February 12th, 2026

The Honorable Members
United States Congress
Washington, D.C. 20515

RE: Coalition Opposing the Codification of Most-Favored-Nation Prescription Drug Pricing

We, the undersigned organizations, write in opposition to codifying a Most-Favored-Nation (MFN) prescription drug pricing model into law.

In addition to doing nothing to address foreign freeloading, MFN would reduce access to new cures and reduce U.S. global competitiveness, ceding ground to China.

While supporters of this proposal correctly identify the unique problems facing the American health care system – namely, wealthy countries paying artificially lower prices for prescription drugs than the U.S. and the fact that this depresses innovation and inflates our costs – MFN would not solve these problems. In fact, it would exacerbate them.

Instead, lawmakers should focus on reforms that unleash the free market and protect intellectual property rights, encouraging competition and innovation. These policies lower drug costs over time while expanding patient choice and preserving incentives for lifesaving medical breakthroughs. Diplomatic pressure should be brought to bear on foreign governments to insist that they begin to pay their freight.

MFN would do nothing to stop foreign freeloading.

MFN would surrender to foreign freeloading by basing U.S. prices on the prices of countries with socialist policies. Supporters of MFN hope that it will incentivize manufacturers to negotiate better deals. However, this is based on the flawed assumption that American manufacturers are not already fighting as hard as they can against foreign price controls.

There is little or no negotiation between foreign governments and manufacturers, forcing innovators to accept lower prices in a "take-it-or-leave it" proposition. The fact is that European countries would likely retaliate if pharmaceutical manufacturers took offensive action to try to negotiate away from government-set prices. For example, if a pharmaceutical company withdrew from a market, a European government could revoke its patents. Article 5 of the Paris Convention for the Protection of Industrial Property allows for compulsory licensing if a company declines to sell its product.

Additionally, if multiple companies were to withdraw from a market, the European Commission could accuse said companies of "cartel-like strategy" to manipulate prices, a violation of EU competition law. In the EU, "cartel participation" carries high penalties, including fines up to 10 percent of the company's worldwide, total revenue over a year. In certain cases, it could also result in fines and imprisonment of specific individuals.

MFN would reduce access to new cures.

If the U.S. implements the same price controls utilized by foreign countries, companies cannot expect to recuperate the R&D costs for the medicines they create. This will depress innovation and reduce cures available to patients while causing an unacceptable degree of drug shortages.

According to a study by the Galen Institute, patients in the U.S. had access to nearly 90 percent of new medical substances launched between 2011 and 2018. By contrast, other developed countries had a fraction of these new cures. Patients in the United Kingdom had 60 percent of new substances, Japan had 50 percent, Canada had 44 percent, and Spain had 14 percent.

The drug development industry already faces a high level of risk in recouping R&D costs. During an average drug development process, a manufacturer must invest an average of $2.6 billion and spend 11.5 to 15 years in research and development. In addition, most drug development programs fail. As detailed by the Information Technology & Innovation Foundation (ITIF), for 5,000 to 10,000 compounds screened during basic drug discovery phases, 250 molecular compounds (2.5 to 5 percent) make it to preclinical testing. Of the 250 molecular compounds, 5 make it to clinical testing. Thus, as little as 0.05 percent of drugs make it from drug discovery to clinical trials. Of the few medicines that make it to clinical testing, only about 12 percent of medicines that begin clinical trials are approved for introduction by the FDA. Even if a drug is approved, it is likely that the profits from said drug will not recoup its R&D costs.

MFN would reduce the United States' global competitiveness in medical innovation.

Not only is this lack of innovation a threat to patients and the health of future patients, but it would cause the United States to be a follower, not a leader, in medical innovation. At a time when China is rapidly narrowing the innovation gap, causing our research and development to stagnate or fall would seal our fate as second-best in biotechnology.

ITIF describes the ways in which China is catching up to the U.S. in biotech:

- Clinical trial activity in China more than doubled from 2,979 trials in 2017 to 6,497 trials in 2021. Alternatively, the United States saw only a 10 percent increase during this time, from 4,557 to 5,008 trials.
- Chinese oncology trials grew 146 percent from 1,040 in 2017 to 2,564 in 2021, the highest for any country. In the United States, oncology clinical trials grew from 1,664 in 2017 to 1,690 in 2021, a 1.56 percent increase.
- China increased its global share of value-added pharmaceuticals output from roughly 5.6 percent in 2002 to 24.2 percent in 2019.
- From 2013 to 2023, the number of biotech PCT patents awarded to Chinese entities increased by more than 720 percent, from 266 to 1,920, exceeding the European Union's annual number starting in 2021. The number of patents awarded to U.S. filers over the same period increased by 67 percent.

- China's share of global biotechnology venture capital raised grew from a mere 3.5 percent in 2010 to 18.9 percent in 2020. At the same time, the U.S. share declined from about 68.6 percent to 62.1 percent.

We urge all members of Congress to oppose codifying an MFN drug pricing model.

Unfortunately, this policy would not cause other countries to pay their fair share of the cost of prescription drugs. Instead, it would import socialist price controls and values into our country. Medical innovation in the U.S. would take a significant hit, harming patients and ceding the U.S.'s position as the world's biotech leader to China.

Signed,

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President, Americans for Tax Reform

Tim Chapman
President, Advancing American Freedom

Saulius "Saul" Anuzis
President, American Association of Senior Citizens

Marty Connors
Chair, Alabama Center Right Coalition

Phil Kerpen
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Tirzah Duren
President, American Consumer Institute

Dee Stewart
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TAXPAYERS PROTECTION ALLIANCE

TRADE ALLIANCE to Promote Prosperity

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