Money (That's What I Want): 2026 is the year of truth for Trump's pharma policies

While 2025 was the year of disruption for Trump's pharma policies, we expect 2026 to be the year of truth: will the US administration's policies prove successful? As is often the case, it depends on who you ask. We expect prices for pharmaceuticals to increase rather than decrease, with gradually more manufacturing on US soil and stable R&D spending

US President Donald Trump has made pharmaceuticals a key part of his tariff policy

Side A: key calls

- Upward pressure on pharmaceutical prices, especially for new innovative medicines in Europe.
- Manufacturing will shift to the US at the expense of non-core markets.
- APAC to become the second-most important pharma market in 2027.

After the noise in 2025, what tune will 2026 play?

2025 was an exceptionally turbulent year for the pharmaceutical sector: Trump made the industry a cornerstone of his tariff policy, slashed funding for the Food and Drug Administration (FDA),

Centers for Disease Control and Prevention (CDC), and the National Institutes of Health (NIH), announced most favoured nation (MFN) pricing and promised 1000% price reductions for pharmaceuticals, only to later strike deals with branded pharmaceutical companies that are favourable for the industry.

So, after many disruptive policies and lofty promises in 2025, we think 2026 will be the year of truth: will Trump's policies in fact achieve lower prices and mean more manufacturing and R&D on US soil? And what does this mean for the sector's outlook?

1 Pharmaceutical prices should increase, including in the US

In recent months, the Trump Administration has concluded deals with many branded pharma companies (e.g. Pfizer, Sanofi, Merck) that agree to three things: 1. Selling drugs to Medicaid at a discount, 2. Listing new innovative drugs at the same price points in the US as those in other countries, and 3. Discounts for cash buyers through TrumpRx. We expect these deals to have a negligible effect on branded drug prices for three reasons.

First, drugs sold to Medicaid are already sold at a substantial discount and make up between 7% and 10% of total US pharma expenditure. Second, list prices for new, innovative drugs are often the same across the globe. However, other governments often do not agree to prices for new treatments, deeming them too expensive. This is why the US is the country with the best treatments for rare diseases.

Third, the cost savings realised by TrumpRx are modest: we estimate that TrumpRx could potentially apply to 1.0-2.0% of US pharmaceutical sales, excluding weight-loss drugs (often referred to as GLP-1s). Previously, we estimated that this has the potential to yield $1.9bn in total cost savings if deals with all branded pharma companies are agreed, which is modest compared to the $700bn US pharma market.

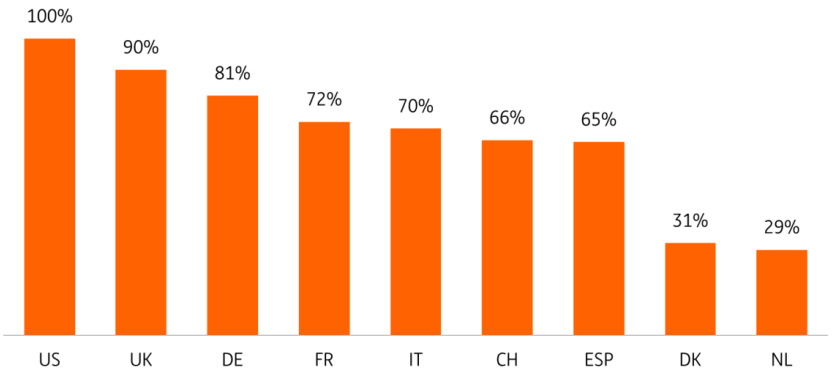
In short, these deals represent ongoing circumventions rather than structural reform of the complex way in which American consumers get their medication. We therefore expect list prices in the US to keep increasing in the coming years. In addition, the American consumer will see price increases from tariffs on intermediate inputs for generic drugs, which will offset the cost savings under TrumpRx. This excludes the market for weight-loss drugs, as that is its own economy in 2026 and beyond. For GLP-1s we expect new entrants, oral dosages rather than injectables, increased competition and lower prices.

In Europe, drug prices will increase as well. Moreover, as a result of MFN, countries will experience increased pressure from both drugmakers and the US government to substantially increase their drug prices to pay more for pharmaceutical innovation. For reference, US consumers pay between 2 and 4 times as much for their drugs as European consumers.

