

Abstract

After the 1980's the first joint venture pharmaceutical company was set up in China and since then, foreign capital has flourished in the past 30 years to become one of the important forces in China's pharmaceutical market and a new growth point in economic development. The investment modes of foreign capital transformed from drug sale to building products bases and R&D centers. Another change regards China's foreign direct investment policy: the preferential treatment of foreign investment will be cancelled. Foreign companies will have to face the same investment policy national companies face.

The aim of this research is to review the investment course of foreign capital in China's pharmaceutical industry and analyze the effect of FDI policies. It will also give advice about the absorption and utilization of foreign capital in China. By describing the development of foreign capital in China's pharmaceutical industry, the evolution of China's FDI policy, a case study and analysis of the effect of FDI policy, this research will try to provide a reference for making government policy and foreign-funded pharmaceutical enterprises' development strategies in a future time. Four chapters are included.

Chapter one mainly summarizes three stages in the development of foreign capital. From 1978 to 1991, the first group of joint venture pharmaceutical companies established in China, and then they expand their investment in the second stage 1992-2000. After year 2000 the investment of foreign capital is still keeping growing in China's pharmaceutical industry. Primary investors are located in Hong Kong, Taiwan and overseas Chinese, but when multinational corporations invested in China during the 1990's, capital from Europe and America increased fast. And the investment styles changed at the same time.

Chapter two covers the evolution model of China's FDI policy. This chapter presents the relation between FDI regional policy, FDI industrial policy, FDI technology policy and utilization of foreign capital in the pharmaceutical industry. It also discusses how these policies deal with pharmaceutical industry.

In chapter three I chose Xian-Janssen Pharmaceutical Ltd. Company invested by Johnson & Johnson as my case study. It is one of the first joint venture companies in China, and representative.

Considering the problems that come with foreign investment, I give some suggestions for the FDI policy of the pharmaceutical industry in chapter four.

Key words

Foreign Direct Investment

Pharmaceutical Industry

Investment Policy