Subject: Public Comment on Section 232 Investigation on Pharmaceuticals and Pharmaceutical Ingredients

To Whom It May Concern,

I appreciate the opportunity to submit comments regarding the Department of Commerce's Section 232 investigation into the national security implications of imports of pharmaceuticals and pharmaceutical ingredients. I address the following points as requested:

(i) Current and Projected Demand
The United States is currently the largest consumer of pharmaceuticals globally, with approximately 6.7 to 7.5 billion prescriptions filled annually. The average consumer uses around 20 to 25 prescriptions per year. With an aging population and rising prevalence of chronic diseases, demand is expected to continue growing.

(ii) Domestic Production Capacity
Currently, domestic pharmaceutical manufacturing does not fully meet US demand. The US relies heavily on imports, especially for APIs and finished drug products. Domestic capacity exists but is limited in scope and scale, as a large number of manufacturing units have either closed or moved to low cost manufacturing countries.

(iii) Role of Foreign Supply Chains
Foreign suppliers, particularly India and China, are key sources of APIs and finished drug products. Around 80-90% of prescription drugs used in the United States are imported. Of this, 45-50% are imported from India. China, India and Europe are estimated to produce over 90% of global APIs.

(iv) Import Concentration and Risk
There is a significant concentration risk, with the majority of critical APIs and finished drug products coming from India and China. This overreliance increases vulnerability to disruptions caused by unforeseen global events.

(v) Foreign Government Subsidies and Predatory Practices
Subsidies from foreign governments have supported exports at low prices, often undermining US manufacturers. These trade practices reduce the competitiveness of the domestic pharmaceutical sector. Furthermore, the absence of export duties on pharmaceuticals such as India, China or Europe, further reduces the competitiveness of domestic manufacturing.

(vi) Economic Impact of Suppressed Prices
Consistently low global prices have led to unsustainable profit margins for US producers. As a result, domestic manufacturers face financial stress and reduced incentives to invest in critical manufacturing infrastructure.

(vii) Export Restrictions and Weaponization Risk
Export controls imposed during the COVID-19 pandemic highlight the real threat of

pharmaceutical weaponization. Countries with control over key ingredients or finished drugs could potentially withhold supplies in times of conflict.

(viii) Feasibility of Increasing Domestic Capacity
It is feasible but requires coordinated effort, including targeted incentives and investment in advanced manufacturing. Temporarily suspending tariffs on APIs and excipients until domestic manufacturers are adequately scaled to meet US demand is essential to ensuring the feasibility of domestic pharmaceutical manufacturing.

(ix) Impact of Trade Policies and Need for Additional Measures
Existing trade policies have not sufficiently supported domestic production. While existing policies allow for open access to foreign markets, they also leave the US dependent on imports for pharmaceuticals. In order to strengthen domestic capabilities, temporarily suspending tariffs on APIs and excipients is necessary to create opportunities for US manufacturers to invest in infrastructure, enhance production capabilities, and reduce reliance on foreign imports.

(x) Other Relevant Factors

Other relevant factors critical to strengthening the domestic pharmaceutical supply chain include the need to encourage existing US manufacturers to expand production capacity. This can be achieved through attractive incentives such as tax savings, employee benefit support, and assistance with capital expenditures. Additionally, policies should promote the entry of new players into the market to diversify and stabilize supply sources. To reinforce domestic preference, the government should eliminate the option for TAA compliant countries to fulfill federal pharmaceutical contracts, such as those for the VA and the DOD, and instead prioritize procurement from domestic manufacturers. Retail pharmacy chains and wholesale buyers should also be required to source at least 30–40% of their pharmaceutical purchases from U.S.-based producers. Furthermore, additional incentives should be provided to establish manufacturing units focused on life-saving drugs, with the goal of meeting 70–80% of national usage needs during pandemic or emergency situations. These actions are essential to ensure long-term supply chain security, reduce foreign dependence, and enhance national preparedness.

Thank you for the opportunity to provide input on this critical matter.

Yours sincerely

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