BioSpectrum
the business of Bio & Health Sciences
ASIA EDITION

US President Trump announces action to lower drug prices

May 13, 2025 | News

Stopping foreign free-riding on American pharmaceutical innovation



US President Donald J. Trump has signed an Executive Order to bring the prices Americans and taxpayers pay for prescription drugs in line with those paid by similar nations.

The Order directs the US Trade Representative and Secretary of Commerce to take action to ensure foreign countries are not engaged in practices that purposefully and unfairly undercut market prices and drive price hikes in the United States.

The Order instructs the Administration to communicate price targets to pharmaceutical manufacturers to establish that America, the largest purchaser and funder of prescription drugs in the world, gets the best deal.

The Secretary of Health and Human Services will establish a mechanism through which American patients can buy their drugs directly from manufacturers who sell to Americans at a “Most-Favored-Nation” price, bypassing middlemen.

If drug manufacturers fail to offer most-favored-nation pricing, the Order directs the Secretary of Health and Human Services to: (1) propose rules that impose most-favored-nation pricing; and (2) take other aggressive measures to significantly reduce the cost of prescription drugs to the American consumer and end anticompetitive practices.

Drug manufacturers discount their products to gain access to foreign markets and then subsidize those discounts through high prices charged in America, in essence, Americans are subsidising drug-manufacturer profits and foreign health systems, despite drug manufacturers benefiting from generous research subsidies and enormous healthcare spending by the US Government.