



Ms. Jennifer Thornton
General Counsel
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20230

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Re: Request for Comments on the Section 301 Investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors

Dear Ms. Thornton

Interpharma (the association of research-based pharmaceutical companies in Switzerland), **scienceindustries** (the Swiss business association for Chemistry, Pharma and Life Sciences), **vips** (the association of pharmaceutical companies in Switzerland) and **Swiss Biotech Association** (representing the Swiss biotech startups and SMEs), welcome the opportunity to submit the following statement as part of the Section 301 Investigation of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors.

The Swiss pharmaceutical industry makes an essential contribution to both American and global health: its products prolong life, improve quality of life, and save lives every day. These achievements are only possible through international cooperation, the free movement of goods, and globally integrated and efficient supply chains.

Swiss pharmaceutical companies invest billions of dollars in research and manufacturing capacity in the United States and have pledged substantial investments in the coming years. They employ tens of thousands of people across the U.S., operate numerous facilities, and play a critical role in ensuring the supply of essential medicines. Switzerland serves as a vital and like-minded partner in ensuring a stable and secure supply chain for the United States, decreasing the dependencies on less reliable partners. Swiss pharmaceutical companies operate in a highly competitive innovation environment, with no incentive to build or maintain structural excess capacity. The existing trade surplus of pharmaceutical companies is therefore not evidence of structural excess capacity.

Switzerland's pharmaceutical industry clearly does not meet the criteria for current Section 301 measures, because:

- The existing trade surplus is not evidence of structural excess capacity. It reflects a high level of innovation and global competitiveness, that benefits both sides.
- Pharmaceutical products are fundamentally different from standard commercial goods. Pharmaceutical companies operate in a highly competitive innovation environment, with no incentive to build or maintain structural excess capacity.
- Companies are already investing in the United States as the best location for the pharmaceutical industry and will continue to do so in the future.
- Switzerland serves as a vital and like-minded partner in ensuring a stable and secure supply chain for the United States, decreasing the dependencies on less reliable partners.

The following arguments exemplify why it is crucial for patients in America, security of supply and pharmaceutical research and manufacturing to refrain from imposing tariffs on pharmaceuticals and pharmaceutical ingredients.

1. The Swiss Trade Surplus Reflects Innovation and Competitiveness

For decades, Switzerland has distinguished itself through political stability, legal certainty, a highly skilled workforce, and some of the world's strongest intellectual property protections. These framework conditions have enabled the country to develop several of the world's most innovative companies - enterprises that deliver groundbreaking therapies and technologies to patients and customers across the globe. A trade surplus is therefore not evidence of excess production capacity; rather, it reflects innovation and global competitiveness.

With a population of only 9 million Switzerland is a small country with a very limited domestic market. Even if Swiss residents consumed significantly higher quantities of medicines, the home market would still be far too small to sustain a global pharmaceutical company. Large pharmaceutical innovators therefore rely on exports – not because Switzerland disproportionately benefits, but because the domestic market is inherently constrained.

At the same time, Switzerland represents an important and high-value market for U.S. technology companies such as Microsoft, Google, and Apple. Many Swiss companies, including in the innovative medicines sector, are substantial purchasers of their services for research and development as well as daily usage.

2. Pharmaceutical Products are Fundamentally Different from Standard Commercial Goods.

Innovative pharmaceutical companies differ fundamentally from industrial manufacturers. The global pharmaceutical sector competes based on innovation rather than price. Companies focus on developing and commercializing the most effective new therapies and have no economic incentive to maintain or generate excess manufacturing capacity. On average, the development of a new drug takes 12 years, and there is a 95% risk of failure.

By contrast, certain industrial producers may have incentives to supply foreign markets with artificially low-priced products to undermine competitors and gain monopoly-like positions. This business model is fundamentally different from that of Swiss companies. They face a strong Swiss franc, high production and labor costs and have to fulfill stringent regulatory requirements. These factors preclude systematic price distortions or dumping practices. The Swiss research-based pharmaceutical industry fully supports the United States in its efforts to combat unfair trade practices.

In addition, pharmaceuticals are fundamentally distinct from standard consumer goods and warrant especially careful consideration in trade policy. Medical treatments are prescribed by licensed professionals based solely on their clinical efficacy and patient needs, irrespective of the product's country of origin. While a significant portion of prescribed medicines in the United States are produced domestically, millions of American patients also benefit from high-quality pharmaceuticals manufactured globally. Switzerland, in particular, serves as a vital partner in ensuring a stable and secure supply chain for the United States.

Many innovative treatments have few, if any, therapeutic alternatives. In such cases, supply disruptions can lead to serious, even life-threatening, consequences for patients. Where alternatives do exist, transitioning from an effective, established medication to a different product can carry significant medical risks, including reduced efficacy and increased adverse effects.

Maintaining open, reliable pharmaceutical trade channels is not simply a matter of economic policy – it is a matter of public health security. It is therefore in the strategic interest of the United States to preserve and strengthen collaborative trade relationships with key partners like Switzerland.

3. Switzerland – A Reliable and Fair Trade and Investment Partner to the United States

Switzerland has long been a trusted partner to the United States, especially in pharmaceutical research, development, and manufacturing. As a small yet highly innovative economy, Switzerland is committed to open markets, fair regulatory frameworks, and close transatlantic cooperation.

