May 07, 2025

To: The Honorable Howard W. Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, D.C. 20230

Subject: Section 232 – Investigation of Imports of Certain Pharmaceuticals and Pharmaceutical Ingredients

Dear Secretary Lutnick,

On behalf of Morris & Dickson LLC., a licensed U.S. wholesale and specialty pharmaceutical distributor serving independent pharmacies, health system pharmacies, specialty clinics and ambulatory infusion centers in the U.S., I submit the following summary response with respect to the evaluation criteria listed in Notice 232 concerning proposed tariffs on pharmaceutical imports.

Current and Projected Demand. The total U.S. pharmaceutical market grew over 10 percent last year; 78% of this growth came from volume increase (up from 50% in 2023).[i] The aging population (65 and older which now make up 23% of the U.S. population), increased chronic disease prevalence, and expanded access to care are key contributors to this volume growth.[ii]

Generic drugs make up 90 percent of prescribed medications today and these drugs are often 80-85% cheaper than their brand equivalents. As demand continues to increase, especially with aging Americans, tariffs would exacerbate cost pressures and potentially make treatment unaffordable for many and could lead to both increased drug shortages and closure of some generics manufacturers.

Domestic Production. Increasing domestic pharmaceutical manufacturing has been a focus of many manufacturers, but it takes time, investment and regulatory streamlining—often up to five years to ramp up full production of a facility. Imposing tariffs before capacity is scaled would create price increases with no affordable options or alternatives during this ramp-up period.

Even where U.S. production exists, this does not always ensure supply resiliency. For example, in 2024, Hurricane Helene caused extensive damage to Baxter's North Carolina facility and disrupted manufacturing lines for 60% of U.S. IV fluid production. These fluids are essential to patient care, and the shortage impacted and delayed surgeries and treatments. Even with increased production from other U.S. manufacturers, the FDA had to authorize temporary importation from Baxter facilities in Canada, China, Ireland, and the UK to address a U.S. shortage.

Role of Foreign Supply Chains in Meeting U.S. Demand. Offshore production has proven to bring economies of scale, making medications more affordable to Americans, but it also brings risk of reliance on other countries. Tariffs could increase costs for manufacturing, disrupt pricing, potentially force plant closures and impact availability of these drugs nationwide. An immediate tariff could potentially cause significant disruption both onshore and offshore. A long-term strategy is needed that balances more affordable U.S. manufacturing, more transparency from manufacturers with overseas dependencies, more ability from the FDA to manage both onshore and offshore quality controls, and more ways to build redundancies and reserves.

Impact of Current Trade Policies and Additional Measures. As we saw during the COVID-19 response, it often takes multiple practices to stabilize access to medications. Early in the pandemic, when demand for ventilation drugs increase over 40%, the DEA provided a short-term increase in quotas on certain medications and allowed 503A and 503B facilities to compound medications used for hospitalized COVID-19 patients, even though some were not on the FDA drug shortages list. This is an example of the use of complementary strategies to secure supply at very specific times.

Other Relevant Factors. When improving supply resiliency, patient impact must remain central to any decision. It's already challenging when average time to treatment for cancer patients in the U.S. is 36.8 days.[iii] Delaying treatment for certain illnesses due to unavailability of medications could have serious impacts on our population, unlike other industries where a delay may not have fatal consequences. Imposing these tariffs could force manufacturers to pass on increased costs to the consumers. From our distribution experience, rising costs compounded by low reimbursements, leads to:
- Reduced medication adherence
- Delays in treatment
- Hospital readmissions
- Pharmacy closures
- Additional downstream healthcare costs

While we support the goals of improving domestic pharmaceutical production and, therefore, improving supply resilience, we strongly urge the proposed tariffs not be implemented in the current form. Instead, we recommend a multi-faceted approach that ensures fair practices without threatening access to the medications our U.S. citizens rely on every day.

Sincerely,

Morris & Dickson, LLC

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[i] National Market Review and Specialty Pharmacy. Doug Long. The IQVIA Institute. https://images.constellation.iqvia.com/Web/IQVIA/%7B7bbffa4f-1dbd-4fbd-8785-5d6df07b86ba%7D_Asembia_2025_Long_0429_Handout.pdf?utm_campaign=&utm_medium=email&utm_source=Eloqua (2025)

[ii] Bureau, U. C. Older Population and Aging. *United States Census Bureau* https://www.census.gov/topics/population/older-aging.html (2023).

[iii] Time to treatment initiation: An assessment of trends in delays in patients with lung cancer across Missouri. ASCO. https://ascopubs.org/doi/10.1200/JCO.2024.42.16_suppl.11186#:~:text=Average%20time%20from%20diagnosis%20to,include%20a%20full%20text%20component (2024)