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Only 0.02% of Food Sold in China are Organic Food

The product value of China's organic farm products will reach 24.8 billion-59.4 billion yuan in 2015, with an annual increase of 30%. Recent study shows that the sales of organic food only account for 0.02% of the total food sales in China, while the percentage in developed countries is 2%.

"The development of China's organic farm products is still at the infant phase," said Zhou Zejiang, representative of International Sports Federation in China.

"The annual consumption of organic food per capita in China is only \$1, which has a huge gap with that in western countries," said Mr. Zhou, adding that the major consumption group of organic food is middle class.

"These consumers are well-educated, and some of them are parents or pregnant women," said Wu Minkang, CEO of Lekang organic food e-commerce website.

He added that 10% of their clients are foreigners, 5% are overseas returnees and 85% are domestic middle class.

"The current bottle neck of China's organic farm food market is technology and managerial know-how," said Song Xuemeng, general

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.

manager of Shihua Organic Farm Product Co, Ltd based in Shanghai. “The production cost of organic farm product is way higher than the ordinary farm products.” (Source: International Finance News)

Chinese Authority Accused of Being Easy on Supervision

The regulation authority is accused of being tough in granting approval but easy on supervision.

“Because the domestic health product market does not require much from the companies, so many of China’s health

product companies are of small and medium size,” said Zhang Jun, sales director of Jiangsu Wine Co. Ltd. “These companies are not that innovative.”

China now has over 3,000 health product companies, while companies with an investment value of over 100 million yuan only account for 2%. Most of these companies with an investment value of 10 million or even below 100,000 yuan, which accounts for 50%.

“So many companies and the competitions are so fierce,” said Mr. Zhang.

“The health product market is in disorder, which has not been solved at all,” he said. “The most common trick is illegal marketing, including illegal promotion and seminars towards elderly people.”

“Some of them were even faking the official approval or hiding their factory address from the product package,” he said.

“The market is in such a mess that some consumers are even starting to reject having health food,” said Mr. Zhang.

“The legal system is not well developed and regulations are not sufficient here,” said Sun Shuxia, director of food nutrition and safety committee of China Health Care Association.

“A strong supervision is absent here, and the local FDA and industry and commerce department do not cooperate well in regulation,” he said. “This is a problem that is desperate for a solution.”

Zhang Yongjian, director of industry development and regulation study center of China Academy of Social Studies, suggested that a comprehensive managing system should be set up to address this problem, which includes a filing system that records the whole process of the production and sales. (Source: China Enterprise Daily)

Shanghai to Rate Health Food Industry by Credit

Shanghai is going to introduce a credit rating system to health food industry. The local health food companies are going to be rated into different levels regularly, and the result will be released in the government official website.

Related regulation draft will be released next year.



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The four levels include A honest; B mostly honest; C dishonest; D terribly dishonest. The local FDA also said that the following companies will be rated as terribly dishonest: 1) produce products based on formula which has not been approved by the authority 2) test shows that the product contains illegal drug or chemical elements, 3) produce fake health food or add overdue ingredient; product quality results in food safety issues and causes very negative social impact.

The companies which are rated as A or B will be checked very half a year or every quarter. Companies with C will be checked every two months, while D companies will be tested every month by more than one time. (Source: Xinmin Evening News)

China's Fertilizer Density the Highest Worldwide

The density of fertilizer using in China is the highest in the world, which damages soil to a great extent, according to Mao Yushi, a prominent Chinese economist.

In a recent farm product safety forum, Mr. Mao accused the overuse of fertilizer as the major contributor of deteriorated soil quality in China. He said that ecological agriculture should be promoted in China, as it can help to not only improve the soil quality, but also increase farmer's income.

According to information released in the forum, the number of patients with chronic disease in China is increasing by more than 3 million per year, which is mostly caused by food safety. 7% of the world's arable land is in China, but the fertilizer and pesticide using in China account for 35% of the world's total volume.

Mr. Mao said that it was time to stop the current farming production method and turn to a more environmental-friendly and sustainable agriculture development.

He said that ecological agriculture could address the current food safety issue in China. He suggested that the government should help the public build confidence in food safety.

“As it is not easy to tell the difference between organic food with ordinary food, it is very important that the government and companies help the public to have confidence in organic food,” said Mr.

Mao.(Source: Beijing Times)

Beijing Confiscated 6 Tons of Fake Health Products

Local FDA of Beijing's Chaoyang district cracked down a major workshop where about 6 tons of fake health products were produced.

It is the first major case by Beijing's FDA authority after it started to launch campaign since early this month.

The police confiscated thousands of bottles of health product and food during this crack-down, including l-carnitine and oat. They also confiscated packages and promotion materials in the workshop.

The company involved in this case is Beijing Century Likang International Trade Co. Ltd. The major business of this company is food package. The police found that the company illegally hyped itself as producing company of health food and medicine in its official website.

The case has been transferred to local industry and commerce department. Involved products are under



test in government testing institutions. The case is still under investigation. (Source: Legal Evening News)

China Eased One-Child Policy

China will meet population targets even after easing its one-child policy, avoiding heightened pressure on food and health-care resources, a government official said.

It comes after a reform blueprint issued Friday

which allows couples to have two children if one spouse is an only child, among many other reforms illustrated in a wide-ranging Communist Party reform blueprint.

