

## A 25% extraterritorial tariff shock and the health burden in Iran

Iran is facing a humanitarian crisis, with widespread reports of deaths.<sup>1</sup> With profound sorrow, we acknowledge the gravity of this moment. This Correspondence does not address the ongoing violence, which we defer until reliable information allows for a clearer assessment. Our focus is a distinct and preventable harm: erosion of the right to health<sup>2</sup> through restricted access to essential medicines and medical technologies during a period of acute need and fragile health system conditions.

On Jan 12, 2026, the US President publicly announced an immediate and conclusive 25% tariff on any nation conducting business with Iran.<sup>3</sup> Although framed as trade diplomacy, details on the legal basis, scope, and implementation of this tariff remain unclear. For the global health community, the main concern is not the rhetoric but the likely response: altered incentives for third-country firms where the potential for universal penalties outweighs the financial returns of the relatively small Iranian market, and financial intermediaries that could further restrict formal channels for procuring, paying for, insuring, and shipping health commodities.

The core risk lies in the behavioural effect of the tariff. Unlike primary sanctions targeting specific entities, a blanket penalty encourages risk-minimising decisions under uncertainty. Suppliers, insurers, shippers, and banks might adopt overly cautious practices, especially where compliance systems are conservative and penalties seem substantial. Trade data<sup>4</sup> highlight the fragility of remaining trade flows for health-related commodities: in October, 2025, Germany exported €18.7 million in pharmaceuticals and €6.75 million in medical, surgical, and orthopaedic equipment to Iran.

Together, these essential goods accounted for over 40% of total German exports to the country that month, despite an overall year-on-year export decline of 18.8%. For quality-sensitive goods that require regulatory assurance, calibration, maintenance, and after-sales service, such trade volumes are difficult to replace quickly.

For specialised, medium-sized manufacturers and distributors of vaccines, diagnostics, and surgical instruments, decisions might shift from humanitarian intent to commercial risk management. When the threat of penalties outweighs returns from a small market, firms might limit Iranian transactions, and counterparties could refuse to finance, insure, or ship even permitted goods. This predictable overcompliance<sup>5</sup> can widen the quality gap in care, as access to high-specification technologies and reliable supply chains narrows. In practice, the immediate burden often falls more on patients and providers than on the intended policy targets.

We urge WHO and relevant UN agencies to treat extraterritorial trade measures as de facto public-health interventions that require the following safeguards:<sup>6</sup> (1) rapid guidance to banks, insurers, shippers, and suppliers on humanitarian transactions, including standard documentation and escalation for blocked payments; (2) an independent mechanism for prospective risk assessment of essential medicines and technologies, with time-bound recommendations to reduce disruption; and (3) transparent monitoring of sentinel indicators (eg, tender failures, procurement lead times, transaction rejections and settlement delays, tracer stock-outs and price dispersion, and maintenance downtime) for critical equipment to enable early mitigation and accountability.

RM reports involvement in a WHO Regional Office for the Eastern Mediterranean project (2025/1596208-0) titled "Development of a monitoring tool to assess the impact of economic sanctions on health and health systems in the Eastern Mediterranean Region", as well as two Impact Fund

projects supported by the University of Essex on monitoring the unintentional health effects of sanctions. These activities are financially and operationally independent of this Correspondence. MRF declares no competing interests. The opinions expressed in this Correspondence are solely those of the authors and do not reflect the positions of the organisations mentioned.

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4 The Observatory of Economic Complexity. Germany-Iran bilateral trade profile. 2026. <https://oec.world/en/profile/bilateral-country/deu/partner/irn> (accessed Jan 21, 2026).

5 Office of the UN High Commissioner for Human Rights. Guidance note on overcompliance with unilateral sanctions and its harmful effects on human rights. 2026. <https://www.ohchr.org/en/special-procedures/sr-unilateral-coercive-measures/resources/unilateral-coercive-measures/guidance-note-overcompliance-unilateral-sanctions-and-its-harmful-effects-human-rights> (accessed Jan 21, 2026).

6 Moradi-Lakeh M, Gibson R, Farzanegan MR, Gutmann J, Majdzadeh R. Health safeguards under the UN's reimposition of sanctions on Iran. *Lancet* 2025; 406: 2056-57.