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September 21, 2012

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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.

Aker BioMarine Joins U.S.-China HPA

The association is happy to announce that Aker BioMarine has become the latest member. As the industry leader and innovator of Omega-3 Krill Oil, the association is excited to be working with Aker BioMarine's team in China.

Omega-3s are already well known in China especially DHA, which is found in a growing number of products such as baby formula, cooking oil, etc. Aker BioMarine's krill oil will do well in the market, as it is rich in highly bioavailable Omega 3s in the phospholipid form. Furthermore, Krill oil has the added benefit of containing naturally occurring Astaxanthin, which is a powerful antioxidant.

Aker BioMarine is an integrated biotechnology company – uniquely positioned to create value krill derived biotech products. The company is supplying biomarine ingredients through an optimized value chain from raw materials to customer. Superba is Aker BioMarine's registered brand name for its krill products for the dietary supplement industry. To learn more about Aker BioMarine, visit their website: www.superbakrill.com. (Source: USCHPA)

Nestle Sees 20 Percent Increase in China

Nestle SA, the world's largest food company, said China sales will probably grow about 20 percent this year because of rising wages and government efforts to boost local consumption.

The slowing growth of Asia's biggest economy hasn't affected the local operations of the Switzerland-based company, which has seen expansion in most of its businesses, including dairy products and coffee, said Roland Decorvet its chairman in China.

The slowing growth of Asia's biggest economy hasn't affected the local operations of the Switzerland-based company, which has seen expansion in most of its businesses, including dairy products and coffee, said Roland Decorvet its chairman in China. Nestle's China sales increased by more than 20 percent last year and will grow by at least 10 percent in 2013, he said.

"There are a lot of initiatives done by the government to promote the local economy, domestic economy and local consumption," said Decorvet, who was attending the World Economic Forum in Tianjin. "Wage inflation means more purchasing power." (Source: China Daily)



Cargill Building new Fructose Facility in China

U.S. agribusiness giant Cargill Inc. is looking to further expand its presence in China as the country's demand for diversified food products continues to be on the upswing. The multinational company is looking to expand all lines of its business in China, with particular emphases on animal protein, animal nutrition, food ingredients and health-promotion businesses.

The company is building a new \$67 million high fructose plant in Luohe, a city in Central China's Henan Province. Slated for completion by June 2013, the new project will help Cargill provide better services to its customers in China.

Cargill posted lower earnings of \$1.17 billion from its continuing operations across the globe during fiscal 2012, which ended on May 31st this year. In contrast, the company has posted record earnings of \$2.69 billion during the same period in 2011. Though not in line with its expectations, the fiscal 2012 performance was still one of its better years for earnings and ninth in the company's history. Revenues for the period were \$133.9 billion, up 12 percent from a year ago.

The food ingredient business posted a third consecutive year of record earnings in fiscal 2012. The company invested over \$4 billion to support its customers and on global growth plans, including acquisitions, joint ventures and new or expanded facilities.

Robert Aspell, president of Cargill Investment (China) Ltd, said a significant amount of Cargill's global capital expenditure was focused on China as the nation had an integral role to play in the company's overall growth.

"Rising incomes and accelerating urbanization in China are driving demand for more diversified and convenient diets. Higher income has also increased the consumption of meat proteins and vegetable oils. Cargill still sees the upside on the daily caloric intake of consumers in China, especially on proteins," Aspell said.

To feed a population of more than 1.3 billion, more agricultural products are now produced and sold in China than anywhere else and this has boosted the overall food consumption in China during the past 10 years. China, India and Brazil have all become fast growing markets for international agricultural product marketers and producers from the U.S. and Europe.

In 2011, China imported \$95 billion worth of agricultural products, compared with just \$12 billion in 2001. The 2011 figure also represented a 30 percent year on year growth, according to the Ministry of Agriculture.

Ding Shengjun, a food supply and security researcher at the State Administration of Grain, says processed foods such as canned foods, especially those related with cooking and restaurants have grown fast in China. “The demand for juices, soft drinks, yogurt and milk will provide all sorts of opportunities for the food and ingredient industry. The sector has been showing excellent potential”, said Ding.

According to the National Bureau of Statistics, in recent years the average person in China has been consuming 5 percent more meat, 10 percent more milk and 8 percent more cooking oil than five years ago.

Cargill believes that China will continue to be a sweet spot for investment. During our interactions with food, feed and meat companies, our main customers, we realized that all of them anticipate explosive growth in China. We plan to grow side by side with them”, said Aspell.

Cargill entered China in 1972 and has since ventured into different products ranging from animal proteins and grains to oilseeds. Cargill (China) currently has more than 7,000 employees and 52 facilities across the country. (Source: China Daily)

The above story on food and feed consumption is certainly amazing. The opportunities in the mass market channel for pre-packaged foods and beverages seems to be a wise investment and sure to make producers a handsome return. This next story is deliberately placed to show the negative results of this staggering increase in food consumption.

