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Almost a Quarter of China's Bottled 'Purified' Water is Sub-Standard: Report

Almost a quarter of purified drinking water tested by China's top safety watchdog has been found to be substandard, with many products containing excessive levels of bacteria, the official Shanghai Daily newspaper said on Monday.

The findings underline the challenge to controlling supply chains in China, after a slew of food safety scares over the past year from donkey meat products contaminated with fox to heavy metals found in infant food.

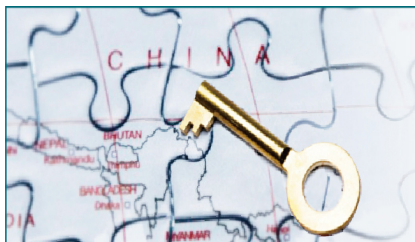
The Food and Drug Administration found excessive bacteria in purified water products from the nation's biggest drinks maker, Wahaha Group, as well as C'estbon Beverage and Danone SA's Robust brand, the newspaper said.

In a statement posted on the official Xinhua news agency's website, Wahaha said it had recalled the affected products and cut its supply relationship with the water station where it said the contamination occurred.

C'estbon and Robust were not immediately available for comment.

Chinese consumers either boil water for drinking or rely on bottled or barrelled water because of high levels of pollution in waterways.

The CFDA checked 2,088 batches of purified drinking water and found that 23 per cent were substandard, the Shanghai Daily reported. Most failed the tests for excessive levels of bacteria.



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Food health scares are common in China, ranging from toxic tofu to a deadly scandal in 2008 where dairy milk contaminated with the industrial chemical melamine killed six infants and made many thousands sick. (Source: SCMP)

Diet Product Recalled in Beijing

Qumei, a weight-control product by Taiji Group, a listed health product company in China, was pulled from shelf by the company recently, considering the major element of the product is banned abroad.

The company said it has recalled this kind of product from major chain stores and pharmacies in Beijing.

Sibutramine, the major element in the product, is banned in markets including America, the European Union and Japan.

A spokeswoman for the company said that the recall was initiated by the company itself, not per request from the country's regulators. She said the product is up to the national standard and had acquired the authority's approval for production. (Source: Jinghua Times)

Customer Confidence Towards Health Product Low

Fish oil products without real fish oil, Chinese caterpillar fungus without real fungus, beef snacks without beef: these are happening in China's food and health product market, which is desperate for better regulation to clear away the "fake products".

As a number of food and health product companies are filing for IPO in recent months, the issue of lack for regulation in the industry surfaced again. One of a major local companies, Verygrass, which specializes in producing and selling Chinese caterpillar fungus, is found to be replacing the fungus with other irreverent elements in the products. The scandal halted the IPO process of the company.

In the first half of 2014, the sales of Chinese

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caterpillar fungus have generated over 1.02 billion yuan for this company, accounting for over 95% of the company's total sales. The company was founded in 2004, but its quality issue was only found ten years after, when the company is filing for IPO.

Industry people said that when a company is filing for IPO, it has to release its information to the public, and it is more likely to spot problems during this process.

"In the past, I used to have quite a lot of health products, but the effect was very limited," said a person surnamed Xu. "So I stopped taking any health products."

"It is so hard to spot the substandard products from the good ones, and they are very pricey," said Mr. Xu. "I think it is more useful to buy better food for meals than spending those money to buy health products."

Another customer surnamed Hu said that she opted to buy health products from abroad, where health products are less expensive with better quality, even though it takes months before the products she ordered arrive. (Source: China Food Journal)

Chinese Agriculture Goes Global

China is the world's second largest economy, but ironically, food security is emerging as one of the main concerns for China's communist leaders.

During a visit to an Argentinian farm in July President Xi Jinping said: "If China is going to grow, it must solve its grain problem for its 1.3 billion population first." Measures taken by China to address the problem – going to the world – may not be a panacea.



As China grows wealthier, food consumption and diet have undergone a dramatic transformation.

Between 1985 and 2005 meat consumption quadrupled, reaching 59.5 kilos per person a year, according to the United Nations Food and Agriculture Organization. Meat consumption is likely to continue to increase in coming years as more Chinese are expected to join the ranks of the expanding middle class. By 2020, meat consumption is expected to grow by 35 percent from current levels.

