

# **The Regulatory Landscape and Market Trend of Natural Health Product in North America in Connection to China**

北美天然健康品最新法规透视和市场趋势与中国的关系

Michael ZC Li, MD (Hons), MSc, MBA  
Wellgenex Sciences Inc.  
Canada

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## Scope 范畴

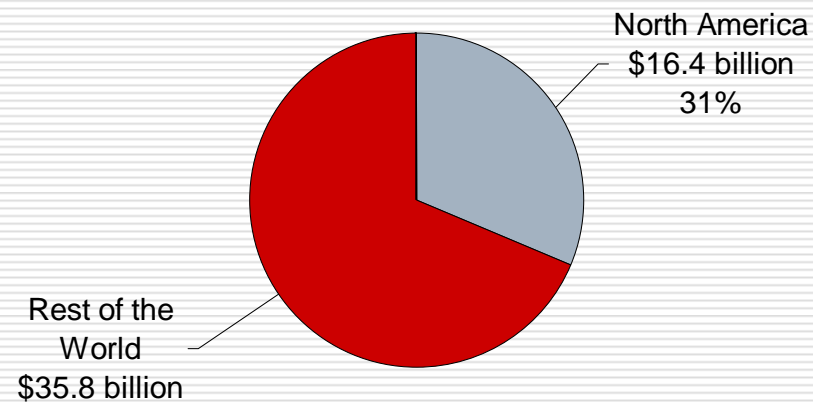
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- Natural Health Product (NHP)/Dietary Supplement  
天然健康品/膳食补充剂
  - Vitamins and minerals
  - Botanicals, herbal remedies and traditional medicines such as traditional Chinese medicines
  - Homeopathic medicines
  - Probiotics, and
  - Other products like amino acids and essential fatty acids
- North America
  - USA and Canada excluding Mexico

## Market Data – North America Vs Global Market Size 北美与全球市场份额

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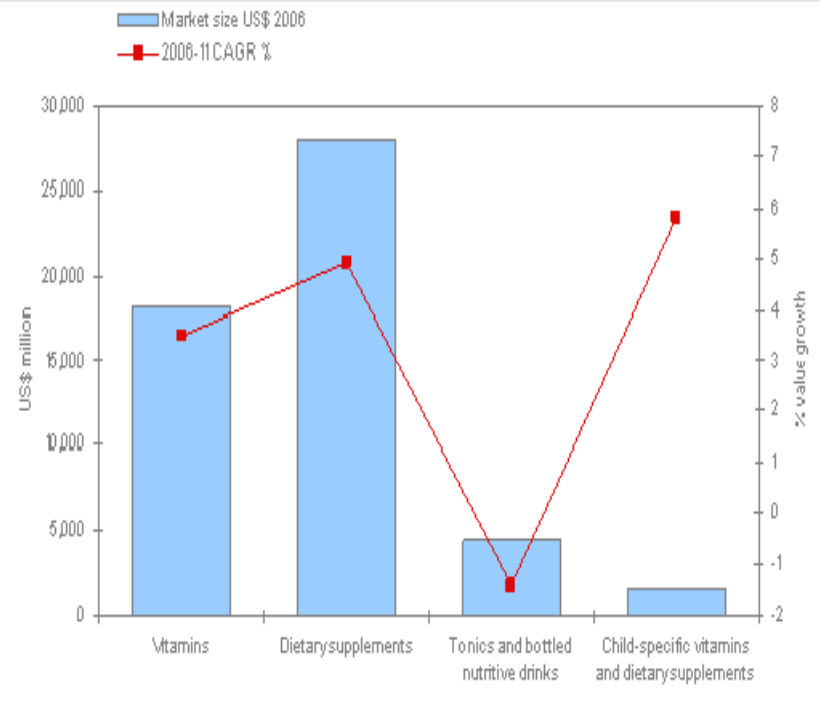
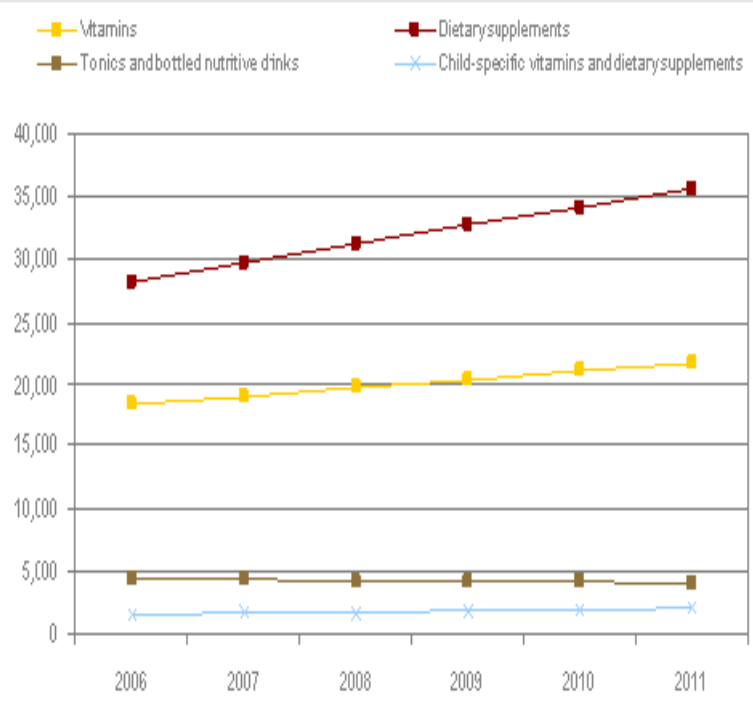
North America Market Size in 2006 (in US\$)



