

Report Summary: The Chinese Internet Pharmacy Market February 2015

The Alliance for Safe Online Pharmacies (ASOP),¹ in coordination with LegitScript,² has produced a report assessing the state of the Chinese Internet pharmacy market.

Background: The Chinese pharmaceutical market is among the world's fastest growing, and is expected to be the world's second largest by 2020.³ To help keep patients safe, the China Food and Drug Administration (CFDA) has recently engaged in numerous crackdown efforts against online drug sellers. Meanwhile, CFDA is currently considering public feedback on proposed regulation that would liberalize Internet sales of prescription drugs.⁴ Given these factors, ASOP believes this is an important time to release a report on China's Internet pharmacy market and the risks associated with illegal online drug sellers. We hope this report will help inform government, industry, nongovernmental organizations, and Internet commerce company stakeholders as they explore laws, enforcement practices, or education initiatives to protect patient safety on the Internet.

Objective: The study's main goals were threefold: (1) establish an overall picture of the Internet pharmacy market in China, including the prevalence of illegal online drug sellers; (2) determine the nature of the risks posed to Chinese residents who purchase drugs online; and (3) report on the impact of the Chinese government's recent efforts to crack down on illegal online drug sales.

Summary of Findings:

❖ **93% of China's Internet pharmacy market is operating illegally.**

93% of online drug sellers were found to be either "rogue" or "unapproved" pharmacies, based on their lack of compliance with applicable Chinese laws and regulations. This percentage is consistent with findings from other countries with large pharmaceutical markets and substantial Internet penetration (such as the United States and some EU Member States).

¹ The Alliance for Safe Online Pharmacies (ASOP) is a global nonprofit dedicated to protecting patient safety online. Learn more at www.safeonlinerx.com.

² LegitScript is a company that monitors healthcare products and Internet pharmacy websites with a focus on patient safety. Learn more at www.legitscript.com.

³ <http://sczxs.mofcom.gov.cn/article/dyplwz/bh/201305/20130500145831.shtml>.

⁴ <http://www.sda.gov.cn/WS01/CL0783/100534.html>.

❖ **China’s rogue Internet pharmacies pose a serious threat to unsuspecting patients and third parties.**

Chinese websites are selling prescription drugs without a prescription, selling unapproved and substandard/spurious/falsely-labeled/falsified/counterfeit (SSFFC) drugs, and operating without pharmacy licenses. Contrary to popular belief, these illegal online drug sellers do not limit their business to lifestyle drugs like Viagra; rather, they widely market controlled substances and sell illicit versions of lifesaving medicines like cancer drugs to unsuspecting patients. Perhaps even more alarming, many of China’s rogue online sellers actually market controlled substances through implicit criminal suggestion—for example, marketing Triazolam, a prescription-only Grade I controlled substance in China, as a date rape drug—thereby creating a potential threat to non-purchasing third parties.

❖ **The Chinese government’s crackdown efforts have had a measurable effect, but more could be done.**

Since 2013, the Chinese government has engaged in efforts to crack down on illegal online drug sellers.

- In February 2013, the CFDA entered into a strategic partnership with Baidu, China’s largest search engine.⁵ CFDA gave Baidu access to its database of approved drugs and Internet OTC pharmacy registrations, allowing Baidu to provide detailed information and warning messages to consumers. Subsequently, other search engines received similar access to help combat illegal online drug sales.
- In July 2013, the Ministry of Public Security’s “Operation Cloud”—a half-year campaign focused on illegal online drug sales—resulted in over 140 rogue Internet pharmacies being shut down and over 1,300 arrests.⁶
- Also in July 2013, the CFDA-led “Two Strikes, Two Setups”—a half-year interagency operation intended to combat the illegal manufacture and sale of drugs, including illegal online sales—identified more than 2,000 online drug sellers operating illegally in China, resulting in arrests, as well as 194 domestic websites being shut down and 609 foreign websites being reported to the relevant countries for enforcement.⁷
- In January 2014, 10 CFDA-certified Internet OTC pharmacies were suspended due to unlawful prescription drug sales.⁸

Conclusion: As worldwide Internet use expands, the problem of illegal online drug sellers will only continue to grow. Like other major pharmaceutical markets, China is facing a significant threat from rogue actors targeting Chinese citizens online. All of China’s efforts in this area are laudable, and the study finds that they have indeed proven effective in reducing access to illegal online drug sellers. Nonetheless, regulatory and enforcement gaps remain. The report therefore recommends strategies that could improve the effectiveness of these programs and further advance China’s national drug safety policy.

⁵ <http://gongyi.baidu.com/yanguangxingdong/2013-03-11/1363959541.html>.

⁶ <http://www.mps.gov.cn/n16/n1237/n1342/n803715/3953620.html>.

⁷ <http://www.sda.gov.cn/WS01/CL1577/93296.html>.

⁸ <http://www.gdda.gov.cn/publicfiles/business/htmlfiles/jsjzz/zscjg/201401/272694.htm>.