



**Flanders**

State of the Art

Flanders International  
**Business  
Weeks** /2023



# Healthcaremarkt in Oost-Azië met focus op Australië, China, Japan en Zuid-Korea

# Introduction



**Peter Tanghe**

Greater China  
Location: Greater Bay Area, China  
Focus: Health and Digital Tech



**Els Verhulst**

Japan  
Location: Tokyo  
Focus: Health and Digital Tech



**Kim Demeyer**

APAC  
Location: Singapore  
Focus: Climate and Digital Tech



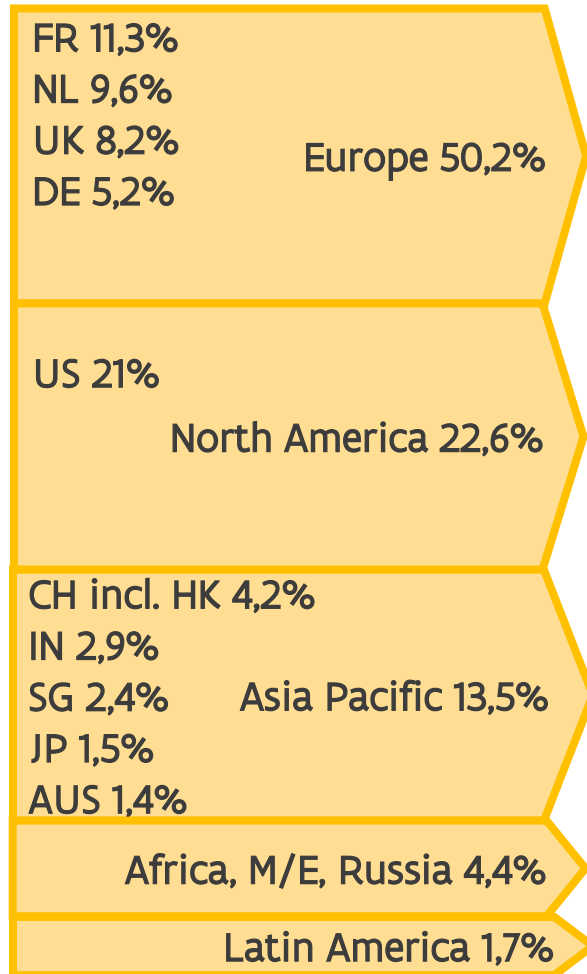
# Agenda

- Asia on internationalisation path of Belgian Health Tech scale-ups
- Qualifying for success in individual markets
  - Japan
  - China
  - South-Korea
  - Australia
- How can FIT support Flanders' tech scale-ups in Asia?

# Asia on internationalisation path of Belgian scale-ups

Belgian tech scale-ups primarily expand in the 4 European neighbor countries, in the US and then in APAC, with Singapore, China and India as preferred landing places in Asia.

48% of Belgian scale-ups have an international office



European neighbor countries are the logical expansion base for internationalization of Belgian tech scale-ups. DE is under-represented.

One in five international scale-ups have a US office.

Almost one in seven international scale-ups have an APAC office. China, India (IT sourcing) and Singapore are preferred landing places.

Singapore has become a gateway to Asia for scale-ups expanding in APAC minus China.

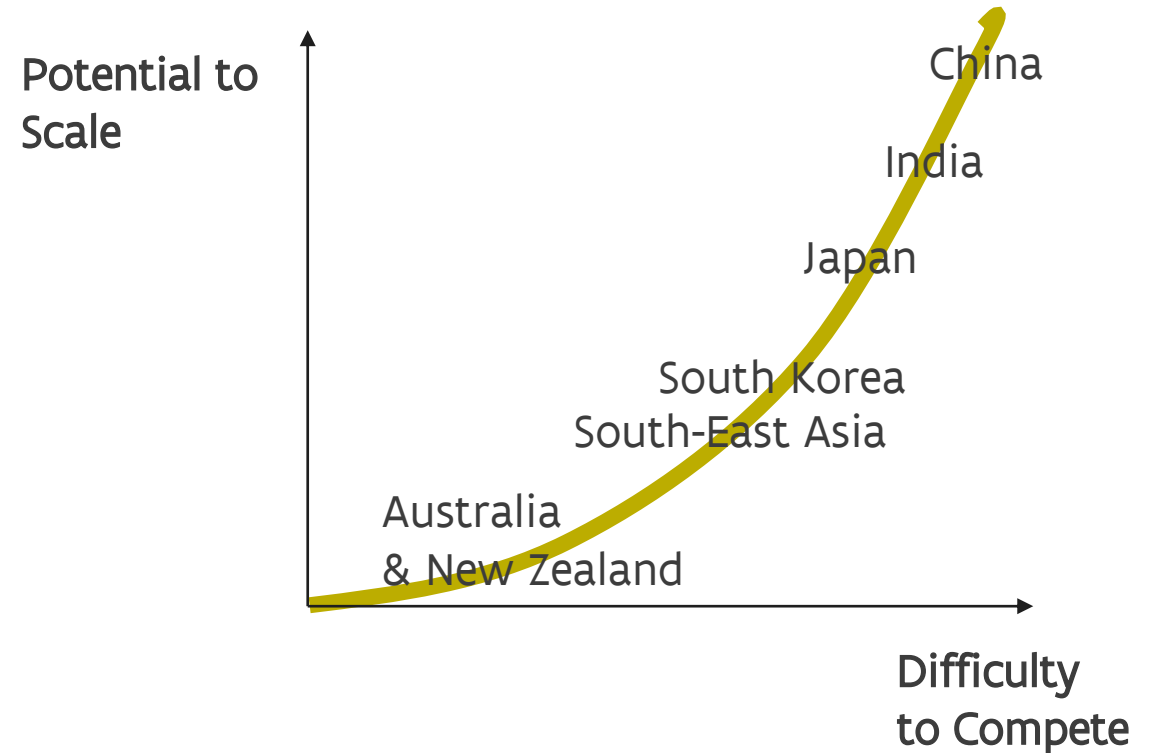
# Choice of target market(s) in Asia: scale vs difficulty

## Opportunity

- **Large** markets with middle to high income status
- High **growth** and pace of change
- Speed of **technology adoption** (e.g. China, Singapore)

## Challenge

- Large region of very **different** countries
- Cultural, language, **regulatory**, localization **differences**
- **Local competition** in markets China, Japan, South Korea, India, Singapore



Therefore, you must understand and pick your market(s) carefully and focus...

# The most attractive Health Care markets in Asia: Japan, China, South Korea and Australia

## Quality

Country	Doctors/10K	Nurses/1K	Hosp.Beds/1KPop	UHC Index
Japan	24.1	11.2	13.4	80
Australia	35.9	12.6	2.6	80
New Zealand	30.3	11.1	2.7	80
South Korea	23.7	6.9	11.5	80
Singapore	23.1	7.1	2.5	80
Hong Kong	20.0	7.9	3.7	76
China	17.9	2.3	4.2	76
Malaysia	15.1	4.1	1.9	70
Vietnam	8.2	1.4	2.6	73
Thailand	8.1	2.3	2.1	75
Philippines	12.8	0.2	1.0	58
India	7.8	2.1	0.7	56
Indonesia	3.8	1.3	1.2	49

## Quantity

### Wellness Economy and Size/Wealth Comparisons: Top Twenty Markets, 2020

	Wellness Economy Size		Gross Domestic Product (GDP)		Population		GDP Per Capita	
	US\$ billions	Rank	US\$ billions	Rank	millions	Rank	Current US\$	Rank
United States	\$1,215.7	1	\$20,893.8	1	329.5	3	\$59,886	8
China	\$682.7	2	\$14,866.7	2	1,402.1	1	\$8,760	76
Japan	\$303.6	3	\$5,045.1	3	125.8	11	\$38,903	25
Germany	\$223.9	4	\$3,843.3	4	83.2	18	\$44,637	18
United Kingdom	\$158.4	5	\$2,709.7	5	67.2	21	\$40,350	23
France	\$133.1	6	\$2,624.4	7	67.4	20	\$40,054	24
Canada	\$95.1	7	\$1,644.0	9	38.0	34	\$45,192	17
South Korea	\$94.1	8	\$1,638.3	10	51.8	27	\$31,601	30
Italy	\$91.8	9	\$1,884.9	8	59.6	23	\$32,649	29
Australia	\$84.4	10	\$1,359.4	13	25.7	46	\$55,915	11
Brazil	\$82.6	11	\$1,444.7	12	212.6	6	\$9,978	70
India	\$77.6	12	\$2,660.2	6	1,380.0	2	\$1,981	128
Russia	\$71.4	13	\$1,478.6	11	144.1	9	\$10,724	66
Spain	\$62.6	14	\$1,280.5	14	47.4	29	\$28,197	34
Mexico	\$46.5	15	\$1,073.9	15	128.9	10	\$9,343	73
Netherlands	\$41.0	16	\$913.1	17	17.4	54	\$48,800	13
Taiwan	\$38.4	17	\$668.2	22	23.8	47	\$25,062	38
Switzerland	\$38.2	18	\$751.9	19	8.6	78	\$83,700	2
Indonesia	\$36.4	19	\$1,059.6	16	273.5	4	\$3,885	108
Turkey	\$34.6	20	\$719.9	20	84.3	16	\$10,629	67

Source: Global Wellness Institute (based on extensive primary research and secondary data sources); IMF World Economic Outlook, October 2021 Edition (GDP data); World Bank World Development Indicators (population data).



