

# CHINA UPDATES

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### 3<sup>rd</sup> China International Functional Food Summit & Technical Expertise Exhibition



In recent years, China's functional food market has been developing rapidly, but there are still a number of issues to be resolved. With a new administration in place, China is keen on reorganizing government departments and streamlining regulations. In order to strengthen functional food safety, the related departments are working with industry leaders and experts to revise regulations, which will be more effective and suitable for the Chinese market.

With the expanding economy, people are paying more attention to health and wellness. It is reported that the growth rate of nutritious and functional foods is 27.8% per year, outpacing the global norm.

China Updates is a service provided by U.S.-China Health Products Association. The Newsletters are issued approximately three times a month. China Updates provides news on regulatory environment, new legislation, association activities and any information related to China's natural health products industry.

Dietary supplements saw the highest growth rate among the nutritious and functional foods products, reaching 77.8%.

It is against this background that this conference has been launched. It will provide an effective platform on which participants will familiarize themselves with the latest Chinese policies and regulations for the functional food industry, encouraging communication between delegates and regulatory departments, therefore promoting better understanding of Chinese functional food trends. Furthermore, speakers from Chinese central government and world leading functional food enterprises will share

their precious viewpoints and experience on the Chinese functional food industry. (Source: USCHPA)

### TCM Trade among China and ASEAN Countries Surge

Thanks to the agreement of China-ASEAN free trade in 2010, the tax on health product and medicine trade among China and ASEAN countries decreased to a great extent.

The TCM trade among China and ASEAN countries in the first half this year saw a year-on-year increase of 41.46% to \$267 million. The value of export from China reached \$211 million, increased by 41.46% compared to last year. The import reached \$56 million, increased by 83.24%.

The trade of Chinese herbal medicines and extracts always account for over 80% of the total TCM trade. The export from China has been developing very stable at an 11% growth in the past few years.

In the first half of this year, the TCM export to Vietnam and Malaysia accounts for 57% of the total TCM export from China to ASEAM market. Only Singapore saw a drop regarding TCM export from China.

The major provinces in China that exported to ASEAN countries are Guangxi, Sichuan, Fujian, Yunnan and Jiangxi. Jiangxi saw the biggest growth rate in this regard, while Guangdong saw the biggest drop. In the first half of this year, 603 TCM local companies exported to ASEAN market.

State-Owned companies used to be the major group in TCM exporting to ASEAN market. In 2011, the export value of SOE accounted for over 50% in the total amount. In the first half of this year, the export value of private enterprises reached over \$ 98 million, increased by 60.25% compared to last year. This makes the private enterprises as the major group in TCM exporting to ASEAN countries. (Source:phamarcy.hc360.com)

### Tea and Health Product Products Accused of Over Packaging

Though the Chinese authority has requested limitation on product packaging, some local companies are still doing it their own way. Tea and health product are specifically over-packaged. The Shanghai local authority has spotted 17 products that are rated as over-packaged in its two-week inspection practices recently.

Prior to Mid-Autumn festival, the Shanghai quality control bureau has examined 391 sales and product

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companies with about 10,000 products. The administrators spotted 17 over-packaged products among 31 products. The local authority has requested related companies to suspend production and ask them to take the substandard products off the shelf.

Two tea companies and ten health product companies are among the substandard list. (Source: Xinmin Evening News)

### Major Domestic Juice Producers Accused of Using Rotten Fruit

According to the website of CFDA, four major domestic juice producers located in three provinces are accused of proceeding rotten fruit to produce juice. The national authority requested local FDA in Anhui province, Jiangsu province and Shandong province to investigate into related companies.

The investigation was launched as result of recent media report on this issue.

After preliminary investigation, the authority said major juice producers including Huiyuan Juice based in China's northern Shangdong province and Andeli Juice in China's middle Xuzhou city were among several others which were not found any illegal conduct yet.

The CFDA said that further investigations are being conducted. If any illegal practices are found, the punishment to related producers will be harsh. (Source: Chinanews.com)

### Urban Chinese Find Consumer Prices Too High

Almost 60 percent of urban Chinese people found prices of consumer goods in the third quarter as "high and unacceptable," a central bank survey said on Wednesday.

At 59.7 percent, it was up 0.6 percentage point from the previous quarter.

