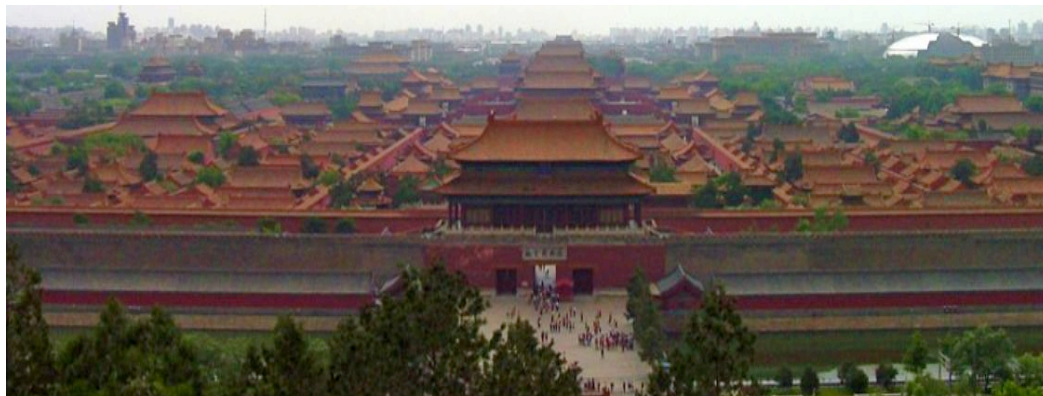


CHINA UPDATES

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IN THIS ISSUE

SFDA Publishes "Technical Safety Standard of Cosmetics"

Jiangxi Tainted Health Products

Xishuangbanna to Build China's First Health Product Park

Health Products: Target Senior Citizens with High Prices

Elderly Tend to Splurge on Health Products

SFDA Publishes "Technical Safety Standard of Cosmetics"

China SFDA has published a notice to invite public comments on revised Hygienic Standards for Cosmetics, now renamed as Technical Safety Standard for Cosmetics. The deadline for comments is 15 Dec 2012.

The Hygienic Standards for Cosmetics issued by the Ministry of Health in 2007 is the most important cosmetic standard in China that sets detailed safety requirements on finished cosmetic products manufactured or sold in China. The Hygienic Standard for Cosmetics have banned over 1200 substances in cosmetics and restricted the use of 73 substances, 56 preservatives, 156 colorants, 28 sun block agents and 93 dyes in cosmetics.

Compared to the old regulation, the new standard contains the following proposed changes:

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- Hygienic Standards for Cosmetics will be renamed as Technical Safety Standard for Cosmetics
- Safety requirements on cosmetic ingredients will also be added
- More detailed requirements for special use cosmetics & cosmetics for special human groups will be added
- The max allowable amount of Pb and As in cosmetics will be reduced from 40mg/kg and 10mg/kg to 10mg/kg and 4mg/kg respectively
- Quantitative limits for 1,4-dioxane(30mg/kg) and asbestos(not detected) in cosmetics will be added

The new draft standard has also emphasized the importance of safety evaluation of cosmetics and cosmetic ingredients. According the standard, companies shall carry out safety evaluation of cosmetics and cosmetic ingredients (including risk substances) to ensure safe use.

The annexes of the new standard are also being revised and will be published for consultations later. The annexes will include:

- Technical requirements on cosmetic ingredients
- Banned & restricted substances
- Testing & evaluation methods(Physio-chemical/microbial/toxicology/human safety/efficacy)

(Source: www.cirs-reach.com)

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Jiangxi Province Investigations Tainted Health Products

According to Jiangxi Food and Drug Administration, Jiangxi Province will soon conduct thorough investigation of health products and cosmetics that contain illegal drugs, and intensify legislation and its implementation.

In addition, Jiangxi will also focus on the monitoring of health food advertising that claims to have disease prevention and treatment function, as well as other illegal promotions using the identities of medical experts or patients to prove the effectiveness of the health food. If illegal advertisements are found, they should be promptly transferred to the department administering industry and commerce.

(Source: Information Daily)

Xishuangbanna to Build China's First Health Product Park

Xishuangbanna Dai Autonomous Prefecture in Yunnan Province intends to attract RMB 27 billion to construct the nation's first health product park. The park is planned to cover a total area of 30 square kilometers, and will provide 44 categories of products or services in four key zones, i.e., health food, health-related supplements, health services, and health care tourism. In late November this year, the project held a discussion meeting in Beijing and invited experts in biology, medicine, science and technology to jointly conduct feasibility studies on the Xishuangbanna Health Product Park.

According to the Park's 10-year plan, during the first phase, i.e., 2013-2016, it will introduce 200 enterprises and 300 research and development teams to the Park with a total area of 20 square kilometers, a whole investment of RMB 4 billion, and an expected annual sales of up to 6 billion.

