# Surge in partnerships signals China's growing influence in biopharma



In recent months, the pharmaceutical landscape has witnessed an unprecedented surge in partnerships and deals between Western companies and biotechs in China, particularly revolving around antibody-drug conjugates (ADCs). This trend, highlighted by industry experts, suggests a significant shift in the dynamics of biopharma collaborations, with predictions indicating that China's influence will deepen further into 2025.

Kirsten Axelsen, a senior policy advisor at DLA Piper and a nonresident fellow at the American Enterprise Institute, told BioSpace, “What you’re seeing is, as the U.S. is doing things to make its environment less hospitable to biopharma, China is making its environment more hospitable to biopharma.” This observation underscores China's ongoing changes to its Life Sciences policy, aiming to enhance its intellectual property framework, increase investment in research and development, and facilitate smoother technology transfers between academic institutions and businesses. Notably, Chinese universities are now permitted to profit from the intellectual property arising from their innovations.

The response to these reforms has been immediate, with deal activity escalating and involving significant value. According to data from Jefferies, recent transactions have notably exceeded the average deal size for 2024, with at least three or four partnerships creating new companies centred around assets developed in China. By 2025, a Chinese entity is reportedly engaged in approximately one-fifth of the entire biopharma industry's clinical pipeline.

Despite ongoing geopolitical tensions impacting U.S.-China relations, particularly with legislation such as the BIOSECURE Act that aimed at distancing biopharma dependency on certain Chinese firms, Jefferies analysts noted that the surge in deal-making has persisted. “The hiccup, of course, is the BIOSECURE Act,” analysts pointed out in a recent report, adding that its exclusion from the end-of-year defense budget left uncertainties unresolved.

Venture capital interest in China has also seen a substantial rise, with firms like Bain Capital Life Sciences and Atlas Venture exploring new opportunities. One prominent example is Kailera Therapeutics, which launched in October 2024 with $400 million to develop a metabolic disease portfolio in collaboration with Jiangsu Hengrui Pharmaceuticals.

China's advantages as a research hub are substantial, particularly in its ability to provide a more cost-effective environment for early-stage trials. Axelsen notes that about a quarter of all clinical trials and early drug development activities are now taking place in China, a figure she describes as “remarkable.” Although the primary focus of past pharmaceutical dealings with China has centred on oncology—representing 46% of the total 318 deals in 2023, according to IQVIA—companies have started to diversify their interests into fields such as obesity, immunology, and cardiometabolic diseases.

As Jefferies contacts conveyed, "China becomes a place for deal hunters to look for a ‘me too better’ version of the target," reflecting a sustained interest in emerging therapeutic modalities. Antibody-drug conjugates, in particular, have proven a hot commodity, with over half of the clinical pipeline for ADCs and related therapies being either developed in China or in partnership with Chinese firms. Significant deals have been made recently, including Roche's $80 million agreement with Innovent and GSK's partnerships with Hansoh Pharma and DualityBio for respective sums of $1.7 billion and $1 billion.

While this robust trend shows no signs of slowing, it does come with challenges. Drugmakers must ensure compliance with trial diversity standards to satisfy FDA scrutiny, especially given that many Chinese companies tend to limit their clinical trials to local sites. An example of this can be seen in Eli Lilly's collaboration with Innovent Biologics, which faced regulatory hurdles due to its exclusively Chinese trial data.

Despite this, industry observations suggest that pharmaceutical companies are increasingly seeking early-stage assets tested in China that can be transitioned to later stages of development in other markets. “This seems wise and logical,” Jefferies noted, reinforcing a strategic pivot as companies seek to navigate the evolving regulatory landscape.

The impact of geopolitical factors remains potent, with analysts observing that shifts in U.S. policy could influence the pharmaceutical industry's global landscape. As per Evaluate’s predictions, “a big ‘but’ here, however, in the shape of the Trump administration,” could trigger renewed restrictions or trade tensions that might impede ongoing collaborations.

Experts, including Axelsen, emphasise that the regulatory dialogue between China and the FDA requires further refinement, particularly in clarifying the expectations related to trial data sourced from Chinese sites. The evolving nature of China's regulatory environment, along with the nation’s growing alignment with international standards, is likely to render its developed drugs increasingly valuable in the international market, particularly if it continues adopting policies resonant with FDA requirements.

Source: [Noah Wire Services](https://www.noahwire.com)

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