

Beijing Review List of Questions

April 2021

1. Why did you name your new report Health Silk Road--Bridge the future of health for all?

As you see in the report, after gaining control of COVID on a domestic basis, from a period of early March until late October, a period of only 7 months, China provided medical assistance to over 150 countries. This is extraordinary. In addition to medical assistance, it provided also financing to numerous countries adversely effected by the virus, both directly by the Chinese government and its policy banks and via multi-lateral banks the WHO and Covax. Throughout 2020, Chinese biotech companies subsequently developed, tested and began distributing vaccines by year end.

These global partnerships/relationships extended beyond the circa 140 countries which had previously signed the BRO MoU, including to selected EU and North Asian countries. North American based pharma companies which had partnered with Chinese biotech companies previously played a key role to help them develop in strength and scope to the point of producing the first Chinese vaccine less than one month after Pfizer.

As such, we saw this 2020 China led effort as extending beyond the BRI to all mankind, globally.

Why is the Health Silk Road important to global public health governance?

As shown above, in 2020 China demonstrated global leadership in being the first country to control the virus and then rapidly changing course to provide time sensitive medical aid focussed on countries which had already signed the BRI as well as to selected EU and North Asian countries. While China effectively became a benefactor to these countries in a number of ways, strengthening their prior relationships, they also became much more linked with global healthcare organisations cemented with a total of \$50 million investments into the WHO during H1 2020 (194 member states) and by joining Covax (180 countries) in H2 2020.

The combination of this global coalition as well as what we perceive as the development of a number of hub and spoke hubs (discussed later) along the 140 country BRI can provide updated medical data as well as base of identifying possible future pandemics which most observers expect to occur.

2. COVID-19 prompted China to participate more positively in global health cooperation, with measures such as sending medical teams to foreign countries for assistance, providing vaccines and pandemic-fighting loans to developing countries, participating international cooperation. Is there any new data you can share with us in the above-mentioned regards?

After we finalised the Q3 data for our report, Q4 saw additional AIIB COVID-19 loans to the Cook Islands (\$20 million), Cambodia (\$60 million), Ecuador (\$50 million), Turkey (\$200 million), Uzbekistan (\$200 million) as well as committing \$30 million to Legend Capital Co. Ltd fund (China) for enhancing healthcare digitisation. Also in Q4, NDB extended COVID-19 related loan facilities to India (\$1 billion) and to Brazil (\$1 billion), both in December 2020.

In Q1 2021, AIIB approved COVID -19 related facilities to Philippines (\$300 million), Sri Lanka (\$180 million), and Bangladesh, two facilities, one for \$260 million and one for \$300 million. NDB approved a \$1 billion COVID-19 credit facility for China in Q1. While both aggregate amounts and volume both have declined from Q2/3 2020, both of these institutions remain active in COVID-19 related loan assistance⁽¹⁾.

(1) China owns minority stakes only in these banks: 26% of AIIB and 20% of NBD.

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3. How do you interpret the growth of mutual-investment between China and foreign countries in the health and pharmaceutical field?

As you have seen from our study outbound healthcare investments, partnerships joint venture (JV) and licensing agreements gained pace through Q3, which is when our study concluded. We can now confirm this trend continued in Q4. Our numbers are in line with Gordon Orr, a global consultant, who mentioned in March 2021 that over 250 partnerships launched just in 2020 between Chinese and non-Chinese pharmaceutical companies. Many were to license China developed innovative drugs for sale globally – a reflection of advances in Chinese pharma and biotech R&D.

Financing of China's capital market in the country's health and pharmaceutical enterprises has increased, how do you think this will contribute to the global health?

Accordingly to Pitchbook, VC investment in biotech & pharma saw \$28.5 billion invested across 1,073 deals up 60.5% driven in part by the importance of vaccine development. The IPO market for VC-backed biotech companies saw \$11.5 billion raised across 73 biotech public listings in 2020. This led to a global #2 ranking for HKEX (\$51.2 billion IPO proceeds), #3 for Shanghai Stock Exchange (\$51.0 billion IPO proceeds) and #5 for Shenzhen Stock Exchange (\$18.8 billion IPO proceeds).

