U.S. Department of Commerce
Bureau of Industry and Security
United States Secretary of Commerce
Howard W. Lutnick
1401 Constitution Ave NW
Washington, DC 20230

May 7, 2025

Subject: Submission in Response to Section 232 Investigation on Pharmaceuticals and Pharmaceutical Ingredients (Regulations.gov Docket ID: BIS-2025-0022, Docket No. 250414-0065, XRIN 0694-XC120)

Dear Mr U.S. Secretary of Commerce Lutnick,

On behalf of the **Swiss-American Chamber of Commerce**, we appreciate the opportunity to comment on the **Section 232 Investigation into Pharmaceuticals and Pharmaceutical Ingredients**. Switzerland and the United States share a longstanding, deep-rooted economic and strategic relationship. Nowhere is this partnership more visible than in the pharmaceutical and life sciences sectors. Swiss companies are not only among the most important foreign investors in the U.S. healthcare system, they are also deeply embedded in American communities, supply chains, and innovation ecosystems. They are globally successful without enjoying any grants, subsidies or protectionism.

With the following points, we would like to underline why imposing tariffs on pharmaceuticals and pharmaceutical ingredients would harm – not strengthen – American healthcare, security of supply, and global pharmaceutical research and manufacturing.

1. Switzerland is a Trusted Strategic Partner in Life Sciences, Investment, and Innovation

Switzerland is the **sixth-largest foreign investor in the United States**, and Swiss companies support over **400,000 high-quality jobs** across nearly all 50 states. Swiss R&D investment in the U.S. reached **USD 9.1 billion** in 2023 alone, which is more than any other country.

Swiss homegrown pharmaceutical leaders like **Roche** and **Novartis**, as well as numerous SMEs, are integral to the U.S. life sciences ecosystem. With combined plans to invest **up to USD 75 billion in the U.S.** in the coming years, Swiss companies reaffirm their commitment to the U.S. as a primary investment and innovation destination. Swiss investments in pharmaceuticals and medicines generated the greatest number of R&D jobs for Americans, the most of any country's affiliates.

Switzerland is not a distorting actor in global trade, but rather:

- **eliminated tariffs on all industrial goods** on January 1, 2024.
- **does not impose export restrictions** on pharmaceutical products.
- operates **without industry subsidies or interventionist policies**, maintaining a level playing field.
- applies **one of the world's lowest VAT rates** on medicines (2.6%).

2. Secure Supply Chains Depend on Reliable Partners

Pharmaceutical supply chains are global by necessity. Critical components, from APIs to finished drugs, move across borders to ensure resilience, affordability, and access. Tariffs would disrupt these systems, introducing **delays, cost pressures, and ultimately risks to patient care**.

Swiss companies have demonstrated their reliability in crises, from COVID-19 vaccine production to rapid-response therapeutics. Section 232 tariffs risk undermining this reliability by introducing **new**

cost burdens and **uncertainty** in a sector where stability is paramount. While a significant portion of medicines in the United States are produced domestically, millions of Americans also benefit from high-quality pharmaceuticals manufactured in Europe, particularly in Switzerland.

3. Pharmaceuticals Are Not Commodities, They Are Lifelines

Tariffs on life-saving treatments are not just an economic issue; they are a **public health risk**. Millions of Americans rely on treatments developed and manufactured abroad, including many with **no domestic substitute**, often because it is not viable to maintain several manufacturing sites.

Pharmaceutical decisions must prioritize **patient well-being and supply stability**, not trade protectionism. Disrupting access to trusted sources like Switzerland, which provides **high-quality, regulatory-aligned** products, could have **severe downstream effects** on public health and healthcare costs.

4. The U.S. and Switzerland Share an Innovation-Driven Vision

Both countries recognize the importance of **intellectual property protection**, **regulatory excellence**, and **science-based policy frameworks**. Our **Mutual Recognition Agreement on Pharmaceutical GMP** is a model of smart cooperation, reducing red tape while maintaining the highest quality standards. Imposing tariffs would contradict this shared approach, signaling a retreat from cooperation at a time when **global health challenges demand deeper collaboration**, not fragmentation.

5. Tariffs Undermine What Works

The U.S. already produces **two-thirds of its pharmaceuticals domestically**. Imports from Switzerland do not threaten national security. They **complement U.S. production**, enhance resilience, and fuel competition that drives innovation.

Rather than protect domestic industry, tariffs would likely lead to:

- **Higher prices** for U.S. patients and payers
- **Disruption of clinical supply chains**
- **Reduced investment incentives** for international R&D collaboration
- **Greater dependence on less trusted or less transparent production hubs**

6. Conclusion and Appeal

The Swiss-American Chamber of Commerce urges the U.S. Department of Commerce to carefully weigh the consequences of pharmaceutical tariffs not only on trade, but on **public health,** and **innovation**.

The U.S.-Switzerland economic relationship is a **case study in successful, balanced cooperation**. Let us continue to build on this partnership by reinforcing the conditions that allow both countries to thrive, innovate, and deliver life-saving medicines to those who need them most.

We remain fully committed to working with U.S. and Swiss partners in support of **open markets, resilient supply chains**, and **strong transatlantic ties** in healthcare and beyond.

Sincerely,

R. Sahgal

Dr. Rahul Sahgal
CEO
Swiss-American Chamber of Commerce