

Inadequate product safety procedures and poor quality can have a negative impact on the price advantage of contract manufacturing in China

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# Made in China other side the coin

In the cosmetics industry there is already a considerable amount of primary packaging being imported from the Far East, particularly from China. Cosmetics manufacturers have reported both positive and negative experiences. Points to watch carefully whenever cosmetics products are contract manufactured in China for the European market are examined here by Michael Pfeiffer of Pfeiffer Consulting.

> he Cosmetics Directive § 5b, covering "availability and access to documentation", states amongst other things in para. (1) that "If the cosmetics product is imported into the European Union the person responsible for the importation must have available at the given address or company domicile the documentation ... described in section (1)". Where products are manufactured outside of the EU it is often the case that the product data, as we know it and as the legislators require it, is incomplete and only rarely made available. The level of understanding of the EU legal requirements amongst external contract manufacturers is also often inadequate. In an attempt to assess for oneself the competence of a contract manufacturer one quickly comes up against barriers, with a lack of reliable data that can be used for evaluation, particularly with regard to toxicology.

Product quality often leaves a lot to be desired. Quality defects include phase separation, bacterial growth, the use of ingredients not specified in the agreed formulation, false INCI declarations and contamination with pesticides etc. The latter problem is mainly due to the use of lower quality, impure ingredients. The product quality can therefore vary over several batches or deliveries. Furthermore production only rarely takes place under cosmetic GMP conditions – something which should be checked on site by the importing company.

The purchasing department, where comparisons are often based purely on price, always has a great deal more influence when it comes to placing orders with non-EU contract manufacturers for products that are subject to tough price competition at home. Subsequent costs, or additional overheads, such as when inferior quality products are supplied, are generally not taken fully into account. The party responsible for the problem is not always the party that bears the costs. Before orders are placed with contract manufacturers it is important to carry out a diligent risk assessment with regard to the possibility of additional costs.

If the results of such a risk assessment indicate that contract manufacturing in the Far East is a realistic proposition then it is probably safe to go ahead. However guarantees must be sought locally with regard to quality assurance, process and personal hygiene, strict goods inwards and despatch controls and safe production processes. This cannot be adequately done merely by making a general check. Given the extended distances and possible cultural and linguistic barriers a good way to significantly reduce the risk potential is to enlist the services of a competent and trustworthy local partner.

### Alternatives to Far East manufacturing

Interestingly enough, despite globalisation, geographical proximity is still an important factor when it comes to the manufacturing of personal care products. Our experience over recent years has shown that cosmetics manufacture in Germany or other EU countries, with a full range of support services, with state-of-the-art equipment, efficient production processes and fully-functioning QA systems, can be carried out faster and more safely, and when all costs are taken into account, even more cheaply. And that does not mean only for big companies, but also for small and medium sized businesses. It also minimises the potential risk to a brand image.

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