Chinese are also developing a voracious appetite for certain delicacies taken for granted in the West such as coffee, spices, vegetables like asparagus and exotic fruits like avocados and blueberries.

China is home to 22 percent of the world's population, but possesses around 7 percent of its

arable land – 334.6 million hectares. However, in recent years the country's arable land has been shrinking as a result of serious environmental damage such as soil erosion, deforestation and pollution of rivers and lakes. In November Chinese officials reported that more than 40 percent of China's arable land is suffering from degradation.

The combination of rising food demand and reduced arable land makes it difficult for China to feed itself in the not so distant future. In the past decade China has experienced hikes in food prices and shortages of certain products.

China has no choice but to turn to overseas farming. In 2013 China imported 4 percent of the world's grain and this figure is likely to rise in coming years.

Several Chinese government officials have also talked about the overseas option as a complement to strengthening domestic production. In 2010, Chinese Minister for Agriculture Han Changfu said, "The time is ripe for the country's agricultural companies to embark on a go outward strategy."

In recent years Chinese investment in overseas agriculture and land leases has steadily increased. Chinese companies began investing in neighboring Laos and Cambodia farmland in the early 2000s and slowly ventured further afield. Chinese-owned or jointly owned farms are in several African countries including Mozambique and Ethiopia.

In Mozambique, a Hubei-based company has invested US\$250 million in a rice farm in Gaza province. In November 2013 the country's state-owned newspaper Notícias cited Raimundo Matule, a director at the ministry of agriculture, reporting that several Chinese conglomerates were expected to invest up to \$2.5 billion in the country's agricultural sector. In Angola Chinese state-owned giant CITIC pledged to invest \$5 billion in agriculture in addition to its current lease of 20,000 hectares of land in the former Portuguese colony.

Mozambique and Angola in particular are large countries with immense tracks of fertile land and a small population. Angola has a land area of 1.24 million square kilometers and a population of 16 million.

China's ongoing tensions with its Southeast Asian neighbors make other parts of the world even more attractive, and Africa could emerge as a major provider of agricultural products to China in coming years.

Chinese business interests have also leased tracts of land in Brazil, Peru, Argentina and Mexico. China is also reported to be acquiring land in the sparsely populated Russian Far East just across the border from heavily populated northern China.

Chinese companies are reported to have leased 1 million hectares of land through Russia. China's most ambitious investment in the sector is a land lease deal with Ukraine for 3 million hectares to produce grain and raise pigs. In 2010 Chinese companies were reported to have requested the lease of 1 million hectares from the Kazak government to plant soybeans and wheat.

In 2010 China was believed to have leased or bought over 2 million hectares of land abroad. In 2011 China's largest agriculture group, Heilongjiang Beidahuang Nongken, announced that it was investing \$1.5 billion to develop 300,000 hectares of land in Rio Negro province in Argentina.

However, the overseas option China is pursuing carries risks as well as promises of reward. As shown by recent events in the Ukraine, once a relatively stable part of the world, nothing is guaranteed. Land is a sensitive issue that touches upon our most primordial fears. In Kazakhstan there is widespread concern, sometimes bordering on paranoia, that China is grabbing the country's vast and sparsely populated land by bribing local officials. In Brazil several officials including former Minister of Agriculture Delfin Netto have accused China of carrying out a stealth land grab.

China is not alone in its interest for African farmland. Brazil, Japan, South Korea and several Gulf States have leased large tracks of land in Africa. Brazil seems to have been far more successful than China, at least in Mozambique, having acquired 500,000 hectares of land in the country's north.

Brazilian land deals have been far less controversial than Chinese ones and elicited less suspicion. Brazilian companies are reported to be producing soybeans in Mozambique, and for several years, Brazil has been main supplier of this product to China. It seems that the Brazilians have stolen a march on the Chinese.

Despite these risks Chinese investment in overseas agriculture is likely to continue. China has little choice but to turn overseas to sustain its growing food needs.

However, one must be cautious not to see Chinese acquisitions of overseas farms as a mere land grab. The issue is far more complex. China has invested hundreds of millions of dollars in agriculture research centers throughout Africa that have greatly increased production of rice and other crops and alleviated food shortages. Hundreds of Chinese agriculture scientists are working in Africa and elsewhere to improve efficiency.

