Industry and Security (BIS), Office of Strategic Industries and Economic Security's *Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients* (Docket No BIS-2025-0022).

About BPTF

BPTF is a U.S.-based association of manufacturers of active pharmaceutical ingredients (APIs), excipients, and pharmaceutical intermediates. (For more information regarding BPTF, please see https://www.bptf.us/). Our primary objective is to seek clarification of the current regulatory requirements for our products and to interact with government agencies on emerging issues that may impact members. BPTF's membership includes manufacturers with foreign as well as domestic facilities, and both large and small business entities. A list of Task Force member companies may be viewed at this link.

Executive Summary

BPTF thanks BIS for the opportunity to offer its perspectives covering the *Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients*. The Task Force's leading concerns are addressed with the following three provisions.

- The BPTF strongly encourages continued focus on the necessity of ensuring patient access to safe, affordable medications. Therefore, any change to the active pharmaceutical ingredient (API) supply chain for reagents and starting materials must be implemented slowly for quality, safety, and regulatory reasons. Measured implementation of changes would greatly reduce the potential for drug shortages.
- API production relies upon a complex global supply chain that, particularly for generic drugs, is highly price sensitive. There are ways to strengthen and toughen the US pharmaceutical supply chain, but the long-established trend favoring off-shoring of pharmaceutical manufacturing cannot be quickly and easily reversed.
- Domestic API producers sell into the global marketplace to help maintain their financial sustainability. Disruptions of their raw material cost structure have the potential to impact their market share and consequently financial sustainability.

Comments and Information Directed at the Criteria Listed in § 705.4 of the Regulations as They Affect National Security

BIS' requests for comment are listed below, followed by BPTF's response in italics.

BIS: (i) the current and projected demand for pharmaceuticals and pharmaceutical ingredients in the United States.

BPTF

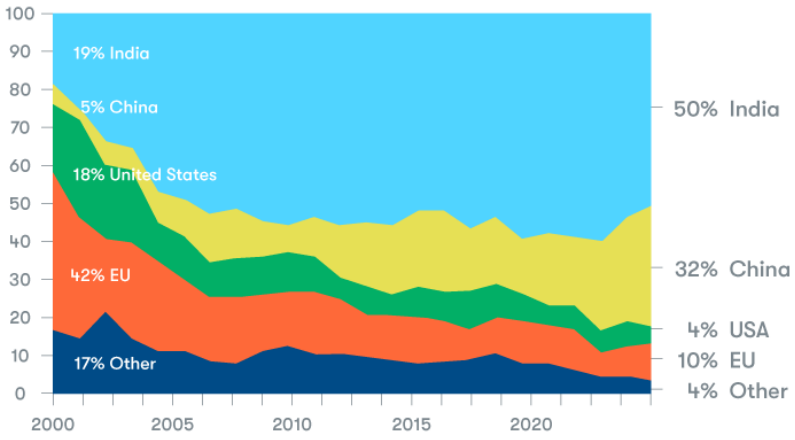
The Intercontinental Marketing Services (IMS) databases, issued by IQVIA, are publicly available sources of this information. These databases list prescription drug sales by drug by dose by quantity and by month. Market information for Over-the-Counter (OTC) drugs are more difficult to find because of the very competitive nature of the OTC marketplace.

BIS: (ii) the extent to which domestic production of pharmaceuticals and pharmaceutical ingredients can meet domestic demand.

BPTF

From the active ingredient (API) perspective, the trending of domestic production formulated into finished drug product has declined significantly over the last 20+ years (Ref. [1])

Active API Drug Master Files
By year of filing and region of manufacture



Source: USP Medicine Supply Map

[1] - USP *Global Manufacturing Capacity of Active Pharmaceutical Ingredients Remains Concentrated* https://qualitymatters.usp.org/global-manufacturing-capacity-active-pharmaceutical-ingredients-remains-concentrated

But even 20 years ago, domestic API manufacturers held only 18% of the filed Drug Master Files (DMFs), illustrating the long dependence of the US market on foreign supply of API. Most of the US-approved drugs do not have a US supplier for the API. US suppliers could make them, but capacity restraints and financial realities make such production unlikely. Indeed, in the last thirty years many of the domestic API facilities for OTC and many simple generics have long been "brownfielded", meaning that production has been terminated and capacity eliminated. Many existing facilities are wholly dedicated and replacing their products with another API does not build capacity.