# Asia Market : Strategic Approach

1. **Understand the product market fit** thru conferences, pitching opportunities and KOL exposure
2. **Understand** the complexity, cost and duration of the local **regulatory approval**, as well as public purchasing and reimbursement policies
3. Identify the **right business partner** to assist with regulatory approval, clinical development, commercialization, potentially combined with funding
4. Protect and maintain your “**advantage**” as a foreign company (in product, IP, expertise, brand)
5. **Be responsive** to your local customers **and adapt** your approach as needed

Make an **informed and deliberate**, not an **opportunistic decision**, and **plan for the longer term**



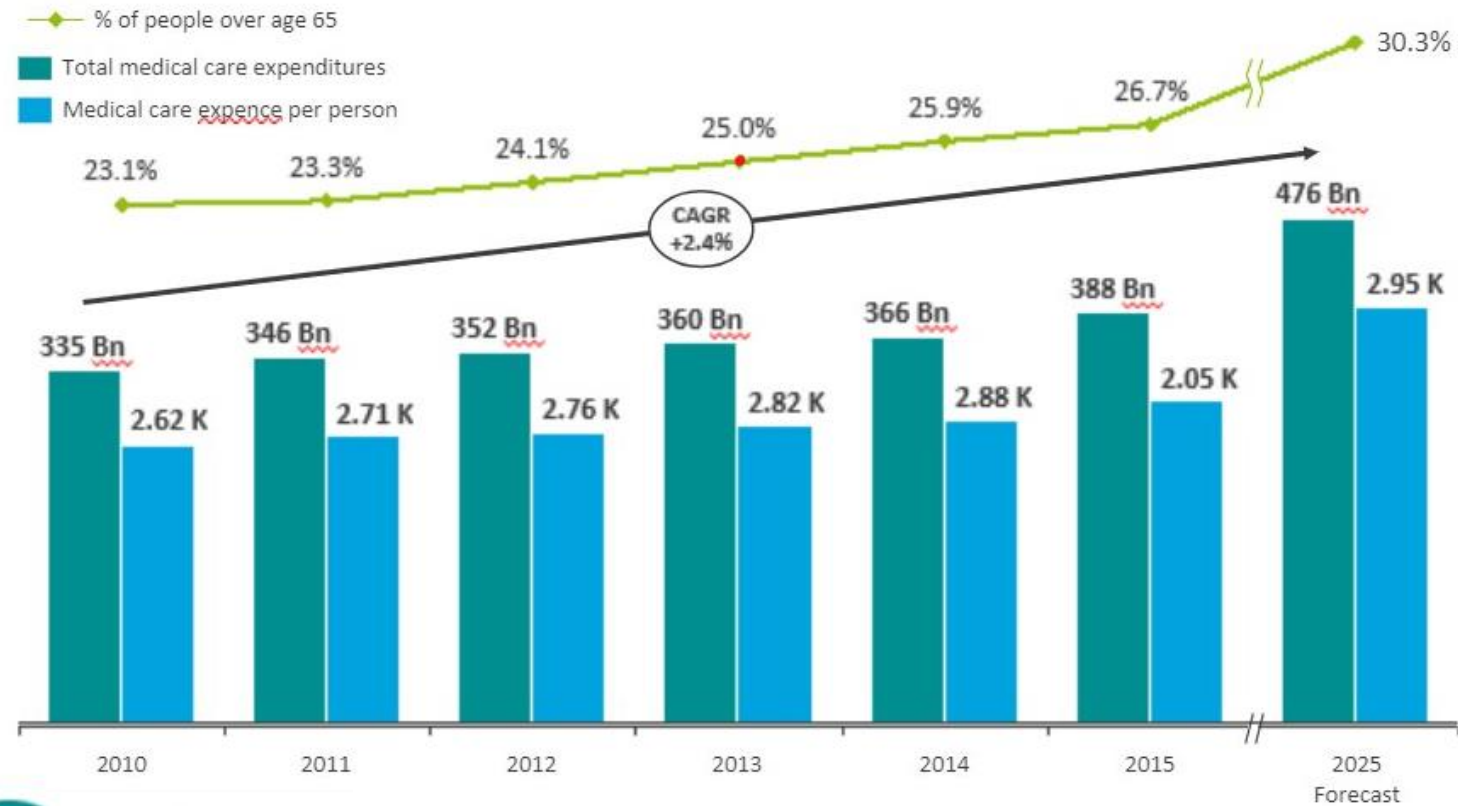




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Japan: Total medical care expenditures are expected to grow to 476 Billion USD by 2025...

Trends of Medical Care Expenditures in Japan (USD)

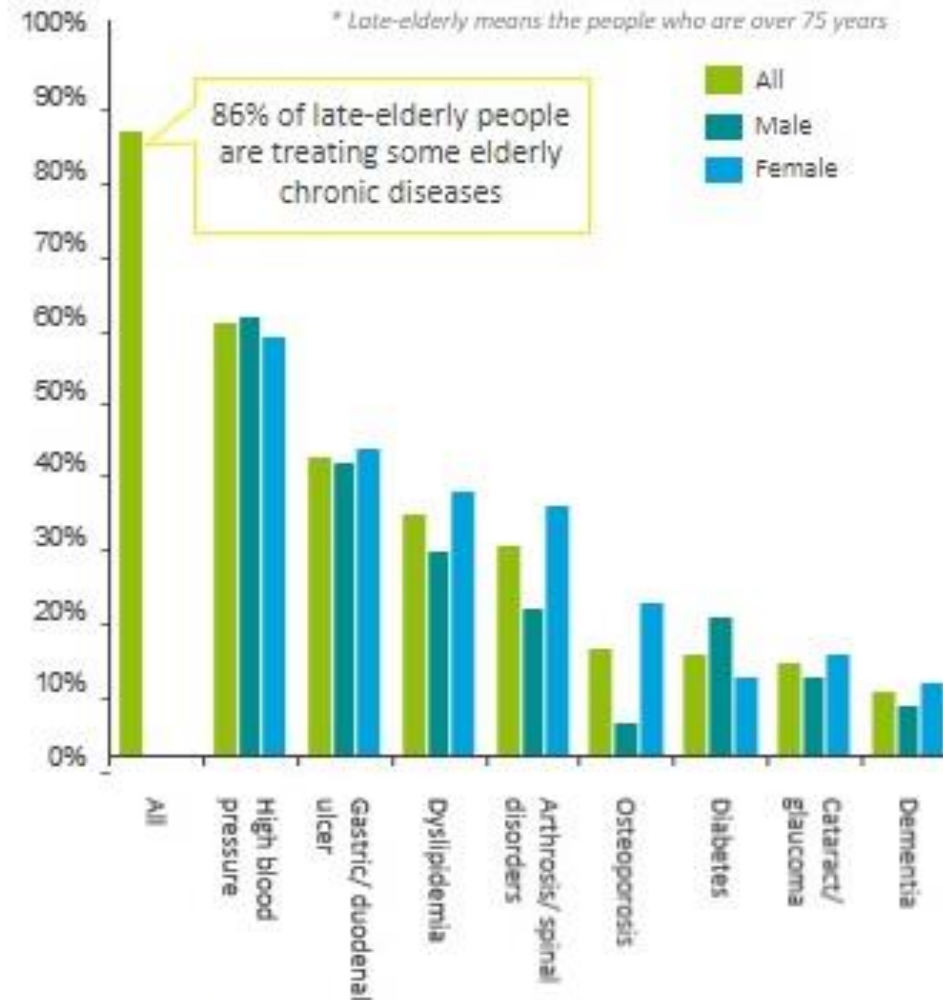


# Japan: Significant impact on elderly care segments

**Trends - Nursing Care Market in Japan (Billion USD)**

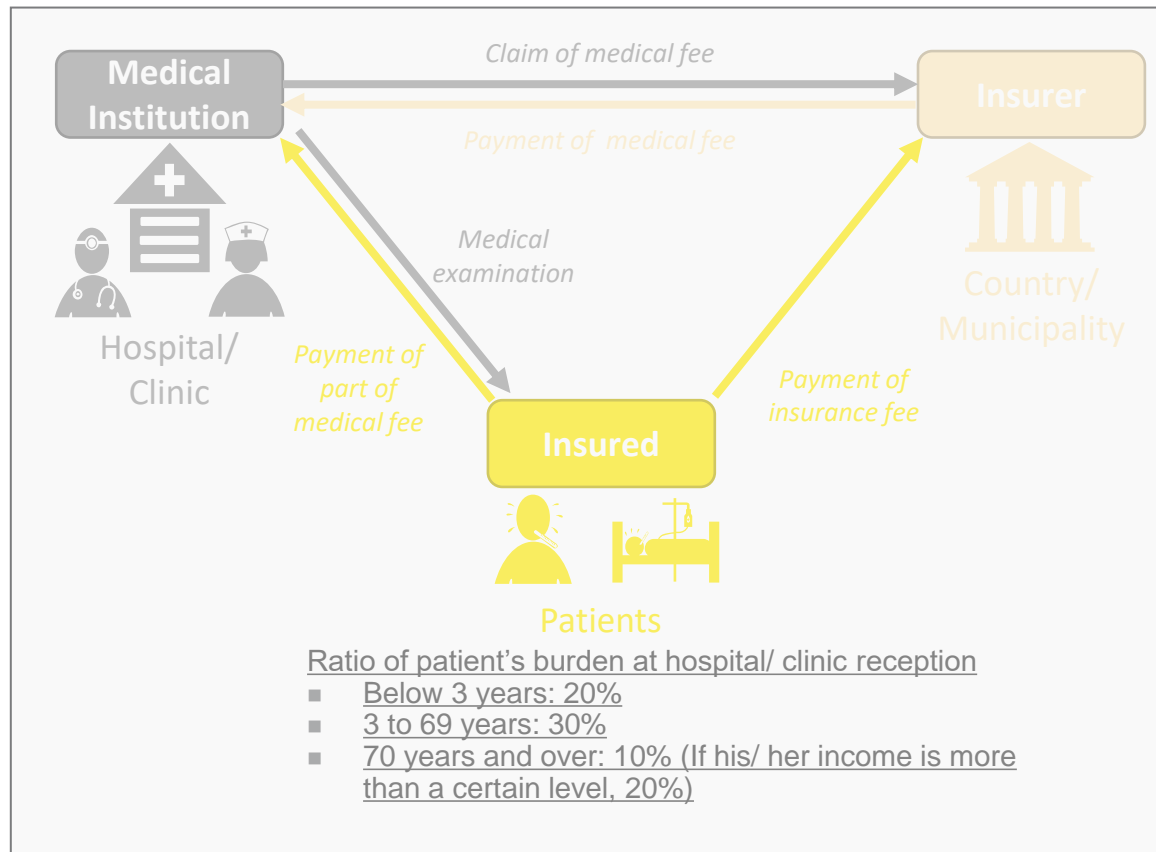


**Percentage of Late-Elderly\* Patients Treated by Disease in Japan (2013 Sep.- 2014 Jul.)**



# 70-90% of medical expenses are covered by the National Health Insurance System...

## Overview of National Health Insurance System in Japan



**Mutual aid system:** Draw out certain insurance premium from workers/ non-elderly people on a regular basis, to prepare for the case that medical costs are required

**Mandatory** subscription insurance, although the elderly are basically exempt from subscription payments

**Operated by public institutions**, such as national, municipalities, or “society-managed / employment-based health insurance association”

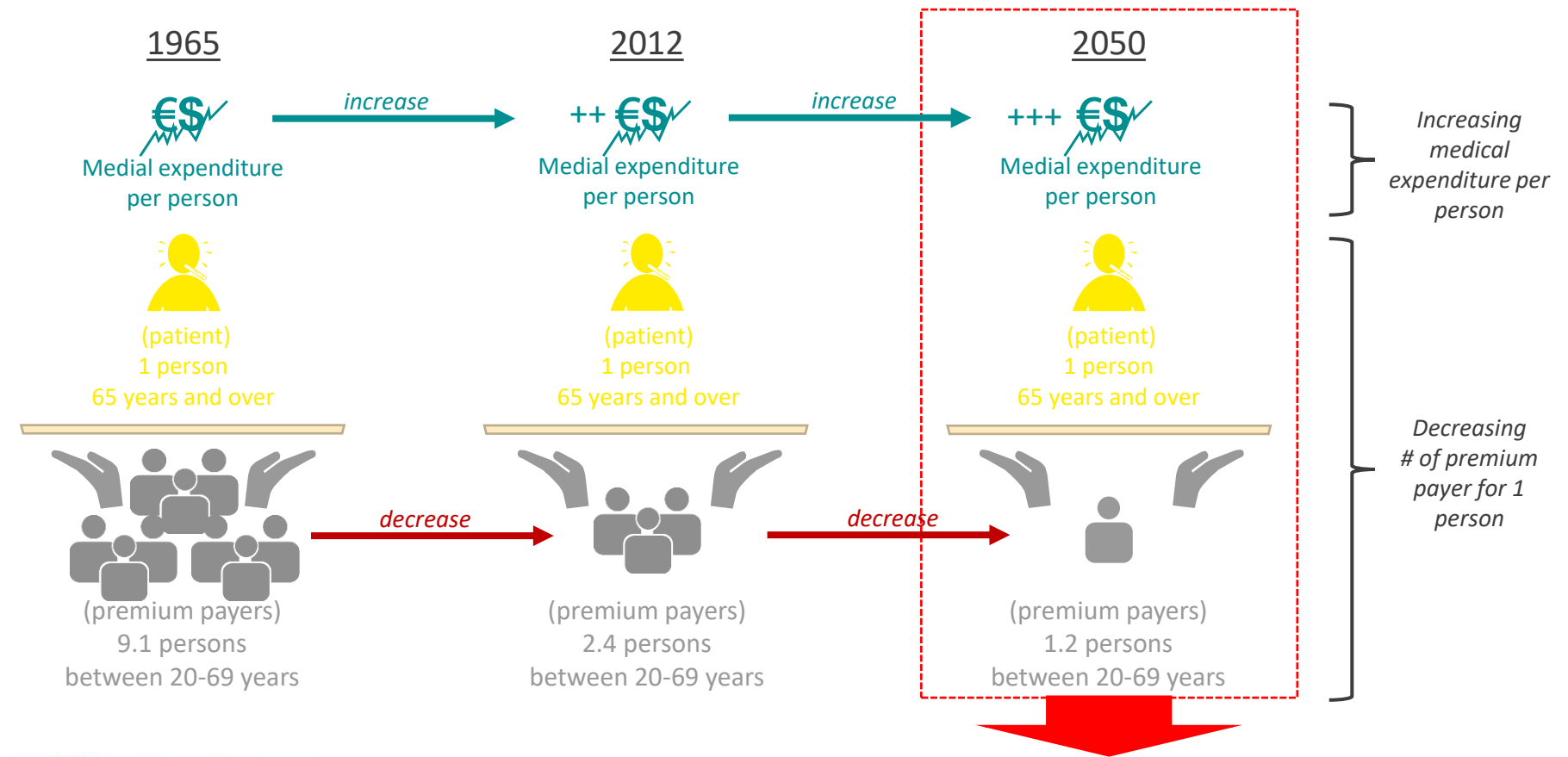
**Wide application range:** Insurance covers a wide array of services - dental and orthopedics

The amount of benefits will be determined for the actual medical expenses

Annual total premium will be subject to "social insurance premium deduction"

# But due to increasing costs and continued ageing, sustainability is questionable

## Japan's National Health Insurance System is facing mounting challenges



In 2050, the ratio of total medical expenditure to nominal GDP is expected to grow to +10%; grown by ~50% from as-is situation



Source: Literature research, articles of Minister of Health, Labor and Welfare, Strategy & analysis AND Paul Mori Intralink Group

# The system is undergoing change with the government considering some dramatic measures

## Government plans / initiatives for overall healthcare system

### Revised Healthcare Policy - 2020

- Reducing social insurance cost
  - Increase of payers' burden on health insurance and long-term care insurance
  - Reduction and rationalization of unnecessary medical practices, such as over-dosage and redundant testing
  - Review of measures for self-pay rate by elderly patients
  - Improvement of preventive medical care, e.g. health checkup / health guidance
  - Promotion of generic drug use
  - Reduction of medical fees for medical institutions

