



## Alternatives to MFN Price Controls

President Trump is correct that other wealthy nations [are](#) “suppressing the price of pharmaceutical products below fair market value,” thereby forcing Americans to “pay for a disproportionate amount of global pharmaceutical research and development.”

But copying those countries’ price controls would validate, rather than punish, freeloaders.

To end free-riding while preserving American innovation, policymakers can instead:

### 1. Force Allies to Hit NATO-style Spending Targets on Innovative Drugs

- The administration could demand that trading partners spend the same percentage of per-capita GDP on new drugs as America spends. Right now, our leading trading partners pay about [60% less](#) than they should.
- The president’s successful renegotiation of NATO spending targets [offers a model](#).

### 2. Put the Full Heft of the U.S. Government Behind Drug Companies’ Pricing Negotiations

- Foreign countries currently bully American biotech companies into accepting artificially low prices. Our innovators shouldn’t have to face hostile pricing negotiations alone. When American companies meet with foreign health authorities, senior U.S. diplomats ought to accompany them — and make it clear that if foreign governments won’t accept fair market prices or grant sufficient market access, the United States will consider trade penalties.

### 3. Crack Down on Foreign Violations of American Intellectual Property

- The administration can penalize countries that refuse to honor American IP protections and extort U.S. firms with threats of compulsory licensing.
- The USTR’s Special 301 Report offers valuable insights on how to secure stronger commitments and protect patent rights.

### 4. Strengthen Domestic Innovators by Improving the Patent System

Policymakers could promote innovation and spark more price-lowering competition by passing reforms such as the Preval Act, the Patent Eligibility Restoration Act (PERA), and the Restore Patent Rights Act.

Startups develop [more than half](#) of all new drugs approved by the FDA. They deserve a seat at the table for trade and innovation consultations.

Foreign freeloading is a long-standing problem — but it can be addressed without resorting to a dangerous price control scheme that harms American innovation.

## ABOUT THE ALLIANCE OF U.S. STARTUPS AND INVENTORS FOR JOBS:

USIJ is a group of inventors, startup companies, venture capitalists, incubators, and research institutions that have come together in the interest of safeguarding our nation’s innovation ecosystem.