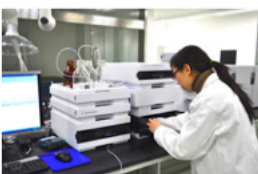


CHINA UPDATES

Your Trusted Source for Market Intel on China's Natural Health Product Industry



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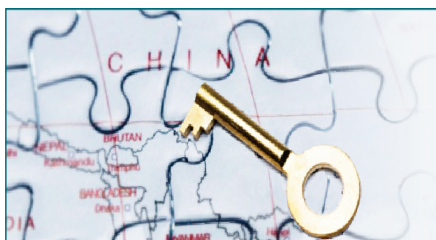
From the association's executive director, Jeff Crowther:

"I'm very pleased to announce that the U.S. - China Health Products Association and its partner China Council for the Promotion of International Trade (CCPIT- 贸促会) are organizing the first annual "China International Nutrition and Health Summit" in Beijing November 3-4, 2014.

In attendance, will be both foreign and domestic industry leaders representing finished dietary supplement manufacturers as well as ingredient suppliers. Also in attendance will be the following governments U.S., EU, Canada and Israel who will give introductions to their individual regulations for dietary supplements and nutritional ingredients.

China Food and Drug Administration and China Nutrition Society will discuss regulations for dietary supplements as well as medical / functional foods in China. Top registration agents will be covering the latest on registration procedures for both finished dietary supplement products and new raw food material ingredients.

This is a must attend event for global companies interested in China's developing overall natural health product industry. This will be the first conference of its kind to bring both foreign and domestic industry leaders together from both the finished products and ingredient sides of the industry. It will be a great opportunity to network with government leaders, global colleagues and leading experts in China's nutritional and health product industry.



Are you seeking a reliable partner to help you navigate and successfully enter the China dietary supplement market?

TSI has the **expertise** to help.

Contact your TSI representative today to learn more.



If you plan on attending, please let the association know as soon as you can in order to take advantage of the early registration pricing. Deadline for the discounted rate is August 28th. The organizers are limiting the attendees to 200, so do not delay spots are filling up quickly.

To view the agenda, [CLICK HERE](#).

I look forward to seeing you there.”
(Source: USCHPA – Jeff Crowther)

Anguo Plans to Be a World-Class Center of TCM

A seminar on the TCM industry development plan of Anguo city, Hebei province, was held in Beijing recently.

Anguo is one of the four major TCM sources in ancient China.

After efforts of a decade, Anguo was fostered into a key base of China’ TCM industry, with an industry value of over 100 billion yuan. It is the center of Beijing, Tianjin and Hebei province area regarding R&D, training and processing of TCM business.

The plan aims to build Anguo a world-class center of TCM trade and production center. (Source: China Food Journal)

China’s Management of Health Product the Strictest in the World

An official with the health production association addressed the problem of domestic health product market industry when talking to local reporters.

“The major issue of China’s local health product market is the illness of regulation, including the illegal additives and fake products etc, “ said Zhang Dachao, deputy secretary general of China Health Product Association.

“However, we see the government roll out a slate of

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regulations to strengthen regulation, and with media attention, many problems in this kind have been solved,” said Mr. Zhang. “But of course, we still see a number of cases involving pyramid selling, fake promotion and quality issues in the market.”

“But in general, the result of comprehensive assessment of China’s health food market is much better than other markets, “said Mr. Zhang. “ no matter in production or regulation, China has the strictest systems, so the quality of our domestic health food is the best.”

Regarding the news that a filing system will replace registration system for health food, Mr. Zhang said that what matters is that the production companies take responsibility of what they do.

“The country has said it clearly that it would strengthen regulation on health food, which aims to hold companies responsible for their products, instead of lowering the entry bar for companies to join the market.” (Source: Science Journal)

Children’s Hospital Adopts Gold Health Standards on Cancer

Shanghai Children’s Medical Center became the first in China to adopt the gold health standards under the CEO Roundtable on Cancer, a US-based non-governmental organization that targets raising

workplace wellness to prevent cancer, officials said yesterday.

The standards include carrying out cancer prevention like creating a tobacco-free workplace, offering nutritious food and organizing physical activity, offering cancer screening to employees and more.

“The workplace is where an adult spends a large part of his life, so health education and cancer prevention in the workplace is important,” said Martin Murphy, a cancer expert and the NGO’s chief executive officer. “In China, controlling smoking is extremely important. While people are talking about pollution, cigarettes are the real killer.”

