

China launches crackdown on drug industry

July 17 2013, by Joe McDonald

(AP)—China announced a crackdown Wednesday on misconduct in its drug market, stepping up pressure on the problem-prone industry while it pursues a bribery investigation of GlaxoSmithKline.

The six-month crackdown is aimed at stamping out unauthorized drug production, improper online drug retailing and sales of fake traditional Chinese medicines, the State Food and Drug Administration said.

"We must resolutely punish illegal acts, resolutely close illegal enterprises and firmly recall problematic products," a deputy director of the agency, Wu Zhen, said in a statement on its website.

The announcement came two days after Chinese police accused GSK employees of conducting a multimillion-dollar [bribery](#) campaign to encourage doctors to prescribe its medications. The statement did not mention the British [drug manufacturer](#).

The new Chinese leadership that took power in November has promised to improve China's health system and reining in surging costs of medicine and medical care that are fueling public frustration.

China has suffered repeated scandals over fake or shoddy medications, some of which caused deaths and injuries. Regulators have launched repeated crackdowns on false advertising and other violations, but with limited success.

From July through December, investigators will examine manufacturers,

markets, clinics and online stores, the agency said.

The police ministry said this week that GSK employees paid [bribes](#) to doctors and officials of hospitals, medical associations and the government to encourage use of its medications.

According to Chinese news reports, police say the employees funneled as much as 3 billion yuan (\$490 million) through travel agencies and consulting firms to hide the source of bribes. Police said four employees including a vice president of GSK's China unit have been detained.

The official Xinhua News Agency said the scheme appeared to be aimed at evading GSK's internal controls meant to prevent bribery.

On Tuesday, state television showed one of the detained GSK employees describing how he paid bribes to government officials to win support for use of the company's medications.

Also Wednesday, a Commerce Ministry spokesman warned that misconduct by [drug](#) manufacturers would be punished.

"Whether they are domestic or foreign-invested enterprises, if they violate Chinese law, they will be subject to legal sanctions and bear responsibility," said spokesman Shen Danyang at a news briefing.

Meanwhile, the Cabinet's planning agency is investigating production costs at 60 Chinese and foreign pharmaceutical manufacturers, according to state media, possible as a prelude to revising state-imposed price caps on key medications.

The government also is investigating possible price-fixing by foreign milk suppliers.

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