It is the most significant adjustment in a policy that has defined Chinese family life for more than three decades and perhaps the most dramatic policy change out of leaders' recent party conclave.

Previous exemptions mainly allowed some rural couples to have a second child and ethnic minorities to have more. Couples consisting of two only children were also exempt. The new move expands exemptions to many more couples, chiefly urban ones who have seen their living standards improve and increasingly chafed under social controls.

The shift comes after years of high-level debates and was greeted by those who have been pushing Beijing for change, when the country faces a looming worker shortage

The plan to allow parents to have two children if either is an only child won't trigger a surge in births in the short term as relatively few couples fulfill the criterion, Wang Peian, deputy director of the National Health and Family Planning Commission, said in a statement on the government website today.

"We can say confidently that implementing the birth policy will not bring huge pressure on food security, health-care, education, jobs and other basic public services," Wang said in the statement.

Spokesman of the Commission said in a press conference earlier this morning that the family planning policy contributed to helping China from having 400 million people more. (Source: WSJ/Bloomberg)

CFDA Updated Regulation on Health Food Re-registration Skill Evaluation

China's regulator released a draft last week to illustrate key point of health food re-registration skill evaluation, which include that in ingredient technology, product naming evaluation, function test evaluation etc.

The draft requires that the type and number of new and original materials and the composition of the materials should meet the national standard. Those who fail to meet the standard need to make adjustments and submit the information, including quality standard and quality test report, of the adjustment to the authority.

The applicant should provide the safety evidence of the adjusted material, and conduct test on toxicology, function, stability and hygienics. Those who reduce the material volume are exempted from toxicology test.



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melamine five years ago.

"It's the rising middle class in urban China, and demand will increase for important organic products," she said, adding Australia was perfectly placed to play a major role with 12 million hectares of organic farmland compared to China's 3 million hectares.

Bruce Symons, the chief executive of Organic Dairy Farmers of Australia, said after gaining Chinese certification five years ago, exports of long-life milk to China had grown by 20 per cent to 30 per cent a year, with sales nearing a million litres this year.

The company, which controls three-quarters of the organic milk market, is planning to sell organic baby formula because of the insatiable demand. The percentage of baby formula in total milk powder sales to Asia has grown from 25 per cent four years ago to nearly 50 per cent last year, figures from Dairy Australia show.

Laura McBain, chief executive of Bellamy's Organic, began exporting organic baby powder in 2008, after spending \$50,000 for Chinese certification. It was an extremely difficult and very expensive process but it has reaped the rewards.

"There are 200,000 babies born in Australia compared to 20 million born in China. It's obviously a lucrative market," she said. "Export is now 50 per cent of my business, and has grown by 70 per cent year on year. China has the lion's share."

Alistair Ferguson, export sales manager for Arcadian Organic and Natural Meat, said two Chinese certifiers had recently travelled to rural Queensland to conduct tests at three of the company's cattle farms.

He hopes all 45 Arcadian producers in NSW and Queensland will be certified soon, despite the frustrating process. Cattle farmer Sheri Fogarty, from Woolbrook, near Walcha, is among them. She hopes she will be among the next lot of beef producers to get the certification

For those which enjoy high social recognition but fail to meet the standard in naming, the producer can apply for the product's original Chinese name. After getting approval from CFDA, the name can be used till the next validity period expires.

The label and instruction book should meet the standard of latest regulation; otherwise, revision is required.

Specifically, the label and instruction book should indicate the target group and the group which the food is not suitable for. The group should be identified based on the volume, function, research report and safety assessment etc.

For more specifics, please [CLICK..HERE](#)

Australian Organic Food Companies Paying for Chinese Certification



Australian food producers are spending up to \$50,000 to be certified organic by Chinese authorities to crack the burgeoning middle-class market of the Asian superpower.

But many companies have balked at risking the money because of the complex, unwieldy and expensive process to earn Chinese certification, Australian Certified Organic has said.

The Chinese government refuses to recognize international standards, including Australia's organic benchmarks, the company's certification manager Michael Baker said. The group is lobbying the federal government to engage China in talks to achieve certification equivalency that will boost economic activity between the countries.

The process on home soil costs \$2000 on average for medium to large companies.

Mike Brown, a winemaker at Gemtree Wines in McLaren Vale, used a Chinese investor's help to gain the Chinese organic stamp of approval after spending \$50,000 in April. His business quickly quadrupled.

"We didn't export to China at all 18 months ago. Now we sell the only organic Australian wine in 20 provinces," he said. "Now, 60 per cent of our total volume goes to China."

In Asia, attention has turned from food safety and security to food quality, a recent report from National Australia Bank showed. It said demand for "safe and nutritious food will rise dramatically ... in the next five years as purchasing power increases."

Jue Chen, a senior business lecturer at Swinburne University, said food safety concerns were spurred by a series of food scares, the worst being the death of six children who had consumed baby formula laced with

melamine five years ago.

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"[The inspectors] are reinventing the wheel. Our standard has been around for nearly 30 years," Mr Ferguson said. But he says it's worth it. "Our biggest market is the US and that took us eight years to build. We think sales to China will match that within just two years," he said. *(Source: goodfood.com.au)*

If you have China related news that you would like to share with the association for publication in its newsletter please contact us at:

news@uschinahpa.org

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