

Pricing issues in China keep investors at bay: Report

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Singapore: Multinational pharmaceutical firms in China continue to see double-digit sales growth. However, several firms have also seen a decline in their revenue when compared with recent quarters, according to a report by Business Monitor.

Pricing issues, coupled with the government's investigation into corruption claims, remain a key concern for companies and their investors. However, Business Monitor does not expect to see any major shake-ups in the sector, given that the enquiry is not due to be completed before November 2013.

The report highlights certain key trends and developments in the China pharma market, including China's State Intellectual Property Office (SIPO) revoking Gilead Sciences' patent for Viread (tenofovir), a treatment for hepatitis B and HIV/AIDS, after a challenge from local active pharmaceutical ingredient (API) manufacturer Aurisco.

Moreover, the Business Monitor report highlighted that the Chinese government started a pricing investigation in the pharmaceutical sector. A statement released by the Evaluation Center of Drug Pricing National Development explained that the purpose of the enquiry is to understand the pharmaceutical supply chain process, recognize the costs involved and ensure the timely adjustment of drug prices.

Around the same time, the government also uncovered corruption and bribery by GlaxoSmithKline (GSK). Several multinational pharmaceutical firms were also investigated for similar bribery allegations.

Furthermore, the report also pointed out that during June 2013, Germany-based Boehringer Ingelheim signed an agreement with Zhangjiang Biotech and Pharmaceutical Base Development company to construct a biopharmaceutical facility that will meet good manufacturing practice (cGMP) standards. Boehringer Ingelheim plans to invest over \$46.4 million. With the establishment of the new facility, Boehringer Ingelheim will have two manufacturing facilities and two R&D centers in China.