

# State Council takes action on drug shortages

Experts urge manufacturers to make their own ingredients to fend off risks

By XU WEI  
xuweiei@chinadaily.com.cn

The State Council has ramped up measures to ensure a steady supply of basic and first-aid drugs as experts call for heightened efforts to encourage the production of active pharmaceutical ingredients to address drug shortages.

The Cabinet decided at an executive meeting on Friday to establish a long-term mechanism to stabilize the supply and prices of commonly used drugs in an effort to solve shortages and unreasonable price hikes of some drugs in recent months.

The government will refine pharmaceutical procurement policies, with steps to expand the pilot program of pooled procurement of medicines.

For drugs that have been put on shortage lists by provincial or national authorities, pharmaceutical companies will be allowed to decide on the price of drugs procured in the pilot program on their own.

For drugs with few alternatives and unstable supply, the government will ensure supply through measures such as pooled procurement and encouraging the establishment of production bases for such drugs.

Shortages of drugs such as nitroglycerin, tretinoin and allopurinol have been reported in Shanghai and the provinces of Shandong, Hunan and Guizhou in recent months.

Premier Li Keqiang, who presided over the executive meeting, said the government must establish an oversight mechanism to intervene in unreasonable and unconventional price hikes of drugs.

"Drugs are directly related to the health of the general public. They are a special commodity, and should not be subject to arbitrary price hikes," he said at the meeting.

Li called for more measures in line with market principles to adjust prices so the general public can be assured drug prices are stabilizing.

Some experts attributed the shortages to price hikes for active



system, prompt medical institutions to set inventory warning lines and build up reserves of medicines that might encounter severe shortages.

It also called for greater government oversight over drug pricing to prevent unreasonable price hikes. Businesses found to have raised prices unreasonably will be identified publicly or disqualified from the government procurement network.

The government will evaluate pharmaceutical companies' social credit, and those monopolizing or rigging drug prices will be fined, denied market access or subjected to criminal punishment, the statement said.

"We cannot allow patients to be cut off from drugs they are taking on a daily basis, not to mention that some of the drugs are saving lives," Li said.

China launched a pilot program in March for pooled procurement of pharmaceuticals in 11 cities to make key medicines more affordable and reduce financial burdens on patients.

As part of the program, health-care security authorities will conduct pooled procurement of drugs based on the amount required at public medical institutions in targeted regions.

## POLICY RESPONSE

# Food safety inspections stepped up to cover unmanned supermarkets, vending machines

By MO JINGXI  
mojingxi@chinadaily.com.cn

Several ministry-level departments, including those responsible for food safety, water resources, and banking, have responded recently to issues of public concern.

**Supervision of food safety strengthened**

Revised measures for administering food safety spot inspections will take effect on Oct 1, the State Administration for Market Regulation said in a notice on Friday.

The measures, originally formulated in 2014, were revised as part of efforts by the administration to further regulate such inspections, strengthen supervision of food safety and guarantee public health.

The new measures, approved last month, clarify the intent and scope of food safety spot inspections and the procedures required in carrying them out.

The measures will be also applied to spot inspections of vending machines, unmanned

supermarkets and other food traders without service staff, according to the notice.

Under the new measures, food producers or traders that refuse spot inspections without due cause will face stronger punishment.

Organizations responsible for testing of samples gathered during inspections will be barred from such work for five years if they engage in illegal activities.

**Credit slashes fees for center reports**

The central bank's Credit Reference Center will lower fees charged for credit information services by 50 percent, the National Development and Reform Commission said in a notice released on Friday.

It said the standard service fee for a commercial credit report will be reduced from 40 yuan (\$5.68) to 20 yuan, while the standard service fee for a consumer credit report will be reduced from four yuan to two yuan.

Individuals will be able to access their credit reports online free of charge.

The first two times they access their credit reports at a counter will also be free, but every report after that will cost 10 yuan, the notice said.

The fee reductions are expected to save users a total of about 740 million yuan, it said.

**Colleges urged to conserve water**



China's colleges and universities must promote water conservation on campus, according to a notice released on Friday.

The notice, jointly issued by the Ministry of Water Resources, Ministry of Education and the National Government Offices Administration, said all colleges and universities should strictly implement their annual water use plans and improve water supply networks to prevent leaks.

Colleges and universities should build rainwater storage and wastewater reclamation systems to improve their utilization, and facilities that use a lot of water, such as swimming pools, should be equipped with devices that can treat and reuse the water.

The use of water-saving equipment and apparatus will be encouraged, and equipment that does not meet water-saving standards should be phased out, the notice said.

It also required colleges and universities to give full play to

their advantages in talent and research to push forward the upgrading of water-saving technology.

**Boost for intellectual property financing**

Banks and insurers will be encouraged to increase support for the use of intellectual property in financing in an effort to support the development of innovative technology enterprises, according to a notice released on Friday.

Jointly issued by the China Banking and Insurance Regulatory Commission, the National Intellectual Property Administration and the National Copyright Administration, it said intellectual property was hard to evaluate, dispose of, or sell, which had restricted the growth of intellectual property financing.

A series of measures will be taken to deal with those difficulties, the notice said, and commercial banks will be encouraged to train professional personnel and gradually establish a sound internal intellectual property evaluation system.

Statistics from the China Banking and Insurance Regulatory Commission showed there were 6,668 borrowers with loans based on intellectual property by the end of the first quarter, an increase of 1,200 compared with the same period last year.

## Policy digest

**Range of policies to reduce financing costs**

A combination of monetary, fiscal and regulatory policies will be implemented to reduce financing costs in the real economy and ensure the aggregate financing cost of loans for small and micro-sized enterprises is reduced by 1 percent.

They are among measures China will take to reduce real interest rates and ease the financing difficulties faced by businesses, according to a statement released after a State Council executive meeting on Friday.

Efforts made this year have kept real interest rates stable, with a slight decline, the statement said, noting that reform measures should be taken to keep liquidity reasonably sufficient and lower real interest rates.

It said efforts will be made to reform and improve the loan prime-rate mechanism. An LPR for above five years will be made available in addition to the current one-year LPR to serve as a pricing reference for new bank lending and act as a catalyst for further reductions in real interest rates.

The meeting decided that interest rates and borrowing costs should be more open and transparent. It said charges levied by financial institutions should be strictly regulated and the fees charged by intermediate agencies reduced.

Credit support for creditworthy enterprises that have received orders and have a market should be strengthened to ensure their loans will not be reduced or cut in an unreasonable way, the statement said.

The meeting also required efforts to solve the financing difficulties facing small and micro-sized enterprises.

To that end, evaluation and supervision will be strengthened to guide banks in innovating business models and improving business procedures, to better serve the real economy, the statement said.



**Team to resolve migrant worker pay delays**

The State Council has decided to establish a leading team to work on resolving delayed wage payments for migrant workers, according to a notice released by the General Office of the State Council on Thursday.

The notice, issued to governments and departments at all levels, said the move was an effort to strengthen leadership and overall coordination of work to safeguard the legitimate rights and interests of the vast numbers of migrant workers.

As a deliberation and coordination agency of the State Council, the team will be responsible for major decision-making and policy implementation regarding work related to resolving delayed wage payments for migrant workers.

It will also play a role in work coordination, policy research and supervision of the implementation of laws, regulations and policies regarding the payment of wages to migrant workers.

Led by Vice-Premier Hu Chunhua, the team will be composed of six deputy directors and members from State Council departments and bureaus.

The office of the team will be located at the Ministry of Human Resources and Social Security, which will be responsible for the team's routine work.

The working meetings of the team will be convened from time to time, according to need.