GLOBAL CONNECTIONS IN PHARMA
STRENGTHEN AMERICA'S ECONOMY

American Pharamceutical Industry and International Investment

International companies operating in the United States play an important role in supporting theU.S. pharmaceutical industry through foreign direct investment (FDI).

International Companies Are Heavily Invested in America

Bureau of Economic Analysis (BEA) data shows international pharmaceutical companies' investment in the United States has grown more than **500 percent** over the last 10 years, reaching **$511 billion** in 2019.

- Expenditures were largest for new direct investment for manufacturing in the chemical industry, composed primarily of pharmaceuticals and medicines at **$41.8 billion** in 2019.
- More than any other industry, **20 percent** of new FDI into the United States was pharmaceuticals in 2019.

Global Connections Bring Impressive Job Creation

International companies supported a staggering **215 percent** of all new jobs created in the chemical products industry, which includes pharmaceuticals, between 2013 and 2018. At a time when the U.S.-based companies' employment in the industry declined, international companies more than compensated, adding **79,400 jobs** in the sector over that period.

Critical International R&D Investment Supports the US Pharmaceutical Industry

International companies invest billions of dollars every year into U.S. research and development. Of the top ten U.S. pharmaceutical companies with the most R&D investment, four are globally headquartered.

$511 BILLION

Total international investment.

20% OF NEW FDI

Accounted for by the pharmaceutical industry.

79,400 JOBS

Added by global companies over five years.

Global Cooperation is Essential to American Leadership in Defeating COVID-19

At the onset of the pandemic, international pharmaceutical companies with operations in the United States were among the first to step up to address this unprecedented challenge. Whether monetary aid or scientific innovation, pharmaceutical companies operating in the United States symbolize why global cooperation is essential to defeating COVID-19. They have been ramping up manufacturing production to accommodate the increased vaccine supply and continuing to study the COVID-19 virus to develop new medicine and vaccine possibilities.

Life-saving Community Involvement from International Investment

- American researchers and scientists at **Novartis**, globally headquartered in Switzerland, have donated **$20 million** and established a collaborative therapeutics research program for COVID-19. Novartis is also enhancing its Novartis Patient Assistance Foundation to provide simpler access to free medicines for eligible patients and expanded programs to improve affordability and patient support. Additionally, Novartis is involved in multiple cross-industry research initiatives to combat COVID-19.
- **GlaxoSmithKline**, globally headquartered in the United Kingdom, has assisted in vaccine development and invested **$250 million** in a partnership for developing an antibody treatment.
- **Takeda** is a member of the CoVIg-19 Plasma Alliance, a partnership of the world's leading plasma companies, that is developing a single, non-branded hyperimmune globulin (H-Ig) treatment to treat adults hospitalized with COVID-19 who are at risk for serious complications. Takeda has also joined the Innovative Medicines Initiative (IMI) CARE consortium, a public-private partnership to accelerate the discovery and development of COVID-19 treatments, as well as the Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV) partnership, a public-private partnership to develop a coordinated research strategy for prioritizing development of the most promising treatments and vaccines. The company also recently announced a mutual agreement that it will help manufacture Johnson & Johnson's single-shot COVID-19 vaccine, as well as partner with Novavax and Moderna to produce their vaccines for the Japanese market.

Supply Chains, China and the Truth About Pharmaceutical Sourcing

Robust and diverse supply chains are an advantage – not a drawback – for America's economy. Mitigating future supply chain disruptions is critical but severing America's pharmaceutical supply chain would be disastrous.

The Future of Resilient Supply Chains

In a recent study, 59 percent of companies polled believe that geographically diversifying their manufacturing supply is the best way to prevent future disruptions. Many international companies expect to diversify their global supply chains, including a reduction of their reliance on Chinese suppliers.

- The UN 2020 World Investment Report also posits that international companies will seek to diversify their supply chains geographically and expects the future of pharmaceutical supply chains will involve new production models that will require more widely distributed micro-factories.

- According to the UN, "Although the notion of increased national self-sufficiency in strategic industries is going to come to the fore in post-pandemic policymaking, distributed manufacturing will hardly thrive in a protectionist policy environment."

Reshoring Supply Chains Is More Expensive Than Diversifying

- The Pacific Research Institute found that moving a single drug manufacturing plant can take more than a decade and cost over $2 billion, potentially causing persistent drug shortages, as these U.S.-based companies work to get new factories up and running.

Debunking Claims that China is the Main Source of Pharmaceutical Ingredients

According to the FDA, the largest share of manufacturing facilities making active pharmaceutical ingredients (APIs) to supply the U.S. market is located in the United States.

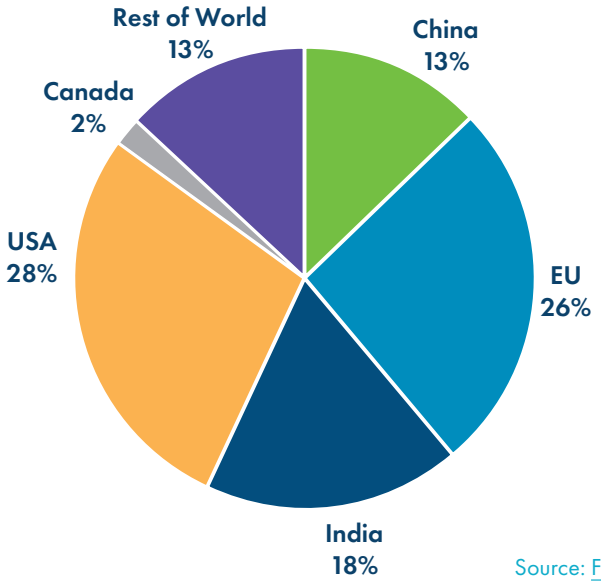
- While the U.S. is the premier sourcing location, a misleading statistic claims 80 percent of U.S. APIs are sourced from China, which has been traced back to a mischaracterization of a 2016 Government Accountability Office report. In fact, just three out of the 370 drugs on the World Health Organization's list of essential medicines have APIs sourced entirelyin China.

> ***We don't have any evidence that there is a drug in short supply because of anyone blocking the active pharmaceutical ingredients in the drugs.***
> - FDA Commissioner Stephen Hahn April 5, 2020

In 2018, the U.S. imported $115 billion of finished pharmaceutical products, just $1.5 billion of which (1.3 percent) came from China.

In 2019, 9.2 percent of U.S. imports of pharmaceuticals, medical equipment and products, and related supplies came from China. This percentage already modest, only represents imported goods – when you factor in that U.S. production provides 70 percent medical equipment consumed domestically, this percentage shrinks significantly.

Percentage of API Manufacturing Facilities for All Drugs by Country or Region, August 2019



Source: FDA

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