

Most-Favored-Nation Drug Pricing: A Threat to American Workers and Innovation



Most-Favored-Nation (MFN) foreign reference pricing is the wrong approach to lowering drug costs. It will hurt patients, endanger good-paying union jobs, and hand the strategic advantage to China—precisely when manufacturing reshoring momentum is building across the country.

Devastating Consequences for American Workers

The U.S. biopharmaceutical industry supports nearly 5 million jobs nationwide and contributes more to America's economy per employee than most other manufacturing sectors.^{1,2} The manufacturing and research development facilities that power American innovation are built and maintained by union pipefitters, electricians, ironworkers and other skilled building trades professionals. MFN puts these middle-class jobs at risk.

Here's what's at stake. From 2019-2024, the U.S. pharmaceutical industry supported³

65 million
union labor hours

\$2.6 billion
in wages for skilled
union workers

\$19.5 million
in funding for union
apprenticeship programs

The U.S. Pharmaceutical Industry's Commitment to Investing in America

\$86.5 Billion
Investment by Industry,
2019-2024

1,000+
Major Projects
(\$5m+)

+70%
Growth in investment,
2019 - 2024

In 2025, companies have accelerated their commitments to investing in the U.S. But MFN could force billions to be redirected that would otherwise be used to invest in U.S. facilities and develop new cures.

AXIOS

Trump tally: J&J plans \$55 billion investment to expand U.S. manufacturing

GEN Genetic Engineering
+ Biotechnology News

Lilly Plans to More than Double U.S. Manufacturing Investment Since 2020 Exceeding \$50 Billion

FIERCE
Pharma

With industry's onshoring tide rolling on, Amgen blueprints \$900M expansion at Ohio biomanufacturing plant

THE WALL STREET JOURNAL

Merck to Spend \$1 Billion on New Factory to Make U.S. Supplies of Blockbuster Drug

BioSpace

Massive Investment in US Manufacturing Triggers Wave of Career Opportunities

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Surrendering U.S. Leadership to China

MFN would handicap the U.S. at a time when China is attempting to overtake American leadership in biopharmaceutical innovation and manufacturing.

A diminished U.S. life science sector would make American patients more dependent on Chinese companies for innovative treatments.

China is rapidly advancing:

Clinical trials from China now represent **30% of global starts** (up from 5% in 2014)⁴

R&D investment in China is currently **growing 3x faster than the U.S.**⁵

Chinese companies now account for **31% of first-in-class drug candidates** (up from 9% in 2015)⁶

Better Ways to Lower Drug Costs

MFN won't lead to savings for patients. Policymakers should instead address the unchecked power of middlemen in the prescription drug supply chain – as more than half of every dollar spent on brand-name medications go to entities who don't research, develop or manufacture these medicines.⁷

Middlemen such as pharmacy benefit managers (PBMs) control 80% of all prescriptions filled in the U.S. and drive-up costs for both patients and plan sponsors.

Key PBM reforms to lower costs for U.S. patients:

Delink

PBM compensation from drug prices

Require

PBMs to pass rebates to patients and plan sponsors

Improve

transparency of PBM pricing and compensation practices

Endnotes

- 1 TEconomy Partners, LLC. [The Economic Impact of the U.S. Biopharmaceutical Industry: 2022 National and State Estimates](#). May 2024.
- 2 NDP Analytics. [The Economic Performance of IP-Intensive Manufacturing and Service Industries in the United States, 2012-22](#). (April 2025)
- 3 Institute for Construction Employment Research. An Analysis of Construction Spending in the Pharmaceutical & Biotech Industry, 2019 – 2024. (May 2025)
- 4 IQVIA. [Global Trends in R&D 2025](#). (March 26, 2025).
- 5 Organisation for Economic Co-operation and Development (OECD) [Statistical Release](#). (March 31, 2025)
- 6 Tsinghua University Institute of Drug Regulatory Science & PharmCube. [China's Innovative Pharmaceutical Industry in a Global Perspective: 10-year Review and Outlook](#). (May 2025)
- 7 Berkley Research Group. [The Pharmaceutical Supply Chain, 2013–2023](#). (January 2025)