



China, Japan, Europe, Korea vs US- Collaborate or Compete?

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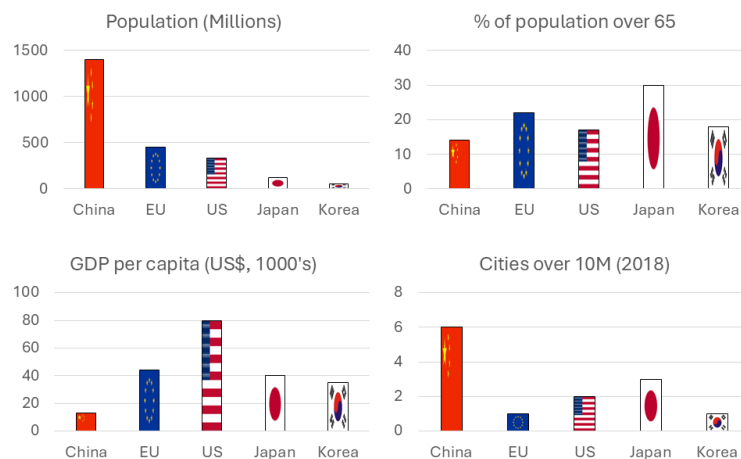
Linda Pullan

linda@pullanconsulting.com

As a deal maker, where should I go for a deal? Where is my competition?






There is so much written about China, I thought I would try to put it in the context of other countries.

DEMOGRAPHICS: China is Big but low GDP per capita, Japan has the oldest population. Both Japan and China may have reached peak population, while the US has immigration to continue growth. China and Japan have more big cities (making clinical trial recruitment easier).



The Medical Culture varies tremendously.

Medical Culture

-  • China - private/public insurance, near universal access but urban has greater accessibility, TCM
-  • EU - universal, low out of pocket, emphasis on equity, low cost
-  • US - mostly private, ~9% uninsured, high specialization, defensive medicine, patient autonomy, high tech, high costs
-  • Japan – universal, 30% co-pay, doctor-patient hierarchy, includes traditional medicine
-  • Korea – universal, mandatory enrollment, high patient volume, hospital centric, strong cosmetic and tech sectors

The US, with the 3rd largest population and private insurance, has the biggest market

Pharmaceutical market

US:
\$634B

EU:
\$448B

China:
\$307B

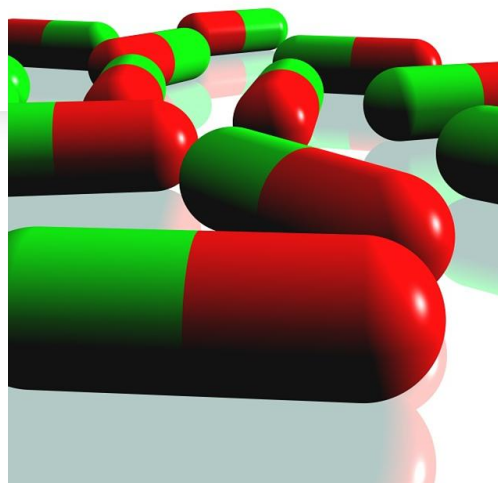
Japan:
\$82B

Korea:
\$29B

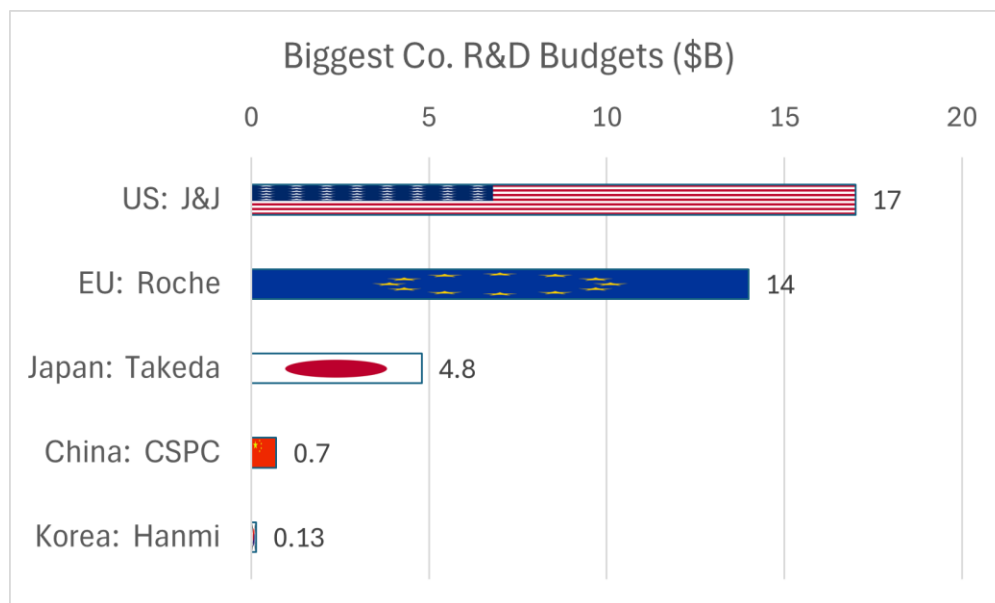
But there are even bigger differences in the magnitude of sales of new drugs. In the US, to be in the top 10 in 2031 means double digit billions.

