August 9, 2026

Ambassador Jamieson Greer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

**Re: Section 301 Investigation of Germany's Pharmaceutical Pricing Policies — Docket ID USTR-2026-0463**

Dear Ambassador Greer,

I write today to voice my support of the United States Trade Representative's decision to initiate a Section 301 investigation into Germany's pharmaceutical pricing policies. I submit these comments in my personal capacity as a former Member of Congress who spent eight years representing the working families of western Pennsylvania — men and women who depended on good-paying manufacturing jobs, strong union benefits, and a government that stood up for American workers on the world stage.

The Administration is right to act. For too long, wealthy foreign nations have depressed the prices they pay for innovative American medicines, which has resulted in American patients, workers, and businesses shouldering a disproportionate share of the global research and development costs that produce the medicines the world depends on.

That is not free trade. It is freeloading — and it has gone on for far too long.

**Germany's Pricing Policies Result in U.S. Patients Paying a Disproportionate Share of Global R&D Costs**

*Response to the Question #5: Please discuss the extent to which Germany's unreasonable acts, policies, and practices relating to pricing for innovative pharmaceutical products, including through the means and tools described in Section I of the Federal Register notice, results in the United States paying a disproportionate share of global R&D costs for innovative pharmaceuticals.*

Developing a single new medicine takes, on average, a decade of work and over $2 billion in investment — with no guarantee of success.[1] The United States has led the world in accepting that risk and has built the most innovative biopharmaceutical sector on the planet. But that leadership is not self-sustaining. It depends on a global marketplace that fairly values American innovation.

Germany's pharmaceutical pricing system — known as AMNOG — relies on government-directed price negotiations and mandatory manufacturer rebates to significantly reduce what German payers spend on innovative medicines. When manufacturers cannot earn adequate returns in the German market, they become more dependent on U.S. revenues to recoup their R&D investments. The United States, representing just four percent of the global population, already accounts for the majority of global branded pharmaceutical revenues.[2]

That imbalance is the direct result of Germany's pricing system that undervalues the medicines its citizens use. Germany's persistent underpayment for innovative medicines shifts the financial burden of funding the next generation of cures disproportionately onto American families and harms the American workers who develop and produce these important technologies.

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[1] Deloitte. Measuring The Return on Pharmaceutical Investment. March 27, 2025. https://www.deloitte.com/ch/en/Industries/life-sciences-health-care/research/measuring-return-from-pharmaceutical-innovation.html
[2] IQVIA. *IQVIA Early Bird: 2025 Revealed - The Trends Shaping Pharma's Future*. March 11, 2026. https://www.iqvia.com/blogs/2026/03/iqvia-early-bird-2025-revealed

I saw this dynamic firsthand representing Pennsylvania's 4th Congressional District. My constituents worked in industries that competed globally and understood what it meant when foreign governments set the rules of the game against American workers. Unfair trade practices cost jobs. They reduce investment. And over time, they erode the industrial foundations that communities depend on.

The problem is compounded by recent legislation enacted by German lawmakers earlier this summer to increase mandatory rebates from manufacturers on branded medications, which would further erode the returns manufacturers can earn in Germany, deepening their reliance on U.S. market revenues to sustain their pipelines.[3] The burden on American patients would grow accordingly.

American workers, particularly the skilled tradespeople who build and maintain the world-class research, development, and manufacturing facilities that power our life sciences sector, have a direct stake in the outcome of this investigation. When foreign freeloading erodes the economics of life sciences innovation, it constrains domestic investment. Fewer facilities get built. Fewer workers get hired. And the communities that would have benefited from those jobs pay the price.

For all of these reasons, the Administration is right to pursue this investigation — and I urge USTR to see it through.

**Germany's Practices Are Actionable — and a Negotiated Solution Is Within Reach**

*Response to the Question #4: Please discuss whether the acts, policies, and practices of Germany are actionable under section 301(b) of the Trade Act, and what action, if any, should be taken, including tariff and non-tariff actions.*

Germany's pharmaceutical pricing policies meet the standard for action under Section 301(b) of the Trade Act. They are the product of deliberate government policy, not market forces. They are unreasonable in that they systematically suppress the returns that American innovators can earn in a wealthy foreign market. And they burden U.S. commerce by shifting a disproportionate share of global R&D costs onto American patients and businesses. The case for action is clear.

But action does not have to mean escalation. The right remedy here is a negotiated agreement — not punitive tariffs between two close allies. Germany is a sophisticated trading partner with a shared interest in medical progress.

A constructive solution is achievable, and the Administration has already shown it can reach one. Earlier this year, the U.S. reached an arrangement with the United Kingdom under which the UK will commit to doubling its spending on new medicines by 2036.[4] This demonstrates that our trading partners can be partners in sustaining life sciences innovation rather than free-riding on it, and that the U.S. has the leverage to achieve such a partnership.

Germany is a wealthy nation and a close ally. It has both the capacity and the obligation to follow the UK's lead and pay its fair share.

The burden of funding global pharmaceutical innovation cannot continue to fall disproportionately on the United States. I encourage USTR to engage Germany in good-faith

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[3] Germany pushes through healthcare reform package despite pharma's drug discount resistance. *Fierce Healthcare*. July 13, 2026. https://www.fiercepharma.com/pharma/germany-pushes-through-healthcare-reform-package-despite-pharmas-drug-discount-resistance

[4] Office of the United States Trade Representative. Successful Conclusion of the United States–United Kingdom Arrangement on Pharmaceutical Pricing. April 2, 2026. https://ustr.gov/about/policy-offices/press-office/press-releases/2026/april/successful-conclusion-united-states-united-kingdom-arrangement-pharmaceutical-pricing

consultations and to use every available tool to achieve an outcome that is fair to American workers, American innovators, and American patients.

Thank you for your consideration of these comments.

Respectfully submitted,

The Honorable Ron Klink

Member of Congress from Pennsylvania's 4th Congressional District (1993–2001)