### “Integrated Community Care System” - 2025

- Provides unified medical care, nursing, preventive care and life support for the elderly

### “Japan Health Care Vision - 2035”

- Better healthcare system (e.g. evaluation of medical treatment for outcomes to patients, eliminating cigarettes)
  - Infrastructure for the system (e.g. remote diagnosis / treatment, data-driven preventive care)

**Short-term** focus to reduce healthcare expenditure

**Longer term** initiatives to invest in improvement of care delivery

# From a business perspective, this situation provides a variety of opportunities

## Expected Future Opportunities in the Healthcare Industry

### Scope of the Healthcare Industry will Expand

- Preventive medical care market will grow in addition to the “traditional” market (e.g., treatment of diseases and injuries)
- New solutions and services will be required to support cost reduction, rationalization of medical practices, and other unnecessary requirements in the system

### Consumerism will grow

- Expected increases in premiums will sharpen consumer focus for maintaining health, and bringing about consumerism
- Consumerism will likely lead to polarization of demand – Some high-income groups will demand “luxury” medical products / services outside of broad insurance, while other groups will be limited to “essential” medical products / services

### Application of Technology will proceed

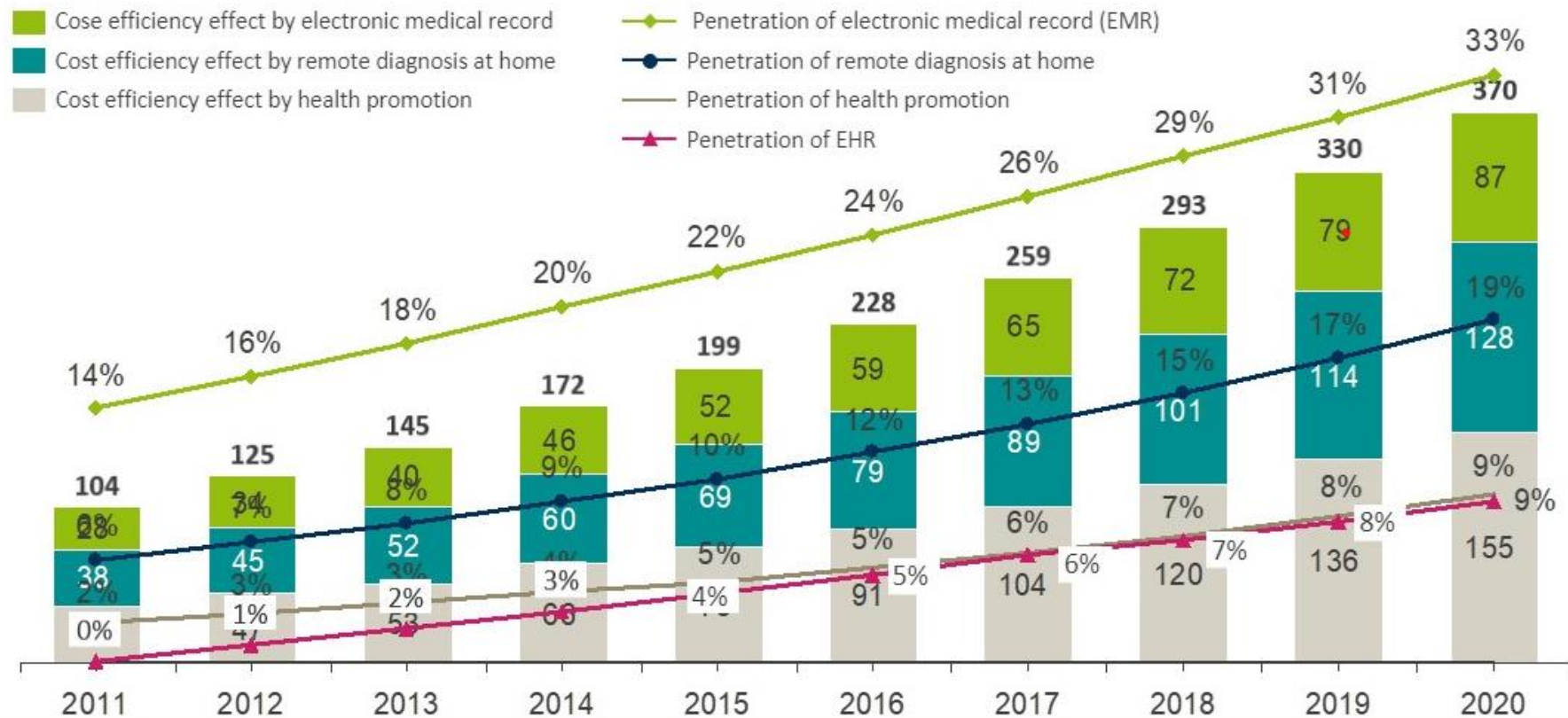
- To solve these problems, advanced technologies such as IT, big data, robotics and AI will be applied more to Healthcare industry

### Opportunity for new markets will be increase...

- Personal physiological monitoring via compact, high performance devices
- Health promotion advice services based on big data analysis
- Full-scope solutions developed to combine multiple products and services, in response to the spread of medical life cycle
- Remote diagnosis and treatment services

# Penetration of digital key technologies is expected to increase

**Forecast of Penetration rate of Medical IT Conversion, and its Effect on Medical Cost optimization (Billion JPY)**





# Services / IT systems for medical entities in Japan will expand

## Overview of Services / IT Systems for Medical Entities market in Japan

- Future perspective
  - As electronic medical record become standard, regional medical cooperation and further data applications are expected
  - Demand for utilization of reception data and clinical information will increase, including adoption of cloud technology and big data analysis
  - Under Japanese national initiative, many stakeholders such as R&D institutes and governments are expected to realize the next-generation medical care
- Issues need to be solved
  - Balance between regulation and incentive
  - Definition of accountability and responsibility in service/ system operation and management (local government, medical association, medical institution, etc.)
  - Data privacy and security - especially for personal information
  - System data integration
  - Improvement of personal ID system for seamless operation and information continuity

# Japan: Summary and Conclusion

JP is the third biggest pharma market, need for in-sourcing, increased focus on internationalization

Healthcare market in Japan is growing overall – particularly for long-term elderly care and chronic elderly diseases

Business opportunities for new entrants exist

- Spread of preventive medical care

- Innovative new services and solutions for reduction and rationalization of medical practices

- New demands driven by consumerism (e.g., physiological monitoring, health promotion advice services)

Finding good business partners is key

Challenges: local competition, regulatory environment, access to local talent and finding the right partner, language, need for localization and building relationships



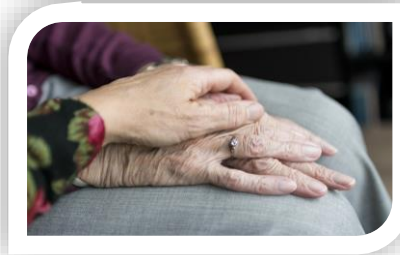
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# Major challenges are driving needs of Chinese healthcare market

## Aging population

An aging population resulting in an increasing prevalence of chronic diseases, such as cardiovascular and cerebrovascular diseases, cancer, diabetes, chronic respiratory diseases.



## Primary public insurance system

Primary public insurance system, the coverage by commercial health insurance is still very limited in total national medical expenditures.

## Shortfall of doctors and nurses

A shortfall of doctors and nurses, as well as lack of primary care through family doctors or community clinics, resulting in a health care bottleneck in hospitals



## Vaccination rates(COVID-19)

Vaccination rates for COVID-19 lagging the Western world, resulting in a longer lasting pandemic with damaging consequences for the economy, the health care budget and the care of non-Covid diseases

Source:

[Understanding China's health care market and its evolutions: 6 module course - Flanders-China Chamber of Commerce](#)

The China Health Tech Market in 2022

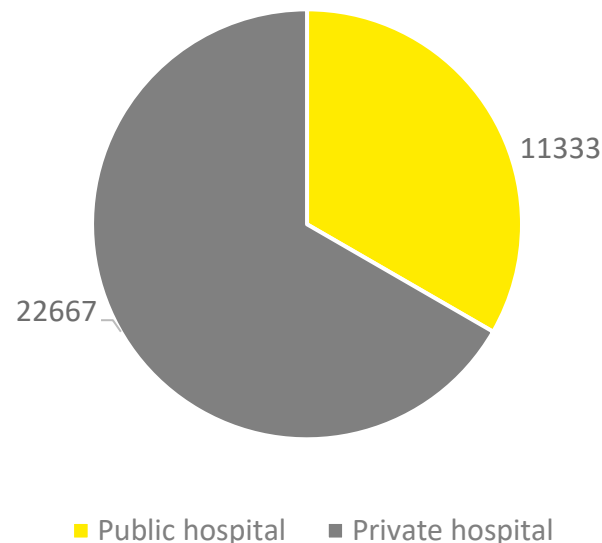
[China Health care Market: An Introduction \(chinagoabroad.com\)](#)

EUSME Centre, The Health care Market in China

[China's health care market is expected to grow from RMB6 trillion in 2019 to RMB16 trillion in 2030 \(prnewswire.com\)](#)

# Chinese public hospitals are taking care of the majority of patient care in China while private hospitals aim at the affluent segment

The number of public hospitals and private hospitals in China by the end of 2021



In 2019, there were **3.27 billion visits in public hospitals** and **5.7 million visits in private hospitals**, which clearly shows the health care bottleneck of Chinese public hospitals, and the focus of patient-centric, expensive care for the affluent minority by the private hospitals.

