Few rules and fewer protesters draw animal testing to China

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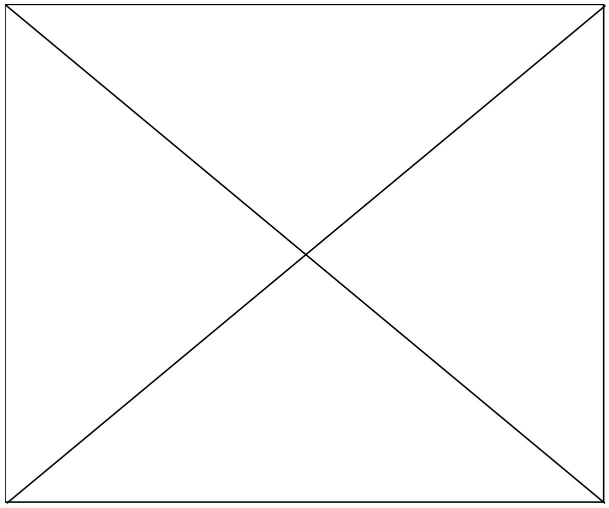

BEIJING: Glenn Rice wants to turn China's dogs into global economic assets.

Because animal rights groups make it difficult for drug companies to build or expand animal-testing laboratories in the United States, Europe and India, Rice, the chief executive of Bridge Pharmaceuticals, is outsourcing the work to China, where scientists are cheap and plentiful and animal-rights protesters are muffled by an authoritarian state.

"This is a country with a large number of canines and primates, and if we establish preclinical testing facilities here, we can change the dynamics of the industry," said Rice, who in 2004 created his company, which is based in San Francisco, out of the life sciences department at the Stanford Research Institute in Menlo Park, California. "Animal testing also does not have the political issues it has in the U.S. or Europe or even India, where there are religious issues as well. So now big pharma is looking to move to China in a big way."

Beijing is fast becoming the leading Chinese biotechnology center, and Bridge, with a base here in Zhongguancun Life Science Park, was given "big benefits and a five-year tax holiday" for choosing the capital as its home, Rice said.

"But beyond that, it's the whole menu of advantages that attracted us," said Rice, who now alternates weekly between Beijing and San Francisco. "In terms of animal supply, China is a good place to be, as it is the world's largest supplier of lab monkeys and canines - mostly beagles."

Large drug companies like Novartis, Pfizer, Eli Lilly and Roche plan to set up research and development centers in China. But the real growth is likely to come from midsized companies that outsource their animal testing or preclinical trials to companies like Bridge, which can offer them prices that are about half of those charged by U.S.- based competitors. By 2008, that could double the size of the preclinical outsourcing industry, which was worth $2 billion last year, Rice said.

Outsourcing research to China will also benefit people suffering from so- called orphan diseases, illnesses that afflict small numbers of people.

Given the steep cost of drug development and the steeper rates of failure, "unless there is a market of about $500 million a year for a drug, big pharma companies will not invest in it," Rice said. With China's lower costs, he said, "it becomes feasible to develop drugs for orphan diseases."

Despite such benefits, the subject of animal testing is a difficult one. U.S. regulations generally require that all drugs be tested on at least two species, usually rats and then dogs or monkeys, before being submitted for approval in the United States by the Food and Drug Administration. Bridge's Beijing facilities have been designed to meet U.S. standards on animal care, and it expects to be certified by the year-end. Air and water quality are carefully monitored, and the cages are regularly cleaned.

But there is no denying the work being done here: The beagles in Bridge's cages are infected with diseases, operated on, and fed substances that can severely affect their health. Eventually, their organs are removed and examined.

"Unfortunately, there is no substitute to testing on live animals," Rice said. "If we stopped animal testing, new drug development would stop short in its tracks."

While animal rights are discussed in China, advocates are not openly militant. The government would not allow it. "We believe in engagement rather than protest," said Lu Di, director of the Chinese Association for the Protection of Small Animals in Beijing.

"Animal testing is inevitable, and we want to focus on advocating companies and universities use the best standards and processes they can to minimize any pain caused to the animals."

But it is unclear how well the Chinese animal testing industry will be regulated. Beijing did not enact any animal welfare regulations until 2004, and they are ineffective and inconsistently implemented, said Lu, whose organization is the largest animal welfare group in China. The track record of Chinese companies that conduct animal testing is not well documented, mostly because neither the government nor the industry has studied it.

"We are very aware and very concerned about this recent and disturbing trend of companies to contract with laboratories in countries in which animal welfare oversight is poor and public awareness is low," said Jason Baker, Asia- Pacific director for People for the Ethical Treatment of Animals, or PETA. "There is no doubt this is intended to circumvent American animal welfare laws, as minimal and unenforced as those may be."

Baker said PETA tried to "hold companies accountable for the actions of their contractors" and publicized any abuse of animals by companies operating overseas. The group has an office in Hong Kong and hopes to open an office in mainland China.

Rice said that when Bridge considered doing business in China, it realized that it could not rely on local companies because they lacked rigid standards and quality control.

"We've built our own organization," he said, "so we can control every aspect of it, and we spend a lot on hiring the best people and training them."

For example, Bridge's operations in Beijing are headed by Ada Kung, who is from Taiwan and who studied and worked in the United States. Without a core team of U.S.-educated and experienced managers, Bridge would not be able to maintain international standards on quality and intellectual property rights protection, Rice said, but the company's Chinese employees are learning fast.

"Today, it may seem like it's too early to do much more than we are doing in China," he said. "But tomorrow, or the day after, it'll be a different story."