



May 6, 2025

Subject: Docket No. 250414-0065: Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients

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

Stephen Astle
Director, Defense Industrial Base
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Ave. NW,
Washington, D.C. 20230

Dear Mr. Longnecker and Mr. Astle:

On behalf of the Small Business & Entrepreneurship Council (SBE Council), I am writing to express our organization's opposition to proposals that impose tariffs on pharmaceutical imports from Europe and Japan under Section 232 of the Trade Expansion Act. While President Trump is right to take a tough stance on trade due to a host of violations, artificial trade barriers and intellectual property (IP) matters, taxing medicines from allies will have harmful and unintended consequences for health consumers and the U.S.-based small pharmaceutical companies that drive innovation and competition in this critical industry.

As you know, Section 232 allows the president to impose tariffs on imports that threaten national security. That rationale may apply to pharmaceuticals from adversaries like China, but it is not appropriate for our allies in Europe and Japan. These imports don't compromise national security. They help to bolster the health and well-being of American patients.

Tariffs on European and Japanese medicines would hurt Americans who rely on those medicines and disrupt the small-innovative firms that underpin our healthcare system – that is, early-stage biotech firms, specialized manufacturers, and independent pharmacies, especially in rural communities.

Emerging biopharma companies are the front line of innovation. In 2024, nearly [two-thirds](#) of all U.S. clinical trials were launched by these firms. Last year, small businesses developed [85%](#) of

newly approved drugs and brought [more than half](#) to market independently. These companies are lean, laser-focused, and often bet everything on a single drug candidate. Many rely on active pharmaceutical ingredients (APIs) sourced from Europe and Japan. Tariffs on these inputs wouldn't just slow progress - they could stop it cold.

Even established manufacturers are not immune from the impacts of tariffs. While nearly 1,600 domestic facilities produce [around half](#) of U.S. medicines, many still rely on European or Japanese inputs. Tariffs would raise their costs, strain an already fragile supply chain, and in some cases force layoffs or cutbacks.

Independent pharmacies would face a similar squeeze. Unlike large chains, they can't negotiate bulk prices or absorb steep price hikes. A significant tariff could wipe out these businesses' already thin margins, forcing many to shut down - especially in underserved or rural areas where they may be the only pharmacy in town.

In 2023, the U.S. imported nearly [\\$130 billion](#) in pharmaceutical products from Europe. A 25% tariff would translate to tens of billions in new costs for the healthcare system - costs that won't just hit company balance sheets. They will show up in Medicare and Medicaid budgets, in the insurance premiums of small businesses and their employees, and in out-of-pocket expenses for seniors and working families.

Medicines are not like handbags or hubcaps. A treatment made in Ireland or Japan cannot magically be produced in the United States overnight. Instead, tariffs cause delays, drive up costs - or worse, cut off access entirely.

That's why the United States and other developed nations have historically treated medicines as [off-limits](#) in trade disputes: because patients' lives should never be used as leverage.

There are better ways to hold foreign countries accountable and rebalance trade. If the goal is to reduce reliance on China, it doesn't make sense to slap high tariffs on life-saving cancer drugs from Europe or Japan.

SBE Council has spent more than three decades advocating for entrepreneurs and small businesses. They are not asking for favors - only predictability and a fair shot. Drug tariffs would inject turmoil and uncertainty into a sector that depends on stability. For these companies, tariffs aren't a nuisance or just another cost to work into budgets - they may be an existential threat.

President Trump is right to challenge unfair trade practices, including those by our allies and long-standing trading partners. When that involves pharmaceuticals or pharmaceutical ingredients from friendly nations, tariffs are an inappropriate tool. They will not instantly boost

domestic capacity or strengthen supply chains. They will harm American innovative capacity, especially for small firms that rely on stability for raising capital and building their businesses into larger firms that can compete with the bigger players, which enable them to bring their medicines to more patients and consumers that need these vital treatments.

Medicines must remain exempt from any trade actions against Europe and Japan. American patients - and the entrepreneurs and small businesses that power our healthcare system – warrant such an exemption. Thank you for considering the views of SBE Council, and the small businesses that play a valuable role in this critical sector.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with the first name "Karen" being more prominent than the last name "Kerrigan".

Karen Kerrigan
President and CEO

Protecting Small Business, Promoting Entrepreneurship

**800 Connecticut Ave. NW • Suite 300 • Washington, D.C. 20006 • (703)-242-5840
www.sbecouncil.org**