US lab cuts and trade tariffs: A growing threat to science and industry

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Amidst all the spectacle surrounding Donald Trump's return to office, two key issues have emerged with significant consequences for laboratories and their suppliers. The first major issue is the widespread layoffs currently taking place within the US laboratory sector. Reports indicate that a quarter of the workforce in nearly five dozen US laboratories engaged in efforts to address the latest avian influenza outbreak have been laid off. Additionally, the Centers for Disease Control and Prevention (CDC), which employs around 12,000 individuals, has dismissed 1,300 staff members. These 1,300 employees constitute approximately 45% of all 'probationary' workers at the CDC. While many of those affected are new recruits, some had recently been promoted and had therefore occupied their current roles for less than a year.

Among those made redundant are employees from the CDC's Epidemic Intelligence Service (EIS), a programme established in 1951 to train public health professionals in identifying and responding to disease outbreaks. The loss of personnel in this critical department raises concerns about the ability of the US to respond effectively to emerging public health threats.

Cuts have also affected the US National Animal Health Laboratory Network, which is responsible for managing data and ensuring consistency in laboratory efforts to monitor animal disease outbreaks. The impact of these reductions is expected to be immediate, according to Keith Poulsen, director of the Wisconsin Veterinary Diagnostic Laboratory.

"They're the front line of surveillance for the entire outbreak," Poulsen stated. "They're already struggling with staffing shortages, so if you remove all the probationary staff, you eliminate the capacity to do the work."

Another significant casualty of recent federal policies is the closure of the Livermore Lab's Diversity, Equity and Inclusion (DEI) office, as part of a broader crackdown on DEI initiatives. Responding to a congressional inquiry about the impact of the federal restrictions, the facility's director, Kimberly Budil, noted that numerous laboratories had responded by shutting down their DEI offices, laying off or reassigning staff, and implementing structural changes to comply with the new federal mandates. However, Budil warned of the wider implications of dismantling DEI policies in collaborative research environments:

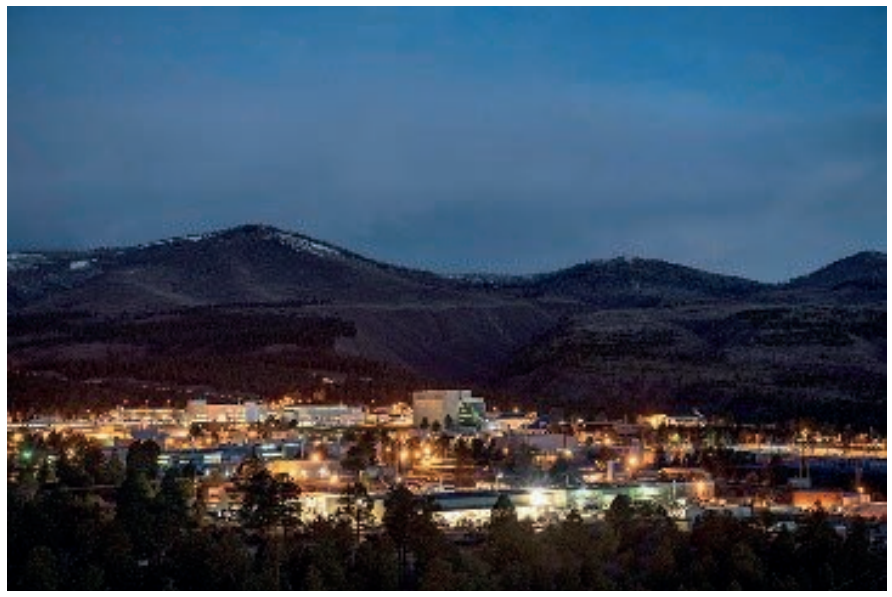
"The critical importance of bringing together a broad range of ideas, backgrounds, and experiences is really how we drive excellence in our laboratories, so we remain strongly committed to upholding that focus on excellence."

