

## China aims to lead next bio revolution with investments in advanced biologics, says GlobalData

14 December 2022 | Analysis

China significantly invested in improving its cell and gene therapy manufacturing capabilities as it attempts to lead the next bio revolution



China initiated a 10-year "Made in China 2025" plan in 2015 as part of a strategy to reduce dependence on foreign technology and emerge as a global leader in several high-tech industries, including biotech. Since then, the country has significantly invested in improving its cell and gene therapy manufacturing capabilities as it attempts to lead the next bio revolution, observes GlobalData, a leading data and analytics company.

GlobalData's recent report on "China Contract Manufacturing Market Outlook", reveals that there have been numerous cell and gene therapy startups founded in the country over the past three years.

Adam Bradbury, Pharma Analyst at GlobalData comments: "China is now focusing on establishing volume and enhancing capabilities for innovative high value drug production and its pharma manufacturers are looking to compete with US and European equivalents for gene and cell therapy contracts."

China is renowned for its production of generic API's. Most of the contract manufacturing sites in the country are based in eastern provinces and offer small molecule active pharmaceutical ingredient (API) production.

Bradbury adds: "Finished dose pharmaceutical production and packaging is far rarer than small molecule API production in China, and biologic API production is rarer still, indicating a lack of a full service offering by most manufacturing facilities in the country. Therefore, domestic manufacturers will miss out on the associated revenues by lacking those diversified manufacturing services."

Dose manufacture is one of the last steps in manufacturing a drug before it is packaged and distributed to patients. Contract development and manufacturing organizations (CDMOs) offering dose services have more revenue potential and can be higher value than their small molecule API equivalents.

Bradbury concludes: "Venture financing was the most common deal type for CDMOs headquartered in China during 2019-2022, far more frequent than acquisitions and equity offerings, showcasing investor belief in the potential of Chinese startups.

Venture financing involves providing capital to startup firms and small businesses with exceptional growth potential.

"The US President Joe Biden recently signed an executive order that targets foreign investments in US biotech. This could have a wide-reaching effect on China, which is seeking to acquire innovative pharma manufacturing expertise in the US. Biden's executive order defines national security factors to consider when evaluating transactions."