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Healthcare is best left to the market, but as China weaponizes trade—and continually threatens war—it’s clear that Washington has to temporarily implement non-market solutions to ensure that Americans have access to the medicines they need. In short, America has to quickly onshore production.

The challenge for the U.S. will be, in this rapidly deteriorating global environment, finding the correct combination of coercive state action, public subsidies, and free-market incentives.

China at the moment has monopolies and near monopolies on many pharmaceuticals. There are, for instance, about 100 drugs that require ingredients only made in one Chinese factory.¹

India, “the other heavyweight generic drug producer,” gets about 80% of its APIs—active pharmaceutical ingredients, the building blocks for pharmaceuticals—from Chinese factories. Approximately 45% of key starting materials or KSMs, the building blocks for APIs, are made only in China.²

For brand-name pharmaceuticals, the U.S. makes 15% of its APIs. For generics, the figure is far less. Overall, the U.S. produces just 12% of its own APIs.³

Generics are especially important: They account for about 91% of all prescriptions filled in the U.S. More than 40% of generic drugs prescribed in America have just one manufacturer. Some 83% of the top 100 generic drugs consumed by Americans have no U.S.-manufactured APIs.⁴

An October 2025 report issued by United States Pharmacopeia, an industry standards body, reveals that China is the only supplier of at least one KSM for 679 APIs.⁵

The Defense Department in 2023 learned that up to 27% of all drugs the U.S. military purchased were “100% dependent” on Chinese APIs.⁶

Antibiotics are a particular U.S. vulnerability. Amoxicillin, the most widely used of them in America, is made from four separate KSMs that are produced almost entirely in China.⁷ America gets about 45% of its imported penicillin from Chinese factories.⁸ Around 90% of the APIs for antibiotics used worldwide come from that country.⁹

FDA officials have admitted that the agency has allowed into the United States drugs from non-compliant facilities in foreign countries because the enforcement of standards would result in shortages of needed pharmaceuticals.¹⁰

America's vulnerability is dangerous. "If you're the Chinese and you want to really just destroy us, just stop sending us antibiotics," said Gary Cohn, director of the National Economic Council in the first Trump administration.¹¹ "There's a dereliction of duty," Maria Bartiromo, the Fox Business Network anchor, said on air in October. She urged President Trump to "start putting a fire under corporate America's butt" and "to say 'get your supply chains to America, this is a national security issue.'"¹²

As Ben Noon, an American national security analyst, recently wrote, China has a "pharma death grip" on America.¹³

Some argue that China believes it cannot, as a practical matter, shut down the pharmaceutical supply to America. Yanzhong Huang of the Council on Foreign Relations, although admitting there is a "real possibility" of China employing this weapon, nonetheless points out that Beijing is deterred by the prospect of retaliation, for instance, America denying the Chinese advanced cancer treatments. Moreover, Beijing, he notes, would be cutting off an important revenue stream.¹⁴

Yet there are reasons why China just might employ the "nuclear option," as Melanie Hart, a Biden State Department official now at the Atlantic Council's Global China Hub, told Bloomberg.¹⁵

For one thing, China has already tried something similar. China placed export restrictions on rare earth elements over trade negotiations before, so they might do the same thing for pharmaceuticals.¹⁶

In September 2010, for instance, China's regime imposed a rare earth export ban on Japan following an incident in the East China Sea, where Beijing and Tokyo have competing territorial claims. In October 2025, China's Ministry of Commerce announced substantially tightened rare-earth restrictions on the U.S. in the middle of a "tariff war," imposing "the strictest rare earth and permanent magnet export controls to date."¹⁷

Moreover, Beijing has started employing export restrictions that affect the medical field, Bloomberg reported. China, for example, in April of last year put in place curbs on seven metals needed for magnets for MRI scanners and then in October hit thulium, erbium, and three other elements used in medical lasers.¹⁸

And China has already shown the world that it is perfectly capable of cutting off health-care supplies. In March 2020, Beijing threatened to throw America into a “mighty sea of coronavirus.”¹⁹ “China put export restrictions on those masks and then nationalized an American factory that produces them there,” Peter Navarro, Trump’s director of Trade and Manufacturing Policy, reported in February 2020, referring to the then-coveted N95 masks.²⁰

“I was on the phone with leaders from several hospitals in New York, and they told me that they had contracts with Chinese companies where they were waiting on things like plastic gloves, masks, all of this stuff where they were on the ships on their way to the U.S. and the Chinese government said ‘no, no, no, no, turn around, we need this stuff,’” Maria Bartiromo said on air in February of that year. “They’re not keeping up with any of the contracts that they had in place because there are massive shortages in China. They want all of these things, even if they have these contracts with players in the United States. How is anybody going to trust China in terms of keeping up their end of the bargain again in business?”²¹

The risk of China stopping the flow of prescription medicines to Americans, therefore, is not theoretical, and the consequences could be grave. “If China shut the door on exports of medicines and their key ingredients and raw material, U.S. hospitals and military hospitals and clinics would cease to function within months, if not days,” said Rosemary Gibson, co-author of *China Rx: Exposing the Risks of America’s Dependence on China for Medicine*, to NBC News.²²

A deliberate cut-off is not the only risk. “They can sell us medicines without any medicine in them,” Gibson pointed out, referring to the Chinese. “They can sell medicines that have lethal contaminants in it.”²³ Perhaps as many as 150 Americans died from contaminated blood thinner Heparin, made in China, at the end of the first decade of this century. In 2019, the FDA warned that Zantac and other over-the-counter heartburn medications as well as prescribed drugs contained N-nitrosodimethylamine, a carcinogen, in quantities above those deemed safe by federal officials. The chemical, commonly known as NDMA, was manufactured in China.²⁴

So what does the United States do to reshore the production of pharmaceuticals?

