ENSURING STABLE TARIFF POLICY

TARIFF VOLATILITY IS STALLING U.S. INNOVATION

CALIFORNIA LIFE SCIENCES

Congress should enact targeted guardrails on tariff authorities to support the growth of the U.S. life sciences sector, including by advancing legislation such as the *Trade Review Act* (S.1272/H.R.2665), the *Reclaiming Congressional Trade Authority Act* (H.R.2712), or the *Congressional Trade Authority Act* (H.R.1903)

RATIONAL AND CONSISTENT TARIFF POLICY IS NECESSARY

Tariffs are a tax on all Americans — primarily patients, innovation, manufacturing, and U.S. businesses — threatening shortages, investments, national security, and U.S. life sciences leadership. Broad and unpredictable tariffs on medicines, active pharmaceutical ingredients (APIs), medical devices, diagnostics, research materials, production inputs, and other raw materials raise costs, disrupt supply chains, and divert capital away from R&D, manufacturing expansion, and patient access.

THREATS TO BIOTECH SUPPLY



Nearly **90% of U.S. biotech companies depend on imports** for at least half of their FDA-approved products

API MANUFACTURING ABROAD



78% of FDA-registered API manufacturing sites are located outside the U.S.

Congress should ensure that tariff policy strengthens, not weakens, U.S. life sciences leadership by setting rational limits on tariff authorities, particularly Section 232 of the Trade Expansion Act of 1962 (goods/sector-specific tariffs) and Section 301 of the Trade Act of 1974 (country-specific tariffs).

- The ***Trade Review Act*** **(S. 1272/H.R. 2665)**, which causes tariffs imposed by the President to expire after 60 days unless Congress enacts a joint resolution of approval.
- The ***Reclaiming Congressional Trade Authority Act*** **(H.R. 2712)**, which requires a joint resolution of approval and specified reports from the ITC and Secretary of Defense to impose tariffs under Section 232 or IEEPA, among other reforms
- The ***Congressional Trade Authority Act*** **(H.R. 1903)**, which would require a joint resolution of approval for the President to take action under Section 232 while also restricting the kinds of imported articles to which that statute may apply.

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IMPACT OF SEC. 232, SEC. 301, AND OTHER TARIFFS

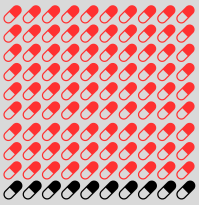
As a tax, tariffs discourage operations across the entire U.S. life sciences ecosystem by raising costs for businesses, deterring investment and weakening incentives to innovate and manufacture domestically.

- Life sciences goods depend on numerous globally sourced inputs, intermediate goods, and specialized equipment. **Tariffs applied at multiple points in the supply chain compound**, significantly increasing total costs.
- Low-margin products, such as **generics and essential supplies, are especially impacted**.
- **Companies must make** multi-year decisions on R&D, manufacturing investments, and other developments, but **constantly shifting trade policy** can delay projects, increase costs, and discourage investment.
- U.S. tariffs have and will continue to **trigger reciprocal tariff measures from trading partners**, restricting access to foreign markets and harming export-dependent life sciences companies.
- Tariff-driven cost pressures and shortages can push providers toward **lower-cost or less reliable suppliers,** increasing the risk of substandard or adulterated products that can compromise patient safety.
- Tariffs **disproportionately harm small and early-stage life sciences companies** because these entities have limited purchasing power, fewer resources to absorb cost increases, and less ability to diversify into lower-risk programs or revenue-generating products.

SHORTAGES AT RECORD LEVELS



U.S. drug shortages are already at record levels, with **89% of shortages reported in 2024 persisting from 2023.**



Long-standing shortages now account for **more than 90% of all drug shortages nationwide.**

EXPORT LEADERS AT RISK

Major parts of the U.S. life sciences sector are net exporters and would be negatively impacted by retaliatory tariffs from other nations. For example, **the U.S. exported $80 billion worth of medical device technology in 2024** (more than many other major manufacturing sectors, including automobiles or semiconductors), with **U.S.-made medical technologies accounting for 70 percent of the domestic market.**

