U.S.-CHINA TRACK II DIALOGUE ON HEALTHCARE

CONSENSUS AGREEMENT

July 8-9, 2025
New Haven, Connecticut, United States

The **National Committee on U.S.-China Relations** and the **National School of Development (NSD) at Peking University** and the **PKU Institute for Global Health and Development** convened the tenth U.S.-China Track II Dialogue on Healthcare in New Haven, Connecticut, United States, on July 8-9, 2025. The dialogue brought together American and Chinese experts (attendee list below) from academia, think tanks, and industry, for off-the-record discussions on healthcare issues pertaining to both countries.

All participants agreed that maintaining in-person dialogues in both the United States and China helps to ensure that channels of communication among academics, researchers, practitioners, and business communities remain open. At a time of increasing tensions between the United States and China, participants from both countries were eager to meet to discuss key healthcare issues facing both nations and how our two countries can address these concerns together. The key issues for this year included **artificial intelligence (AI), drug supply, aging and brain health.**

KEY POINTS OF CONSENSUS

The Dialogue participants recognized that much has changed since the last session of the Dialogue in June 2024. The relationship between the governments of the United States and China continues to be tense and there has been little room for cooperation between them. At the same time, numerous changes have occurred in the healthcare field in both countries. These developments will have great impact on the Chinese and American people, and other nations around the world. Participants noted the following areas of particular concern:

Artificial intelligence (AI) is increasingly important in healthcare and offers enormous opportunities. In the past year, AI has emerged as a major force in the development and delivery of healthcare. In the United States, leading large language models (LLMs) are widely used to enhance medical product development and care delivery, impacting everything from operational efficiency to clinical decision-making and biomedical research support. Similarly, China is seeing a surge in diverse health-related AI applications. Particularly after the development of DeepSeek, AI models are being used to improve diagnosis and risk assessments. Several of these tools have also been exported to other countries, such as Indonesia, where there is a shortage of physicians. In pharmaceuticals, AI can help accelerate drug discovery by predicting the probability of success for a particular drug, and through streamlining clinical trials, creating virtual trials, and even designing novel molecules.

The rapid growth of AI presents many issues. The use of AI in healthcare is advancing rapidly but unevenly, with gaps in rigorous clinical validation, data quality, and ethical oversight. Healthcare providers generally trust the potential of AI, but stress the need for transparent algorithms, dynamic quality controls, and robust guardrails against bias and automation errors. Data sharing, though essential for building effective AI models, presents several hurdles, including, privacy fears, regulatory inconsistencies, and geopolitical tension. Both countries see promise in federated learning, anonymized data pools, and co-developed vertical AI tools (diagnostics, risk assessment, patient engagement). Collaboration should center on patient outcomes, healthcare equity, and global public health (pandemic preparedness, disease surveillance) rather than purely competitive advantage. A global standard for AI safety, ethics, and data governance — jointly shaped by U.S.-China partnerships — could build trust and unlock transformative healthcare impacts worldwide.

Rising drug costs present challenges to both nations. Both China and the United States face mounting pressure from aging populations and chronic diseases, driving up demand for increasingly unaffordable drugs and straining healthcare systems. China has aggressively pursued healthcare reforms — volume-based procurement, essential drug lists, tiered insurance — to cut costs, but struggles to balance innovation incentives with affordability. The United States, meanwhile, grapples with fragmented payment systems, populist drug pricing politics, and heavy reliance on alternative payment models and state-led experiments. China is advancing manufacturing and early-stage innovation but looks to the United States Food & Drug Administration (FDA) pathways as benchmarks, while private partnerships drive much of translational research in both countries, with public funding on implementation research more prominent in the United States than in China. AI offers a shared frontier—reducing R&D costs, optimizing GLP-1 (glucagon-like peptide-1) financing models, and enabling in-silico trials for faster and cheaper drug development. Both countries could benefit from aligning regulatory standards, promoting joint studies, and shielding critical pharmaceutical trade from tariffs. With high tensions, near-term collaboration may focus on areas like data sharing standards for innovation, and patient-first cost containment strategies. Ultimately, pairing the United States' regulatory and scientific leadership with China's manufacturing scale and R&D competitive cost of new drugs development could improve access to life-saving drugs globally.

