

China Market Veteran Crowther Lobbies For Nutritional Product Regs

The U.S.-China Health Products Association is pushing China’s regulators to publish health food regulations to help spur Western firms’ entry into the country.

With supplement firm **Jarrow Formulas** and testing organization **NSF International** as founding members, HPA hopes to act as an on-the-ground partner for supplement companies expanding into the burgeoning Chinese market, said Jeff Crowther, the group’s CEO.

Crowther is former director of the Natural Products Association’s China office in Beijing. He set up HPA in July 2010 soon after NPA let him go and shortly before NPA China shuttered its office (“China Takes ‘Baby Steps’ Toward More Open Supplement Regulation,” “The Tan Sheet” June 14, 2010).



**U.S.-China Health
Products Association
CEO Jeff Crowther**

In an interview March 10 at Natural Products Expo West, Crowther said rather than just consulting with firms, he opted to set up the trade group as a means of pressing China’s State Food and Drug Administration on long-delayed health food regulations.

Western stakeholders’ interests in finalizing the regulations – expected to define “dietary supplement,” require certification of good manufacturing practices and potentially allow structure/function claims for nutritionals – have taken a backseat to other health care regulatory issues in China since 2008, he said.

“The kind of lull that happened when NPA vacated, that really stopped a lot of that momentum” in lobbying for the regulations to be published, Crowther said at the conference and trade show in Anaheim, Calif.

HPA now is working with the U.S. Department of Commerce’s International Trade Administration and driving the conversation with SFDA, he said.

He added that, with a lean operation of two current full-time staffers and possibly a third in the future, HPA is “going to be a lot sleeker, a lot faster” in making decisions than NPA China.

Crowther said HPA also uses NSF’s testing capabilities and vendor verification program, aided by the NSF Shanghai testing lab that opened in February.

Market “Pioneers” Pick Premium Products

The opportunity for success in China – where various sources value the supplement industry between \$8 billion and \$10 billion – exists for Western firms willing to persevere and learn the terrain.

Drew John Campbell, CEO and founder of **World Health Store**, a non-voting general member of HPA and the first Western-owned natural health product retailer in China, said Chinese consumers still need education on supplements to overcome mistrust of counterfeit and contaminated domestic products.

Campbell, who began his career at **GNC Australia**, said he and others involved with HPA are “pioneers” laying a foundation for growth in China. He said he welcomes the arrival of mass-market supplement firms.

“It cements that this is a credible market and it puts pressure on the government to really make the regulations black and white,” Campbell said.

WHS has five locations in Beijing and 10 openings planned in 2011, including some in Shanghai. With about 500 stock-keeping units per store, WHS focuses on higher-end supplement brands including *Jarrow*, *All American EFX* and *BSN*, Campbell added.

At Expo West, Alex Lee, founder and CEO of **CoreSports Nutrition**, said he is building his premium sports supplement distribution firm by targeting a very specific niche: government-sponsored Chinese athletes.

“We wanted to go after who was actually spending money and able to procure these types of products,” Lee said. “These are essentially athletes that are eating, sleeping, drinking and basically doing everything on the government dollar.”

NPA China Office Goes Dark For Now

In late 2010, NPA China quietly shut its doors four years after its launch (“Advocacy, Liberalizing Regulatory Environment Initial Goals For NPA China,” “The Tan Sheet” July 24, 2006). In addition to Crowther’s departure in June, Randy Dennin left his position as chairman of NPA China in August.

When funding through a grant from DOC’s Market Development Cooperator Program finally dried up in September, it “sparked a reassessment of whether it made financial sense to have a full-time person in China,” said NPA CEO John Gay.

“We came to the conclusion that it didn’t, so we closed that office,” he added.

Gay emphasized in an interview that NPA has by no means turned its back on China or any other overseas market, and would not preclude reopening NPA China.

Additionally, NPA recently submitted comments to DOC for the U.S.-China Joint Commission on Commerce and Trade – a framework for trade talks.

NPA recommends to JCCT that China’s SFDA streamline the product registration process, expand the list of permitted health claims and crack down on the unapproved “gray market” that characterizes a large swath of the Chinese supplement industry.

“There are things that we can do that will allow us to remain engaged and pushing to help open [the Chinese] market,” Gay said, adding NPA plans to continue its China ingredient testing program, on which it collaborates with U.S. Pharmacopeia (“China Tightens Manufacturing Regs To Spur Compliance With U.S. GMPs,” “The Tan Sheet” Feb. 18, 2008).

By Dan Schiff

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