Switzerland is now the sixth-largest source of foreign direct investment and the largest foreign source of research and development spending in the United States. Swiss investments – totaling approximately \$351 billion – support nearly 400,000 American jobs with average salaries exceeding \$100,000 per year. Two-way trade in goods and services exceeds \$179 billion annually, driving innovation and prosperity in both countries.

Two of the world's leading pharmaceutical companies are based in Switzerland. Like other Swiss companies, they have been long-standing, reliable partners of the U.S. and rank among the largest foreign investors in the American healthcare sector. With recent announcements to invest up to USD 75 billion in the U.S. market, they underscore the country's importance as a trade and investment partner. Several of the investment projects have already been initiated over the past weeks and months. This clearly demonstrates that additional measures such as tariffs are unnecessary – investment naturally follows where excellent conditions already exist.

Therefore, the U.S. is already the global leader in pharmaceutical manufacturing: two-thirds of all medicines are produced domestically, while one-third are imported – most of which, by value, are from reliable countries including Switzerland. As a stable and trusted partner, Switzerland plays a vital role in ensuring a secure and uninterrupted supply of medicines in the U.S. and globally.

Switzerland follows a clear policy line: as of January 1, 2024, it has eliminated all tariffs on industrial goods – regardless of their origin. This includes duty-free access for pharmaceutical products including all pharmaceutical products imported from the United States. Switzerland consciously refrains from industrial policy, government subsidies, unfair trade practices, or export restrictions against the U.S. As a small but significant player in global trade, Switzerland favors constructive solutions and dialogue.

Together, the U.S. and Switzerland have actively and successfully worked to reduce bureaucracy, strengthen supply chain resilience and improve trade efficiency. Thanks to the Mutual Recognition Agreement relating to Pharmaceutical Good Manufacturing Practice (GMP MRA) between Switzerland and the U.S., non-tariff barriers are reduced and duplicative cost-intensive inspections of production facilities can be dispensed.

Like the United States, Switzerland is committed to strong protection of intellectual property – an essential foundation for maintaining global leadership in research and development. In addition to providing strong intellectual property protections domestically, Switzerland has been a leading defender of intellectual property rights at the World Trade Organization and elsewhere, championing important intellectual property rights globally that benefit Swiss and U.S. pharmaceutical companies alike. Switzerland stands ready to deepen its cooperation with the U.S. in this area and to further strengthen the legal framework supporting innovation.

4. Global Collaboration is the Foundation of Medical Progress

Today, the research, development, and production of new medicines take place across borders. Innovation emerges through international networks linking academia, industry, and regulatory authorities. Switzerland, like the United States, plays a leading and collaborative role in this system: with annual pharmaceutical R&D investments of around USD 10 billion, it is one of the world's most important research hubs, with significant investments and close collaborations with partners in the United States. Swiss pharmaceutical companies have been long-standing, reliable U.S. partners and rank among the largest foreign investors in the American healthcare sector.

Thanks to our long-standing and excellent collaboration in developing innovative pharmaceuticals, the strong scientific research capabilities at both of our institutions continue to drive meaningful innovation. It is therefore essential to avoid any measures that could jeopardize the availability of vital medical treatments or undermine the ability of the United States, Switzerland, and other trusted partners to prepare jointly for future pandemics.

5. Global Supply Chains Ensure Stable Supply

Pharmaceutical products pass through numerous international stages before reaching patients. Production is organized globally to ensure efficiency, quality, and availability. Tariffs and similar trade measures have a cascading impact across the pharmaceutical supply chain – from raw materials and production to final distribution. These disruptions not only undermine the efficiency and resilience of global pharmaceutical networks but also compromise the reliability of supply for American patients. This concern extends beyond advanced treatments to include essential medications critical to everyday healthcare.

The United States already is the global leader in pharmaceutical manufacturing - domestic production accounts for two-thirds of the U.S. pharmaceutical market. This system functions efficiently because it relies on partnerships with trusted countries such as Switzerland. Switzerland is not only the sixth-largest foreign direct investor in the U.S., but also a central hub in the global pharmaceutical network: trusted, innovative, and legally stable. Switzerland serves as a vital and like-minded partner, decreasing the dependencies on less reliable partners.

Final Statement and Appeal

Switzerland and the United States are like-minded partners, bound by decades of successful and friendly cooperation. Switzerland is ready to deepen this partnership — through a commitment to free and fair trade and to an innovation-driven healthcare sector that benefits patients in the U.S. and worldwide.

Switzerland's pharmaceutical industry clearly does not meet the criteria for Section 301 measures. The country maintains fair and open trading conditions, with no evidence of overcapacity. Instead, Swiss companies operate in a highly competitive environment shaped by significant cost pressures and a persistently strong Swiss franc, posing constant challenges to exports. At the same time, they are long-standing investors and major employers in the United States, contributing substantially to innovation, resilience, and the security of global supply chains.

We respectfully urge the U.S. Administration to exclude pharmaceutical products from Section 301 measures. Only through the free movement of goods, reliable partnerships, and international collaboration can American and global health be safeguarded in the future.

Sincerely,



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