



Department for  
Business & Trade

# CHINA

## COUNTRY CARD

Healthcare & Life Sciences

**Pioneered in the UK.  
Changing the World.**



# INTRODUCTION

## Economy

China's pharmaceutical industry has experienced rapid progress since the country entered the World Trade Organization. As of 2021, China holds 12% of the global pharmaceutical market. ([daxueconsulting](#), online)

This continent-sized country is committed to universal healthcare and its top institutions will help drive the future of healthcare and life sciences. Yet its health systems and outcomes are massively varied. China offers significant opportunities for UK businesses, health professionals and researchers.

## Health

Post-pandemic, Chinese policy makers are re-focusing on long-term health challenges. China's population is ageing, and the new 'three-child policy' will not significantly change demographic pressures. The population of people over 60 years old in China is projected to reach 28% by 2040. ([World Health Organisation](#), online)

Cancer is a leading cause of death in China, and China accounts for about 27% of cancer deaths worldwide. ([National Library of Medicine, PubMed](#), online)

China has a huge population and insurance coverage has been increased gradually. In 2011, approximately 95 percent of the Chinese population was covered under one of the three medical insurances. ([Commonwealth Fund](#), online)

Wealthy 'Tier 1' cities like Beijing, Shanghai, Guangzhou and Shenzhen are home to world-class research centres. China is stimulating innovation, with an exciting mix of scientific capability, cash-rich investors and access to large patient pools for rare disease trials. With big ambitions in life sciences, China is also adopting international regulatory standards.

China is a highly competitive market that demonstrated how it can rapidly innovate through its response to Covid-19. But it is still open to foreign products and holds UK medical science and innovation in high regard. The NHS model and UK clinical excellence are highly respected and UK businesses have enjoyed success in licensing novel drugs and diagnostic solutions, providing training services and hospital design consultancy in China.



# STATISTICS



## Population:

**1.41 billion**

([World Bank](#), online)



## GDP in 2021:

**\$17.73 trillion**

([World Bank](#), online)

- > In 2018, China spent approximately 6.6 percent of GDP on health care, which amounts to CNY 5,912 billion (USD 1,665 billion). ([Commonwealth Fund](#), online)
- > Cancer is a leading cause of death in China, and China accounts for about 27% of cancer deaths worldwide. ([National Library of Medicine, PubMed](#), online)
- > By 2030 China and Hong Kong will have 33% of the world's middle-class consumers; and by 2050 will have 30% of the world's very high income (incomes above \$40k) consumers – almost as many (93% of total) as Europe and the rest of the Asia Pacific combined. ([DIT's Global Trade Outlook](#), PDF)
- > China's pharmaceutical market is the second largest worldwide, after that of the United States. ([McKinsey](#), online)
- > Active pharmaceutical ingredient produced and exported by China account for 40% of the global provision. ([daxueconsulting](#), online)
- > China is positioning itself as a global leader in precision medicine, the use of a person's genetic information to diagnose and treat diseases. ([Innovator](#), online)
- > Covid-19 has reaffirmed the importance of healthcare in China's social contract, elevating its importance in public consciousness including the importance of vaccines.
- > China has been the source of 3 major epidemics in a generation: COVID-19, SARS and avian influenza. ([Discover Wildlife](#), online) ([CNN Health](#), online) ([The Guardian](#), online)
- > China is a leading consumer of Antibiotics ([Frontiers](#), online)
- > A baby born in 2021 is expected to live to 78 years old ([World Bank](#), online)
- > As of 2021 China had has 2.5 Doctors per 1000 people. ([OECD data](#), online)



## Top 4 Opportunities / Advantages of China Market

1. China is expected to grow its pharmaceutical market volume to \$220 billion USD, becoming the second-largest market after the United States. ([Deloitte](#), online)
2. There is significant demand for holistic management of the patient journey across oncology, cardiovascular and healthy ageing.
3. UK medical expertise, the NHS system and its integrated research and development function are well respected in China and an excellent platform for doing business.
4. China's highly capitalised life sciences sector and interest in innovative technology offer financing opportunities for early-stage UK companies.