Biggest selling Rx for 2031
(analysts sales forecasts by indication, GlobalData)

- US: Zepbound (obesity) \$28B
- Europe: Cargisema (obesity) \$4.8B
- Japan: Epetrable (infection) \$1.7B
- China: Gardasil (vaccine) \$1.7B
- Korea: Opdivo (cancer) \$138M



The biggest company R&D budgets per company are in "Global companies".



The biggest European and Japanese companies have become global companies.

The biggest companies in the US have 45%-70% of their Rx sales in the US.

The biggest companies in Europe have 15%-30% of their Rx sales in Europe.

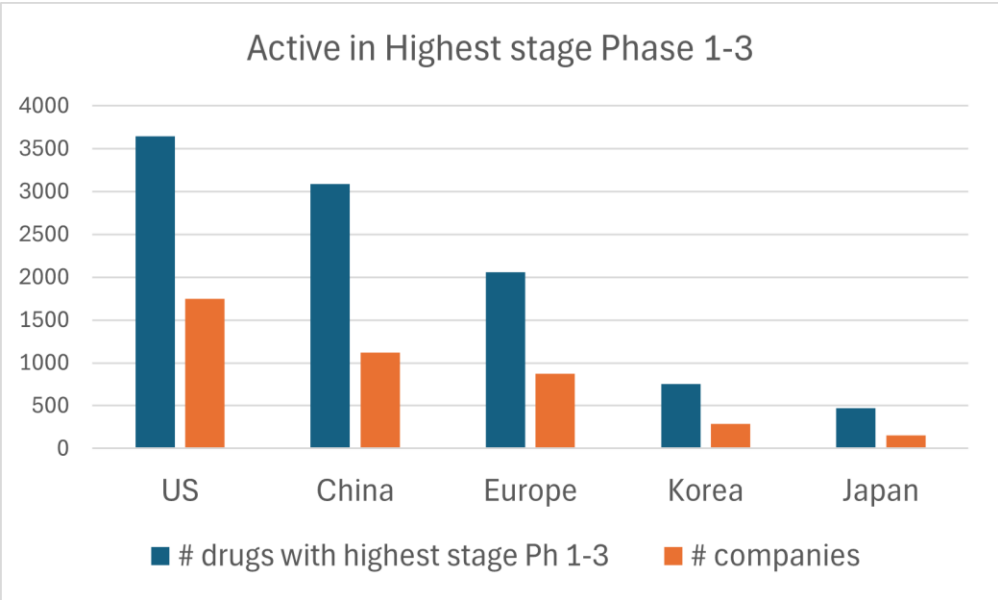
The biggest companies in Japan have <10% (Takeda) to 39% of their sales in Japan. (Smaller Japanese companies have most of their Rx sales in Japan)

The biggest Chinese companies have 80-95% of their sales in China.

