

Vital Briefing—Tariff Insights

Finding timber imports threaten national security, White House imposes new tariffs

By *Thomas Thompson*

President Trump [announced](#) new tariffs on global imports of timber, lumber and derivative products on September 29. The president's proclamation imposes a 10% tax on imports of softwood timber and lumber, a 25 percent tax on certain upholstered furniture and a 25 percent tax on kitchen cabinets and vanities. The latter two tariffs are set to rise to 30 and 50 percent respectively on January 1, 2026.

Having addressed wood imports during their tariff dealings with Trump earlier in the year, imports from U.K., E.U. and Japan are set to be treated favorably. All U.K. import tariffs will be capped at 10 percent, presumably including the otherwise higher tariffed furniture and cabinets. Imports from the E.U. are to be capped at 15 percent.

In his March 1, 2025 executive order that initiated the investigation by the Commerce Department under section 232 of the Trade Expansion Act of 1962, the president [noted](#) he would be authorized to impose global tariffs on a finding that the import of the subject goods threatens national security. Responding to the Commerce Department's request for comment, Furniture for America, a national association of furniture manufacturers and importers representing more than 10,000 employees, [asserted](#) flatly, "... as a strictly legal matter, there is no rational relationship between imports of wood products or furniture and the national security of the United States."

In its comment letter, the association questioned the president's statement "The military also invests in innovative building material technology, including processes to create innovative wood products such as cross-laminated timber." Noting that the technology originated in 1990s Germany and Austria, the association said the technology seems to be arriving in the U.S. only now. Cross-laminated timber can substitute for steel and concrete, the importation of which is also subject to tariffs, in construction projects.

Pharmaceutical tariffs get complicated. In a separate tariff action on September 25 Trump [announced](#) on Truth Social, "Starting October 1st, 2025, we will be imposing a 100% Tariff on any branded or patented Pharmaceutical Product, unless a Company IS BUILDING their Pharmaceutical Manufacturing Plant in America. "IS BUILDING" will be defined as, "breaking ground" and/or "under construction."

While Trump's statement is unambiguous, its potential effects remain uncertain. Details were not provided about whether the exemption would be extended to foreign companies already manufacturing in the U.S. According to industry reports, most major drug manufacturers that export to the U.S. already conduct some manufacturing business in the U.S. or have broken ground on projects. Others had already agreed with the administration to invest in the U.S. when the new tariffs were announced.

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The bulk of U.S. pharmaceutical imports are for generic drugs which continue to enter duty free.

Ireland, Singapore and Switzerland are the three largest pharmaceutical exporters to the U.S. Ireland exports predominantly generic drugs which will by-and-large not be affected by the new tariff rate but Singapore and Switzerland's producers appear to be highly exposed.

E.U. and Japan are confident their recently concluded trade deals will provide their drug exporters relief from the 100 percent tariffs, according to reports in Reuters and Bloomberg. E.U. drug exports were explicitly included in its August trade agreement with Trump. The Japanese deal provided for special treatment for drug exports although with the proviso the tariff rates would be negotiated later.

Reuters [reported](#) the U.K. was scrambling for clarity about the tariff rate on its pharmaceutical exports to the U.S. in the days after Trump's announcement. U.K. was the first country to announce a trade deal with the U.S. earlier this year. The deal provided a 10 percent tariff rate with no special provisions for pharmaceuticals. Reuters also reported sources familiar with Trump's tariff plans were saying the rate would be 100 percent for branded drugs from the U.K.

Pfizer's tariff grace period. Pfizer [announced](#) on Tuesday, September 30, it had agreed to participate in a direct-to-consumers

marketing initiative to be established by the federal government next year. Pfizer will also increase its U.S. investments. Pfizer received assurances of a three-year "grace period" from section 232 tariffs on the drugs the company imports.

The discount drug program's website, to be named TrumpRx, will connect consumers to discount opportunities at any number of participating drug companies. Drugs on the federal website are expected to be offered at an average 50% discount. Details about how the discount will be calculated have not been disclosed. Pfizer also agreed further to reduce prices charged under Medicaid programs.

Pfizer said it will try to align prices in the U.S. with the generally lower prices charged consumers abroad.

Pfizer will step up investments in U.S.-based operations. "We are committed to channeling unprecedented resources with an additional \$70 billion dedicated

to U.S. research, development and capital projects in the next few years," according to the company's announcement. Pfizer said it had invested \$83 billion in American biotech from 2018 to 2024.

In return for its commitments, Pfizer will receive a three-year reprieve from section 232 tariffs on the drugs the company imports, provided it continues to expand production and investment in the U.S. Few other terms of the agreement were published.

The Pfizer share price rose almost six percent the day of the announcement although, according to an October 1 report on Bloomberg, Pfizer has not adjusted its revenue forecasts. The article also quoted Carter Gould, an analyst at Cantor Fitzgerald, who said the deal might be "more optics than bite." "For all the hype and commentary around delivering a transformative win for lower drug prices, Pfizer didn't change a single numeral in its financial forecast in light of the deal," Gould stated.