

The Tariff Turmoil Upside - More International Partnerships

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If there's anything good to come from the tariff turmoil, it is that countries have rediscovered the importance of collaboration, international partnerships and market diversification to drive innovation.

It's a point I heard repeatedly at the BIO Asia-Taiwan conference in Taipei last month (July 23 - 27, 2025).

In the upended global trade order, where foe is friend and everyone else gets tariffed, it's hardly surprising we're looking to a broader suite of markets to provide some resilience and certainty to our life science innovation endeavours.

That said, the United States, with its 'Liberation Day' tariff regime that is at the heart of the turmoil, remains by far the biggest market in the world for both therapeutics and medical devices.

The prospect of arbitrary tariffs being imposed on exports, and a pharmaceuticals-specific tariff of up to 200 per cent, have been mooted for some time with a clear objective of encouraging companies to move production to the US.

"When they hear that (about tariffs), they will leave China, they will leave other places because... most of their product is sold here and they're going to be opening up their plants all over the place," is how President Trump puts it.

Market size and tariff-driven economic forces work to incentivise Australian biotech innovators to move their operations to the US to better access that market.

The same forces are compelling international firms like Roche, Novartis and AstraZeneca to commit billions in US-based manufacturing, and US companies like Eli Lilly to re-shore manufacturing from other parts of the world.

Even Australia's larger biotech companies are touting the depth of their US-based manufacturing as evidence of their ability to ride out the tariff turmoil.

In this environment of uncertainty and perverse incentives, strategies for backing life science innovation and supporting startups and SMEs through the difficult early years are more critical than ever.

Yes, access to capital remains a challenge and there are some powerful options that could turbocharge our homegrown innovators, like investment mandates for superannuation funds.

Their \$4 trillion in assets under management could be transformational for the scaling-up of early-stage biotech firms. We're already looking at thresholds and taxation rates on super earnings, why not reforms to back one of Australia's most significant job creating, knowledge intensive sectors.

Beyond that, building new international partnerships and opening new markets are critical. And while many will favour a pivot to Europe, opportunities in the Asia Pacific region, Australia's neck of the woods, should not be overlooked.

At BIO Asia-Taiwan, delegates from the US, Canada, Japan, Europe and a large contingent of Australians heard consistent messages around global collaboration, resilient supply chains and the opportunity for the APAC region to drive the next wave of biotech innovation.

It is a wave that Australia needs to be a part of.

China, Japan and South Korea have joined forces on security and export matters, with a focus on improving free trade in the region. At a recent meeting in Seoul, the three countries agreed to create "a predictable trade and investment environment."

These are Australia's top three export markets and together represent around 12 per cent of the global pharma market.

They're also pretty accomplished at taking research and turning it into products at global scale.

China in particular has made biotechnology a national priority over the last decade. Its 'Made in China 2025' plan includes a focus on biotech and in a few short years, precincts like Suzhou BioBAY and Zhangjiang Hi-Tech Park have emerged as powerhouse global clusters.

It is a point acknowledged in a new report from the US National Security Commission on Emerging Biotechnology which warns that China is beating the US in biotech advances.

Prime Minister Anthony Albanese's six-day visit to China from July 12 sent a powerful message to innovators, investors and the business community that increasing engagement between two countries is to be encouraged.

While Australia punches above its weight in life science discoveries, translation and commercialisation is our Achilles heel. And now there's President Trump's 'America First' agenda and much mooted pharma-specific tariffs.

Matching Australia's capabilities in research, early-stage drug discovery, IP creation and clinical trials with China's power in scaling and production makes all the sense in the world. Just as it does with Korea and Japan, India and Singapore.

A sober re-assessment of Australia's place in the world and an urgent re-imagining of the policies, strategies and frameworks needed to nurture a sustainable, home-grown life science sector are in order.

For MTPConnect, our partnership with the Korea Health Industry Development Institute is driving closer collaboration between our two countries, as is our work with Taiwan's Biotechnology and Pharmaceutical Industries Promotion Office in Taipei. Across the Pacific, our relationships with Biocom California and Medical Alley are much valued and creating new commercial and market opportunities for Australian life science startups and SMEs.

Australia has the entrepreneurs, clinicians and innovators ready and willing to meet the offshoring challenge. And with the right incentives and durable international partnerships, we can stop life science innovations leaving our shores too quickly, only to enrich the economies of other countries.

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