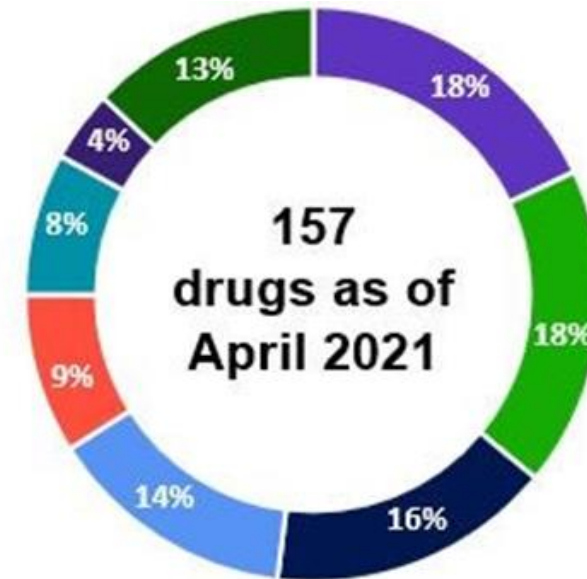
The quality of Chinese public health care is generally good, however, more than **2,300 top tier (class 3) public hospitals** run at full capacity and take care of almost 20% of out-patient consultations, while 950,000 low-tier hospitals, clinics, and health centers try to attract more patients

Source:

[解码最新中国医疗大数据：公立医院数量连续六年下降，门诊次均药费近五年首次下降 | 医疗卫生 | 民营医院 | 药费 | 诊疗 | 医师 | 疫情 | -健康界 \(cn-healthcare.com\)](#)  
[Hospitals in China: Our Guide To Healthcare For Expats \(saporedicina.com\)](#)

# China Volume Based Procurement (VBP) has led to a big price cut on the covered medical devices and drugs

The China **volume-based procurement (VBP)** of **high-value medical consumables** has led to an **average price cut of almost 80% on the equipment covered**, and up to **97.9% maximum!**



- Infectious disease
- Cardiovascular disease
- Cancer and immuno-modulators
- Blood products
- Nervous system disease
- Digestive/metabolic diseases
- Respiratory system
- Others\*

As of April 2021, **157 drugs** have also been procured under the volume-based procurement strategy.

# The leading Chinese private biopharma companies are potential partners for biotech companies from Flanders on the China market



BeiGene is a biotechnology company that specializes in the development of drugs for cancer treatment. BeiGene is particularly interested in immuno-oncology, a cornerstone of cancer treatments.



Zai Lab is an innovative, research-based, commercial stage biopharmaceutical company based in China and the U.S. focused on bringing transformative medicines for oncology, autoimmune disorders, infectious diseases and neurological disorders to patients in China and around the world.



Innovent is committed to the development, production and sales of innovative drugs for the treatment of major diseases such as tumors.



Harbour BioMed is a global clinical-stage biopharmaceutical company committed to the discovery, development and commercialization of novel antibody therapeutics in oncology and immunological disease areas to address unmet patient's needs.



Junshi Biosciences is an innovation-driven biopharmaceutical company which is dedicated to the discovery and development of innovative drugs and their clinical research and commercialization on a global scale.



Abogen is an innovative biopharmaceutical company focusing on the research and development of therapies derived from messenger RNA (mRNA) technology.



Avistone has been developing precision oncology therapies for nearly a decade, with an extensive oncology pipeline focused on the treatment of lung cancer.



DAC Biotech is one of relatively few biotech companies in China developing proprietary antibody-drug conjugates (ADCs), a hot class of drugs in the oncology arena.



Innogen is a science-driven biotechnology company dedicated to the research and development of innovative and affordable medicines for diabetes and other metabolic disease patients.

Sources:

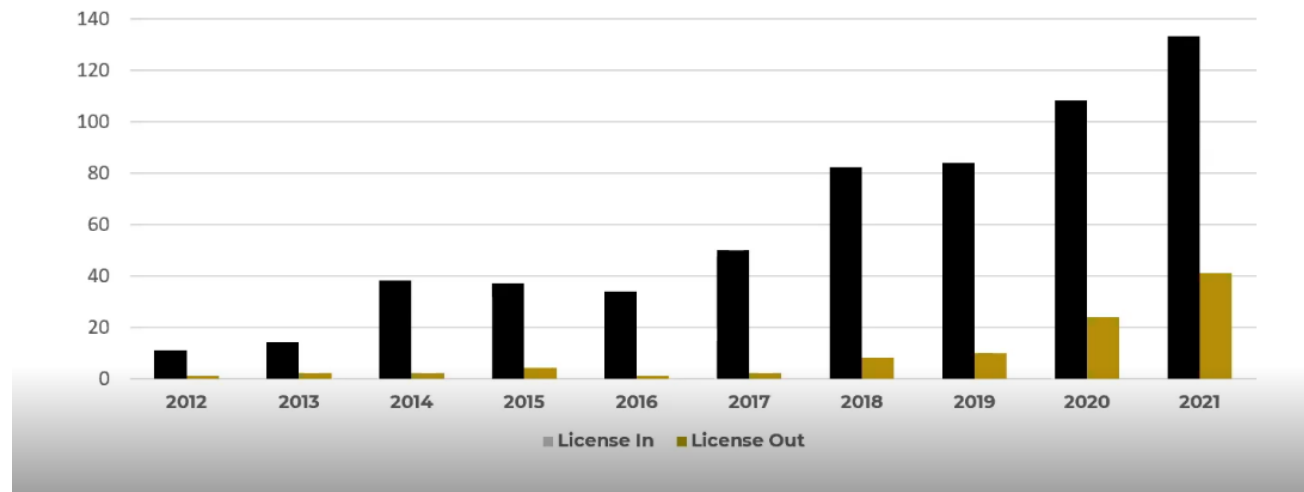
[10 biotechs to know in China | Fierce Pharma](#)

[The top five private biotech companies in China \(labiotech.eu\)](#)

# Licensing and partnering opportunities for biotech companies

- ✓ Access to scientific and clinical Key Opinion Leaders in China and international conferences specialized in relevant therapeutic areas and involved in clinical development is an important step to get exposure and interest from the Chinese market.
- ✓ Leading Chinese biotech and biopharma companies with a global expansion strategy, are actively looking to extend their pipeline for the Chinese market or to license innovative technology platforms.
- ✓ As shown by the chart below by Agio Capital, both license-in and license-out deals by Chinese therapeutic companies have been increasing year by year, with the **licensing in technology from foreign biotech companies rising** steeply over the last few years.
- ✓ Partnering forums in China and abroad are available to meet these Chinese counterparts and pitch the product, actively supported by FIT. Collaboration can be set up in the form of a licensing agreement with commercial rights for the Chinese market, or the creation of a joint venture for the clinical development, manufacturing and commercialization in China, and can also be combined with equity raising of the parent company by the international venture arm of the Chinese biopharma.

