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China Improves TCM Planting in Face of Western Accusation

China is stepping up efforts to standardize its TCM production, as some western governments responded to increasing TCM imports from China by capping the sales.

Chinese government is taking measures to address this problem by starting from managing pesticide use. "The Ministry of Agriculture is drafting an updated standard on pesticide use," Wang Wei-quan, chairman of planting council of China TCM Association, told U.S.-China HPA.

"It has kicked off campaigns to promote safe use of pesticide on vegetable and special agriculture plants," said Mr. Wang. "CFDA is also highlighting safe pesticide use in its recent high-profile campaign on food and product safety."

Pesticide use is a big part of the safety accusation by western countries, as they point out that the most raw materials of TCM are "poisonous". The UK is expected to issue a ban on the sale of Chinese patent drugs in 2014, reported early in September.

It is a follow-up by British government, two months after the UK's Medicines and Healthcare Products Regulatory Agency (MHRA) issued a notice ordering major Chinese medicine stores in Britain to

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report their current TCM, according to a China Business View report.

To facilitate export to western countries and avoid the gap in production standard between China and the west, more and more domestic TCM producers are vying to apply for certificate from EU countries. “By applying for the western standard, we try to prove that the level and standard of TCM planting in China is actually improving.”

The breeds which are exported widely are leading in meeting the EU standard regarding planting and proceeding process. “For example, the Chinese wolfberry is exporting to western

countries in large number every year, “said Mr. Wang. “Now the Chinese wolfberry planted in Inner Mongolia and Qinghai has met the standard and won certificate from EU.”

Asian countries are major destination of China’s TCM exporting. Neighboring countries including Japan and South Korea are dependent on China for herb. These countries are advantageous in processing the Chinese herb before exporting the TCM products to western countries.”

Japan imports around 800 tons of ginseng from China every year,” said Mr. Wang, adding that Japan heavily relies on China in TCM production due to its own lack of resources.” Planters of TCM in China usually meet the standard of Japanese buyers in planting management and testing index without any problem.”

Mr. Wang pointed out that Chinese planters were improving the performance in herb planting and quality control. “19 kinds of pesticide that are accused of being toxic now are gradually managed to be blocked from herb planting now,” he said.

Though TCM is now facing accusation and import ban by western countries, Mr. Wang is not concerned about this situation but optimistic about the prospect of TCM globally.”

More and more people now are pursuing natural products, and not only Chinese experts but also foreign experts are joining the study on TCM,” said Mr. Wang.

Meanwhile, the curative effect of TCM is increasingly well-embraced by the western world. “I found that in many health products by western companies, one can find ingredients extracted from Chinese traditional herb being processed and served as the major ingredient of this certain product,” he said. “Research results show that many breeds of TCM even can be used for cancer treatment.

“As long as we can improve our quality control and make TCM safer, we will surely secure our share in the TCM market globally,” he said. (Source: China-US HPA)

By-health Accused of Substandard Product

Several health product companies including by-health are accused of “no collagen” in their collagen products last week. Local report said that the test was done by a third-party institute.

By-health responded to the accusation and said that their products had been sent to test again. They would release the result lately.



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The company said that they had been tested by a third-party institute before, which showed that its products are up to standard and the hydroxyproline volume in the collagen product is 9.33%.

Chen Tejun, spokeswoman of by-health in China, told local media that as collagen products only account for a small part of the company service, this incident does not hurt the company's financial performance much so far.

"If you claim to have this ingredient in your product while actually not, it is deceiving customers and should be punished as misleading promotion," said Sun Zhongshi, who used to serve as food safety expert with CFDA. (Source: Beijing Times)

Amway Set Up Research Center on TCM

Amway broke ground today on a new \$10 million botanical research center in Wuxi, China.

The center will serve as a site for agricultural research on plants used in traditional Chinese medicine with the goal of incorporating developments into global launches of nutrition and beauty products. It will be located in Wu Cultural Park, a location selected for its soil, climate and surroundings, and will be the company's second research and development center in China.

The Wuxi location will include approximately 120 acres for the farming of product ingredients, and labs for research and testing. The agricultural component will expand the company's global focus on organic, sustainable farming practices. Amway already operates organic farms in Brazil, Mexico and the United States – totaling more than 6,400 acres.

