

# China's Health System Reform and Global Health Strategy in the Context of COVID-19

## Addendum

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*China's Health System Reform and Global Health Strategy in the Context of COVID-19*

Testimony of Jennifer Bouey<sup>1</sup>  
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Addendum to testimony before the U.S.-China Economic and Security Review Commission

Submitted June 23, 2020

Following the hearing on May 7, 2020, the commission sought additional information and requested answers to the questions in this document. The answers were submitted for the record.

## Questions from Commissioner Larry Wortzel

### *Question 1*

*Thank you for the rich and detailed testimony you have provided on China's health care system, its legal underpinnings, and Communist Party General Secretary Xi Jinping's programs related to the "Healthy China 2030" plan and the related State Council documents.*

*One of the issues related to the COVID-19 outbreak raised in the state and Party-run media in China is the effort at what some in the western media have characterized as an effort to bolster China's international image through what has been characterized as "mask diplomacy," a shorthand term for propaganda efforts to characterize China as the main country that can help with advice and medical equipment. According to one report by Barnini Chakraborty, when other countries ordered medical equipment or supplies from China, the requestors were charged for buying back medical equipment and coronavirus supplies that had been donated to China at the beginning of the outbreak. Are any of you able to substantiate those claims? Do you have any comment on the accusations?*

*It appears that participation by companies from China in the U.S. health care market has given China access to U.S. health care data. In China such data is highly regulated; however, it does not appear that the United States has such stringent regulations on health data protection.*

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*Should Congress address this disparity by either tightening the controls on access to U.S. health care data? Alternatively, should Congress impose restrictions on access to data by companies associated with China that are reciprocal to the restrictions posed by China on U.S. companies?*

### **Answer**

I see two separate elements in the first question regarding China’s provision of advice and medical equipment, as well as data access, and I will discuss each in sequence below.

First, on China’s hope to improve its international image by giving advice to other countries on COVID-19: My analysis in the previous testimony to the U.S.-China Economic and Security Review Commission regarding China’s global health practice (July 31, 2019)<sup>3</sup> showed that China has a long history of health diplomacy toward developing countries, and its practices fall into five categories: dispatching Chinese medical teams to support the local health care system, building medical infrastructure in resource-poor areas, donating medical equipment and medicine, training foreign medical and public health professionals, and sending humanitarian aid to crisis areas. Most of these activities date back to the 1960s, when the People’s Republic of China (PRC) government began to break out of its self-imposed isolation. The goals of health diplomacy have always been articulated as building China’s “solidarity” with other developing countries. China’s provision of medical advice during a pandemic is consistent with its global health goals.

Additionally, I do not know of any evidence to support or deny the claim that China sold to other countries COVID-19–related medical equipment that had been previously donated to China. The European Union (EU), for instance, has issued statements on China’s donations of medical equipment (masks and testing kits) to Italy and the EU’s donation to China in February, both channeled through the Emergency Response Coordination Center of the EU Civil Protection Mechanism, on the same day of the original report of this incident.<sup>4</sup>

From a public health perspective, there was an overwhelming global demand and sometimes fierce competition among countries (and even among some U.S. states) for COVID-19–related medical equipment in the past few months. China is one of the few countries that produces some key personal protective equipment categories in large volumes for the world and also was one of the few that had not imposed an export ban. Because of the conflicting reports and the timing of the incidents, I suggest waiting before launching a further investigation on this issue until more evidence emerges to support the original claim.

To answer the second element regarding health care data, I would like to first understand what kind of “health care data” this question references. The U.S. Health Insurance Portability and Accountability Act of 1996 (HIPAA) protects sensitive patient health information from being disclosed without the patient’s consent or knowledge. A HIPAA violation, whether from a

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<sup>3</sup> Jennifer Bouey, “Implications of U.S.-China Collaborations on Global Health Issues,” testimony presented before the U.S.-China Economic and Security Review Commission on July 31, 2019, Santa Monica, Calif.: RAND Corporation, CT-516, 2019, <https://www.rand.org/pubs/testimonies/CT516.html>.

<sup>4</sup> European Commission, “Coronavirus: Chinese Aid to the EU Delivered to Italy,” press release, April 6, 2020, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_600](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_600).

U.S. or foreign entity, is subject to penalty. Those concerns should be addressed by data privacy and security regulations. The following discussion excludes these concerns.

Chinese firms that sell medical devices or equipment to U.S. customers (including wholesalers, hospitals, and others in the health care sector) acquire commercially sensitive information about quantities, prices, and the customers they supply, just like any other supplier. However, the Chinese system is different, as much of the health care system is under state control. U.S. and foreign firms selling to state-owned enterprises know less about the ultimate customers and demand and supply trends than firms selling to U.S. or other markets around the world. Such discrepancies in restrictions also exist between the United States and other trade partners (including the European Union).