Source: Euromonitor International

# Market Forecast – Global Sales by Type 2006-11

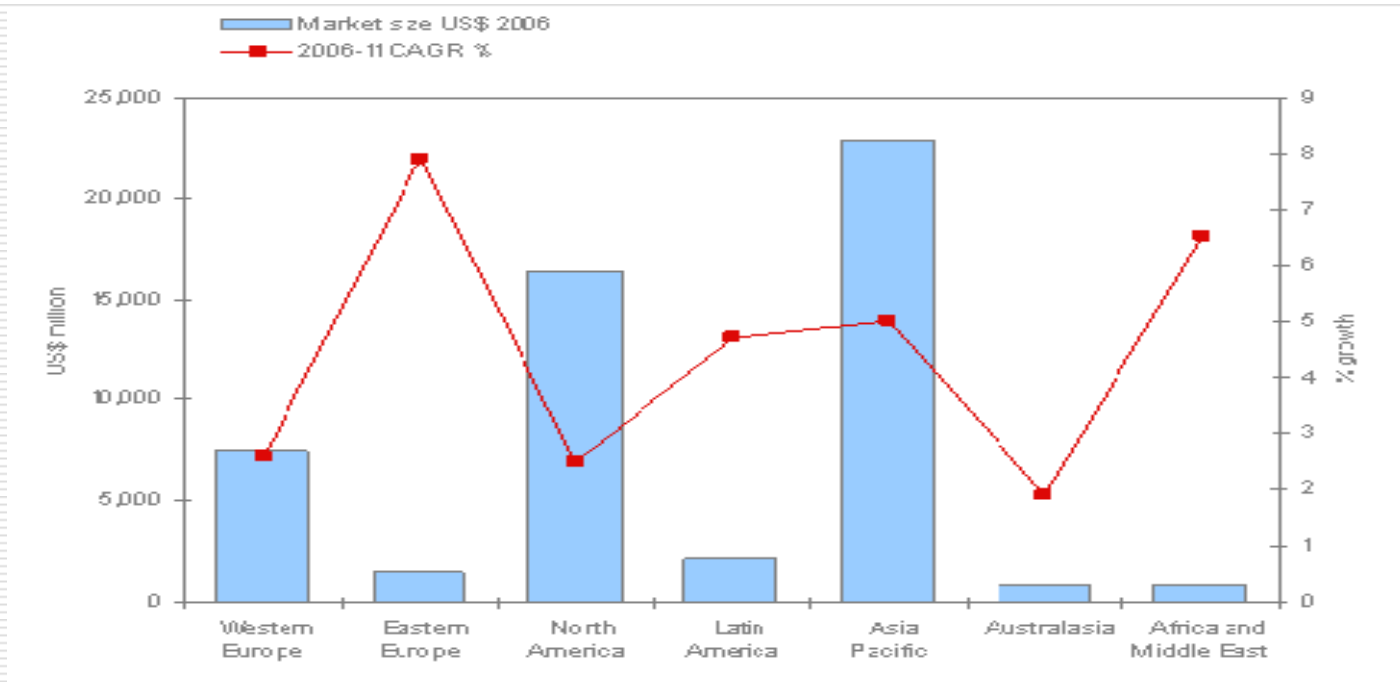
## 全球市场销售预测 2006-11



Source: Euromonitor International

# Market Data – Global Sales by Region 2006-11

## 全球市场区域销售预测 2006-11



Source: Euromonitor International

## Market Data – US Sales by Subsectors Value & Growth 2000-05

### 美国市场销售情况 2000-05

Sales of Vitamins and Dietary Supplements by Subsector: Value 2000-2005						
US\$ million	2000	2001	2002	2003	2004	2005
Vitamins	5,555.3	5,608.8	5,768.8	6,232.5	6,483.0	6,503.5
Dietary supplements	6,365.7	6,557.8	6,701.2	7,247.0	7,560.0	7,948.7
Tonics and bottled nutritive drinks	12.9	13.3	13.5	13.7	14.0	14.5
Child-specific vitamins and dietary supplements	332.3	324.3	332.8	339.7	349.9	356.8
<b>Vitamins and dietary supplements</b>	<b>12,266.2</b>	<b>12,504.2</b>	<b>12,816.3</b>	<b>13,832.9</b>	<b>14,406.9</b>	<b>14,823.5</b>
Source: American Herbal Products Association, Trade press (including Chain Drug Review, Drug Store News, Drug Topics, Grocery Headquarters, MMR, Nutrition Business Journal, Private Label Buyer, Supermarket News), Company research, investor brokerage reports, Store checks, Trade interviews, Euromonitor International estimates						

Sales of Vitamins and Dietary Supplements by Subsector: % Value Growth 2000-2005			
% current value growth	2004/05	2000-05 CAGR	2000/05 TOTAL
Vitamins	0.3	3.2	17.1
Dietary supplements	5.1	4.5	24.9
Tonics and bottled nutritive drinks	4.0	2.4	12.4
Child-specific vitamins and dietary supplements	1.9	1.4	7.3