Even if there were the capacity, the newly made APIs most likely would require a Prior Approval Supplement (PAS) to the marketing application which would need to be subsequently reviewed and approved by the US FDA. Currently, the US FDA would not be able handle in a timely manner the increased workload.

BIS: (iii) the role of foreign supply chains, particularly of major exporters, in meeting United States demand for pharmaceuticals and pharmaceutical ingredients.

BPTF

As the pharmaceuticals and API supply chains are structured today, immediate and complete US isolation would mean that there would be a greatly limited production of both finished drug product and APIs in the US. The supply chain is globally integrated for raw materials, intermediates, APIs and finished drug products. The US should not limit imports of the complex molecules that are the raw materials, nor the APIs and finished drug product from foreign suppliers.

China and to a lesser extent India are the primary sources of these complex molecule raw materials. These countries have built the capacity to manufacture the complex molecules and are supplying both the US and Europe.

BPTF member companies have unsuccessfully searched for US suppliers of many complex molecules (i.e., Fine Chemicals used as the raw material for API production) . Building capacity at domestic Fine Chemical companies, including those that produce raw material complex molecules that do not require Good Manufacturing Practice (GMP) manufacture, would require new or reconfigured manufacturing facilities necessitating capital investment and time to get online. Even if there were future potential for increased domestic capacity, the complex molecule will cost more from the domestic manufacturer for a market heavily focused on price, and chemical synthesis will still begin with raw commodity chemicals imported from China.

BIS: (iv) the concentration of United States imports of pharmaceuticals and pharmaceutical ingredients from a small number of suppliers and the associated risks.

BPTF

BPTF member companies manufacture APIs that are used in the finished drug products. The drug product companies will have knowledge of the number of suppliers for their products.

Drug product manufacturers (marketing application holder) must revise their existing marketing applications when seeking to add a new API supplier. FDA would classify such revision as a "Major Change", requiring full agency review ***prior to*** *the drug manufacturer's use of the new API supplier in marketed drugs (GDUFA III provides for an 8-month review goal for a Prior Approval Supplement). Consequently, a change to add a new API supplier represents additional costs and possibly a supply shortage event. Incentives for the marketing holders to add new API suppliers, such as a shorter FDA review time, would help add more suppliers and reduce the risk of a shortage situation.*

BIS: (v) the impact of foreign government subsidies and predatory trade practices on United States pharmaceuticals industry competitiveness.

BPTF

In Asia, and especially in China, regional authorities are assisting local producers of APIs to improve and expand production. Major Chinese players in the pharmaceutical industry are directly or indirectly backed by the Chinese government, which gives them an unfair advantage in accessing financial resources. Specifically, their goals are to attain Western standards in terms of quality (Good Manufacturing Practices (GMPs)), environmental protection, safety, and health. To that end, older, challenged sites have been, or are being, closed and then rebuilt to satisfy American finished drug product manufacturers' requirements. Thus, reshoring of APIs is not seen as an advantage to US finished drug producers.

The European Union is developing a program to reshore some API production with governmental assistance. This assistance may take the form of subsidies, tax incentives and even partnering arrangements. In the latter case, the government partners with the manufacturer to find potential local customers willing to invest in the construction of the new API facilities along with an agreement for long term supply. See question (ix) below for additional information.

These actions place potential US API manufacturers at a competitive disadvantage. Since price appears to be the most important driver for purchasing managers at US drug product manufacturers, there currently is little incentive to the pharmaceutical intermediate and API manufacturer to expand US production.

BIS: (vi) the economic impact of artificially suppressed prices of pharmaceuticals and pharmaceutical ingredients due to foreign unfair trade practices and state-sponsored overproduction.

BPTF

- *BPTF is unable to provide insights into this inquiry.*

BIS: (vii) the potential for export restrictions by foreign nations, including the ability of foreign nations to weaponize their control over pharmaceuticals supplies.

