pwc

Tax Insights
from Customs and International Trade

Updates on the evolving tariff landscape for pharmaceutical and medical device companies

November 20, 2026

In brief

What happened?

US tariff measures continue to create new challenges for pharmaceutical and medical device companies as sector-specific duties introduce significant differences in tariff exposure across products, countries, and supply chains.

Pharmaceuticals: Pharmaceuticals, which were excluded from the reciprocal tariff regime introduced in 2025, are now subject to a 100% ad valorem duty under the Section 232 framework for patented pharmaceuticals and associated pharmaceutical ingredients that differentiates treatment based on product type, country of origin, and certain US manufacturing and pricing commitments. Generic pharmaceuticals remain outside the current Section 232 tariffs, although the Administration has proposed a phased tariff framework for future years. Additional Section 301 measures addressing forced labor also may affect certain pharmaceutical imports, depending on their country of origin and classification.

Medical devices: Medical device companies continue to face a different mix of tariff exposure, including Section 301 tariffs on certain China-origin medical device products and additional Section 301 measures addressing forced labor, as well as Section 232 tariffs on metals and derivative products used in manufacturing. An ongoing Section 232 investigation into certain medical products, together with recent company-specific US manufacturing commitments, also signals the potential for further sector-specific trade measures.

Together, these developments are creating increasingly product- and supply-chain-specific tariff outcomes across the life sciences sector.

Why is it relevant?

Tariffs are expected to remain a significant part of the US trade landscape, following the 2026 midterm elections, making them an increasingly important consideration for pharmaceutical and medical device companies as they navigate an evolving trade environment. The incoming Democratic-controlled Congress could increase oversight and investigations of tariff decisions, exemptions, and trade agreements, potentially affecting the Administration's negotiating leverage while potentially creating opportunities for bipartisan cooperation on certain trade issues. However, increased congressional oversight is unlikely to alter the Administration's ability to pursue its tariff agenda, including maintaining existing tariffs, imposing new tariffs under Sections 232 and Section 301, and pursuing additional trade measures.

Given the global nature of the pharmaceutical and medical device supply chains and continued reliance on imported goods and manufacturing inputs, the evolving tariff landscape also could have significant financial and operational implications. As tariff treatment becomes increasingly dependent on product classification, country of origin, and supply-chain structure, companies may face materially different exposure across products and markets. These differences can affect landed costs, sourcing and manufacturing decisions, pricing strategies, and broader operating models.

Action to consider

Pharmaceutical and medical device companies should consider evaluating how the evolving tariff landscape and potential post-election trade policy developments may affect their products, supply chains, and overall cost structures. This analysis includes assessing where tariff exposure is concentrated, modeling potential scenarios, and evaluating opportunities to mitigate costs through sourcing, manufacturing, customs, and tax strategies. As companies balance near-term operational decisions with longer-term investment commitments, cross-functional coordination will be important to support strategic planning and maintain flexibility as trade policies continue to evolve.

In detail

Executive overview of evolving tariff landscape

The following executive overview highlights key US tariff developments affecting pharmaceutical and medical device companies, including significant trade measures, implementation timelines, and potential implications of the 2026 midterm elections for future trade policy.

	Current state	Midterm impact
Pharmaceuticals	• Pharmaceuticals are now subject to a 100% ad valorem duty under a Section 232 framework • Reduced duties apply to country-specific goods and to companies that have reached agreements with the Administration • Generics remain outside the current Section 232 tariffs, although phased tariffs for future years remain a possibility	• Tariffs are expected to remain a significant part of the US trade landscape, including as it relates to pharmaceutical and medical device companies • Tariffs supported by Section 301 or Section 232 investigations could remain on firmer ground against legal challenges • The new Democratic Congress could launch extensive oversight efforts in both chambers using different investigative tools to scrutinize tariff decisions, exemptions, and trade agreements • These pressures could weaken the Administration's negotiating leverage and there may be opportunities for bipartisan cooperation on trade • Companies need to remain focused on the impact that the evolving tariff landscape may have on their supply chains and overall business strategy
Medical devices	• Medical device companies face a different mix of tariff exposure, particularly around Section 301 • An ongoing Section 232 investigation signals the potential for additional sector-specific trade measures	

US pharmaceutical and medical device imports

The United States imports a significant volume of pharmaceutical and medical device products each year. US pharmaceutical imports totaled approximately $213.7 billion in the 12 months leading up to July 2026 based on US Census import data. US medical device imports totaled approximately $60.6 billion, bringing combined pharmaceutical and medical device imports to approximately $274.3 billion. The scale of these imports underscores the potential significance of tariff developments for the life sciences sector.