<b>Vitamins and dietary supplements</b>	<b>2.9</b>	<b>3.9</b>	<b>20.8</b>
Source: American Herbal Products Association, Trade press (including Chain Drug Review, Drug Store News, Drug Topics, Grocery Headquarters, MMR, Nutrition Business Journal, Private Label Buyer, Supermarket News), Company research, investor brokerage reports, Store checks, Trade interviews, Euromonitor International estimates			

## Market Data–Canada Sales by Subsectors Value & Growth 2000-05

### 加拿大市场销售情况 2000-05

Sales of Vitamins and Dietary Supplements by Subsector: Value 2000-2005						
C\$ million	2000	2001	2002	2003	2004	2005
Vitamins	301.0	306.8	312.7	321.8	336.5	354.5
Dietary supplements	358.1	367.9	379.3	381.0	384.9	391.9
Tonics and bottled nutritive drinks	0.4	0.4	0.4	0.4	0.4	0.4
Child-specific vitamins and dietary supplements	18.4	18.6	18.9	19.1	18.2	17.3
<b>Vitamins and dietary supplements</b>	<b>677.8</b>	<b>693.7</b>	<b>711.4</b>	<b>722.3</b>	<b>740.1</b>	<b>764.0</b>
Source: Official statistics (Canadian Institute for Health Information, Health Canada, Industry Canada, Statistics Canada), trade associations (Canadian Association of Chain Drug Stores, Canadian Generic Pharmaceutical Association, Nonprescription Drug Manufacturers Association of Canada), trade press (Calgary Herald, Canadian Business Magazine, Canadian Grocer, Globe and Mail, Grocer Today, Marketing Magazine, Nutrition Business, Pharmacy Post, Pharmacy Practice, Strategy Magazine, Western Grocer), company research, trade interviews, Euromonitor International estimates						

