

**BEFORE THE
U.S. Department of Commerce
Washington, D.C.**

In the Matter of)
)
Section 232 Investigation)
)
)

Comments of
Thomas A. Schatz
President
Citizens Against Government Waste

May 6, 2025

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, fraud, abuse, mismanagement, and inefficiency in government. On behalf of the more than one million members and supporters of CAGW, I offer the following comments regarding the Department of Commerce’s request for comments on its investigation of pharmaceutical drug imports under Section 232 of the Trade Expansion Act of 1962, as amended.

Section 232 of the Trade Expansion Act of 1962, as amended, gives the secretary of Commerce the power to launch investigations to determine the effect that imports have on U.S. national security.¹ After the secretary concludes his investigation and reports to the president, the secretary can implement steps to “adjust the imports of an article and its derivatives.”² While some products that are imported in large quantities can impact national security, imported biopharmaceutical drugs or their components do not have a negative impact, and the imposition of tariffs or similar measures would disrupt the availability of cures and treatments, substantially increase prices, and potentially make the country less safe.

The U.S. has the most innovative pharmaceutical industry in the world. These pharmaceutical companies deliver vital cures to patients and the majority of sales industry are made by domestic companies. According to a report by Ernst and Young, total consumer sales of pharmaceuticals were \$393 billion, and 64 percent of all sales were made and sold within the U.S.³ Consumers in the U.S. spent \$251 billion on drugs made and produced domestically and \$143 billion on drugs that were imported.⁴

¹ Bureau of Industry and Security, “Section 232 Investigations: The Effect of Imports on National Security,” <https://www.bis.doc.gov/index.php/other-areas/office-of-technology-evaluation-ote/section-232-investigations>.

² Ibid.

³ Reuters, “Pharma tariffs would raise U.S. drug costs by \$51 billion annually, report finds,” April 25, 2025, <https://www.reuters.com/business/healthcare-pharmaceuticals/us-pharma-tariffs-would-raise-us-drug-costs-by-51-bln-annually-report-finds-2025-04-25/>.

⁴ Ibid.

While the U.S. is the leader of drug production and sales, American patients rely on drugs that are imported to maintain access to the cures that they need. Most drugs that are imported are produced by U.S. allies, including the Germany, Japan, and the United Kingdom. The Republic of Ireland is the single largest exporter of pharmaceutical products, contributing 25 percent of U.S. imports in 2023, when the European Union accounted for 62 percent of total U.S. imports.⁵

Imposing tariffs on pharmaceutical drugs would negatively impact U.S. pharmaceutical producers by significantly increasing production costs. A 25 percent tariff would raise production costs by an estimated \$15 billion, equal to 4.1 percent of pharmaceutical sales.⁶ The increased cost of production would make U.S. pharmaceutical producers less competitive for export sales.

Increased production costs could also lead to job losses related to the production of pharmaceutical drugs. The biopharmaceutical industry is one of the leaders in U.S. manufacturing jobs, with more jobs than other industries like aerospace, coal, iron and steel. U.S. pharmaceutical production supports an estimated 1.7 million jobs, including 490,000 jobs that are related to export sales.⁷ If tariffs are imposed and production costs go up, some of these jobs would be at risk.

Increased production costs caused by tariffs would also lead to higher prices for patients who are seeking life-saving medicines. According to an American Action Forum study, diagnostic materials, oncology medicines, and biosimilar drugs would be among the most impacted by a 25 percent tariff.⁸ Increased prices on generic and biosimilar drugs would especially harm patients. According to a 2022 report by the Food and Drug Administration (FDA), more than 32,000 generic drugs have been approved by the FDA and more than 91 percent of all U.S. prescriptions were filled with generic drugs.⁹ Imposing a new tariff on generic drugs would make it more difficult and expensive for patients to receive the drugs that they need.

A new 25 percent tariff would also have major detrimental effects on patients who need life-saving drugs, like cancer medications. According to a report by ING, a 24-week prescription of a generic drug used to treat a variety of cancers would increase by between \$8,000 to \$10,000.¹⁰ Increased prices would make life-saving drugs unaffordable for most Americans who need access to these medicines.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ American Action Forum, “Sector-specific Tariffs: Estimating the costs,” April 15, 2025,

<https://www.americanactionforum.org/research/sector-specific-tariffs-estimating-the-costs/#:~:text=Figure%203%3A%20Most%20Impacted%20Pharmaceutical%20Imports%20by%20Trade%20Value.>

⁹ Food and Drug Administration, “Office of Generic Drugs 2022 Annual Report,” <https://www.fda.gov/drugs/generic-drugs/office-generic-drugs-2022-annual-report#:~:text=It%20is%20estimated%20that%2091,by%20the%20FDA%20to%20date.>

¹⁰ ING, “US consumers to be hit hardest by pharmaceutical tariffs,” April 1, 2025, [https://think.ing.com/articles/us-trump-tariffs-pharmaceuticals-consumers/?utm_source=newsletter&utm_medium=email&utm_campaign=innovationrx&cdlid=5cb5fc1274eb8c714cf87d18§ion=.](https://think.ing.com/articles/us-trump-tariffs-pharmaceuticals-consumers/?utm_source=newsletter&utm_medium=email&utm_campaign=innovationrx&cdlid=5cb5fc1274eb8c714cf87d18§ion=)

CAGW urges the Department of Commerce to reject imposing a 25 percent tariff on pharmaceutical imports. The Department's Section 232 powers play an important role in protecting national security, but this power should be limited to industries that threaten national security. While the U.S. imports drugs and drug ingredients, most of those imports come from allied countries with whom the U.S. enjoys a healthy trade relationship. Tariffs on pharmaceutical imports would raise prices for patients, lead to job losses, raise production costs on American pharmaceutical manufacturers, and reduce access to cures and treatments. For these reasons, CAGW urges the Department of Commerce to avoid imposing a new tariff on pharmaceutical drug imports.