Since early 2025, US tariff policies affecting pharmaceutical and medical device companies have undergone significant changes, with new measures, exclusions, and proposed tariffs creating different implications for each industry. The timelines in Figures 1 and 2 below highlight key developments and effective dates, illustrating the evolving tariff landscape that companies must navigate.

Figure 1: Key US pharmaceutical tariff developments

Date	Key tariff development
April 2025	Pharmaceuticals excluded from reciprocal tariffs; Section 232 investigation initiated
September 30, 2025	First pharmaceutical Most-Favored-Nation (MFN) pricing agreement announced, alongside US manufacturing commitments
March 2026	Section 301 investigations initiated into structural excess capacity and production across multiple trading partners, potentially affecting pharmaceutical imports
April 2026	Section 232 framework announced for certain patented pharmaceuticals and associated ingredients
July 2026	Proposed phased tariff framework announced for generic pharmaceuticals
July 23, 2026	Additional Section 301 tariffs imposed on certain imports from 60 trading partners following forced-labor investigations
July 31, 2026	Section 232 pharmaceutical tariffs take effect for specified companies
September 23, 2026	Commerce guidance issued identifying specialty pharmaceutical products eligible for zero tariff treatment
September 29, 2026	Section 232 pharmaceutical tariffs take effect for other companies; updated Harmonized Tariff Schedule of the United States (HTSUS) provisions implemented
August 1, 2028	Proposed 100% additional tariff on generic pharmaceuticals
August 1, 2029	Proposed 200% additional tariff on generic pharmaceuticals

Figure 2: Key US medical device tariff developments

Date	Key tariff development
September 27, 2024	Section 301 tariff increases begin for certain China-origin medical products, including syringes and needles
January 1, 2025	Additional Section 301 tariff increases take effect for certain China-origin medical products
June 4, 2025	Section 232 tariffs on steel, aluminum, and certain derivative products increase potential exposure for medical device manufacturing inputs
September 2, 2025	Section 232 national security investigation initiated into imports of personal protective equipment (PPE), medical consumables, and medical equipment
January 1, 2026	Section 301 tariffs increase to 100% for covered medical and surgical rubber gloves and 50% for certain respirators and face masks
February 20, 2026	IEEPA-based reciprocal tariffs terminated following the Supreme Court decision
March 2026	Section 301 investigations initiated into structural excess capacity and production across multiple trading partners, potentially affecting medical device imports
July 23, 2026	Additional Section 301 tariffs imposed on certain imports from 60 trading partners following forced-labor investigations
October 6, 2026	First medical device manufacturing agreement announced with US government, including potential Section 232 tariff relief

These developments highlight the differing tariff considerations facing pharmaceutical and medical device companies, as discussed in greater detail below.

Pharmaceutical tariffs

Section 232 pharmaceutical tariff framework

Pharmaceutical products initially were excluded from the reciprocal tariffs announced in April 2025 while the Department of Commerce conducted a Section 232 investigation into imports of pharmaceuticals and pharmaceutical ingredients. The investigation covered finished generic and non-generic drug products, active pharmaceutical ingredients (APIs), key starting materials, and derivative products.

Following the investigation, the Administration announced a Section 232 framework in April 2026 covering certain patented pharmaceutical products and associated pharmaceutical ingredients. Covered products generally are subject to a 100% ad valorem rate under Section 232, although the framework provides for different tariff treatment based on country of origin and certain company-specific commitments. Products from the European Union, Japan, South Korea, Switzerland, and Liechtenstein generally are subject to a 15% rate under applicable trade arrangements, while separate treatment applies to certain other trading partners, such as the United Kingdom.

The framework also provides reduced tariff treatment for companies making qualifying commitments to US pharmaceutical manufacturing. Companies with Commerce-approved US onshoring plans may qualify for a 20% tariff rate, while companies that combine qualifying onshoring commitments with certain MFN pricing commitments may qualify for zero tariff treatment through January 20, 2029.

