U.S. Pharmaceutical Supply Chain Review Act

U.S. Senator Elizabeth Warren (D-MA) and U.S. Senator Marco Rubio (R-FL)

Background

The coronavirus disease 2019 (COVID-19) has highlighted a concerning truth: the United States relies heavily on foreign nations for its supply of drugs and pharmaceutical products. Today, nearly 80% of the active pharmaceutical ingredients (APIs), the requisite component of drugs used in generic drugs, are imported from abroad.[1] This overreliance leaves our supply chain of critical drugs used by millions of Americans vulnerable to disruption – whether by accident or by design.

This overreliance stems, in part, from foreign investment in the U.S. pharmaceutical supply chain. While not all foreign investment is problematic, experts have warned that significant foreign control of U.S. based pharmaceutical companies could stymie domestic capacity and exacerbate the nation's overreliance on foreign nations for its APIs, raw ingredients, and finished drugs.[2] Despite the risks posed to the United States, the nation lacks detailed information on the nature of this investment.

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To increase transparency in the pharmaceutical supply chain, Senators Warren and Rubio are introducing The United States Pharmaceutical Supply Chain Review Act, which tasks the federal government with studying the effects of this overreliance. Specifically, this bill directs the Federal Trade Commission (FTC), along with the Secretary of the Treasury, acting through the Committee on Foreign Investment in the United States (CFIUS), to conduct a study on the United States' overreliance on foreign countries and the impact of foreign direct investment in the U.S. pharmaceutical industry. Specifically, the agencies must provide Congress with a report on the following within 1 year of passage of the Act:

- How overreliance on foreign counties for pharmaceutical products impacts the United States' supply chain and domestic manufacturing capacity;
- How foreign direct investment from abroad affects the nation's ability to produce drugs, as well as their key components;
- How foreign direct investment in U.S. genome sequencing technologies affects domestic capacity to sequence or store DNA; and
- The number of foreign investment transactions in the pharmaceutical industry and the sequencing or storage of DNA in the United States that CFIUS has reviewed in the past ten years.

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[1] U.S.-China Economic and Security Review Commission, "2019 Annual Report to Congress, Chapter 3, Section 3: Growing U.S. Reliance on China's Biotech and Pharmaceutical Products," November 2019, https://www.uscc.gov/sites/default/files/2019-11/Chapter%203%20Section%203%20-%20Growing%20U.S.%20Reliance%20on%20China%E2%80%99s%20Biotech%20and%20Pharmaceutical%20Products.pdf

[2] *Ibid*.