

April 7, 2020



The Honorable Steven T. Mnuchin
Treasury Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20510



The Honorable Larry Kudlow
Director, National Economic Council
The White House
1600 Pennsylvania Avenue, N.W.
Washington D.C. 20500

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20510



Dear Secretary Mnuchin, Director Kudlow, Leader McConnell & Leader McCarthy:



We write in opposition to any proposal to impose “Buy American” mandates on medicines.



A Buy American mandate would place unnecessary sourcing requirements on medicines and medical inputs purchased with federal dollars.



If implemented this proposal will disrupt existing supply chains, invite retaliatory actions from trading partners, and threaten timely access to medicines. During this unprecedented health crisis, a Buy American policy could even threaten our ability to adequately respond to the pandemic.

To be clear – increasing diversity in the supply chain should be encouraged. However, mandating production in America is the wrong way to do this.



The proposal risks upending the complex medical supply chain. This supply chain incorporates numerous inputs from across the world including raw materials, active pharmaceutical ingredients (APIs), and high precision analytical tools.



These supply chains frequently contend with a number of challenges including transportation and logistical obstacles, ensuring supply and demand are met, and alleviate stress caused to the chain due to region-specific disruptions in manufacturing or shortages. The ability of private industry to utilize a diverse global supplier base is essential to creating a healthy competitive advantage and mitigating risk.



Forcibly localizing this supply chain would be a substantial undertaking which would require finding new sourcing in the U.S. If there is no existing alternative, it would be a long process to set up an alternative.



Rather than restoring U.S. jobs, the proposal would likely lead to higher prices and reduced access. While proponents of a Buy American mandate have [claimed](#) the proposal is a way to bring back jobs to the U.S., it would almost certainly do more harm than good.



Under a Buy American mandate, some estimates show that the costs of manufacturing could be up to [five times higher](#).



This is not unique to medicines. Buy American policies have [increased](#) prices for Americans whenever they have been tried. History shows that they restrict choices for consumers and manufacturers requiring inputs leading to higher prices or lack of access.



It is also important to note that the American pharmaceutical industry already contributes over \$100 billion to the U.S. economy every year, directly [supporting](#) over 800,000 jobs. When indirect jobs are included, this innovation supports 4 million jobs and \$1.1 trillion in total economic impact.



Pharmaceutical jobs are also high paying – the average compensation is over \$126,000 – more than double the \$60,000 average compensation in the U.S. Instead of destabilizing our innovation ecosystem with price controls, burdensome regulations, and heavy-handed government directives, we need to encourage advanced manufacturing capabilities with less government interference, lower taxes, and other incentives to maintain America’s global leadership in biomedical innovation.



A Buy American mandate could lead to retaliatory actions. Rather than mandating local sourcing requirements in the U.S. that could harm friendly countries and invite retaliatory actions, a better policy would be to seek the abolition of rules and requirements overseas that compel local sourcing to the disadvantage of U.S.



manufacturers. Triggering a global reaction would stifle the pharmaceutical supply chain at the very moment where demand for medical innovation is most needed. Instead of warping the supply chain further, this would do more to level the playing field between regions.



We urge you to reject any Buy American policy on medicines. This protectionist proposal has no place in our healthcare system and will upend complex and efficient supply chains, leading to higher prices, threatening access to medicines, and opening the U.S. to retaliatory measures from other countries.



Sincerely,



Grover Norquist
President, Americans for Tax Reform

Steve Pociask
President / CEO, The American Consumer Institute

Jim Martin
Founder/Chairman 60 Plus Association

Ryan Ellis
President, Center for a Free Economy



Saulius “Saul” Anuzis
President, 60 Plus Association

Andrew F. Quinlan
President, Center for Freedom and Prosperity



Dee Stewart
President, Americans for a Balanced Budget

Jeff Mazzella
President, Center for Individual Freedom

Phil Kerpen
President, American Commitment



Ginevra Joyce-Myers
Executive Director, Center for
Innovation and Free Enterprise

Mario H. Lopez
President, Hispanic Leadership Fund



Peter Pitts
President, Center for Medicine in the
Public Interest

Tom Giovanetti
President, Institute for Policy Innovation



Gregory Conko
Senior Fellow, Competitive Enterprise
Institute

Charles Sauer
President, Market Institute



Matthew Kandrach
President, Consumer Action for a Strong
Economy

Pete Sepp
President, National Taxpayers Union



Fred Roeder
Health Economist/Managing Director,
Consumer Choice Center

Sally Pipes
President and CEO/Thomas W. Smith Fellow in
Health Care Policy
Pacific Research Institute

Wayne Winegarden, Ph.D.
Sr. Fellow Business and Economics/Director,
Center for Medical Economics and Innovation
Pacific Research Institute

Yaël Ossowski
Deputy Director, Consumer Choice
Center

Lorenzo Montanari
Executive Director, Property Rights Alliance



Thomas Schatz
President, Council for Citizens Against
Government Waste

Paul Gessing
President, Rio Grande Foundation



Hance Haney
Senior Fellow, Discovery Institute

Karen Kerrigan
President & CEO, Small Business &
Entrepreneurship Council

Katie McAuliffe
Executive Director, Digital Liberty

David Williams
President, Taxpayers Protection Alliance



Adam Brandon
President, FreedomWorks

Sara Croom
Executive Director, Trade Alliance to Promote
Prosperity

George Landrith
President, Frontiers of Freedom

Amy Noone
Chairman and CEO, United Seniors for America