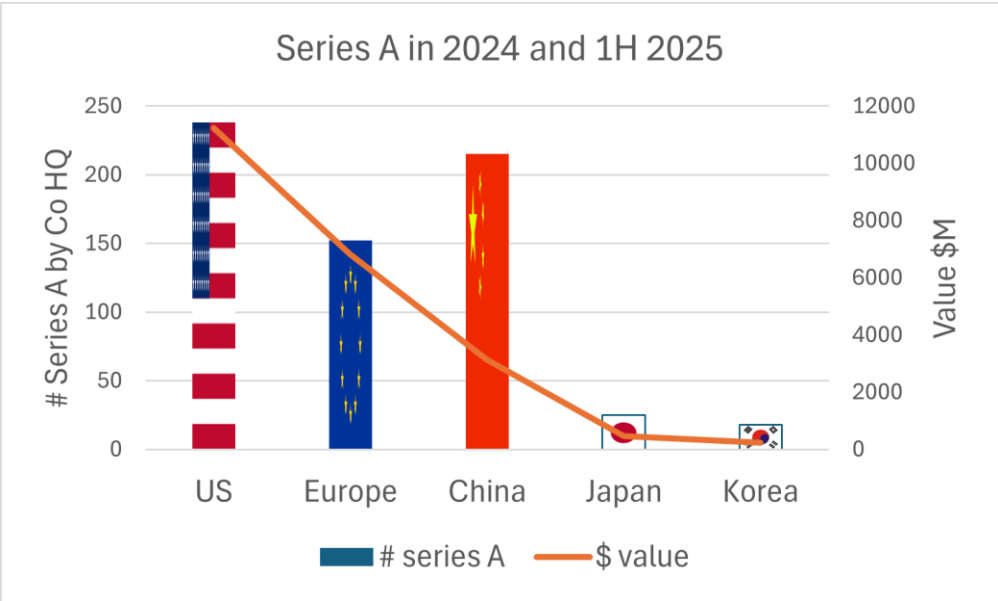
2024 saw a surge in approvals: In 2024, China first-approved 93 innovative drugs, with 42% being domestically developed. But China is losing domestic market share to MNCs.

The biggest Korean companies with biologics (Samsung and Celltrion) have 10-20% of their sales in Korea. The other big Korean companies have 70-90% of their Rx sales in Korea.

But China has almost as many drugs in Phase 1 thru 3 as the US, in almost as many companies as in the US.

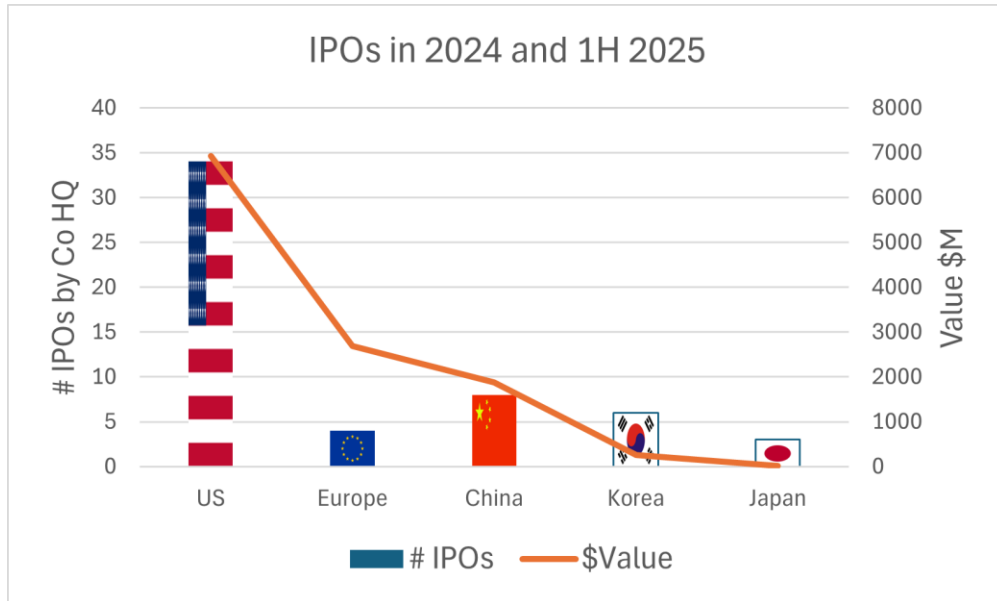


There are more companies getting series A in the US and in China but the dollar amount is smaller in China.