According to KPMG, in Q1 2021, HKEX ranked #3 (\$13.9 billion IPO proceeds) and Shanghai Stock Exchange (\$6.9 billion IPO proceeds). Healthcare/life sciences ranked #3 among sectors in both 2020 and 2021 (with 13% and 12% of the A-Share Market). Biotech and healthcare/life sciences are expected to be one of the driving forces of the A-share IPO market.

This new capital raised via public markets as well as from VC investors can be expected to continue to fuel the growth of existing vaccine groups as well as new groups being formed (AIM in Beijing) and new vaccines being tested.

In March, China approved its 5th vaccine, this one produced by Anhui Zhifei Longcom Biopharmaceutical and the Chinese Academy of Sciences. It joins the two vaccines made by Sinopharm, one by Sinovac and one by CanSino Biologics, in partnership with the military.

We have heard reports of up to 15 Chinese vaccines which are now being tested.

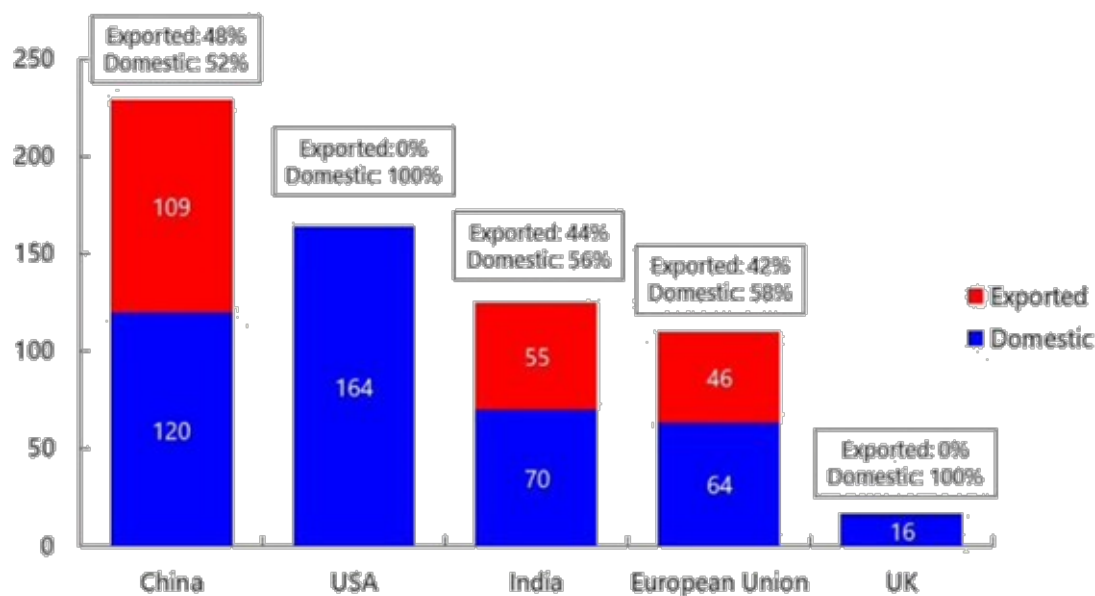
4. China provided vaccines through the Health Silk Road, which is different from the method of U.S. and EU. How do you view this difference?

Included are two tables with data as of mid-March 2021; the first on vaccine production by region and doses exported (by millions) and one by country. You will note that as of that date, China led on both overall production and amounts exported. As regards distribution by countries, clearly this is dominated by countries previously signing the BRI MoU.

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Vaccine production by region and doses exported
(millions of doses)



Source: Airfinity

Distribution by Country

country	vaccine	distribution method
Afghanistan	Sinopharm	donation
Algeria	Sinopharm	donation
Argentina	Sinopharm	purchase
Azerbaijan	Sinovac	purchase
Bahrain	Sinopharm	purchase
Belarus	Sinopharm	donation
Bolivia	Sinopharm	donation + purchase
Bosnia and Herzegovina	Sinopharm	purchase
Brazil	Sinovac	purchase
Brunei	Sinopharm	donation
Cambodia	Sinopharm	donation
Colombia	Sinovac	purchase
Czech Republic	potential use of Chinese vaccines (Sinopharm)	
Dominica	Sinopharm	donation
Dominican Republic	Sinovac	donation + purchase
Ecuador	Sinovac	donation (Chile) + purchase
Egypt	Sinopharm	donation (UAE and China) + purchase
Equatorial Guinea	Sinopharm	donation
Ethiopia	potential use of Chinese vaccines	
Gabon	Sinopharm	donation
Guinea	Sinopharm	donation
Guinea-Bissau	Sinopharm	donation (Senegal)
Guyana	Sinopharm	donation
Hungary	Sinopharm	purchase
Chile	Sinovac	purchase

