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China Updates is a service provided by U.S.-China Health Products Association. The Newsletters will be issued as relevant material becomes available. China Updates will provide news on regulatory environment, new legislation, association activities and any information related to the natural health products industry in China.

## Children's Cosmetics Get a Makeover

China has issued a guideline to streamline application and approval of children's cosmetics, raising safety bars for the market, according to a statement released by the State Food and Drug Administration (SFDA).

The SFDA-enacted guideline provides that cosmetics used by children of 12 years or younger fall into the category of children's cosmetics. All products that claim to be such have to apply for approval. The guideline also demands clear, unambiguous signs on packages indicating cosmetics for children.

According to the guideline, children's cosmetics should minimize certain varieties of ingredients. "Producers should avoid using or use less resinoid, coloring agents, antiseptic and surface-active agents," it says.

Ingredients designed for whitening, acne treatment, hair removal, drying, deodorizing, hair weaving and dyeing, or breast care are "not appropriate" in children's cosmetics, the guideline says.

Furthermore, children cosmetics should select ingredients, which enjoy a relatively long safe-use history. Ingredients produced with genetic or nano technology are "not encouraged", the guideline says.

However, the guideline does not specify amounts of each ingredient.

China had no testing standards for baby or children's cosmetics, before this point. Due to lack of regulation, the technology and formulas used to produce cosmetics for children are mainly copied from those of adults. (Source: Xinhua)

## A Solution for China's Recycled Cooking Oil Epidemic?

USCHPA did a story on recycled cooking oil known as "gutter oil" in the October 5<sup>th</sup>, 2011 Issue available on the association's website: [www.uschinahpa.org](http://www.uschinahpa.org) in the newsletter section. USCHPA met with China's State Food and Drug Administration (SFDA) a month ago to discuss the dietary supplement industry, but we got a bit side tracked and discussed the "gutter oil" problem. SFDA has been working on a new method to detect gutter oil. One would think it would be easy to do so, but some of the recyclers of this cooking oil have some sophisticated people and equipment to ensure that the oil meets government standards. However, the government doesn't currently test the oil of carcinogenic or other undefined elements in the oil and that is where the danger lies. SFDA said they are working on a strategy to buy the oil from the tens of thousands of restaurants around China certainly not an easy task to plan. The below news should certainly help the situation.

A newly formed technology center created by Boeing (NYSE: BA) and Commercial Aircraft Corp. of China (COMAC) has announced that Hangzhou Energy Engineering & Technology, Co., Ltd., (HEET) will conduct the center's first research project.

HEET, a company with experience developing alternative energy technologies, will focus on ways to convert discarded cooking oil into a component of sustainable aviation biofuel at the Boeing-COMAC Aviation Energy Conservation and Emissions Reductions Technology Center.

The project aims to identify contaminants in waste cooking oil, which often is described in China as "gutter oil," and processes that may treat and clean it for use as jet fuel. The focus of the project for the first year will be to demonstrate the feasibility of achieving significant cost reduction in converting gutter oils and other waste oils into jet fuel through improvement of conversion efficiency and associated technology.

The Boeing-COMAC technology center is working with China-based universities and research institutions to expand knowledge in areas such as sustainable aviation biofuels and air traffic management that improve commercial aviation's efficiency and reduce carbon emissions.

Funded by both companies, the center opened in August at COMAC's new Beijing Aeronautical Science and Technology Research Institute (BASTRI).

"As one of the member organizations of COMAC, BASTRI was built for carrying out civil aviation industry research and we aim at expanding knowledge in sustainable aviation biofuels and carbon emissions reduction," said Qin Fuguang, president of BASTRI, COMAC. "China is the world's fastest growing aviation market and the biggest consumer of cooking oil. There's great potential for converting the waste cooking oil into sustainable aviation fuel. It's a good opportunity for Boeing, HEET and COMAC to work together and make efforts to protect the environment."

"HEET is a strong partner for the Boeing-COMAC technology center's 'gutter oil' research project," said Dong Yang Wu, vice president of Boeing Research & Technology - China. "We are excited about opportunities to partner with leading research capabilities in China to accelerate the global push for renewable jet fuels and support commercial aviation's growth while reducing its environmental footprint."

