Written Testimony of Patrick Cashman
President, USAntibiotics

Before: The U.S. House Select Committee on the Chinese Communist Party

Hearing: "China's Dominance of the Pharmaceutical Supply Chain"
March 18, 2026

Chairman Moolenaar, Ranking Member Khanna, and distinguished members of the Committee:

Thank you for convening this hearing on behalf of the millions of Americans who rely on antibiotics each year. The United States has spent the last several years strengthening domestic and allied semiconductor supply chains, addressing rare earth dependencies, and engaging in global competition over next-generation telecom technology – all with an eye toward China as the U.S.' most formidable pacing threat. But the U.S. has not yet reckoned with the fact that the most prescribed antibiotic in the country largely depends on Chinese chemistry to reach American patients.

My name is Patrick Cashman, and I serve as President of USAntibiotics, headquartered in Bristol, Tennessee. USAntibiotics is the last remaining domestic U.S. manufacturer of amoxicillin, the most prescribed antibiotic in the country.[1] Unlike some who claim to manufacture amoxicillin but merely repackage foreign generics, we are engaged in the production of finished form medication from active pharmaceutical ingredients.

Our facility has supplied this essential medicine to Americans for over 40 years. Until 2008, all amoxicillin prescribed in the U.S. was produced at our Bristol plant. A little over a decade later, our market share dropped from 100 percent to zero, leading to halted production and bankruptcy. In 2021, American owners—the first in our history—acquired the company, recognizing the need for domestic control of such a vital medicine.[2]

In the past five years, we have restored the facility, expanded our workforce, and reestablished domestic antibiotic production. USAntibiotics now services approximately 8% of the U.S. amoxicillin market. But our facility maintains the capacity to meet all U.S. domestic demand by virtue of our size and ability to scale output.

My testimony will address three areas: the extent of U.S. reliance on Chinese generic pharmaceuticals, our experience as the sole domestic amoxicillin manufacturer, and policy changes needed to address these structural vulnerabilities.

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[1] https://www.cdc.gov/antibiotic-use/media/pdfs/2024-Annual-Report-508.pdf
[2] https://www.wsj.com/health/pharma/america-is-running-out-of-generic-drugmakers-another-one-is-on-the-brink-dbd8bb17

China controls the ingredients for today's treatments and is advancing control over future compounds. This comprehensive strategy to dominate the entire medicine life cycle currently faces no coordinated U.S. response.

I. How China Built a Pharmaceutical Chokehold

China's dominance over the global pharmaceutical supply chain was not the product of superior innovation or market competition. It was a deliberate, state-directed industrial strategy that unfolded over nearly two decades.

In 2008, Beijing designated pharmaceuticals a high-value strategic industry.[3] The government then deployed a familiar toolkit: heavy state subsidies, lax environmental enforcement that slashed production costs, low-interest state loans, and export incentives.[4] With those structural advantages, Chinese manufacturers undercut global competitors on price, drove them from the market, and consolidated production in a way that now gives the CCP significant leverage over the health security of its geopolitical adversaries, including the United States.

Understanding the full scope of that leverage requires examining the supply chain at three distinct layers, from finished drugs down to the raw chemical building blocks that enable production.

A. The Layer Most Americans Have Never Heard Of: Key Starting Materials

Finished drug products, such as amoxicillin capsules, are the visible end of a long manufacturing chain. That chain runs through active pharmaceutical ingredients, or APIs, and below APIs, through the foundational chemicals known as key starting materials, or KSMs. KSMs are the precursor compounds from which APIs are synthesized. No KSMs, no API. No API, no finished drug. China's grip on the supply chain is tightest at this upstream layer, where high environmental costs and razor-thin margins have driven Western and even Indian producers out of the market over time.