About 48 percent forecast that consumer prices in the fourth quarter will be stable or decrease, with 41.7 percent predicting rises and 10.3 percent saying "it is hard to say."

The People's Bank of China surveyed 20,000 urbanites in 50 cities.

About 85.4 percent of respondents believed their incomes "rose" or stayed "basically stable" in the third quarter. The figure was almost the same as the

previous quarter, but down 0.4 percentage point year on year.

About 67.6 percent complained that property prices were "high and unacceptable," up 0.9percentage point from the previous quarter. The survey showed 30.3 percent believed property prices were "acceptable" and 2.1 percent said they were "satisfactory."

China's consumer price index rose 2.6 percent year on year in August, down from 2.7 percent in July.

Consumer inflation has remained between 2 percent and 3.2 percent this year, comfortably below the government's full-year ceiling target of 3.5 percent.

House prices continued to rise in most Chinese cities last month. Of a statistical pool of 70 major cities, 66 saw a month-on-month rise in new home prices, up from 62 in July, the National Bureau of Statistics said on Wednesday. (Source: Xinhua)

## Health Reform Inspection Task Force Launched

Chinese central authorities on Monday dispatched six special inspection teams to supervise grass-roots medical reform in 12 provincial-level regions, said the State Council.



The inspection will primarily focus on the operation of the essential drug system, and reform of structure and income distribution in grassroots medical and health institutions. It will also examine rural doctor services and personnel stability.

The inspectors will supervise drug bidding and purchasing units and listen to public opinion regarding the service of grass-roots medical and health organizations. (Source: Xinhua)

## Overseas Medical Travel Becomes New Hit among China's Middle Class

Overseas medical travel has developed into a trend for middle-class Chinese travelers. More and more wealthy Chinese, middle-class and above, are travelling beyond South Korea and Japan, where they used to opt for medical purposes, to further fields including Southeast countries and Europe.

Compared to mainland China, medical services in the foreign countries boast different advantages ranging from cheap price, better service, advantaged medical technology to edges in specific medical fields.

Regarding Southeast Asia countries, language stands out as a big advantage for local medical institutions to attract Chinese consumers. Take Malaysia as an example. Its best service includes physical check and heart surgery. Some travel agents can provide a comprehensive physical test via a three-day trip package. Some Hong Kong travel agencies charge the consumers with about 6000 Hong Kong dollars for this service, which is very attractive to mainlanders.

Besides Southeast Asia countries, Europe is another ideal destination for Chinese middle class for basically two reasons: the medical technology is advanced in Europe, and Chinese people have the mentality of worshipping western things. Switzerland leads in this regard as it can provide high-end physical test and programs that aim at anti-aging.

Liu Yuan, a 31-year-old sales manager at an advertising company in Beijing, had laser eye surgery earlier this year. She was impressed with the care and the skill of surgeons at the private clinic she attended in Singapore.

"The long waiting time at public hospitals in China is so embarrassing and you can't choose the surgeon you want. And laser eye surgery in Singapore has a good reputation," Liu said.

The return flight cost her 5,000 yuan (\$793) and she also had the opportunity to shop in Singapore. "It's a double-gain trip," Liu said.

She is one of the thousands of Chinese residents who choose to venture abroad for medical treatment. With the rising affluence and mobility of the country's emerging middle class, there's been a significant increase in the numbers of Chinese traveling overseas as medical tourists in the past decade.

Around 60,000 Chinese people travel abroad annually for healthcare services, especially for anti-aging therapy, cancer screening, to give birth and for treatment of chronic diseases, according to Yang Jian, CEO of the Shanghai Medical Tourism Products and Promotion Platform.

In January 2008, Shao Hui learned that his sister had been diagnosed with a 5 millimeter diameter tumor in



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her lung.

The diagnosis came from a hospital in Japan, which has some of the best cancer-screening technology in the world. Just a few months later, the same hospital told the 36-year-old businessman that he had cancerous growth in his stomach.

The results were beyond Shao's expectations. "We have annual health checks at one of the best hospitals in Beijing and they didn't reveal any problems," he said.

His sister decided to act on the suggestion of the Japanese physicians and have the tumor excised, but not to undergo any other treatment such as radiation or chemotherapy. The Japanese doctors also guaranteed that the cancer would not reappear.

**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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