Waste cooking oil shows potential as a feedstock for sustainable aviation biofuel production and an alternative to petroleum-based fuel because China annually consumes approximately 29 million tons of cooking oil, while its aviation system uses 20 million tons of jet fuel. Finding more efficient ways to convert "gutter oil" into jet fuel could increase regional biofuel supplies and improve biofuel's affordability, enhancing the potential for commercial use. (Source: Boeing)

## Higher Income More Disease?

*Article Commentary by Jeff Crowther –*

Below is an article from China Daily that associates higher incomes with higher disease rates due to dietary changes. Together with nutritional education and exercise, dietary supplements play a huge role in keeping people healthy and conscious of their lifestyle habits. This unfortunate growing occurrence of cardiovascular disease and diabetes in China is an opportunity for those companies that produce products that address these ailments. Actually there are also high rates of gout sprouting up, which is considered a rich man's disease due to the over indulgence of rich foods and alcohol. All though the article points the gun at McDonalds and KFC, these institutions are not solely to blame. The affluence of higher income allows the growing consumer base to eat more meat and other healthy foods that are part of Chinese cuisine. Many typical Chinese dishes are extremely oily and loaded with MSG and salt. The government has embarked on polices to help educate people to lower their intakes of sodium and oils, so although McDonalds, KFC and other western fast food joints aren't helping the issue, they shouldn't be pinned to the wall as the culprits.

### China Daily Article:

China's economic growth has led to dramatic changes over the last 20 years. Cities such as Beijing are home to some of the wealthiest people in the world, there are an estimated 100 million cars in the country, and perhaps most dramatically, Chinese people consume more meat, dairy products, processed foods and sugary beverages than ever before.

According to the UN Food and Agriculture Organization, the period between 1990 and 2009 saw a decline in per capita consumption of cereals, roots, beans and grains. During the same period, however, the per capita consumption of cheese doubled, that of egg almost tripled, chicken quadrupled, and beef increased nearly five-fold.

This nutrition transition, or the increased consumption of animal protein and foods with higher fat content, is common in developing and emerging countries. As the middle class grows and people have more disposable income, they tend to eat higher up on the food chain. But the over-consumption of fast food, dairy products and meat can have serious consequences on health. There are now more than 4,000 KFC and 1,400 McDonald's outlets in China.

Loading up on hamburgers, fried chicken, pizza and other high-fat food can lead to heart disease, obesity and type II diabetes. Roughly 92 million people in China suffer from type II diabetes, a disease that was nearly unknown in the country until recently. China has 30 million more type II diabetics than India, the world's next most populous country.

A 2010 study by the Columbia University Medical Center estimates that heart disease and stroke rates in China will increase by up to 73 percent by 2030. "China's standard of living and life expectancy have improved but aging, dietary changes and reduced physical activity are leading to more heart disease and stroke," says Andrew Moran, the lead author of the study. In addition, according to the report, a 64 percent increase (3.4 million cases) in deaths related to coronary heart disease is expected between 2020 and 2030.

China's shift to a high-meat diet has a grave impact on the environment, too. The Barilla Center for Food & Nutrition's "Double Pyramid" model shows how less healthy foods, including meat, dairy products and high-fat oils, can take a huge toll on natural resources, leading to land degradation, soil erosion and increased greenhouse gas emissions. Industrial animal production, or factory farming, in China has generated large amounts of manure, leading to dead zones along the country's coast.

Besides, food waste is growing in China. Restaurants and consumers throw away an estimated 60 million tons of food per year - enough to feed 200 million people, or 15 percent of China's population. Because many cities and towns are not equipped to process such large amounts of waste, food waste ends up in landfills contributing to methane emissions.

China can learn from the bad example set by the United States and other countries. Teaching children, for example, starting in kindergarten about healthy eating choices can curb childhood obesity, diabetes and other diet-related diseases. The Dandelion School in Beijing has partnered with the Chinese Center for Disease Control and Prevention to run a successful micronutrient intervention program for poor migrant youths. The center has also set up the National Initiative of Healthy Lifestyle for All to coordinate salt-reduction programs in Chinese households in order to inform people about the long-term risks of high salt consumption.

