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3 Key Questions On Trump's Pharma Tariffs

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Ryan Last

Troutman Pepper attorney Ryan Last was quoted in the April 17, 2026 *Law360* article, "3 Key Questions On Trump's Pharma Tariffs."

> Broadly speaking, extending Section 232 tariffs to pharmaceutical products was a "big move" by the Trump administration, according to Ryan Last at Troutman Pepper Locke.
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> He noted that this is the first time the government has used the statute to influence both supply chain and pricing behavior within the pharmaceutical sector in ways that are unprecedented.
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> The announcement identified large pharmaceutical companies named in annexes to Trump's order that will face the tariffs in 120 days, many of them which have already entered agreements with the federal government. Last said those companies were singled out by design.
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> "It is concentrated pressure on companies with leverage, scale and political visibility," Last said.
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> Last said that the 100% tariff rate is likely designed to force pharmaceutical companies to negotiate with the federal government in ways that meet the Trump administration's domestic production goals.
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> Last said a 100% tariff "changes everything for most patented pharmaceuticals," indicating that kind of cost cannot be passed on to consumers or absorbed completely without consequences for many companies. Some pharmaceutical businesses "are comparing 100% versus survival," Last said.
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> He said many companies will likely aim to qualify for the 20% reduced tariff rate on imported pharmaceuticals, but a large question will be how Commerce establishes the onshoring requirements for the preferential treatment.
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> Last said that entering MFN pricing agreements with HHS to obtain a zero tariff rate is a tougher commitment for many pharmaceutical companies because that implicates costs not just in the U.S., but in many other countries worldwide.
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> "It's hard in practice [because] pricing is tied to foreign government reimbursements a lot of the time," Last said. "When you agree to the most favored nation, this potentially compresses global pricing structures that are out of the hands of these companies."
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> Another question for companies that Last raised is whether the tariffs will remain in place once Trump leaves office, as many of the incentives to lower the pharmaceutical tariffs are tied to the end of term in January 2029.
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> "It's very expensive to onshore, to move a supply chain; it doesn't happen overnight," Last said. "It takes years, and within two years, there could be a new administration that could change this policy."
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> Last said that the tariffs could cause the most harm to small and medium-sized pharmaceutical companies that

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aren’t able to enter MFN pricing agreements or commit themselves to building new facilities in the U.S.

Midsize companies may look to delay U.S. launches of new products, limit certain products’ availability domestically and even reprioritize markets in other countries, Last said. Smaller companies that don’t have as much flexibility may be forced to contract with larger multinationals that are committing to onshoring production capacity, he added.

“The smaller importers truly are the ones most exposed to the 100% tariff, and they have this strong incentive to contract the capacity rather than onshore themselves,” Last said. “But the challenge I think there is really negotiating these contracts” to satisfy the administration’s requirements for preferential tariff treatment.

“We definitely see the emergence of these domestic production brokerage markets where the U.S. capacity is built by larger players,” Last said.

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Last also suggested the coordination between HHS and Commerce as envisioned by the Trump administration for the pharmaceutical tariffs could garner scrutiny.

“The most favored nation is the most legally controversial element of this; companies cannot access zero tariffs without entering the most favored nation pricing agreements with HHS,” Last said. “That effectively uses a national security trade statute, 232, to advance a domestic health pricing objective.”

Last noted that the onshoring incentive, which amounts to a lower 20% tariff rate while the facility is being built, is “more within the purpose of” Section 232.

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