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Beijing to Tighten Control on TCM Injections

The ban on the application of Traditional Chinese Medicine (TCM) via injections imposed by Beijing Chaoyang Hospital several months ago has once again sparked debate on the safety of TCM injections, Guangzhou's Time Weekly reports.

Figures showed there have been 103,000 adverse reactions to Chinese medicine-based injections, whose market scale has been expanding rapidly in recent years. Meanwhile, Beijing has already begun to revise current laws in order to tighten supervision and control of the injections, the paper said.

Medicine injections have become the largest seller in the TCM market in China, accounting for seven of the top ten over-the-counter medicines for cardiovascular and antitumor treatment. The market scale of TCM injections tops 25-30 billion yuan a year (US\$4.1 billion- US\$4.9 billion), representing a compound average growth rate of 21% over the past five years compared with 15.78% for OTC Chinese medicines and 18.23% for the overall drug market.

Figures released by the China Food and Drug Administration showed that there are now 140 types of TCM injections available from 150 domestic pharmaceutical firms. In recent years, several listed TCM firms have maintained 30% of annual growth thanks to the contribution of injection drugs.

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.

There have been voices calling for a complete ban on the drugs in the wake of several deaths from adverse reactions, however. According to the Food and Drug Administration, there were 103,000 adverse reactions last year, including 5,500 serious cases, a jump of 58.2% compared to 2011. Experts note that TCM injections can alleviate symptoms and strengthen the immune system of patients, but they also contain a complicated mix of ingredients, which can lead to allergic reactions.

Due to the number and frequency of the adverse reactions, some hospitals including the Beijing Chaoyang Hospital have

shunned such injections, although major pharmaceutical firms continue to invest heavily in them due to the high profits involved.

An industry insider revealed that compared with Western medicines, R&D costs for Chinese medicines and injections are much lower, making for high profits. In addition, without Western competition, TCM pharmaceutical firms have more say in pricing. (Source: wantchinatimes.com)

Heping Pharmacy Cooperates with Pfizer

Chongqing Heping Pharmacy Ltd.Co. recently partners with Pfizer, American multinational medical company, to open a local medical center in China's southwest Chongqing. Analysts say by cooperating with the local pharmacy, Pfizer may start to tap into China's medical service market.

As result of the new health policy that promotes "zero price gap" of medicines, more and more domestic pharmacies start to look for diversification and include more medical products as part of the solution in face of the new policy and competition from supermarket and community hospital.

Local media reported that Chongqing Heping will provide stores, places, staffs and logistics, while the American company is responsible for providing medical equipment. In a local store of Heping pharmacy, a couple of examining equipment can be found, including those to check skin health, bone density and analyze human body element. Local resident can have physical test in the pharmacy for free.

According to Chongqing Heping, local residents can have their test result saved in the database of the pharmacy. The pharmacy's medical team will also follow up with the customer and provide medical advice accordingly.

Chongqing Heping Pharmacy is a branch company of Chongqing Medical Holdings and a key company under the State Asset Committee of Chongqing Municipal Government. The company involves in all kinds of medical business including western medicine, traditional Chinese medicines, health product, medical equipment and cosmetics etc. Since early this year, there are sayings that the company is soon heading for Hong Kong to go public. As a key asset of Chongqing Medical, the business performance of Chongqing Heping matters a lot for the company's listing.

"Heping Pharmacy has more than 1,000 stores in Chongqing, and has sales channel in Guilin, Guangdong, Sichuan and Hubei etc. Pfizer cooperating with this company is mainly for its sales advantage, which means

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that Pfizer is going to dig into China's medical service market," said Gan Xiang, analyst with Founding Securities.

Statistics show that China is going to be the second largest drug market in the world in 2015. However, the local pharmacy so far has not been too optimistic considering the current gloomy market. After the booming development in 2008, China's pharmacy market is slowing down, especially the increase rate of retail sales in pharmacy. A recent report by Sinohealth shows that in 2013, the value of China's pharmacy retail sales of drugs has reached 180 billion yuan, a year-on-year increase of 16.2%, and the increase rate in the rest of 2013 is expected to shrink to 10.4%.

"How to do more than profit from selling drugs is what every pharmacy is thinking about, but at the same time, many are caught by difficulty of diversification," said Mr. Gan. (Source: Daily Economic News)

Most Shanghai Residents Not Familiar With "Blue Hat"

In a survey by Shanghai Customer Protecting Committee, which focuses on the customer satisfaction level of Shanghai health product market, 60% of local residences cannot tell the difference among health product, ordinary food and drug. Only 18.5% of them know that eligible health product must bear a "blue hat" sign.

The survey also says that nearly half of the local customers cannot tell what the health product's function is. 34.5% of them think that health product does not work that well if at all, and 29.9% said they were unsatisfied with the health product market. However, few customers resort to the Committee or other authority to protect their rights. The statistics of the Committee show that they only received about 500 letters of complaint on health product in the first half of this year. And the number is expected to drop. The reasons include "have no time to deal with it"(55.2%), "expect no satisfying

result"(22.1%) and "have no idea of how to file that"(7.7%).