Licensing deals by Chinese **therapeutic** companies in last 10 years



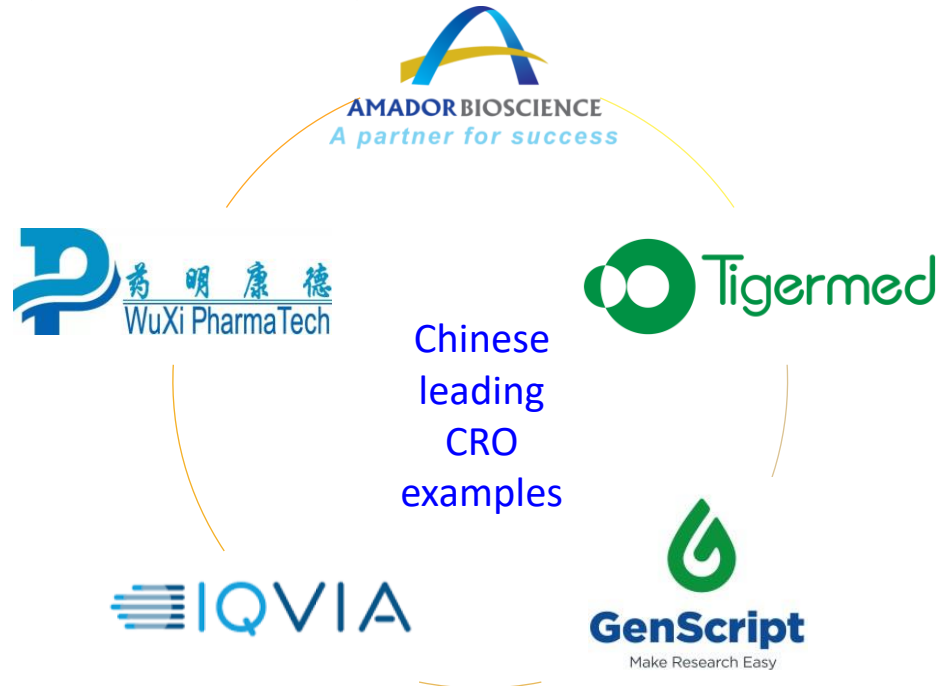
Sources:

Advise across borders for European Life Sciences going to China, Henk Joos, Agio Capital



# China's leading CROs and CDMOs are following Chinese biopharma in EU

China's CRO (Contract Research Organization) industry started more than ten years later than European and American countries, but with strong growth in Life Science R&D spending in China, the growth rate of China's CRO industry is significantly higher than that of the global market.



China's CDMO or contract development and manufacturing space for biomanufacturing is relatively new but growing at over 15% year-on-year. There have been around a dozen new mAb therapeutics from domestic innovators in the last two years, and this continues to create domestic demand for biomanufacturing CDMOs.



Sources:

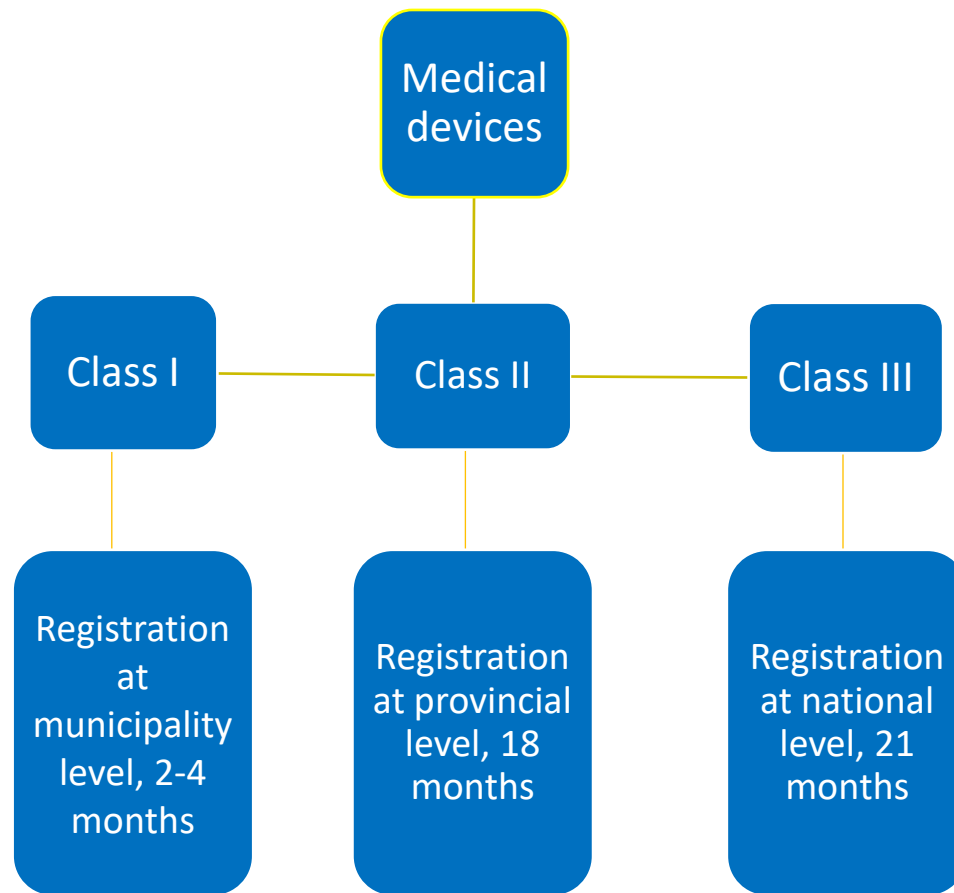
[十大CRO医药外包公司, CRO医药外包-医药外包研发排行榜-买购品牌网 \(maigoo.com\)](http://maigoo.com)

[2022年中国十大cro公司排名 2022中国cro医药公司排名top10 - 南方财富网 \(southmoney.com\)](http://southmoney.com)

[全面解析中国新型CRO企业TOP10|TOP10|CRO|解析|数据|研发|药物|技术|健康界 \(cn-health.care.com\)](http://cn-health.care.com)

[2021年中国医药CDMO重点企业对比 \(baidu.com\)](http://baidu.com)

# Registration of medical device, IVD and medical software



There are **2 broad pathways for registration**: one for **devices imported in China**, one for **domestically manufactured devices**. European companies typically work with a consultant for the document translation, submission, information protection and registration process, such as CISEMA or Covington. Compliance with mandatory device standards is required.

Foreign companies must appoint a **China-based legal entity** to manage regulatory affairs or pre-market registration and post-market surveillance. This legal entity can be their own subsidiary, a distributor or a consultant. Potential partners are local medical device distributors or Chinese biopharmas such as Zai Lab.

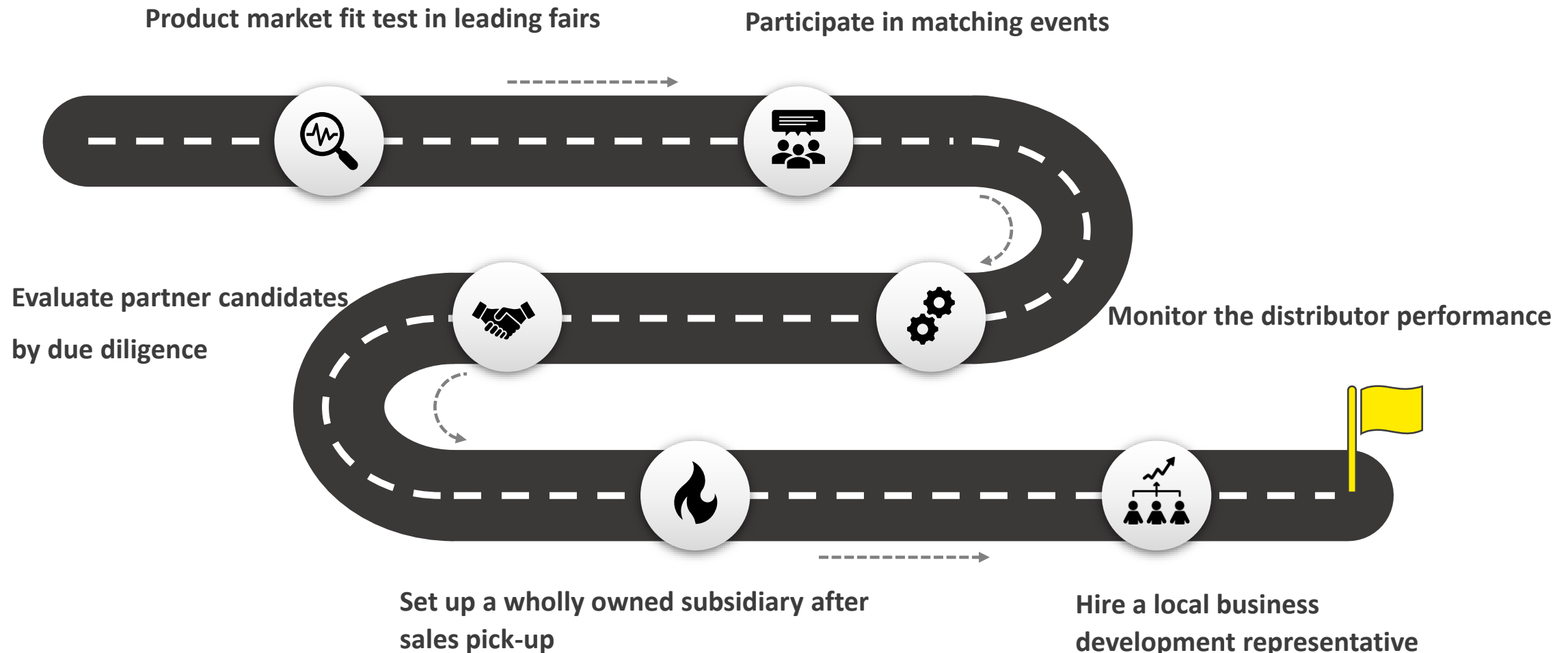
Sources:

