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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.

Nordic Naturals Joins USCHPA

The U.S.-China Health Products Association (USCHPA) is pleased to welcome Nordic Naturals®, the leading manufacturer of omega-3 fish oils in the United States, as the latest company to join the association and support its mission in China. The association looks forward to working closely with Nordic Naturals and its team to develop a more open and transparent regulatory system in China as well as increase education about the health benefits of omega-3.

Nordic Naturals Statement and Introduction

Nordic Naturals is pleased to enter the omega-3 fish oil market in the People's Republic of China as part of our mission to correct the global omega-3 deficiency by offering safe and effective omega-3 nutrition to more people worldwide. We look forward to establishing our presence in the Chinese natural products industry through cooperative business partnerships with the USCHPA, and are honored to be recognized as the organization's newest member.

Based in Watsonville, California, Nordic Naturals is committed to delivering the world's safest, most effective omega oils to help provide the essentials of an extraordinary life. Distributing to more than 35 countries, Nordic Naturals offers more than 150 products in a variety of flavors and formulations, all in line with leading standards for safety, efficacy, and sustainability. By providing omega oil supplements for adults, kids, athletes and pets, Nordic Naturals helps everyone do more of what they love. Further information is available at www.nordicnaturals.com. (Source: USCHPA)

Guangdong Province Promotes Pilot Training for Quality Control Personnel in the Health Food Industry

In 2011, as the country's pilot province, Guangdong has first started the system of quality control authorized personnel. Guangdong Food and Drug Administration has released related work plans such as the Guangdong Province Pilot Work Plan of Authorized Persons in Health Food Companies. Since then, the pilot work has achieved initial results.

The implementation of the system of quality control personnel in the health food industry is a new initiative. Guangdong FDA has learned from the successful experience of the quality control training and authorization in pharmaceutical and medical equipment industries, and it first focuses on training of experts prior to the implementation of the system to improve the quality of the authorized persons in health food enterprises. Secondly, during the implementation, Guangdong FDA has actively carried out counseling and monitoring work to guide the enterprises. It has also released the Feedback Form of the Authorized Persons System in Pilot Health Food Enterprises to gather more information.

After achieving substantive results, Guangdong FDA has timely summed up the work of the pilot stage and held a seminar on the authorized personnel system in health food enterprises to study the status quo of related companies and the problems they've encountered. During the seminar, experts were invited to review and guide the enterprises, as well as further strengthening and improving the legal basis, definition and qualification of the quality control authorized personnel system. (Source: SFDA)

Health Food Industry Reaches Consensus Quality and Regulatory Pattern

In 2011, the National Development and Reform Commission and the Ministry of Industry and Information Technology jointly issued the 12th Five-Year Development Plan for Food Industry. In this plan, the nutrition and health food manufacturing industry has been included in the national development plan for the first time, indicating a new stage of development for said industry. Today, with the successful conclusion of the 18th National Congress of the Communist Party of China, the livelihood of people once again becomes the country's top priority in economic development. As a developing industry that is closely related to people's livelihood, the development path of the health food industry has become increasingly clear with continuous optimization of the regulatory provisions and the forthcoming Health Food Supervision and Management Regulation.

In recent years, China's health food industry has enjoyed a rapid growth. According to the 12th Five-Year Development Plan for Food Industry, by 2015, the scale of the nutrition and health food industry will reach one trillion yuan, an increase of 20% year-on-year, and form more than 10 enterprises whose product sales revenue reach more than 10 billion yuan. Historical data and international experience show that when a country's GDP per capita is in the phase of developing from \$3,000 to \$8,000, consumers of health products would increase their consumption patterns, and the industry would enter a rapid growth cycle.

Currently, China is in the rising stage from GDP per capita \$4,000 to \$8,000, with consumption pattern of health food in China changing from high-end consumer goods to dietary supplements. Many institutional investors even expect that China's health food industry would enter the golden period of high-speed development.

But how can it actually achieve the rare golden era that enjoys fast and steady development? Insiders say that first of all, it should ensure the quality and safety of health products, especially health food.

The health food industry is growing fast, but with endless problems and complaints. On one hand, many consumers do not have a clear concept of health food and suffer from lack of rational consumption; also, the social guidance and education of health products are far from enough. On the other hand, low market access of the health product industry and lack of corporate integrity make the situation even worse.