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country	vaccine	distribution method
Indonesia	Sinovac, Sinopharm, CanSino	purchase
Iran	Sinopharm	donation
Iraq	Sinopharm	donation + purchase
Jordan	Sinopharm	purchase
Kenya	potential use of Chinese vaccines	
Laos	Sinopharm	donation
Lebanon	Sinopharm	donation
Malaysia	Sinovac, Sinopharm, CanSino	purchase
Maldives	Sinopharm	purchase
Mexico	Sinovac, Sinopharm, CanSino	purchase
Mongolia	Sinopharm	donation
Montenegro	Sinopharm	donation
Morocco	Sinopharm	purchase
Mozambique	Sinopharm	donation
Myanmar	Sinopharm, Sinovac	donation promised + purchase in negotiation
Namibia	Sinopharm	donation
Nepal	Sinopharm	donation
Nigeria	potential use of Chinese vaccines	
North Macedonia	Sinopharm	purchase
Pakistan	Sinopharm, CanSino	donation + purchase
Palestine	Sinopharm	donation
Paraguay	Sinovac	donation (Chile)
Peru	Sinopharm	purchase
Philippines	Sinovac	donation + purchase
Poland	potential use of Chinese vaccines (Sinopharm)	
Republic of the Congo	Sinopharm	donation
Senegal	Sinopharm	purchase
Serbia	Sinopharm	purchase
Seychelles	Sinopharm	donation (UAE)
Sierra Leone	Sinopharm	donation
Singapore	Sinovac	purchase
Sri Lanka	Sinopharm	rejected donation
Thailand	Sinovac	purchase
The Gambia	Sinopharm	donation (Senegal)
Tunisia	Sinopharm	donation
Turkey	Sinovac	purchase
Uganda	Sinovac	donation
Ukraine	Sinovac	purchase
United Arab Emirates	Sinopharm	purchase
Uruguay	Sinovac	purchase
Uzbekistan	potential use of Chinese vaccines (ZF2001)	
Venezuela	Sinopharm	donation
Zimbabwe	Sinopharm	donation + purchase

Note: The table presents the current distribution of Chinese vaccines, including donations by China and via third country governments. Whereas some countries have already started the inoculation, other countries await the first shipment. The table also includes countries that consider using Chinese vaccines.

Source: Veronika Blablová, compilation of public data (accessed on March 17, 2021)

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Russia (Sputnik V was authorized in 57 countries as at 29 March) and India (which has exported 60 million doses by end of Q1) are expected to continue export to several countries but in light of the global needs, which we see extending well beyond 2021, there is ample room for various country's strategies.

5. What are the main deficiencies in the health sector of the Belt and Road countries? How can they work together to address them?

Unlike some countries which focus mostly domestically, China has shown an interest in providing global health from almost the founding of New China. Initially, it was keen to share its Traditional Chinese Medicine (TCM) with many countries. This effort started in Algeria in the early 1960s and spread from there. In the 1970s, China built a major hospital in Afghanistan which is still in use today. In the 21st century, China played a major role in the Ebola crisis in Liberia. So it has shown commitment to global healthcare for decades.

The official launch of the BRI Health Silk Road in 2015 declared China's commitment to global healthcare⁽²⁾. The HSR was relatively slow to develop and initially focussed on specific diseases. The 2020 rapid spread of the virus throughout the world led to a need for China to respond and to reach out to cooperate with global healthcare providers, the WHO and Covax as well as multilateral financial organisations to address the pressing needs.

It is not possible to predict future responses from various governments; however, China's developing of a number of healthcare hubs along the BRI, which contain local manufacturing JVs/PPP of masks/equipment, vaccines and logistics (led by Cainiao) – such as we write about in Ethiopia in our research – is a start. Recently, Wang Yi mentioned a similar structure for the UAE.

We can see a series of these along the BRI, which attract international capital and built on a PPP basis.

(2) The term Health Silk Road was first officially used in a document by Chinese health authorities. President Xi mentioned it when he visited the WHO in 2017.

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