Registration of Medical Devices in China, John Balzano, Covington

China NMPA Registration Of Medical Devices, IVDs and Medical Software, Jacky Li and Markus Roepke, China

Regulatory Roadmap – Dutch medical device products to the Chinese Market

# Companies with Class I medical devices face the easiest pathway into the Chinese market





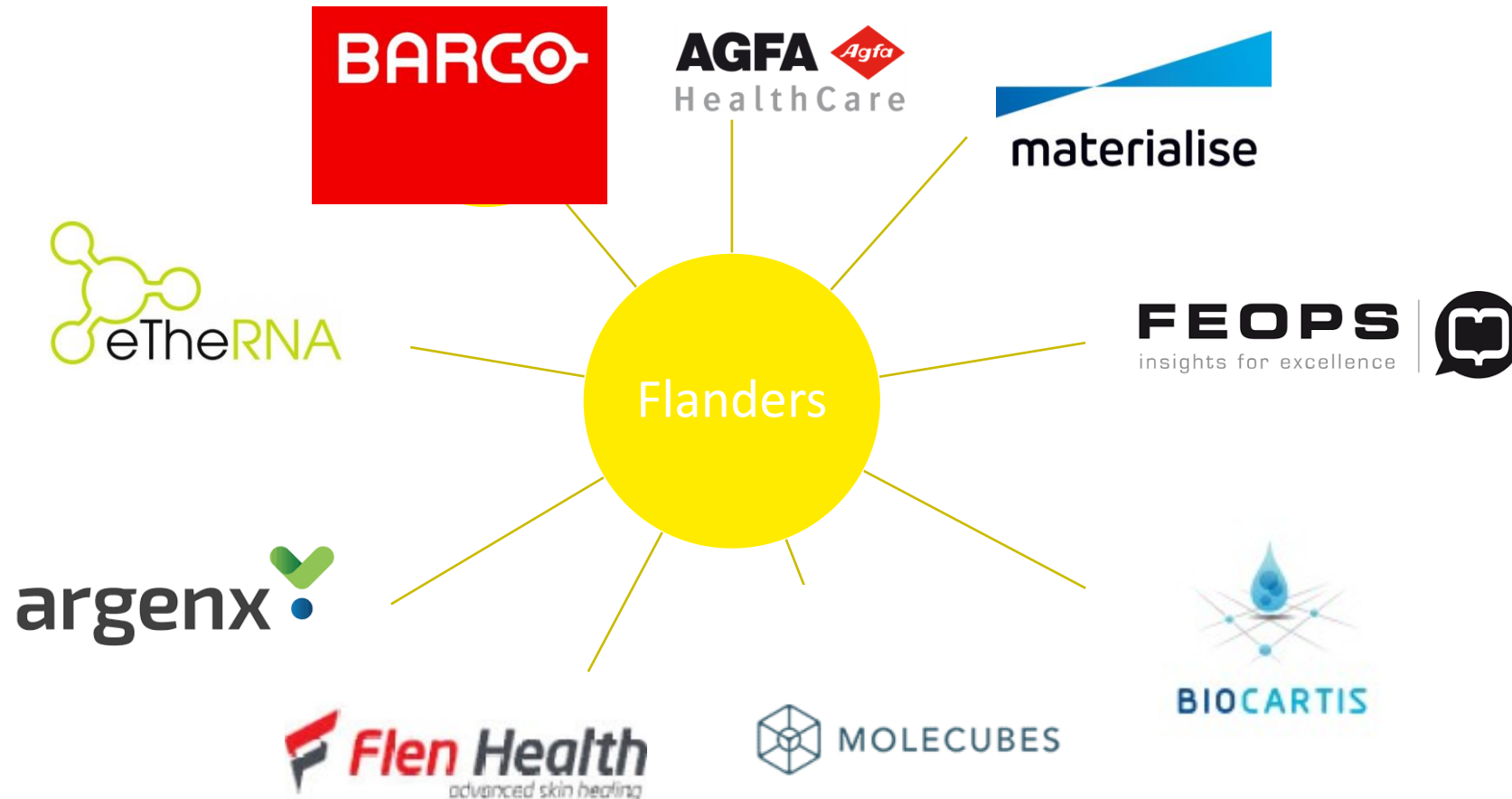
Companies with Class II and Class III devices need to go through a lengthy process of clinical trials and a potential pathway is to set up a JV with a local partner

- ✓ Companies with Class II and Class III devices need to go through a lengthy process of clinical trials. Besides the same approach as described above, they **have to partner with right expertise** for clinical development and commercialization in China.
- ✓ A potential pathway is to set up a joint venture with a local partner, where the JV takes responsibility for both clinical development and commercialization in China.
- ✓ Starting to commercialize before registration is possible in the **Boao Lecheng Medical Pilot Zone on Hainan Island** for products that have already obtained CE or FDA approval. Data from usage of the devices in Hainan can then be used as real-world evidence supporting the clinical trials in China.

# Cases from Flanders in China

Medtech companies like **Barco, Agfa, Materialise, Molecubes, Feops** have achieved commercial success with class I devices

**Argenx, Etherna Immunotherapies** and **Biocartis** are examples of companies from Flanders currently in **clinical development** in China with a local partner.



# China: Summary and conclusion



**The health care market in China continues to have high potential** as the second largest health care market in the world with double digit growth.



It is also a **difficult market which presents challenges** in terms of increasingly capable **domestic competitors** that may receive preferential treatment, and government policies steering towards health care affordability and **price reduction** such as Volume-Based Procurement and the Two-Invoice System.



**Registration of trademarks and patents** is key and should be started as soon as possible. This can be done as part of an international patent registration procedure or a local patent registration procedure in China.



**Price competition** with domestic players is a strategy that is difficult to win for foreign companies, therefore companies should target the China market with **innovative products** that have not a direct competitor in China with a product of the same quality or efficacy and address an unmet need in the Chinese market.

Sources:

Advise across borders for European Life Sciences going to China, Henk Joos, Agio Capital



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# South-Korea life sciences in a nutshell

- Key points:** rapidly ageing population & societal drivers for a healthier lifestyle
- Mature market** for healthcare provision, **niche opportunities** for high-end equipment and telemedicine.
- Ageing society:** need for automation in services and elderly care
- Government support:** to establish the country as a leader in the biomedical field, support for clinical trials, biopharmaceuticals and AI
- Launches 10-year **microbiome** nurture projects
- Wants to become **biotech hub** in Asia – vivid biotech scene
- Challenges:** language barrier, local competition, regulatory environment, finding the right partner

Source

<http://www.southkorea.doingbusinessguide.co.uk/the-guide/business-opportunities/>

<https://www.intralinkgroup.com/en-GB/Media/Blog/February-2020/South-Korea-healthcare-market>







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# Australia's life sciences in a nutshell

- Quiet success story:** employs over 240,000 people - accounts for AUD three billion in export/year
- Good manufacturing base:** both local and international players
- Medical research and clinical trials :** In 2019, 95.000 Australians participated in 1.880 clinical trials– 50 clinical trial centers - supportive legislation
- Digital Health:** world leaders in electronic medical records (in use for 90% of population) embracing big data, AI, mobile health, connected devices and wearables, telehealth and telemedicine.
- No language barrier**

## Sources

<https://pharmaboardroom.com/articles/opportunities-for-the-life-science-industry-in-australia-post-covid/>

<https://www.globalaustralia.gov.au/industries/health-and-life-sciences>



# Australia - A thriving life sciences hub with global reach



\* Roadmap To A Successful IPO For Life Sciences Companies, 2nd edition, AusBioTech, 2021  
 † BioShares, 2021  
 ‡ Sector Snapshot 2019, AusBioTech

MITConnect, Australia's Clinical Trials Sector, 2021

Regenerative Medicine Catalyst Project, 2021



Sector Snapshot 2019, AusBioTech



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# How FIT can help you in Asia