An October 2025 analysis by U.S. Pharmacopeia, a nonpartisan nonprofit that sets quality standards for medicines, mapped the KSM sources for every U.S.-approved drug. The findings were alarming. China is the sole supplier of at least one KSM for 679 U.S.-approved APIs, accounting for 37 percent of all medicines analyzed. Fifty-eight percent of all KSMs used in U.S.-approved medicines are sourced from a single country.[5] In the event of a geopolitical crisis, an export restriction, or even a natural disaster affecting a Chinese

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[3] https://www.uscc.gov/sites/default/files/2019-11/Chapter%203%20Section%203%20-%20Growing%20U.S.%20Reliance%20on%20China's%20Biotech%20and%20Pharmaceutical%20Products.pdf

[4] https://www.atlanticcouncil.org/blogs/econographics/pharmaceuticals-are-chinas-next-trade-weapon

[5] https://qualitymatters.usp.org/concentrated-origins-widespread-risk-new-usp-insights-key-starting-materials

production cluster, more than a third of America's approved drug supply would face immediate upstream disruption.

Amoxicillin illustrates the vulnerability with precision. The drug's synthesis depends on four KSMs. The USP analysis found that all four are produced almost entirely in China. The most critical of the four is 6-aminopenicillanic acid, or 6-APA, which serves as the chemical backbone not only for amoxicillin but for five other penicillin-class antibiotics: ampicillin, dicloxacillin, nafcillin, oxacillin, and piperacillin. A single disruption to China's 6-APA supply would cascade across the entire penicillin antibiotic class globally, not just amoxicillin.

B. Active Pharmaceutical Ingredients: China's Dominant Position

The API layer tells the same story in even starker numbers. A peer-reviewed study published in JAMA Health Forum in October 2025, drawing on 33 years of U.S. Customs import records from 1992 through 2024, documented a dramatic and sustained shift in America's antibiotic API supply chain. In 1992, European manufacturers supplied 75 percent of U.S. antibiotic APIs. By 2024, that figure had effectively reversed. Asia now supplies 75 percent of U.S. antibiotic APIs. China alone accounted for 70.1 percent of antibiotic API imports by volume in 2024.[6]

The authors of the JAMA study measured market concentration using the Herfindahl-Hirschman Index, a standard economic tool for assessing competitive concentration. For antibiotic APIs, the index reached above 5,000 in 2024. Any score above 2,500 qualifies as highly concentrated. The U.S. antibiotic API market is, by that measure, among the most concentrated supply chains in the world, a direct consequence of China's state-directed consolidation strategy.

A November 2025 Atlantic Council analysis of U.S. pharmaceutical trade data adds another dimension. China is the single largest foreign supplier of critical pharmaceutical inputs to the United States by volume, accounting for 39.9 percent of those imports in 2024. For penicillin and streptomycin antibiotics, specifically, the U.S. sourced 92 percent of imports from China that year. China holds a near-monopoly over certain critical pharmaceutical ingredients, and one in ten critical inputs has a Chinese import market share exceeding 99 percent.[7]

C. India Is Not an Alternative

A common response to concerns about Chinese pharmaceutical dominance is to point to India as an alternative supplier. India leads the world in finished-form antibiotic exports

[6] https://jamanetwork.com/journals/jama-health-forum/fullarticle/2839492
[7] https://www.atlanticcouncil.org/blogs/econographics/pharmaceuticals-are-chinas-next-trade-weapon

and supplies roughly 32 percent of U.S. finished dosage forms. But that framing misunderstands the structure of the supply chain.[8]

According to a January 2026 analysis by DrugPatentWatch, approximately 70 percent of India's API needs across all drug categories are met by Chinese imports. For critical antibiotics, including cephalosporins and penicillins, the figure can reach 90 percent.[9] India primarily functions as a downstream processor of Chinese chemical products, not as an independent source. Shifting antibiotic procurement from China to India does not reduce supply chain vulnerability. It adds one intermediate step while preserving the same Chinese chemical foundation at the base.

This perceived diversification is misleading. Despite appearances, most amoxicillin supplied to U.S. pharmacies ultimately relies on Chinese KSMs and APIs, regardless of labeling or finishing operations in India.

D. The CCP's Strategic Intent

China has targeted 41 specific APIs and KSMs for price cuts of 40 to 50 percent, explicitly including Clavulanate Potassium and Penicillin-G, pricing them below India's production costs.[10] India is the world's lowest-cost large-scale producer of generic drugs. China is now pricing critical antibiotic precursors below what India can manufacture them for. The purpose is the elimination of competitors, not profit maximization.

