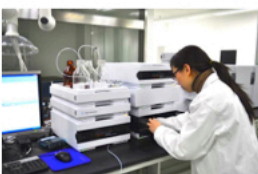


# CHINA UPDATES

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



ISSUE 93  
May 27, 2014

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## **China Health Committee: The Registered Health Food are good in Food Safety**

In a recent industry seminar, the chairman of China Health Committee said the problem of food safety issue rooted in illegal production and addictive, while the more than 13000 registered health food are so far without any safety problem reported.

Zhang Fenglou, chairman of the Committee, said that China's health industry is still at the preliminary phase of development. It lacks for a matured supervision system, which lead to many quality problems and disordered systems.

"In 1987, the Ministry of Health started to regulate health food as part of drug industry, which helped the health food industry a lot. The industry value jumped from 2 billion yuan in 1980s to 30 billion yuan with over 3000 factories. In 1995, China's food health law legalized health food for the first time," said Mr. Zhang.

"Health food industry has helped to decrease the medical expensive and provide more job opportunities to the society," said Mr. Zhang.

"We selected ten most-trustworthy brands from 881 products by 559 companies, with 3.6 million consumers involved," said Mr. Zhang. "The diet tea brand Bisunyen has been selected for the third time this year." (Source: China Economy Net)

## **Guangdong to Step up Efforts in Food Safety Regulation**

Chief of local FDA of Guangdong province pledged that the



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local government would continue their efforts in cracking down illegal food production in a recent media briefing.

The local authority has launched this campaign since this April, which will last till December. The campaign focus on key issues of food safety including expired food and food with poisonous ingredients. It mainly covers meat product, dairy product, cooking oil and grains.

The campaign also covers cosmetics, drugs as well as illegal food additives.

Guangdong authority has set up specific team to tackle food safety issue by 11 departments of FDA, public security bureau and agriculture bureau. (Source: People's Daily)

### Most Drugs Bought Online from Foreign Countries are Fake, said CFDA

The CFDA said recently that it found that over 75% of drugs bought online from foreign countries by Chinese local consumers are substandard.

The state authority recently launched crack-down on online drug selling. It alerts the local consumers to be careful when buying drugs online and should buy drugs from authorized sellers.

According to local regulator of Shenyang, the capital city of China's northern Liaoning province, this city only has one authorized online drug seller so far, while hundreds of local illegal sellers are selling drugs online to local customers.

Official data show that there are 184 online sellers so far that have obtained operation certificate from the Chinese regulator. (Source: Shenyang Evening News)

### Taiyuan to Kick Off Filing System of Health Food

Local regulator of Taiyuan, the capital city of China's middle Shanxi province, said they would promote regulation on health food and cosmetics, rolling out filing system of health food since May 1.

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There is no specific law on health food company's operation so far in Taiyuan, so the local FDA decided to try out filing system first.

The county and district level regulators are asked to spot check local health food and cosmetics companies once a month. The companies are asked to set up information tracing system for related products.

The regulator pledged to do more research on local cosmetics manufacturer for a clear idea of the local market, including the number of related companies. It will also upload all the information to its "information platform of FDA of Shanxi Province" online. (Source: Huaxi.com)



### China Dairy Maker Denies Using Toxic Industrial Gelatin

A major Chinese dairy maker has refuted a media

report alleging that it added toxic industrial gelatin to its yogurt products.

In a statement released Friday, Beijing Sanyuan Food Co said its production materials were purchased from the world's leading edible gelatin makers, either wholly foreign-funded or Sino-foreign joint ventures.

Quality tests have shown that both the materials used in the production of the edible gelatin and the final gelatin products are up to standards, it said.

China dairy maker denies using toxic industrial gelatin Sanyuan set to suffer first annual loss since 2009 China dairy maker denies using toxic industrial gelatinZero tolerance on food security issues

The dairy products were sold after passing quality tests, Beijing Sanyuan said.

Lyu Shuqin, vice-president of Beijing Sanyuan, said the company enforces a tough screening system for suppliers to ensure that all production materials are up to standards.

that was not implicated in the country's infant formula scandal in 2008 that left at least six infants dead and almost 300,000 with kidney illnesses.

Beijing Sanyuan even benefited from the scandal, with not only a rise in sales but also business expansion. In March 2009, the company bought core assets of Sanlu Group, a dairy firm based in Beijing's neighboring province of Hebei, which went bankrupt after the scandal. (Source: Xinhua)

### Domestic Brands at Top of List for Buyers

Domestic brands have penetrated their home market more fully than foreign competitors but have done less well overseas, a study found.

The top 10 most chosen brands in China are all Chinese, and foreign brands rank below 20th place, Kantar Worldpanel's Brand Footprint ranking discovered.

