

China Expands Pilot Program for Foreign Investment in the Healthcare Sector

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On September 7, China's Ministry of Commerce, the National Health Commission, and the National Medical Products Administration issued a notice announcing the expansion of pilot programs for foreign investment in the healthcare sector (the "Notice"), marking a significant relaxation of China's long-standing restrictions on foreign investment in the healthcare industry.

The expansion mainly impacts the following two areas:

1. Biotechnology

Starting from September 7, 2024, foreign-invested enterprises will be allowed to engage in the development and application of human stem cell and gene diagnostic and treatment technologies in **Beijing Free Trade Zone, Shanghai Free Trade Zone, Guangdong Free Trade Zone, and Hainan Free Trade Port**. These activities are aimed at facilitating the registration, listing, and production of related products, which, once registered and approved, can be used nationwide.

Foreign-invested enterprises participating in this pilot program must comply with China's relevant laws and regulations, including those governing human genetic resources management, clinical drug trials (including international multi-center clinical trials), drug registration, production, and ethical review, and must complete the required management procedures.

2. Wholly Foreign-Owned Hospitals

The Notice also permits the establishment of wholly foreign-owned hospitals (excluding traditional Chinese medicine, and the acquisition of public hospitals is also excluded) in **Beijing, Tianjin, Shanghai, Nanjing, Suzhou, Fuzhou, Guangzhou, Shenzhen, and Hainan Island**. Specific conditions, requirements, and procedures for setting up these hospitals will be announced in a separate notice.

The Notice further emphasizes that relevant authorities in the pilot regions, including departments responsible for commerce, health, human genetic resources, and drug supervision, will use increased efforts to promote the new policies. They will actively engage with foreign-invested enterprises and improve services, creating a desirable environment for foreign investors interested in investing

China's healthcare sector.

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