Doctors said people could reduce the risk of cancer by quitting smoking, eating healthier, getting more exercise and having annual medical checkups. (Source: Shanghai Daily)

Survey Shows Chinese Upset About Food Safety

About 80 percent of survey respondents said they are upset about the food safety situation in China, according to a poll released on Thursday, amid media exposure of expired meat supplied to several international fast-food giants in the country.



Nearly 60 percent of respondents said the stage of production and processing bears the highest potential food safety risk, while a quarter of those

polled thought it is the stage of raising plants and breeding livestock.

The results are part of a survey conducted by the Beijing research company Horizon Research and Horizon key, which polled more than 3,166 residents aged 18 to 60 in 20 cities including the four first-tier cities — Beijing, Shanghai, Guangzhou and Shenzhen.

Although most respondents said China's food safety is worrying, more than half believe the situation is improving, according to the survey. More inhabitants from first-tier cities than their counterparts from second-tier cities feel that way, it said.

The poll also showed that the higher the education respondents have received, the more enthusiastic they are about buying imported food. Some 63 percent of those who studied at university level have purchased imported food and about one-third of those think imported food is safer than domestic. Only 45 percent of those who only received primary education have bought imported food and less than 17 percent of them have higher faith in imported food.

Most respondents still trust domestic food despite foreign brands having won a considerable market share in the country, the poll revealed.

In the ranking of the top 10 countries that produce safe food, China ranked second, only coming behind the United States, the research company said. (Source: China Daily)

Health Industry in Yangtze River Enters a Golden Era

China’s health industry is greatly boosted by the country’s GDP increase, which jumps from \$400 to \$800, said Xu Huafeng, secretary general of China Health Product Association.

Experts point out that health products are changing from luxury products and gifts to necessity of nutrition supplements. In the next decade, the

penetration of health food in China is to develop from the first tier cities to the third and even fourth cities. It will also be embraced by not only senior citizens but also youngster.

Since the industry association of health industry of Yangtze River area was established in 2012, regular assessments of health companies in this area are held to select model companies and factories. Industry experts will select the shortlist among companies in Zhejiang province, Shanghai province, Jiangsu province and Jiangxi province.

By 2014, the association has selected 27 companies and 5 entrepreneurs to give awards, which is in efforts to boost the performance of health product companies in this region. (Source: Economic Net)



Meat Scandal Shakes China's Fast Food Industry

Foreign fast-food brands in China are in hot water following allegations that a Shanghai meat processing plant was supplying out-of-date meat and mislabeling expiration dates. The scandal took on even more prominence on Tuesday following shocking revelations that Shanghai Husi Food Co., Ltd has been conducting the malpractice for years.

Zhang Hui, manager of Husi's quality department, said during investigations that such meat had been produced under tacit approval of the company's senior managers.

Shanghai-based Dragon TV aired a news program on Sunday, claiming that Husi had supplied products tainted with reprocessed out-of-date meat to a

string of fast food chains and restaurants across China.

McDonald's issued a statement over the alleged malpractice, saying it had stopped using all food materials supplied by Husi. Yum Brands Inc. also said its KFC and Pizza Hut restaurants had stopped using meat supplied by the firm.

KFC also said some of its restaurants in south China's Fujian Province will stop selling certain products.

Sandwich chain Subway said its restaurants do not use Husi meat products while fast food chain Dicos, owned by Taiwan's Ting Hsin International Group, said it has stopped selling products containing ham supplied by Husi.



Meanwhile, Swedish home furnishing retailer IKEA said Husi was a meat supplier for the retailer from September 2012 to August 2013. It no longer provides food products to IKEA.

Experts say that the expose will damage foreign fast-food brands in China, which have been implicated in a number of food safety scandals involving suppliers over the years.

Western fast-food chains are popular among Chinese consumers, with China being McDonald's third-largest market by number of restaurants and Yum's top market by revenue. But these companies have been dragged into a series of scandals.

In December 2012, state-run CCTV reported that

chickens used by KFC were fed chemicals and 18 types of antibiotics to make them grow faster.

"The latest scandal will certainly be negative for these fast-food chains, particularly at a time when most of these companies are trying to expand in China," said Xia Xueluan, a professor with the Department of Sociology at Peking University.

The latest case might be a blow to their images, decrease revenues and mean they lose customers, said Xia.

Food watchdogs have sharpened their teeth by launching a nationwide investigation into the meat scandal.

