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**Docket Number:** USTR-2025-0011

**Subject:** Request for Comments Regarding Addressing Foreign Nations Freeloading on American-Financed Innovation

To Whom It May Concern:

American Commitment is a public policy advocacy group dedicated to restoring and protecting the American Commitment to free markets, economic growth, Constitutionally-limited government, property rights, and individual freedom.

We strongly urge the Trump administration to reject the so-called “Most Favored Nation” (MFN) drug pricing model.

The White House’s May 12 Executive Order titled “Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients”<sup>1</sup> rightfully identifies the global inequity in drug pricing. Other rich countries use price controls to get a free ride on innovation that is driven by returns on capital in the United States market, a genuine problem that, if effectively addressed, would likely result in more new drugs developed and lower prices. This problem cannot, however, be addressed by simply linking US prices to foreign prices, which would leave no moving vehicle of innovation for anyone to ride, free or otherwise.

Government-run and socialized health care systems in countries like Canada, France, the United Kingdom, and Australia implement policies that erode drug innovation and competitiveness. Not only do these policies undervalue the breakthrough therapies developed in the United States, but they also block patient access to them. Some of the policies include low price thresholds and cost benchmarks, but most notably, European Union countries deliberately delay reimbursement for medicines.<sup>2</sup> While patients in America gain access to new treatments within four months of approval, foreign systems can take more than three years.<sup>3</sup>

Drugmakers eventually sell into these markets at prices that are above their marginal costs but far below the prices needed to recover fixed costs of R&D and return on capital, which depend on the United States market. But if doing so means automatically imposing a price control on the domestic market via the MFN mechanism, they will rationally respond by refusing to cooperate with foreign pricing regimes.

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<sup>1</sup> <https://www.whitehouse.gov/presidential-actions/2025/05/delivering-most-favored-nation-prescription-drug-pricing-to-american-patients/>

<sup>2</sup> <https://www.efpia.eu/media/677292/cra-efpia-root-causes-unavailability-delay-080423-final.pdf>

<sup>3</sup> <http://aspe.hhs.gov/sites/default/files/documents/430a3e61c234f06270b04414e797ad3a/new-drug-availability-launch-timing.pdf>

Many countries will then likely issue compulsory licenses and steal their patents rather than go without drugs. This would result in higher rather than lower prices in the United States and a crisis in trade relations.

Furthermore, an MFN model would undermine global medical innovation. It costs an average of \$2.5 billion to bring a new drug to market.<sup>4</sup> If there is no path to earning back that investment and a reasonable return on capital, that innovation will disappear. This means fewer new cures will be developed—not just for Americans but for all patients around the world who rely on our innovation.

Ultimately, the only solution to the foreign free-riding problem is direct trade negotiations.

Drug price controls are one of the largest non-tariff barriers to trade that Europe imposes. There should be no conclusion of US-EU trade talks that does not include concessions on drug pricing by the European side, ideally a NATO-like framework that commits each country to spend a minimum percentage of GDP on brand drugs, as proposed by University of Chicago professor Tomas Philipson.<sup>5</sup>

There is some precedent for success in such negotiations. During his first term, President Trump pushed Canada and Mexico to extend their data exclusivity period to pay more for biotech drugs as part of the United States-Mexico-Canada Agreement (USMCA), although the provision was ultimately removed at the behest of Nancy Pelosi.

Foreign freeloading on America's innovation is a serious problem, but the answer must be to break those price controls, not to copy them. Linking US prices to foreign prices will almost certainly result in a more acute trade crisis when countries issue compulsory licenses and could therefore result in higher rather than lower prices for Americans.

Instead, we urge the administration to center this issue in trade negotiations now and demand fair contributions from our allies to help strengthen the global drug ecosystem while ensuring American patients benefit from faster access, more cures, and lower prices.

Thank you for your time and consideration.

Sincerely,

Phil Kerpen  
President, American Commitment

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<sup>4</sup> <https://pmc.ncbi.nlm.nih.gov/articles/PMC7054832/>

<sup>5</sup> <https://www.nationalreview.com/2025/05/time-for-a-nato-approach-on-preventing-foreign-free-riding-on-medical-innovation/>