L. JIN/AFP PHOTO

A clamp-down on corruption is part of China's plan to regulate its 4,000 or so drug companies.

firm in Hong Kong. China does have a Central Commission for Discipline Inspection, which monitors staff conduct from its office inside the SFDA. And another bureau is due to be established later this year to tackle corruption among state officials. But "that's government overseeing government," says Zhang. "It doesn't usually work."

What's really needed, says Pang, are genuinely independent watchdogs to oversee the SFDA and other branches of the government. He cites Hong Kong's Independent Commission against Corruption, which helped to turn the city from one well known for corruption into one of the 'cleanest' places to do business in Asia.

That sort of clean-up is something that China has yet to embrace. Daniel Chow, a law professor at Ohio State University in Columbia who specializes in intellectual-property issues in China says that the new SFDA rules, although encouraging, deal with only a small part of the problem. Real transparency, a culture of accountability and a mature legal system are what really matter, he says — and none of them are yet in place in China. "It will take time and patience to build up those elements, but the world is yet to see the country's commitment — not in words but in action," he says. ■

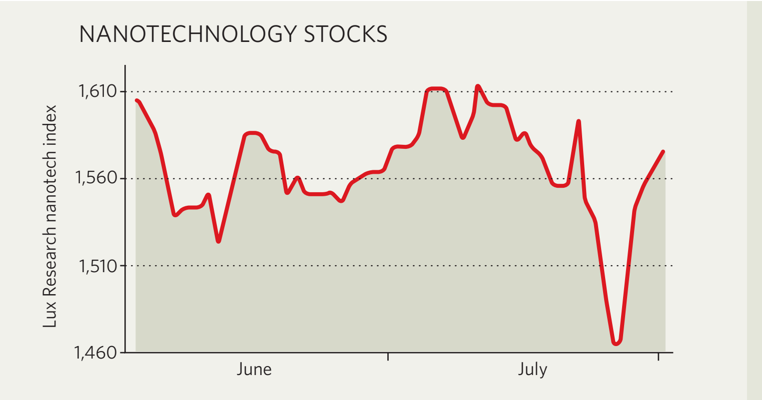
IN BRIEF

NO WITHDRAWAL An advisory panel to the US Food and Drug Administration (FDA) has said that the diabetes drug Avandia (rosiglitazone) raises the risk of heart attack, but recommended against pulling it from the market, on a vote of 22 to 1. The drug, which generated £1.6 billion (US$3.1 billion) in sales last year for London-based GlaxoSmithKline, has come under scrutiny since a meta-analysis published by the *New England Journal of Medicine* found that it boosted heart attacks risk by 43% (see *Nature* **447**, 512–513; 2007). The FDA usually follows the advice of its external advisers: in this case, however, its senior staff are said to be divided on how best to proceed.

PHYSICS BUY-OUT The Japanese company Sumitomo Chemical has said it will buy British materials developer Cambridge Display Technology for US$285 million. The Cambridge-based company, founded in 1992 by physicist Richard Friend and his colleagues, specializes in developing polymers for use in light-emitting diodes. The offer valued the company's shares at $12 — almost twice their closing price on 30 July, the day before the deal was announced. The size of the premium has been encouraging to other small companies in the nanotechnology industry (see below).

TIME TO LAY-OFF Disappointing quarterly results have led to a clutch of lay-off announcements by major drug companies. Britain's AstraZeneca has said that it will reduce its workforce by 11%, or 7,600 people, and Johnson & Johnson of New Jersey has said its staff numbers will fall by more than 4,000. Bristol-Myers Squibb, based in New York, has also said it will cut an unspecified number of positions. The reductions come on top of similar announcements by Merck and Pfizer earlier in the year, and reflect industry-wide concerns about prospects for profitability and for developing new, best-

MARKET WATCH



Nanotechnology stocks dipped sharply when wider stock markets got the jitters late in July. But a buy-out of a British company at the end of the month helped the sector to bounce back.

The Lux Research nanotech index, which tracks companies that develop, sell and use nanotechnology-related products, had been performing steadily if not outstandingly until the dip in July (see graph). When the wider stock market fell back, the index exaggerated the underlying trend — as it usually does, given the number of small, high-risk companies in its make-up.

Peter Hebert, chief executive of Lux, the New York consultancy firm that compiles the index, says that overall sentiment towards the sector remains positive — especially for materials companies.

However, some constituents of the index had a difficult summer. Flamel Technologies, a French specialist in drug delivery, has almost halved in value since the start of June, because sales of the drugs it helps to deliver are lower than anticipated. And Symyx Technologies, a Californian company with diverse nanotech-related interests, dipped in late July, on news that deals it had struck with larger corporations are set to end.

Accelrys of San Diego, which sells software for modelling the behaviour of materials at a very small scale, fared better. Its shares rose sharply in July on the expectation of good financial results, which it duly announced on 1 August.

But it was the 31 July purchase of Cambridge Display Technology by Japanese company Sumitomo Chemical (see 'Physics buy-out', above) for almost twice its quoted value that boosted the sector. "That's a significant premium for a publicly-traded company," says Hebert. "It's good news for the materials business, and it obviously helped the index." ■

Colin Macilwain