

Trump tariffs underscore threat to Australia's Pharmaceutical Benefits Scheme

Mike Head**28 September 2025**

Despite anxious denials by the Albanese Labor government, the Trump administration's announcement of a 100 percent tariff on pharmaceutical imports from October 1 makes more likely a demand from the White House for the dismantling of Australia's post-World War II Pharmaceutical Benefits Scheme (PBS).

Any scrapping or even undercutting of the PBS, on which the Australian government spent nearly \$18 billion last year to subsidise retail medicine prices, would have a devastating effect on millions of people, especially working-class households and the most medically vulnerable.

Already, a 2023 study reported that more than 20 percent of older people in Australia who were prescribed medications had not taken, or had delayed taking them due to cost.

Cutting back the PBS could see prices leap to the astronomical levels suffered in the US. One example is the world's No.1-selling drug, Humira (adalimumab), used in the treatment of chronic rheumatoid arthritis. For someone in the US without expensive health insurance, the average price is the equivalent of more than \$A11,600 per month. In Australia, the PBS pays around \$2,015, and a patient currently pays \$31.60.

US President Donald Trump announced the 100 percent tariff on Thursday, saying it would apply unless a pharmaceutical company was building a manufacturing plant in the United States. Medical drugs imported to the US were already subjected to a 25 percent tariff in May, as part of the administration's bid to "Make America Great Again" at the expense of the workers and consumers of the world.

This is part of the US administration's global tariff war—it unveiled a new range of other tariffs at the same time last week. Trump's regime is tearing up the post-World War II economic order. In particular, it is extorting other countries to make major historic concessions, such

as the dismemberment of the PBS, to meet the profit demands of the US corporate elite.

Prime Minister Anthony Albanese has spoken publicly in recent months about offering Trump guaranteed access to Australian supplies of critical minerals, especially those necessary for war, as part of a deal on tariffs, but the PBS is another target of the US ruling class, particularly the pharmaceutical giants.

In the first instance, Trump's latest declaration poses a direct threat to Australian-based pharmaceutical companies' \$2.2 billion in annual sales (as of 2024) to the US.

By far the largest such exporter, CSL, which sends plasma and other blood products to America, already has production capacity in the US, with about 19,000 people—60 percent of its workforce—employed there. CSL, the privatised former Commonwealth Serum Laboratories, has also promised to invest \$2 billion in US-based production.

Like CSL, Australian share market-listed cancer diagnostic manufacturer Telix Pharmaceuticals said it did not expect any impact from the tariffs, and that most of its workforce was already based in the US.

Despite such efforts to reassure investors, the share prices of CSL and several other healthcare companies plunged last Friday on the news of Trump's tariff. CSL initially lost \$3 billion in market value but later reduced its losses to \$1 billion, a 1 percent fall in its share price.

CSL is under increasing pressure. It lost about \$20 billion in market capitalisation in August on the day it released disappointing financial results and has continued to slide. CSL is now \$35 billion smaller in share market value, or three-quarters the valuation it was two months ago.

Trump's announcement wiped hundreds of millions of dollars from the values of other Australian-based pharmaceutical companies. Soul Pattinson fell 2.5

percent, losing \$400 million from its market capitalisation. Neuren fell 3.6 percent or \$100 million, Telix lost 2.6 percent or \$130 million and Pro Medicus fell 2.5 percent.

Of even greater concern for the population, however, is the likelihood that Trump will demand the gutting of the PBS when he meets Albanese in Washington next month.

Trump and the US pharmaceutical conglomerates have publicly branded the PBS as a punitive measure against the American industry by requiring the US companies to obtain medical approvals and agree to lower prices to secure access to the PBS, which subsidises approved medications.

If not the complete abolition of the PBS, the corporate giants such as Eli Lilly, Pfizer and Johnson & Johnson, are demanding much faster approval times by the PBS and the power to set their own exorbitant retail prices, instead of having to negotiate them with the health authorities.

In response to Trump's tariff announcement, Australian Health Minister Mark Butler insisted that the PBS would be protected at all costs. "None of these latest announcements from the US administration make a jot of difference to our determination to protect the PBS," he told reporters.

But the very fact that Butler felt compelled to make such a statement indicates that the Trump administration has placed the PBS on the trade war agenda.

The PBS was a centrepiece of the Albanese government's May 3 election campaign, in which it falsely portrayed itself as a defender of the public health system, and as delivering relief from the ongoing cost-of-living crisis hitting working-class households. Labor pledged to reduce the maximum price of all PBS-listed medications from \$31.60 to \$25 by the end of the year.

The PBS was established in 1948 as part of the post-war concessions made by governments in all the major capitalist countries, fearing an upsurge of potentially revolutionary working class struggles unless steps were taken to prevent a return to the impoverished conditions that had prevailed in the Great Depression of the 1930s.

Nervously, Albanese told the National Press Club in June that the PBS was "not on the table (for trade negotiations) as far as we're concerned."

In reality, the Labor government has taken steps already to seek to appease the Trump White House and the big US pharma firms. This month, Butler announced consultations to trial streamlined assessments of medicines, and the start of revisions to guidelines

governing the PBS.

That was in response to intensifying pressure from the American giants, which have been restricting or delaying the release of new medications in Australia. Medicines Australia, the peak national pharmaceutical industry body, is warning of reduced access to medicines.

An unnamed Australian pharmaceutical company executive told last weekend's *Saturday Paper*: "Only 28 percent of the past decade's new active substances are sold in Australia. Those that do arrive on the PBS come almost three years after the US and about two years after Germany."

In a submission to the Trump administration, a Big Pharma representative body described the PBS as one of the most "egregious and discriminatory" pricing regimes that actively limited prices and earnings. Calling on the US government to impose punishing tariffs, it claimed the scheme "undermines American competitiveness, jobs and exports."

Trump's tariff declaration followed a letter signed by 18 Republican senators to US Trade Representative Jamieson Greer and Secretary of Commerce Howard Lutnick, urging the administration to use trade negotiations to dismantle foreign price controls on medicines.

Both Labor and the Liberal-National Coalition parliamentary opposition have repeatedly said the PBS will not be used to negotiate US tariff exemptions on steel, aluminium and copper (50 percent), light trucks and automotive parts (25 percent) and all other products (10 percent).

But such claims are worth little. The Trump White House is ramping up its global trade war, targeting erstwhile US allies as well as enemies in a desperate drive to reverse the underlying decades-long deterioration in the US economy.

Australia is no exception, regardless of the efforts of the Albanese government to partner with the fascistic Trump regime, from the AUKUS military pact against China to the supply of critical minerals.



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