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Senate Committee on Aging
Counting the Cost: Communist China's Toll on Older Americans' Health, Finances, and Security
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Chairman Scott, Ranking Member Gillibrand, members of the Committee, thank you for the opportunity to testify today. The Commission appreciates the work this Committee has taken on to examine the impact of the U.S.-China relationship on America's seniors, and the issues in that relationship that all Americans should be aware when it comes to securing healthy families and communities.

One such issue I'd like to briefly spend my testimony on is the pharmaceutical supply chain.

As this Committee has outlined, and the Chair and Ranking Member have articulated well, Americans are vulnerable to the reliance we have as a country on China for Advanced Pharmaceutical Ingredients (API) and Key Starting Materials (KSM)—the building blocks of pharmaceuticals—that are made in China. The weaponization of supply chains is not theoretical.

China has made controlling global supply chains an explicit strategic goal. Chairman Xi Jinping said it in plain language in 2020: tighten global production chains' dependence on China so it can be used as leverage against anyone who tries to cut China off.

The drug supply chain is a prime example of that strategy succeeding.

Up to a quarter of all APIs used in American drugs may trace back to China — directly or indirectly through India. The vulnerability is even higher if you look at the source of KSMs used to make the APIs used in U.S. drugs. The consequences of Beijing weaponizing that dependency could be catastrophic for U.S. health security, the broader economy, and military readiness.

The risks are in plain sight. China has used export controls on critical minerals — gallium, germanium, rare earth magnets — as economic pressure tools since 2023.

In 2025, China expanded that toolkit. Each round of U.S. imposed tariffs was met with a new round of Chinese mineral controls. The message is clear: China is building the legal and institutional architecture to restrict access to whatever it chooses, whenever it chooses.

If China sought to restrict access to APIs and KSMs used in generics production — both through direct exports and through India — Congress would have an emergency on its hands. It could threaten between one-quarter and one-half of the U.S. generics supply, and generics fill 90 percent of American prescriptions

For seniors managing chronic conditions, that's not an abstraction. Even a small disruption can lead to devastating shortages due to unavailability of one API source and long delays from the FDA having to approve new sources of raw materials.

The GAO found that a drug shortage in 2011 caused an increase in adverse health outcomes, and even an increase in mortality, due to delays in patient procedures and lack of access to necessary drugs for critical patients.

The exposure runs even deeper when you look at specific drugs. We have estimates showing the United States is wholly reliant on APIs in China to produce a number of cancer treatment drugs and drugs on the FDA's essential medicine list—for instance, a medicine used to treat pandemic influenza. For widely-used medicines, we also solely depend on Chinese APIs to make certain types of blood thinners and antibiotics.

India supplies roughly half of all generic drugs consumed in the U.S., but Indian manufacturers themselves rely on China for a significant portion of their APIs and an even higher proportion of their KSMs. So, what looks like supply chain diversification on the surface is, at the ingredient level, still heavily China-dependent. For many generic drugs, India is essentially a finishing and packaging operation for Chinese chemistry.

Members of the Commission visited India earlier this year. Among our findings is that the Government of India's production-linked incentive program for pharmaceutical companies to reshore manufacturing has seen some success reducing reliance on Chinese APIs.

However, China uses a strategy of dropping prices for pharmaceutical ingredients to make potential Indian competitors unviable, specifically targeting APIs and KSMs supported by the production linked incentive program.

China's strategy to remain dominant in pharma manufacturing extends beyond manipulating the price of KSMs and APIs. On our trip to India we were told that China has limited exports of certain pharma manufacturing equipment to India, including equipment made in foreign-owned factories."

We will further explore these issues and issue recommendations to Congress this fall. In the meantime, I'd like to direct the Committee's attention to three specific recommendations the Commission made in 2025.

1. **Fix the data problem first.** The CARES Act gave the FDA authority to require manufacturers to report their reliance on individual API factories — but the agency has never issued the guidance to make manufacturers actually do it and left out reporting of KSMs, where the U.S. dependency appears even more severe. Our recommendation would require disclosure of *both* API and KSM origin, including Chinese content flowing through India.
2. **Use the government's buying power as a demand signal.** The race-to-the-bottom pricing dynamics that drove Direct CMS to explore procurement and

reimbursement authorities — including price floor commitments that protect domestic producers against below-cost Chinese competition — could help rebuild a viable U.S. generics manufacturing industry.

3. **Treat this as industrial policy, not just drug policy.** Consider CHIPS Act-style financing and support for domestic API manufacturing, procurement preferences, and advanced manufacturing incentives. Incremental measures will not move a $128 billion import market that has been building for forty years.

Thank you again and we look forward to your questions.