Generic pharmaceuticals, biosimilars, and their associated pharmaceutical ingredients currently are excluded from the Section 232 pharmaceutical tariffs. However, the Administration announced a separate proposed framework in July 2026 that would maintain a transition period before imposing additional tariffs on imported generic pharmaceuticals. Under the proposal, the additional tariff would increase to 100% beginning August 1, 2028, and 200% beginning August 1, 2029. (See Figure 3 below). The Association for Accessible Medicines (AAM) estimates that generic pharmaceuticals represented approximately 12% of US prescription drug spending in 2024 ($98 billion of $798 billion in total spending), compared with approximately 88% for branded medicines. Using this 12% share as a proxy for the generic share of US pharmaceutical imports, PwC estimates that generic pharmaceutical products represent approximately $26 billion of annual US customs import value, based on approximately $214 billion in total US pharmaceutical imports reported in US Census import data for the 12-month period through July 2026. As of November 2026, implementing guidance has not been issued for the proposed generic pharmaceutical tariffs.

Figure 3. Estimated annual customs duty exposure under the proposed tariff framework

Effective date	August 1, 2028	August 1, 2029
Expected additional tariff	100%	200%
Estimated increased duty impact	$26 billion	$52 billion

Recent guidance and implementation

Commerce guidance issued September 23, 2026, defines categories of specialty pharmaceutical products eligible for zero tariff treatment and identifies qualifying jurisdictions eligible for the tariff adjustment. The covered categories include orphan drugs, nuclear medicines, plasma-derived therapies, fertility drugs, cell and gene therapies, antibody-drug conjugates, certain medical countermeasures, and

animal-health products. The zero rate applies when qualifying products originate in an eligible jurisdiction with a current or forthcoming trade and security framework agreement or when Commerce determines that the imports meet an urgent US health need.

Subsequent US Customs and Border Protection (CBP) guidance issued September 28, 2026, provides additional implementation instructions, including applicable HTSUS provisions and effective dates. The guidance confirms that the Section 232 tariffs took effect July 31, 2026, for products of certain companies and September 29, 2026, for products of all other companies. It also clarifies that where more than one tariff rate applies under the Section 232 pharmaceutical framework, the lowest applicable rate governs. The guidance further provides for a zero additional tariff rate for qualifying pharmaceutical products and associated ingredients imported solely for clinical trials, research and development, or other non-commercial purposes.

Separately, in March 2026, the Office of the United States Trade Representative (USTR) initiated Section 301 investigations into structural excess capacity and production in certain manufacturing sectors across multiple trading partners, including Switzerland, Singapore, and the European Union, particularly Ireland and Germany, which were noted in the investigation to be significant sources of US pharmaceutical imports. These investigations could result in additional trade measures affecting pharmaceutical products, potentially increasing tariff exposure and influencing sourcing, manufacturing, and supply-chain decisions. Although the impact on pharmaceutical products may be more limited, these measures could create additional tariff exposure for certain pharmaceutical imports depending on country of origin and product classification.

Company-specific agreements

The Administration also has continued to enter into company-specific MFN agreements. In August 2026, the White House announced agreements with nine additional pharmaceutical manufacturers, bringing the total number of manufacturers with MFN agreements to 26, which the Administration states represent 89% of the branded drug market. The nine manufacturers included in the August announcement also committed to at least $19.6 billion collectively in US manufacturing investment in the near term.

Medical device tariffs

Medical devices have followed a different tariff path. Unlike pharmaceutical products, medical devices generally were not excluded as a sector from the broad tariff measures introduced in 2025. Although the IEEPA-based reciprocal tariffs subsequently were terminated in February 2026, shortly thereafter, the Administration imposed a temporary 10% import surcharge under Section 122 for 150 days. Medical device companies continue to face tariff exposure through other trade measures, including Section 301 tariffs on certain China-origin medical products and Section 232 tariffs that may apply to materials and components used in device manufacturing.

Section 122 tariffs

Following the termination of the IEEPA-based tariffs in February 2026, the Administration imposed a temporary 10% import surcharge under Section 122, which could apply to certain medical device imports. The surcharge took effect February 24, 2026, and expired July 24, 2026. On May 7, 2026, the US Court of International Trade ruled that the Section 122 tariffs exceeded presidential authority. The Administration has appealed this ruling, leaving uncertainty regarding potential refunds of duties collected while the surcharge was in effect.

Section 301 tariffs

Section 301 tariffs on certain medical products imported from China have increased substantially. Covered syringes and needles are subject to an additional 100% tariff, while tariffs on medical and surgical rubber gloves increased to 100% in 2026. Certain respirators and face masks also are subject to increased Section 301 tariffs. These duties may apply in addition to otherwise applicable customs duties.

