



THIS ISSUE

76 Officials Punished

Food Industry Plagued by Chemicals

Food Packaging Fails Safety Test

NBTY Introduces Disney Supplements to China

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.

76 Officials Punished in Capsule Scandal

A total of 76 local officials have been punished for failing to prevent and stop the production of contaminated drug capsules, SFDA said.

The officials were employed at drug supervision agencies in 6 provinces and municipalities, including Zhejiang, Henan, Sichuan, Jiangxi, Hebei and Chongqing. The officials' punishments were not detailed.

In April, a China Central Television report stated that several companies had manufactured drug capsules with industrial gelatin, which contains excessive levels of chromium and is illegal to use for making drug capsules. The industrial gelatin was made from leather scraps.

According to the statement, after the outbreak of the capsule scandal, SFDA launched a nationwide inspection on all medications produced and sold as of April 30. While for the medications marketed after May 1, drug supervision agencies had a sampling test. Results showed that no products were found with excessive level of chromium.

The SFDA will continue to crack down on illegal production and welcomes public tips, the statement said.

Among the 76 officials punished this time, 7 are provincial-leveled, 24 are middle-ranking, and 45 are primary-level officials.

SFDA was first an independent department, and then fell under the management of the Ministry of Health. It now obtains almost all the rights to the food and drug industry, from issuing production license, approving the batch number, to on-site review, sampling tests. But what is going on after the capsule scandal.

Supervision Model to be Reformed

Among the 76 officials punished, no one is from ministerial officials, though it is already a big breakthrough for China to have their high-ranking officials punished this time, considering China's political body will soon change hands.

What cannot be overlooked, as experts say, is that there is no third party independent and authoritative group to set up uniform and high standards for the industry. Different from the developed countries like the U.S., China's drug supervision agencies usually launch sampling tests on the products. It thus means not all products in the sales channel are subject to the legal restrictions. Just take the capsule scandal for example. It all began in a small local workshop, which was unregistered and had no production license. Such workshops are of course beyond the boundaries of sampling tests and fly completely under the radar of SFDA officials.

This kind of supervision, as said by Zhu Naijuan, journalist with the 21st century economic report, would fail to resolve the safety problem of food and drug. China now fell into the vicious cycle of "no prior supervision, illegal activities exposed, officials punished, and then illegal activities rise up again later on". Supervision, in this sense, is too late to play its role, said Zhu.

More importantly, it is time for the whole society to enhance the awareness of preventative control, said Pang Fengshan, a famous newspaper and blog commentator. It is better to suffocate the problem in its embryo stage, not to wait and see.

Is 76 a real number?

As posted on the SFDA website, the name, title, and the punishment received were not detailed. Consumers could not help wondering, have these officials really been punished? Is the number 76 a real number?

If the number is true then SFDA or at least local governments and related departments should report the details of the offenders and their punishment more openly. Because in China, people always see punished officials rise again in another place, as if nothing had happened. This almost exists as a hidden rule in the political arena.

So, if China's leadership really wants to scare other potential offenders and restore consumers' confidence, then publicly releasing this information should be done as a first step towards rectifying the situation. (*Source: SFDA; USCHPA*)

China's Food Industry Tainted by Chemical Geniuses

China's food industry has rapidly industrialized over the last decade, bringing many benefits to the country's consumers. But techniques originating in the chemical industry are being misapplied in food production, triggering many safety scandals.

Worryingly, these techniques are increasingly being refined, making the use of illegal substances ever harder to detect.

Industrial Raw Materials in Food

In May, a government sampling of gelatine used in drug capsules found that firms all over China were using toxic materials to manufacture medicines. Eventually, the State Food and Drug Administration confirmed that more than 12% of the 254 firms tested were using harmful industrial gelatine, rather than edible gelatine, in their capsules.

That is unlikely to be the whole story. If things are this bad in the closely regulated drug industry, other big gelatine users – namely the confectionary and beauty industries – are hardly likely to be doing better, said Zhu Yi, deputy professor of food science and nutritional engineering at China Agricultural University.

On April 19 last year, the health ministry published a list of 47 non-food substances illegally used in foodstuffs, and a list of dozens of legal food additives being misused across 22 different categories of food. The agricultural ministry had previously issued a list of dozens of chemicals banned from use in animal fodder, drinking water, or in poultry and aquaculture production.

Food-safety experts said that neither of those lists was complete: the food cheats are far ahead of the authorities.