China has an opportunity and a responsibility to ensure that its economic development does not come at the expense of environmental and public health. It is crucial that local and national programs are established to promote healthy eating habits among consumers. Otherwise, the food system will bite back. *(Source: China Daily)*

## **Beijing Inspection Center for Health Food and Cosmetics Is Formally Established**

In order to help the Beijing Institute for Drug Control fulfill the administrative examination and the approval of health food and cosmetics as well as the supervision of law enforcement duties, the Beijing Inspection Center for Health Food and Cosmetics was formally established on October 29.

In the future, the center will be mainly responsible for the inspection of licensing, supervision, evaluation, and safety risk monitoring of the health food and cosmetics in Beijing. Besides, it will carry out researches on inspection technology and assume functions of technical guidance and technical services, including tests of heavy metal residues, pesticide residues, antibiotic residues, and use of illegal additives and drugs on health food and cosmetics. The substandard products detected in the tests will be reported to higher authorities and be publicized on a regular basis. *(Source: SFDA, Jinghua Times)*

## SFDA Held An Enterprise Symposium with Health Food and Cosmetics Companies

On October 16-17, the State Food and Drug Administration held an enterprise symposium with health food and cosmetics companies. More than 30 representatives from each industry attended the symposium, and studied with the SFDA the future regulatory system and the development of the health food and cosmetics industries.

During the symposium, SFDA stated that the key varieties, key venues and weaknesses would be prioritized as its key governance projects. It would conduct comprehensive investigation of the unspoken rules of the industry and eliminate potential safety problems in a timely manner in order to guard against systemic risks. Meanwhile, it would concentrate on the day-to-day supervision, deepen the reform of the administrative licensing and management, give prominence to the building of the regulatory system, and focus its efforts on publicity and education.

The representatives and the officials from SFDA also discussed issues such as the raw materials and label management of health food and cosmetics, how to fight against counterfeit and defective health products and other illegal activities, and the approval of new materials in cosmetics. It is learned that SFDA will make new amendments of labeling regulations about health food and cosmetics products as soon as possible, further standardize the license management of health food and cosmetics production, strictly implement the GMP of health food, and encourage enterprises to innovate.

SFDA has been holding the enterprise symposium for three consecutive years. According to an official from SFDA, the symposium will be held on a yearly basis as a long-term mechanism to strengthen and improve the supervision of the industry. (Source: SFDA, Xinhua News)

## A Gross Profit of Up to 200% in the Health Product Industry, A Chaotic Situation That Even 400 Regulations Can't Manage

Since the law and the industry are still in the development phase, China's health food industry still has some problems. Excessive competition, distort behavior, lack of standardization, and lack of corporate integrity have resulted in a sharp shrink in the market.

According to an industry insider, the deep-seated reason for the chaos of China's health food industry is its huge potential. The nature of the buyer's market in this industry has created a gross profit of up to 200% in China, and thus attracted countless capital to flood into the industry, with "bad money drives out good ones" happening all the time.

In order to cope with this situation, China has issued over 400 laws, regulations, and technical specifications on health product, including the well-known *Food Safety Law* implemented on June 1, 2009. However, these are still not enough to manage the chaotic situation. Industry insiders call upon the government departments to deal with the problems in the health food industry as strictly as drunk driving to create a favorable external environment for the development of the industry. Besides government management, industry self-regulation has become the choice of the elites in the industry. Positive changes gradually emerge as some companies begin to consider the comprehensive development and social responsibility while in the pursuit of economic efficiency, and actively cooperate with the government and industry associations to govern the industry's bad behaviors. (Source: *Oriental Outlook*)

## Companies Doubt the New Regulation on Cordyceps Sinensis

Recently, the State Food and Drug Administration published the *Pilot Work Program on the Use of Cordyceps Sinensis in Health Food* (hereinafter referred to as the Program) on its website. This is the first time that SFDA allows cordyceps sinensis to be directly used as raw material in health food. However, according to insiders, although SFDA is eager to renovate the health product market, some of the wording in the Program is unscientific and unreasonable. Thus, the governance measures may inevitably become an empty talk.

The Program requires the pilot enterprises have stable and legitimate sources of cordyceps, and be able to provide lawful sales contracts with relevant units in the resource provinces that could guarantee the production scale in order to protect sustainable production. But in the eyes of industry experts, with the artificial breeding of cordyceps not successful and the natural resources continuing to be depleted, it is not realistic asking enterprises to ensure the production scale.