According to insiders, behind the prosperity of the industry, the chaotic market environment is in urgent need of rectification. He believes that the "chaos" in the health food market can be attributed to three categories: First, the confusion of concept. As the distinction between health drugs and health food is not clearly defined, a large number of health food have some features similar to "drugs", which has led to today's embarrassing situation of health food's product positioning. Also, it creates a barrier to the effective regulation of the industry. Second is the misleading of consumers. Ordinary health care products have been advertised as panacea. The expansion of health care function and the increase of the application range are two outstanding problems in illegal advertising. Third, the market access of health product is too low in China.

It is fortunate that the industry regulatory authorities do not skirt around the problems. In recent years, they have been making big emphasis on food safety, and even maintaining a high intensity of investigation on the problems reported.

But in the eyes of industry insiders, the official launch of the Health Food Supervision and Management Regulation, which is now been submitted for review to the State Council, seems to be a good way to solve the problems. In fact, the introduction of the regulation will not only conduct rectification of name of the health care industry, what's more important is that it will regulate the development of the industry from its original source.

However, can the gap in the health food regulatory system be filled with the introduction of the Regulation? Many insiders still have questions: How to choose from the approval system and the record-keeping system? Will the stakeholder departments be willing to decentralize to the main regulatory authorities? ... Perhaps we should wait until the formal implementation of the Regulation to see the answers. (Source: China Business Journal)

The NetEase Platform for Health Products

Netease*, one of China's major network companies, began its business of selling online health products. Its platform was formally launched on November 20, 2012 with the marketing slogan of “Authenticity Guaranteed Featured Brands”.

According to NetEase, for the initial period, it has invited 59 well-known nutrition and health care brands to join the platform, and has carefully selected 1,031 kinds of word-of-mouth single products in 22 categories. Among the first 59 brands that are invited, foreign brands account for more than 60 percent. It not only includes Nature's Bounty, GNC, Naturies, etc, that are familiar to the majority of Chinese consumers, but also some regionally well-known and respected brands, such as the US OPC that has experienced fifty years of clinical application in the developed countries in Europe and the United States, as well as Aurinda, the Australia imported health product that first obtained the approval of the Chinese Ministry of Health. In order to promote its online business, NetEase promises free shipping for all its health products. (Source: Hangzhou Daily)

**NetEase, Inc. is a China based Internet Company that operates 163.com, a popular web portal. The company has grown rapidly since its founding in June 1997, thanks in part to its investment in search engine technology and massive multiplayer online gaming. In 2004, NetEase's founder William Ding won the Wharton Infosys Business Transformation Award for his innovative use of information technology. Ding became one of the wealthiest individuals in China after founding NetEase, which has a market value of \$7.8 billion as of May 2012 with over 6,000 employees as of December 31, 2011. (Source: Wikipedia)*

Consumers Can Demand Compensation for Drug Laced Health Products

Recently, Dongcheng District Court analyzed the contracts involving health care products, and gave some tips to consumers who are safeguarding their legal rights.

According to Article 5, Chapter 2 in China's Management of Health Food Products, “Any health product that claims to have health care function must be reviewed and approved by the Ministry of Health; the developer should report to the provincial health administrative departments and after preliminary approval, report to the Ministry of Health. The Ministry of Health will issue the Health Food Approval Certificate to the qualified products, and permit the use of the logo of the Ministry of Health. Besides, according to the provisions of Paragraph 2, Article 96 in China's Food Safety Law, “If the manufacture's product does not meet the food safety standards or the seller knowingly sells product that does not meet food safety standards, in addition to the compensation for damages, consumers can demand a ten times compensation from the manufacturer or seller.”

State Food and Drug Administration has issued the Registration Management for Health Food (Trial) that has been in force since July 2005. It provides that “Health food refers to food that claims to have specific health functions or to supplement vitamins and minerals. It is suitable for a specific group of people to regulate the body functions, and do not work for the purpose of treatment of disease. It does not produce acute, sub acute or chronic hazards to the human body.” In Article 50 of the Food Safety Law, food ingredient for the health product is described as “may not contain drugs.”

The health care product is not a drug but a special kind of food; it should not contain pharmaceutical ingredients. If it has pharmaceutical ingredients in it, it would not meet the food safety standards in China. In this case, consumers may demand certain compensation in accordance with the Food Safety Law. (Source: Beijing Daily)

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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