

U.S.–China Health Products Association

Navigating China's complex natural-products industry is easier, thanks to the USCHPA.

BY KIMBERLY J. DECKER



With a population of nearly 1.4 billion, China represents the largest consumer base in the world. Add to that the government's stated goal to improve the nation's health, and the potential for the natural-products market is huge.

Not since the Nixon Administration has an organization done more to open China to American interests than the U.S.–China Health Products Association (Tianjin, China; and Lewes, DE). That may sound like hyperbole, but for the many American natural-products companies that have benefitted from the association's efforts—whether on nuts-and-bolts trademark issues, cultural insights, or broader initiatives to change the way the industry works in China—it's the plain truth.

That's a tall order for any trade association to fill, which is why it's all the more notable how successfully USCHPA has filled it. For when the association was incorporated in July 2010, it was virtually a one-man show, with its current executive director, Jeff Crowther, serving not only in that capacity, but as chief financial officer, communica-

tions officer, membership officer—"basically everything the association needed to function properly," he says.

Those early years were lean, but with Jarrow Formulas (Los Angeles) and NSF International (Ann Arbor, MI) the first two companies to join as members, the association got a vital financial jumpstart. "However," says Crowther, "two companies do not an association make, and the funding was severely lacking to tackle all the things I wanted it to accomplish." So, forgoing his salary that first year, he set a goal of racking up at least five or six other members by its end, and with that goal accomplished in short order, USCHPA "started moving forward with our mission, hiring staff, and so on."

As something of a startup, USCHPA was lucky to have an "old China hand" (albeit a chronologically young one) like Crowther at



its helm. With a degree in China studies and two decades spent following developments in China, he had as close to an insider's grasp of the nation as an outsider could. And crucially for USCHPA's members, he knew the lay of the health products land.

"I've been focused on the China industry since 2004," Crowther says, "and was already living there, having worked for several different U.S. dietary supplement organizations" at the time of USCHPA's inception. It was his experience during that period that inspired Crowther to create USCHPA, as he "saw a great need for the regulations to change to allow consumers access to dietary supplements and industry to freely conduct business."

The reason: Despite representing "a huge potential market for dietary supplements," China remains a challenging environment in which to operate, Crowther says. "The current regulatory system is difficult for the government to regulate and for industry to follow, and it keeps products out of the market and confuses consumers." So, he says, "Someone had to step up and do this."

"This," in the case of USCHPA, encompasses everything from helping companies find their way in China's health products market to the association's latest major initiative: encouraging the government to tilt its regulatory system in a more open and transparent direction.

As Crowther explains, "In China, companies must first register their dietary supplements with the food and drug administration." While that sounds fair enough, the process can drag on for two to three years and cost upwards of \$100,000 per product. Not surprisingly, "Traditional manufacturers and marketers of dietary supplements don't want to invest \$100,000 per SKU to enter the market. So these companies end up having a very difficult time gaining access to sales channels and consumers" in a market that's indispensable to any 21st-century global strategy.

So, in part thanks to USCHPA's regulatory advocacy and Crowther's insider savvy, China's FDA is now making changes to its regulatory process for supplements, by way of redrafting its food safety law. Although we'll have yet to learn the precise content of China's final dietary supplement regulations, hints are they'll create a notification-based system not unlike that in the U.S., for ingredients such as simple vitamin and mineral formulas—a fact somewhat confirmed by the release of two draft documents by China's FDA in November detailing the creation of a notification or "recording-type" system for vitamin and mineral supplements. And, while a notification system would be welcomed by many, Crowther predicts that "formulas that contain

USCHPA staff at this November's first-ever China International Nutrition and Health Industry Summit: (From left to right) executive assistant Carrie Wang, executive director Jeff Crowther, and science and regulatory manager Ben Zhang. Not pictured: Lilian Lin, communications; Guo Long, IT manager; and Liu Qian, administrative assistant.

multiple ingredients will most likely still have to go through the current system. The notification system is rumored to be free and fast, but again, we don't know exactly how the regulations will work yet."

That being the case, Crowther expects that USCHPA will spend most of first-quarter 2015 "dissecting the new rules to find problematic areas for industry," he says. "The association is also planning to hold some specialized events addressing key areas that have great potential but aren't being addressed—such as probiotics, omega-3s, and sports nutrition."

One of those events is the association's first-ever China International Nutrition and Health Industry Summit, held this past November in Beijing. More than 100 attendees spanning 60 global companies spent two days immersing themselves in topics such as regulations, product-registration procedures, functional and medical foods, distribution solutions, e-commerce, ingredient introductions, and investments. And, true to the association's mission to bridge the gap between industry and regulators, the event featured China's FDA director Zhang Jinjing in an exclusive Q&A session. Also represented? The Chinese Nutrition Society, the China Council for the Promotion of International Trade, the China Health Care Association, the China Chamber of Commerce, and the Tianjin Free Trade Zone Investment Bureau, not to mention representatives from Canada, the EU, Israel, and U.S. governments.

It's all in a day's work for an organization that "isn't your typical trade association," says Crowther. Aside from regulatory advocacy, USCHPA helps its member companies, and the dietary supplement industry as a whole, succeed in "one of the most difficult markets in the world. So there's a lot of extra help needed to navigate the regulations, systems, sales channels, and more." They'll be in good hands. "What I tell new members," Crowther says, "is that if they have a problem, put it on the table and my team and I will get to work on it."