<https://myfit.flandersinvestmentandtrade.com/>

- **Advice** on local market, business context, regulatory, events and partners, network referral, candidate distributors, licensing and clinical development partners
- **Participation in on-site, virtual & hybrid events**
  - **Life Sciences Week** incl BioJapan, seminar and B2B meetings
  - **ChinaBio Partnering Forum**, Shanghai, China, 20-21 September, 2023
  - **China Healthcare Summit**, Shanghai, China, 2-3 November 2023
  - BioKorea
  - **AusBio, AusMedTech, ...**
  - **China Medical Equipment Fair**, Shanghai, China, 11 – 14 April, 2024
- **Trade missions** organized by FIT or partners (on-site, virtual or hybrid)
  - **China Life Science and Medtech mission**, first half of 2024
- **B2B meeting program** with business partners
- **Subsidies** for trade fair participation, prospective office, international digital communication, custom project



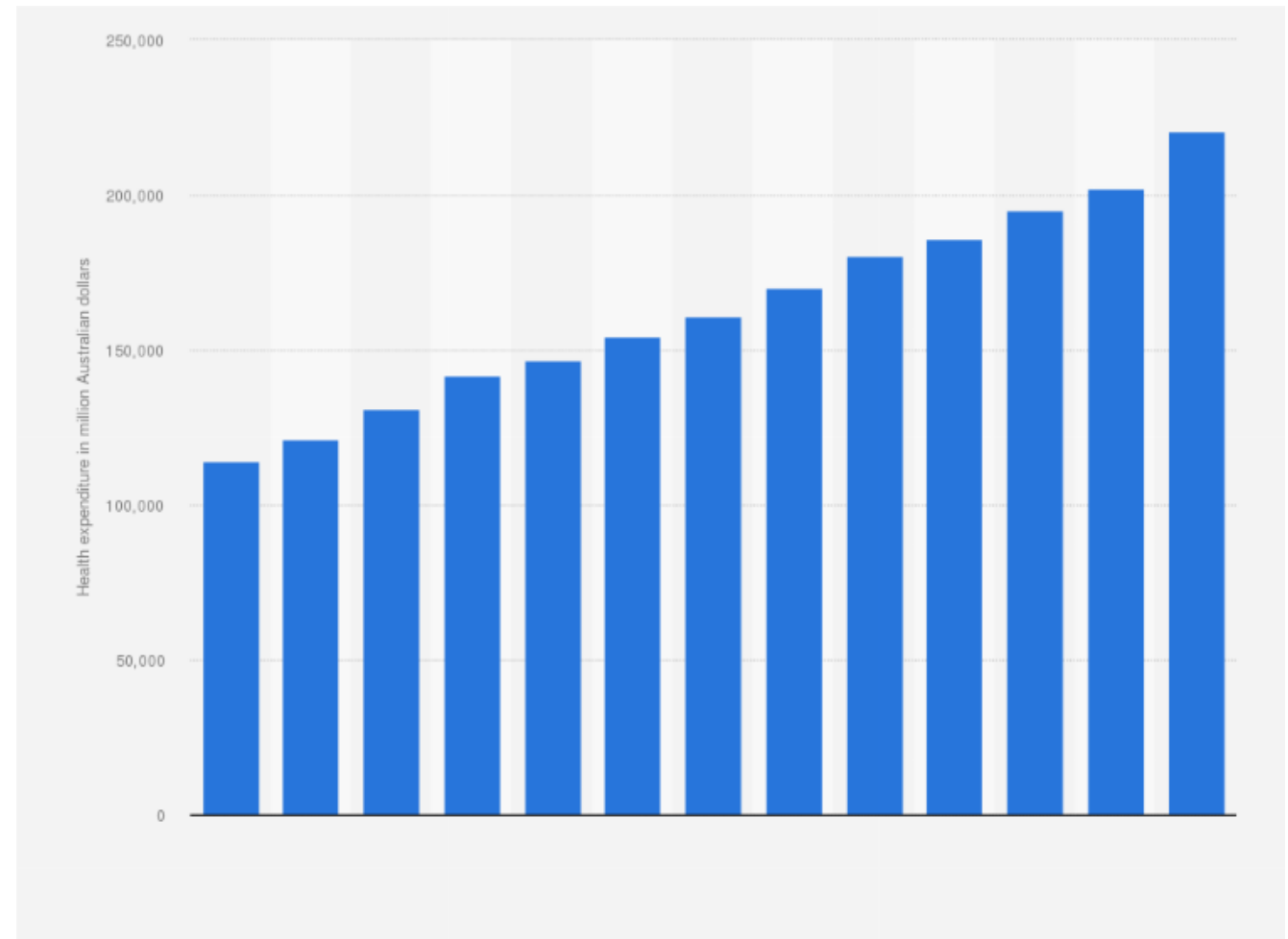
FLANDERS  
INVESTMENT  
& TRADE

Questions?  
Thank you!

# Australia

About 10 percent of Australia's GDP is spent on health, which amounted to about 220 billion Australian dollars in financial year 2021.

(Graph: 2008-2021)



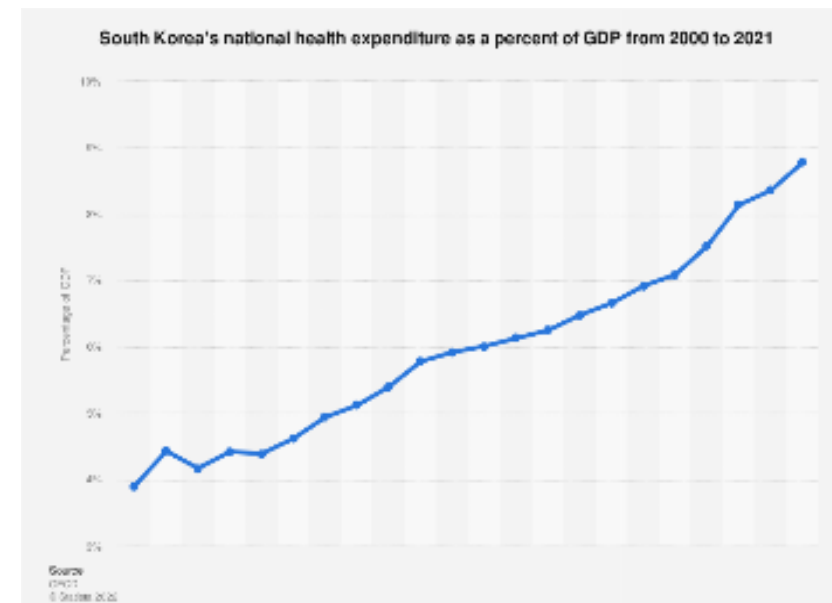
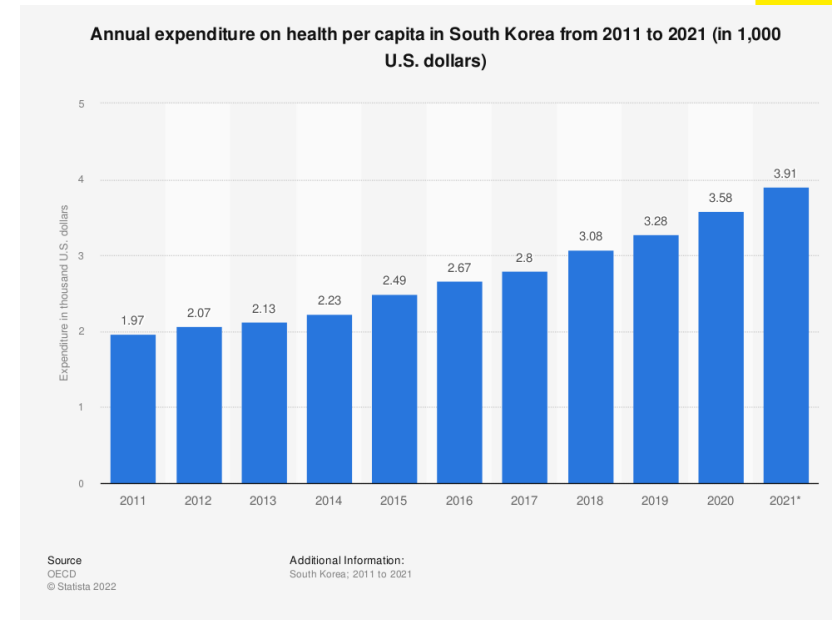
# South-Korea

In 2021, South Koreans spent approximately 3.9 thousand U.S. dollars per capita on health

and

the total health expenditure accounted for approximately 8.8 % of South Korea's GDP

Source: [www.statista.com](http://www.statista.com)





# South-Korea: aging society

