

Chinese drug company targeted in corruption case

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China's biggest drug distributor says two former executives are the target of a corruption investigation, widening a graft probe that has focused on foreign pharmaceutical makers.

A former vice president of state-owned Sinopharm Group Ltd., Shi Jinming, was detained last week by Shanghai prosecutors for "an investigation in relation to an allegation of corruption against him," a company statement said. It said Shi resigned in December for unspecified personal reasons.

Xu Yizhong, who was a general manager of a Sinopharm subsidiary, also is involved in the investigation, according to the statement released Sunday through the Hong Kong stock exchange. It gave no details of the accusations against the two men.

The announcement follows investigations last year of foreign drug makers on suspicion of paying doctors or other hospital employees to encourage use of their products.

In the highest-profile case, four employees of GlaxoSmithKline PLC were detained. GSK said the employees acted without its knowledge and last month announced an overhaul of its global marketing. It promised to stop paying doctors to promote its products at speaking engagements and scrapped individual sales targets.

Rival drug maker AstraZeneca said one of its executives also was

detained by investigators. No further details of that case have been released.

The Chinese leadership that took power in late 2012 has promised to improve China's health system and rein in surging costs of medicine and medical care that are fueling public frustration.

Chinese health researchers say informal payments to low-paid doctors and hospital employees by patients are common in the state-run hospital system.

Despite the scrutiny of foreign drug makers, researchers said their Chinese rivals probably are more active in handing out such payments because global companies often have controls in place to stop such bribery.

Sinopharm, also known as China National Pharmaceutical Group Corp., is the country's biggest distributor of drugs and health care products and also has interests in manufacturing and research.

The company is controlled by a Cabinet agency, the State-owned Assets Supervision and Administration Commission, which oversees China's biggest government companies.

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