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China's Emergence as a Global Pharmaceutical Innovation Hub Reshapes Industry Strategy

(Sources: Articles by Alexandra Shimmings & Anju Ghangurde for Scrip)

The pharmaceutical industry crossed a significant threshold in 2025 as global new drug launches reached an all-time high, while China surpassed the United States for the first time as the world's leading market for novel drug introductions. Together, these developments point to a broader transformation underway in the global biopharmaceutical ecosystem, one that is reshaping innovation flows, licensing strategies, commercialization models, and ultimately the opportunities available to distributors and healthcare supply chain partners.

According to Scrip Citeline's annual review of new active substances (NASs), 105 novel medicines were launched globally in 2025, eclipsing the previous record established during the pandemic era. China accounted for 47 first launches, representing nearly 45% of all global debuts and surpassing the United States' 43 launches. Just a few years ago, China was responsible for only a small fraction of worldwide first launches, underscoring the speed at which its pharmaceutical sector has evolved from a manufacturing powerhouse into a major center of research, development, and commercialization.

While many of China's recent launches remain follow-on therapies rather than first-in-class breakthroughs, the trend nonetheless reflects a maturing innovation ecosystem supported by significant investment, regulatory reforms, scientific talent, and expanding domestic capital markets. Chinese companies such as Jiangsu Hengrui Pharmaceuticals and Innovent Biologics are now producing multiple novel therapies across oncology, immunology, metabolic disease, and cardiovascular medicine. Importantly, China's growing expertise in advanced therapeutic modalities—including antibody-drug conjugates (ADCs), bispecific antibodies, cell therapies, and gene therapies—suggests that the current wave of launches may be only the beginning of a much larger innovation cycle.

The strategic implications of this shift are already influencing corporate decision-making. One of the clearest examples is the proposed US$11.75 billion acquisition of Organon by Sun Pharmaceutical Industries. While the transaction expands Sun Pharma's portfolio in women's health, biosimilars, and established brands, company leadership has repeatedly emphasized a less obvious asset: Organon's substantial commercial presence in China. Organon generates more than US$800 million in annual Chinese revenue and provides Sun with a scalable platform from which to access one of the world's most dynamic pharmaceutical innovation markets.

For Sun Pharma, the acquisition represents more than geographic expansion; it creates a gateway into China's increasingly influential innovation ecosystem. Company executives have

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- **Cencora** announced an agreement with **Kite**, a **Gilead** company, to support the distribution of Kite's U.S. Food and Drug Administration (FDA)-approved CAR T-cell therapies, *Yescarta (axicabtagene ciloleucel)* and *Tecartus (brexucabtagene autoleucel)*. The collaboration is designed to support efficient access to the cell therapies at the increasing number of authorized treatment centers in the U.S., including health systems and community oncology practices. Separately, Cencora announced the appointment of *Eva C. Boratto* as Executive Vice President and Chief Financial Officer of the company, effective June 29, 2026. Ms. Boratto succeeds *James F. Cleary*, who will be retiring from his role as Executive Vice President and Chief Financial Officer but will serve in an advisory capacity through the end of 2026 to help ensure a smooth transition.
- **McKesson Corporation** announced the successful completion of the previously announced minority ownership interest investment from funds managed by affiliates of **Apollo ("Apollo Funds")** in McKesson's **Medical-Surgical Solutions ("MMS")** business on June 1, 2026. This transaction represents a key milestone in McKesson's intention to separate MMS into an independent, publicly traded company, and positions the

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Circana Joins IFPW as Newest Service Member

IFPW is pleased to announce that Circana has joined IFPW as its newest service member. Circana is a leader in providing technology, AI, and data to fast-moving consumer packaged goods companies, manufacturers, and retailers seeking to optimize their businesses. Built on the strong foundation of IRI and NPD, two of the world's leading market information companies for decades, Circana's predictive analytics and technology empower clients to measure their market share, understand the underlying consumer behavior driving it, and accelerate their growth. Circana's *Liquid Data™* technology platform is powered by an expansive, high-quality data set and intelligent algorithms trained on six decades of domain expertise. Circana empowers clients to measure demand for their products to uncover both risks and opportunities, so they know where to focus to accelerate demand for the products they sell.

IFPW welcomes Circana and looks forward to its participation, insights and perspectives at our upcoming meetings. IFPW also thanks Circana for its support of the 2026 General Membership Meeting in Mexico City (October 13th-15th) as a Silver Sponsor.

China *(cont'd.)...*

highlighted opportunities to identify, license, and commercialize China-developed assets not only within China but also across the United States, Europe, and emerging markets. This mirrors a broader trend across the pharmaceutical industry as multinational companies increasingly look eastward for licensing opportunities, research partnerships, and pipeline replenishment.