China has spent decades building what amounts to a supply-chain weapon. It has used below-cost pricing to eliminate competitors, concentrated KSM production to give Beijing a chokehold on the entire penicillin antibiotic class globally, and has an administrative architecture in place to weaponize that chokehold on short notice.

II. Antibiotics as the Acute Vulnerability

The pharmaceutical supply chain vulnerabilities this committee is examining span many drug categories. But antibiotics demand special attention for two reasons. First, the concentration of Chinese control over antibiotic ingredients exceeds even the already alarming averages across other drug categories. Second, the consequences of an antibiotic supply disruption are immediate and lethal, unlike those of shortages in many other drug classes.

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[8] https://jamanetwork.com/journals/jama-health-forum/fullarticle/2839492

[9] https://www.drugpatentwatch.com/blog/the-role-of-china-in-the-global-generic-drug-api-market

[10] https://prosperousamerica.org/china-now-producing-dozens-of-drugs-below-market-price-dumping-them-globally-is-next-move

A. Amoxicillin's Scale and Strategic Position

According to the U.S. Centers for Disease Control and Prevention, amoxicillin alone accounts for approximately 55 million U.S. prescriptions annually, making it the single most prescribed antibiotic in the country.[11] Together, amoxicillin and amoxicillin-clavulanate account for roughly one-third of all outpatient antibiotic prescriptions. These drugs treat life-threatening bacterial pneumonia, sepsis arising from urinary tract infections, post-surgical infections, and the full range of pediatric bacterial infections that, untreated, can progress from routine illness to serious harm within days.

B. The U.S. Shortage Record Speaks for Itself

Beginning in late 2022 and continuing through 2023, the United States experienced severe shortages of amoxicillin.[12] Hospitals across the country rationed antibiotics, delayed elective surgeries, and substituted less effective treatments. A 2023 survey found that one in three U.S. hospitals reported severe effects from drug shortages broadly.[13] These disruptions occurred during peacetime, under normal economic conditions, with no overt effort by any foreign government to restrict supply. They resulted from the ordinary fragility of an over-concentrated global supply chain operating under thin margins.

China's Export Control Law, enacted in 2020, grants the CCP the explicit legal authority to restrict exports of strategically important materials for national security purposes — and to apply those restrictions extraterritorially.[14] In 2023, the CCP invoked precisely that authority to restrict exports of gallium and germanium, critical inputs for semiconductor manufacturing, within weeks of U.S. chip export controls on China.[15] A restriction on KSM, API, or finished dosage form exports would reach American pharmacies within weeks, and American patients who depend on amoxicillin to survive surgery, recover from pneumonia, or clear a septic infection would have no domestic alternative.

C. The Quality Gap

Supply security is not the only concern. Quality carries equal weight. A 2025 study from Indiana University and Ohio State University examining U.S. Food and Drug Administration adverse event data found that serious adverse events, including hospitalization, disability, and death, were 54 percent higher for generic drugs manufactured in India compared to

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[11] https://www.cdc.gov/antibiotic-use/media/pdfs/2024-Annual-Report-508.pdf
[12] https://www.statnews.com/2023/05/08/amoxicillin-shortage-pediatricians-pharmacies-tripledemic
[13] https://www.ashp.org/-/media/assets/drug-shortages/docs/ASHP-2023-Drug-Shortages-Survey-Report.pdf
[14] https://thediplomat.com/2020/12/chinas-new-weapon-in-the-us-trade-war-the-export-control-law
[15] https://www.cnbc.com/video/2023/07/04/what-are-gallium-and-germanium-and-why-is-china-restricting-their-exports.html

equivalent drugs manufactured in the United States.[16] The quality differential is real and consequential.

The FDA's inspection regime compounds the problem. Domestic facilities face unannounced inspections, meaning regulators see actual operating conditions. Foreign facilities, by contrast, receive advance notice of up to 12 weeks before FDA inspectors arrive, giving manufacturers time to address compliance issues before the visit.[17] The FDA announced in May 2025 that it would expand its use of unannounced inspections at foreign facilities, a move that represents meaningful progress.[18]

A 2023 Department of Defense review found that the country of origin for API in 22 percent of essential military drugs was unknown.[19] This represents strategic negligence, not effective supply chain management.

