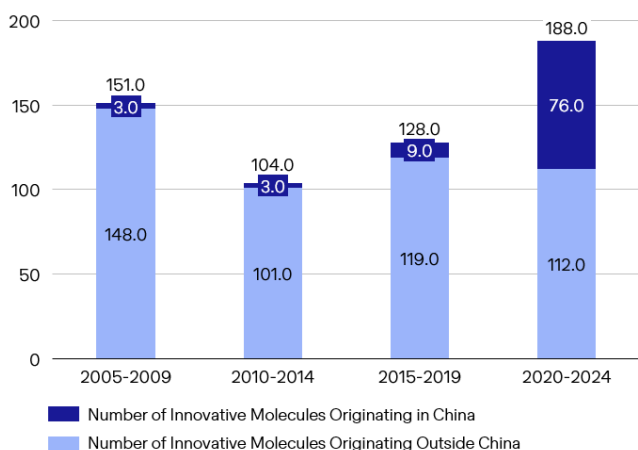


Market commentary of September 11, 2025

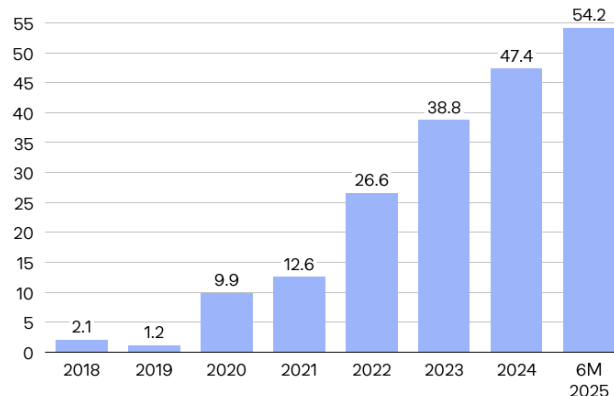
## Pharma powerhouses on the rise in East Asia: China and Japan are accelerating innovation and global impact

The Asian pharmaceutical industry is increasingly developing into an important driver of the global healthcare sector. In particular, exciting opportunities are emerging in China: the innovative strength of the biotech scene has grown significantly in recent years. The number of novel molecules originating from China has risen sharply – clear evidence that the country has evolved from a latecomer to a serious innovator. This innovative strength is making Chinese companies increasingly attractive to international partners. Many of the products under development have the potential to be best-in-class, are cost-efficient, and provide global pharmaceutical companies with opportunities to strengthen their own portfolios.

China's share of innovative molecules in international comparison



China's biopharma out-licensing activities (in USD bn)



Source: IQVIA, Pharmcube, Bellevue Asset Management

China's deep pool of young, highly educated professionals is a decisive advantage, too, as it helps to accelerate drug development progress and has enabled the country to narrow the innovation gap to the West from ten to a mere four years or so. Biotech company Akeso serves as a good example here: Its flagship drug, ivonescimab, a bispecific PD-1/VEGF antibody for lung cancer, is currently in Phase III trials and could become the first in class and also best in class, with multi-billion peak sales potential.

The Chinese healthcare market is developing very dynamically. Following the pricing reforms, growth is taking center stage, drug pipelines are strong, and new markets are being developed, sales impacted by volume-based procurement (VBP) is no longer a material concern. China's pharmaceutical contract development and manufacturing industry (CDMOs) offers the most production capacity in the world and is now a global leader in biologics, cell and gene therapies. Online pharmacies are rapidly gaining ground in China thanks to efficient and transparent platforms as well as government support.

Japan's pharma industry stands out for its excellence in innovation and strong partnerships with Western pharmaceutical giants. Chugai has partnered with Eli Lilly and is a leader in the GLP-1 space with orforgliprone, a weight-loss pill for patients with obesity and type 2 diabetes. Daiichi Sankyo is collaborating with AstraZeneca and has profiled itself as a specialist for antibody-drug conjugates. It discovered Enhertu, a blockbuster drug for patients with breast cancer, and has other ADC assets in the pipeline, including lung cancer ADCs. Otsuka is working closely with Novartis and has generated steady value growth from drug licensing agreements, for example for Kisqali in the treatment of breast cancer and Pluvicto in the treatment of prostate cancer.

A weak dollar represents an additional tailwind for East Asia's healthcare industry. This is evident in the form of cheaper imports, which boost company income statements, and lower service costs on dollar-denominated debt. The general environment is attracting foreign investors and has enhanced company funding options.

## Conclusion

China is an enticing investment proposition in view of its strong dynamics, cost advantages and growing innovative power, while Japan stands out for its cutting-edge R&D pipelines and global partnerships. These two countries offer a strong foundation for sustained growth and have made Asia a driving force of the global pharmaceutical industry.

Investors can tap these opportunities through our two healthcare strategies: [Asia Pacific](#) and [Emerging Markets](#).

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