Global supply chains for pharmaceutical production and sourcing need to be strengthened. Recent global issues — including the COVID pandemic and economic conflicts, and continuing shortages of some critical generic drugs — have highlighted the importance of resilient manufacturing and supply chains for each nation. Chronic shortages of critical generics, oncology drugs, and injectables demonstrate the urgent need for robust, transparent, and diversified supply chains. Regulatory alignment, data sharing, and near-/friend-shoring are crucial to ensure quality, efficiency, and cost control. Trust in GMP (good manufacturing practices) norms and inspectors underpins supply security. As such, building cross-border compliance frameworks will be key. Drug shortages in the United States are worsened by price compression driving manufacturers out, demanding alternative payment models tied to reliability. Both nations fear interdependence: the United States wants autonomy to secure national health, while China seeks stability amid global demand pressures. Advanced biomanufacturing, CGT (cell and gene therapy), and AI pose dual-use risks needing joint governance to mitigate misuse and preserve innovation. Bilateral agreements on volume-based purchasing, penalties for non-performance, and exemptions from tariffs for essential drugs can protect supplies. Dedicated crisis liaisons between relevant agencies can smooth regulatory paths, track shortages, and coordinate emergency exports. Economic zones in China and incentives for local American manufacturing together offer a pathway to mitigate decoupling risks.

Aging populations present a major challenge to both China and the United States. The health challenges of the elderly — including a rising incidence of dementia — put increasing burdens on the economies and societies of both countries. Globally, China has the largest number of persons with

dementia, with over 13 million cases, projected to reach 45 million by 2050. A rapidly aging population, insufficient dementia care services, and rural-urban healthcare disparities challenge the country's capacity to respond effectively. Similarly, the United States, with around 6.9 million persons with dementia in 2024, faces enormous economic cost -- an estimated $781 billion annually -- driven by large quality of life loss for persons with dementia, expensive long-term care and unpaid caregiving.

Brain health is a critical topic for in the 21st century. Currently, 3.4 billion people suffer from neurological diseases, accounting for 43% of the global population. The skull and blood-brain barrier make the brain one of the most challenging organs to monitor and treat. Approximately 15 million people experience new strokes globally each year, with roughly five million deaths attributed to stroke annually. Another five million survivors endure permanent disabilities, such as hemiplegia or aphasia. Additionally, an estimated 350 million people worldwide live with depression, representing about 4.3% of the global population, making depression as the second leading cause of clinical burden among non-communicable diseases. Developing innovative diagnostic and therapeutic technologies for brain disorders is essential to enabling paralyzed patients and individuals with cognitive impairments to lead healthier lives. This requires global scientific collaboration to overcome major clinical challenges.

RECOMMENDATIONS

Healthcare today faces many opportunities and challenges, in the growing use of AI, the development and distribution of pharmaceuticals, or dealing with aging populations and dementia. As the world's two largest economies, China and the United States have a responsibility to lead in all these areas. Even while bilateral relations remain tense, the two countries should work together for the health of both their peoples, as well as the peoples of the world. Indeed, such actions would improve the health security of both countries. Steps that should be taken include the following:

Exchange best practices and strategies for AI in health. Both countries have a shared interest in developing their domestic AI abilities in a manner that prevents biased results and safety issues. Sharing best practices and strategies for AI development and implementation in such areas as data validation, documentation of applications and updates, diversity and adequacy of testing, and publication of results — foundations for emerging health AI assurance and regulatory frameworks — would help both countries avoid mistakes and increase AI safety, without the need for sharing sensitive data or IP related to AI algorithms or applications.