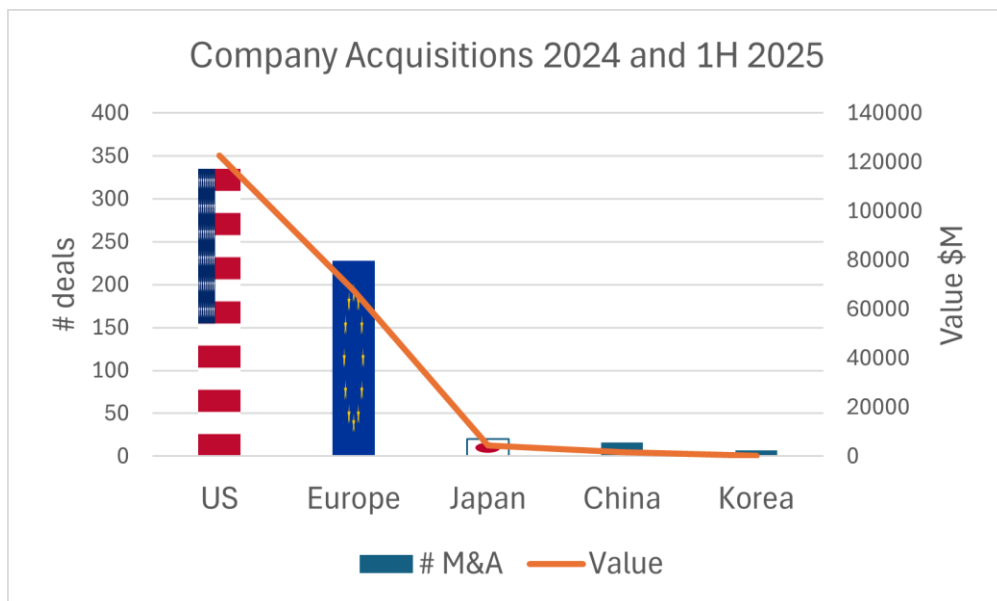


The US leads in IPOs

But the Hong Kong Hang Seng Biotech Index was up 87% year to date (while the US XBI was down 6%).

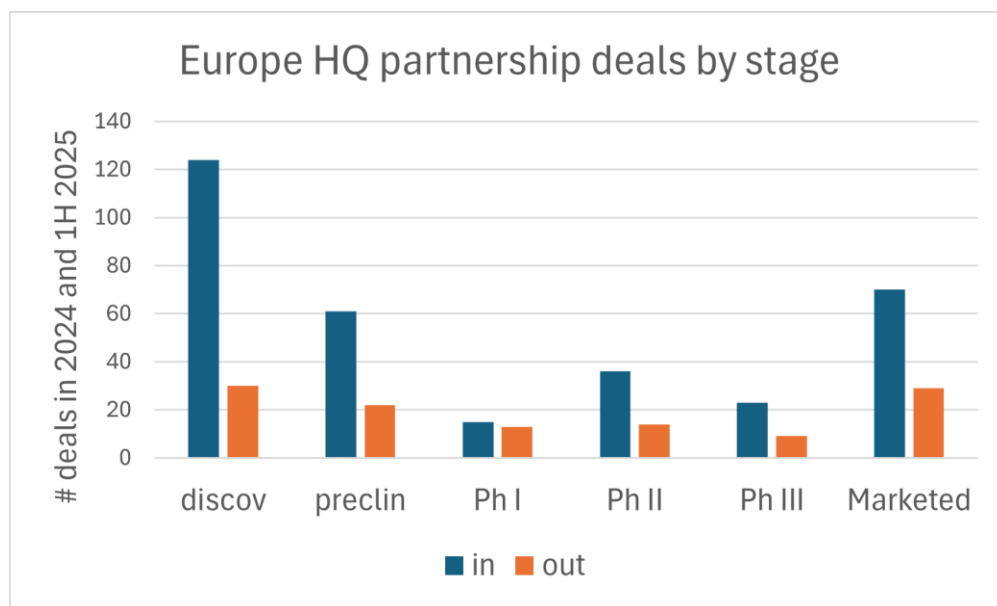
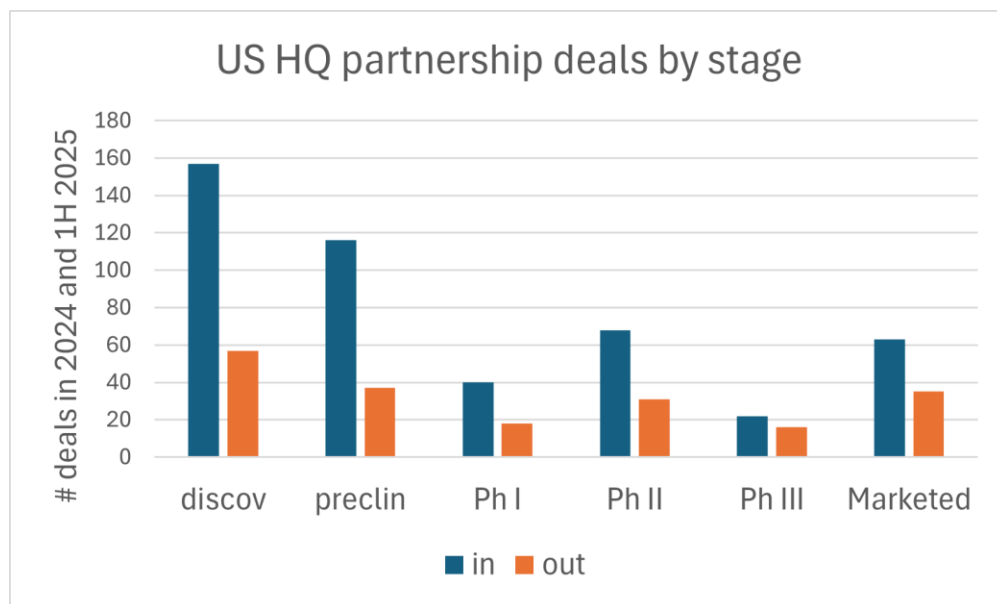