In Xi'an, capital of western China's Shaanxi Province, three western fast-food stores were found to have used out-of-date meat provided by Husi, which has been confiscated.

More than 700 kilograms of meat provided by Husi to chain stores was no longer being used in Inner Mongolia, while in Chengdu, 9.6 tonnes of Husi meat has been found. In Hangzhou, more than 6,000 kilograms of meat has been sealed up.

The scandal has revealed loopholes in Chinese food supervision, according to Xia. Food suppliers are siphoning money at all costs, and "they couldn't care less about customers," he said.

Xia added that poor quality supervision is to blame. "Why did KFC and McDonald's turn bad after they came to China?"

Shen Jianhua, who sits on an expert panel under Shanghai's municipal food safety office, agrees.

"The fact that regulators take action only after violations are exposed suggests that their day-to-day oversight is not effective," said Shen.

Foreign brands dogged by food safety issues in China may lose customers, particularly in the face of already intense competition from a big number of Chinese fast-food chains seeking to take more market share, said Xia.

"The case may drive many away to local fast-food competitors," Xia said.

Official statistics show that western-style diets of chips and hamburgers only take up 15 percent of the whole market, while the rest of the market share belongs to Chinese fast-food restaurants, which are still striving to expand.

Zhou Xiaozheng, a sociology professor at Renmin University of China, said western fast-food chains should beef up supervision on raw materials.

"Fast-food restaurants like KFC and McDonald's have very good word of mouth, so if they can guarantee food quality, it could help them recover from the negativity at the moment," Zhou said. (Source: Xinhua)

China, UC-Davis Set up Food Safety Center

On the heels of a food safety scandal that has rocked the fast food industry in China, officials from China's Northwest Agricultural and Forestry University and the University of California-Davis signed a memorandum of understanding on Wednesday in Yinchuan, northwest China's Ningxia Hui Autonomous Region.

The MOU lays the groundwork for establishing a Sino-US joint research center for food safety in China.

The agreement, which will extend over the next five years, calls for the two universities to form a joint team and research platform, carry out collaborative projects and cooperate on other food safety-related



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projects.

UC-Davis' World Food Center will identify a director to coordinate the research program. The Chinese partners will provide substantial funding for the new center.

"The food industry has become the largest industry in China, and food safety is a critical area for China and the US to have creative cooperation," said Zhang Laiwu, China's vice -minister of science and technology. "It not only involves technologies, but also policies and management."

Zhang added that the new cooperative agreement included Yangling National Agricultural High Tech Demonstration Zone and Zhuhai Municipality as part of the platform for research efforts.

The signing ceremony was held during a meeting between high-level officials of the US Department of Agriculture and China's Ministry of Science and Technology.

"Today's agreement is a landmark event for UC-Davis and for our World Food Center and serves as yet another indication of our worldwide leadership in food and health," said UC-Davis chancellor Linda P.B. Katehi.

Signing the agreement today were Harris Lewin, vice chancellor of research for UC-Davis, and Wu Pute, professor and vice-president of Northwest Agricultural and Forestry University.

"This is clear evidence that the entire UC system is fully committed to be front and center on the critical issues of food security, sustainability and health," said UC President Janet Napolitano.

"With UC-Davis' commitment to food safety research and China's ever-increasing demand for food, the joint research center is a natural partnership," said Karen Ross, secretary of California's Department of Food and Agriculture.

Roger Beachy, executive director of the UC-Davis World Food Center, noted that the new food safety center is a logical outgrowth of many well-established research collaborations between



scientists from UC-Davis and China.

"Working closely with Chinese scientists and policymakers, the new center will have significant impacts on food safety in China and elsewhere around the globe," he said.

The new center will conduct research on global food safety-related policies, propose solutions for hazards in the food-industry value chain and develop models for implementation of international food safety standards and risk management. (Source: China Daily)

Grow Your Own

Moving beyond the sale of just agricultural products, leading Chinese e-commerce companies Alibaba Group Holding and JD.com Inc recently launched so-called private farms for consumers through their online platforms.

The move by the two giants shows their ambition to expand from e-commerce to the market of fresh agricultural products, which is expected to generate more than 100 billion yuan (\$16 billion) in revenue in 2014, Guangzhou-based newspaper New Express Daily reported Monday.

The new offering by the companies takes into account consumers' concerns about food safety and growing interest in healthy lifestyle, diet in particular.