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From 2013 on, there would be a new phase every three years. By the year 2019, the Park will strive to win an invest of RMB 8 billion and an annual sales of 20 billion; by 2022, the investment is planned to reach an additional RMB 15 billion, with an increased 10 square kilo meters of land, and an annual sales of RMB 60 billion. At that time, the Park will provide jobs for over 200,000 people. *(Source: Yunnan Daily)*

Health Products: Target Senior Citizens with High Prices

On going marketing schemes in China's health product industry continue to focus on senior citizens. Here are some of the "unspoken" marketing rules in China's health product industry.

First is product image. One executive said, that health care products generally are divided into three categories: nutritional supplements, such as vitamins; Chinese herbs, such as cordyceps sinensis and ganoderma lucidum; and the so-called modern bio-tech products, such as peptides and nucleic acids. The "depth" of the marketing of these three types of products increases progressively, with the third category being the most popular, because "its concept is the most abstract. Take nucleic acids for instance, the salesman can say it is composed of the basic unit of the human genome, but the human body itself can not generate it. Thus, people can only rely on the intake of health products to get the vital element. Of course the sales team uses this information to strongly persuade consumers to buy their products."

When it comes to designing a product, the companies pay attention to the following criteria: First, is the raw materials used in the product.

Companies with a moral compass choose appropriate and safe ingredients. However, there are those that will use whatever they can as long as it isn't lethal. The costing formula used for raw materials, packaging, and marketing should not exceed 20% of its final price.

The second criteria used when creating a product is its efficacy. How to market this and maximize sales? Manufacturers choose the function that is popular among senior citizens such as improving sleep quality, immune system boost, lowering of cholesterol, lowering of high blood pressure, and treating cancer etc. In the investigation of many illegal health products, the regulatory authorities accuse some manufacturers of falsely using others' registration numbers. In fact, what many companies are doing is obtaining legal registrations, but after they receive the registration from authorities, they replace all the packaging and inserts with health claims and directions that were not originally approved.

The third criterion is packaging and dosage. The basic idea is to make the product large. For example, if there is a bottle that is filled with 180 pills and is sold RMB 300, the better way would be to divide it into three smaller bottles, each of them filled with 60 pills and place in a large ornate box with a selling price of RMB 600. Similarly, the dosage must also be "big".

"For health food, one unit packing should contain at least two months' dosage to make the elderly feel it was a good investment.

Finally, pricing must be set high, which is the use of reverse psychology on consumer prices. If it is priced low, consumers will begin to doubt the effects in the advertisements. For health food, pricing should not fall below RMB 300 a month and for medical device that promises 50 year guaranteed use should be priced higher than RMB 5,000. However, with China's State Food and Drug Administration (SFDA) and provincial FDAs are cracking down on false advertising and punishing manufacturers of illegal health products, these unspoken rules may disappear in the near future. *(Source: Fuzhou Evening News)*

Elderly Tend to Splurge on Health Products

A survey finds out that although the majority of the elderly in China usually live a thrifty life, they tend to splurge on health products. Unfortunately, this excessive spending is wasted as a result of misleading marketing and sales tactics. Why are senior citizens so fond of buying health products and why are they easily cheated?

The new phenomenon of "empty nesters" in China may shine light on the answer.

Nowadays, many elderly do not live with their children. Economic movement has caused many in the working force to move far from home leaving behind parents and extended family. This change in society has left many elderly without the comfort of their family, which makes them vulnerable to friendly enthusiastic sales people. When grandma or grandpa buy health products, they not only get the products, but also receive a type of surrogate family of sorts.

The promotion of health products is not only focused on boasting its functions that attract the elderly, but also based on caring for them while selling the products. Most sales staff are very considerate and kind to their older consumers. They give them free sample products, call them regularly to check in and organize various activities for them in groups. In this way, the elderly are always willing to spend money on their products in exchange for attention and the chance to meet other senior citizens in their same situation. Some companies do a good job at providing good products and services to the elderly. However, there are those that aim to deceive and profit off unsuspecting elderly.

It is the latter mentioned companies that the government is concerned about. “Some elderly people still do not know how to safeguard their rights”, says an official in Municipal Food and Drug Administration. The dubious sales people tend to move on to another district or city after making a certain amount of deals. This makes it extremely difficult for regulators to supervise their action or find and bring them to justice if they have in fact cheated customers.

An expert at the Center for Disease Control suggests that besides improving the elderly’s basic knowledge of health products, the authorities should take effective measures to increase regulations of the health product industry and severely punish those involved in false advertising and making illegal products. In addition, he hoped that the children of the elderly could be more attentive to their parents, such as taking some time to accompany them on regular basis medical examinations. *(Source: Suqian Evening News)*

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