

NEWS BRIEF

Trump Announces 100% Tariff on Some Prescription Drugs



President Donald Trump [announced](#) that brand-name or patented pharmaceutical products will be subject to a 100% tariff starting Oct. 1. However, drugmakers building a manufacturing plant in the United States will not be subject to the tariffs.

“Starting Oct. 1, 2025, we will be imposing a 100% tariff on any branded or patented pharmaceutical product, unless a company is building their pharmaceutical manufacturing plant in America.”

- Trump’s Truth Social post

Trump said that “is building” will be defined as “breaking ground and/or under construction.” With looming tariffs, drugmakers have already committed hundreds of billions of dollars to build or expand manufacturing operations in the United States. It’s unclear how many companies will avoid the tariffs under that rule, but some larger pharmaceutical companies have started committing to growth in the United States. For example, Eli Lilly recently announced it would construct a \$5 billion plant outside of Richmond, Virginia, and a \$6.5 billion manufacturing facility in Houston. Similarly, Novo Nordisk and AstraZeneca have shared plans to expand their footprint in the United States.

The new tariffs do not apply to drugs produced in the European Union (EU); however, these drugs are subject to a 15% tariff. Additionally, the U.S.-Japan joint statement says American tariff rates on Japanese drugs should not exceed those applied to others, including the EU. U.K. and Asian drugmakers may be the most impacted by these 100% tariffs without a protective trade agreement like others. In fact, many branded drugs do originate from India and China.

Employer Takeaway

This latest announcement only applies to prescription drugs, which exempts generic drugs that account for the vast majority of prescriptions in the United States. At this time, it’s hard to predict how much of an impact the 100% tariffs will have, given the limited information known about the new policy. Like previous tariffs, employers may expect changes related to the implemented policy.

The Oct. 1 deadline for the 100% tariffs closely aligns with several other important dates pertaining to federal drug pricing controls, such as drugmakers’ commitment to sell their drugs to the United States at the lowest price before they sell them around the world and the second round of Medicare negotiations under the Inflation Reduction Act.

Employers should continue to monitor prescription drug changes. [The Budget Lab at Yale](#) provides an overview of the current state of tariffs on prescription drugs and beyond.

We’ll keep you updated with any notable developments.

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