The economic logic behind the use of industrial raw materials is simple – costs are many times lower. When price is everything and regulation is weak, cheap raw materials translate into bigger market share and higher profits.

"Chemical" Foods

Along with industrial raw materials, the Ministry of Health's list included 38 non-food additives being misused in food, the bulk of them chemical compounds.

The motive for using these substances is the same – profit. The chemicals are used either to boost outputs, or to make poor quality products look better so that they can be sold at a higher price. More worryingly, chemical compounds are sometimes used to transform a poor quality product into a fake version of a more expensive one. For example, the toxic chemical dichlorvos is added to ordinary sorghum liquor to make it smell like Maotai (famous brand of rice wine), which is then passed off as legitimate Maotai.

A Ministry of Health working group has also found that the misuse of legal food additives is widespread. Its list includes dozens of legal additives being misapplied across 22 different categories of food.

Research shows that over-consumption of even legal food additives in the long term can increase risks of cancer, deformities and mutations.

One Step Ahead

In many cases, the methods used to make “chemical foods” are unimaginable even to the experts.

Wang Shiping, a food science doctoral tutor at China Agricultural University explained that farmers couldn't have come up with the idea of using melamine in milk to give the appearance of high protein levels, nor could the average technician. That scheme required familiarity with the Kjeldahl method, which is used in milk testing to determine nitrogen content and knowledge of the protein content and chemical properties of various additives.

Another case that left even the experts reeling involved beansprouts, to which a hormone was applied to make them grow faster and without roots. The plump and white vegetables sold well, but long-term consumption could have caused cancer or deformities. So who decided to use that hormone? Similar cases have involved pig trotters and tofu.

Li Yongjing is Dupont's director of nutrition and health for Greater China, deputy secretary of the Chinese Institute of Food Science and Technology and a senior member of the U.S. Institute of Food Technologists. He noted that the manufacturing processes involved are beyond the abilities of the unqualified – they require accurate quantities and timing to work.

Zhu Yi and Wang Shiping agree that methods of fakery used in the food sector have advanced rapidly, leaving regulators and consumers in the dark.

Careful use of industrial salt in soy sauce in a recent case in Foshan, a city in southern China, meant that local quality-control authorities tested the product twice without finding anything wrong. Similarly, the dairy firms Sanlu, Yili and Mengniu, along with many others, had all been using melamine in their milk long before the practice was exposed.

Zhu Yi said that these “expert” criminals continue to think up new ruses in their pursuit of profit. Recent examples include additives to make dishes smell better, or to improve the taste of braised pork; and passing off cow fat as beef. Experts have found that each of these methods involved various combinations of legal and unapproved additives. The stomachs of ordinary people have become the testing ground for these “chemical” foods.

The Big Boys Arrive

For more than a decade, illegal unapproved chemicals have been added to Chinese food products. The fact these practices have only recently come to public attention is thanks to one change – the big food companies are at it too.

Experts say the proliferation of problem foods rests on two key conditions. First, while the methods used may be harmful, most often they do not lead to immediate illness – the problems appear over the long term, and are not easily traced back to any single food. Second, when given the choice, people still prefer cheap food. China's huge and urbanizing population is moving out of poverty and is not yet a discerning customer base.

Then there's market competition, driving illegal practices up the chain. Individuals or small factories decide to cheat, and their larger competitors – facing cost pressures – follow suit. Finally, large and medium sized companies join in.

The punishments risked during this process are nothing when compared to the potential profits. Zhu Yi urged food policymakers to be aware of this pattern and act to break it.

A Chinese Problem

Experts point out that western nations faced similar problems in the past, but that even so the number of cases in China is shocking.

Food tracking is a common method for boosting food safety. Li Yongjing said that if you buy a pear in America, you can easily find out which farm it came from; if you buy a tin of pears, you can find out where the additives were sourced. But in China, this is almost impossible.

In the United States, large or medium-sized firms dominate every part of the food industry. But in China, agricultural products, meat and milk come from a myriad of small farms. Instead of the stable supplier relationships seen in many western nations, Chinese foodstuffs are bought and sold by numerous individuals and traders. Food products are made by individuals and in small workshops. Tens of thousands of small and medium businesses compete, and it's survival of the fittest.

A long supply chain stretches between China's farms and its dinner tables: there are too many employers, too many products, too many points of sale and too many consumers.