Sales of Vitamins and Dietary Supplements by Subsector: % Value Growth 2000-2005			
% current value growth	2004/05	2000-05 CAGR	2000/05 TOTAL
Vitamins	5.3	3.3	17.8
Dietary supplements	1.8	1.8	9.4
Tonics and bottled nutritive drinks	-5.0	-2.5	-11.8
Child-specific vitamins and dietary supplements	-5.1	-1.2	-5.7
<b>Vitamins and dietary supplements</b>	<b>3.2</b>	<b>2.4</b>	<b>12.7</b>
Source: Official statistics (Canadian Institute for Health Information, Health Canada, Industry Canada, Statistics Canada), trade associations (Canadian Association of Chain Drug Stores, Canadian Generic Pharmaceutical Association, Nonprescription Drug Manufacturers Association of Canada), trade press (Calgary Herald, Canadian Business Magazine, Canadian Grocer, Globe and Mail, Grocer Today, Marketing Magazine, Nutrition Business, Pharmacy Post, Pharmacy Practice, Strategy Magazine, Western Grocer), company research, trade interviews, Euromonitor International estimates			

## Market Data – US Forecast Sales & Growth 2005-10

### 美国市场销售预测 2005-10

Forecast Sales of Vitamins and Dietary Supplements by Subsector: Value 2005-2010						
US\$ million	2005	2006	2007	2008	2009	2010
Vitamins	6,503.5	6,644.9	6,775.6	6,854.1	6,919.1	6,965.8
Dietary supplements	7,948.7	8,379.7	8,915.7	9,364.2	9,715.9	9,949.8
Tonics and bottled nutritive drinks	14.5	14.9	15.1	15.3	15.4	15.4
Child-specific vitamins and dietary supplements	356.8	364.6	374.5	382.3	388.4	392.7
<b>Vitamins and dietary supplements</b>	<b>14,823.5</b>	<b>15,404.1</b>	<b>16,080.8</b>	<b>16,615.9</b>	<b>17,038.8</b>	<b>17,323.6</b>
Forecast Sales of Vitamins and Dietary Supplements by Subsector: % Value Growth 2005-2010						
% constant value growth	2005-10 CAGR		2005/10 TOTAL			
Vitamins	1.4		7.1			
Dietary supplements	4.6		25.2			
Tonics and bottled nutritive drinks	1.2		6.0			
Child-specific vitamins and dietary supplements	1.9		10.1			
<b>Vitamins and dietary supplements</b>	<b>3.2</b>		<b>16.9</b>			
<i>Source: Euromonitor International estimates</i>						



## Market Data – Canada Forecast Sales & Growth 2005-10

### 加拿大市场销售预测 2005-10

Forecast Sales of Vitamins and Dietary Supplements by Subsector: Value 2005-2010						
C\$ million	2005	2006	2007	2008	2009	2010
Vitamins	354.5	372.2	389.6	406.1	421.7	436.2
Dietary supplements	391.9	402.4	413.6	423.1	432.0	439.8
Tonics and bottled nutritive drinks	0.4	0.4	0.3	0.3	0.3	0.3
Child-specific vitamins and dietary supplements	17.3	16.4	15.5	14.6	13.7	12.9
Vitamins and dietary supplements	764.0	791.4	819.1	844.2	867.7	889.2
Forecast Sales of Vitamins and Dietary Supplements by Subsector: % Value Growth 2005-2010						
% constant value growth	2005-10 CAGR		2005/10 TOTAL			
Vitamins	4.2		23.1			
Dietary supplements	2.3		12.2			
Tonics and bottled nutritive drinks	-5.6		-25.1			
Child-specific vitamins and dietary supplements	-5.8		-25.7			
Vitamins and dietary supplements	3.1		16.4			
Source:	Official statistics (Canadian Institute for Health Information, Health Canada, Industry Canada, Statistics Canada), trade associations (Canadian Association of Chain Drug Stores, Canadian Generic Pharmaceutical Association, Nonprescription Drug Manufacturers Association of Canada), trade press (Calgary Herald, Canadian Business Magazine, Canadian Grocer, Globe and Mail, Grocer Today, Marketing Magazine, Nutrition Business, Pharmacy Post, Pharmacy Practice, Strategy Magazine, Western Grocer), company research, trade interviews, Euromonitor International estimates					

