

Exit from China for foreign pharma executives?

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Singapore: Ahead of the charges levelled out against British drug maker GlaxoSmithKline in China, other foreign executives of such multinational companies are now in a soup. Fearing the stricter corruption crackdown in the country, news reports have pointed out that many officials are contemplating leaving the country for six months, while others have decided to leave China for good.

Only last month, the Chinese police put an end to the ten-month long investigation and filed corruption charges against the former head of GSK in China, Mr Mark Reilly. Even though Mr Reilly's whereabouts are unknown currently, he is said to be facing jail time that runs in to decades. The British firm has said that the accusations were 'deeply concerning' and that it has zero tolerance for bribery. This, however is said to have led to many other senior executives to look at all contingencies.

News reports explained that some pharmaceutical executives and managers were reconsidering the legal risks involved in holding any position where they were responsible for some of the thousands of marketing and sales staff that global firms employed across China.

Investigators have focused on those staff and how they deal with poorly paid doctors and administrators in public hospitals. Lawyers said some executives and in-house counsel had sought legal advice about leaving China to avoid getting caught up in any future probes. Some top managers were actively pursuing career options outside China.

International pharmaceutical companies in China are considering hiring more Chinese executives to avoid any repeat of the GlaxoSmithKline (GSK) bribery scandal, the South China Morning Post reported Sunday, citing Richard Bergstrom, director-general at the European Federation of Pharmaceutical Industries and Associations.

In related news, Reuters reported Thursday that more foreign pharmaceutical executives are considering leaving China temporarily or even permanently amid a bribery crackdown in the sector.

The Ministry of Public Security said in May that it has closed the investigation on the GSK case, in which top GSK executives, including former China head Mark Reilly, were charged with alleged corruption in China.

The Briton, who has been barred from leaving China, could face decades in prison, Reuters reported.

Reports also added that executives were seeking advice on relocating to Singapore, Hong Kong and other destinations.

Some international firms were said to be finding it harder to attract staff to China.

In the last few months, not just GSK but many other drug makers have come under China's regulatory radar and are being scrutinized by police or anti-graft regulators.