Department of Health & Social Care

UK- US Pharma Deal headlines

December 2025

What has been agreed?

Trade protections

0% tariffs on pharmaceutical exports for three years – the lowest rate offered to any country – and exemption from any additional tariffs on medical equipment, medical consumables and PPE that result from the ongoing section 232 investigation into these products

The UK has secured **mitigations under the US' 'Most Favoured Nation' drug pricing initiative** so that we will continue to ensure access to the latest treatments

UK investment in innovative new medicines:

25% average price increase for new medicines – achieved through an uplift to the standard NICE cost-effectiveness threshold and adoption of the new value set EQ5D-5L

Changes to VPAG to ensure this additional investment is not recouped and the **headline payment percentage does not exceed 15%** for the remainder of the scheme

A commitment to reaching **targets on proportion of medicines spend** by GDP and healthcare spend by 2035

What will this achieve?

Unlocking innovative new medicines: Through changes agreed to the NICE threshold, medicines that deliver significant health improvements but might have otherwise not been deemed cost effective may now be able to be approved.

Stable UK commercial environment: By providing certainty on VPAG rates and HMG ambitions for future medicines spend, we have increased the stability and predictability of the UK market for the coming years.

Managing geopolitical uncertainty: The US commitments on tariffs and MFN pricing will support the life sciences industry to operate and invest with confidence in the UK.

What comes next?

DHSC are working to agree with the ABPI **VPAG text amendments** to ensure that these commitments are reflected in the scheme.

A consultation has been launched, closing on 13 January, on the limited powers that Ministers are taking to set the standard **cost-effectiveness threshold** used by NICE, and removing the requirement for NICE to consult on changes to its procedures where these result from a ministerial direction.

NICE will consult on the changes to the **EQ5D-5L** value set in their usual way.

We are considering appropriate governance structures to take forwards further conversations on the UK commercial environment, including the future of the **voluntary scheme post-2028**. This is likely to begin in January 2026.