## Consumer Trends & Industry Drivers – US 美国市场消费趋势

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- Condition and population specific
  - e.g. child-specific driven by parental awareness
- Consumer trust impacted by negative media coverage
  - St. John's wort, ginseng, ginkgo
  - Ephedra (Ma huang)
- Specialized & niche succeed
- Vitamin & minerals and formulas vs. single herbs

## Consumer Trends & Industry Drivers – Canada 加拿大市场消费趋势

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- 51% Canadians use NHP
- Condition specific
  - Aged population
  - Chronic diseases unmet by Western drug (ie osteoporosis, osteoarthritis)
- Multivitamins strong
- Herbals face challenges
  - Efficacy questioned
  - Interaction with standard medications
- Health Canada's new NHP regulations grant unprecedented opportunities

## Product Retail Value by Positioning in 2005 – US 美国市场产品分类 2005

### Dietary Supplements by Positioning: % Retail Value Analysis 2005

% retail value	2005
Heart	9.0
Joint	8.0
Immune system	7.0
Bone	5.0
Digestive	5.0
Mental	5.0
Mood	4.0
Women's health	4.0
Eye health	3.0
Others	50.0
TOTAL	100.0

Source: American Herbal Products Association, Trade press (including Chain Drug Review, Drug Store News, Drug Topics, Grocery Headquarters, Mass Market Retailer, Nutrition Business Journal, Private Label Buyer, Supermarket News), Company research, investor brokerage reports, Store checks, Trade interviews, Euromonitor International estimates

## Major New Product Launch in 2006 – US 美国2006新产品上市

Brand	Company	Category	Feature
Garlique CardioAssist	Chattem Inc.	Garlic	Heart health formula supplement featuring plant sterols, niacin, folic acid, and Vitamins B6 and B12. Intended to lower LDL cholesterol.
GNC Women's Mega Ultra Bone Density	GNC Corp.	Multivitamins	Bone health formula for women with calcium, Vitamin D, Vitamin K, magnesium, and MBP, a protein complex for building bone mass.
EPA Xtra	Nordic Naturals Inc.	Fish oils	Lemon-flavoured fish oil capsules with added EPA, which along with DHA ingredients offers 84% overall omega-3 content and it is odour free.
Nordic Berries	Nordic Naturals Inc.	Child-specific vitamins and dietary supplements	Berry-flavoured children's multivitamin, with a sweet and sour citrus taste based on Norwegian legends of trolls gathering cloudberry at night, and with artwork from illustrator Debi Gliori.
Nordic Naturals Pro EFA Xtra	Nordic Naturals Inc.	Fish oils	Omega-3 supplement for joint and immune health offering high concentrations of three fatty acids
Natrol NADH	Natrol Inc.	Dietary supplements	Energy supplement featuring NADH, a natural compound claiming to increase cellular energy production.
Nature's Resource CranAssure	Osuka Pharmaceutical Co. Ltd.	Dietary supplements	Softgel urinary tract health supplement featuring cranberry extract from Ocean Spray, vitamin C, beta carotene, and selenium.
Airborne On-The-Go Airborne Nighttime	Airborne Inc.	Multivitamins	Slim, individually wrapped versions of the Airborne effervescent multivitamin line. Airborne Night time is formulated to mix with hot water to help soothe and relax

## Product Retail Value by Positioning in 2005 – Canada

### 加拿大2005市场产品分类

Dietary Supplements by Positioning: % Retail Value Analysis 2005	
% retail value	2005
Joint	14.9
Heart	6.7
Bone	31.4
Immune system	0.01
Mental	1.5
Digestive	0.01
Mood	2.
Beauty	3.0
Eye health	0.03
Others	40.45
TOTAL	100.0
Source:	<i>Official statistics (Canadian Institute for Health Information, Health Canada, Industry Canada, Statistics Canada), trade associations (Canadian Association of Chain Drug Stores, Canadian Generic Pharmaceutical Association, Nonprescription Drug Manufacturers Association of Canada), trade press (Calgary Herald, Canadian Business Magazine, Canadian Grocer, Globe and Mail, Grocer Today, Marketing Magazine, Nutrition Business, Pharmacy Post, Pharmacy Practice, Strategy Magazine, Western Grocer), company research, store checks, trade interviews, Euromonitor International estimates</i>

