

DBT request for input on potential response to US tariffs

Summary

Life sciences is a global sector with complex supply chains and easily disrupted, resulting in significant negative societal and economic impact. Patients and small as well as large UK life science innovators and manufacturers could be harmed by the imposition of tariffs and other trade barriers. The de-escalatory approach taken by the UK Government in response to US tariffs is therefore the right approach. Preventing tariffs and other trade barriers being installed is of overwhelming benefit for the UK economy and NHS patients. Global innovation and patient benefit has been enabled by low/zero tariffs for the sector since the 1990s under WTO treaties, it is imperative that this approach and global cooperation is retained. A UK-US deal on pharmaceutical and scientific cooperation is an opportunity and should be sought, balanced with the need to allow closer ties to the EU also.

We are pleased that the US has not yet imposed tariffs on pharmaceuticals but note the current national security consultation on pharmaceutical supply chains and the potential for other measures at a later date. Tariffs on other products used in the life sciences supply chain, including for R&D, are, however, already in place and are putting strain on the sector. Other actions of the US Administration, such as science funding cuts and regulatory job losses, are also impacting the sector, and the threat of capital controls is also a vital concern to UK life sciences given its capital-hungry nature and the predominance of US funders in the UK ecosystem. These non-tariff issues should be given equal consideration in any UK-US deal.

We welcome the fact that pharmaceutical products and ingredients are largely excluded from UK list of potential product targets for tariffs. However, some niche ingredients and more general components (such as packaging) are on the list that could have unintended impact on some companies and patients. All products of noted pharmaceutical use should be excluded on a precautionary basis. We are equally concerned about the laboratory and scientific equipment (or components thereof) listed, which should also be excluded from any future retaliatory tariffs so as not to disrupt R&D and the continued growth of the UK life sciences sector.

UK life Sciences: a growing sector driven by innovative smaller companies

The UK's R&D-intensive life sciences and biotech sector is universally recognised as world-leading, delivering significant benefits to the economy, and the health of the nation. It is key to the government's growth mission, as well as its ambition for clean energy and building an NHS fit for

the future. The government's identification of the life sciences as a priority sector of growth – as outlined in the Industrial Strategy – is both welcome, and well founded. The UK life sciences industry employs over 300,000 people, with approximately 5% jobs growth per year, and around two-thirds of these jobs are outside London and the South East. There are 6,850 life sciences businesses, 75% of which are SMEs, and combined they generate a turnover of £108.1bn.¹ The average GVA per employee is over twice the UK average at £104,000 and the sector consistently invests more in R&D than any other (£9 billion in 2022).²

The global biotechnology sector depends on the contributions of both small and large companies, with small innovators playing a particularly critical role in early-stage research and development as well as the critical aspect of de-risking innovative products and novel technologies. Start-ups and scale-ups are of critical importance to the sector. They represented 65% of the global drug development pipeline in 2021, with an additional 7% being developed by them in partnership with larger firms.³ These high-growth innovate SMEs are a UK strength, attracting high levels of equity investment and overseas investors.

Life sciences supply chains are complex, international cooperation is essential

Biotechnology supply chains are inherently global, highly layered, and complex - spanning research, development, manufacturing, skills, distribution and storage/inventories across multiple countries. This global interconnectedness fosters exceptional national innovation strengths and capacities, fueling both economic growth and security. This creates vulnerabilities where disruptions can affect access to healthcare, including existing treatments and new innovations, as well as food supplies and intermediates across multiple sectors. It also disrupts the broader cycle of scientific discovery and weakens the vital skills base for a successful economy.

Building resilience and redundancy into global supply chains requires a coordinated international effort. Global partnerships are essential to this effort. Through international collaboration, partners work together on early-stage R&D to accelerate innovation that benefits patients and citizens worldwide; share the costs of addressing supply chain vulnerabilities; coordinate capabilities to minimize unnecessary duplication; and secure diversified, reliable sources of critical inputs. These partnerships are enabled by strong intellectual property rights, that underpin know-how exchange and sharing of best practices, which is fundamental to sustaining a thriving innovation ecosystem.

Strengthening global cooperation is essential to ensure these companies can continue to advance new therapies and products. Interruptions to global trade, whether logistical, regulatory, or

¹ [DSIT, DHSC, OLS: Bioscience and health technology sector statistics 2021 to 2022. \(2023\)](#)

² [ONS: Business enterprise research and development, UK: 2022. \(2024\)](#)

³ [IQVIA: Emerging biopharma's contribution to innovation. \(2024\).](#)

geopolitical, disproportionately affect small innovators, delaying scientific progress, reducing the availability of finished products, and slowing the development of novel therapies.