Some industry insiders believe that the most needed factor in the development of the cordyceps industry is a clear standard. Some origin places of cordyceps have already published a number of local standards. In September 2007, one of the main origins of cordyceps, Qinghai, first released its local standard in the management of cordyceps. But so far, the country still lacks a national standard on the use of cordyceps. (Source: *Guangzhou Daily*)

## Chongqing Introduced New Rules for Managing Health Food Manufacturing Practice

At the end of October, CQFDA introduced two new rules concerning health food production. They are *Chongqing Temporary Provisions for Management of the Authorized Persons in Health Food Companies* and *Chongqing Application System for Suspending and Resuming Production of the Health Food Companies (Trial)*.

*Chongqing Temporary Provisions for Management of the Authorized Persons in Health Food Companies* requires that the city's health food production enterprises establish the system of authorized person, whose main duties are the observance and implementation of the laws and regulations relating to product quality or technical requirements, being responsible for the release of the final product, participating in or being responsible for product development and technological innovation, organizing, establishing and improving the production quality management system, monitoring the quality of internal audit or self-test supervision, managing quality control departments, as well as participating in external quality audit (vendor audit), participating in the validation and product recalls, etc. The *Provision* specifies that the authorized person should participate in training at least once a year to improve his understanding of laws and regulations, business knowledge, and professional and ethical standards. The training record will be included in the authorized person's training files.

*Chongqing Application System for Suspending and Resuming Production of the Health Food Companies (Trial)* formulates rules for all health food production enterprises and holders of health food approval documents that undertake commissioned production within Chongqing.

Health food production enterprises that have ceased production or have discontinued dosages shall report to their regulators within three months after they stop production. Holders of health food approval documents that undertake commissioned production and have discontinued varieties shall report to the regulators within six months after they stop production; for the health food production enterprises, the time period of reporting discontinued varieties to the regulators is one year. If the health food production enterprises and the holders of health food approval documents that undertake commissioned production need to resume production, they must first conduct self-examination. After they reach the production prerequisites, they could report to regulatory authorities for the on-site audit. Only when they passed the audit can they resume production. If they fail, they are required to carry out rectification before production. The on-site audit should also verify whether the enterprises or holders have conducted unauthorized production during the discontinued period. (Source: SFDA)

### **SFDA: One Kind of Health Food Can Only Declare One New Function**

On November 5, the State Food and Drug Administration released its exposure draft on the *Declaring and Reviewing Regulation on the Health Food Products' New Functions*. The draft requires that one kind of health food can only declare one new function, which should aim at improving the health status, regulating body functions, or reducing the risk of disease, and shall not be involved in disease prevention and treatment.

The new functions should NOT be in the range of the existing functions of health food announced by SFDA, such as helping to enhance the immune system, lowering blood lipids, and improving sleep quality, etc. The regulation clearly states that the name of the new function and its evaluation methods should have an essential difference with the current health care functions.

The new ones should have scientific evaluation method and criteria, as well as sufficient scientific evidence, and are generally accepted. SFDA encourages product development and declaration of new functions that are guided by traditional medical theory.

The regulation states that the new function of the health food product declared shall be verified by registered inspection agency chosen by SFDA. During the three-year monitoring period, SFDA will monitor the quality and functionality of the new function that has been approved. Meanwhile, it will no longer accept other products' application for the registration of the same function. The applicant of the approved function shall not apply for the transfer of product technology. Upon the expiry of the three-year monitoring period, those that meet the requirements will be included as new functions by SFDA and announced to the public. (Source: SFDA, Health News)

### **The Analysis Meeting on the Regulatory Security Situation of Health Food and Cosmetics Is Held**

On November 1, The analysis meeting on the regulatory security situation of health food and cosmetics was held in Beijing. This is the first time that SFDA tries to find risks and vulnerabilities that exist in the supervision of health food and cosmetics, discuss regulatory countermeasures and enhance the level of regulation in the form of analysis meeting. (Source: SFDA)

**If you have China related news that you would like to share with the association for publication in its newsletter please contact us at:**

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