While Africa and other parts of the world are supplying China with products such as grain, soybeans and meat. China may also contribute to consolidating food security in Africa and other regions with its investment and expertise. China's long-term strategy may be to boost Africa's capability to produce agriculture surplus, both addressing the continent's chronic food shortages and China's demand for imported food.

Chinese investment in overseas agriculture can bring significant benefits provided such investments are done in an open and transparent way and with respect for local communities. Indeed, certain countries – particularly Angola and Zimbabwe, to mention a few – are keen on such investments.

China and the host countries for such investments can benefit tremendously – if both sides have the imagination to build mutually beneficial partnerships. (Source: asiasentinel)

Falling Through the Cracks of China's Health-Care System

China says 95% of its 1.34 billion people are covered by medical insurance. That should have included Zhao Guomei, whose struggle with a rare but treatable disease shows how the system is failing for millions of China's workers.

Doctors in July diagnosed Ms. Zhao with aplastic anemia, a bone-marrow condition that put her at high risk of infection. They estimated her treatment would cost at least 400,000 to 500,000 yuan, or roughly \$65,000 to \$82,000.

Despite a lifetime of work, the 26-year-old waitress couldn't pay for it. Like many of China's 269 million migrant workers, she has bounced from city to city and job to job after leaving her home village to seek a better life. As a result, her employers—mostly small restaurants and noodle stands—haven't contributed to her account under China's medical-insurance system.

Ms. Zhao could have received coverage under a new rural medical-insurance plan, but only if she moved back to her home province of Guizhou, where job prospects for her fiancé were slim. And before she could even apply for reimbursement back home, she would have to pay the 56,000 yuan she owed to the hospital in Wuhan where she had been receiving blood transfusions and other treatment.

In early September, Ms. Zhao left the Wuhan hospital despite her deteriorating condition. "I just feel so tired. I feel like even walking a few steps takes all my strength away," she said, in a barely

audible voice.



"They didn't kick us out," said her fiancé, 28-year-old Zhou Guangsheng, who sells bamboo to make ends meet. "We just felt ashamed to stay there without paying them anything." When they ran out of money, they borrowed from friends to keep her medication coming. Medication alone was just a stopgap until they could afford more-aggressive treatment, her doctors said.

The government has spent about 3 trillion yuan on health care since 2009. The effort is crucial, many economists say, to turning China's notoriously frugal savers into consumers by encouraging them to spend instead of socking the money away for medical emergencies. Still, millions are falling through the cracks, especially migrant workers who drift from China's villages to work in factories in bigger cities.

"Coverage is fragmented and the administration of it is not desirable," said Dr. Zhang Wei, a health-care expert at Peking University's Guanghua School of Management. Dr. Zhang said that despite the expansion of insurance coverage, the individual economic burden has increased. "It's still a management problem," he said.



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China's leaders are trying to improve coverage. In May, they increased subsidies for rural residents' medical coverage to bring down personal health-care costs. Health officials in recent years have broadened the number of illnesses that qualify for reimbursement of 70% of expenses.

The Chinese health-care system is in some ways similar to the U.S. More than 40% of Chinese get benefits through an account funded by employers. Most of the rest are covered under a separate system aimed at China's vast rural population.

But a survey conducted this summer of 300 migrant workers by researchers from four universities found that just a third could tap health-insurance benefits. The government's own survey from last year said only 18% of migrants had access to the employment-based system. The problem for many is that they work far away from where they are supposed to live under China's residence, or hukou, registration system.

Ms. Zhao at an early age left her remote village home in China's southwestern Guizhou province. Her last job, which she left in June, was at a small fast-food restaurant in Taizhou, in eastern Zhejiang province, roughly 1,000 miles from home. Wu Lailai, owner of the restaurant, said he didn't buy social insurance for her because she worked there for only a few months. Mr. Wu said only a few longtime employees among his staff of 10 have social insurance.

"I can barely remember talking to her when she was working here," Mr. Wu said. "How do you expect me to buy her insurance?"

Not long after starting at the restaurant, Ms. Zhao fell ill.

Meng Li, a specialist at the Wuhan hospital who treated Ms. Zhao, said she required a stem-cell transplant—a procedure that cost well beyond what she could pay, and requires finding a suitable bone marrow donor. Even blood transfusions, which relieved her symptoms but aren't a cure for

aplastic anemia, cost more than 10,000 yuan.