III. The USAntibiotics Case Study: What Domestic Manufacturing Looks Like Under Anti-Competitive Global Economic Conditions

A. An American Manufacturing Comeback Story

In 2021, U.S.-based Jackson Healthcare, one of the nation's largest healthcare staffing companies, rescued USAntibiotics from bankruptcy.[20] No pharmaceutical company wanted to enter the low-margin generic antibiotics market. Jackson Healthcare stepped in when no one else would, viewing the acquisition not as a business investment but as a national security obligation. Over the past four years, our parent has invested tens of millions of dollars in private capital to reactivate our production lines and sustain our operations while we work to rebuild market share.

USAntibiotics sources its API exclusively from Trade Agreement Act-compliant manufacturers in Europe, not from China. We pay full U.S. wages with full benefits. We operate under FDA standards, including unannounced inspections. We produce medicine that meets the quality standards Americans deserve. And we do all of this in direct market competition with foreign manufacturers that benefit from state subsidies, below-cost pricing, lax regulatory standards, and a U.S. procurement environment that has not historically treated our domestic origin as an asset.

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[16] https://blog.kelley.iu.edu/2025/02/19/all-generic-drugs-are-not-equal-study-finds-generics-made-in-india-have-more-severe-adverse-events

[17] https://www.gao.gov/products/gao-24-107359

[18] https://www.fda.gov/news-events/press-announcements/fda-announces-expanded-use-unannounced-inspections-foreign-manufacturing-facilities

[19] https://www.warren.senate.gov/imo/media/doc/FY23%20NDAA%20sec%20860%20Risk%20management%20for%20DoD%20Pharmceuticals1.pdf

[20] https://www.wsj.com/health/pharma/america-is-running-out-of-generic-drugmakers-another-one-is-on-the-brink-dbd8bb17

For example, in September 2022, the Department of Health and Human Services issued an approximately $40 million contract award for amoxicillin for the Strategic National Stockpile. That contract was structured as a small business set-aside, which meant USAntibiotics was not permitted to compete for the opportunity—and was not even aware of the opportunity until after the U.S. government issued the award.

B. The Cost of Closure

If USAntibiotics permanently ceased operations, it would take at least five years and hundreds of millions of dollars to build a new facility capable of producing amoxicillin. That estimate assumes favorable regulatory treatment, available capital, and a skilled workforce ready to hire. None of those conditions are guaranteed. A realistic timeline to rebuild domestic amoxicillin manufacturing capacity from scratch is closer to a decade. During this time, the U.S. would be fully dependent on supply chains rooted in Chinese KSMs and APIs, as well as in Indian finished-form drugs. Any export restriction by China or India, for any reason, could deny American patients and soldiers access to the nation's most prescribed antibiotic.

IV. Why Market Forces Alone Cannot Correct This

Some believe market forces will diversify pharmaceutical supply chains if Chinese or Indian sources become unreliable. However, this view does not reflect the economic realities of the generic drug market.

A third of generic APIs currently come from sole suppliers facing no competitive pressure.[21] For many generic drugs, including amoxicillin, the returns on new production facilities are too low and too uncertain to justify the capital investment without policy support. The lack of regulatory oversight in China and India allows their drugmakers to cut production costs by as much as 25 percent, creating a structural cost advantage that U.S. manufacturers operating under FDA standards cannot match on price alone.[22]

China is now actively defending its market position by pricing critical antibiotic precursors below the cost at which India, the world's lowest-cost producer of generic drugs, can manufacture them. Tariffs alone cannot break this monopoly: a sole supplier facing no competition will raise prices rather than relocate, and the returns on new domestic production facilities are insufficient to attract private capital without government support.

This mirrors previous market failures in semiconductors, rare earth minerals, and shipbuilding, in which China used subsidies and pricing to gain dominance, and the market

[21] https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2022.01120
[22] https://prosperousamerica.org/wp-content/uploads/2021/10/Generic-Drug-Shortages-and-How-a-Race-to-the-Bottom-in-Price-has-Upended-30-years-of-Hatch-Waxman.pdf

did not self-correct. Congress addressed semiconductors with the CHIPS Act. Pharmaceutical manufacturing requires similar recognition and action.

