# Kang Wei â?? Managing Director, RDPAC, China

The global R&D and innovation system often involves close collaboration between big multinationals, capital and local start-ups â?? and this sort of environment is developing in China as well

14.12.2018

Tags:

China, Research, Association, RDPAC

*Kang Wei, managing director for the R&D-based Pharmaceutical Association Committee (RDPAC) under the China Association of Enterprises with Foreign Investment, shares her priorities for RDPAC in the next few years, her membersâ?? contribution to the Chinese healthcare environment and the national Healthy China 2030 strategy, as well as the importance of correctly valuing innovation.*

**Wei, having been appointed managing director of RDPAC in February 2018 following three decades of working for various multinationals, what are your main priorities for your term?**

As managing director of RDPAC, I have three key priorities. First and foremost is innovation. At RDPAC, we like to refer to the concept of an â??innovation ecosystemâ??: an umbrella term that covers the entire value chain of the industry from clinical trials to production to market registration. Our purpose is to foster innovation, not only from the perspectives of our members, who are all multinational companies, but also from the perspectives of local Chinese companies. The global R&D and innovation system often involves close collaboration between big multinationals, capital and local start-ups â?? and this sort of environment is developing in China as well. For instance, we see multinational companies establishing biotech investment funds while local companies like BeiGene have formed strategic partnerships with foreign companies.

Market access is another priority within the promotion of innovation as it is the key to incentivizing innovation. Every country may have its own way of establishing a healthcare provision system that is suitable for its needs yet what is undeniable is that every country needs to be able to offer accessible and high-quality healthcare to its people. However, it is essential to understand that pharmaceutical innovation is a long and expensive journey â?? and over the past few years, that journey has become even longer and even more expensive. Hence, a very important question is how to foster an environment and system in China that appreciate the fair value of innovation for our stakeholders, and to build a sustainable pricing and reimbursement system, which is essential for the industry.

Next is credibility and trust. The pharmaceutical industry is special because of our relationship with our beneficiaries. Ultimately, we provide services to patients. Sometimes conflicts of interest may arise. This is a global topic, addressed by the Mexico City Principles (MCP) for Voluntary Codes of Business Ethics in the Biopharmaceutical Sector, where healthcare practitioners came together to decide how to behave ethically and professionally and provide a better service to patients.

This is an area of development we would like to see in China. Business ethics involves the whole value chain from clinical data to GMP standards to the interactions between patients and physicians. It has been emphasized from the very top of the National Reform and Development Commission, and implementation is critical.

It is also worth mentioning that Chinaâ??s ICH management committee membership is an area where RDPAC and our members can help in terms of implementation. RDPAC has contributed greatly towards Chinaâ??s successful appointment to the management committee and we are actively engaging the ICH office when it comes to guidelines harmonization. We believe the implementation of ICH guidelines will greatly improve Chinaâ??s innovation ecosystem.

**How would you characterize the relationship between foreign and local companies in China?**

I think the key term is cooperation. Ultimately, we share the same common goal: to deliver high-quality innovative medicines to Chinese patients. What we trying to do is to build a stronger bond between China and the international innovation community in order to support Chinaâ??s government guidance of promoting innovation while emphasizing quality, actively stewarding the industrialization and globalization of the Chinese pharmaceutical industry.

We also collaborate with domestic industries on improving compliance standards. This is why RDPAC has led initiatives like the signing of the Industry Consensus Framework this year, which included 25 key industry associations including the Chinese Pharmaceutical Industry Association (CPIA), China Chamber of Commerce for Import & Export of Medicines and Health product (CCCMHPIE), the China Pharmaceutical Innovative Research and Development Association (PhIRDA) and the Chinese Hospital Association. I am particularly glad that PhIRDA has now developed their own version of the MCP for Voluntary Codes of Business Ethics in the

Biopharmaceutical Sector because it means that Chinese pharmaceutical industry is looking at playing on international stage for future.

In terms of IP, we believe there are more innovative companies in China now, and many of them have similar requests as MNCs on topics like IP protection, accelerated market access, fair pricing for innovation and more. An innovation ecosystem that has comprehensive IP protection and can truly appreciate the value of innovation is the picture that the whole industry seeks. This can be seen from some of the reports RDPAC has published over the past few years. For instance, in 2017, we produced the *Improving Patient Access to Innovative Medicines for a Healthier China* report in conjunction with CPIA, the China Pharmaceutical Enterprises Association (CPEA) and the China Chamber of Commerce for Import & Export of Medicines & Health Products (CCCMPHIE).

