



FTZ SECTOR SPOTLIGHT: PHARMACEUTICALS

PFIZER, INC.

The pharmaceutical industry is a major and rapidly growing user of the U.S. Foreign-Trade Zones Program. Let's look at what the FTZ program means for one prominent pharmaceutical company that has been leading the fight in developing a vaccine for COVID-19.

THE FOREIGN TRADE ZONE PROGRAM: THE CASE OF PFIZER

In 2020, the foreign trade zone program helped Pfizer maintain the cost competitiveness of its U.S. manufacturing footprint, supporting American jobs at Pfizer-operated FTZs in Kalamazoo, Michigan (FTZ #43) and Pleasant Prairie, Wisconsin (FTZ #41) as well as at contract manufacturer facilities in Florida and elsewhere.¹ While the United States has no tariffs on finished drugs, several Active Pharmaceutical Ingredients are subject to a duty of 6.5% when entered into the United States. The FTZ program enabled Pfizer to manufacture several medicines at U.S. facilities without incurring an additional duty on the inputs – duties that foreign drug manufacturers do not have to pay. As other countries, such as Canada, eliminate duties on imported API through trade agreements with Europe and other producers of API, the FTZ program has proved to be an important stopgap measure to keep American sites competitive, pending more durable solutions such as multilateral elimination of tariffs.



The FTZ program also played a uniquely important role in 2020 in helping Pfizer prepare for swift distribution of its COVID-19 vaccine and other COVID-related products to US patients. Drug products cannot be imported into the United States until they are approved by the U.S. Food and Drug Administration or granted Emergency Use Authorization. Pending approval, Pfizer was able to use the FTZs to hold inventory of vaccine, as well as a new formulation of a drug used to help health care providers treat the symptoms of COVID-19 in their patients. By shipping the product to the FTZs, Pfizer was able to speed delivery of the COVID-19 vaccine to U.S. government-designated sites immediately upon FDA emergency use authorization, saving days of transit time and reducing uncertainty.

¹ The grantee for FTZ #41 is the Port of Milwaukee and for FTZ #43 the City of Battle Creek.

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