BPTF

- *BPTF is unable to provide insights into this inquiry.*

BIS: (viii) the feasibility of increasing domestic capacity for pharmaceuticals and pharmaceutical ingredients to reduce import reliance.

BPTF

Domestic production of complex molecules (raw materials), APIs and finished drug product can be increased with enough time, capital investment, and a guaranteed market. Facilities would need to be built to mitigate current capacity constraints, and the operational staff would need to be hired and trained. Tax incentives for new business would be beneficial. This is true for complex molecules (raw materials) as well as APIs and finished drug product. For APIs and drug products, the Center for the Biomedical Advanced Research and Development Authority's (BARDA) program promises guaranteed purchase of products is viewed as beneficial.

Some additional considerations for the discussion of expanded domestic manufacturing:

- *Education: The US education system does not sufficiently emphasize science and technology. Operational staff needs to have a background in these areas for modern production practices. BPTF members report difficulty finding sufficient domestically trained personnel, suggesting the continued need for technically qualified immigrants with skills that are not readily available in the US.*
- *Permitting Timelines: For new or expanded facilities, there are local and federal environmental and operating permitting requirements including safety regulations. BPTF does NOT recommend loosening the requirements but recommends a means to shorten the review time at the respective agencies.*
- *Labor Costs: Cost of living, therefore domestic labor costs, is higher in the US than in China and India.*
- *Quality/GMPs: Implementation of GMPs is required for both API and finished drug product manufacture. BPTF fully supports this and is not suggesting changes to these quality programs. However, manufacturers without experience and a track record of implementing GMPs may consider this a barrier to entering the business.*

- *Price Expectations: Ensuring broad access to medicines demands low cost generic drugs. For many generic drugs, therefore, domestic manufacture of APIs and finished drug products is not a financially sustainable business.*
- *Capital and Construction Costs: Construction of new or expanded manufacturing facilities requires steel, specialty parts, equipment, and skilled construction workers. The material items are often imported, as they are not readily available domestically.*
- *Domestic Clinical Studies - Establishing a system of grants and contributions aimed at supporting clinical studies conducted in the U.S. could create an ecosystem of knowledge and expertise. This would represent a first step to reshoring the pharma supply chain.*

Additionally, BPTF member companies acknowledge that the quality of APIs and finished drug products from both China and India has improved significantly and is now comparable to domestic production. The environmental and safety regulations have also been tightened in these countries. The previous gap between foreign and domestic production is closing.

BIS: (ix) the impact of current trade policies on domestic production of pharmaceuticals and pharmaceutical ingredients, and whether additional measures, including tariffs or quotas, are necessary to protect national security.

BPTF

BPTF asserts that tariffs and quotas would likely increase drug prices and potentially cause drug shortages in the short term.

Currently and in the near future, the US is not capable of producing additional API volumes and products due to capacity constraints and lengthy regulatory approval cycles. Even once capital investment has been approved, it takes years to design and build the facility, obtain all necessary permitting approvals, scale-up and validate the manufacturing process, and develop stability data. Another 8 months, minimum, is needed to obtain FDA's finished drug product approval, in part due to the likely need for a Pre-Approval Inspection for GMPs. In summary, BPTF conservatively estimates 4-6 years to put into the market a US-supplied API. Only then does the manufacturer begin to get a return on their investment. Given these challenges, BPTF suggests prioritizing the critical drugs for US production and using incentives to encourage investing in domestic API capacity.

