# Trump's proposed US tariffs on pharmaceutical imports pose risks to UK life sciences sector



Donald Trump’s proposed imposition of tariffs on pharmaceutical imports represents a significant challenge for the UK’s life sciences sector, which remains one of the country's key areas of expertise and a recognised pillar for future growth, according to an analysis by This is Money.

The initiative could directly impact major UK pharmaceutical companies, notably AstraZeneca and GlaxoSmithKline (GSK), both prominent constituents of the FTSE 100 index. These companies’ shares have already seen a decline in recent weeks and are widely held by everyday investors, including UK pensioners and savers. The introduction of tariffs may exacerbate the financial pressures on these firms, potentially influencing the broader UK investment landscape.

Ireland also faces considerable risks from the proposed levies. The country’s extremely low corporation tax rate has been instrumental in attracting large American pharmaceutical corporations like Eli Lilly and Pfizer. The new tariffs threaten to disrupt this dynamic by increasing the cost of exporting medicines to the US.

At present, the details of the proposed tariffs remain unclear. President Trump has initiated an investigation into medicine imports to the US, signalling the possibility of tariffs as high as 25 per cent in the near future. This move would overturn a three-decade-old World Trade Organisation agreement, which currently exempts medicines from tariffs among developed nations.

The reasoning behind the tariffs, as interpreted by This is Money, hinges on the argument that the US bears the brunt of pharmaceutical innovation costs, primarily funded by American patients who reportedly pay higher prices than their counterparts in other countries. Additionally, some large US companies have shifted parts of their operations to low-tax jurisdictions such as Ireland, thereby reducing tax revenues domestically. This has led to accusations that foreign entities are benefiting unfairly from US innovation and tax policies.

Sir John Bell, former Regius Professor of Medicine at Oxford and current president of the Ellison Institute, acknowledged in comments over the weekend that he can understand why American stakeholders are “a bit grumpy” regarding this situation. Nonetheless, he, along with This is Money, recognised the narrative as an oversimplification. They emphasised the complexity surrounding drug pricing structures and corporate tax arrangements, noting that the attribution of blame to ‘foreigners’ does not fully capture the multifaceted reality.

The Trump administration’s purported aim is to encourage pharmaceutical companies to establish manufacturing facilities within the United States. UK companies like GSK and AstraZeneca have already begun this process. However, it involves considerable time, expense, and additional costs, including those linked to steel tariffs. Given the uncertain political climate and the possibility of a change in US administration within four years, some companies may deem relocation economically unjustifiable.

The proposed tariffs may have a particularly limited effect on producers of generic medicines, many of which are manufactured in India and constitute the majority of drugs dispensed to American patients. Tariffs could ultimately lead to unintended consequences, such as increased drug prices for US consumers and potential shortages, a concern likely to feature in upcoming discussions between UK Chancellor Rachel Reeves and White House officials during her visit to Washington this week.

There may be unexpected opportunities arising from this dispute. For example, Trump’s stance on US universities has reportedly alienated some leading scientific talent. This raises the possibility that British universities and pharmaceutical firms could attract researchers disenchanted with the US administration.

This is Money also reflected on broader economic implications by comparing the “moron premium” — a derogatory term applied by bond markets in the wake of Liz Truss's tenure as UK Prime Minister — to the current situation, suggesting a potential reversal of this trend through the attraction of high-calibre scientific professionals to the UK.

Overall, the proposed US tariffs on pharmaceutical imports present complex challenges and potential repercussions for the UK’s pharmaceutical and academic sectors, as well as for transatlantic trade relations on medicines.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.the-independent.com/news/uk/politics/trump-tariffs-britain-pharmaceuticals-medicine-b2734142.html> - This article supports the claim that Donald Trump's proposed tariffs on pharmaceuticals could significantly impact UK companies like GlaxoSmithKline and AstraZeneca. It also discusses efforts to exempt pharmaceuticals from these tariffs.
* <https://www.fiercepharma.com/pharma/trump-tariffs-drugs-industry-warns-eu-100b-plus-pharma-exodus-us> - This source highlights the potential implications of Trump's tariffs for the pharmaceutical industry, including the possibility of a pharma exodus and the impact on Ireland's pharmaceutical sector due to its low tax environment.
* <https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/> - This fact sheet from the White House provides context on Trump's broader economic policies, which include the imposition of tariffs to strengthen U.S. economic sovereignty.
* <https://www.knightfrank.co.uk/research/article/2025-04-08-prescription-for-uncertainty-trumps-trade-policy-and-its-impact-on-uk-pharma> - The article explains the current exemption of pharmaceuticals from Trump's tariffs and discusses the potential future implications for the UK pharmaceutical sector if these exemptions change.
* <https://www.bruegel.org/analysis/economic-impact-trumps-tariffs-europe-initial-assessment> - This analysis provides an overview of the broader economic impacts of Trump's tariffs on Europe, which can inform understanding of how such policies affect transatlantic trade and potential implications for the pharmaceutical sector.