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Organic Certification vs. Food Safety

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Chinese Numb to Food Safety

Our lives – and the safety of our food – are determined by the structures we live in, writes Tang Hao. Without systemic reform, there's no point increasing enforcement powers.

The Chinese people have had their imaginations challenged by a series of food and drug safety scares. In a little over a decade, we have seen alcohol which is actually methanol; seafood soaked in formalin; the Fuyang milk-formula scandal, the Sudan Red scare, the melamine scandal, "gutter oil", and gelatine rendered out of used shoe leather. Now even the capsules used to deliver drugs have been found to contain toxins.

None of us can be certain that any foodstuff or drug is safe, from baby milk powder through to cooking oil. Nor can we be sure that any company – be it a backstreet workshop or a big state-owned firm – is producing safe food and drugs. Consumers were originally shocked. Now, they are simply numb. It seems the Chinese have got used to poisoning each other.

It is the nature of the problem itself that has allowed it to become so widespread. China's food and drug safety problems are structural, caused by a number of different factors and actually exacerbated by the system. No single response to any one incident will provide a solution.

First, let's take the economics of food safety. We must ask the most basic of questions: why do companies manufacture and use toxic foods and drugs? Why do even officially registered companies, even those of considerable size, do so? The answer lies with our overall economic structure.

In China, sectors such as energy, heavy industry, chemicals and communications, often very profitable, have high barriers to entry in order to protect the interests of state monopolies. There is little space left for private firms and small and medium enterprises (SMEs) – and when too many companies chase the limited opportunities remaining, excessive competition results.

Cheap goods and fake food

In the food and drug sectors, the financial and technical barriers to entry are low. This creates a structural problem: companies tend to be small, scattered, of low quality and unable to innovate. And so they compete dishonestly. Excessive competition leads to a race to the bottom, with costs being cut through fakery and inferior products. Any firms that actually care about safety become less competitive and eventually go under.

Not only does the bad money drive out the good, food and drug manufacturers are under a massive tax burden. From ordinary taxation (higher than in other nations), to more China-specific costs including road and bridge tolls, business registration and inspection fees – profits are wrung out at every stage of the food industry. Before a food or drug reaches the consumer, huge additional costs are incurred for raw materials, transportation, production, distribution and retailing, preventing both manufacturers and retailers from growing. With food and drug supply chains becoming more complex and the market more open, those burdens are passed onto the consumer by fair means (increased prices) or foul (cheap but toxic products). Most countries monitor food safety at the farm and the factory. But in China food safety issues can arise anywhere.

Second, there's government regulation: a developing market economy and continued government involvement in that market mean greater government ability to obtain income. But ability to manage has decreased. There have been obvious legislative successes: the Food Safety Law, the Drug Control Law and the Regulations on Supervision and Management of Medical Equipment have all been promulgated, and a number of national standards are now in line with international practice.

But these ever more detailed laws have failed to improve food and drug safety. The problem is implementation. Several government departments are responsible for food safety, and powers and responsibilities are fragmented. The Ministry of Health is in charge of overall coordination and risk evaluation; the Ministry of Agriculture covers agricultural products; the General Administration of Quality Supervision, Inspection and Quarantine monitors imports, manufacturing and processing; the Drug Supervision Administration is in charge of medicines; while food products on the market are mostly the responsibility of the industrial and commercial authorities.

This leads to two problems. One, overlapping supervision increases costs for the companies. And two, when problems arise, the authorities pass the buck. Fees are taken – but not responsibility. Both of these problems make it harder to guarantee food safety. On a trip to America, former premier Zhu Rongji paid a visit to the US Food and Drug Administration, a powerful government agency that has been in existence for a century. On his return to China, Zhu set up a similar body in China, but for various reasons it failed to play its hoped-for role and was broken up.

Major design flaws at the top worsen problems with implementation at the grassroots. Laws and national standards are not, generally, strictly enforced. Local officials lack motivation to enforce these rules and often act on behalf of dishonest companies as much as on behalf of the state. National law becomes the basis on which those officials draw benefit from business – in exchange, laws are laxly enforced, or simply ignored. This extra cost for the companies may then be passed on to the consumer in the form of lower-quality products.

Better food regulation needed

Local officials become part of the low-quality food chain and share in the profits. Naturally, they have no interest in eliminating the problem. This is not just apparent in the food and drug sectors. The recent cases of pyramid scheme fraud in Beihai and Nanning, the sex industry in the Pearl River Delta – these sorts of problems are also tied up with the interests of local officials. Government aims and objectives are not implemented and so governance fails. Worse, with this culture already entrenched, strengthening enforcement in any one area actually gives officials more power to extract benefit – creating the opposite effect to that intended. The more invested in enforcement, the more power the officials have, and the less effective governance becomes.

Finally, there's consumer and public oversight. China's particular policy and legal environment cannot meet the political needs of a modern society and citizenry. Media supervision and public participation are limited, non-governmental supervisory groups cannot act, self-regulation by industry groups is underdeveloped and public law suits against food and drug firms fail to get through the courts. The food and drug industries lack the pressure of social oversight, and so the final and most direct line of defence is lost – and safety problems just get worse.

Our lives are determined by the systems we live in. In China food and drug safety isn't just a question of economics. It is also a matter of regulation, and more, a matter of our political and legal system. Management of these structural issues without overall reform, with just the blind expansion of enforcement powers, will be useless.

Changing this system through economic, administrative, social and legal channels needs the continued participation of the victims – the citizen as consumer. And this participation must extend beyond supervision and enforcement in the food and drug sectors into all other areas: demanding economic justice, breaking up monopolies and widening market access; shutting down production, pursuing criminal liability, and demanding huge punitive damages; seeking judicial independence, improving law and regulations, expanding legislation, and promoting the rule of law; launching citizen movements, establishing NGOs, and promoting political reform.