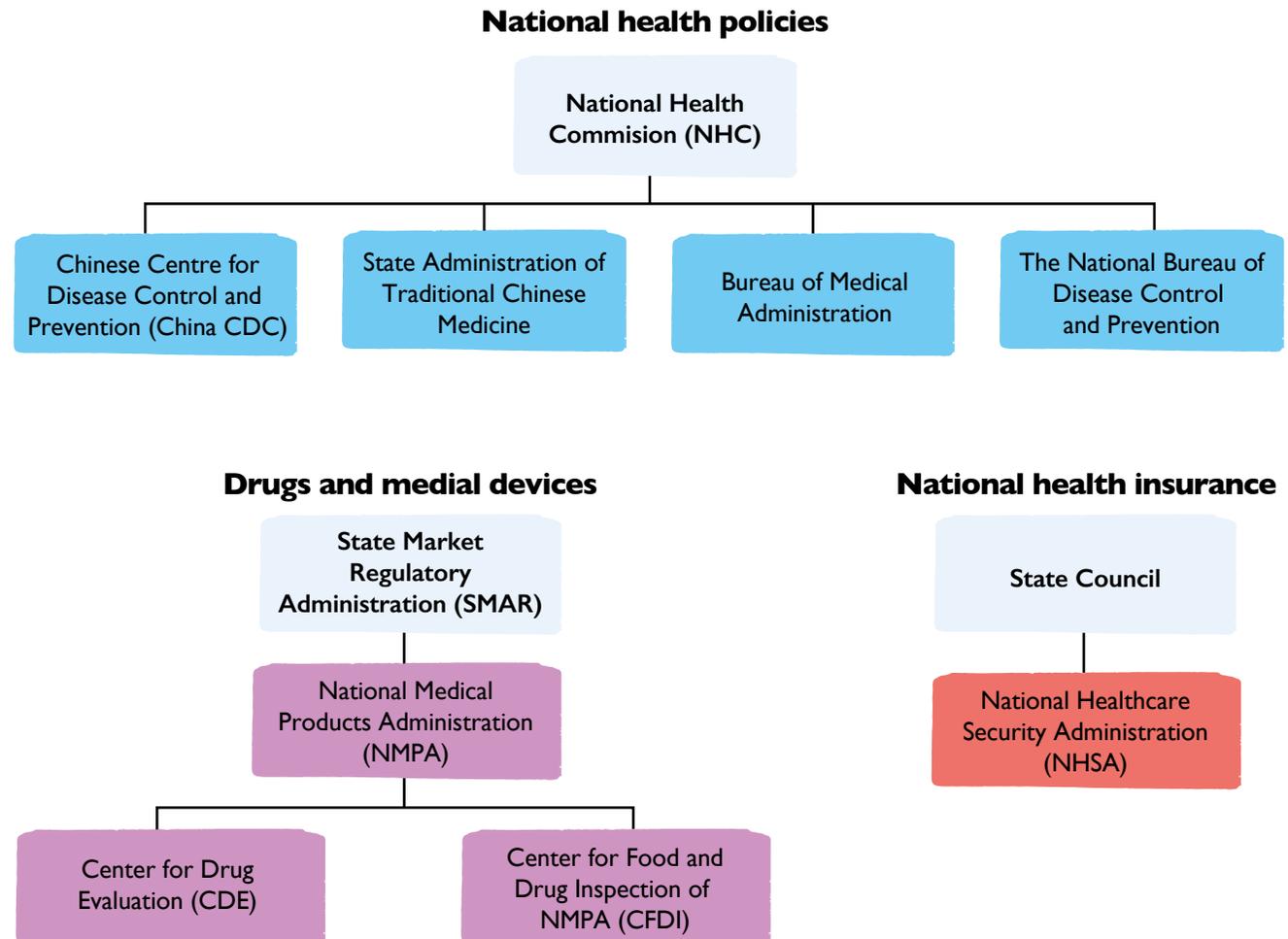
# OVERVIEW OF HEALTHCARE SYSTEM

## The ‘Healthy China 2030’ commitment

Through ‘Healthy China 2030’ China committed to improving health outcomes for patients by capitalising on medical innovation and ensuring access to essential drugs and services. Landmarks include the repeal of the one-child policy and the 2019 Drug, Vaccine and Administration Laws to address concerns about medicine safety, quality and efficacy. Health reform remained a central pillar of the 14th Five Year Plan.

A major reorganisation of China’s national health architecture in 2018 established three pre-eminent government bodies. The National Health Commission (NHC), equivalent to DHSC and responsible for the delivery of healthcare. The National Healthcare Security Administration (NHSA), a new quasi-ministry reporting directly to the State Council with responsibility for medical insurance and healthcare finance and tasked with introducing evidence-based medical-product pricing. The National Medical Products Administration (NMPA), equivalent to MHRA and responsible for ensuring the safety, quality and efficacy of medicines and medical devices. The separate Ministry of Civil Affairs (MOCA), responsible for elderly care and basic research, is regulated by the Ministry of Science and Technology (MOST).

