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WEBINAR SUMMARY

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Tariff Tensions: How Pharma Can Prepare for Supply Chain & Cost Disruption

Panelists:

Robert Beall, Vice President, Key Accounts and CAGT COE, ProPharma

Bram Lardée, Senior Director, Product Lifecycle Management, ProPharma

Ranasha Rönnkvist, Associate Director, Product Lifecycle Management, ProPharma

Moderator:

Izabela Chmielewska, Managing Editor, Custom Content, Citeline

KEY TAKEAWAYS

- To navigate potential US tariffs, pharma companies need contingency plans for business continuity.
- Developing a contingency plan requires good scenario writing, careful evaluation, and partnership.
- There are practical steps to mitigate the impact of tariffs and save time and money.

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OVERVIEW

The potential impact of proposed US tariffs on foreign pharmaceutical supplies — including active pharmaceutical ingredients (APIs), excipients, and final drug products — could be significant for companies supplying healthcare products to the US market.

To prepare for different scenarios, organizations need a strategic contingency plan based on accurate information about several key aspects of the supplies and components they use. The process of contingency planning involves looking at and considering multiple options to determine the best course of action. Options can include business as usual, build inventory, acquire a domestic manufacturer, partner with a contract manufacturing organization (CMO), expand US operations, explore preferred nation alternatives, or even pass off tariff costs to patients. Each option requires careful analysis to protect patient access and long-term business viability.

CONTEXT

The panelists discussed current tariff status and key milestones, the value of data-driven analysis of strategic options, the importance of aligning decisions with implementation timelines, and practical steps organizations can take to save resources. They also provided insight into the critical components of building a contingency plan and how a partnership with ProPharma can benefit companies that expect to be affected by tariffs.

KEY TAKEAWAYS

To navigate potential US tariffs, pharma companies need contingency plans for business continuity.

Earlier this year, the US Trump administration launched an investigation on national security grounds aimed at reducing US reliance on foreign pharmaceutical production, especially APIs. While the investigation is ongoing, President Trump has announced a gradual increase of tariffs, starting at around 10%, rising to 150%, and eventually reaching 250% over 12–18 months.

Tariff rates are already a reality in some regions: China (104-245%), India (27%), European Union (20%), and Canada and Mexico (25%), along with a global baseline of 10-15%.

Adding to the climate of insecurity for pharma companies with international suppliers, the FDA has fast-tracked foreign plant inspections, prioritizing high-volume, high-risk exporters of APIs and complex products.

In response, some major firms, such as Johnson & Johnson and Astra Zeneca, have announced multibillion dollar investments in US manufacturing. At the same time, the uncertainty surrounding US tariffs is adding pressure to global supply chains.

To prepare for all possible scenarios, pharma organizations need data-driven strategic contingency plans that outline not only how to respond to tariffs, but also when.

At a minimum, contingency plans should be based on information about components' manufacturing locations, current and potential tariff rates, components' shelf lives, inventory levels, and expected cost changes. Ideally, plans should also reflect an understanding of lead times, customs rulings, and contractual obligations.

> "A contingency plan is a document which provides a clear pathway for action when events occur that are outside of our control."
>
> – *Robert Beall, ProPharma*

Tools such as Power BI are well-suited to contingency plan drafting because they can help stakeholders understand market changes. "We utilize Power BI to establish data linkages [between] different categories and do a quick dive when things change," Robert Beall, Vice President for Key Accounts and CAGT COE at ProPharma, said.

Developing a contingency plan requires good scenario writing, careful evaluation, and partnership.

Companies concerned about the impact of tariffs on their capacity to commercialize products and maintain patient access should weigh the benefits and downsides of different courses of action and decide which path to take.

Figure 1 illustrates the main considerations and trade-offs to keep in mind when preparing a strategic contingency plan for dealing with tariffs.

Figure 1. Data-driven analysis of strategic options

Strategic Options	Benefits	Downsides	Considerations
Wait & See: Build Inventory	Lowest initial cost Shortens lead-times Reduced importation costs	Puts patients at risk Increased costs to patients Uncertainty on market	Loss of sales Long-term cost
Acquire a domestic manufacturer	Removes tariff costs Expands Capacity Independence in Supply Chain Reduced shipment fees No incoming testing	Highest Investment Requires staffing Requires Supply Chain Expansion of QMS Increased labor costs	Supply Chain transparency Control over products & materials Technical Transfer
Expand existing US operations	Remove tariffs Infrastructure consistency	Interrupts existing business model Long lead time Procure new equipment Increased labor costs	Technical Transfer Dependent on how the expansion plan
Partner with a CMO	Low initial investment Details managed by CMO Lower internal costs Shorter lead times	Dependent on CMO capabilities Dependent on CMO compliance program & history Hidden costs	Audits Experience & Expertise Technology Transfer
Explore preferred nation alternatives	Reduced tariff fees May allow lower implementation costs	Tariff fees may change	

Bram Lardée, Senior Director for Product Lifecycle Management at ProPharma, highlighted benefits of partnering with a CMO, which allows companies to avoid fixed costs while expanding production volume of pharmaceutical supplies domestically.

> "At ProPharma, we have [a program] called CMO Compass, which gives us access to a very good network of all the CMOs out there. We can help you with selecting a CMO partner."
>
> – *Bram Lardée, ProPharma*

Figure 2 shows average implementation timelines for different strategic options, which organizations should factor into their contingency plans.