The effort also connects the company's NUTRILITE™ brand of nutrition products back to its beginnings. In 1934, Nutrilite founder Carl Rehnborg launched the brand based in part on observations and study from 10 years spent in China. Today, Nutrilite is the world's number one selling vitamins and dietary supplements brand. (Source: Xinhua.com)

Macy's Rethinks Web Plans in China

Macy's Inc. has shelved an online-expansion plan in China, the latest retailer to do so as economic growth slows in the world's second-largest economy.

The company had planned to begin online sales of a



private-label brand in China in the spring, after buying a minority stake last year in Chinese retail company VIPStore Co.

Macy's, one of the largest U.S.-based department-store operators, has put those plans on hold because it needs to learn more about Chinese shoppers, not because it is concerned about China's slowing economy or appetite for luxury goods, said Macy's spokesman Jim Sluzewski.

"While our company has interest in international markets over the long term, we have no current plans for an expanded presence in China," said Mr. Sluzewski.

In May 2012, when Macy's announced the partnership with VIPStore, Macy's Chief Executive Terry Lundgren said he believed it was "a good match for our current interests in selling to Chinese consumers and understanding the market."

Consumers can still order online from Macy's U.S. website and get those goods delivered to China, part of an international strategy started by the company in 2011. Macy's currently sells online to customers in China on a "very limited basis," Mr. Sluzewski said.



Macy's move follows Neiman Marcus Group Inc.'s closure this year of a mainland warehouse to fill orders for the high-end department-store chain's China e-commerce site. Neiman Marcus, which opened the e-commerce site in December, now ships products from its U.S. warehouses because that is more efficient, said Ginger Reeder, a company spokeswoman.

Domestic e-commerce companies in China also have retooled their strategies in the country's fiercely competitive e-commerce market.

In January, Chinese Internet portal NetEase shut down its luxury commerce site, NetEase Premier, after it was in operation for less than a year.

China's booming e-commerce space—which, by some measures, overtook the U.S. this year as the world's largest online retail marketplace—has attracted Western entrants such as handbag maker Coach Inc. COH -0.03% and Inditex SA's Zara fast-fashion brand in recent years. Online retail sales in China have increased more than 70% annually since 2009 and are expected to reach \$539 billion by 2015, according to consulting firm Bain & Co.

Macy's invested \$15 million last year for the minority stake in VIPStore, with plans to sell its private-label brands on a dedicated section of luxury site omei.com, which is operated by VIPStore. (Source: WSJ)

Wal-Mart Looks to Gain Ground in Asia

Wal-Mart Stores Inc.'s top executive for Asia said the company has revamped its practices and legal compliance in the region and is considering acquisitions in China, as the retailer faces headwinds in a cornerstone of its global expansion plans.

Wal-Mart's sourcing practices in Bangladesh have been under a microscope after safety problems emerged at some factories there. The company also faces a stagnant economy in Japan, government restrictions and scrutiny in India and slowing traffic and stronger rivals in China. In other regions—such as Brazil, where Wal-Mart has about 570 stores—the company has expanded more rapidly.

Still, the Bentonville, Ark., retailer is hopeful about tackling challenges in Asia and gaining ground, said Scott Price, the chief executive of Wal-Mart's Asia division.

The company hasn't felt a lingering impact from the April collapse of a Bangladesh factory in which 430 people were killed, he said Saturday from the Asia Pacific Economic Cooperation conference in Bali, Indonesia. Wal-Mart was a customer of a company using the factory, though the retailer said it hadn't authorized suppliers to use the facility. "We've been working on creating safe working facilities rather than looking for a different sourcing environment," Mr. Price said.

Regarding Japan, he said that same-store sales, those at stores that have been open at least a year, have increased for four consecutive years.

Meanwhile, Wal-Mart is considering acquisitions in China, aiming to build its market share in cities where Wal-Mart isn't already the No. 1 or No. 2 player, Mr. Price said. "A year ago in China, I wasn't happy with where we were, but I feel different now," he said. Nearly three-dozen employees were arrested or



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detained in Chongqing in late 2011 over alleged mislabeling of ordinary pork sold as a more expensive organic variety. Wal-Mart apologized and said it would revamp its practices.

Wal-Mart's China division has a stronger compliance system and a new management team this year, Mr. Price said. Its online arm, Yihaodian, in which Wal-Mart bought a 51% stake last year, has 24 million users, double from last year, Mr. Price said.

Wal-Mart, the world's largest retailer by sales, in November disclosed that it is investigating possible violations of U.S. anti-bribery law in India, China, Mexico and Brazil. The company hasn't been charged. Mr. Price declined to disclose details of the investigations. (Source: WSJ)

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