The strain on her body was compounded by the fact that Ms. Zhao was pregnant. Her doctors told her she would likely lose the baby, but an abortion was too big of a risk to her own life. In late August, not long after her treatments began, she miscarried in her second trimester.

Mr. Zhou, her fiancé, worked in a furniture factory. He ran out of money in early July, but one of his friends in Guangdong province managed to raise about 8,000 yuan (\$1,290) for them. In China, medical treatment has to be billed and paid for before any medical care can be provided.

In September, the couple moved to the city of Xianning, with Mr. Zhou's parents, who were facing a medical burden of their own: Mr. Zhou's father was fighting cancer.

Mr. Zhou said he went to seek help from local government officials and was told he had to travel to Guizhou—his fiancée's home province—to get her paperwork done for the rural insurance program. But the 700-mile journey to Guizhou would have been impossible for Ms. Zhao, and she needed him to stay to care for her.

The Xianning civil affairs office, meanwhile, approved a onetime lump sum assistance for Ms. Zhao's medical care. The aid amounted to 1,000 yuan, a fraction of her medical expenses. The office didn't respond to requests to comment.

Mr. Zhou took his fiancée back to Wuhan in early October as her health deteriorated, hoping another hospital might be able to treat her. Not long after the couple left, Mr. Zhou's father died.

Back in Wuhan, Ms. Zhao was admitted to a hospital, but the couple still couldn't afford her treatment. On Oct. 22, Ms. Zhao died (Source: WSJ)

Wanda's New Megamall Offers Rides, Dives and a Butler by Your Side

Shopping in modern China can be a hassle. The roads are crowded, the air is bad and the queues long. Under such circumstances, the surge in online shopping is understandable. China's biggest mall operator, Dalian Wanda Group, wants to buck that trend and bring brick-and-mortar stores back into fashion. Its strategy is to reduce retail space and add entertainment. Shopping in China may never be the same again.

Spanning an area of 1.8 sq. km, equivalent to about 250 soccer fields, Wanda is building their biggest shopping facility to date. The "Wuhan Central Cultural District" is a multifunction shopping city in the capital of the southern province of Hubei. On Dec. 20, Wanda opened two cultural facilities that are to serve as the central attractions.

On one end of the district is the Han Show Theatre, home to a circus-type performance created by the former director of the world-famous Cirque du Soleil, Franco Dragone. In one scene, actors, some former Olympic divers, jump from a 27-meter-high ceiling into a pool that is set in the middle of the audience. The leap lasts 2.5 seconds. The diver hits the surface at speeds of around 84 kph.

At the opposite end of the premises is the Wanda Movie Park, one of China's largest indoor amusement facilities. It features six original rides, including "Hubei in the Air," which takes place in the largest immersive theater in China. Visitors are

taken on a bird's flight. A combination of real-life cinematography and special effects portrays Hubei's best scenery. Sprays of mist and gusts of wind make the attraction more lifelike.

"Wuhan is located in the physical center of China," said Wanda Culture Industry Group Vice President Tang Jun. "People have always passed through it, from north, south, west and east. They just didn't stay overnight." Tang calculates that Wanda can get 300,000 people through its doors a day, with a significant portion of them sleeping over.

The Wuhan Central Cultural District is one of 10 megamalls Wanda is building across the country. Whereas the group's previous 107 shopping malls were located in densely populous cities, these cultural themed megamalls will be located in such places as Harbin, Nanchang and Wuxi.

The rapid growth in online shopping pushed Wanda into its megamall strategy. Alibaba in mid-2014 raised \$25 billion in a New York IPO. Group founder Jack Ma Yun overtook Wang on the Forbes China Rich List after the IPO.

A while ago, Wang and Ma made a public bet worth 100 million yuan over whether online shopping could overtake purchases at physical stores in the next 10 years. Ma said yes and Wang said no. The jury is still out. (Source: Nikkei)

China Updates is published weekly by the U.S. – China Health Products Association, a non-profit organization dedicated to the promotion of dietary supplements and nutritional ingredients. The association's major focus is the continued development of China's overall natural health product industry as well as offer business services to its global members.

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