

FIN24.COM

New law 'good for consumers'

*Marc Ashton

9 March 2009

Johannesburg - A new law on the packaging of health products could help consumers as long as it applied to both local and international firms. This is according to Mike Allan, CEO of AltX-listed BioScience Brands. Speaking to Fin24.com in an interview, Allan said: "BioScience fully supports the legislation, provided that all the manufacturers and distributors are operating on a level playing field." Allan is referring to the draft regulations on Complimentary and Alternative Medicines (Cams), which were published in government notices in August 2008. The legislation is aimed at standardising the way that non-scheduled consumer health products such as vitamins, nutraceuticals and even traditional and herbal medicine products are packaged.

However, the South African market is serviced by both local and international suppliers, each with their own home territory legislation, which makes it difficult for consumers to make an informed decision on these products when making comparisons. Allan says some service providers are reluctant to comply with the legislation because they fear higher costs at either manufacturer or distributor level. In many cases, firms would have to overhaul their packaging and labelling processes. Pharmaceutical legislation requires complete traceability of manufactured goods, from raw material supplier right through the supply chain to manufacturing operations and distributors. The legislation aims to protect consumers and assist in the recall process, should problems be discovered in manufactured batches.

This means that those who contract out the manufacturing of their products to third-party suppliers need to ensure they are in line with the highest manufacturing standards. "Our suppliers comply," said Allan, whose company produces a variety of consumer goods products including Muscle Science, the BioHarmony nutritional range and the KGB "hangover cure". A concern for consumers is that healthcare manufacturers may push the cost of tighter legislation on to them. Allan says this wouldn't be the case for companies whose processes and packaging already complied with recommendations and regulations. If passed, this legislation could dramatically shake up the branded consumer healthcare sector at a time when regulatory compliance in all markets is becoming increasingly topical.

Despite the economic downturn, Allan believes that demand for consumer health products is likely to remain strong. "People can only eat as well as they can afford, and with food prices

remaining high, many are looking at consumer health products to supplement their diets where possible."

*The writer holds shares in BioScience.