This price difference is partially a result of the complex US healthcare system, in which direct price negotiations with drug manufacturers go through pharmacy benefit managers (PBMs), but also a result of the US footing the bill for global biopharmaceutical innovation. The UK is the canary in the coal mine in this case, as it has taken the step to accept that higher prices are necessary to protect access to leading medicines. However, governments unable to find the budget for increased medicine prices will not reimburse or restrict the use of new therapies, which hurts patients but potentially the sector as well, as that would drive volumes of new medicines down.

European countries pay significantly less for their medicines than the US

What percentage European countries spend on pharmaceuticals per capita compared to the US, corrected for GDP



Source: OECD; World Bank; ING

2 Manufacturing of branded pharmaceuticals will increasingly take place in the US

Trump's deals with pharma companies will do little to change US drug prices. However, they will bring in significant investment in branded pharma manufacturing as the deals stipulate that manufacturing needs to happen on US soil in order to avoid tariff exposure. Announcements by various branded pharma companies to the tune of $500bn have already been made.

Increased US manufacturing will be achieved through both greenfield (new plants) and brownfield (upgrading facilities) projects, and with the help of CDMOs (discussed in our article *With a Little Help From My Friends*). Given increased US manufacturing, we expect facility closures in peripheral markets and further pressure on European countries to make investment in Europe more appealing.

For the generic segment, we expect few changes: the supply chain sits mostly in Asia and it will remain there. This indicates that the US and Europe will continue to rely on Asian generics in 2026 and beyond. We discuss this in more detail in our article *Penny Lane*.

3 R&D spending set to be stable in 2026

We expect R&D spending by branded pharma companies to remain stable (as a percentage of revenue) in 2026 and hover around 20%. The newly announced investments are not new but rather a reallocation of investments away from Europe and towards the US. This means that R&D spending will likely remain intact, which bodes well for the innovative capacity of the sector.

The cuts to fundamental research at the National Institutes of Health (NIH), however, are a much more substantial risk to the innovative capacity of the sector in the medium term, as it has produced blockbuster innovations over the past decades. These cuts are likely to accelerate the rise of China as an innovation powerhouse, which we will discuss in more detail in the article *Hello, Goodbye*.

On the other hand, AI-based research into new proteins may start to prove fruitful in 2026, which is a bright spot for pharmaceutical innovation.

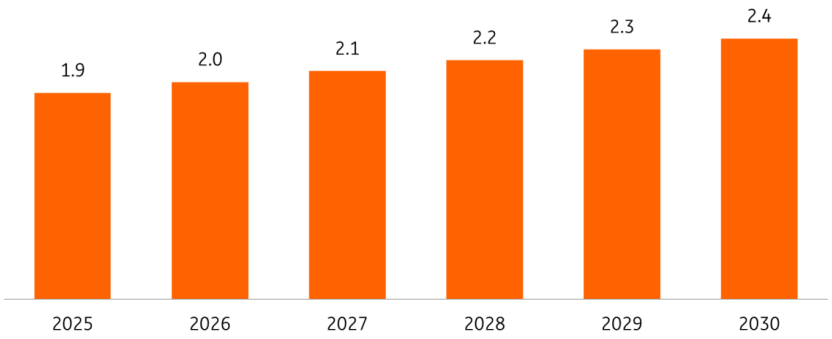
Money, that's what they're getting: pharma's outlook is solid

So, where do these changes leave the global pharmaceutical sector in 2026 and beyond? We expect that, with much of the 2025 uncertainty out of the way, the pharmaceutical sector will experience 5% annual sales growth until 2030. This is driven by ageing populations and the introduction of new innovative medicines, but tempered by governments facing mounting cost pressures amid demographic shifts and increasing strain on healthcare systems.

We expect global pharmaceutical sales to reach $2.4tr by 2030, with most growth coming from the Asia-Pacific (APAC) region. By 2027, we expect APAC to become the second most important market after North America, slightly ahead of Europe.

Global pharma sales to hit almost US$2.5tr in 2030

Global pharmaceutical sales (US$ trillion)



Source: ING estimates based OECD and BMI

Side B: remaining questions

The big question for 2026 is what will happen with European price negotiations for new innovative medicines. List prices will increase, but how will European policymakers respond?

If they go along with higher prices for new innovative medications, it will strain budgets elsewhere, given ageing populations and increasing demand for healthcare. If European policymakers do not or simply cannot pay more, then this will limit the introduction of new therapies which denies the best care to patients. In addition, it could hurt pharma companies as this would mean lower volumes for new therapies and a greater dependence on markets willing to pay (e.g. the US). In short, a crucial question is still open.

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