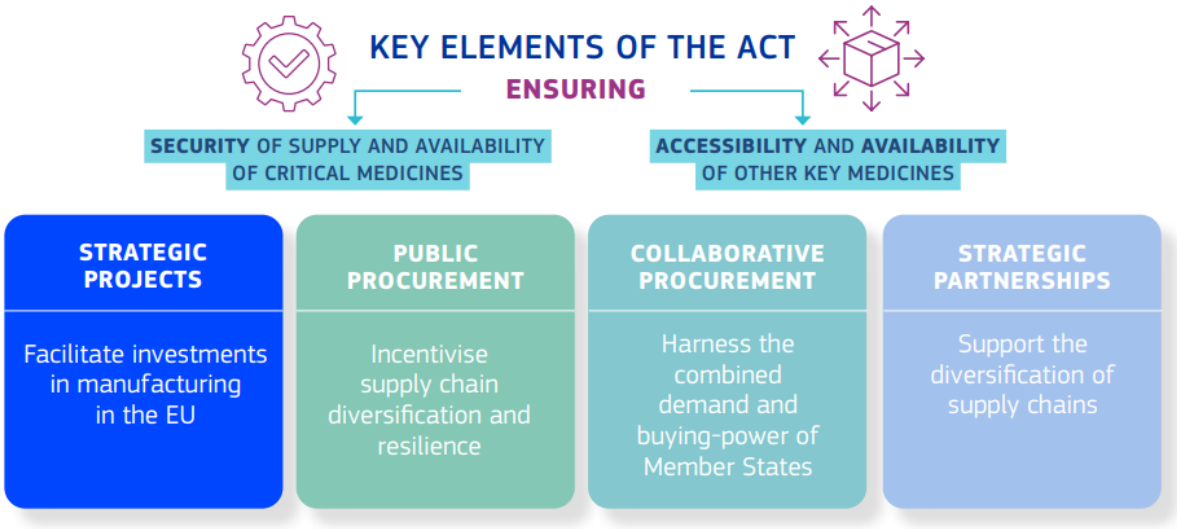
As a useful reference, BPTF highlights the European Commission's (EC's) proposed "Critical Medicines Act", which has the following key objectives (Ref [2]):

- *Strengthening security of supply and availability of critical medicines*

[2] European Commission, [European critical medicines program], March 2025.

- *Improved availability and accessibility of other medicines where a market failure exists*

By:



Nonetheless, the EC's initiative may yet need further refinement, as several companies producing critical medicines have continued to shift operations to China despite the incentives scheme. The production cost remains a key driver, and the EC's incentives are only linked to create new production capacity.

BPTF recommends that the BIS and/or FDA similarly identify critical APIs and incentivize US manufacturing through a long-term commitment for tax-breaks, capital outlays, etc.[3] Regarding non-critical finished drug products, it is incumbent to develop a robust supply chain and build diversification and resilience.

BIS: (x) any other relevant factors.

BPTF

The BPTF strongly encourages continued focus on the necessity of patient access to safe, affordable medications and fully supports FDA's recent initiatives to include security of supply into quality assessments to prevent drug shortages of essential medicines. Nevertheless, it is the current reality that API production relies upon a complex global supply chain that, particularly for generic drugs, is highly price sensitive. Thus, small changes to the supply chain, such as increased cost for raw materials, can rapidly cascade into large impacts on the pharmaceutical market, resulting in drug shortages, price increases, and other consequences that can threaten US public

[3] BPTF notes that FDA has an established List of Essential Medicines, Medical Countermeasures, Critical Inputs, https://www.fda.gov/about-fda/reports/executive-order-13944-list-essential-medicines-medical-countermeasures-and-critical-inputs.

health. As described above, there are many mechanisms available to strengthen and toughen the U.S. pharmaceutical supply chain while safeguarding patient access and product quality, but the long-established trend favoring off-shoring of pharmaceutical manufacturing cannot be quickly and easily reversed.

Finally, while the request for comments focuses on domestic pharmaceutical production and consumption, the global marketplace is equally a source of substantial income to US manufacturers. Disruptions in the pharmaceutical supply chain, such as changes to raw material cost structure could, therefore, have significant adverse impacts on US market share and continued financial sustainability of US manufacturers.

In Closing

BPTF appreciates the opportunity to provide feedback covering BIS's *Request for Public Comments on Section 232b National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients.* BPTF is fully aligned with BIS's goal to strengthen the Supply Chain of medicines, impacting all American families. Should you require any additional information regarding these comments, please contact me at jcarpenter@bptf.us.

Sincerely

Joel F. Carpenter, Ph.D.
Executive Director
BPTF
jcarpenter@bptf.us