Chinese companies can use the U.S. health care data to adapt their products to the U.S. market. Often the data were provided by the U.S. companies that want to sell these products in the United States – for example, using U.S. health care data to provide a standard reference for products sold on the U.S. market. Therefore, the commercial use of U.S. health care data is more likely to benefit the U.S. companies that outsource their product manufacturing to China. These U.S. companies' operations in China could be reduced by the restrictions on health care data implicitly referenced in the question. The lack of product from China also may reduce competition in the U.S. market in the short term, which in turn could slow innovation in the United States in the long term.

## Question 2

*There have been a number of accusations by U.S. Members of Congress, Executive Branch members, journalists, and academic policy experts that the leadership of the Communist Party of China and the Government of China made a conscious decision to suppress information about the virus until word of the spread and seriousness of COVID-19, as it is now called, leaked out in Chinese social media. From your written testimony, however, there does not seem to be any suggestion that there was a conscious decision in China to withhold information from the World Health Organization or from other countries. Without commenting on who or what entity in the U.S. may have made these accusations, do you believe there was an effort by the leadership of the Party or government in China to suppress information at the outset of the virus?*

*The Chinese Center for Disease Control maintains a national level, centralized system with mandatory reporting requirements on virus infections within 24 hours of their discovery. There are 32 provincial level CDC centers in China, over 130 municipal level CDC centers, and 469 county level CDC offices. Medical personnel associated with the China Center for Disease Control regularly publish scholarly articles in international journals on disease outbreaks. Some of these are in English and are on the web site of the U.S. National Institute of Health. Virus outbreaks in the past, after the SARS outbreak in China in Baoji, Shaanxi and Shenyang, in which animal-related viruses had spread to humans, were shared almost immediately with the WHO and with the U.S. CDC. Why was the early information on the virus outbreak in Wuhan, now called COVID-19, not shared rapidly with countries that had citizens in Wuhan? Why was information not shared immediately with the WHO?*

## Answer

I provided detailed descriptions in two recent testimonies to Congress regarding the Chinese government's delay in the public disclosure of information related to the COVID-19.<sup>5</sup> The first delay was suspected in December 2019, when the local government's acknowledgment of a cluster of pneumonia on December 30, 2019, was triggered by social media leak of a SARS-like pneumonia by a few physicians. The surprise, to me, was that this pneumonia of unknown etiology (PUE) was not picked up by the PUE surveillance system, which one would have thought would have automatically initiated a timely investigation by the Chinese Center for Disease Control and Prevention (China CDC). In my testimony, I hypothesized that the PUE system needed to be strengthened, quoting pre-COVID studies that confirmed that China's PUE system was not sensitive to new emerging pathogens and that the China CDC's diminished funding and difficulties communicating with other sectors (e.g., health care) might have contributed to the delay. I am not aware of evidence that China Central CDC knew about the pneumonia cluster long before the announcement by the local government.

The second delay happened in January 2020 and is associated with multiple China CDC epidemiologic investigation teams and differing announcements. The first two teams were dispatched to Wuhan on December 31 and January 8, and they refused to announce the person-to-person transmission of COVID-19 until a third team confirmed the results on January 19. In the middle of this discovery process, the Chinese authorities announced on January 9 that a novel coronavirus was behind Wuhan's pneumonia outbreak, while the transmissibility of the virus was downplayed. The case counts of this period (January 2 to January 19) were significantly biased, as the epidemiologic definition of a case included the phrase "connection to the seafood market."

Was there an intentional delay of disclosure to the World Health Organization (WHO) and foreign embassies? Under the International Health Regulations agreement, all member countries are encouraged to share epidemic information with the WHO. According to the WHO's record,<sup>6</sup> China reported the PUE to the WHO local office on December 31, 2019, a day after the local government made the announcement to the Chinese public. China provided the WHO the genome sequencing data on January 11, two days after the domestic public announcement. The first Chinese scientific report on the clinical features of COVID-19 patients in Wuhan was published online in *The Lancet* on January 24.<sup>7</sup> I do not know how the timing of reporting this

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<sup>5</sup> Jennifer Bouey, "From SARS to 2019-Coronavirus: U.S.-China Collaborations on Pandemic Response," testimony presented before the House Foreign Affairs Subcommittee on Asia, the Pacific, and Nonproliferation on February 5, 2020, Santa Monica, Calif: RAND Corporation, CT-523, 2020, <https://www.rand.org/pubs/testimonies/CT523.html>; Jennifer Bouey, "Assessment of COVID-19's Impact on Small and Medium-sized Enterprises: Implications from China," testimony presented before the House Small Business Committee on March 10, 2020, Santa Monica, Calif.: RAND Corporation, CT-524, 2020, <https://www.rand.org/pubs/testimonies/CT524.html>.