Figure 2. Implementation timelines for different contingency plan options

Activity	Duration	Product Costs
Build Inventory	6–9 Months	1.5 X
Acquire US Site	9–24 Months	1 x – 2 x
Expand Existing Site	9–18 Months	1 x – 1.2 x
Utilize CMO	9–18 Months	1 x – 1.5 x
Preferred Nation TT	15 Months	1.25 x
Optimize operations for flexibility i.e. Technology, develop contingency plan, streamline processes and implications of a TT	6–12 Months	.75 – 1.5 x

Although there are minor differences in how long implementing different options take, the prevailing implementation timeline for most options is 9 to 18 months. By partnering with ProPharma, companies can cut down that average timeline by three to six months, Lardée said.

> "We can help you make a good assessment of your [preferred option] and how to cut short your initiation phase. In that way, you can take 6 to 12 months off your tech transfer, which can be a huge benefit at a moment when you have to go quickly."
>
> – *Bram Lardée, ProPharma*

There are practical steps to mitigate the impact of tariffs and save time and money.

To lessen the impact of US tariffs on operations and the bottom line, companies can consider several approaches, each comprising a series of practical steps. Those approaches include:

- **Staying informed and proactive:** monitoring policy changes (checking updates on tariffs, import/export regulations, and trade agreements), diversifying markets (exploring new countries or regions to reduce reliance), and reinforcing supplier relationship management.

> "Keeping good rapport, cultivating open communication, and building trust with suppliers, customs brokers, and providers will ensure smoother operations and quicker responses to changing circumstances."
>
> – *Ranasha Rönnkvist, ProPharma*

- **Optimizing operations for flexibility:** streamlining processes (identifying and eliminating bottlenecks in the import process), investing in technology (using tracking tools, inventory management systems, and data analytics to anticipate potential disruptions), doing contingency planning (creating alternative sourcing options, renegotiating contracts, optimizing logistics routes, maintaining buffer stock).
- **Enhancing supply chain flexibility:** gaining real-time visibility (by using technology, streamlining procurement processes, tracking tariff-related expenses, managing supplier payments), practicing strategic planning (developing pricing strategies for tariff increases, exploring alternative materials or components that are not subject to tariffs), practicing long-term planning (building stock of critical components before tariffs kick in, incorporating long-term strategic planning).

CONCLUSION

Amid the uncertainty about supply chain resilience, patient access, and financial sustainability created by the threat of tariffs, pharma companies need a partner that can support them in adjusting to this new reality.

ProPharma can assist organizations in this process in two main ways. First, ProPharma can provide subject matter experts with expertise on quality and compliance, tech transfer and regulatory support, engineering and commissioning of production rooms — and everything in between. In addition, ProPharma can deliver a blueprint for action to drive commercialization strategy forward, which includes a gap assessment report, a prioritized strategic roadmap, and an executive presentation.

> "ProPharma has thousands of subject matter experts located globally who can support your company with contingency planning and resolution of challenges, including site and supplier auditing to identify issues before they become red flags."
>
> – *Robert Beall, ProPharma*

BIOGRAPHIES

Robert Beall

Vice President,
Key Accounts and CAGT COE
ProPharma

Robert Beall has supported the development and commercialization of multiple cell therapy products and processes including decentralization of CD19+ CAR T therapies, development of hospital cellular therapy labs, including expansion of the NIH Center for Cellular Engineering, as well as the expansion of the first commercialized CAR-T therapy process capabilities. Other cell therapy programs included remediation support for cellular and media manufacturing programs, and guidance for multiple CAR-T manufacturing automation advancements. Beall supported the COVID-19 response by establishing global safety systems for three major vaccines. He has led hundreds of international product transfers utilizing both internal transfers and CMO's at multiple top 10 Pharmaceutical companies. He is a graduate of the Rochester Institute of Technology (RIT) with a BS in Engineering and has completed advanced degree studies as well as completing his PMP certification. He is an international speaker and author.

Bram Lardée

Senior Director,
Product Lifecycle Management
ProPharma

Bram Lardée began his career as an Analytical Chemist in the vitamins and pharmaceuticals division at Solvay-Duphar (Netherlands), eventually advancing to the role of Analytical Expert. After several years in this position, he transitioned into Pharmaceutical Technology, where he was responsible for developing a wide range of dosage forms from toxicology and clinical phases through to market approval.

Leveraging his broad hands-on experience and strong ability to translate technical knowledge into strategic project execution, Lardée was appointed Global CMC Project Lead at Solvay Pharmaceuticals (later Abbott Healthcare Products). In this role, he supported multiple clinical programs and managed the lifecycle of marketed products.

Prior to joining ProPharma, he served as R&D Director at Centrient Pharmaceuticals, where he was technically accountable for establishing the Finished Dosage Forms franchise. Lardée brings over 35 years of experience in the pharmaceutical industry.

Ranasha Rönnkvist
Associate Director, Product Lifecycle Management
ProPharma

Ranasha Rönnkvist is a multi-industry-oriented Supply Chain professional with over 25 years of experience. She has a background in Business Management and extensive experience as a Supply Chain Specialist working in various industries. She's managed projects and collaborated with clients across the globe for more than 20 years and understands the value of building relationships to achieve goals. She has worked in the Aerospace and Defence, FMCG, "Big" Pharmaceutical, and smaller Biotech/ Biopharmaceutical sectors.

Izabela Chmielewska
(Moderator)
Managing Editor
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Izabela Chmielewska is an experienced writer and editor with a robust background in B2B journalism. Currently, at Citeline, she produces custom content across various mediums and platforms, focusing on pharmaceutical and biotechnology news and insights.

Chmielewska is responsible for creating partnered content and Norstella thought leadership. She collaborates closely with commercial teams to develop topical themes and content solutions that resonate with clients. Additionally, she manages the creation and moderation of live sponsored webinars, in-person roundtables, as well as writing new content such as articles, whitepapers, research reports and conducting interviews with SMEs.