

A major cog in Philadelphia biotech is in congressional crosshairs for its Chinese ownership

March 20 2024, by Harold Brubaker, Joseph N. DiStefano, The Philadelphia Inquirer



Credit: CC0 Public Domain

WuXi AppTec, a biotechnology research and manufacturing company

that occupies four buildings and employs 800 in South Philly's Navy Yard, is among the Chinese-owned companies in the crosshairs of legislation advancing in Congress that aims to thwart China's efforts to "dominate biotechnology as an industry of the future."

A U.S. Senate committee passed a bill this month that would ban government agencies from doing business with WuXi AppTec or any company that uses WuXi AppTec products or services. A similar House bill, the Biosecure Act, calls WuXi AppTec a "national security threat to the United States" because of alleged ties to the Chinese military.

In Philadelphia, WuXi AppTec company has helped a firm with a large facility in the Navy Yard get FDA approval for the first cell therapy for advanced melanoma. The Shanghai-based company also has a manufacturing contract with a University of Pennsylvania biotech spinout that has started testing cell therapy for autoimmune disorders.

WuXi AppTec called the political push to block its operations without merit.

"The proposed U.S. legislation relies on misleading allegations and inaccurate assertions to propose preemptive and unjustified prohibitions against our company without due process," WuXi AppTec said in a statement last week. The company said it does not collect genetic information—a central concern in Congress.

WuXi AppTec is one of four companies subject to a fast-track ban in the Senate bill, called the Prohibiting Foreign Access to American Genetic Information Act of 2024, but the sanctions would apply broadly to any biotechnology companies determined to be of concern. A collection of federal agencies, including the Defense and State Departments, would decide which companies make that group, based on their potential for control by an adversarial government.

Democratic U.S. Senator Bob Casey, who is running for reelection this year, said he was concerned about WuXi AppTec's relationship with the Chinese Communist Party. He is not on the committee that voted to advance the bill.

"As I review this legislation, my top priority remains U.S. national security and protecting American interests from an adversarial government," Casey said in an email.

Casey has also supported efforts to expand the Philadelphia region's biotechnology sector, which has a particular strength in cell and gene therapy, thanks to research led by the University of Pennsylvania.

A global giant with a big Philly footprint

WuXi AppTec's reach extends globally across the pharmaceutical outsourcing supply chain, spanning 41,000 employees in nine countries.

The company has operations in seven states, with a total of 1,100 employees outside Philadelphia, according to a fact sheet it provided. In Delaware, a pharmaceutical manufacturing facility backed by \$19 million in state aid is scheduled to open next year in Middletown, and provide around 500 jobs by 2026.

WuXi AppTec came to Philadelphia in 2008 when it acquired AppTec Laboratory Services, a company with operations at the Navy Yard, for \$150 million.

Ever since, WuXi has steadily increased its presence, most recently adding 140,000 square feet at 400 Rouse Blvd. in 2021, tripling its testing capacity for cell and gene therapy companies worldwide, the company said in a news release at the time.

WuXi AppTec has significant ties to cell and gene therapy companies working in Philadelphia, and is one of the largest players in a regional biotech scene that is among the leaders nationally in developing treatments.

Local players that have partnerships with WuXi AppTec did not respond to requests for comment last week on the significance of a potential ban on its operations.

This includes a new consortium, the Greater Philadelphia Region Precision Medicine Tech Hub, that was selected from among more than 370 applications for the federal Tech Hub designation. Created by 2022's CHIPS and Science Act, the designation recognized the Philadelphia area's potential in a technology-centered push to rejuvenate advanced manufacturing in the United States.

The effort was led by the Ben Franklin Technology Partners of Southeastern Pennsylvania, which plans to work on supply-chain and manufacturing issues in the production of cell and gene therapies and other advanced treatments.

Ben Franklin Technology Partners did not respond to a request for comment Friday about the significance of WuXi AppTec to the region's cell and [gene therapy](#) industry.

Others involved in Philly's biotech industry, including Life Sciences Pennsylvania, and the Chamber of Commerce of Greater Philadelphia, which has a unit that tries to attract biotech companies to the region, said they could not comment while the U.S. House's Select Committee on the Chinese Communist Party was still investigating.

The Sino-American Pharmaceutical Professionals Association—Greater Philadelphia, a nonprofit that supports the region's biopharma sector,

declined to comment on the Biosecure Act. "As a global biopharma service provider, WuXi AppTec has been contributing to the Philadelphia biotech ecosystem," spokesperson Bill Lu said in an email.

Biotech developments in Philly with WuXi ties

Scientists affiliated with Penn and other area institutions have worked closely with WuXi AppTec. In 2015, Penn and WuXi AppTec announced a partnership for manufacturing gene therapies. Neither Penn nor WuXi AppTec responded when asked if that partnership still exists.

A University of Pennsylvania spinout, Cabaletta Bio, pursuing cell therapy treatments for autoimmune disorders, said last year it would rely on WuXi Advanced Therapies, a subsidiary of WuXi AppTec, to manufacture cell therapies for a clinical trial that is underway now.

Cabaletta Bio cofounder and CEO Steven Nichtberger told investors in January that the company has dedicated resources at WuXi in Philadelphia that it can use to expand.

A newly approved melanoma treatment to be manufactured in Philadelphia also has ties to WuXi AppTec. Iovance Biotherapeutics, a San Diego company with what it describes as one of the world's largest cell therapy manufacturing facilities in the Navy Yard, last month received FDA approval for an advanced melanoma treatment for patients who tried chemotherapy and other available skin cancer treatments.

WuXi Advanced Therapies manufactured the treatment, called Amtagvi, for nearly a decade during trials and received FDA approval to continue manufacturing it commercially, according to a WuXi news release.

"We do not anticipate any significant impact of the Biosecure Act on our

ability to manufacture and meet demand for Amtagvi if it, or an amended version, becomes law," Iovance spokesperson Jen Saunders said in an email. In a recent SEC filing, Iovance acknowledged the political risk of its reliance on services from WuXi AppTec.

2024 The Philadelphia Inquirer, LLC. Distributed by Tribune Content Agency, LLC.

Citation: A major cog in Philadelphia biotech is in congressional crosshairs for its Chinese ownership (2024, March 20) retrieved 10 May 2024 from <https://techxplore.com/news/2024-03-major-cog-philadelphia-biotech-congressional.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--