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May 5, 2025

Mr. Eric Longnecker
Deputy Assistant Secretary for Technology Security
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

CC:
Mr. Stephen Astle
Director, Defense Industrial Base Division
Office of Strategic Industries and Economic Security
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

RE: Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients

Dear Deputy Assistant Secretary Longnecker,

The Center for American Principles is a 501(c)(4) non-profit issue advocacy organization that advances sound policy solutions based on American core principles to tackle the country's most critical challenges. Our mission is to protect and promote individual freedoms, free enterprise, limited government, the rule of law, and a strong national defense. We appreciate the opportunity to provide input on the Department's Section 232 investigation into the national security implications of pharmaceutical imports and their components.

As professionals with longstanding experience in trade, innovation, and biopharmaceutical policy, we support efforts to bolster America's domestic production capacity in critical sectors, including medicines.

However, we caution against the use of tariffs on pharmaceutical imports as a tool to achieve that goal—particularly when applied to inputs from reliable allies such as Europe and Japan. Our trade relationship with these allies doesn't risk national security,

unlike the nation's unhealthy dependence on Chinese imports. Instead, tariffs would merely increase the cost of the $128 billion and $6.3 billion in medicines and pharmaceutical ingredients that we import from Europe and Japan, respectively.

Medicines are not interchangeable industrial commodities. They are complex, highly regulated, and often reliant on specialized components sourced from one or two locations. Roughly one-third of the active pharmaceutical ingredients (APIs) used in medicines consumed by U.S. patients are imported from close allies in Europe. These imports include not only the core ingredients that make medicines effective, but also chemical compounds that ensure proper absorption and stabilizers that enable safe transport and storage. For many of these components, no domestic substitute currently exists at scale.

Applying tariffs to these imports would significantly raise input costs for American manufacturers. These increased costs would then be passed down the supply chain, ultimately burdening patients with higher prices at the pharmacy counter and inflating spending across public and private health insurance programs.

This outcome is not incidental—it is inherent to tariff policy. Tariffs are designed to raise the cost of imported goods to Americans in order to overcome the price differential between U.S. products and competing foreign alternatives and allow for domestic substitution. But in the case of pharmaceuticals, immediate substitution is not feasible. Europe and Japan are the sole source for some lifesaving drugs. U.S. facilities cannot be built overnight.

For some products, especially the generic medicines that serve 90 percent of U.S. therapeutic healthcare needs, the cost-to-price margins are too low to attract U.S. manufacturers. Without reliable alternatives, the result would be soaring prices, reduced access, and growing pressure on an already overburdened healthcare system.

Even if the U.S. could domestically produce every single pharmaceutical input or product our country requires, it would still make sense to encourage some production by trusted trading partners. Supply chain resilience depends in part on redundancy as we have witnessed when key production and distribution centers in the United States have been impacted by natural disasters or other unforeseen interruptions leading to critical shortages of medicines and baby formula, for example.

The United States already leads the world in biopharmaceutical innovation. Companies spent roughly $150 billion on research and development in the United States in 2021 alone. Several major companies have announced plans to build new domestic manufacturing facilities—progress that should be encouraged, not disrupted.

The better approach is to reduce the barriers that have historically undermined U.S.-based production—by streamlining permitting, addressing energy and labor costs, enforcing trade rules against unfair practices abroad, and strengthening intellectual property rights to protect innovation.

Tariffs, by contrast, would inject new friction into pharmaceutical supply chains, increase the cost of doing business in the United States, and discourage investment in areas that policymakers should be working to grow.

European and Japanese medicines have long been exempted from tariffs for a reason. They are essential to public health, and their supply must remain stable, affordable, and insulated from avoidable economic shocks. We urge the Department to maintain this longstanding policy and to exempt our allies' pharmaceuticals and pharmaceutical ingredients from any trade remedies recommended under Section 232.

Sincerely,

Anthony Zagotta
President
Center for American Principles

Patrick Kilbride
Policy Fellow
Center for American Principles