These reductions in US laboratory operations will undoubtedly influence scientific progress and public health, but their impact on local economies is equally significant. Laboratories contribute heavily to local economic growth, as illustrated by the 2024 economic impact report from Los Alamos National Laboratory in New Mexico. The report revealed that, in addition to paying $1.96 billion in salaries to its local workforce, the laboratory spent over $1 billion with New Mexico businesses and contributed $138 million in state gross receipts tax. With an annual budget of $5.24 billion, Los Alamos National Laboratory remains a crucial driver of economic activity in the region.

"Los Alamos National Laboratory plays a critical role in sustaining the economic viability of surrounding New Mexico communities," stated Laboratory Director Thom Mason. "Every year, we expand to meet the demands of our national security mission, and in doing so, the local economy grows alongside us."

The laboratory's 2024 DEI report highlighted that of its 16,547 employees, 28.7% hold at least one degree from a New Mexico college or university, while 39.2% are native New Mexicans. Furthermore, the facility actively supports local business growth through mentorship and technological collaboration. In 2024 alone, laboratory-supported initiatives:

- Conducted 182 projects with 212 New Mexico small businesses
- Secured $14.1 million in new financing
- Created or retained 371 non-laboratory jobs with a combined salary total of $4.8 million



Los Alamos National Laboratory is one of the largest employers in the state of New Mexico. Picture Copyright Triad National Security, LLC

However, while many laboratories are struggling, others appear to be faring better. One institution whose recent funding may remain intact is the Tesla Science Centre, which has been awarded a $500,000 grant from New York State Parks to aid in restoring its laboratory facilities following a fire. The funding will contribute to the preservation and transformation of Nikola Tesla's only surviving laboratory into

Tesla Science Centre at Wardenclyffe in Shoreham which has been awarded a $500,000 grant. Photo courtesy www.teslasciencecenter.org.

an educational and innovation centre. Originally estimated to cost $20 million, the restoration project is now expected to require $24 million due to additional fire damage and inflation-related costs. Construction is slated to commence in 2025.

Take action now to prepare for tariffs

The second major issue set to impact UK laboratories and businesses is Trump's increasing reliance on tariffs. UK businesses are being urged to take proactive steps now to mitigate the anticipated effects.

Trump's proposed tariffs fall into two categories: high, targeted tariffs designed to pressure specific nations into action, which can fluctuate unpredictably, and longer-term 'sin' taxes intended to dissuade US companies from purchasing goods from countries such as China, Canada, Mexico, and the EU. These latter tariffs are expected to cause prolonged market disruptions.

As a result, price increases linked to US tariffs and potential retaliatory measures will likely affect laboratory supply costs. To mitigate the impact on customers, laboratory suppliers are considering several strategies:

1. **Engaging with US customers:** Establishing discussions about potential tariff exemptions and setting expectations regarding specific product types
2. **Modelling tariff impacts:** Using trade data from the Customs Declaration Service (CDS) to forecast the effects of varying tariffs while awaiting further policy clarification
3. **Exploring duty management strategies:** Once tariff impacts are better understood, suppliers can explore options such as processing reliefs, warehousing, and deferral schemes to manage duties more effectively
4. **Considering tax implications:** If 20% tariffs are introduced, they will influence VAT and other UK taxes, attracting increased scrutiny from HMRC

Even if much of Trump's rhetoric on tariffs turns out to be bluster, uncertainty alone can significantly disrupt market activity. The mere anticipation of increased tariffs is likely to slow hiring and new orders from US laboratories. Consequently, GAMBICA members - who supply laboratory equipment - are actively seeking opportunities in alternative markets. Special export group meetings are being organised to focus on expanding sales in India and China.

The broader implications of these upheavals for the UK will be discussed in detail at GAMBICA's annual conference on 11 March. The event will feature TV commentator Anand Menon and economist Lee Hopley, who will examine the potential effects on both domestic and international trade. Additionally, Josh Chapman from SLS will offer insights and predictions regarding UK laboratory sales.

A limited number of day places remain available for those interested in attending. To secure a spot, please contact Jacqueline Balian at **Jacqueline.balian@gambica.org.uk**