

GSK apologizes for 'breaches of Chinese law'

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Singapore: In what has come as a shocker to the global life sciences industry, Britain's largest drug maker GlaxoSmithKline (GSK) has apologized for 'breaches of Chinese law'.

Immediately after the arrest of four GSK executives, along with one British private investigator involved in the scandal, Mr Abbas Hussain, head of emerging markets for GSK, apologized to the Chinese authorities. He further promised that the company was taking the charges "extremely seriously".

"Certain senior executives of GSK China who know our systems well, appear to have acted outside of our processes and controls which breaches Chinese law. We have zero tolerance for any behaviour of this nature," Mr Hussain said.

Further, GSK's chief executive Dr Andrew Witty is said to be preparing to make a similar statement ahead of the company's half-year result meeting scheduled for July 24, 2013.

This claim comes merely a month after the company said that a four-month internal investigation had found "no evidence of corruption or bribery in our China business".

The Chinese public security ministry has now issued a statement claiming that GSK's executives "violated China's laws and damaged markets by engaging in bribery to raise drug prices, expand sales and reap inappropriate profits."

The company has been facing allegations of bribing doctors with cash and sexual favors in return for prescribing GSK's drugs and the investigation conducted by the Changsha police in China.

The investigation brought up shocking facts that eventually led to the arrests, one confession from a senior GSK executive and also the arrest of Mr Peter Humphrey, a British private investigator who has worked with GSK in the past. Mr Humphrey, founder and managing director of risk advisory and investigations firm ChinaWhys, was arrested in Shanghai on July 10.

Mr Hussein has also said that GSK shared the Chinese authorities' desire to "root out corruption wherever it exists" and said the company would "take all necessary actions required as this investigation progresses."

GSK is also regularly briefing the Serious Fraud Office (SFO) in London. GSK has further promised to radically change its business model and pass on the savings to Chinese consumers by reducing drug prices.