Carve out safe harbors for data sharing and advance parallel analysis methods that do not require sharing individual data. Parsing out specific areas of non-sensitive data for sharing will contribute greatly to bilateral research and enhance opportunities for future data-sharing procedures. For example, sharing standardized aggregated epidemiological data for such public health threats as avian flu or maternal mortality, among other areas, could enable continued shared insights about trends in these areas and the impact of interventions to address these threats. Specifying the types of data that the countries can share, as well as the types of uses appropriate for the data, can create safe harbors where benefits of data exchange clearly exceed the potential risks of misuse. Advancement in parallel analysis methods such as federated learning that allow for result generation without the need for sharing data have particular importance in this era of heightened data protection and security.

Jointly address the high cost of drugs in both nations. Despite their very different systems, there are many areas where the United States and China can cooperate to deal with this pressing issue.

Strategies that the United States can consider include the following:

- Expand outcome-based payment models for CGT and chronic disease drugs, learning from China's experience with volume-based procurement to improve cost efficiency.
- Prioritize participation in Project Orbis (the program initiated by the FDA to facilitate the concurrent submission and review of oncology products among international regulatory partners) and advocate for China's inclusion, fostering faster multi-country approvals that benefit cancer and rare disease patients.
- Promote joint AI and in-silico research partnerships, especially to drive down GLP-1 and other high-cost R&D areas, making therapies more accessible.
- Shield pharmaceutical products from future tariff escalations, recognizing drug affordability and public health security as shared interests above trade disputes.
- Invest in collaborative regulatory science projects, helping maintain the FDA's global leadership and benchmark role while encouraging aligned standards that facilitate smoother bi-directional innovation flows.

Strategies that China can consider include the following:

- Deepen tiered payment reforms and expand commercial insurance pilots, ensuring chronic disease patients can access innovative treatments like GLP-1s beyond diabetes, and other innovative treatments that may be available only in private or international hospitals.
- Strengthen collaboration with local startups and global pharmaceutical companies to bridge basic and translational research gaps and develop robust commercialization pathways. Welcome qualified foreign invested hospitals to join in clinical trials and other research projects thus further bridging the international gap.
- Join initiatives like Project Orbis to accelerate oncology drug approvals and align more closely with global regulatory best practices.
- Leverage AI to lower R&D costs, optimize public spending, and prioritize outcome-based investments that keep patient care at the center.
- Support policies that exempt essential drug trade from tariffs, reinforcing stable international supply chains and helping contain costs.

Strengthen global supply chains for pharmaceutical production and sourcing. Both nations will benefit greatly from stable, regular supplies of critical drugs in their domestic markets. There are several actions that each country can take to improve the current situation.

Strategies that China can consider include the following:

- Building on the experiences of the Hainan Boao "special medicine economic zone," develop other similar zones to accelerate the introduction and local validation of FDA-approved or innovative therapies, fostering shared markets.
- Commit to crisis supply assurances, codifying essential exports (generics, oncology drugs, antibiotics) even amid geopolitical tensions.
- Offer economic incentives and streamlined NMPA (National Medical Products Administration) approvals for partnerships with U.S. manufacturers, hospitals and research institutions.
- Align GMP standards and increase regulator transparency, inviting FDA or neutral third-party inspections to build trust in quality.
- Support global contracts that limit tariffs or restrictions on essential drug exports, reinforcing China's role as a reliable supplier.

- Invest in AI-driven supply chain monitoring, borrowing from semiconductor models, to preempt and address shortages proactively.
- Collaborate on dual-use technology governance, establishing protocols to separate economic biotech progress from biodefense risks. Ultimately, healthcare should transcend geopolitics by treating drug access as a global public good, underpinned by enforceable agreements.

