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China Updates is a service provided by U.S.-China Health Products Association. The Newsletters will be issued as relevant material becomes available. China Updates will provide news on regulatory environment, new legislation, association activities and any information related to the natural health products industry in China.

China SFDA Intensifying Efforts to Control Food and Drug Market

The National Work Conference on Food and Drug Supervision and Management was held in Beijing. At the conference, the progress of the major work of food and drug supervision and management in the first half of 2012 was reviewed, the current situation of food and drug supervision and management was intensely analyzed and plans were made to carry forward and complete the scheduled work for this year.

According to the conference, during the first half of 2012, food and drug departments of all levels have inspected and exposed over 70 illegal spirulina and fish oil products. Seven cases involving producing and selling fake health food to consumers is being handled by the State Food and Drug Administration (SFDA).

Health food and cosmetics market has seen improvement in Shanghai, Tianjin, Fujian, Guizhou and Qinghai after inspections were carried out. While in Hebei, Shanxi, Heilongjiang, Jiangxi and Ningxia provinces, food and drug departments are mainly focusing on the food safety in restaurants and school cafeterias. The first year alone has witnessed the canceling of 195 restaurant licenses. Moreover, 16,893 kilograms of food and raw materials were confiscated and 37,336 companies ordered to carry out quality improvements with another 1,990 cases under investigation. All these efforts have improved and created a new order in the food and drug markets, and have intimidated those who are involved in illegal activities.

The conference also outlined plans for the 2nd half of 2012. SFDA said, food and drug departments at all levels must step up their presence in the supervision and management of food and drug markets, crack down harsh on illegal activities, and make specific requests of enterprise owners. *(Source: SFDA)*

Lawmakers in China Lobby on Water Quality

Lawmakers in China called for better legislation to ensure drinking water quality, Xinhua News Agency reported. Members of the National People's Congress Standing Committee reviewed a report submitted by the State Council on work to ensure safe drinking water.

Wang Qingxi, vice-chairman of the NPC Environment and Resources Protection Committee, said that the accelerating development of heavy chemical industry along major rivers in China is significantly to blame for the country's deteriorating water quality. According to government surveys conducted in 2007 and 2011, about 14 percent of China's water sources had poor quality drinking water and 11.4 percent of water supplies to cities was unsafe.

According to environment bodies, China has set a target of reducing the emission of sulfur dioxide and the chemical oxygen demand, a main index for water quality, by 2 percent this year from the 2011 level.

(Source: Xinhua News Agency)

Three New additives of Food Packaging Materials Approved by Ministry of Health

According to Food Safety Law and Rules on the administrative license of new food variety, China's Ministry of Health now approved the use of three additives in food packaging materials. As posted on the official website of MOH, the specific information on the three additives approved are as follows:

Name	Maximum residue limit	Scope of usage	Maximum usage amount	Foods it can come in contact with
1,3:2,4-di-O-(p-chlorobenzylidene)-D-sorbitol (DCBS)	No	Noblen and propylene olefin copolymers moldings (non-film)	0.3%	No
2-Propen-1-aminium, N,N-dimethyl-N-2-propenyl, chloride, polymer with ethanedial and 2-propenamamide	SML, DL: 0.01mg/kg; QM: 1.5mg/dm ²	paper	0.24% Viscosity < 100cps (1#60rpm)	Aqua food, fat food, acidic food, and food containing ethanol, etc
2-Propen-1-aminium, N,N-dimethyl-N-2-propenyl, chloride, polymer with 2-propenamamide	SML, DL: 0.01mg/kg	paper	0.05% Temperature < 10-40℃	Aqua food, fat food, acidic food, and food containing ethanol, etc

Meanwhile, the usage of Pyromellitic Dianhydride as food packaging additive is expanded to PET. The maximum dose level and the maximum residue limit are PET 0.1% and SML : 0.05mg/kg respectively. But only seafood, acid food and low alcohol food are allowed to come in contact with such additives. (Source: China Ministry of Health)

UK's Top Health Food Retailer Opens Stores in China

Holland & Barrett, the UK's biggest health food retailer, entered the Chinese market for the first time by opening two franchise stores in Shanghai on Thursday.

Tapping into China's burgeoning health supplement sector demand, Holland & Barrett hopes to open another 16 stores later this year, and more than 500 stores within 5 years' time.

"We will start from Shanghai, and go all over China in the future. Our target is to become the No. 1 brand for health living in China," said Harvey Kamil, vice chairman of NBTY, parent company of Holland & Barrett.

Chris Wood, minister and deputy head of the British Embassy in China, said that he feels excited the British household retailer is taking a "bold move" in to the crowded and competitive China market.

