

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

May 18, 2018

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th Street NW
Washington, DC 20006

The Honorable Lawrence A. Kudlow
Director of the National Economic Council
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20502

The Honorable Alex M. Azar II
United States Secretary of Health and
Human Services
200 Independence Avenue SW
Washington, DC 20201

Dear Ambassador Lighthizer, Secretary Azar, and Director Kudlow:

President Trump has claimed he wishes to take strong, effective action to reduce the soaring price of prescription drugs in the United States. High drug prices are in fact a clear and present danger to the financial security of millions of Americans and it is essential that meaningful reforms to lower costs for Americans at the pharmacy window are adopted. After reviewing the President's proposal, I am convinced that once again he has misidentified the real challenges that American families face. Certainly the proposed solutions fall short of the candidate's campaign promises of 2016.

The President appears to believe that pharmaceutical companies charge U.S. customers more than what they charge customers in other countries, not because they are profit seeking and exploiting the broken drug pricing system in this country, but because other countries will not pay their "fair share." Specifically, in his speech unveiling his plan at the White House on May 11, 2018, the President stated, "When foreign governments extort unreasonably low prices from U.S. drug makers, Americans have to pay more to subsidize the enormous cost of research and development."

The President's claims suggest that rather than trying to lower drug prices in the U.S., he is focused on raising prices on consumers overseas. Given the specifics, I am both puzzled and concerned by the President's apparent belief that if the U.S. negotiates trade agreements that result in higher drug prices abroad, itself a difficult scenario to envision without significant concessions in other areas, pharmaceutical companies will use their increased foreign profits to lower domestic prices.

If recent experience from tax legislation -- which dramatically reduced corporate taxes for pharmaceutical drug companies -- is any indication, drug companies will not use their

windfall to lower the price of their products and instead will simply reward shareholders worldwide with stock buybacks and other actions that don't benefit American families. The notion that pharmaceutical companies will voluntarily pass along increased revenue abroad to domestic consumers is both baffling and belied by all recent evidence.

I request that you describe what new ideas you may have to address drug costs through trade agreements, how they are different than what the Administration proposed in the North American Free Trade Agreement negotiations, how they comport with the Trade Promotion Authority law, and how exactly they will reduce drug prices for American consumers. Before going forward, it is critical that Congress and the American public know what the Administration may now seek in a trade negotiation and how it will reduce the price of drugs for American consumers.

Before implementing this policy, I request that USTR provide evidence that it will lower drug prices and costs for American patients and taxpayers. I further request that USTR transmit this information to the Congressional committees with jurisdiction over trade and health policy.

Given the seriousness of the problem of drug costs for Americans, this Administration should be focused on practical solutions that will produce a demonstrated benefit to consumers in the near term, not policies designed simply to enrich drug manufacturers. I look forward to your prompt response and to continuing to work with you on this important matter.

Sincerely,



Ron Wyden
Ranking Member