The transaction also reflects the growing importance of commercial infrastructure in a globalized innovation environment. Historically, pharmaceutical companies often licensed products on a regional basis. Today, innovators increasingly seek partners capable of providing broad international reach. Through the Organon acquisition, Sun gains commercial access to more than 150 markets and several countries where it previously had little or no presence, including South Korea. This expanded footprint strengthens its attractiveness as a global licensing partner while creating new pathways for the launch of innovative therapies worldwide.

These developments have implications for pharma wholesalers and distributors that extend far beyond China. As Chinese innovation continues to accelerate, a growing share of future product launches, licensing agreements, and commercialization partnerships are likely to originate from Chinese biotechnology companies. This will create new sourcing relationships, alter market-entry strategies, and expand opportunities for distributors capable of supporting increasingly complex global product launches. Additionally, the growing prominence of biologics, cell therapies, gene therapies, and precision medicines will require continued investment in specialized logistics, cold-chain infrastructure, regulatory expertise, and market access capabilities.

Perhaps most significantly, 2025 may be remembered as the year the industry's center of gravity began to shift. The record number of global drug launches demonstrates that pharmaceutical innovation remains robust, but China's emergence as both a launch market and innovation engine signals a new competitive reality. For industry leaders, success will increasingly depend on understanding how Chinese innovation, global licensing networks, and evolving commercialization models intersect. Those organizations that adapt early—whether manufacturers, distributors, or healthcare supply chain partners—will be best positioned to capitalize on the next decade of pharmaceutical growth.

EU Advances Critical Medicines Act

(Sources: An Article by Fraser Kansteiner for FiercePharma)

The European Union has taken a significant step toward strengthening pharmaceutical supply chain resilience with a provisional agreement on its proposed Critical Medicines Act (CMA), legislation designed to reduce drug shortages and enhance the bloc's manufacturing autonomy. The framework aims to boost European production of critical medicines and active pharmaceutical ingredients (APIs), diversify supply sources, and improve coordination among member states in response to growing concerns over supply chain vulnerabilities exposed by the COVID-19 pandemic and recent geopolitical disruptions.

The CMA introduces measures to encourage domestic manufacturing, streamline joint procurement efforts, improve transparency around contingency stockpiles, and facilitate voluntary redistribution of medicines among EU member states during shortages. The legislation also seeks to reduce Europe's dependence on external suppliers, particularly in countries such as China and India, while requiring governments to incorporate supply security considerations into procurement decisions.

The European Medicines Agency (EMA) has welcomed the agreement, describing it as a major milestone in strengthening Europe's ability to ensure the availability, supply, and production of essential medicines. As part of implementation efforts, the EMA is conducting vulnerability assessments across more than 200 products included on the EU's critical medicines list.

The legislation signals a continued shift toward regionalization and supply chain security as strategic priorities. While the proposal still requires final approval, it underscores Europe's determination to build a more resilient pharmaceutical ecosystem capable of withstanding future public health emergencies, geopolitical tensions, and global trade disruptions. The initiative also aligns with broader EU pharmaceutical reforms intended to strengthen competitiveness, support innovation, and improve long-term medicine availability across the region.

In Brief (cont.)

business for long-term growth. Apollo Funds invested US$1.25 billion in convertible preferred equity of MMS to acquire an approximately 13% interest in MMS. The transaction values MMS at approximately US$13 billion total enterprise valuation. McKesson retains operating control and majority ownership of MMS and will consolidate the results for financial reporting.

- UK-based **GHO Capital** and Singapore's **CBC Group** have signed a definitive agreement to merge, creating a huge player in the space that will have US$21 billion in assets under management (AUM). The combined entity would be "the world's largest dedicated healthcare investment manager" if the deal goes through. It intends to back companies in the fields of pharmaceuticals, medical devices, life science tools, diagnostics, healthcare infrastructure, and healthcare IT, with more than 200 investment and operating professionals across 13 offices in the North American, European and Asia-Pacific regions.
- **Shionogi** (Japan) unveiled a new contract through the **U.S. Biomedical Advanced Research and Development Authority** to bolster the domestic supply of *Fetroja* and potentially expand the antibiotic's purview to tackle "high biothreat pathogens". In its April 8th announcement, Shionogi noted that the deal positions *Fetroja* as a critical countermeasure against those difficult-to-treat infections, plus other biological threats to U.S. national security. The initial contract is worth US$119 million with multi-year options that could ultimately total US$482 million if exercised, according to company officials.
- Japan's top four pharmaceutical wholesalers posted a combined operating profit decline in their core drug distribution businesses for FY2025, as rising procurement costs and fading demand for COVID-19 products continued to squeeze profitability. According to **Jiho tally**, combined sales from the four companies' pharmaceutical wholesale operations rose 4.1% year-over-year in the fiscal year ended March 2026 while operating profit fell 3.1%.

(Sources: Company Press Releases, Drug Store News, FiercePharma and Pharma Japan and PharmaVoice)