

How Globalization and China's Economic Crisis Might Jeopardize Our Precarious Medical Supply Chains

By [F. William Engdahl](#)

Global Research, February 26, 2020

Region: [Asia](#), [USA](#)

Theme: [Global Economy](#), [Science and Medicine](#)

The grave risks and dangers in the process of worldwide out-sourcing and so-called globalization of the past 30 years or so are becoming starkly clear as the ongoing health emergency across China threatens vital world supply chains from China to the rest of the world. While much attention is focused on the risks to smartphone components or auto manufacture via supplies of key parts from China or to the breakdown of oil deliveries in the last weeks, there is a danger that will soon become alarmingly clear in terms of global health care system.

If the forced shutdown of China manufacturing continues for many weeks longer, the world, could begin to experience shortages or lack of vital medicines and medical supplies. The reason is that over the past two decades much of the production of medicines and medical supplies such as surgical masks have been outsourced to China or simply made in China by Chinese companies at far cheaper prices, forcing Western companies out of business.

Sole source China

According to research and US Congressional hearings, something like 80% of present medicines consumed in the United States are produced in China. This includes Chinese companies and foreign drug companies that have outsourced their drug manufacture in joint ventures with Chinese partners. According to Rosemary Gibson of the Hastings Center bioethics research institute, who authored a book in 2018 on the theme, the dependency is more than alarming.

Gibson cites medical newsletters giving the estimate that today some 80% of all pharmaceutical active ingredients in the USA are made in China.

"It's not just the ingredients. It's also the chemical precursors, the chemical building blocks used to make the active ingredients. We are dependent on China for the chemical building blocks to make a whole category of antibiotics... known as cephalosporins. They are used in the United States thousands of times every day for people with very [serious infections](#)."

The made in China drugs today include most antibiotics, birth control pills, blood pressure medicines such as valsartan, blood thinners such as heparin, and various cancer drugs. It includes such common medicines as penicillin, ascorbic acid (Vitamin C), and aspirin. The list also includes medications to treat HIV, Alzheimer's disease, bipolar disorder,

schizophrenia, cancer, depression, epilepsy, among others. A recent Department of Commerce study found that [97 percent](#) of all antibiotics in the United States came from China.

Few of these drugs are labeled “made in China” as drug companies in the USA are not required to reveal their sourcing. Rosemary Gibson states that the dependency on China for medicines and other health products is so great that, “...if China shut the door tomorrow, within a couple of months, hospitals in the United States would cease to function.” That may not be so far off.

At the time the outsourcing of US and European drug manufacture to China began no one could imagine the present health catastrophe growing out of Wuhan in a matter of days. The massive China quarantine since late January has shut some 75-80% of all Chinese factories and created an unprecedented domestic China demand for every kind of medical product since the WHO declaration of medical emergency around the coronavirus or COVID-19 events at the end of January. It is unclear how badly deliveries of vital pharmaceuticals including essential antibiotics from China to the USA or Europe or other countries will be affected though anecdotal reports of hospitals beginning to experience delivery problems are surfacing. Even the idea to turn to India, another major global pharmaceutical supplier, only finds that most Indian manufacturers are dependent on China for their active drug ingredients.

Clinton and Outsourcing

The emergence of China in recent years as the global giant in terms of pharmaceutical drugs and products is embedded in the Made in China-2025 national plan as one of the ten priority areas for China to gain world leadership. It has not been simply a random chance development. This in turn, as the present COVID-19 crisis makes starkly clear, is a huge vulnerability for the rest of the world.

How did such a one-sided situation develop? We have to go back to the role of the Clinton Presidency in what was then dubbed globalization, the Davos model of outsourcing any and everything from advanced industrial countries like the USA or Germany to especially China after 2000.

In May 2000 in one of the most far-reaching actions of his Presidency, Bill Clinton, with the strong backing of US multinational companies, succeeded, over the strong objections and warnings of many trade unions, to get Congressional passage of a permanent “most-favored nation” trade status for China and US support for China entry into the World Trade Organization. That gave the green light to corporate America for a flood of overseas investment in cheaper China manufacture known as “out-sourcing.” Major US drug makers were among them. Within two years of the passage of the US free trade agreement with China the US shut its last penicillin fermentation plant in New York State as a result of severe Chinese [low-price competition](#).

In 2008, the Chinese government designated pharmaceutical production as a “high-value-added industry” and bolstered the industry through subsidies and export tax rebates to encourage pharmaceutical companies to export their products. By 2019 China had become by far the world’s largest source for [active pharmaceutical ingredients](#) (APIs).

The Achilles Heel of this globalization and sole dependency for vital medicines on one

country now becomes alarmingly clear as the future of China as a reliable supplier of needed drugs and other medical supplies has suddenly become a matter of grave concern to the entire world.

*

Note to readers: please click the share buttons above or below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

F. William Engdahl is strategic risk consultant and lecturer, he holds a degree in politics from Princeton University and is a best-selling author on oil and geopolitics, exclusively for the online magazine ["New Eastern Outlook"](#) where [this article](#) was originally published. He is a frequent contributor to Global Research.



Seeds of Destruction: Hidden Agenda of Genetic Manipulation

Author Name: F. William Engdahl

ISBN Number: 978-0-937147-2-2

Year: 2007

Pages: 341 pages with complete index

List Price: \$25.95

Special Price: \$18.00

This skilfully researched book focuses on how a small socio-political American elite seeks to establish control over the very basis of human survival: the provision of our daily bread. "Control the food and you control the people."

This is no ordinary book about the perils of GMO. Engdahl takes the reader inside the corridors of power, into the backrooms of the science labs, behind closed doors in the corporate boardrooms.

The author cogently reveals a diabolical world of profit-driven political intrigue, government corruption and coercion, where genetic manipulation and the patenting of life forms are used to gain worldwide control over food production. If the book often reads as a crime story, that should come as no surprise. For that is what it is.

The original source of this article is Global Research
Copyright © [F. William Engdahl](#), Global Research, 2020

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [F. William Engdahl](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca