

June 26, 2025

Ambassador Jamieson Greer  
United States Trade Representative  
Office of the United States Trade Representative  
600 17th St. NW  
Washington, D.C. 20508

Catherine Gibson  
Deputy Assistant, United States Trade Representative  
Office of the United States Trade Representative  
600 17th St. NW  
Washington, D.C. 20508

**Re: MassBio Comment on USTR Request for Comment on Foreign Nations Freeloading on American-Financed Innovation**

Dear Ambassador Greer:

On behalf of the Massachusetts Biotechnology Council (MassBio), I appreciate the opportunity to provide comment to the United States Trade Representative on the issue of foreign nations freeloading on American-financed innovation.

At MassBio, our mission is to drive innovation in the biotechnology and pharmaceutical industries worldwide by fostering a supportive and dynamic business environment in Massachusetts. We are committed to policies that accelerate breakthroughs at the more than 1,700 companies we represent so that they can launch the next generation of cures and therapies that will enhance patient lives. That is why we are so concerned about implementation of a most-favored-nation (MFN) style proposal, which we fear will significantly curb drug investment and development.

America's global leadership in biopharmaceutical innovation is built on a highly interdependent ecosystem of investors, emerging biotechs, and large pharmaceutical companies. Small and early-stage biotechs are responsible for initiating the majority of new drug discoveries. For example, nearly half of all first-in-class oncology drugs approved between 2010 and 2020 originated in small biotech firms.<sup>1</sup> They do so often without any product revenue to offset the immense costs of preclinical research and clinical trials, and thus rely entirely on venture investment, with the promise of returns often more than a decade away.

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<sup>1</sup> Small Biotechs versus Large Pharma: Who Drives First-In-Class Innovation in Oncology (Feb. 2023); <https://www.sciencedirect.com/science/article/pii/S1359644622004494>

Large pharmaceutical companies play a critical downstream role by acquiring or partnering with these biotechs, providing capital infusions and commercialization expertise that accelerate the path to market. This model ensures that patients can access breakthrough therapies faster, while allowing early-stage companies and their investors to reinvest in the next generation of scientific advances.

Drug pricing policies such as MFN threaten to destabilize this innovation ecosystem by introducing uncertainty about future pricing and market viability. By signaling that future prices may be dictated by foreign government price controls, MFN undermines investor confidence in the long-term value of new therapies. This is especially damaging for small biotechs, where investment hinges on clear pathways to future returns. If investors and larger pharmaceutical partners cannot reliably forecast market conditions, the result will be fewer partnerships, fewer acquisitions, and ultimately fewer breakthrough treatments reaching patients.

Further, we believe foreign price controls directly impact US market prices and may reduce patient access in the US. Foreign governments routinely impose strict price controls on prescription medicines, limiting what they will pay regardless of the underlying R&D costs or clinical value. These artificial pricing constraints are one of the key reasons that new therapies are often delayed in many of these countries. For example, the Patients Waiting to Access Innovative Therapies (WAIT) Indicator measures availability of treatments across the EU. The 2024 report, released in May 2025, found that 48% of all innovative medicines are not available to patients.<sup>2</sup> Reduced patient access is not the answer to foreign freeloading on US innovation.

These policies suppress not only patient access but also local investment in R&D, further diminishing these countries' contributions to global biopharmaceutical innovation. Research has shown that every 10% drop in the price of medicines in price-controlled EU markets has seen correlating decreased in total VC funding, biotech patents filed, biotech start-up funding and valuations.<sup>3</sup> This chilling effect directly undermines the creation of new medicines and weakens the region's role in advancing scientific breakthroughs. Rather than fostering innovation, these systems rely disproportionately on US-based research to fill their medicine cabinets. By adopting MFN-style policies that mirror these flawed models, the United States would be importing a failed formula that suppresses the very innovation it has long led.

Further, we believe it is unlikely that implementation of MFN price controls will support ongoing trade negotiations by pressuring other countries to raise the prices they pay for drugs. Tying US drug prices to those set by foreign governments does not strengthen our negotiating hand. Instead, it imports the same distortions that have limited patient access abroad and undercut global investment. Rather than forcing other nations to pay more, MFN would simply result in fewer cures being developed in the first place by making the US a less attractive market for launching new therapies. It risks dragging down the very

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<sup>2</sup> IQVIA EFPIA Patients W.A.I.T. Indicator 2024 Survey (May 2025); <https://efpia.eu/media/oeganukm/efpia-patients-wait-indicator-2024-final-110425.pdf>

<sup>3</sup> VitalTransformation, The Historical Impact of Price Controls on the Biopharma Industry (November 2021); <https://vitaltransformation.com/2021/11/the-historical-impact-of-price-controls-on-the-biopharma-industry/>

innovation engine that foreign markets, like Japan, are now trying to emulate by fostering early-stage biotech and reforming their regulatory and reimbursement frameworks to resemble those in the US.

Beyond its economic and health consequences, MFN poses serious national security concerns. America's dominance in biotechnology is not just a commercial advantage, it is a strategic one. Weakening the financial incentives for drug discovery in the U.S. opens the door for adversaries, particularly China, to fill the void.

China has made biotech a national priority and is investing heavily to build a globally competitive R&D pipeline. They have increased annual funding from just \$35 million a decade ago to \$15 billion in 2023.<sup>4</sup> With the increased funding, China now accounts for a quarter of the global biopharma pipeline, up from just 2% in 2013.<sup>5</sup> With a global bioeconomy on pace to reach \$30 trillion by 2050, the US cannot afford to implement policies that discourage domestic investment and development. Doing so would risk ceding leadership in life sciences to geopolitical rivals who do not share our values around intellectual property, regulatory transparency, or patient-centered care.

For these reasons, we urge USTR to reject any policy approach that would tie US drug prices to those set by foreign governments under MFN or similar frameworks. Rather than importing foreign price controls, USTR should focus its efforts on strengthening global respect for American innovation by promoting policies that reward, not penalize, the development of new treatments.

We welcome continued dialogue on how best to ensure that US-led biopharmaceutical innovation remains a cornerstone of our economic strength, patient health, and national security. Thank you for the opportunity to comment, and for your commitment to advancing trade policies that preserve America's leadership in the life sciences.

Sincerely,



Kendalle Burlin O'Connell  
*President & CEO*  
*Massachusetts Biotechnology Council (MassBio)*

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<sup>4</sup> LABIOTECH, Is China the Future of Biotech? (Dec. 2024); <https://www.labiotech.eu/in-depth/china-biotech-industry/>

<sup>5</sup> Citeline, Pharma R&D Annual Review 2024; [https://www.citeline.com/-/media/citeline/resources/pdf/white-paper\\_annual-pharma-rd-review-2024.pdf](https://www.citeline.com/-/media/citeline/resources/pdf/white-paper_annual-pharma-rd-review-2024.pdf)