Expanding Waistlines in China a “Growing” Concern

With living standards improving substantially, the Chinese people have seen their waistlines expanding rapidly over the past several decades, only to pose serious threats to their health and increase the burden on China’s healthcare system.

Recent statistics have shown that the average waistline of Chinese urban males has gone from 25 inches in 1985 to 30 inches in 2012, growing by 20 percent. Those between the age of 40 – 50 have an average waistline of 34 inches.

Protruding bellies and overweight people are now a common sight in many Chinese cities. As early as 2002, statistics showed that China had 200 million overweight people, 60 million of whom were obese. The Chinese Center for Disease Control and Prevention said that from 1992 to 2002, China's overweight rate went up by nearly 40 percent and its obesity rate almost doubled.

Currently, over 80 percent of the Chinese obese population suffers from central obesity, characterized by the so-called "pot belly", said Chen Chaogang, an associate professor from Sun Yat-sen University. Central obesity could increase the risks of developing diabetes, hypertension, high cholesterol and cardiovascular diseases", said Chen.

Matthew Crabbe, co-author of "Fat China: How Expanding Waistlines are Changing a Nation" described China's surging rate of obesity as "a ticking bomb" underneath the country's future economic growth and public healthcare system. In 2003 alone, Chinese overweight and obese adults directly cost the country \$3.3 billion through the means of hypertension, diabetes, coronary heart disease and strokes.



Meanwhile, the childhood obesity numbers are just as serious in China. Currently, China is still pursuing the one-child policy. Parents and especially grandparents treat their "old-child" as royalty. Bowing to their every whim with food coming in as a top priority for these little kings and queens. The latest statistics from the Chinese Center for Disease Control and Prevention showed that the number of overweight and obese people below the age of 18 has reached a staggering 120 million. Another statistic published in the Obesity Review Journal by American researchers, painted a more alarming picture. Chinese teenagers' rate of diabetes was four times that of their American peers.

Barry Popkin, one of the lead researchers, said that 1.7 million Chinese children aged 7 to 18 suffer from diabetes with another 27.7 million considered pre-diabetic. "In addition, more than one-third of children under age 18 had high levels of at least one cardio metabolic risk factor. Health experts agree that the widespread obesity epidemic is largely caused by radical diet changes and an unhealthy lifestyle.

Over the past few decades, Western-style food had gained considerable popularity in China. Western fast food chains like KFC, McDonald's, Pizza Hut and Burger King are very popular among young people. The calorie rich junk food has helped increase their waistlines.

At the same time, Chinese adults seem to have abandoned physical exercise. A report issued by the Ministry of Health in August 2012, found that 83.8 percent of adults never exercise. Some health experts blame the poor urban planning for this lack of activity. Chen Yuming a professor from Sun Yat-sen University said, "Unable to find exercise venues nearby, people are inclined to go home and watch TV while enjoying their snacks. This helps to form a hazardous cycle." Chen also noted, "Many people believe that obesity is a result of indulgent feeding. This is not true. Obesity is a social issue." (Source: People's Daily).



Vice President Calls Attention to Food Safety and Health Awareness

Vice-President Xi Jinping called for strengthening public food and health knowledge in an effort to steer public attention toward food safety issues and prevent misconduct in the industry.

Xi made the remarks while visiting Beijing-based China Agricultural University for activities marking the National Science Popularization Day. (Source: Xinhua)

By-Health to Build the First "Transparent Factory" in China

September 2012 saw the opening of China's first "transparent factory" by By-Health, which is one of China's largest nutritional supplement manufacturers/suppliers.

"Transparent", says the chairman of By-Health, referred to the transparency from material sourcing to the process of production. "Our raw materials come from all around the world. We will list the producing country of each of the materials."

"This transparent factory welcomes public visits, to observe every step of inspection and production. People can also learn about the whole procedure of the transparent factory from By-Health's online video." said Liang Yunchao, Chairman of By-Health.

On the website of By-Health Co., Ltd, it is said that By-Health has a comprehensive and scientific system of dietary nutritional supplements. It believes in the principle of "global materials and healthy family" to search the world for natural ingredients.

Just as By-Health Chairman Liang said, By-Health is and will always be abiding by a strict review system for sources of raw materials, fully taking into account environmental factors of cultivation of raw materials and keeping and selecting the most suitable variety of materials around the world.

According to the company's introduction, its major materials are imported from New Zealand, Norway, Germany, the United States, France, Japan, Thailand and so on.

Such as calcium from New Zealand, whey protein, fish protein, propolis and cherry from Brazil; wild salmon, cod liver oil from Norway; deep-sea squalene, collagen from Japan; wild mountain Kudzu from Thailand; fur seal from northern Canada's frigid zone, etc.