Separately, in July 2026, the USTR imposed additional tariffs under Section 301 following investigations into whether certain trading partners failed to impose and effectively enforce prohibitions on imports produced with forced labor. The measures impose additional tariffs of 10% or 12.5% on covered imports from 60 trading partners, subject to specified exclusions and preferential treatment. These measures may create additional tariff exposure for medical device companies depending on the country of origin and classification of imported products and components.

Separately, the USTR's ongoing Section 301 investigations into structural excess capacity and production across multiple trading partners could result in additional trade measures affecting medical device products. Depending on the scope of any resulting measures, medical device companies could face additional tariff exposure based on the country of origin and classification of imported products and components.

Section 232 tariffs

Medical device companies may be affected by Section 232 tariffs on steel, aluminum, copper, and certain derivative products. Depending on the classification and composition of imported products and components, these measures can create tariff exposure at different points in the medical device supply chain, including on manufacturing inputs and components rather than only finished devices.

The Department of Commerce also initiated a Section 232 national security investigation in September 2025 into imports of PPE, medical consumables, and medical equipment. The investigation remains ongoing, with the potential for additional sector-specific tariffs.

In October 2026, the Administration announced its first agreement with a medical technology company involving commitments to expand US manufacturing and potential relief from future Section 232 tariffs. The agreement may signal an emerging approach to medical device tariffs that incorporates US manufacturing commitments, similar to the framework established for pharmaceutical products.

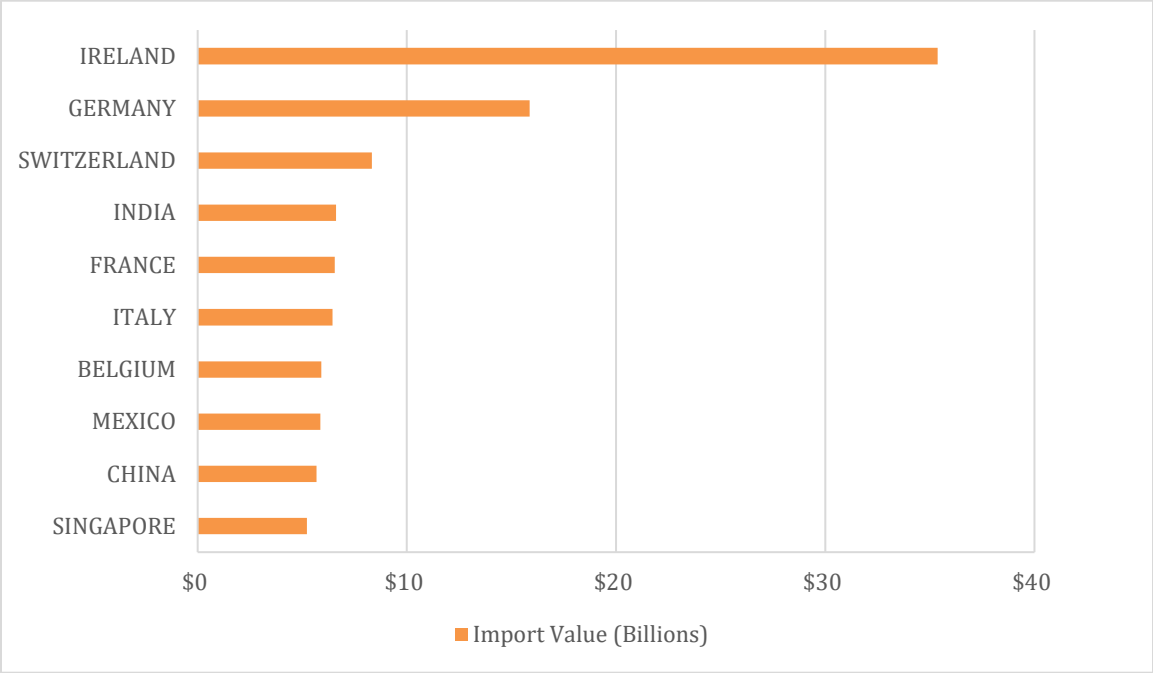
Potential impact on supply chains

The United States continues to import significant volumes of pharmaceutical products, medical devices, ingredients, components, and manufacturing inputs from markets around the world. As a result, the impact of the current tariff environment can vary considerably based on a company's product portfolio and supply-chain footprint.