On the operational side, however, there are still barriers to closer cooperation. Transparency is one because the local players often have very close relationships with major public hospitals, which might influence the tendering process. There is also a matter of politics because the country is keen to encourage local industry. The national interest in terms of nurturing the local biopharma industry is understandable but I always advocate for more transparency and openness when it comes to the presence of multinationals.

Moreover, it is essential to understand that irrational use of drugs at hospitals contributed majorly to the pressure on the medical insurance fund. MNCs only represent 22 percent of the total market, which is below the global average. On top of that, the remarkable fact is that only 5 percent is patent drugs, with the remaining 17 percent is represented by off-patent products. In this regard, promoting rational use of drugs could significantly alleviate the pressure for the medical insurance fund, which creates more room for rewarding innovation.

The establishment of the Center for Health Technology Assessment under the National Health Commission is a good step, even though they have not yet been linked to the reimbursement process.

**How do you see the penetration of innovation into the Chinese market in future given the recent healthcare reforms?**

Chinaâ??s healthcare reform is pushing the whole industry to innovation, quality and cost containment. In the short term, off-patent originators are significantly losing market share by local generic players that have passed the new generics quality consistency evaluation (GQCE) requirements. On the other hand, the launch of new innovative medicines in 2018 as a result of regulatory reforms has not been able to compensate for the loss of market share because the dynamic reimbursement scheme is notq in place yet.

In the long-run, I think the innovative productsâ?? share of the Chinese market will increase. This means that we need to work more closely with the government to see how innovations can be better valued. As mentioned, this is a concern that local companies share too. Now that the government has greatly expedited the drug approval process, it is time to look at the pricing and reimbursement systems in place. The challenge is how to shift from aggressive price reduction negotiation to apply a value framework in the determination of reimbursement standards. The question of how to expedite the implementation of dynamic reimbursement will also be a key challenge for years to come.

**What are some of your key priorities for RDPAC in the future?**

The second International Pharmaceutical Innovation Forum (IPIF) will be held in March 2019. This is our flagship event to bring industry, think tanks and government together to share their perspectives on the development of this innovation ecosystem in China. We will be covering key topics like market registration, innovation, patient access, quality of business ethics, as well as digital health technology, which is an area where China is leading. These all relate to the priorities I discussed above. What is even more exciting about the 2019 IPIF is that the global Prix Galien Award will be introduced to China for the first time ever.

**On a more personal note, what inspired you to take up this position?**

As a Chinese citizen with over 25 yearsâ?? working experience in MNCs, I am very passionate in terms of working together with the Chinese government, domestic innovators, local sister associations to foster an environment and system that will encourage the development of innovation as well as their fair valuation.

All this means that I have the passion, insights and experience to foster an innovation ecosystem to discover, deliver and develop innovative medicines to extend and save the lives of Chinese patients, as well as contribute to building a healthier China

**Do you have a final message for our international audience?**

Firstly, China represents nearly 20 percent of the global population. The government has launched the â??Healthy China 2030â?? national strategy and decided that healthcare will be a key pillar for Chinaâ??s future economic development. China also has an increasingly ageing population. From all these angles, this is a critically important industry for China. We need to be able to bring in innovative products as well as innovative chronic care treatment models.

Secondly, our member companies continue to invest significantly in China. Across our 41 members, we have 49 manufacturing plants and 31 R&D centres. The number increases continuously, such as Sanofiâ??s new R&D centre in Chengdu to be completed in Q3 2019. Pfizer has even moved their global Established Business portfolio to China! The worldâ??s interest in China can be seen simply in the number of global CEOs that attended the inaugural China International Import Expo.

I hope we can reach a win-win solution for all parties: industry, patients, government and physicians. Today, China remains largely a generic market. I think Japanâ??s pharmaceutical industry development is a good model for China. Previously, they were also takers of foreign innovations. But subsequently, they developed their own innovation capabilities. We are now at the stage where we are talking about quality products. The next step will be innovation. China is not there yet, but we are certainly moving in the right direction!

See more interviews