## Organization of the health system in China



China is committed to strengthening the capacity and capability of care with a particular focus on primary care and digital infrastructure. Cognisant of the scale of these challenges, in 2020 China liberalised the private healthcare insurance market, and pledged to double healthcare spending.

To stimulate medical reform China has outlined 11 provinces as pilot zones for model healthcare systems. They are: Jiangsu, Anhui, Fujian, Qinghai, Zhejiang, Chongqing, Sichuan, Shaanxi, Hunan, Ningxia, and Shanghai. Separately, several regions, including the Greater Bay Area and Hainan have introduced special policies to fast-track regulatory approvals for medicines, devices and clinical registration to stimulate economic growth. ([China Government Network](#), online)

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## China's Health Priorities

China wants sustainable healthcare services, delivered by a skilled workforce providing accessible, affordable and high-quality healthcare. Chinese government priorities post-pandemic include:

- > Healthy ageing
- > Oncology
- > Cardiovascular
- > Access to innovative medicine and medical devices through regulatory reform
- > Ensuring access to universal healthcare and strengthening primary care

- > Healthcare efficiency, including use of health technologies, financing reform and service incentive
- > A co-ordinated healthcare system, including alignment between clinical and public health

## Healthcare delivery

China has a tiered healthcare system:

1. Primary or community care: China's average GP ratio is [1.98 physicians] per 1,000 people ([World bank](#), online) and there is a national target to train 500,000 GPs by 2030. ([RACGP](#), online.)
2. Class 2 hospitals: 'District' or 'Township' Hospitals defined by a capacity of up to 500 beds. Centres of general surgery with some limited specialisms.
3. Class 3 hospitals: 'Municipal' or 'County' Hospitals defined by a capacity of over 500 beds. Centres of specialism and referral, often university teaching and research centres. Typically located in major cities. Includes China's top 'AAA' rated hospitals.

Central government sets a delivery framework but healthcare implementation falls to the provinces and varies significantly. Fragmented health records and inconsistent use of digital systems hamper the standardisation and improvement of care. Both national and provincial governments highlight chronic health management as a challenge and priority.

## Medical Insurance

China achieves near-universal coverage through the provision of publicly funded basic medical insurance. There are two main schemes:

1. Urban Employee Basic Medical Insurance: funded by employer and employee contributions
2. Urban Resident Basic Medical Insurance: government funded for urban residents without formal jobs

These plans cover primary, specialty, hospital, and mental health care, as well as prescription drugs and traditional Chinese medicine. Deductibles, co-payments, and reimbursement ceilings apply. There is no cap on out-of-pocket spending which remains a significant burden for individuals and accounts for 40% of total healthcare spend in China. ([National Library of Medicine, PubMed, online](#))

## Life Sciences

China has transformed its regulatory environment over the past five years. China's pharma sector is large, growing and transforming. Pharmaceutical spend in China was estimated to be 573bn USD and it is now one of the fastest places in the world to register novel drugs. ([daxueconsulting](#), online)

Chinese BioTechs are also attracting international investors. Along with profits from China's Covid-19 medical supplies boom, this means the Chinese market is highly capitalised and looking to invest in innovation overseas.

This lucrative market is not without challenges. Permissions for handling Chinese genetic materials and healthcare data are complex but navigable with the right partner. Winning public procurement and reimbursement competitions can be challenging for foreign businesses. So called Volume Based Procurement (VBP) is driving down prices of generic pharmaceuticals and standard medical devices, but innovative products remain out of scope.

## Pharmaceuticals

According to the statistics of China Medical Device Industry Association, in 2016, the annual output value of China's medical device industry reached 276.5 billion yuan, an increase of 13% over the same period of last year. ([China Med Device](#), online) China continues to fast-track the regulatory process for cancer and orphan drugs. There is significant demand for cardiovascular assets and neurological disorder drugs in the race to tackle dementia.

## Medical devices

In 2016, the annual output value of China's medical device industry reached 276.5 billion yuan, an increase of 13% over the same period of last year. ([World Bank](#), online) China is open to foreign mid to high-end products, particularly in: In Vitro Diagnostics (IVD), orthopaedics, diagnostic imaging equipment and wound care. Innovative devices are largely exempt from VBP, therefore British companies with diverse portfolios should be focusing on strategies to bring innovative, higher margin products to China.