The local authority found that some ordinary products including those for bath and water dispenser illegally claim to be health product or medical equipment. Statistics show that this year saw an increase of 17% in the number of complaints it received regarding this issue.

The state regulator has yet offered no definition of health equipment, and a clear definition of related terms may help to solve this issue. (Source: Liberty Daily)

Yili Group Invested in HK-listed Dairy Company

Yili Group, China's largest dairy company, invested in Hong Kong-listed Huishan Dairy Holdings Company with \$500 million. This investment is read as Yili's efforts to strengthen the strategic partnership with Huishan and is essential for the coordination of the milk source for dairy products.

Both Yili and Huishan are located in north part of China, where China's 70% of dairy cattle and over 60% of raw milk are concentrated.

Huishan has so far 45 branch companies, with 25 of which are operating dairy cattle breeding. It also runs 50 farms and 4 dairy product processing bases. The company boasts a complete production chain of dairy

product from dairy cattle breeding, liquid milk production and milk powder processing.

Yili Group was ranking in the second place of the World Dairy Company list by Dutch Bank among the Asian companies and 12th worldwide.

In September, as Huishan is preparing for its listing in Hong Kong, Yili released an investment announcement, saying that the company is going to invest in Huishan so as to secure the raw milk provision, via its whole-owned Yili International Development Ltd.Co. based in Hong Kong.



Since 2008, China's dairy cattle industry is upgrading rapidly. According to the public statistics of China Milk Association, over 30% of the dairy companies in this country has self-running milk sources before 2011. Since 2007, Yili has invested 8.9 billion yuan for the construction of milk source bases, and has built more than 1500 standard farms.

Experts read this investment as a road sign of a new phase regarding scale farming of China's milk industry. (Source: 21st Century Economy Herald)

Holding a Mirror to China's Economy through Cosmetics

Money may not buy happiness, but when it comes to the beauty enhancement department, it sure can help. In China, it appears, that as the GDP grows, so does the appetite for cosmetics.

Reportlinker.com, a search engine that provides industry reports, company profiles and market statistics published by private and public organizations, recently released the China Cosmetics Industry Report, 2013-2016, which tracks how the health of the economy is reflected in beauty consumer trends.

The growth of China's cosmetics industry, which includes skin care, makeup, perfume, men's cosmetics, cosmeceuticals and baby care products, has recently been stunted due to the combined effects of the global economic recovery and the slowdown in China's economic growth, with gross retail sales amounting to \$21.94 billion, according to the report.

In comparison, China saw rapid growth in the cosmetics market in the beginning of the century. In 2010,

sales of beauty and personal care stood at US\$24 billion, more than triple what it was just 10 years before, according to a Cosmoprof-Asia article published in July.

Presently, foreign brands are still the mainstream of China's cosmetics market, with the top three - L'Oreal Paris, Olay and Mary Kay - collectively occupying 12.45 percent of retail sales, according to Reportlinker.

L'Oreal is the world's largest cosmetics enterprise, and has managed to maintain stable business growth since entering the Chinese market in 1997, according to the report. As of late 2012, the company was running 20 brands in China, including L'Oreal Paris, Maybelline and other well known names, as sales in China grew 12.4 percent year-on-year to nearly \$2 billion.

Among the company's latest inventions tailored to the market include a cosmetic balm for Chinese men looking to mask face blemishes and skin serums made from traditional herbal remedies such as cordyceps, a parasitic mushroom, according to BusinessWeek.



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Skin care products are the largest cosmetics category in China, the Reportlinker.com report said. Its market scale in 2012 hit \$13 billion, up 9.9 percent year-on-year.

Among skin care products, the report said cream and anti-aging products are the most popular, with sales standing at above 60 percent collectively in the China skin care product market.

"Chinese women are developing more sophisticated routines," said Lui Meng Chow, a Mintel research analyst.

"Even though the facial skincare market is mature, there are still gaps that exist between consumers' needs and the products that are currently available," Chow said. "Diversification therefore offers an opportunity for domestic small brands and new players in the market, who were initially being squeezed by the sway of foreign giants." (Source: China Daily)

China Allocates Funds to Boost Food Security

The Chinese central government has allocated 600 million Yuan (97.88 million U.S. dollars) to encourage food output and help boost China's food security, the Ministry of Finance announced on Monday.

The funds have been allocated to five major agricultural provinces of Heilongjiang, Liaoning, Shandong, Anhui and Jiangxi to subsidize food production and upgrade agricultural technology, said the ministry.

The funds will be used to encourage banks to increase lending to rural areas, to improve farming conditions and farmers' productivity, according to the ministry.

China's grain output this summer, mostly wheat, hit a record high of 132 million tons, the National Bureau of Statistics (NBS) said.

The production of maize, harvested in autumn, is expected to hit a record high of 215 million tons, according to the State Administration of Grain.

The country's grain output rose 3.2 percent year on year to hit 589.57 million tons in 2012, marking the ninth consecutive year of growth, according to NBS data. *(Source: Xinhua News)*

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