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Mr Andrew Dawson

Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

Input to JSCFADT – Issues pertaining to access to free trade agreements by small and medium sized enterprises

4th April 2018

Dear Mr Dawson,

Thank you for the opportunity to provide input to this hugely important new enquiry into access by small and medium sized enterprises that are seeking to leverage free trade agreements for export of goods and services. As I am sure you are aware, Ego Pharmaceuticals recently received the 2017 Exporter of the Year Award at the 55th Australian Export Awards, and is focusing much of its investment capital and growth expectations towards our export markets. For Ego, China is an emerging market that has significant growth potential.

In relation to the current terms of reference for your committee we specifically provide comment to you in regards to the following terms:

- awareness of, and accessibility to, free trade agreements;
- lessons learnt from attempts at leveraging free trade agreements, including barriers to implementation and success in fast-tracking export opportunities;

The requirement by the Chinese Federal Drug Administration (CFDA) that cosmetic products made overseas be tested on animals undermines one of the core strengths of Ego Pharmaceuticals; its commitment to using the best science to develop its products. In addition to being archaic and unethical, this requirement creates a non-tariff barrier to trade and is a risk to exports not only to China but to New Zealand and the EU where animal testing for cosmetics has already been banned.

Ego Pharmaceuticals main points of concern are:

1. The CFDA's requirement that cosmetic products made overseas be tested on animals completely removes access to any free trade agreement for companies like Ego that do not test their products on animals. In 2013 the CFDA removed compulsory animal testing for non-special use cosmetics produced in China. Why are locally-produced cosmetics deemed safe without animal testing yet products produced overseas, in Australia for example, not? For a free trade agreement to work between countries there needs to be a level playing field. This requirement also places tremendous risk on current cross-border sales of skincare products by all companies in Australia to China. Needless to say, it will also create an unnecessary barrier to future expansion into the country, a reality that will be of no benefit to either Australia or China.

2. Australia has some of the strictest, most thorough standards regulating cosmetics. So long as the tested cosmetic does not contain ingredients banned in China, why is strictly-controlled, internationally accepted human testing insufficient if it clearly demonstrates product safety?
3. The scientific community's stance on animal testing for cosmetics is unequivocal: it is unnecessary and does not aid in the assessment of product safety. Validated *in vitro* testing exists in place of animal testing that can accurately assess the potential risks of ingredients to humans faster, cheaper and more accurately than animal models.
4. When validated *in vitro* testing is first carried out on ingredients that may be thought to pose a risk to human health (UV filters or preservatives for example), the nature of cosmetics should actually *necessitate* the use of humans as the sole test subject: as articles designed solely to change the appearance of the subject and not its physiology the potential risks are negligible should *in vitro* testing pass ingredients of concern. Cosmetic testing in animals is thus counter-productive; why test an article on a subject that cannot consent and will be disposed of once testing is completed, thus raising ethical concerns, when the subject the article is actually intended for is available for testing relatively cheaply and free of any safety or ethical concerns?
5. Human testing for cosmetics provides better, more appropriate and ethical results. While pharmacological agents designed to have a *physiological effect* on the host need to be conducted in animals first to avoid potential unforeseen deleterious effects- they are designed to change the physiology of the subject, after all- even the best animal model is only an approximation
6. The preferential use of animals to test cosmetics when validated *in vitro* testing, in conjunction with subsequent testing in human subjects, can be used without safety or ethical concerns needlessly advocates for the suffering of animals- an unethical, immoral and wasteful practice.
7. Legislation banning the sale of cosmetics that have been tested on animals is already implemented or will be implemented in the near future in many countries and regions, including Australia and the EU.
8. International and Chinese public perception is firmly against cosmetic testing on animals. A 2007 survey of Chinese University students found that nearly 70% of those surveyed agreed that the use of animals for testing the safety of cosmetics should be stoppedⁱ.
9. Animal testing is slow and costly, both in terms of the financial cost and the number of animals required to conduct the testing. A recent study evaluating the US Safe Cosmetics and Personal Care Products Act of 2013 suggests that, for the first ten years of testing using animals, no more than 50% of cosmetic ingredients would be tested at costs of up to US\$9 billion and using 11.5 million animalsⁱⁱ but that by the end of this 10 year period, high-throughput methods would then be available to rapidly test the remaining ingredients. The authors conclude that a better alternative would be to accelerate the development of these high-throughput methods instead, thereby saving significant amounts of money, time and animals.

Clearly, the requirement that all cosmetic products produced outside of China be tested on animals is a significant step backwards. We hope that the points raised here will encourage serious debate on this issue and compel the Chinese FDA to reverse their stance.

Yours sincerely,



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ⁱ Davey G, Wu Z. Attitudes in China toward the use of animals in laboratory research. *Altern Lab Anim.* 2007 Jun;35(3):313-6

ⁱⁱ Knight J, Rovida C. Safety evaluations under the proposed US Safe Cosmetics and Personal Care Products Act of 2013: animal use and cost estimates. *ALTEX.* 2014;31(2):177-208. doi: 10.14573/altex.1309271.