

# CHINA UPDATES

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### **3<sup>rd</sup> Functional Food Summit Held in Beijing**

The U.S. – China Health Products Association co-sponsored the 3<sup>rd</sup> Functional Food Summit held in Beijing from October 24 - 25<sup>th</sup> together with lead organizer Duxes who's based in Shanghai.

The event attracted over 200 participants from both the domestic market and leading foreign players such as Reckitt Benckiser, DSM, P&G, Pfizer, Nestle, etc. The conference was held at a very

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.

important time as China's Food and Drug Administration (CFDA) is in the process of releasing new food safety regulations. Of particular interest, is CFDA's new direction for dietary supplements or health food products as they are referred to in the market. For more information on CFDA's direction [CLICK HERE](#).

CFDA will be increasing enforcement as well as legal requirements for dietary supplements in 2014. This will certainly have an impact on foreign companies looking to enter the market or continuing to operate in the market.

Unfortunately, CFDA's new regulations for dietary supplementst have not been released as China's State Council

is still in the process of finalizing the new regulatory framework. However, association's sources say there will be a notification portion to the new regulations, but this is still in draft form. Currently, CFDA requires all dietary supplements or health food products claiming a function to be registered. This registration process is costly in both time and capital taking 2-3 years to finalize and requiring over US\$50,000 in government and registration agent fees per SKU. Because the process is quite complex, most companies opt to hire a registration agent thus increasing the overall costs to the above mentioned price.

USCHPA is working closely with both U.S. and Chinese governments as well as industry leaders to ensure the finalized legal structure will not harm consumer's access to high quality dietary supplements. The new regulations are rumored to be released sometime in the first quarter 2014, stay tuned. (Source: USCHPA)

### **Hangzhou FDA Cooperates with Alibaba on Online Food and Drug Sales**

Local FDA of Hangzhou, Zhejiang province has inked a cooperation memo with China's leading e-commerce company Alibaba Group to strengthen regulation on online food and drug sales.

Alibaba Group now has nearly 500 million registered users. The sales value of health food in its Taobao.com reached 3.6 billion yuan with 110,000 health food sellers and 1.85 million products. Its online medical platform now has over 70 online pharmacies, which notched up 1.2 billion yuan in sales.


On the home page of Taobao.com, food and drug sellers are asked to release the accurate information of any health food, and the website also checks the quality and certificate of related products. To those sellers whose products are not up to standard, the local authority would issue an inspection letter to Taobao, which suggests the site to block illegal sellers.

Taobao.com is responsible to report the information of illegal products to the authority regularly. The authority will release related information in its official website. (Source: China.com.cn)


### **Harbin Pharmaceutical Group Most Valuable Brand**

The brand value of Harbin Pharmaceutical Group, one of China's leading pharmaceutical companies, reached 20.1 billion yuan, which tops the ranking among all domestic pharmaceutical companies, according to China's Most Valuable Brand List released in Paris recently. It is the first time that this brand earns over 20 billion yuan value.



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This list is co-produced by a local Beijing asset valuing company and Yufu Global Ranking Information Group. Harbin Pharmaceutical Group has perched in the first place regarding pharmaceutical industry for the eighth year in a row.

The Group has a number of prominent medicines and health product brands including those of calcium, zinc and iron supplements. (Source: CNR.com)

## China Has 17 Kinds of GMO in the Local Market

China has labeled GMO products with specific signs to help consumer identify. The authority has issued safety certificate to 17 kinds of GMO products, including tomato, corn and wheat etc.

Moreover, China has five kinds of imported GMO for food processing. The number of imported soybean tops among the five, which is used to produce cooking oil. “To protect consumer’s right to know and to choose, China is implementing a stricter regulation system to classify GMO and ask for compulsory label,” said Huang Kun, professor of China Agricultural University.

The system allows consumers to tell whether the product they buy is GMO or not. “In America, compulsory label of GMO is not required by the government. It really depends on the company,” said Mr. Huang. (Source: People.com.cn)



## Medical Dispute Highlights the Flaw of China's Public Health System

A doctor killing case at the end of last month in a local hospital of Wenling in China’s southern Zhejiang province provoked discussion online over China’s public hospital system.

A patient unsatisfied with the results of an operation to correct a deviated septum attacked three doctors, stabbing one to death before security guards restrained him, according to reports from the official Xinhua News Agency.

China’s public hospital system has been long criticized by the public who have to spend too much money and time to get treated, as well as doctors who are suffering from low pay.

In a 2011 Chinese Medical Doctor Association survey of 6,000 doctors, 95% said they were underpaid and 78% said they wouldn’t want their children to study medicine.

Yu Ying, an outspoken doctor who has gained a following of 2.6 million on China’s social networking site Sina Weibo, resigned this summer from prestigious Peking Union Medical College Hospital. The hospital was founded in 1921 by the Rockefeller Foundation and is one of the country's most famous public hospitals.

