



Reality Check: Big Pharma's "Warning" to the European Union Capitalizes on Trump's Chaos

The European Federation of Pharmaceutical Industries and Associations (EFPIA) recently ["warned"](#) European Commission President Ursula von der Leyen that, as a result of President Trump's tariff threats and a supposedly more favorable investor environment in the U.S., pharmaceutical companies' investments in research and development (R&D) and manufacturing were "increasingly likely to be directed towards the US" unless Europe grants concessions for the industry. Several large pharmaceutical companies have also [sent letters](#) to the E.U. to the same effect. Big Pharma's warning coincides with President Trump's tariff war, which has so far exempted pharmaceuticals but which may extend to the industry [soon](#).

EFPIA's ultimatum takes advantage of the Trump administration's tariff chaos and is designed to pressure the E.U. to adopt anti-public interest policies off its wishlist.

Decoding EFPIA's Demands:

- "Achieving a competitive EU market that attracts, values and rewards innovation in line with other economies at the forefront of patient care"
Decoded: Relax price control measures and pay higher rewards for newer biopharmaceuticals;
- "Strengthening rather than weakening Europe's intellectual property [IP] provisions"
Decoded: Disregard the fact that the E.U. already has some of the strongest IP protection in the world. Grant longer and stronger monopoly periods and insulate pharmaceuticals from [compulsory licensing](#) of patents;
- "Adopting a world leading regulatory framework conducive to innovation"
Decoded: Relax regulatory standards and expedite regulatory decisions;
- "Ensuring policy coherence across environmental and chemical legislation to secure a resilient manufacturing and supply chain of medicines in Europe"
Decoded: Reduce environmental controls.

Not only do these demands pose barriers to ensuring the human right to health through global access to affordable medicines, they also have little or nothing to do with Trump's tariffs or the costs and benefits of manufacturing in Europe.

EFPIA [suggests](#) that: 1) pharmaceutical companies will redirect R&D and manufacturing investments from the E.U. to the U.S. unless Europe grants concessions, 2) Trump's proposed pharmaceutical tariffs prompt relocation to the U.S., and 3) the U.S. is a broadly more attractive environment compared to the E.U. However, these claims are not supported.

Claim #1: Pharmaceutical companies will redirect their investments from the E.U. to the U.S. unless Europe adopts policies more favorable (i.e. profitable) for the industry.

Reality Check: Granting EFPIA's demands will not prevent an "exodus" of European-centered R&D and manufacturing. EFPIA is leveraging Trump-era trade chaos to push [long-standing](#) demands. Moreover, granting its demands would undermine important policy goals and access to medicines.

EFPIA has long campaigned to raise E.U. medicine prices and secure additional IP monopoly protections. But European IP rules are among the most pro-pharma in the world, exceeding even U.S. rules in some key ways. For example, for certain products, Europe grants even longer marketing exclusivity periods than the U.S., worth many billions of euros.

Despite pharmaceutical companies' [suggestion](#) that the U.S. is more cost advantageous for manufacturing because drugs are priced higher there, this bears no relationship to manufacturing decisions. Big drug corporations sell products in many countries worldwide. The price they can charge in a given country is unrelated to the cost of manufacturing there. Adding layers of patent protection primarily benefits pharmaceutical profit-maximization strategies, not decisions about where to site manufacturing. Of course Big Pharma would prefer to make even more money off of Europeans. But that would not make manufacturing in Europe more cost-effective compared to anywhere else.

Concurrently with the [meetings](#) between the European Commission and the pharmaceutical industry, diplomats negotiating an international agreement on pandemic preparedness also [deployed](#) Big Pharma's talking point that European manufacturers face pressure to relocate to the U.S.—remarking that they couldn't commit to certain IP-related provisions in the agreement that could “impact” the pharmaceutical industry. In reality, this too is Big Pharma leveraging Trump's tariffs to retain control (and profits) over medicines.

Giving in to Big Pharma's demands for greater monopoly controls over brand-name drugs would allow companies to keep prices higher for longer, undercutting broader work to increase access and affordability of medicines in the E.U. This work includes measures in the proposed pharmaceutical [legislation](#) to control costs and ensure greater access to new expensive medicines in the region (including IP-based measures) and initiatives to address medicine [shortages](#).

Claim #2: Trump's proposed pharmaceutical tariffs prompt relocation to the U.S.

Reality Check: Trump's tariffs are not intended to meaningfully incentivize manufacturers to relocate to the U.S. Despite this, EFPIA is making threats while not acknowledging the impracticalities of relocating.

It can take [three to 10 years](#) and [billions of dollars](#) to move pharmaceutical production. Even then, pharmaceuticals rely on materials sourced from many different countries which makes it yet more difficult to relocate all production to avoid broad tariffs. Additionally, companies that make brand-name pharmaceuticals (like those that EFPIA represents) are generally more insulated from tariff impacts because they typically operate on [high profit margins](#), giving them greater leeway to absorb tariff costs. Meanwhile, the Trump administration can remove tariffs at any time, and with them the claimed incentive, and any cost-based advantage, for relocating to the U.S.

Moreover, the Trump administration is likely to weaponize tariffs. This is consistent with the use of tariffs during Trump's first presidential term when the government granted [exemptions](#) in a manner that suggests exceptions were used to advance special and personal interests. Pharmaceutical tariffs may well be used in the same way—not to achieve claimed industrial policy goals but to extract concessions. It is thus impractical to make long-term plans (such as relocating substantial capacity to the U.S.) based on Trump's erratic tariffs.

Claim #3: The U.S. “leads Europe” in several areas that make the U.S. a better investment destination.

Reality Check: Not only are EFPIA’s demands not actually tied to real production location decisions, but EFPIA’s unsupported claims about ways the U.S. “leads Europe” also ignore broader Trump administration mayhem and uncertainty.

EFPIA’s claim that the U.S. is a supposedly more attractive environment for pharmaceutical investment is further undermined by a U.S. government that is increasingly hostile to established medical and public health [practices](#), [scientific research](#), and [regulation generally](#). For example, drug approvals will likely be impacted by the mass-firing of critical U.S. health department employees, [reportedly](#) including those that support new product reviews, production site inspections, and other [safety](#) checks. This could affect approval timelines, while more broadly undermining drug regulation and increasing the chance that unsafe medical products come to market. The E.U. should not accept Big Pharma’s claims at face value when, even amid massive upheaval in the U.S., there is little incentive for the industry to acknowledge any genuine business concerns to the E.U. while it is actively trying to profit off the disorder.

The Takeaway: Big Pharma is using Trump’s tariffs as leverage to protect its profits at the expense of access to medicines—the E.U. should not give in.