



August 6, 2026

The Hon. Jamieson Greer
U.S. Trade Representative
The Winder Building
600 17th Street, NW
Washington, DC 20508

Submitted via <https://comments.ustr.gov/s/>

InRe: Germany's Compulsory Drug Pricing Policies and Their Burden on U.S. Commerce—Docket No. USTR-2026-0463

Dear Ambassador Greer,

The Center for American Principles (CAP) welcomes the decision by the Office of the United States Trade Representative (USTR) to [investigate](#) “Germany’s persistent underpayment for innovative pharmaceutical products.”

[CAP](#) is a nonprofit issue advocacy organization dedicated to free enterprise, limited government, the rule of law, and a strong national defense. As such, we believe the United States has a vital interest in promoting market-pricing for innovation everywhere in the world.

Germany’s pharmaceutical pricing [policies](#) are inconsistent with that principle. By relying on statutory rebates and other government-imposed price controls, Germany shifts a disproportionate share of the costs of pharmaceutical research and development onto the United States.

Markets function best when buyers and sellers negotiate on a level playing field. Germany’s pharmaceutical pricing system departs from that model by giving the government broad authority to dictate the discounts and rebates manufacturers must provide.

Recent German legislation has further entrenched that approach by [more than doubling](#) the mandatory rebate on most patented medicines. The new legislative framework further expands government in what should be a market negotiation.

These policies should not be confused with the reasonable bargaining that occurs in competitive markets. Private buyers routinely negotiate over price, volume, and contract

terms. Germany, by contrast, uses statutory and administrative power to dictate mandatory price concessions across an entire category of products.

This makes the Section 301 investigation an appropriate response. Trade enforcement in this case would not shield an American industry from competition but rather protect fair competition from a foreign government's market-distorting policies.

[Section 301](#) of the Trade Act of 1974 expressly authorizes USTR to examine foreign practices that are deemed “unreasonable or discriminatory” and that “burden or restrict” U.S. commerce. A practice can qualify as unreasonable even without violating a formal international obligation when it is unfair or inequitable. Germany's compulsory pricing policies fit squarely within the concerns Congress intended USTR to examine when creating the agency's Section 301 authorities.

This is especially true given how Germany's pricing policies affect the U.S. market. According to USTR, Americans pay approximately [3.9 times](#) more than German prices for brand-name medicines. That disparity does not arise because Germany lacks the resources to support medical innovation. Germany is Europe's [largest economy](#) and one of the world's [wealthiest](#) countries. Yet its government continues to reduce the amount its health system contributes toward medicines that are only developed through years of costly (often American) R&D.

Germany's pricing policies also undermine the economics of medical innovation. The United States has built an unusually productive system for converting scientific discoveries into treatments that can be manufactured and delivered to patients. That system depends on researchers being able to attract private investment for promising but highly uncertain projects.

Opportunities for returns on investment help determine which research programs receive capital and which are abandoned. When wealthy countries systematically suppress the value of successful medicines, the expected returns on future research fall, making it harder for promising projects to secure financing. The result is fewer of the breakthrough medicines that are critical to addressing unmet medical need.

The United States has become the world's leading [center](#) of biomedical innovation because its markets have historically respected property rights, including the right to a market price, enabling scientific risk-taking. That leadership is now one of America's most important competitive advantages in the global economy. Germany's policies diminish that asset by reducing the value of American biomedical innovation.

As it did successfully with the United Kingdom, USTR should continue engaging with Germany and seek concrete, measurable reforms. Those discussions should address compulsory rebates, restrictions surrounding confidential negotiations, and other policies that prevent pharmaceutical prices from reflecting genuine market negotiation.

The recent U.S.-U.K. pharmaceutical pricing [arrangement](#) demonstrates that sustained bilateral engagement can produce concrete reforms. Germany should receive the same opportunity to adopt a more reciprocal and market-oriented approach to drug pricing.

If Germany declines to enact meaningful reform, USTR should be prepared to use proportionate remedies authorized by law. The purpose of any action should be to relieve the undue burden Germany is placing on American commerce and restore more equitable trade relations between our two nations.

The United States should not accept an arrangement in which American enterprise bears much of the expense and risk of medical discovery while a wealthy trading partner uses government power to claim the benefits on inequitable terms. USTR is right to investigate Germany's conduct and should press for a durable solution that protects free enterprise, American competitiveness, and the future of biomedical research.

Sincerely,

A handwritten signature in dark ink, reading "Anthony J. Zagotta". The signature is fluid and cursive, with the first name "Anthony" and last name "Zagotta" clearly legible.

Anthony J. Zagotta
President, Center for American Principles