

PUBLIC COMMENTS

Halocarbon Life Sciences (Halocarbon) is a 75-year-old, privately-held manufacturer of specialty fluorochemicals that is owned and based in the United States. Our fluorochemical products serve end markets that are essential and critical to our nation's national security, including pharmaceuticals and pharmaceutical ingredients.

One of the pharmaceutical drug markets that Halocarbon supports is Inhalation Anesthesia (IA). Inhalation Anesthesia is critical to saving and sustaining lives via surgeries in operating rooms. The Inhalation Anesthesia market is comprised of three drug products, all of which are fluorinated ethers: Sevoflurane, Isoflurane, and Desflurane. Sevoflurane is the most demanded IA drug, representing 70+% of the U.S. IA market demand. Isoflurane represents ~20% of market demand, and Desflurane represents ~10% of market demand.

There are 3 U.S. manufacturers of Sevoflurane who currently have enough manufacturing capacity in the U.S. to supply our total market demand. The 3 U.S. manufacturers are Halocarbon, Baxter Healthcare, and Piramal Critical Care. However, the current market construct allows competitors to import Sevoflurane from China and Japan to compete with the U.S. manufacturers of Sevoflurane. As a result of the Asian supply and competition, more than half of the Sevoflurane that is manufactured in the U.S. is actually exported to other countries. A high tariff on Sevoflurane imports (both bulk and bottled) would limit Asian imports and allow the U.S. Sevoflurane manufacturers to utilize their capacity to supply our domestic market - making the U.S.'s Sevoflurane supply independent and not at risk due to foreign imports. It is important to mention that Halocarbon's Sevoflurane manufacturing facility in South Carolina is already back-integrated to basic raw materials, and we are not dependent on China for supply of any raw materials to manufacture Sevoflurane in the United States. Other manufacturers source a Starting Material from China to manufacture their Sevoflurane in the United States. However, Halocarbon has the technology and capability to manufacture this Starting Material in the United States. A tariff on the Starting Material ("Sevo Methyl Ether" or "HFMOP") used to manufacture Sevoflurane would further encourage the manufacturing of the Starting Material in the U.S. and reduce dependency on China for this material.

There are already 2 U.S. manufacturers of Isoflurane who currently have enough manufacturing capacity in the U.S. to supply our market demand. The 2 U.S. manufacturers are Halocarbon and Baxter Healthcare. However, the current market construct allows competitors to import Isoflurane from China and India and compete with U.S. manufacturers of Isoflurane. A high tariff on Isoflurane imports (both bulk and bottled) would limit imports and allow the U.S. Isoflurane manufacturers to utilize their capacity to supply our domestic market - making the U.S.'s Isoflurane supply

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independent and not at risk due to foreign imports. Halocarbon does not require any raw materials from China to manufacture its Isoflurane in the United States, so Halocarbon's Isoflurane is independent and decoupled from China.

There are already 2 U.S. manufacturers of Desflurane who currently have enough manufacturing capacity in the U.S. to supply our market demand. The U.S. manufacturers are Baxter Healthcare and Piramal Critical Care. However, the current market construct allows competitors to import Desflurane from China and compete with the U.S. manufacturers. A high tariff on Desflurane imports (both bulk and bottled) would limit imports and allow the U.S. Desflurane manufacturers to utilize their capacity to supply our domestic market - making the U.S.'s Desflurane supply independent and not at risk due to foreign imports.

For many pharmaceutical markets, it will be challenging for the U.S. to become truly independent from China supply and other imports. However, in the case of the Inhalation Anesthesia market, there are already 3 U.S. manufacturers of Sevoflurane and 2 manufacturers of Isoflurane and Desflurane who have the capacity to fully supply the U.S. market and eliminate our dependency on China and other foreign suppliers. High tariffs on imports of bulk and bottled IA products (plus the Starting Materials like SME or HFMOP) would reduce imports and encourage the existing U.S. manufacturing capacity to be utilized to supply our domestic needs and ensure Inhalation Anesthesia is available in U.S. operating rooms to save and sustain lives.

Halocarbon is a willing and capable partner to help our government achieve its vision of greater national security and supply continuity of critical products for pharmaceutical and semiconductor markets. We are willing to meet and discuss more ideas to achieve this strategic vision.