The report measures the brands that are bought most often in 35 countries and across the food,



The 21st Century Business Herald newspaper carried a report on Friday alleging that the Beijing Sanyuan Food Co once purchased toxic industrial gelatin from Gelita Cangnan Gelatin Co in East China's Zhejiang province.

The report said its reporters obtained documents showing that the dairy producer bought more than 20 tons of gelatin from the German firm, which was embroiled in an industrial gelatin scandal from last year to the beginning of this year.

China Central Television, the country's national broadcaster, said in a special report on March 15, World Consumer Rights Day, that Gelita Cangnan allegedly used leather scraps bought from leather companies to make gelatin that was later used for food and drug production.

Beijing Sanyuan Foods Co is the only major dairy firm

beverage, health and beauty, and home care sectors.

Jason Yu, general manager of Kantar Worldpanel China, said brand portfolios are worked differently by Chinese and international companies. Domestic names have their own strong parental brand, covering all product lines and sectors, creating strong brand penetration and wide coverage.

International retailers prefer to adopt a multi-brand strategy and avoid one brand representing everything.

Tingyi (Cayman Islands) Holding Corp specializes in beverages and instant foods such as noodles in China. Its Master Kong products had the largest shopper base, according to the report, bought by more than 91 percent of households. It is also the brand purchased most often, nine times per year

on average. It was chosen more than 1.3 billion times in the past year, representing 5.6 percent growth, according to the report.

Dairy giants Inner Mongolia Yili Industrial Group Co Ltd and China Mengniu Dairy Co Ltd ranked No 2 and No 3. They were followed by food and beverage brand Want Want China Holdings Ltd and beverage leader Hangzhou Wahaha Import and Export Co Ltd, according to the report.

Yu said the firms ranked are masters at making their brands matter to consumers. Their responsiveness to fast-changing consumer trends across China is critical to their success.

They grow by meeting necessities while adding significance and a little luxury.

Despite the booming trend of Chinese brands on the domestic market, there is little presence of them globally, suggesting their limited international appeal.

Chinese shoppers, more aware of food safety than before and with higher disposable incomes, are spending more on premium products than their peers in Europe and United States where consumers remain cautious after a long period of economic gloom, Yu said.

Beverage, cooking oil and personal care products provide a clearly marked path for consumers to trade up to more advanced formats or add a new step to an existing regime.

For example, consumers have moved from two-step to four-step daily dental care that includes toothbrush, toothpaste, mouthwash and dental floss.

Chinese fast-moving consumer goods brands have responded to demand for premium and luxury products that are widely recognized in top-tier cities.

Nearly a third of all fast-moving consumer goods are now sold online in China, up from 19 percent two years ago.

It's expected that more lower-tier cities will catch up to those high levels of penetration over the next

few years as e-commerce retailers expand their networks and reach. (Source: China Daily)



## Gansu Tightens GM Food Restrictions

Gansu Province stepped up restrictions on selling genetically modified (GM) food on Saturday.

A new provincial food safety supervision regulation stipulated that GM food must be sold in exclusive areas or counters without other food, to ensure consumers' rights to be informed and to choose.

Gansu's beefed-up restrictions on GM food are the first of their kind in the country, said Wang Qingbang, deputy head of the provincial food and drug safety watchdog.

Wang noted that the sale of GM food in different markets in the city did not see much fluctuation after one-month-long trial before the regulation kicked in.

A heated discussion regarding consumers' rights to be informed on GM food was sparked when Cui Yongyuan, a renowned former TV host brought up the question and traveled to the US to shoot a documentary collecting overseas opinions on GM food late last year. (Source: Global Times)

## Food Safety Draft Revision Pins More Responsibility on Firms

The central government passed a draft revising the Food Safety Law on Wednesday.

It will then go to the Standing Committee of the



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National People's Congress for review.

According to the revision, companies producing or selling food should establish a system to make sure that their products are traceable.

"Food producers and sellers hold the prime responsibility for food safety," said the revision, adding that they should operate their business in an honest and self-disciplined manner.

The revision enhances the punishment for violations.

For example, those who put non-edible chemicals into their products or produce or sell infant formula containing nutritional ingredients that do not match the safety standard will be fined up to 30 times the cost of the illegal products.

In addition, those who have been sentenced with jail time or more severe penalties for producing or selling unsafe food are never again allowed to produce or sell food products.

The government will also establish a system to reward whistleblowers who report those who threaten food safety as well as put in place compulsory food safety liability insurance for food companies, according to the revision.

Hao Yansu, director of the School of Insurance at Central University of Finance and Economics, welcomes the insurance, but said that specific plans are needed to make it enforceable.

"The problem of food safety is that it involves people's lives, thus the premium should be carefully designed to make sure it's affordable for companies," he said.

