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Pharma Facing Growing Risks From Geopolitics, Industry Leaders Warn

by Jessica Merrill

Industry leaders and experts at the Financial Times Pharma and Biotech Summit said the US relationship with China adds pressing risk to pharma.

Pharmaceutical industry leaders worry about the frosty relations between the US and China and its growing risk for their businesses, especially with US elections approaching.

“Amongst CEOs we are suddenly saying, hey we need to think about geopolitics,” [Biogen, Inc.](#) CEO Christopher Viehbacher said 16 May during a keynote discussion opening the Financial Times Pharma and Biotech Summit in New York. “When I was CEO of [Sanofi](#), these were the peak years of globalization. We could move products and people ... all around the world and not even think about borders, and that’s clearly changing.”

China, in particular, has been a growing concern for the US over the use of genomic and other data. The [BIOSECURE Act](#), legislation under review by Congress that would require pharmaceutical manufacturers to end or adjust relationships with contract manufacturers and other Chinese-based companies, was developed in part to address the issue.

The legislation targets companies like the contract developer and manufacturer [WuXi AppTec Inc.](#), an important US pharma partner that has been criticized for transferring US IP to China without sponsor consent. (Also see "[Risks For Pharma Industry Remain As BIO Shifts Course On BIOSECURE Act](#)" - Pink Sheet, 14 Mar, 2024.)

Industry has engaged in a delicate political dance in Washington D.C. to maintain critical business relationships in China, while also sidestepping involvement in any critical national security concerns. The latest version of the legislation, which cleared the House Oversight and Accountability Committee on 15 May, would give certain biotech companies more time, eight years, to unwind contracts with certain service providers than a previous version of the bill. (Also see "[As Biosecure Bill Moves Forward, Clock Ticking For Industry To Move Away From Chinese](#)"

CDMOs" - Pink Sheet, 15 May, 2024.)

Industry pushed for more time after a survey found that most needed several years to decouple from existing contracts. (Also see "BIOSECURE Act Update Offers Biotech Companies Eight Years to Divest Contracts With Firms Of 'Concern'" - Pink Sheet, 10 May, 2024.)

"I don't think it's going to matter which administration wins in November on this subject," Viehbacher said. "I think we're seeing an increasing East-West divide, and we have to be careful, because regardless of what you might think a Chinese company does with data, the fact is that we could have barriers to access people and equipment."

Congressional Support For China Bill Clear, Viehbacher Says

Viehbacher said he just left Washington D.C., where it is clear there is bipartisan support from Democrats and Republicans for legislation to address national security threats from China.

"As an industry, we don't want to get in the way of national security," he said. "What we have tried to do is negotiate transition arrangements because ... you can't just stop clinical trials or if you have supply, you can't just switch a source of supply."

"The reality is that a company like Wuxi has been an extremely efficient, cost effective and capable supplier to our industry and it's not even going to be that easy to replace that capability either in the United States or in other countries," Viehbacher added.

GSK plc Head of Public Policy Harmeet Dhillon said US legislation on China could be an industry-shaping event.

"As much as it's in the form of a national security threat that is one place that the industry does not want to get into," he said of the US-China relationship. "We want to let that be handled by the right appropriate experts from a policy and political perspective."

The issue also raises serious risks to industry that have to be addressed, Dhillon added.

"One question is if you have this immense transition for a company like Wuxi, which is a leader in this space, where does that capacity go?" he asked. "And are we prepared to handle that change?"

Bill Could Create Perception, Shortage Challenges

Darius Lakdawalla, Quintiles chair in pharmaceutical development and regulatory innovation at the University of Southern California, said fallout from any issues that arise from disrupting partnerships with China could pose yet another challenge for industry when it comes to public perception.

“There’s no question that that’s going to increase the risk of shortages and supply chain disruptions. How could it not do those things?” Lakdawalla said.

“That’s a particularly problematic issue at a moment when there’s a lot of political pressure against the pharmaceutical industry,” he added. “The last thing we need to see is now consumers unable to fill their prescriptions in the pharmacy because of shortages.”