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Foreign firms in China on high alert after GSK scandal

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Singapore: After a series of long drawn investigations that led to scandalous allegations and even more scandalous confessions in full public view, the case of one of the world's largest drugmaker GlaxoSmithKline has sent tremors in China's pharmaceutical industry.

More so, amongst the multinationals operating in the country, prompting them into reviewing how they do business in the country.

Reuters reported experts as saying that foreign companies across the spectrum are closely watching to see what happens to GSK and its four detained Chinese executives.

On the same day that police announced their revelations, senior managers from another multinational pharmaceutical firm in China were telling staff to make sure they complied with Chinese regulations governing the industry, one employee told Reuters.

"The message from the top is that if I have to choose between compliance and winning business, I would rather lose the business," the employee told Reuters, requesting anonymity because of the sensitivity of the matter.

Bribes to government officials, underfunded hospitals and poorly paid doctors have long facilitated the regulatory approval, distribution and the pricing of medicines in China.

Meanwhile, China's National Development and Reform Commission is examining prices charged by 60 local and international drugmakers including units of GSK, Merck & Co and Astellas Pharma.

"All the other players in the industry will be taking a look at their procedures, whether they face any active investigations or not," said Mr John McFarland, head, fraud prevention at Hill & Associates, based in Singapore.