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An Update on the Current State of Tariffs on Pharmaceutical Manufacturing Machinery

The pharmaceutical manufacturing sector continues to face significant uncertainty regarding U.S. import tariffs on manufacturing equipment, process systems, and specialized machinery sourced from Europe and Asia. Equipment used in pharmaceutical production — including filling lines, isolators, reactors, lyophilizers, cleanroom systems, and automation platforms — has been affected by several tariff programs implemented under different federal trade authorities over the last two years.

In February 2026, the U.S. Supreme Court issued a landmark decision striking down the broad "reciprocal tariffs" that had been imposed under the International Emergency Economic Powers Act (IEEPA). The ruling invalidated tariffs that had applied to many imported industrial and manufacturing products, including numerous categories of pharmaceutical equipment and components.

However, not all tariffs disappeared. The Supreme Court ruling only applied to tariffs imposed under IEEPA authority. Other tariff programs remain fully in effect, including Section 301 tariffs on many Chinese-origin products and Section 232 tariffs on certain steel, aluminum, semiconductor, and industrial products. As a result, pharmaceutical manufacturers importing machinery from China may still face substantial duties depending on the equipment classification and country of origin.

Additionally, immediately after the ruling striking down the IEEPA tariffs, an Executive Order (EO) under section 122 of the Trade Act put in place a temporary import surcharge of 10% to replace the IEEPA tariffs. The current order will remain in effect for 150 days, expiring on July 24th, unless congress extends it. This EO is also under challenge and may be struck down but is still technically active as of this writing.

For pharmaceutical manufacturers, the Supreme Court decision has created both opportunities and operational challenges. Many companies paid millions of dollars in reciprocal tariffs during 2025 and early 2026 on critical capital equipment purchases. Industry groups estimate that total refunds across all industries could exceed $166 billion to $175 billion.

How Pharmaceutical Companies Can Pursue Refunds

The refund process is being administered through U.S. Customs and Border Protection (CBP) and the U.S. Court of International Trade (CIT). The process depends heavily on the "liquidation status" of each customs entry. Liquidation is CBP's final determination of duties owed on an imported shipment.

Phase 1, for unliquidated entries, importers may file a Post Summary Correction (PSC) removing the invalid tariff codes. CBP has indicated that refunds for these entries should be processed relatively quickly once accepted. For entries already liquidated but still within protest deadlines, importers may submit formal customs protests requesting reliquidation and repayment. Older finalized entries may require litigation before the Court of International Trade.

To streamline the process, CBP launched a new electronic refund platform within the Automated Commercial Environment (ACE) system known as CAPE — Consolidated Administration and Processing of Entries. The first phase of the CAPE system became active in April 2026 and currently covers unliquidated entries and certain recently liquidated imports.

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Pharmaceutical manufacturers seeking refunds should immediately work with customs counsel, brokers, and trade compliance teams to:

- Identify all imports affected by IEEPA reciprocal tariffs
- Review entry liquidation status
- Preserve protest deadlines
- Compile tariff payment documentation and entry summaries
- Submit CAPE filings where eligible
- Track interest calculations on refundable duties

Importantly, refunds are generally issued only to the "Importer of Record," which may be a distributor, procurement entity, or customs broker rather than the end pharmaceutical manufacturer itself. Companies should therefore carefully review contractual arrangements to determine who is legally entitled to receive any refund payments.

Although the Supreme Court ruling represents a major financial opportunity for pharmaceutical manufacturers that imported high-value equipment during the tariff period, the process remains highly procedural and documentation-intensive. Companies that act quickly and maintain organized customs records will likely be in the strongest position to recover duties and interest owed by the federal government.

EPREX is working closely with our clients and the Importers of Record to navigate the tariff refund process the federal government established and recover the IEEPA reciprocal tariffs paid. EPREX is also closely monitoring the current section 122 tariffs that are under challenge and the related project risks.

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