V. Policy Recommendations

The administration has already taken steps that USAntibiotics supports. The Section 232 investigations into pharmaceutical imports and ingredients, initiated in April 2025, represent the kind of rigorous national security analysis this supply chain demands. Additionally, the subsequent May 2025 executive order to streamline FDA approvals for domestic manufacturers addresses a real barrier to domestic investment.

Congress can build on this progress. I respectfully offer the following recommendations, based on our direct experience as a manufacturer directly affected by these vulnerabilities.

1. Ensure the Section 232 Investigations Address Generic Antibiotics and KSMs

The scope of the Section 232 investigations covers pharmaceutical ingredients, including APIs and key starting materials. Congress should clearly signal that generic antibiotics and the full upstream supply chain for penicillin-class drugs should receive prominent treatment in any resulting policy action. The antibiotic supply chain is where Chinese chokehold control is most advanced and where the consequences of disruption would be most immediately lethal.

2. Define 'Domestic Manufacturing' to Require Genuine Production

Any Buy American or domestic preference policy for pharmaceuticals should require that the finished dosage form be manufactured in the United States through genuine production processes, including formulation, filling, and finishing, rather than simply being labeled or repackaged domestically.

It should further require that the active pharmaceutical ingredients be sourced either domestically or from Trade Agreement Act-compliant countries that submit to regular FDA on-site inspections.

Full supply chain transparency to the API level, disclosing the country of origin for all active pharmaceutical ingredients, should be a mandatory condition of any federal pharmaceutical contract.

3. Direct the Strategic National Stockpile to Prioritize Domestic Manufacturers

Congress should direct the U.S. Department of Health and Human Services to develop procurement strategies for the Strategic National Stockpile that give preference to domestic manufacturers of medicines designated as critical to national security. Congress

should appropriate multi-year funds for stockpile contracts that allow manufacturers to make long-term capital investments and provide the revenue stability necessary to justify continued domestic operations. The stockpile's purpose is security of supply during crises. Its procurement policy should reflect that purpose, not simply prioritize the lowest available price.

4. Create Multi-Year Purchasing Agreements for Critical Domestic Manufacturers

Beyond the Strategic National Stockpile, Congress should encourage federal agencies broadly to enter into multi-year contracts with domestic producers of essential medicines. Defense contractors and semiconductor manufacturers operate under long-term agreements that provide the revenue stability and capital planning horizon necessary for sustained domestic production. Generic drug manufacturers of critical medicines deserve the same structural support.

Indefinite Delivery, Indefinite Quantity contracts guaranteeing minimum purchase volumes over multi-year periods would provide sufficient certainty to justify facility investment and workforce retention without requiring direct subsidies.

5. Enforce Trade Rules Against Predatory Pricing

The U.S. Department of Commerce and the U.S. Trade Representative should investigate and, where appropriate, penalize unfair trade practices in the pharmaceutical sector. When foreign manufacturers engage in below-cost pricing that threatens to eliminate domestic capacity for medicines designated as critical to national security, the government should deploy all available trade tools, including anti-dumping duties and countervailing duties, to offset foreign subsidies.

VI. Conclusion

China has spent nearly two decades building a chokehold over the pharmaceutical supply chain. It controls the chemistry that serves as the foundation for most of America's generic antibiotics and has driven domestic manufacturers out of the market through state-subsidized, below-cost competition.

USAntibiotics proves that domestic antibiotic manufacturing can survive and compete on the merits. My colleagues in Bristol produce the highest-quality amoxicillin every day, all sourced from API from allied countries, manufactured under FDA standards, and produced at American wages. We want to grow, and we have the capacity to supply every amoxicillin prescription filled in this country. What we lack is a federal procurement environment that treats domestic origin as a national security asset rather than an afterthought.

Thank you for the opportunity to testify.

Respectfully submitted,

Patrick Cashman
President, USAntibiotics
Bristol, Tennessee