J&J to step up investment in R&D and training in China

Pharma giant inks deal with Shanghai hospital

By NICK BEVENS and WANG WEN

DEALS

Johnson & Johnson, the US pharmaceuticals, medical devices and consumer products giant, has signed a memorandum of understanding with Shanghai Ruijin Hospital to collaborate on translational research, or the turning of scientific findings into practical applications.

The MoU was agreed upon at the start of the month by Janssen Pharmaceutical, J&J's pharmaceuticals arm, at the opening of the National Translational Medicine Center at Ruijin Hospital. The collaboration will center on bringing some of the best science and technology to China, said William Hait, global head, research and development at Janssen.

FENG YONGBIN/CHINA DAILY

William Hait, global head of research and development at Janssen, Johnson & Johnson's pharmaceuticals arm.

He said Janssen's role is likely to be in the form of providing diagnostic devices in developing molecular biology techniques, and training staff in product design and clinical research at the hospital.

The agreement could be the first of other such collaborations by Janssen with hospitals and universities in China in future, Hait said, which will help "translate discoveries into medicines".

The Shanghai research center at Ruijin is expected to have around 300 beds for clinical research and its work is likely to be focused on tumors, cardiovascular disease and metabolic diseases, among others.

Janssen/Johnson & Johnson is now putting the finishing touches to its own fourth innovation center, also in Shanghai. Its three others are in San Francisco; Cambridge, Massachusetts; and London.

Hait said the company's business development group also has possible biomedical sector acquisition targets in mind in China, while emphasizing the focus of its overall China Innovation Strategy remains on "radically improving benefits for Chinese patients".

China's stock of innovative startup biotechnology companies is growing, he added, helped considerably by returning Chinese who have experience of working with pharmaceutical majors in the West.

Interest in the sector is also attracting the increased attention of a growing number of venture capitalists, he said, who are starting to understand the sector better.

But he said the level of innovation in developing specialist, rather than generic drugs in China, is still at "a very early stage".

Last week J&J reported impressive third-quarter earnings figures, dominated by its pharmaceutical sales, which climbed 18 percent to $8.3 billion, following a 21 percent gain in the second quarter. Total sales rose 5 percent during the period to $18.47 billion.

The company's pharmaceutical R&D spend last year was about 5.81 billion pounds ($9.3 billion) out of the total spend of 8.18 billion pounds, a 6.8 percent growth over 2012.

In April this year, Janssen announced it was building a $300 million supply chain production base in the high-tech development zone in Xi'an, the capital of Shaanxi province, which is expected to be operational in 2018.

With fully automated operations and electronic recording for safety and quality, the plant is expected to reach a full future capacity of 4 billion tablets and capsules and up to 57 million tubes of creams.

Globally, Janssen has fine-tuned its portfolio of drugs from targeting around 33 diseases a decade ago, to a core of around 10 that Hait said were its "disease area strongholds", based on compelling science that was emerging around the world that "we thought could translate into products".

The company's three innovation centers have signed 70 collaboration deals in the past year, with academics, entrepreneurs and scientists around the world.

According to Hait, the company would be focusing on developing drugs and treatments aimed at four specific areas in China. They are lung cancer, chronic obstructive pulmonary disorders, hematological malignancies (including leukemia, lymphomas, and myelomas), and hepatitis.

Hait said that with its Chinese innovation plan now firmly in place, "we are looking at extraordinary growth over the next decade, and I expect our investment to double in that time".

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Evergrande offers parents added food for thought

By QIU QUANLIN in Guangzhou
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INVESTMENT

Evergrande Group, the Guangzhou-based real estate developer, plans to build a dairy manufacturing operation in China after introducing a new brand of imported infant formula milk powder on Monday.

The brand launch comes after Evergrande bought a majority share in Cowala Dairy Ltd, a leading New Zealand dairy product manufacturer last month.

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Soccer fans hold advertising banners of Cowala Dairy on Sunday during a match between Guangzhou Evergrande and Beijing Guo'an.

Cowala has become one of China's leading foreign dairy brands since the country announced new measures to streamline imported infant formula products in May.

"We are introducing this infant formula milk powder for Chinese parents who have long been concerned about the quality and safety of the product for years," said Xu Wen, vice-president of Evergrande Group.

Xu said launching the product was the latest part of Evergrande's strategy to diversify its businesses amid a slowdown in the domestic property market.

Founded in 1997 in Guangzhou, the capital of Guangdong province, Evergrande had primarily focused on real estate before becoming a household name after investing in a Guangzhou-based soccer club in 2010.

After launching a bottled water brand late last year it announced last month it had now established three subsidiary food companies focused on grain and oil, dairy and animal husbandry.

"We are introducing advanced technologies from overseas which will help us build our own dairy manufacturing plant in China," said Xu, but still remained tight-lipped on where it will open, or when.

"We are not only going to sell baby formula products but long term we are aiming to develop a reliable Chinese dairy brand."

Demand for imported milk powder soared in China after 2008 when some Chinese suppliers were found to have added melamine, an industrial chemical that can cause kidney damage and other injuries, to their products. At least six babies died.

By 2013, overseas milk powder brands accounted for 54 percent of the Chinese infant formula milk powder market which is estimated at being worth 100 billion yuan ($16.34 billion), according to Xinhua News Agency.