## Healthcare

China's policy commitments to expand and upgrade healthcare services, economic growth and rising patient expectations continue to drive growth in China's public healthcare sector. The importance of private healthcare in China continues to increase. Despite reforms to public health insurance, Chinese consumers spend 10% of their disposable income on health expenses (compared to 7% in the USA) ([World Bank](#), online). Liberalisation of the private healthcare insurance market is expected to stimulate demand for private healthcare over the next ten years.

China's shortfall in medical professionals is a major opportunity for UK education and training providers. Areas of particularly high demand include general practice, nursing and rehabilitation. But opportunities are not limited to these sectors and demand for UK expertise is strong from vocational education through to surgical training.

Aspects of clinical services remains challenging especially international patient travel/referral and delivery of in-person clinical services training due to ongoing Covid-19 travel restrictions. However, in response, the market is seeing rising demand for digital delivery solutions, albeit of lower value. With the growing adoption and use of telemedicine technologies and practices, the second opinion market remains strong. Cancer, Cardiovascular, Respiratory, diabetes and infectious and endemic diseases are the five priority disease areas, as emphasized in the Chinese government's Healthy China Action Plan (2019–2030) ([McKinsey](#), online)

There are opportunities for private hospital and medical school design and health systems consultation in high-growth urban areas. Following China's real estate challenges and consolidation in the hospital sector, private hospital opportunities have shifted to specialist centres within established hospitals with demand in oncology, cardiovascular, elderly care and rehabilitation, and cosmetic surgery.

## Top tips for exporters

> **China is a continent sized country with many systems.**

Regional disparities across China are huge, including health outcomes, spend and research. Know where you want to do business. Central government sets frameworks, but decisions on implementation and procurement are often local. One size rarely fits all in China, to succeed you will need to flex your strategy across different regions.

> **Understand your sector and market trends. China moves rapidly.**

Health system reform, the Covid-19 pandemic and high levels of capitalisation are transforming China's life science and healthcare market. Domestic players are getting stronger, but demand for innovative solutions remains high and it's now easier to do business here than in other BRICS. China ranks 28th of 141 countries in the World Economic Forum's competitive index. ([World Economic Forum](#), PDF) China was the UK's 4th largest trading partner in the four quarters to the end of Q4 2022 accounting for 6.5% of total UK trade. ([DBT](#), PDF)

> **Localise your product.** This can take many forms: translating marketing materials, product documentation, training and aftercare

services. Local manufacture can open-up fast-track regulation and government procurement channels. Be prepared to adjust your approach and provide more product support than you would do in other markets. Take time and advice to understand the cultural implications of your branding and avoid inadvertently deterring customers.

> **Relationships are key to doing business in China.** Take the time to understand your partners' intentions and motivations for doing business; it pays dividends in the future. An on-the-ground presence, whether agent, distributor or local partner can be a significant asset. Good, long-term relationships with regulatory bodies are important. While travel restrictions remain in place, virtual engagement is critical: participate in virtual seminars and missions and lean-in to online meetings. Remember social media in China is different, make sure you understand platforms like WeChat and Weibo.

> **Protect your IP.** The IP landscape in China has improved significantly and it is possible to protect and enforce IP there. But China's IP systems are different, so it is important to identify and mitigate risks. Be prepared to defend patent challenges and bad-faith trade trademark registration.



# HOW DBT AND PARTNERS CAN HELP

DBT helps businesses export and grow in global markets. We also help overseas companies locate and grow in the UK and internationally. Our services are provided in over 100 markets throughout the world.

DBT in China can support your export activity in several ways:

- > **Accessing market opportunities:** Helping UK companies assess market opportunities in China in a number of ways including writing tailor-made reports, facilitating introductions and meetings, and reducing ambiguity by providing the right information for your queries.
- > **Regional support:** We have a talented team of UK and China staff in Beijing, Chongqing, Guangzhou, Shanghai and Wuhan. They can support with local networks and nuances in their areas.
- > **Market Access:** With our continued engagement with key stakeholders and policy makers across various departments in the Government of China, we raise, address and follow-up on market access and barriers related queries from UK businesses.
- > **Access and introductions to key stakeholders:** We have a strong network in the Indian Healthcare & Life Sciences sector and DBT China can support access to a vast network of industry experts.

