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Switzerland's comments on Section 232 Investigation on Pharmaceuticals

Referring to the Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients published on 16 April 2025, Switzerland would like to take this opportunity to underline Switzerland's commitment to free, open, fair, and predictable trade, also in pharmaceuticals. Our economy is wide open for U.S. goods, services, and investment. Swiss companies contribute strongly to job creation and to strengthening the pharmaceutical manufacturing sector in the United States through direct investments.

Switzerland and the United States are very close economic partners, both valuing market- and competition-based economic policy and entrepreneurship. The pharmaceutical sector is a case in point for a sensible division of tasks and the generation of synergies between the United States and Switzerland. This long-standing relationship is built on both our countries' leadership in medical research, a shared commitment to providing reciprocal duty-free market access for all pharmaceutical products as well as a commitment to strong intellectual property rights and transparent and good regulatory practices. The latter is also expressed in the recent *Pharmaceutical Good Manufacturing Practices Agreement* of 2023 between the United States and Switzerland.

The United States and Switzerland's leading position in the pharmaceutical sector is due to strong and resilient supply chains, which contribute to high-standard and safe pharmaceutical products being available around the world. Measures, such as tariffs, that restrict imports of pharmaceuticals and their active ingredients would disrupt these supply chains and could thus jeopardize the leading position of our two countries in this sector. The supply chains of pharmaceutical products are global, complex, and can only run smoothly with open and predictable trade. Before a finished drug reaches patients, it crosses borders several times during the manufacturing process. Well-recognized disruptions along pharmaceutical supply chains occur in the upstream markets, due to the overconcentration of the production of pharmaceutical ingredients (APIs), while both the United States and Switzerland's companies operate further down the supply chains (downstream market). The international division of labor leads to efficient, cost-effective, and diversified production. This diversification of production also reduces the risk of supply disruptions for essential medicines and increases security of supply. Also, innovation in the pharmaceutical sector is highly interlinked through cross-border collaboration between academia, industry, and regulation authorities.

Switzerland is very open to American exports. Switzerland is one of the most open economies in the world. The Swiss trade-weighted average MFN applied duty rate was 1.0% in 2024, compared to 2.2% for the United States. Overall, 99% of all U.S. exports currently enter Switzerland duty-free. For the past 30 years, Switzerland and the United States provided reciprocal duty-free market access for pharmaceuticals and medical products. Switzerland is also constantly working to remove non-tariff barriers to trade. For instance, Switzerland and the United States have signed an agreement on the mutual recognition of inspection results, which reduces administrative barriers between the two countries and strengthens trade and the resilience of global supply chains. Switzerland is a reliable trade partner that contributes to the security of supply chains in the pharmaceutical sector.



Switzerland plays an important role in American innovation today and in the future. Both Switzerland and the United States are innovation-driven economies with strong intellectual property protections. Switzerland has been a key player in pharmaceutical innovation and manufacturing for over a century, producing life-saving medicines for patients. Our two nations work closely together in international fora to defend the rights of intellectual property holders.

Trade with Switzerland is fair, as Switzerland promotes a level playing field. Switzerland does not implement industrial subsidies, unfair trade practices, or export restrictions against the United States. It does not engage in discriminatory pricing policies such as government price controls for pharmaceuticals. Accordingly, Swiss imports of pharmaceutical products compete on fair terms.

Swiss pharmaceutical companies create jobs in America, having invested considerably in the U.S. pharmaceutical sector. In 2022, Swiss companies employed 23% of all U.S. workers at foreign-owned pharmaceutical companies, creating 49,500 jobs. A total of 31,100 workers were employed in research and development in the pharmaceutical sector. These companies have thus increased domestic manufacturing capacity in the United States over decades. Swiss pharmaceutical companies are already now among the biggest foreign direct investors in the United States; they have also announced new investments of almost \$75 billion. Switzerland is the sixth-largest foreign direct investor in the United States and number one in research and development, in no small part due to its strong footprint in the pharmaceutical sector. Overall, Swiss investments support more than 400,000 American jobs, foster innovation, and strengthen the manufacturing sector across all 50 U.S. states, not only in the major cities but all over the country. Through close cooperation, the United States and Switzerland have become two of the world's leading centers for research and development of pharmaceutical products.

The pharmaceutical sector is one of the most research-intensive and cross-border-trade-intensive sectors and therefore heavily depends on reliable, carefully coordinated, and open supply chains. Measures restricting imports of pharmaceuticals and their active ingredients, medical products or equipment used to manufacture these products increase productions costs and would ultimately negatively affect the security of supply chains. **Therefore, Switzerland calls on the U.S. administration to refrain from applying any measure, such as additional duties, restricting imports from Switzerland in the pharmaceutical sector.**

In closing, let me stress my government's interest in engaging with the United States to drive this success story forward. We stand ready to discuss how to promote secure and reliable supply chains in the pharmaceutical sector, building on existing arrangements like the *Pharmaceutical Good Manufacturing Practices Agreement* of 2023. We look forward to working with you in the years to come, not only in the field of trade and innovation but also in other areas.

Yours faithfully,

State Secretariat for Economic Affairs



Helene Budliger Artieda
State Secretary