<sup>6</sup> "A pneumonia of unknown cause detected in Wuhan, China was first reported to the WHO Country Office in China on 31 December 2019." WHO, "Rolling Updates on Coronavirus Disease (COVID-19)," webpage, last updated June 1, 2020, <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen>.

<sup>7</sup> Chaolin Huang, Yeming Wang, Xingwang Li, Lili Ren, Jianping Zhao, Yi Hu, Li Zhang, Guohui Fan, Jiuyang Xu, Xiaoying Gu, et al., "Clinical Features of Patients Infected with 2019 Novel Coronavirus in Wuhan, China," *The Lancet*, Vol. 395, No. 10223, February 2020, pp. 497–506.

information compares with the timing of reporting by other countries experiencing similar outbreaks and therefore cannot judge or speculate on the delay in the process. However, China's reporting of SARS in 2003 could serve as a point of reference. At that time, China followed a similar timeline (the next day) for reporting the atypical pneumonia to the WHO when the Guangdong government announced an outbreak in February 2003.

### Question 3

*Of the witnesses who have agreed to appear today, you have what appears to be the most extensive experience with U.S. government bio-security programs, biodefense, and the containment of containment disease epidemics. A November 14 article in the New York Times by Gina Kolata alleges that seventy-one institutions in the United States are investigating 180 individual cases involving the theft of biomedical research. A number of these cases involve either U.S. researchers alleged to have sent information to China or researchers from China alleged to have conducted economic espionage.*

*Dr. Bouey notes that in 2018, the U.S. government scaled back the number of U.S. people working on health care cooperation in China from the U.S. CDC, the National Science Foundation, the Agency for International Development, and the Department of Agriculture. CDC, according to Dr. Bouey's testimony, reduced its personnel in China from 47 people to 14. Was that because of China's efforts to stem "Western influence"? Did the U.S. Executive Branch force those reductions? Staffing decisions from the U.S. Embassy? Funding from Congress?*

*If those people were still in China in December 2019, would the U.S. and the WHO have been notified earlier by the PRC government of the nature of the epidemic in Wuhan?*

### Answer

According to a commentary by Ambassador Jimmy Kolker, formerly the Assistant Secretary for Global Affairs at the U.S. Department of Health and Human Services, in May 2020,<sup>8</sup> the U.S. CDC sent 40 additional staff to China to help with the H7N9 epidemic response in 2013, and the two agencies teamed up in Liberia during 2014–2015 Ebola outbreak. He attributed the decrease of staff from the U.S. CDC in Beijing to the current U.S. administration questioning the value to the United States of health collaboration with China, saying that the U.S. Department of Health and Human Services (with personnel from the National Institutes of Health, Food and Drug Administration, and CDC) "was told to reduce its 'footprint' in China." Ambassador Kolker also confirmed that the U.S. CDC staff were relocated from the China CDC compound to the U.S. Embassy in 2016, because of the previous administration's decision to bring all U.S. government employees posted abroad to U.S. government-controlled facilities for security reasons.

However, it is difficult to speculate whether the United States and the WHO would have been notified earlier by the PRC government of the COVID-19 epidemic in Wuhan if U.S. personnel had been present in the numbers found a few years ago. Given that public notifications in China

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<sup>8</sup> Jimmy Kolker, "The U.S. Government Was Not Adequately Prepared for Coronavirus at Home or Abroad," *American Diplomacy*, May 2020, <http://americandiplomacy.web.unc.edu/2020/05/the-u-s-government-was-not-adequately-prepared-for-coronavirus-at-home-or-abroad/>.

in December and January were similar in timing to the Central Intelligence Agency's multiple warnings to the U.S. President about the spread of COVID-19 in China in January, I am not sure a larger presence in-country would have made much difference.<sup>9</sup> *Time* magazine reported that U.S. military and intelligence analysis began to suspect an outbreak of pneumonia in mid-November 2019.<sup>10</sup>

That said, I believe that the U.S. CDC's presence in China in January might have helped its Chinese colleagues avoid some of the chaos in the early stage of the pandemic and helped save both Chinese and American lives. The U.S. CDC's continued presence in and good relationship with China could have helped spur more on-the-ground collaboration and data sharing and bolstered vaccine development, manufacturing, and distribution that could help to end the COVID-19 pandemic. The overwhelmingly successful collaborations between the two countries on previous epidemics in the past 20 years provides ample evidence of the potential of these joint efforts.

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<sup>9</sup> "Donald Trump Ignored 12 Warnings Issued by CIA About Coronavirus," *Times of India*, April 29, 2020, <https://timesofindia.indiatimes.com/world/us/cia-had-issued-12-warnings-to-donald-trump-about-coronavirus-which-he-ignored/articleshow/75443590.cms>.

<sup>10</sup> John Walcott, "How the Trump-China Rivalry Has Hampered U.S. Intelligence on Covid-19," *Time*, May 1, 2020, <https://time.com/5830420/trump-china-rivalry-coronavirus-intelligence/>.