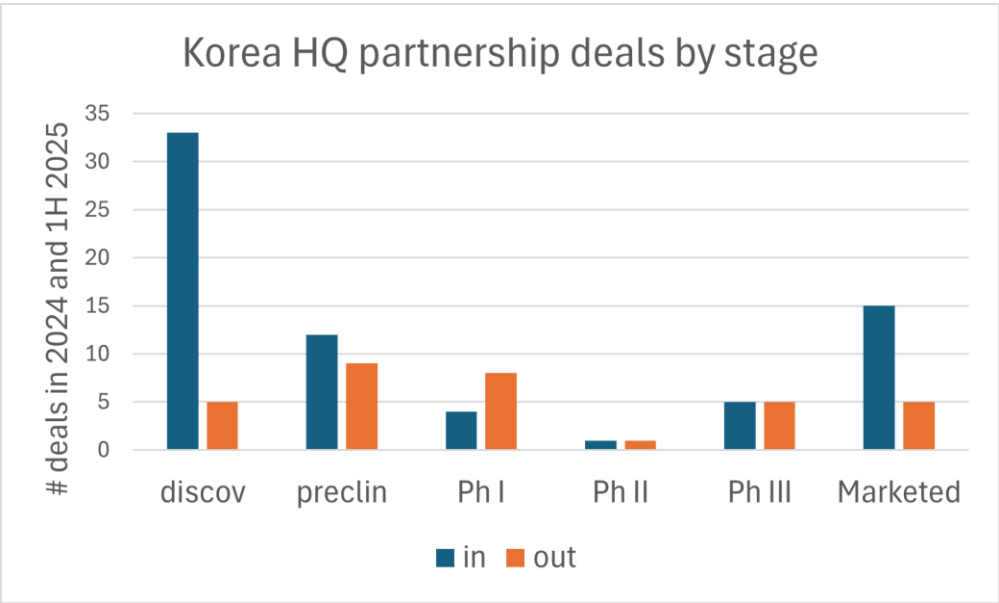
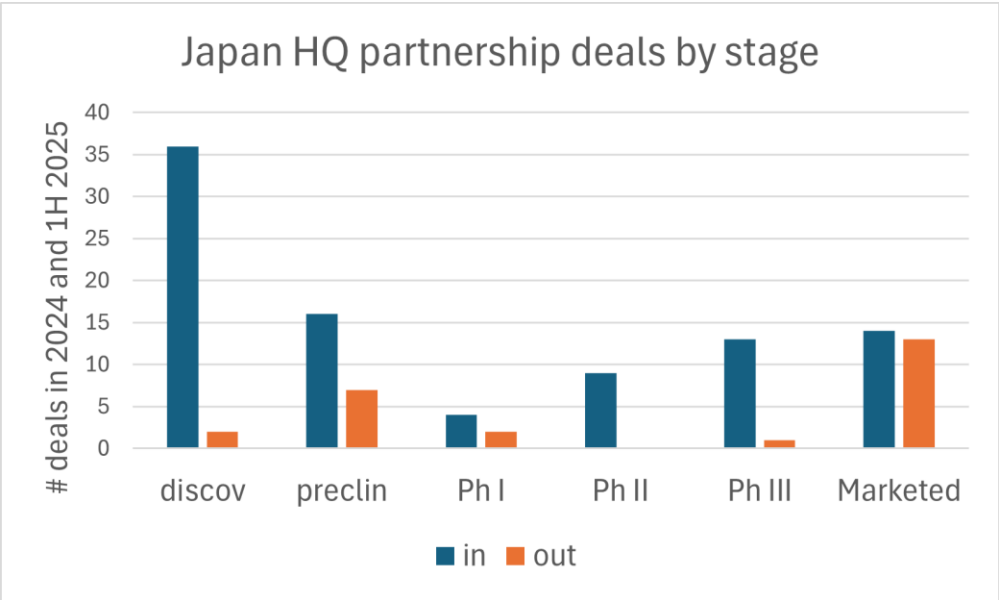
Europe is active in company acquisitions, but Asia is not.

