

# CAPITOL STREET

---

April 8, 2025

## Final National Security Council Report Unlikely to Revive *BIOSECURE* In '25

High Level, Aspirational Report Moves Anti-China Agenda Forward

Relevant Companies



---

### »» Our Take & Next Up

***BIOSECURE* ([here](#)) is unlikely to pass in 2025 despite a long-awaited report released today.**

The [recommendations](#) from the National Security Commission on Emerging Biotechnology (NSCEB)'s final report will keep biosecurity top of mind. A significant number of recommendations call for additional funding, investments in the workforce, and additional measures against China, which are difficult to enact at this moment. Government funding cuts, staff ousters at health agencies (NIH, FDA, CDC, HHS), grant cancellations for research and other shock-and-awe policies e.g., tariffs pose challenges to moving America first, as well. Reconciliation is sucking the legislative oxygen in Washington as tax & spending cuts take center stage. It remains to be seen if and when any of the recommendations will be implemented over the next several years, but some could come in increments. We may see biomedical legislative priorities discussed at a Senate Appropriations Committee [hearing](#) on biomedical research on April 30.

### »» Key Points

**China is ahead on biotechnology with investments that started 20 years ago.** The NSCEB's final policy report [asserts](#) that maintaining America's global leadership in biotechnology will require support for private sector innovation and strong investment in developing a skilled workforce. The Commission highlights concerns that China could/will exploit biotechnology for strategic and potentially hostile purposes ("super soldiers") in the future. Recommendations address a range of concerns including how to promote a domestic supply chain, how to protect US-based IP and other sensitive information, and how to prevent potential misuse of synthetic bio.

**The NSCEB supports country-wide export controls of biotechnology items to China.** The report also supports export controls on items that would pose a substantial risk to national security if used for military end-uses. In January 2025, the Biden Administration [implemented](#) export controls on biotechnology equipment. (Our analysis [here](#)). We note that Trump [rescinded](#) the 2022 Biden EO on biotech and biomanufacturing which facilitated the export controls. However, the interim rule governing the export controls is still in effect. In light of escalating tensions with China, we may see export control be further explored as a national security measure.

**BIOSECURE is among the key recommendations, however, we do not believe passage is likely this year.** See our latest *BIOSECURE* analysis [here](#). The commission recommends that Congress prohibit companies that work with U.S. national security agencies and HHS from using certain Chinese biotechnology suppliers that are deemed to pose a national security threat.

**More investment in biosecurity is needed.** The main recommendation that the Commission highlights is the need to invest in biotech. They recommend that the U.S. government dedicate a minimum of \$15 B over the next five years to unleash more private capital into the national biotechnology sector. The prospect of coming up with \$15 B over 5 is a tall order with GOP lawmakers grappling with how to fund year-end tax cuts in a reconciliation bill.

#### **A trade war with China continues to escalate (tariffs).**

- Tariffs may significantly impact the biotech and pharmaceutical companies that are engaging in China for early stage clinical asset development and for biomanufacturing. China is essentially an outsourced early-stage clinical trial environment engine that has lowered development costs for manufacturers. Interruptions may impact the early stage discovery ecosystem that companies (GSK, AZN, among others) have invested in.
- The Trump Administration initially levied a 20% tariff on Chinese imports. China retaliated by [banning](#) Illumina (ILMN). China is able to utilize BGI for its purposes; China accounts for 7% of Illumina sales. The U.S. later imposed a 34% reciprocal tariff on China ([here](#)), which China says it will match. President Trump responded by threatening an additional 50% tax on Chinese imports ([here](#)).

#### **The six pillars for recommendations in the Final Report are as follows:**

- **Prioritize biotechnology at the national level ([here](#)).** Recommendations include the creation of a National Biotechnology Coordination Office in the White House to coordinate regulation and competition initiatives and prohibit companies working with U.S. national security and health agencies from using certain Chinese suppliers.
- **Mobilize the private sector to get U.S. products to scale ([here](#)).** America's strong private markets remain our core advantage. Recommendations include establishing and funding an Independence Investment Fund that would invest in technology startups that strengthen national and economic security, and requiring public companies to disclose single points of supply chain vulnerability located in foreign countries of concern.
- **Maximize the benefits of biotechnology for defense ([here](#)).** It was noted that the Department of Defense (DOD) is not deploying biotechnology-enabled capabilities. Recommendations include directing the Department of Defense to work with private companies to build commercial facilities across the country for biomanufacturing products.
- **Out-innovate our strategic competitors ([here](#)).** Funding for research is one of the commission's pillars. Recommendations include establishing Centers for Biotechnology within the existing National Laboratory network to support grand research challenges. We note that this recommendation will be particularly difficult to manifest with current funding cuts and notable oppositions to funding biomedical research.
- **Build the biotechnology workforce of the future ([here](#)).** The Commission noted that the US currently lacks a bioliterate workforce. Recommendations in this category remain vague including maximizing the impact of biomanufacturing workforce training programs.

- **Mobilize the collective strengths of our allies and partners ([here](#))**. This recommendation may become harder to enact post-tariffs due to increasingly difficult relationships with key trade allies. Recommendations call for funding international biotechnology policy, research and development (R&D), and secure supply chains.

**Who is the NSCEB?** The commission is composed of lawmakers -- Sens. Young (R-IN), Padilla (D-CA), Reps. Bice (R-OK) & Ro Khanna (D-CA) and industry experts, including Eric Schmidt (former Google CEO), among others. The Commission was mandated to conduct a review of how advancements in biotechnology and related technologies will shape current and future national defense activities. Jason Kelly (Ginkgo) stepped back, after being involved in 2023-24.

---

**Ipsita Smolinski**  
**Managing Director | Capitol Street**  
ipsita@capitol-street.com

202.250.3741 | [www.capitol-street.com](http://www.capitol-street.com)

900 19th St NW 6th Fl  
Washington, D.C. 20006

**CAPITOL STREET**

---

**Copyright 2025 Capitol Street.**

*This communication, including this broadcast and any attachments hereto, is intended solely for the original recipient(s) and may not be redistributed without the written consent of Capitol Street. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial instruments, nor is it intended as advice to purchase or sell such instruments*