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Biosecurity: WuXi Apptec Added to New 1260H List

China Risk Continues

Relevant Companies

Our Take & Next Up

The Trump administration this afternoon added Chinese companies, including WuXi Apptec, Alibaba and Baidu, to the Pentagon's "1260H" risk list of firms it says are connected to China's military (here). Being on the list means the U.S. government would be limited from doing business with named companies, under the *BIOSECURE Act* (our take here). The addition of WuXi to the 1260H list is not a surprise as the Pentagon had recommended the addition of WuXi and seven other Chinese firms (here). Recall, WuXi was briefly added to an updated 1260H list in February, but the list was withdrawn only a few hours later (our take here).

Biopharma also faces China-related policy risks, including proposed limits on financing, M&A, and research partnerships (*COINS, BINSA*) (our take here). The Senate as soon as this week is also expected to consider an FY 2027 funding bill for Agriculture-FDA, which could include a non-binding, House-passed provision to ban Chinese clinical trial data for Investigational New Drugs (INDs). We note that growing congressional and administration focus on China could result in some restriction during next year's PDUFA reauthorization. Still, if it does appear and pass, FDA will have to promulgate rules for it to take effect, which will depend entirely on the next FDA Commissioner.

Key Points

WuXi AppTec was among five Chinese firms added to an update this afternoon to the DoD's 1260H risk list (here). WuXi said the Pentagon wrongly labeled it a Chinese military company, denied any links to China's military, and said it plans to challenge the designation (here).

We note that companies are generally not permitted to contest their designation on the 1260H list, though today's Federal Register announcement indicates companies can request a reconsideration. The new list also includes Novogene, a China-based genomics services provider that offers DNA sequencing, bioinformatics, and related research services to academic, clinical, and biopharma customers worldwide.

Meanwhile, all eyes turn to the Senate Appropriations bill on whether a Chinese data ban is included (Senate markup for Thursday postponed). The FY 2027 FDA funding bill and accompanying report cleared the House Rules Committee (Chair Foxx, R-NC) largely unchanged from the version approved by the House Appropriations Committee on April 29 (our take here). The non-binding report directs the FDA to ban the use of foreign clinical trial data from China, Russia, Iran, and North Korea for Investigational New Drugs (INDs).

If the Chinese data ban passes the House and Senate over the next few weeks – as a policy recommendation — FDA would then likely issue guidance in late 2026/2027. FDA priorities will depend on the new Commissioner. The FDA has previously restricted clinical trials that transfer U.S. genomic data to China and could pursue separate guidance on the use of China-generated clinical data if it determines additional oversight is warranted.

The *BINSA Act* targets financial investments in Chinese companies & collaborations. Reps. John Moolenaar (R-MI), chair of the House Select Committee on China, and Debbie Dingell (D-MI) recently introduced the *Biotech Investment National Security (BINSA) Act* to add biotechnology as a prohibited technology under the *Comprehensive Outbound Investment National Security (COINS) Act of 2025*. The bill specifically makes U.S. pharmaceutical licensing deals, joint ventures, and equity investments with Chinese individuals subject to Treasury review.

Recall, the *COINS Act* (here) gives the Treasury the power to impose broad restrictions from prior notification requirements to outright bans on investments involving technologies with national security implications, but it did not include biotechnology. If *COINS* is modified with a biotech addition under *BINSA*, companies would be required to report their license agreements, milestone-bearing co-development deals, manufacturing-related technology transfer agreements, and any research collaborations that transfer know-how to a Chinese entity.

The Treasury has some flexibility to include new industries and other deal types into its purview when they enable the military, intelligence, surveillance, or cyber capabilities of a country of concern (Section 809 of *COINS*). Rep. John Moolenaar (R-MI) told Treasury Secretary Scott Bessent in a letter in May that the department should add biotechnology to one of the sectors prohibited from receiving outbound US investment under the *COINS Act*, and a previous letter was sent in February from both House & Senate lawmakers in the China Select Committee.

BACKGROUND

The *BIOSECURE Act,* signed into law in December 2025, originally named WuXi as a biotech "company of concern," but the final language was watered down with the White House Office of Management and Budget (OMB) naming companies a year after enactment (our take here).

- When a biotech company is labeled a "company of concern," it would get a notice explaining why, how it can contest the designation within 90 days, and what steps might remove the label.
- Congress would be notified both when the designation is made and when the company submits its arguments. The designation wouldn't be made public until the review is complete.
- The law also provides safe harbor for services and products that were formerly produced by the biotech companies of concern and establishes a five-year grandfathering period for services contracted before *BIOSECURE* goes into effect.

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