Strategies that the United States can consider include the following:

- Strengthen domestic incentives for generic and critical drug manufacturing (including through tax breaks, grants, and low-interest loans) to rebuild supply resilience.
- Adopt alternative payment models that reward manufacturers for quality and reliability, not just lowest price, reducing incentives to cut corners.
- Negotiate bilateral supply contracts with China that guarantee priority access to key generic and cancer drugs, enforceable with penalties for breaches.
- Establish a dedicated FDA liaison office in China to facilitate inspections, crisis exports, and maintain trust in regulatory compliance.
- Enshrine "protected classes of drugs" (generics, oncology, antibiotics) exempt from tariffs or trade disruptions in bilateral agreements.
- Coordinate on AI and biosecurity oversight, fostering transparency in CGT research while setting shared guardrails against misuse.
- Create stockpiles and maintain a "vulnerable medications list" with clear commitments for replenishment under multilateral agreements.

Work together to address the grave problems of aging populations in both countries. There are numerous steps that each country can take to tackle the issues of aging, and areas where China and the United States can collaborate and learn from each other's experiences. Strategies that the two nations should consider include the following:

- Make aging and dementia part of the social agenda (as has been done in nations such as South Korea) to reduce disproportionate burdens on the medical system. This would entail making healthy aging a national priority; developing more formal structures to support people aging-in-place with functional limitations, in ways that enhance their and their families' quality of life; improving support systems for informal caregiving, as well as investing in training of more high-quality caregivers for assisted living facilities and nursing homes.
- Implement techniques (including with AI) to screen at-risk populations and monitor and treat diseases associated with aging and dementia, including assessing ways that AI can help in the diagnosis and treatment of dementia as well as the use of AI and robotics in helping the elderly deal with daily life issues.

Promote a Global Platform for Brain Disease Prevention and Treatment Systems. Given that brain diseases pose profound challenges to human health, China and the United States should develop a cross-border ecosystem to combine industry-academia-research together for brain health, and accelerate technology developments. Areas to consider include the following:

- Advance global standards and ethics for brain health. Emerging technologies like brain-computer interfaces (BCIs) currently lack international standards and ethical frameworks. U.S. and Chinese brain scientists can work together to jointly develop guidelines, clarify boundaries for data usage, and establish rules for protecting patient rights. These efforts would provide references for global regulatory bodies and facilitate the integration of such technologies into healthcare systems and clinical practice, including insurance coverage.

- Jointly tackle core technologies to overcome therapeutic bottlenecks. China and the United States hold distinct advantages in brain disease diagnosis and treatment, such as brain computer interface. By leveraging each other's strengths, both nations can shorten research and development (R&D) cycles. Establishing international R&D centers and conducting multicenter clinical trials across both countries will also accelerate the clinical translation of these technologies.

- Foster cross-disciplinary talent cultivation through policy and funding synergies to ensure sustainable collaboration. The United States and China can create joint investment funds to hold symposiums and academic forums and to facilitate talent exchanges in brain health fields. Collaborative universities in both nations could launch international degree programs to jointly train the next generation of talent in medical-engineering interdisciplinary fields. Additionally, dedicated funding should be allocated to support R&D in cutting-edge brain health diagnostics and therapeutics.

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After the Healthcare Dialogue concluded, the Dialogue conveners held a public forum entitled "The U.S.-China Public Forum on Aging and Dementia". Experts from both nations convened to discuss key issues concerning aging populations, including technological innovation, clinical diagnosis, and service management. Events such as this show the deep U.S.-China connection in the field of healthcare and help develop common goals and aspirations for further exchanges and cooperation. Dialogue participants look forward to strengthening pragmatic cooperation on major public health issues, aiming to advance medical technology and to bring tangible benefits to the health and well-being of the people in both nations and around the world.

CONCLUSION

At a time of increasing global health concerns — including climate change, aging populations, ongoing threat of pandemics, and increasing incidence of disease — it is more important than ever that China and the United States work together to address health issues facing both their populations and the world. The evidence is clear that such collaboration helps save lives.

Given the tense relations between our two governments, it is best for both nations to focus on key areas of cooperation, to achieve some immediate benefit and develop mutual trust in the healthcare field. The Dialogue participants will continue to work together to suggest projects that can help in this process.

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