"The key to improving the quality of dietary supplements is tight control over raw materials." said Liang. "60-70 percent of the world's dietary supplement materials come from China. By-Health on the contrary intends to import materials from the world, and build a different Chinese brand."

The transparent factory, is exactly the business model By-Health always adheres to—to bridge the mutual trust between the company and consumers through consistent honesty and openness.

Former basketball player Yao Ming who now is mainly working on Shanghai basketball club and business was also present that day to attend the opening ceremony of a Global Materials Transparent Factory of Guangdong By-Health Co.,Ltd.

Yao was asked to speak a few words during the opening ceremony in his capacity as the Global Ambassador/Image Spokesperson for By-Health.

He said: "My personal creed is to strive to excel in everything I do. I think this should apply to enterprises as well, and I believe Guangdong By-Health is also striving to excel in what they do.

From the standpoint and perspective of a consumer, whether it is food or drugs, food safety should be of the utmost priority. Consumers will have confidence in a product if they are able to see raw material sourcing, production processes and quality control and assurance. Therefore, as an ordinary consumer, I look forward to having more transparent factories in China, which will give "we" the consumers peace of mind."

After the opening ceremony, Yao Ming was guided and took a tour of the factory and the laboratories to learn about some of the production processes. *(Source: USCHPA, By-Health website)*

Official Punished for Milk Scandal Appointed as Deputy Administrator of China SFDA

Sun Xianze was promoted as deputy administrator of the State Food and Drug Administration(SFDA), China's food and drug watchdog. Sun, however, was the very person punished for SanLu melamine-contaminated milk scandal which was said to have killed six infants and sickened an estimated 300,000.

No detailed information was published on SFDA website, except the news from the Ministry of industry and information technology of people's republic of China. But Sun had attended two big events as deputy administrator of SFDA, including the research project of China 's pharmaceutical industry policy in Beijing, and an inspection meeting held in Tianjin.

Born in Jiangsu Province, Sun got a degree from China Pharmaceutical University and once worked in Chengdu City as a pharmaceutical engineer. He was later promoted to deputy director of the provincial food and drug administration. He has been working for the SFDA since 2003.

In 2009, the Central Commission for Discipline Inspection of the Communist Party and the Ministry of Supervision decided to punish those responsible for the Sanlu milk powder scandal. As director of the Safety Coordination Department under the SFDA, Sun Xianze was given a demerit.

According to the Administrative Regulation on the Punishment of Civil Servants, the span for a demerit record is 12 months. During the demerit period the person can't be promoted. However, when the punishment period expires, his salary, position and rank can be lifted.

Things of this kind are not rare in China. In the case of 7-23 Wenyong railway incident 2012, the official in charge then was just punished for another severe traffic accident years ago.

China now falls into the vicious cycle of “no prior supervision, illegal activities exposed, officials punished, and then illegal activities rise up again later on”.

The question here is if the punishment cannot be even put in place, then mutual trust between the government and the public needs to be placed in doubt.

(Source: USCHPA, Economic Observer)

Genetically Modified Food Test Sparks Criticism in China

A Greenpeace report that genetically-modified (GM) rice testing is putting unsuspecting children at risk in a rural town in China has sparked huge criticism across the globe and on-line. Researchers were accused of breaching ethical standards for testing poor, rural children whose families may not have been informed properly in advance.

Up to date, one official has been suspended from work pending further investigation after the scandal broke out. No other investigation results were released.

Parents in a rural China town are frightened over claims of potential risks linked to GM food, as the government is continuing a probe into whether the town's children were used as guinea pigs for a U.S.-China research program four years ago.

Dozens of children in the town of Jiangkou, located in central China's Hunan province, are believed to have been fed modified "golden rice" as part of a nutrition research program led by a professor from Tufts University in 2008.

Claims regarding the potential health risks of GM food -- some of which appear to have been exaggerated -- have triggered anxious speculation by the parents of children attending the Jiangkou Central Primary School, where the experiments allegedly took place.

"Rumors are everywhere. Some say the kids may suffer from lung disease or lose reproductive capabilities when they grow up," said a parent surnamed Liu whose 11-year-old child allegedly participated in the test.

Ministry of Health spokesman Deng Haihua on Tuesday urged the Chinese Center for Disease Control and Prevention (China CDC) to further investigate the case and publish their results in a timely manner.

"I only learned the news a few days ago. I am very worried because it seems that no one can clearly explain what happened," said Liu.

Many of the parents have been frustrated by the progress of an official investigation launched in late August, as full results have yet to be announced. Some of the parents have tried to learn more about GM food on their own by searching for related news reports and information on the Internet.