## Major New Product Launch in 2006 – Canada 加拿大2006新产品上市

Brand	Company	Category	Feature
New Greens	Pure Prescriptions	Dietary supplements	A blend of seven proprietary formulas said to help boost energy, digestion, mental clarity and more.
Slim Down Jump Start Kit	CE Jamieson & Co, Ltd	Dietary supplements	A new line of slimming aids, which includes a thermogenic fat burner (containing carthamus tinctorius seed), a metabolic normalizer (active ingredient CitriMax, or garcinia combogia fruit) and a hunger control complex (N-oleoyl-phosphatidyl-ethanolamine)
Jamieson Natural Sources CoQ10 120 mg	CE Jamieson & Co, Ltd	Co-enzyme Q10	A new dosage strength for the company CoQ10 product, which now claims to offer one of the highest potency formulas available on the market.
Jamieson Natural Sources Green Tea Phytosome Complex	CE Jamieson & Co, Ltd	Dietary supplements	A new supplement based on green tea extracts; claims multiple benefits, such as heart health, weight loss, cell damage.

## Regulatory Landscape – US 美国法规概况

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- ❑ Dietary supplements, under DSHEA since 1994, is regulated differently from food and drugs
- ❑ Generally no FDA pre-market approval is required
- ❑ FDA GMPs for dietary supplements released on June 22, 2007
- ❑ For a complete overview of US regulations, please visit [www.wellgenex.com](http://www.wellgenex.com)



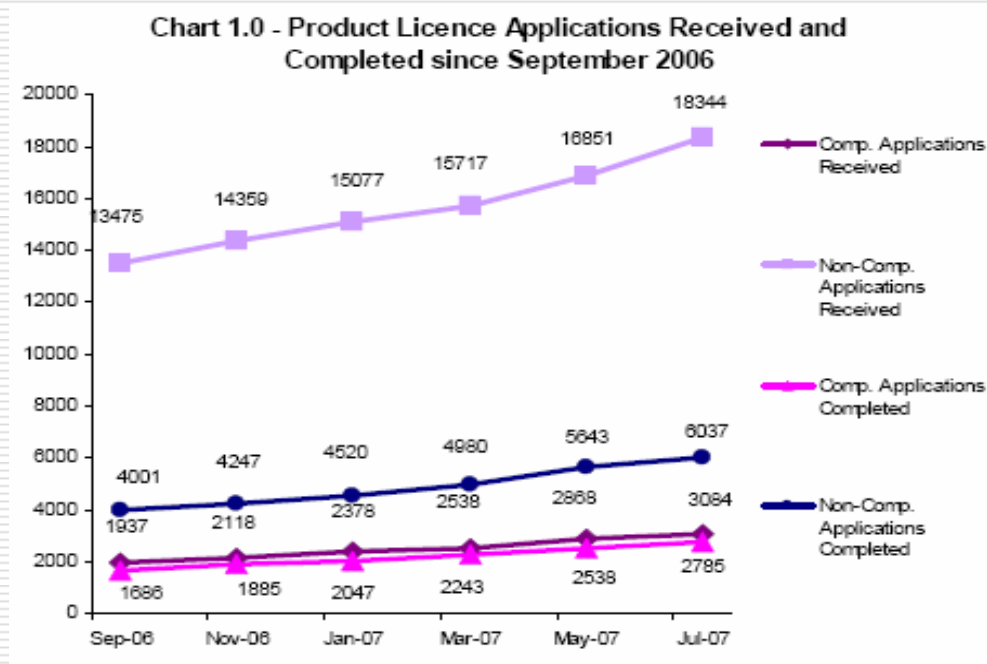
## Regulatory Landscape – Canada 加拿大法规概况

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- ❑ New NHP regulations introduced in 2004
- ❑ NHP considered a subset of drug
- ❑ Claims (therapeutic, risk reduction and structure / function) allowed after approval
- ❑ Traditional paradigm recognized
- ❑ No import and sales of NHP without product and site licenses
- ❑ For a complete overview of the new Health Canada NHP regulations, please visit [www.wellgenex.com](http://www.wellgenex.com)