"The government could consider coming up with some kind of subsidy for the companies, so that the



cost will not be transferred to consumers."

Food safety has become a national concern in recent years, after media released several reports, including one that revealed some companies were using oil recycled from leftovers in dishes and sold it as cooking oil. (Source: China Daily)

## 7,000-Strong Tour Group from China



Picture: Chinadaily.com.cn

A record-breaking group of nearly 7,000 Chinese visitors began gathering in California this week, an example of what an analyst called "Chinese travelers' growing interest in the United States as a tourist destination despite political differences".

Perfect (China) Co, a direct-marketing company that sells health food and household and beauty products, is bringing the huge group to Orange County for an eight-day trip, setting a new record as the largest single group of Chinese ever to visit the United States.

Li Haidong, a US studies researcher at China Foreign Affairs University in Beijing, said the size of the delegation is indicative of how interested Chinese travelers are in the US despite the fact that the two governments constantly seem at odds on bilateral and global issues.

"In a sense, it shows that bilateral relations are maturing under the backdrop of market-driven globalization," Li said. "The visitors will spend money, which contributes to the American economy."

The majority of the group are top-tier direct-marketing professionals from various companies in China. Since Wednesday, the visitors have been arriving from Beijing, Shanghai, Dalian and Hong Kong on more than 70 flights.

The visitors' main conference and banquet will be held at the Anaheim Convention Center starting on Tuesday, though they will also get in plenty of shopping and sightseeing. The trip will take them not just to Anaheim but also Los Angeles, San Diego, Las Vegas and other destinations on the West Coast.

The group's event will generate an estimated \$85 million for the Anaheim area, and the 7,000 attendees will fill 13,000 to 14,000 hotel room nights at more than 30 area hotels.

"We are ready to show our Chinese friends the real California lifestyle here in Orange County," Ed Fuller, CEO of the Orange County Visitors Association, told China Daily in an interview.

"We know California is the No 1 destination for Chinese tourists, and this year they will see it and

fall love with it," Fuller said.

The ease of applying for US visas in the past two years has encouraged more Chinese to come to the country. The wait time for a visa in China on average has been cut to under five days on average from as many as 100 days.

An estimated 1.8 million Chinese tourists visited the US in 2013, and that number is expected to grow by 21 percent to 2.1 million this year.

According to the US Travel Association, Chinese visitors to the US spent some \$8.8 billion in 2012, averaging about \$6,000 per person.

Li said developing the Sino-US relationship in a healthy, stable way hinges on improving understanding between the two countries.

"It is good to see that a people-to-people exchange between Beijing and Washington does not swing to the rhythm of politics," he said.

As co-host of the convention, the CITS International M.I.C.E. (Meeting, Incentive, Conference and Exhibition) Co, the China-based enterprise, will handle bus transportation to take the visitors to major attractions.

Zheng Lijuan, general manager of the company, said, "As the largest tourism enterprise in China, CITS considers this largest Chinese MICE Group to Orange County an opportunity to increase interest in travel to the US."

Travel and tourism were responsible for \$1.5 trillion in economic activity across the US last year, supporting 8 million jobs, US President Barack Obama said on Thursday in a speech he gave in New York.

He also signed a presidential memorandum giving Cabinet secretaries for Homeland Security and Commerce four months to come up with a plan to streamline the entry process for foreign visitors in order to reduce their wait time. (Source: womenofchina.com)

## China Highlights "Health First" for Students

Local governments and schools have been told to promote student health and physical education (PE) courses.

Three circulars published on Friday by the Ministry of Education (MOE) call for measures to ensure adequate exercise for students.

The circulars respectively focus on encouraging student participation in sports activities, schools' improvement of PE lessons, and local education departments' implementation of teaching supervision.

Primary and middle school students should spend at least one hour each day on sports, according to one circular on primary and middle school PE assessment.

The circulars also called for an examination and assessment system for students' physical health.

A national standard for student physical health should be established and implemented. Schools nationwide should organize physical examinations for all students annually and report the results to a national database, the circulars said.

Health conditions will be considered in performance assessments for schools and relevant government departments.

Any school identified with deteriorating student health for three consecutive years will be evaluated as unqualified, even with excellent performance in teaching other major courses.

Wang Dengfeng, director of the Department of Physical, Health and Arts Education of the MOE, called for more government spending on building school sports facilities and sports venues.

He also urged guarantees of student safety during sports and revealed that the ministry is considering issuing a regulation on better prevention of campus sports injuries.

PE in China has improved in recent years, but it is viewed as a weak link in education, with a lack of an assessment system and sufficient teachers and facilities, which has restrained the development of students' health.

According to a national survey on students' health starting in 2010, physical fitness of college students has followed a slow declining curve, while more and more primary and secondary pupils are overweight. (Source: Xinhua News)

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