Tariff Actions Should Ensure Access to Lower-Cost Generic and Biosimilar Medicines

The Association for Accessible Medicines (AAM) represents the manufacturers of generic and biosimilar medicines. This fact sheet provides background on generic and biosimilar medicines and explains that tariffs on generics and biosimilars are very likely to **increase prices for U.S. patients** and government programs and **risk exacerbating critical drug shortages**.

Generic and Biosimilars Are the Backbone of the Healthcare System

- **Generic and biosimilar medicines are critical to the U.S. healthcare system for increased access to patients by containing costs for patients and government programs.** In 2023, **90% of prescriptions** were dispensed as generics or biosimilars. The use of generic and biosimilar medicines created **$445 billion in savings** in 2023 for patients and the U.S. healthcare system—and over $3 trillion in savings the last ten years.
- **Generic manufacturers have a U.S. footprint.** AAM members manufactured over **60 billion doses of prescription medicines in the United States in 150 facilities**, employing 36,700 U.S. workers. In fact, **40%** of manufacturing facilities for finished doses dispensed in the United States are in the United States, 24% are in India, and 17% in the European Union, and 8% are in China.
- **AAM and its member companies are committed to addressing drug shortages and supply chain concerns.** Drug shortages have hit generic drugs the hardest. Studies have found that as much as **84% of the drug shortages are in generic drugs**. These shortages have underscored the need for policies to secure the long-term sustainability of low-cost generic and biosimilar competition.

Any Tariff Actions Should Provide Exclusions for Generic and Biosimilar Medicines

- **Tariffs on generic medicines would significantly increase prescription drug prices.** Tariffs on generic medicines and ingredients, especially essential medicines, would have disastrous impacts on the already struggling U.S. market where manufacturers face discontinuing drugs because reimbursement falls under the cost of production. This move would make it nearly impossible to continue manufacturing in the United States for those who already do so, and would discourage others from onshoring. The effect of such a policy would likely:
  1. Trigger unprecedented shortages for the American people, and/or;
  2. raise prices of the most affordable drugs in the market today.
- **Tariffs on generic or biosimilar medicines would increase the risk of drug and API shortages.** As noted above, drug shortages have been concentrated in the generic pharmaceutical sector in recent years due to extreme sustainability concerns and the lack of economic incentives to produce low-margin products. Imposing tariffs on generics and biosimilars would heighten these sustainability concerns and potentially exacerbate supply chain shortages.

- **Tariffs on generic or biosimilar medicines do not correct trade imbalances.** Tariffs on pharmaceutical products would be less effective in incentivizing other countries to balance their trade with the United States. Other countries have reciprocated the U.S. treatment of pharmaceuticals by imposing no, or very low, tariffs from the United States, **with 90% of countries maintaining tariffs of 10% or less on pharmaceutical products**. For example, the European Union, a major trading partner of pharmaceuticals, maintains no tariffs on these products.
- **Tariffs actions encompassing generic and biosimilar pharmaceutical products and supply chains should include opportunities for exclusions.** To the extent that a tariff action initially includes generic and biosimilar medicines, the Administration **should adopt an exclusion process** in order to gather additional information and further consider the impact of tariffs on supply chains and healthcare costs.

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