CIFE
Center for Innovation and Free Enterprise

May 2, 2025

BIS-2025-0022
Re: XRIN 0694-XC120

The Center for Innovation and Free Enterprise encourages the Department of Commerce to refrain from recommending tariffs on pharmaceuticals and ingredients in its forthcoming Section 232 report. While we strongly support measures that strengthen American supply chains and promote national security, applying tariffs to medicines – especially those imported from long-standing allies – would undermine patient access, disrupt critical supply chains, and weaken the very healthcare infrastructure the Department seeks to protect.

The United States is a global leader in pharmaceutical innovation, with nearly 1,600 manufacturing facilities producing a significant share of the brand-name medicines that Americans rely on every day. However, these facilities are deeply integrated with global supply chains, particularly with Europe. A significant portion of the active pharmaceutical ingredients (APIs) and finished drugs that serve American patients originate from European countries such as Ireland, Switzerland, and the United Kingdom.

For example, Ireland alone exported $41 billion in medicines to the U.S. in 2023. Across the board, approximately 33% of APIs used in medicines taken by U.S. patients are sourced from Europe. These aren't easily replaceable inputs. Many of these compounds are highly specialized and produced only in certain facilities abroad. The idea that such production could be re-shored quickly or at will is not grounded in the reality of pharmaceutical manufacturing. Building a compliant plant in the U.S. can take up to a decade and cost as much as $2 billion. These are not costs that patients or our health system can absorb overnight.

If tariffs are imposed without exemptions, the consequences would be harmful. Drug prices would rise for patients quickly, as well as pharmaceutical companies and public programs such as Medicare. At a time when over half of Americans already worry about affording their prescriptions and 67% cite healthcare costs as the most pressing national issue, adding a new layer of costs driven by trade barriers is not sustainable.

Medicines are not discretionary goods. Patients do not choose which treatments to buy, they rely on their doctors to prescribe the most appropriate therapy for their specific condition. Unlike consumer goods, medicines do not have easily interchangeable alternatives. For this reason, governments on both sides of the Atlantic have long maintained tariff exemptions on pharmaceutical products to ensure that trade disputes do not endanger public health.

We encourage the Department of Commerce to preserve the longstanding tradition of exempting medicines and their key inputs from tariffs. This will protect American patients, uphold public health, and sustain the innovation that has long made the U.S. life sciences sector the envy of the world.

Thank you,

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