BioSpectrum the business of Bio & Health Sciences ASIA EDITION

GSK China head charged with bribery

May 14, 2014 | News | By BioSpectrum Bureau



Singapore: An investigation that lasted ten long months has now culminated in the Chinese police charging the former China head of British drug maker GlaxoSmithKline with bribery.

The probe led the cops into establishing how billions of yuan were paid in bribes to doctors and hospitals, officials said at the press conference on May 14, 2014. Other employees of GSK have also been charged.

The police in Hunan province said that Mr Mark Reilly and two Chinese executives, Mr Zhang Guowei and Mr Zhao Hongyan, were also suspected of bribing officials in the industry and commerce departments of Beijing and Shanghai.

News reports also explained how this was the biggest corruption scandal to hit a foreign company in China since the Rio Tinto affair in 2009, which resulted in four executives including an Australian being jailed for between seven and 14 years each.

"GSK departments offered bribes to hospitals and doctors as well as personnel to boost their sales. The money involved was in the billions of yuan (hundreds of millions of dollars)," a Ministry of Public Security official told a press conference in Beijing.

In the months since the scandal broke out, the company has tried to minimize the reputational harm done by reshuffling its management team and changing its business model for China. The drug maker has maintained that the head office had no knowledge of the alleged wrongdoing.

The police report also said that Mr Reilly has been accused of pressing his sales team to bribe doctors, hospital officials and health institutions. This, the report said resulted in 'illegal revenue' of hundreds of millions of dollars.

The statement added that Mr Reilly and two Chinese executives also were accused of bribing government officials in Beijing and Shanghai.

Since the GSK corruption scandal broke out, it has come to light that bribery between sales staff of leading companies, both MNCs and domestic firms and doctors is rife in China.