Only widespread participation and overall reform can provide hope for a complete resolution. This will be no easy path to take, but when it comes to structural problems there are no short cuts.

(Source: chinadialogue.net Authored by Tang Hao)

Organic Certification vs. Food Safety

Organic food is not the solution to food safety woes in China, says industry expert Zhou Zejiang.

Zhou Zejiang is the Asia representative for the International Federation of Organic Agriculture Movements and a consultant to the Ministry of Environmental Protection's Organic Food Development Centre.

Zhou Wei (ZW): How well do you think food certification is run in China?

Zhou Zejiang (ZZ): There are some problems with the industry itself. But I think that most of China's organic foods are fine. If you count 100 as full marks and 60 as a pass, then most of China's certified organic foods get 70. Some are doing well, and fully meet international standards. Of course, some aren't so good and don't pass, or are just fakes.

The Certification and Accreditation Administration's new rules include a "one product, one code" system. That means there needs to be a 17-digit tracking number on the packaging of all organic products, and that has to link to full information – size and weight, source, the producer. If the consumer is interested, all that can be checked on the spot. And you know instantly if something hasn't been certified. The labels are issued according to the quantities produced, so the makers can't sneak in extra quantities. Nowhere else in the world has that degree of traceability for organic products been put in place.

ZW: Some years back, certain products being sold as organic were actually found to be regular foods. How reliable is certification today?

ZZ: The new methods for managing certification were a forced response – in the past, things were a bit of a mess. And now this is a sort of over-correction. But one clear benefit is flushing the fakes out of the market.

Of course, you can't say that there aren't any issues of trust around the certification system as a whole. There are still some tricky problems to solve. Certification depends on certifying bodies, and so there is the issue of checking the quality of the certification itself. Also, the companies being certified may cheat – doing one thing while they are being certified, and another the rest of the time. So consumers can be sure what they're buying has been certified, but that doesn't mean it 100% meets organic standards. For that, you need to know how well it was certified and what supervision was like.

It's commonly accepted nowadays for certification staff to get a gift from the company being certified. That's not seen as a problem, particularly if the gift is the company's own product. Taking money is definitely against the rules, but we can't say it doesn't happen.

As for how bad things are, the levels of honesty in organic certification are about the same as in other areas of certification – it all happens within the same cultural environment, so they're unlikely to be much better. If corruption in industry or regulation isn't solved, there's no use having any number of certification bodies. You can't just rely on tough [top-down] supervision, you need joint oversight by consumers and society.

ZW: How did organic food certification develop in China?

ZZ: The idea of "organic" food arrived in China in 1989. In 1990, overseas certification companies started working here. In 1994, the first Chinese certification body was formed, and certified its first product in 1995. The second was founded in 1999. Certification continued to expand until 2004, when it hit a peak, with over 30 certification bodies nationwide, certifying some 3.3 million hectares of farmland. Then the state intervened and that was cut down to 23 bodies, covering about 3 million hectares.

Between 1990 and 1998, certification was almost entirely for the export market. The domestic market only got going in 1999. But now, domestic sales of certified products far outstrip exports.

ZW: How did things change during that process?

ZZ: Originally, organic certification was overseen by the environmental authorities, which at the time meant the State Environmental Protection Agency [the body which later became the Ministry of Environmental Protection]. In 2003, it was handed over to the certification authorities.

After a period of rapid growth in 2003 and 2004, national standards for organic food were put in place in 2005 and the state started to clean up the sector, reducing the number of certifying bodies and the area of land covered.

Organic food certification wasn't originally about food safety – it was about developing ecological agriculture and protecting the environment. But once food safety emerged as an area of concern, "organic" came to be seen as some sort of savior. I don't think it's right for organic agriculture to be the focus of the food safety agenda.

The facts show that too much emphasis on the importance of organic certification for food safety can mislead the consumers and have a negative effect. It can also warp the development of certification and cause rogue merchants to produce fake organic products.

ZW: What problems do you see with the way the government manages organic certification?

ZZ: Organic food accounts for much less than even 1% of the Chinese market. Compared with other foods, it is actually over-regulated.

You aren't allowed to use any pesticide or chemical fertilizer when growing organic food. That's a very high standard, but you can do tests for that, which means it's actually very easy to regulate. And as organic food is pricier than other products, consumers are more concerned – so organic food has actually become the focus of regulation. The certification administration has spent a lot of time on organic certification, and the traceability system for organic food we're running now is the most advanced in the world.

So they're regulating whatever is easy to regulate, and things are out of proportion. Genuine organic food needs to be provided by firms in response to market demand – the government should be neither pushing for unrealistic growth, nor controlling its development through excessive regulation.

While continuing to oversee production of organic and green foods, regulatory efforts should focus more on normal foods. All foods should be safe, that's key. Organic foods should be an added extra, once safety of all food is assured. They shouldn't be the solution to the unsafe foods.

ZW: What would you like to see happen next?

ZZ: The government needs to take a range of measures and do a number of things if organic foods are to be a success. It needs to manage regulation, implementation and food-producers. It needs to promote knowledge of organic foods, allowing consumers to participate in the development and oversight of the organic food industry.

And besides certification, I'd like to see a system for building trust between responsible consumers and honest producers, encouraging local sourcing and consumption, reducing food miles, protecting the environment and saving resources. If that was done all over the country, you would have a large and nationwide system for safe food production and consumption.

(Source: chinadialogue.net Authored by Zhou Wei)

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