Interview: Yuan Qing – President, Shenzhen Life Science and Biotechnology Association, China



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Yuan Qing, President of the Shenzhen Life Science and Biotechnology Association, shares his insights on the characteristics of the life sciences environment in Shenzhen, the importance of the sectors as a key strategic priority for national and municipal governments, and his final message of confidence regarding the Shenzhen life science and biotechnology sector's future growth prospects as part of the Greater Bay Area.

President Yuan, could you start by introducing the life sciences environment in Shenzhen?

The Shenzhen life sciences industry is a huge market reaching CNY 200 billion, with 20 percent growth over the past few years. For ease of analysis, we divide it into three segments: pharmaceuticals, medical devices, and diagnostics. While diagnostics are a part of the medical devices industry, we have highlighted it as a separate segment because it is a particular strength of Shenzhen.

The pharma and life sciences sectors have grown significantly over the past few years. What is interesting is that the Shenzhen pharma market is extremely concentrated. The companies themselves are rather diverse, with companies working across the areas of antibiotics, oncology,

Chinese medicine, API and peptide manufacturing, and both small-molecule and large-molecule drug development. We also have companies working in the more niche areas of blood plasma and gene sequencing, of course, with the giants like BGI.

The medtech sector is comparatively more advanced and mature in Shenzhen versus the pharma sector, but has also seen significant growth in the past few years.

In general, we have high hopes for the healthcare and life sciences sector here, because as a region, it is still relatively underdeveloped, especially compared to other life sciences regions in the country like Shandong province and Jiangsu province.

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In particular, the healthcare and life sciences industry is a key strategic priority for the central Chinese government. How much support does the industry receive from the local Shenzhen government?

As you mentioned, globally, investment for the life sciences sector has decreased significantly, particularly in the US and Europe. On the contrary, the Chinese government is pouring huge amounts of funding into this sector. The local Shenzhen government is very much in alignment with the central government.

Shenzhen has one of the highest GDPs of any city in the country, and Guangdong province itself is also one of the richest provinces in China. This provides a strong economic foundation for the Shenzhen government to invest strategically in specific sectors. Healthcare and life sciences is one of the five strategic industries that the Shenzhen government has identified. For this reason, the government has launched a series of supportive policies and reforms aimed at boosting the sector’s growth and development. This industry is seen as critical to the city’s future economic development.

As you mentioned, Shenzhen is also recognized as one of the most innovative and open cities in China. A special characteristic of Shenzhen here is that the city’s wealth and innovation have come from smaller, high-technology industries instead of large-scale industry or basic infrastructure. This fosters a very vibrant and dynamic ecosystem, with many publicly-listed companies based here.

This background, as well as Shenzhen’s proximity to Hong Kong’s international connectivity and human resources, is what enables Shenzhen to act as the innovation heart of the Greater Bay Area. What is even more encouraging is that the Shenzhen government has developed a very good understanding of the sector and its needs. The healthcare and life sciences sector is a highly

complex and technology-dependent industry, so it is important for regulators and policy-makers to understand the industry.

What role does the association play in supporting the growth and development of the healthcare and life sciences industry here?

The association was established in 2012. We are rather special because we encompass the four different niches of research (research institutions), industry, education (universities and academic institutions) and healthcare (hospitals and clinics). It is rare for an association to have all these sectors represented. It means we are able to have a holistic and comprehensive perspective on the sector in Shenzhen. We also have subcommittees like a diagnostics alliance and a Chinese medicine alliance to cater to our members in specific niches.

Within all these areas, we have the top entities and organizations as members. For instance, 30 of the 70 companies in Shenzhen are part of our association, and in particular, the top ten companies are all vice-presidents of the association. The top universities like Southern University of Science and Technology, Shenzhen University as well as the Tsinghua University and Peking University institutes, are all our members. We also have the top research institutions like BGI, along with the top hospitals in Shenzhen. Having close ties with the hospitals allows easier access to the clinical setting, which helps in product development and commercialization.

In total, we now have over 160 members, with more joining us every day. The association itself has 20 employees, as we are extremely involved in terms of the growth, development and promotion of the industry across a number of levels. For instance, we are able to offer companies and start-ups industry expertise and consultations at any point along the industry value chain. We have industry experts with R&D, operations as well as investment experience to help companies commercialize their products. We also publish a number of reports and analyses every year on different topics like new industry regulations, industry trends and opportunities, key industry players, and so on. We are also sometimes asked by different governments to produce analysis or research on specific questions. More broadly, we have also been involved with policy development for the Shenzhen government, for instance, in the identification of key healthcare priorities based on common diseases in Shenzhen like cardiovascular conditions, diabetes and dementia, which are all characteristics of a large city. We have also helped design a strategic healthcare and life sciences roadmap for the city with a focus on new healthcare developments like stem cell therapy and the latest IVD technologies.

With the new Greater Bay Area initiative, I believe the Shenzhen Life Sciences and Biotechnology Association can also act as a model for a larger-scale Greater Bay Area association. With attention on this industry in this region, there will undoubtedly be many more projects and companies, as well as much more investment, in the future, and there needs to be a clear structure for their organization and management. We can perhaps act as a guide in this case based on our successful track record of providing valuable services to our members.

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What are some of the main challenges and opportunities for the sector?

The life sciences industry is an industry with long development and commercialization timelines. Regulations are also stringent, which means high barriers to entry for companies. As a city, Shenzhen has definitely provided a lot of support to both new and existing companies, but there are still many areas for us to work on, whether it is translating basic research to commercial ideas or the scale-up of operations as a company grows or even the simple question of attracting skilled people.

On that note, however, the Shenzhen government has played a very strong role in terms of offering substantial incentives for talented individuals. There is a strong talent acquisition strategy within the government. Another extremely positive environmental factor is that the Shenzhen government does not interfere with the private sector. As long as your business is operating lawfully, they do not interfere with or try to influence your normal operations. This is very important for Shenzhen’s prosperity.

Most of the companies here cater mostly to the domestic market. This is understandable because the Chinese market is, after all, the second-largest market in the world, with huge unmet needs. As you highlighted, the Greater Bay Area itself has 66 million residents! At the same time, Chinese companies also face significant regulatory burden when it comes to exporting internationally because of the lack of close alignment between the Chinese FDA and other international regulatory agencies. But with China having joined the International Council for Harmonization (ICH) in 2017, we expect to see more harmonization in the future, and with that, more Chinese products going global!

Do you have a final message?

At the moment, Shenzhen is more known for its rapid development in the IT, electronics and communications sectors. Within the healthcare and life sciences sectors, Shenzhen’s foundation is

still young. The industry requires a certain development time and maturity. But all the ingredients are here. Shenzhen is the innovation heart of the Greater Bay Area, and the city is already organizing many national and international conferences and competitions to build the city’s global reputation and attract world-class talents.

Furthermore, there are also plans for the Guangzhou-Shenzhen Science and Technology Corridor, which will link the cities of Guangzhou, Huizhou, Dongguan and Shenzhen. This will act as the future core of the Greater Bay Area.

I am hopeful that in the next eight to ten years, our industry and the region will rise to international prominence.

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