Country of origin has become an increasingly important factor in determining tariff exposure. For pharmaceutical companies, the Section 232 framework can result in different tariff treatment depending on the origin of the imported product and applicable trade arrangements. For medical device companies, exposure may depend on whether products or components originate in China, whether preferential treatment is available under a free trade agreement, and whether imported products incorporate materials subject to separate Section 232 measures.

Understanding where products and key inputs are sourced can therefore help companies identify areas of potential tariff exposure and assess where changes to sourcing, manufacturing, or supply-chain strategies may warrant consideration. (See Figured 4 below).

Figure 4: US pharmaceutical and medical device imports by country



Ireland is a significant source of US pharmaceutical imports, reflecting its role as a major manufacturing hub. Switzerland also supplies high-value pharmaceutical products, making tariff treatment particularly relevant. Germany, meanwhile, is a major supplier of both pharmaceutical and medical technology products, with potential tariff exposure extending beyond finished products to components and other manufacturing inputs.

Post-midterm trade policy outlook

The 2026 midterm elections have introduced new considerations for US trade policy, with Democrats set to control both chambers of Congress beginning in January 2027. The incoming Democratic-controlled Congress could increase congressional oversight, including potential investigations into tariff decisions, exemptions, and trade agreements, which may affect the Administration's negotiating leverage and create opportunities for bipartisan cooperation on certain trade issues. Nevertheless, the Administration retains significant authority over trade policy, and existing Section 232 and Section 301 tariffs may remain in place. For pharmaceutical and medical device companies, these developments underscore the importance of monitoring policy changes while evaluating the potential implications for supply chains, manufacturing investments, and broader business strategies.

Key considerations

As measures continue to evolve, understanding tariff exposure alongside broader supply-chain, customs, tax, and business considerations will be important for companies seeking to manage costs and evaluate potential changes to their operating models.

Pharmaceutical and medical device companies should consider:

- **Assessing tariff exposure at the product level.** Review HTSUS classification, country of origin, product type, applicable exclusions, and preferential treatment to identify where tariff exposure is concentrated across the product portfolio, including eligibility for Section 232 tariff adjustments and related documentation requirements.
- **Modeling potential tariff scenarios.** Quantify the impact of current and potential tariff measures on landed costs, margins, and intercompany flows, including the effect of different sourcing and manufacturing scenarios.
- **Evaluating sourcing and manufacturing alternatives.** Consider whether changes to sourcing, manufacturing locations, supplier relationships, or inventory strategies could mitigate tariff exposure while balancing regulatory, operational, and commercial requirements.
- **Reviewing customs valuation and transfer pricing together.** Assess how intercompany pricing, royalties, assists, and other elements of customs value affect duty costs and how potential supply-chain changes may affect transfer pricing and broader tax considerations.
- **Identifying potential mitigation opportunities.** Evaluate available exclusions, free trade agreements, and other preferential tariff treatment, including opportunities that may depend on product type, country of origin, or US manufacturing commitments.
- **Monitoring trade policy developments and strengthening cross-functional governance.** Establish processes to monitor evolving trade policies, including potential congressional oversight following the 2026 midterm elections, ongoing Section 122 litigation, Section 301 measures addressing forced labor, Section 232 developments affecting medical devices, and Section 301 investigations into structural excess capacity. Coordinate across customs, tax, supply chain, procurement, finance, and other stakeholders to assess the potential business implications and respond to changes in the trade environment.

Let’s talk

For a deeper discussion of how these tariffs might affect your business, please contact:

Customs and International Trade – United States

Chris Desmond
christopher.desmond@pwc.com

Kristin Bohl
kristin.m.bohl@pwc.com

Anthony Tennariello
anthony.tennariello@pwc.com

Mark Truchan
mark.truchan@pwc.com

Everson Ascencio
everson.ascencio@pwc.com

Sharon Martin
sharon.martin@pwc.com

Maytee Pereira
maytee.pereira@pwc.com

Craig Pinkerton
craig.j.pinkerton@pwc.com

Helen Xiao
helen.xiao@pwc.com

Washington National Tax Services – Customs and International Trade

Sarah Kafka
sarah.kafka@pwc.com

Global Trade Policy

Scott McCandless
scott.mccandless@pwc.com

Tax

Ned Hux
ned.j.hux@pwc.com

© 2026 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors.

Solicitation