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Congress of the United States

House of Representatives

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December 18, 2015

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Dodaro,

As you know, globalization has had a dramatic effect on the ability of the Food and Drug Administration (FDA) to ensure the safety and efficacy of drugs entering the United States from overseas. It has increased the opportunities for drugs to be improperly formulated or packaged, contaminated, diverted, counterfeited or adulterated. According to FDA, imports of pharmaceutical products have more than doubled since 2002. We import more than $52 billion dollars in human drugs every year and many of these products come from countries with less sophisticated regulatory systems than our own. Import lines from emerging markets, including China and India, have grown more rapidly in recent years than lines from developed markets. China is now the world's largest supplier of active pharmaceutical ingredients (API) and has the largest number of foreign, FDA-registered, drug manufacturing establishments, followed by India. In addition to APIs, China and India are now making finished drug products, including sterile injectables. The volume of imported drugs, the growing numbers of foreign entities producing these drugs, and the increasing complexity of the pharmaceutical supply chain have all significantly complicated FDA's ability to provide sufficient oversight.

Over the years GAO has issued reports on FDA's response to globalization, including examinations of the number of inspections FDA conducts of foreign drug manufacturing facilities and the activities its overseas offices engage in to protect our drug supply. We are aware that, since you last reported on these important topics in 2010, FDA has adopted a multi-pronged approach to address globalization and has indicated it is utilizing a variety of strategies to partner with other agencies and organizations around the world to strengthen its regulatory capacity. In addition, it has formed a new office—the Office of Global Regulatory Operations and Policy—and made globalization one of its strategic priorities. Further, the enactment of the Food and Drug Administration Safety and Innovation Act (FDASIA) in 2012 gave FDA new

authorities, expanded its mandate to improve the security and integrity of the supply chain, and directed it to take a "risk-based" approach in conducting both foreign and domestic inspections.

While we recognize that FDA has implemented many changes since 2010, we remain concerned about the agency's actual progress in meeting the demands of a global pharmaceutical supply chain. In particular, there is a history over two decades in both China and India of counterfeiting, adulteration, substandard manufacturing, and data falsification in drug manufacturing. For example, FDA is barring 38 plants in China from exporting some or all of their products to the U.S. for manufacturing violations. During a recent FDA inspection of one of China's largest manufacturers of ingredients for drugs ranging from cholesterol to cancer drugs, a worker in a quality control lab deleted records by using what looked like a memory stick from a computer, and ran away from FDA inspectors.[1]

Despite this experience, we are concerned that there is still inadequate oversight with regard to these foreign drug plants, not to mention an unequal playing field compared to U.S. drug manufacturers that are subjected to more frequent and rigorous inspections. For example, as of September 2015, it was reported that there were only two FDA drug inspectors in China to oversee about 700 facilities involved in drug manufacturing.[2]

We are therefore asking your office to revisit these issues and assess FDA's activities and accomplishments in the following areas, as well as any other you deem relevant:

- Foreign Drug Inspections—How has FDA implemented the risk-based inspection frequency in selecting foreign drug manufacturing facilities for inspection as required in Section 705 of FDASIA? Has it finalized the development of the risk-based schedule? In addition to the risk factors outline in the statute, what other criteria, if any, did FDA identify as necessary for establishing the risk-based schedule? When did FDA begin to use the risk-based schedule? How many surveillance inspections of foreign establishments has the agency conducted over the last 5 years? How does the rate of inspections of foreign drug manufacturing establishments compare to domestic drug manufacturing establishments? What is the average inspection frequency for domestic drug manufacturing establishments and foreign drug manufacturing establishments? What is the status of FDA's cadre of staff dedicated to foreign drug inspections—how many staff members and how many inspections have they conducted?

- FDA's Foreign Offices—What are the specific accomplishments of these offices? How many inspections of drug manufacturing establishments have these offices conducted? In what ways have the offices improved relationships with foreign regulators and manufacturers? Why has FDA closed some of these offices, which only opened a few years ago? What is the agency's plan to fill the many vacancies in the remaining offices? Does it continue to experience difficulties in obtaining visas for its staff? And what

[1] A. Edney, "FDA Shows Up, a Man Runs, and Questions Emerge on China's Drugs, " Bloomberg News, October 28, 2015.
[2] A.Edney, "Trashed tests put FDA on notice as China pushes drug exports," Bloomberg News, September 30, 2015.

accounts for the agency's delay in implementing recommendations made by your office five years ago?

We would appreciate your undertaking this effort at your earliest convenience. If you or your staff has any questions, please do not hesitate to contact Alan Slobodin of the majority committee staff at (202) 225-2927 and Chris Knauer of the minority committee staff at (202) 225-3641.

Sincerely,

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