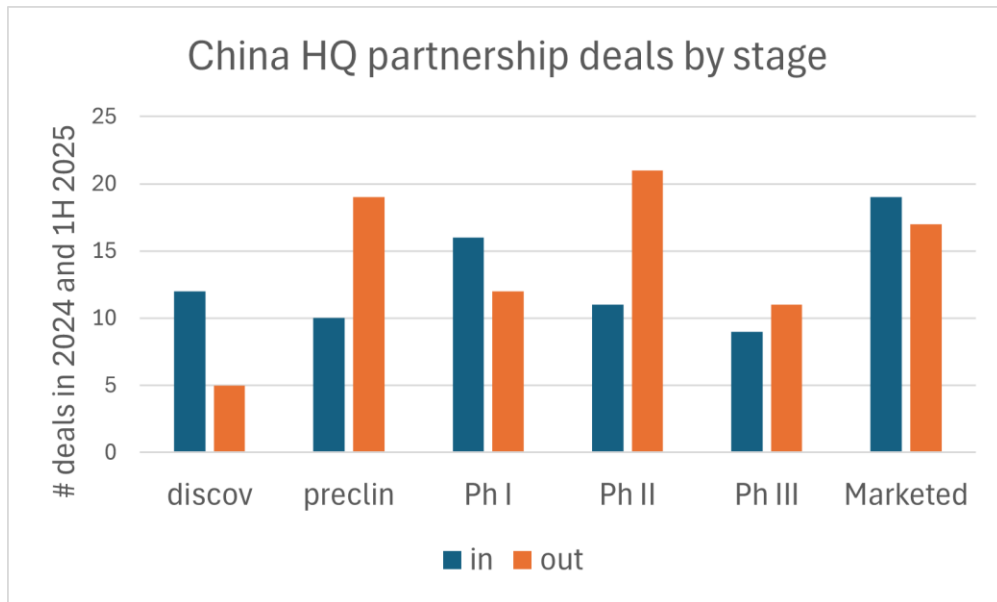


For companies with headquarters in the US, Europe, Japan and Korea: most partnering deals are early and with more in-licensing than out-licensing.

China does more out-licensing than in-licensing.







So as a deal-maker, what do I think this data suggests?

- 1) You need to capture value from the US, the biggest market and home of blockbusters.
- 2) US companies do the most in-licensing. US and Europe do the most M&A.
- 3) The most deals in 2024 and 1st Half of 2025 are still done at discovery and preclinical.
- 4) Japanese companies are increasingly global companies and do more in-licensing than out-licensing.
- 5) China is a source of drugs to bring in, with many drugs in the pipeline and new series A companies needing partners to maximize their value. China does more out-licensing than in-licensing. Presumably, the huge China vs China competition is

pushing Chinese companies to innovate more to compete and to do deals. And more exits (IPOs and M&A) encourages more VC funding of innovation.

6) But the low cost and the high populations cities (for fast recruitment) means China should be considered for collaborations for your drug development. (Just remember you need 20% of patients in the US for FDA approval).

7) Korea is a high-income market but small. In-licensing deals are often early or at market stage.