Deeper regulatory cooperation with like-minded countries is equally important. Harmonizing regulatory standards and streamlining processes through global collaboration enhances efficiency, strengthens supply chain resilience. This ensures that safe, effective treatments reach patients without delay and supply chains across sectors are robust.

The UK should seek a no-tariffs deal and scientific cooperation agreement with the US

Tariffs prevent the building of efficient and resilient supply chains that benefit economic growth, societal and patient benefit from life sciences innovation. The US healthcare market is the primary launch market for UK companies and accounts for about half of the global healthcare market. Pharmaceutical products are among the most valuable exports for the UK economy and the value of imports from the US has also risen dramatically over recent years, which is welcome as these innovative products are saving lives in the NHS. As such, patients and small as well as large UK life science innovators and manufacturers could be harmed by the imposition of tariffs and other trade barriers. The de-escalatory approach taken by the UK Government in response to US tariffs is therefore the right approach.

Global innovation and patient benefit has been enabled by low/zero tariffs for the sector since the 1990s, it is imperative that this approach and global cooperation is retained. The World Trade Organisation (WTO) Pharmaceuticals Tariff Elimination Agreement has been a key non-binding agreement between key pharmaceutical producing countries to reduce duties to zero on certain pharmaceutical products. The agreement covers finished pharmaceutical products and specified active pharmaceutical ingredients (APIs) and intermediaries (biologic products are also typically included). It has been of overwhelming benefit for economic growth and patients in the UK and around the world.

We are pleased that the US has not yet imposed tariffs on pharmaceuticals but note the current national security consultation on pharmaceutical supply chains and the potential for other measures at a later date. Tariffs on other products used in the life sciences supply chain, including for R&D are, however, already in place and are putting strain on the sector.

UK life science companies rely on US inward investment for much of their capital; they constituted 27% of investors deals in 2024, and 30% in the peak years of 2020 and 2021.⁴ Therefore US policy on capital controls are a vital concern to our sector and we are concerned about speculation that they could be imposed⁵. Other actions already taken by the US Administration, such as cuts to research funding, withdrawal from international programmes and redundancies from national

⁴ [BIA: UK biotech financing 2024 \(2024\)](#)

⁵ [Reuters: Would Trump break capital controls taboo?](#)

agencies, especially the Food and Drug Administration (FDA), are also causing significant concern and impacting UK SMEs. Companies are reporting regulatory delays and partnerships being put on hold or withdrawn. These factors should be as big a part of UK concerns as tariffs in negotiating a broad trade deal with the current US administration

We urge the government to seek a deal with the US to avoid tariffs being imposed on pharmaceuticals and other products vital to life sciences and biotech innovation. A UK-US deal on pharmaceutical and scientific cooperation is an opportunity to strengthen business and scientific ties for mutual benefit, encompassing, for example: research funding; capital investment; talent flows; and regulatory and intellectual property cooperation. It should be balanced with the need to allow closer ties to the EU also, which is an equally important scientific and trading partner.

Retaliatory tariffs

We welcome the fact that pharmaceutical products and ingredients are largely excluded from UK list of potential product targets for tariffs. However, some niche ingredients (e.g. 02061010 02068010 and 38249962) and more general components (such as packaging, e.g. 38249962 and 40149000) are on the list that could have unintended impact on some companies and patients. All products of noted pharmaceutical use should be excluded on a precautionary basis. We are equally concerned about the laboratory and scientific equipment (or components thereof) listed (e.g. 3822190090, 8421298090 and 3921190099), which should also be excluded from any future retaliatory tariffs so as not to disrupt R&D and the continued growth of the UK life sciences sector.

About the BIA

The BioIndustry Association (BIA) is the voice of the innovative life sciences and biotech industry, enabling and connecting the UK ecosystem so that businesses can start, grow and deliver world changing innovation. Our 600+ members include start-ups, biotechnology and innovative life science companies, large pharmaceutical companies, universities, research centres, tech transfer offices, incubators and accelerators, and a wide range of life science service providers: investors, lawyers and IP consultants. We promote an ecosystem that enables innovative life science companies to start and grow successfully and sustainably.

For more information about this submission, please contact Martin Turner, Director of Policy and External Affairs, on 07850 518 075 or mturner@bioindustry.org.