

The United States as market, regulator and bargaining partner

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The decisive market for the Basel groups is the United States. According to their annual reports, roughly forty to fifty per cent of the pharmaceutical sales of Roche and Novartis are made there, a share that has grown over the past two decades as American prices for patented medicines have risen faster than European ones.¹ The United States is also the largest single destination of Swiss pharmaceutical exports, which made the pharmaceutical sector the main driver of the Swiss goods trade surplus with the United States. That surplus became politically relevant once the American administration that took office in January 2025 began to treat bilateral trade deficits as a measure of unfair trade.

The American market matters beyond its size. The Food and Drug Administration sets the regulatory standard that most global development programmes are designed to meet. The American capital market finances the biotech companies from which the Basel groups license or acquire much of their pipeline. American universities and research hospitals form the deepest pool of clinical and scientific talent. Roche's acquisition of the remaining shares of Genentech in 2009, which Part G, Chapter II described from the financing side, made the San Francisco Bay Area the second home of the Roche group.² Novartis moved its global research headquarters to Cambridge, Massachusetts in the early 2000s, although it retained substantial research in Basel. Both groups were therefore American companies in important respects long before the trade disputes of 2025.

What changed in 2025 was the use of that dependence as leverage. The American administration combined three instruments that had previously been discussed separately: general tariffs on imports from countries with trade surpluses, a sector-specific investigation into pharmaceutical imports on grounds of national security, and an executive initiative to tie American drug prices to prices abroad. Each instrument

was aimed partly at Switzerland and partly at the industry. Their combination created a bargaining situation in which the Swiss Confederation negotiated about tariffs on all goods, while Roche and Novartis negotiated separately about prices, investments and their own exposure to sector tariffs. The sections that follow examine these instruments in turn.

1 Notes

1. Annual reports of Roche Holding AG and Novartis AG on the regional breakdown of sales; see also Part G, Chapter IV, section "American pricing pressure since 2025". Figures to be verified. ↩
2. On the acquisition of the minority in Genentech by Roche in 2009 and its financing, see Part G, Chapter II, section "Financing Genentech: the bond issues of 2009". To be verified. ↩

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