"Chinese consumers are increasingly wealthy nowadays, and also becoming more discerning," he said, noting that life style products will have great potential when some luxury British brands like Burberry and Rolls-Royce have achieved great fame in China.

Local people in Shanghai are curious about the new shop and fresh brand. Xia Guifang, a 54-year-old retired worker, said she is definitely interested in the products, as "something from UK must be of good quality". But she said the price is a bit high.

A bottle of cranberry capsules sells at RMB 278 yuan (\$44) in the store of Shanghai. And a small bottle of oats avena sativa costs 69 yuan.

"We know there is great demand, so we have quite an ambitious plan in the Chinese market," said global franchising manager Mark Stewart-Maunders.

He added that Holland & Barrett's products are unique for their quality, citing the brand's Good Manufacturing Practice certification and endorsement from organic associations as proof.

Moreover, the brand's training scheme, the Natural Health Academy, became the first high street program to receive the UK government's Education Development International endorsement.

Leveraging upon its quality training credentials, Holland & Barrett is launching a health consultancy service in China, where customers can pre-book one-to-one sessions to receive advice about healthy living.

"It's about giving that extra service in the Chinese market. It'll be the first market where we've done it. So when Chinese consumers want some good advice, they can confidently come to us," said Stewart-Maunders.

China has witnessed a growing demand for nutritional supplements in recent years, driven by its aging population, rising incomes and better-educated urban consumer population.

Last year, more than 260 billion yuan (\$41 billion) in health foods were sold in the country, according to the National Development and Reform Commission's Public Nutrition and Development Center.

Meanwhile, China Health Care Association data showed that Chinese consumers' average spending on healthcare products in 2011 accounted for 0.1 percent of their total expenditure. In comparison, consumers in developed countries spent only 0.03 percent.

But Holland & Barrett will face tough competition in China.

Among international companies, Amway, a direct seller, has staked out a lead position with a market share of 16 percent in 2010, according to Euromonitor data. Its 2010 sales reached 21 billion yuan.

Another competitor is General Nutrition Centers Inc, a Pennsylvania-based manufacturer and retailer of health products that launched products in major Chinese cities including Shanghai, Guangzhou and Shenzhen last August.

Tongrentang, a traditional Chinese medicine producer with more than 300 years of history, joined in the race in 2003 by launching subsidiary to sell herbal healthcare supplements.

Sales revenue of Tongrentang Health grew from 180 million yuan in 2003 to 5.6 billion yuan in 2011, and sales manager Song Tong said earlier this year that a sales target of 10 billion yuan is set for 2014.

Stewart-Maunders says that a certain level of competition will help to "expand product categories in the Chinese market" and benefit every brand, but he feels that Holland & Barrett's over 90 years of history will help it gain consumer trust.

Founded by Samuel Ryder as a market garden in Brighton, a city on the south coast of Britain, the brand has grown to over 700 retail stores in the UK and Ireland.

It launched a franchising strategy for overseas expansions 4 years ago, and has since established 10 franchised stores in Singapore, 6 in Cyprus, 3 each in Malta and the United Arab Emirates, and 1 each in Hungary, and Gibraltar.

Stewart-Maunder says that China has "always been on the radar" since Holland & Barrett looked overseas for growth. "In fact, we've had many hundreds of enquiries from interested parties."

But finding a franchising partner was challenging, as some parties were too small to make the investment required, and others did not understand the brand's core values.

Finally, an appliance manufacturer, Changzhou Globe Tools Co. came along, and demonstrated its commitment by recruiting a team of experienced managers in the retail sector to help it build the brand in China.

"Now we feel that we have a partner with a like mindset, has engaged in extensive market research, and is really willing to invest behind the brand over the long term," Stewart-Maunder said. *(Source: China Daily)*

Association Gains New Member

This week USCHPA welcomed Unipharm Inc. as its latest member to join the growing number of companies interested in the China market and enthusiastic about supporting the association's initiatives. Membership not only supports the association's endeavors, but it also gives members access to the association's team on the ground in Beijing, which works closely with membership to help them achieve their goals in this ever expanding market. The association is very happy to have Unipharm on board and looks forward to assisting in their expansion in China.

About Unipharm

Unipharm, Inc. is a privately owned American healthcare company specializing in the development and marketing of quality, nutritional supplement products, and over-the-counter (OTC) drugs. Since 1992, Unipharm has consistently grown and continues to provide award-winning quality products to customers around the world.

All their vitamin and mineral products are made with care in America. Unipharm is headquartered in New York City in the renowned Empire State Building with branch offices worldwide. They have found success in many countries and are always seeking to find new markets where their products can be a useful part of people's lives. For more information on Unipharm, please visit their website: www.unipharmus.com

(Source: USCHPA)

If you have China related news that you would like to share with the association for publication in its newsletter please contact us at:

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