Ju.taobao.com, Alibaba's group purchase website, together with Jixi county, in East China's Anhui 6

Province, are providing 1,000 mu (66.66 hectares) of farmland in Jixi for consumers to use, according to a press release sent by Alibaba to the Global Times on May 27.

Consumers can purchase one year of land use on ju.taobao.com and they can also choose what to plant on their land.

There are three subscription choices: 4,800 yuan (\$768) for one-year's use of 667 square meters, or 1 mu, of land; 2,400 yuan for 333.5 square meters; and 580 yuan for 67 square meters.

Xinghe E-Commerce Co, one of ju.taobao.com's partners in Jixi, has hired local farmers to till the land and they will then send the produce including rice and vegetables to subscribers, according to Alibaba.

The land subscription offer started on March 13 and was sold out within a few days, the news release said, noting that about 3,000 consumers had signed up.

The land subscription project has also been welcomed by local farmers because they can now earn land rent as well as their salary for farming the land, according to Alibaba.

Local farmers can receive about 800 yuan in rent for each mu of land per year and those hired by Xinghe E-Commerce to till the land earn about 3,000 yuan per month, the press release said.

However, due to the large amount of front-end investment required, including land rent and purchase of farm machinery, the first round of the project may not be able to make profit, Zhang Xinguang, a director at Xinghe E-Commerce, was quoted as saying by Xinhua News Agency on May 26.

Alibaba told the Global Times that it has not yet started planning for the second round of the project.

Agricultural products will be the next battlefield for Chinese e-commerce enterprises, Lu Zhenwang, founder of Shanghai Wanqing Consulting, told the Global Times on May 28.

Urban residents are worried about overuse of pesticides and chemical fertilizer in modern agriculture but they have limited access to safer agricultural products. Meanwhile, there is a large amount of unused land in the countryside, as many farmers have moved to the urban areas.

Alibaba said its project is aimed at connecting consumers in cities with land in rural areas so that urban residents can have safe food and farmers can get paid.

JD, China's largest online direct sales retailer in terms of transactions, also launched a private farm project on May 4.

JD, which raised \$1.78 billion after going public on NASDAQ on May 22, has partnered with 18 farms around Beijing to offer use of land, JD told the Global Times on May 27 via e-mail.

The farms are responsible for tilling the land and JD can either send the produce to consumers or the consumers can come and select the produce by themselves, according to the e-mail.

JD said its private farm project is designed mainly for the local market of Beijing.

Both Alibaba and JD are trying to expand from e-commerce to agricultural products and it is too early to say which one will take the lead, Lu said.



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"It is hard to sell agricultural products online, given that most of them are fragile and difficult to keep fresh. Therefore, management of the supply chain, including logistics, is vital," he said.

Alibaba's private farm in Jixi sent about 25,000 eggs to consumers in April and received many complaints about broken eggs, Xinhua reported.

While e-commerce giants eye agriculture, Chinese farmers have also started using the Internet to sell their own products.

E-commerce can help promote high-end agriculture such as organic farms, a model that has been successful in other countries, but it will be time-consuming due to Chinese farmers' lack of knowledge of the Internet, according to Lu. (Source: Global Times)

Asian Cosmetics Summit Tackles Environmental Impacts



With a growing population and burgeoning middle-class, Asia has one of the fastest growing markets for cosmetics & personal care products in the world. However, cosmetic and ingredient firms in the region are coming under pressure to reduce their environmental footprints. What practical steps can Asian companies take to lower their environmental impacts? What can be done in terms of raw

materials, formulations, production processes, packaging and distribution? What are some of the best-practices in footprint measurement and reduction? Such questions will be addressed at the Asia-Pacific edition of the Sustainable Cosmetics Summit.

Taking place in Hong Kong on 10-11th November, the summit will discuss environmental impacts in the context of sustainability metrics, natural ingredients and marketing best-practices. For the first time in Asia, a summit will discuss the various ways cosmetic brands and ingredient firms can take practical measures to reduce their environmental footprints.

A dedicated workshop will explore the various factors influencing the environmental footprint of cosmetic products. Details will be given on the impact of ingredients, manufacturing, distribution, consumption to post-use. Various metrics will be given for each stage of a cosmetic product's life-cycle. With the use of case studies, advice and guidance will be given to cosmetic and ingredient firms looking to lower their environmental footprints to become more sustainable enterprises.

Further Information

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If you want to learn more about the association and how it can help your business, contact us at: **info@uschinahpa.org**

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