Eight or nine authorities –agricultural, industrial and commercial, quality supervision, health and more – struggle to regulate the sector. Many food-safety experts say that the cost of a food traceability system is more than the Chinese market will accept. But Zhu Yi is adamant that, if China is to ensure food safety, this is what it needs.

Li Yongjing and Zhu Yi both said that the Chinese public is inadequately educated about food safety.

In the west, unsafe foods do occasionally appear, but are rarely chosen by consumers, and these cases attract little interest – consumers themselves decide that excessively cheap food is likely to be unsafe, they said. But in China, while upmarket food brands have been growing for years, the reality is that they still have small market share and the bulk of consumers are very much price-led.

At a more basic level, China's penalties for producing harmful foods are too light, and the guilty are rarely caught. Internationally, it is understood that food needs to be regulated – but more, that you cannot stop victims from seeking judicial redress. Otherwise, Zhu Yi asks, how are we to prevent China's food market from becoming a race to the bottom? *(Source: Caixin New Century Weekly)*

Food Packaging Fails Safety Tests

An industry study showed that some well known food products in China failed to meet national safety standards for external packaging.

Insiders predict that such scandals are unlikely to be avoided in the short term because of the lax enforcement.

Dong Jinshi, executive vice-president of the International Food Packaging Association, said its tests found many paper packaging for instant noodles and milk tea had excessive fluorescent whitening agent on the outside of the packaging.

His conclusion was based on the association's three-month study. The study looked at 84 well-known food products purchased from local supermarkets and convenience stores in Beijing, Shanghai as well as Guangdong, Zhejiang and Jiangsu Provinces. Eighty percent of the samples taken in Beijing, were found to have excessive whitening agent. Many popular brands that have been in the market for years were found to be substandard.

Fluorescent whitening agent is a type of organic compound used to make the paper white, but it may cause cancer if consumed over a period of time.

Although the inner packages of the sample were all right, consumers still are at risk of absorbing the chemical, when touching the outside of the packaging, said Dong.

As a result of this study, none of the companies cited will pull their products from the shelves and in fact Uni-President Enterprises (China) Investment, a major producer of instant noodles, disputed the study saying on their website that all their packaging meets national standards.

Hou Xingfu, an official from Jinmailiang Food Products, another company listed in the report also defended the safety of their packaging stating, "The paper packaging for our products is made by professional packaging companies. We will conduct an investigation as soon as possible".

Duan Yujing, a staff member in charge of quality supervision from the International Food Packaging Association offered her own thoughts on the packaging: "It is very likely that the substandard packaging was made from recycled or even waste paper that is not suitable for packaging food or drinks in order to save money. The price of raw paper that is suitable for food and drink costs \$1,570 per ton, which is almost twice the price for recycled paper".

Since the country's current regulations have not clarified that outside packaging should also meet the same standards as the inside, many enterprises exploit the loophole, said Ms. Duan.

Zhang Jun, a 35 year old resident of Beijing, is taking a stand after seeing the report. "I believed both the inside and outside packaging for food and drink must be made from qualified paper for public health reasons. I will avoid buying these types of products in the future." (*Source: China Daily*).

NBTY Introduces Disney Vitamins to China

NBTY entered the China market with its Nature's Bounty line approximately 6 years ago. Since that time they have sent up their own sales channels including hundreds of store in store locations across China and well known web dealers including Tmall, Amazon, 360Buy, etc. Nature's Bounty has added Dangdang to this growing list as its newest web partner. The web retailer now has a dedicated children's nutrition section highlighting NBTY's Disney kid's supplements including a multiple vitamin that contains 12 vitamins and minerals and a DHA product.

Since launching the Disney line to China about six months ago, it has been warmly received by Chinese parents, especially in Guangdong and Shenzhen markets. The partnership with Dangdang is another step forward in NBTY's expansion of its B2C China business.

Holland and Barrett, a division of NBTY, also is making land fall in China by opening up its first health food shops in Shanghai. Holland & Barrett is a UK based health food store chain comprised of 600 plus shops in England, Ireland, South Africa, Singapore, Malta and now China. The company also has stores in the Netherlands under the name De Tuinen.

According to a China Daily article posted on March 3, 2012, NBTY's 2011 China business has surged seventy percent compared with 2010 figures amounting to over \$79 million. *(Source: China Healthcare Association; China Daily; USCHPA).*

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

news@uschinahpa.org

Copyright © 2012 U.S.-China Health Products Association. All rights reserved.