Bellevue
Excellence in Specialty Investments

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Washington seeks to curb China, but the pharmaceutical industry embraces Chinese innovation

By Dr Annie Zeng, Senior Healthcare Equity Analyst at Bellevue Asset Management

- While Washington seeks to limit China's technological influence, international pharmaceutical companies are increasingly turning to Chinese drug innovation.
- The outcome of the US midterm elections has lifted sentiment towards Chinese biotechnology companies, although regulatory risks remain.
- Three markets, three growth drivers: China is emerging as a global biotech innovator, India is benefiting from rising demand for healthcare, and South Korea from the biosimilar boom.
- The Bellevue Emerging Markets Healthcare fund provides access to growth drivers that are often underrepresented in traditional healthcare portfolios.

The US midterm elections on November 3, 2026, are providing renewed support for Chinese biotechnology companies. The shift in the balance of power in Congress makes it more difficult to pass additional legislative restrictions on the sector. However, regulatory risks remain: measures targeting Chinese biotech have historically had support from both parties, the new Congress will only take office in January 2027, and the BIOSECURE Act, signed into law in December 2025, is still being implemented, with the first list of designated companies due by the end of 2026. Nevertheless, Healthcare stocks were among the leaders of the post-election rally in Hong Kong, with investors returning to Chinese biotech names such as Hansoh, WuXi AppTec and BeOne Medicines.

Beyond near-term politics, the long-term outlook is primarily driven by structural growth factors that extend well beyond current geopolitical developments.

China: Innovation rather than imitation
China has evolved from a manufacturing base for generic drugs into a major innovation hub for the global pharmaceutical industry. China's share of the global drug development pipeline has risen from 18% in 2021 to around 30% today. Chinese biotechnology companies are gaining international significance, particularly in oncology.

A key advantage is the speed of drug development. Early clinical development phases in China often take three to four years, compared with five to seven years in the US. At the same time, international pharmaceutical companies face a wave of patent expiries and need to replenish their development pipelines. They are increasingly finding promising drug candidates in China. Chinese companies signed out-licensing deals worth a record USD 137.7 bn in 2025, around half of global licensing deal value, and 2026 is on track to set a new high.

India: Growing demand for healthcare
In India, the focus is on access to healthcare rather than innovation. Rising incomes, a growing middle class and still-limited healthcare infrastructure are driving demand for high-quality medical services.

Private hospital operators such as Apollo Hospitals, Max Healthcare and Fortis Healthcare are benefiting. They are investing in additional treatment capacity and expanding existing facilities. For investors, this presents a long-term growth trend driven more by rising patient numbers and healthcare spending than by the outcome of individual clinical trials.

South Korea: Opportunities from patent expiries
South Korea has become a leading hub for biosimilars. These follow-on versions of biological medicines are gaining importance as patent protection for established drugs expires. In the coming years, this will affect numerous high-selling products, including Merck's cancer immunotherapy Keytruda, the world's best-selling drug with sales of USD 31.7 bn in 2025, whose key patents expire from 2028.

Companies such as Celltrion have the technological expertise to independently develop, manufacture and market biosimilars internationally. Growing cost pressures on healthcare systems are likely to further support demand for lower-cost alternatives to established biological medicines.

Different growth drivers, attractive investment opportunities
Healthcare markets in emerging economies are increasingly developing into a distinct investment segment with attractive prospects. However, economic conditions, business models and regulatory risks vary considerably. Investors therefore need to identify the most promising companies and assess their growth potential accurately.

The Bellevue Emerging Markets Healthcare Fund (LU1585228452 | B-USD) addresses this need, offering investors targeted access to this specialised investment segment.

- **Access to structural growth:** Targeted investments in Chinese biotechnology companies, Indian healthcare providers and South Korean biosimilar specialists.
- **A specialized investment universe:** There is currently no dedicated ETF covering emerging markets healthcare.
- **Active stock selection:** A fundamental, valuation-driven investment approach focused on selecting promising companies independently of benchmark weights.
- **Diversification potential:** Complementing existing healthcare portfolios with companies and growth drivers that are often underrepresented in traditional strategies.

The fund thus enables investors to selectively expand their healthcare exposure and participate in the growing importance of emerging markets within the global healthcare industry.

Find out more about our investment solution **here**.

Contact

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