There are a number of technical fixes. The U.S., for example, should establish a “federal buyer’s market” and prioritize American-made products for, among others, the Pentagon, the Veterans Administration, and Medicare. If American-made medicines are not available, the government should try to buy those produced in friendly countries. Congress should require sellers to disclose country of origin, and it’s necessary to close loopholes that now allow foreign-made products to be labeled “Made in America.” It’s time to eliminate the FDA’s red tape, which unnecessarily delays approvals and increases costs.

Congress must also ban the importation of medicines that are either uninspected or inadequately inspected. Moreover, it is way past time for presidents to enforce Section 307 of the Tariff Act of 1930, which prohibits the importation of goods made with forced labor. Both of these actions will help eliminate China's unfair cost advantages.

Ultimately, cost is the name of the game. "Beijing suffocates foreign competitors with low prices by flooding markets with an artificially high supply," reports Noon.²⁵ As Gibson told the U.S.-China Economic and Security Review Commission, "Chinese companies formed a cartel, colluded to sell product on the global market at below market price, and drove all U.S., European, and Indian producers out of business." Then, as she reported, Chinese producers raised prices.²⁶

That Chinese policy was extraordinarily successful, but Washington can retaliate by restarting domestic production with incentives, such as low-cost loans—the first Trump administration experimented with this approach with a proposed \$765 million loan to Eastman Kodak in 2020 to make APIs²⁷—and, more important, an enhanced investment tax credit.

These incentives will work best behind a temporary tariff wall. Even after the historic decision in *Learning Resources, Inc. v. Trump*, which invalidated the President's tariffs under the International Emergency Economic Powers Act of 1977, Trump still has ample authority to impose tariffs to protect domestic pharma manufacturers, especially Section 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962.

The U.S. Department of Commerce on April 1, 2025 announced the initiation of an investigation, pursuant to Section 232, to determine whether imports of pharmaceuticals and pharmaceutical ingredients threatened national security. Trump announced 100% tariffs in September on branded and patented drugs,²⁸ but no tariffs have yet been imposed. There are reports that the White House is using the threat of these measures to get producers to, among other things, onshore production.²⁹

Tariffs in general carry disadvantages. "Tariffs create supply chain disruptions, increase costs, and adversely impact patient access," wrote four academics and researchers in the *Journal of Managed Care & Specialty Pharmacy* last May. "Uncertainty in the capital markets would negatively affect future investments in new treatments. Patients may experience increased costs through higher prices, insurance premiums, and taxes."

"Collaborative international policies, rather than punitive tariffs, may better serve US interests and lead to a more secure and consistent domestic supply of medicines," these authors write.³⁰ Yet obtaining that collaboration will be hard. The pharma industry is still outsourcing to China, evident from the January announcement that AstraZeneca has committed \$15 billion to that country "to expand medicines manufacturing and R&D."³¹

U.S. manufacturers would feel confident of moving production to American soil if they felt sure that Washington was fully committed to protecting them from vicious Chinese price tactics.

Rosemary Gibson believes that Washington, to reshore the pharma industry, must be as determined as China has been throughout the decades to make medicines on its own soil.³² Unfortunately, this means the Trump administration will have to rely, at least in the short term, on coercive measures, especially tariffs.

Chairman Scott has urged the Commerce Department to consider “the immediate application of Section 232 tariffs on foreign generic medicines,” including their ingredients. In the alternative, he has urged Commerce to make “at a minimum, a public commitment to a phased-in tariff regime that places generics on the same tariff footing as other imported pharmaceuticals within 12 months.”³³

The trick will be removing tariffs and other government-distorting elements quickly, so that the pharma industry does not become a permanent ward of the state. Reshoring will inevitably increase costs, which may be bearable given the situation but which is an ill-effect that must be remedied longer term. In the long run, there is no doubt that market incentives are the best solutions.

In any event, the best way to protect the free trade architecture—in other words, the best way to keep popular support for the general concept—is to ensure that predatory traders, such as China, are not allowed to permanently game the system. Unfortunately, unilateral coercive measures are the only thing that Beijing understands at this moment, especially when the World Trade Organization’s dispute-resolution system has proven, over the course of decades, to be incapable of enforcing the organization’s rules. Coercive measures impose the costs that defend that now-fragile system.

In the meantime, Americans are at risk. “It is UNACCEPTABLE that the most advanced country in the world can’t ensure a steady, safe supply of basic medicines for its own citizens,” Chairman Scott said last November.³⁴

It is unacceptable in peacetime, and it’s especially unacceptable as the world now heads toward more troubled times.

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- ¹² *Mornings With Maria*, Fox Business Network, October 24, 2025, <https://www.foxbusiness.com/video/6383729753112>.

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