The China CDC on Monday suspended a fellow researcher allegedly involved in the case for his "inconsistent accounts during the investigation." Government departments and research institutes have denied granting approval for the experiment.

Deng said the World Health Organization and the Council for International Organizations of Medical Sciences have formulated an international standard of ethics related to human biological medical research, adding that the Ministry of Health issued a regulation on human biological medical research in 2007 to strengthen research management.

GM food remains controversial nearly two decades after being introduced to the commercial market, as there is still no consensus on whether or not it is harmful to the human body.

Greenpeace, which informed the parents about the testing, said on its website that it is not known whether genetically engineered crops are safe for human or animal consumption. Independent scientific studies on the matter are severely lacking, it said.

"Until now, no government departments or institutes have publicly spoken about the health risks or lack thereof regarding GM rice. As parents, how can we rest assured?" said a parent surnamed He.

A government report issued by the National Development and Reform Commission last year said China needs to enhance the management of GM food safety, adding that the country's research into the food's toxicology remains in its initial stages.

"Although there is no sufficient evidence to show that it is dangerous, GM food is surrounded by uncertainties regarding its safety. More tests need to be done," the report said.

The report also urged the strict labeling of GM products and increased publicity regarding the products.

It is not yet known if the parents were told that the nutrition research program involved GM food, nor if the testing posed any health risks.

"I wish the claims about GM food health risks were only hearsay. I would be ashamed if anything bad happened to the children, " said He Chongqiu, former principal of the Jiangkou school. *(Source: Xinhua News Agency, USCHPA)*

China Requires ID Registration for Ephedrine Purchases

To deter illegal drug production, China's drug authority now requires pharmacies to check and register the identity cards of people purchasing medicines containing ephedrine.

The maximum amount of each purchase will also be strictly limited, the State Food and Drug Administration (SFDA) said in a statement issued Tuesday.

The SFDA has launched a five-month national campaign aimed at limiting the sales of medicines that can be used to make illegal drugs, and medicines containing ephedrine ingredients will be a focus, the statement said.

The administration also ordered better supervision over the wholesale of ephedrine-containing medicines to control the spread of these medicines.

Moreover, the campaign efforts will include intensified supervision over pharmaceutical enterprises and stricter market admittance for ephedrine-containing medicines.

The authority will revoke the licenses of pharmaceutical enterprises found in violation of the ephedrine control regulations and those that are responsible for medicines being used for illegal purposes, said Wu Zhen, deputy head of the SFDA.

Ephedrine is commonly used in medicines to ease common cold symptoms, such as coughing, runny nose and nasal congestion, but it can also be extracted for producing methamphetamine hydrochloride, or crystal meth.

As the production and sale of ephedrine remain under the government's strict control, medicines containing ephedrine ingredients have become an alternative for criminals manufacturing drugs.

In 2010, police in Hangzhou, capital of east China's Zhejiang Province, cracked a case in which suspects bought over 1.3 million units of nasal drops and other medicines containing ephedrine, then transported these materials to Southeast Asia to produce drugs. *(Source: China Daily)*

China to Expand Grass-roots TCM Service

The Chinese government is moving to improve Traditional Chinese Medicine (TCM) services among health institutions at grass-roots levels, according to the country's vice minister of health.

Speaking at a meeting on Tuesday, Wang Guoqiang revealed a national campaign to promote TCM services at grass-roots levels, describing it as "an important measure" to support and boost the development of the country's TCM cause.

"The grass roots form the main ground for TCM services as well as the foundation on which the development of TCM relies," Wang said, adding that TCM is very effective in treating many common and chronic diseases and its role in healthcare and prevention of illness has also been widely accepted.

Figures provided by Wang showed that 75.6 percent of community health service centers and 66.5 percent of those at village and town levels provide TCM services, but the service quality has much room to improve.

"Our country's TCM service coverage is not wide enough, and the service quality is not very high yet. Increasing investments and policies should be focused on grass-roots levels in order to push forward the healthy development of TCM work," the vice minister of health said.

As the main goal for the campaign, which will be jointly carried out by five departments that include the ministry and the State Administration of Traditional Chinese Medicine, the country aspires to complete a TCM network that consists mainly of grass-roots health institutions specializing in or providing TCM services by 2015.

In other words, at least 95 percent of community health centers and 90 percent of those at village and town levels should be able to provide TCM, Wang added, with the expectations that such capacity should basically meet the demand of both urban and rural residents.

Other goals include adequate facilities and equipment for TCM services and improved skills among TCM workers.

July saw a national crackdown initiated on substandard or fake materials used in TCM production, a problem for which insufficient market supplies were blamed in part.

Official figures show that China's TCM industry was valued at 317.2 billion yuan (49.7 billion U.S. dollars) in 2010, with experts forecasting that the industry's annual output will exceed 1 trillion yuan by 2015.

(Source: Xinhua News Agency)

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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