China introduced new regulations in May to streamline imports of dairy products and domestic dairy enterprises, especially infant formula makers, and companies are now facing increased competition, according to Wang Dingmian, director of the Guangzhou Dairy Industrial Association.

Xinhua has reported that since May more than 1,000 overseas dairy producers, 41 of which make infant formula milk powder, have received entry approval from China's food quality regulator.

Under the new rules, foreign dairy companies must make sure their products comply with Chinese safety standards and are registered with the General Administration of Quality Supervision, Inspection and Quarantine, the top quality watchdog.

"Entering the dairy market, which is not a familiar business for Evergrande, means the company has to strengthen its efforts at ensuring the quality of the product, otherwise customers will lose confidence in Chinese dairy products again," said Wang.

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Ties strengthened as Chengdu hosts EU-China fair

By FU CHAO
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Technical missions, business groups, SMEs, universities, R&D institutions, industrial experts and government officials from China and Europe gathered in Chengdu last week to seek opportunities and discuss the latest developments in the high-tech industries.

The ninth EU-China Business & Technology Cooperation Fair from Oct 21 to 23 welcomed more than 1,000 participants, over half of them from 25 EU member states.

Business delegates from the Czech Republic, Austria, Poland, France and other countries joined directors of 15 European State-level chambers of commerce and entrepreneurs from more than 340 enterprises across Europe at the fair. The total number of participating enterprises from China and European countries surpassed 800.

"With the EU-China fair coming to its ninth year, we hope that both sides can develop more cooperation projects," said Tang Jiqiang, director of the development and planning bureau at the Chengdu High-tech Zone, host of the event.

Tang said that "there has been a boom in cooperation between China and Europe in recent years".

President Xi Jinping raised the issue of developing an economic zone along the ancient Silk Road. Chengdu, the capital city of Southwest China's Sichuan province, is covered in the plan.

Earlier this year, President Xi noted the importance of a long-standing and growing relationship between China and Europe.

At the Hamburg Summit in October in Germany, Premier Li Keqiang said China is the largest emerging market in the world and the EU is the largest developed economy.

"Cooperation between the two will definitely make a win-win situation," he said.

Tang said that Chengdu, the most vibrant and innovative city in Southwest China, is ready to lead the way to more cooperative projects with the Europe.

Dai Yiling, CEO of the EU Project Innovation Center in Chengdu — a non-profit organization promoting business cooperation between EU and China — said the fair covered investment and trading projects in new energy and materials, modern agriculture, bio-pharmaceuticals, general aviation, advanced equipment manufacturing and IT.

General aviation

Business groups and administrative departments from Austria, the Czech Republic, Spain, Italy, France and other countries attended a seminar for general aviation to talk the latest developments and seek investment.

As this year marks the 65th anniversary of Sino-Czech diplomatic ties, a delegation of 200 people led by President Milos Zeman attended the fair, bringing with them three light aircraft.

The delegation also attended meetings with Chengdu High-tech Zone to discuss projects in the general aviation industry.

The high-tech zone signed an agreement in June with the CzechTrade — Czech Republic's trade promotion agency — and the EU Project Innovation Center to explore more cooperation projects of the entire industrial chain in general aviation.

There were also meetings and fairs on the IT sector between authorities from China and EU countries to promote Chengdu in the global market.

Lin Tao, director of Chengdu High-tech Zone's technology bureau, said Chengdu is a national demonstration city for intellectual property development and protection.

Business matchmaking

Another highlight of the event was the business matchmaking fair on Oct 23.

As an example, unmanned aircraft produced by Chengdu Timlo Science & Technology Co has attracted widespread attention. The company received six matchmaking requests from EU companies and organizations.

The delegation from Scottish Development International showed great interest in the company's drones. The delegation from University of Turin approached the company to talk about using its unmanned aircraft in an environment noise assessment project.

As well, 16 delegations representing companies in various European countries met with 31 business delegations from major cities in China.

Tang Jiqiang from the Chengdu High-tech Zone said not only businesses from Chengdu benefited from the fair as those from around the country also sealed deals with counterparts from the EU.

Tang said that the Chengdu High-tech Zone has successfully used the previous eight fairs to promote its opening-up.

PHOTOS PROVIDED TO CHINA DAILY

Business matching was a highlight of the EU-China fair that opened on Oct 23.

"A larger cooperative plan with European countries has just hit the road, which will contribute to the nation's opening-up endeavors," said Tang.

More exchanges

Trade fairs are not the only form for business interaction between Chengdu and EU countries. In June, 60 enterprises from the Chengdu High-tech Zone visited industrial parks and companies in the emerging fields of science and renewable energy in Belgium, the Czech Republic and Germany.

This year marks the 50th anniversary of the Sino-French diplomatic ties and also the 33rd anniversary of the sister relationship between Chengdu and French city Montpellier. During the EU-China fair, a range of cultural events were held to celebrate the anniversaries.

A business representative from Europe talks with Chinese counterparts on possible cooperation.

With approval from the European Commission, the Enterprise Europe Network West China program started at the Chengdu High-tech Zone in 2011. It provides online trade-matching services for 10 provinces and regions in western China with a database covering more than 600 business organizations and over 1 million enterprises in 54 countries and regions. To date, some 530 corporate users from China have registered on the website that has now helped some 1,200 enterprises from the two sides seal deals.