## CONTACT

**Website:** <https://www.great.gov.uk/>

**Email:** <https://www.great.gov.uk/contact/office-finder/>

- > **Trade Missions and Tradeshows:** DBT can support UK companies to various activities in-market from missions to meet buyers to trade shows including working with partners such as ABHI and Medilink.
- > **Regional support:** continued support after your business/trade is established in China, providing assistance on expansion and representing your interests.

# CHINA-BRITAIN BUSINESS COUNCIL

- > **Membership** – Join the UK's national business network promoting trade and investment with China.
- > **Insights** – Market access and intelligence, sector and regional support.
- > **Consultancy** – Bespoke market research, identification of local contacts, suppliers, and potential partners.
- > **Advocacy** – Government relations support, policy analysis and interpretation.
- > **Practical Support** – Meeting arrangement and market visits.
- > **Events** – Regular flagship events, programmes and community engagement.
- > **Launchpad** – Enter the market in a low risk and cost-effective manner. ([CBBC](#), online)



# RESOURCES

Source	Link
China Briefing from Dezan Shira & Associates	<a href="https://www.china-briefing.com/">https://www.china-briefing.com/</a> Provides legal and regulatory background on doing business in China.
Commonwealth Fund China Briefing	<a href="https://www.commonwealthfund.org/international-health-policy-center/countries/china">https://www.commonwealthfund.org/international-health-policy-center/countries/china</a> Overview of China's healthcare system.
British Chamber of Commerce	<a href="https://www.britishchamber.cn/en/">https://www.britishchamber.cn/en/</a> Membership association and support for UK businesses. Regularly hosts events.
China Britain Business Council	<a href="http://www.cbbc.org/">http://www.cbbc.org/</a> - Membership association and practical support for UK businesses. Regularly hosts events. China Business Handbook – further information on China as outlined in this manual here
McKinsey	China's Healthcare Reform: <a href="https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/healthcare%20systems%20and%20services/health%20international/hi10_china_healthcare_reform.pdf">https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/healthcare%20systems%20and%20services/health%20international/hi10_china_healthcare_reform.pdf</a> How COVID-19 is reshaping China's Medtech industry: <a href="https://www.mckinsey.com/featured-insights/china/how-covid-19-is-reshaping-chinas-medtech-industry">https://www.mckinsey.com/featured-insights/china/how-covid-19-is-reshaping-chinas-medtech-industry</a>
Pharma boardroom	5 top trends in Chinese Healthcare and Biopharma: <a href="https://pharmaboardroom.com/articles/5-top-trends-in-chinese-healthcare-biopharma-in-2020/">https://pharmaboardroom.com/articles/5-top-trends-in-chinese-healthcare-biopharma-in-2020/</a> The Pharma Legal Handbook: China <a href="https://pharmaboardroom.myshopify.com/products/the-pharma-legal-handbook-china">https://pharmaboardroom.myshopify.com/products/the-pharma-legal-handbook-china</a>
World Health Organisation	China Dashboard: <a href="https://www.who.int/countries/chn">https://www.who.int/countries/chn</a>
UK Intellectual Property Office	IP: <a href="https://www.gov.uk/government/case-studies/uk-china-cooperation-on-intellectual-property">https://www.gov.uk/government/case-studies/uk-china-cooperation-on-intellectual-property</a>
Exporting to China after 1 Jan 2021	<a href="https://www.gov.uk/guidance/exporting-to-china-after-eu-exit">https://www.gov.uk/guidance/exporting-to-china-after-eu-exit</a> UK government guidance
DBT export guide to China	<a href="https://www.great.gov.uk/markets/china/">https://www.great.gov.uk/markets/china/</a>
GOV.UK China business risk	<a href="https://www.gov.uk/government/publications/overseas-business-risk-china">https://www.gov.uk/government/publications/overseas-business-risk-china</a>
National Security and Investment Act	<a href="https://www.legislation.gov.uk/ukpga/2021/25/contents/enacted">https://www.legislation.gov.uk/ukpga/2021/25/contents/enacted</a>
China: lawyers and translators/interpreters	<a href="https://www.gov.uk/government/publications/china-list-of-lawyers">https://www.gov.uk/government/publications/china-list-of-lawyers</a>
Current list of Global including China Trade Barriers:	<a href="https://www.gov.uk/barriers-trading-investing-abroad">https://www.gov.uk/barriers-trading-investing-abroad</a>

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