



BOMBSHELL: U.S. Targets Chinese Pharma with 200% Tariffs—Will the Global Drug Market Collapse?

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Since April 2025, amid the volatile tariff policies of former U.S. President Donald Trump, China's export of goods has faced a more complex and severe external environment. The biomedical and pharmaceutical sector is a strategic emerging field and is facing fresh uncertainty. Although some analyses once suggested that the tariff policies would have little impact on innovative drugs, they could sooner or later affect innovation in drug development between China and the United States. And for local Chinese drugmakers that are still developing, the impact stands in stark contrast to those felt by large multinational peers.

Tariffs Return with a Trump Reboot

In 2018, during Trump's first term, the U.S. launched a trade war against China, including tariffs. It was relatively "mild" and eased after the phase one trade deal in 2020. On January 20, 2025, as Trump began his second term, he announced a tariff restart, planning to hike tariffs on Chinese goods, kicking off a series of increases.

As of now, this round of tariff hikes has not involved pharmaceutical goods, excluding raw materials. However, on April 8, the Trump administration indicated that it would impose tariffs on medicines. On April 16, 2025, the U.S. Department of Commerce announced that it had initiated a Section 232 investigation on April 1 into the impact of pharmaceutical and raw material imports on national security. Invoking Section 232 allows the president to

impose tariffs or other trade restrictions on products without congressional approval, and this provision has become a common policy tool of the Trump administration.

The U.S. is heavily reliant on pharmaceutical imports, with annual imports of prescription drugs exceeding \$200 billion. Sales of imported drugs account for over 50% of the U.S. pharmaceutical market. On May 5, 2025, Trump signed an order on biopharmaceutical research, aiming to boost U.S. drug manufacturing. He also claimed that import tariffs on pharmaceutical products would be imposed soon. It is reported that the additional tariffs may not be the 25% predicted by the market, but could range from 50% to 200%. If the two sides were to impose tariffs on pharmaceuticals, drugs already approved and launched in each other's markets would be affected to varying degrees.

Big Pharma's Strategic Moves: Seeking Alignment with Both Sides

An analysis of new drug molecules approved by China's National Medical Products Administration reveals that among foreign-made drugs (including imported and licensed products), 370 are manufactured overseas and 16 domestically. Of the overseas-produced drugs, over 70 originate from the U.S. illustrates the distribution of the primary countries of origin for imported drugs approved by China's National Medical Products Administration (see Figure 1).