The reason, as she said, was that she was unhappy with the state of health care in the country. Now she is devoted to promoting health knowledge among the public and looks to open a private hospital with friends

and other doctors who share the same ambition.

“The big cities have large hospitals that attract rural Chinese to travel thousands of miles to get better treatment,” said Ms. Yu. “The urban hospital has now become too crowded they don’t usually have enough beds, ambulances or other facilities to provide timely treatment.”

“China lacks community hospitals. Big hospitals like Peking Union usually receives 20,000 patients per day,” she said. “This is unthinkable in the States.”

“Beds in hospitals are in such a shortage, even in big hospitals like Peking Union,” she said. “It makes me so anxious to tackle with conflicts over beds everyday, so I thought it was time to quit and make a change.”

One way to alleviate the problem is to have more medical platforms including private hospitals and family doctors to make good use of doctor’s talents. “Public hospitals exist to give fair opportunity to patients and private hospitals have the best medical teams and quality service,” she said.

Besides the problems in public hospitals, she also thinks that the Chinese public lack basic knowledge of how to keep healthy and pay more attention to their health only after they become ill. “I want to set up a private hospital with family doctors in cities like Inner Mongolia, because it is too hard to get a hospital license in Beijing,” she said. “People in cities like Inner Mongolia are actually quite well-off, but just lack good quality medical treatment in their cities.”

“I believe having a private hospital will work as those people who look for intimate and quality service will become our clients,” she said.

“We will organize volunteer team to promote basic health knowledge nationwide,” she said. “Kids in rural areas do not even know how to brush their teeth properly. “

“I hope by our efforts, we can improve this country’s health level,” she said. (Source: U.S.-China HPA)

## **China to Monitor Link between Smog and Health**

China's Health Ministry will set up a national network within five years to provide a way of monitoring the long-term impact of chronic air pollution on human health, state media said on.

The network will gather data on PM2.5, or particulate matter with a diameter of 2.5 micrometers, in different locations around the country, the report said, citing a ministry statement.

"The document noted that the absence of a long-term, systematic monitoring system has prevented the country from uncovering the link between air pollution and human health," the report said.

The network will first cover cities where smog is most prevalent, it added.

"The evaluation will be based on the integrated and long-term analysis of PM2.5 data, weather information and cases of local residents' diseases and deaths," Xinhua said.

An international study published in July showed that air pollution is shortening the lives of people in northern China by about 5.5 years compared to the south, a legacy of a policy that provided free coal for heating in the north.

The government has announced many plans to fight pollution over the years, but has made little apparent progress, especially in the north and northeast.

Last week, the PM2.5 index reached a reading of 1,000 in some parts of Harbin, the gritty capital of northeastern Heilongjiang province and home to some 11 million people, virtually shutting it down.

A level above 300 is considered hazardous, while the World Health Organization recommends a daily level of no more than 20. (Source: Reuters)



## 5 Pharmacies Begin to Sell Baby Formula

Five pharmacies in Beijing started using vending machines equipped with tracking systems to sell baby formula on Saturday, but sales on the first day did not go as well as expected.

Zhang Dawei, who is in charge of business operations

at Yong An Tang, said the store sold just six cans of infant formula on Saturday.

"I hope we will have more kinds of infant formula so that everyone is able to get what they want in our pharmacy. If not, customers may not visit here again," said Song Yigang, an official with Jinxiang company who is in charge of branding and public relations.

Five pharmacies from four medicine chain retailers — Jinxiang, Yong An Tang, Cachet and Quanxin — became the first in the country to participate in the baby formula trial system. The International Brand Management Center, an organization under the Ministry of Commerce, encouraged more pharmacies to sell milk powder.

With the exception of products for babies younger than 6 months, the infant formula sold at the five stores cost 10 percent less than the same items sold at supermarkets — a move to attract more consumers.

The products were all transported from dairy companies directly to the drugstores, and are kept in cabinets that can hold up to 30 cans each.



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Using a vending machine near the cabinets, customers can lookup information on a product and pay for the item. Consumers must enter their cellphone number before paying for the item.

"With the cellphone number, we can inform the consumers directly if we find the product they purchased has quality problems instead of posting a recall announcement in newspapers or on TV," said Yang Ping, an employee at Yong An Tang.

Each can of powdered milk is labeled with a code that contains information including when the item arrived and which store it was shipped to. Ubox, a company in Beijing that provided the vending machines, monitors the sales data, such as when the item was sold and where the purchase took place.

A woman named Wu visited a Jinxiang chain store that has an infant formula vending machine to buy

powdered milk for her grandson on Saturday, but she left empty-handed because the store didn't carry the kind of formula her grandson is fed.

"The infant formula we need is a high-end brand. We buy it mainly in franchise stores, but they are expensive, and we live far from supermarkets," she said. "I used to buy it from an online store, but the packaging was so dirty that I decided not to."

Pharmacies can sell infant formula or other kinds of powdered milk as long as they have received government approval, said a manager at Jinxiang who declined to be named. (Source: China Daily)

**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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