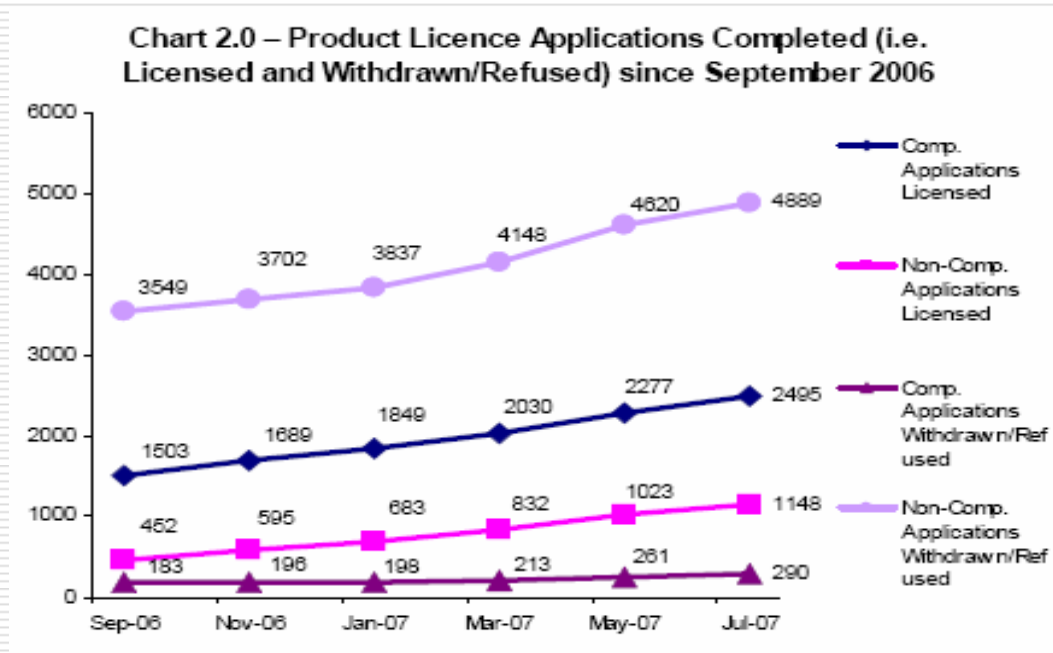
## Regulatory Update – Canada 加拿大法规近况

- Product license - Natural Product Number (NPN)
  - A total of 21,428 applications, in which 18,344 are non-compendial, filed by July 6, 2007



## Regulatory Update – Canada 加拿大法规近况

- 6,037 (33%) of the non-compendial have been completed. 4,889 (81%) were withdrawn / rejected, and 1,148 (19%) were approved



## Opportunity for China by Canadian NHP Regulations 加拿大法规给中国的机遇

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- TCM/CM claims allowed under NHP regulations
- Product license granted by Health Canada
- Conversion to formulated products
- Greater access to mainstream market

## Wellgenex Sciences Inc. 公司简介

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- Mission: Helping our clients create product excellence and connect to market success in life sciences, nutrition and natural health in North America and China
  
- Corporate highlight:
  - A Canadian professional firm specialized in market development, regulatory affairs and product commercialization
  - Focus on life sciences, nutrition and natural health in North America (Canada, US) and Asia Pacific (China)
  - International experts with extensive technical and business expertise in academia, industry and government
  - Headquartered in Vancouver, Canada with office in Beijing, China
  - Currently serving clients from Canada, US, China, India, Hong Kong, Taiwan, Japan, Singapore, Korea, Iran and Switzerland

## Contact 联系方式

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### Corporate Head Office:

150-10451 Shellbridge Way  
Richmond, British Columbia  
Canada V6X 2W8  
Tel: 604-249-2896  
Fax: 604-278-5760  
Email: [info@wellgenex.com](mailto:info@wellgenex.com)  
Web: [www.wellgenex.com](http://www.wellgenex.com)

### China Beijing Office:

1606 Investment Plaza, Bldg. B  
27 Finance Street, West District  
Beijing, P.R. China 100032  
Tel: 10-6621-5855  
Fax: 10-6621-3279



# Thank you

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谢谢!

