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Weihai To Strengthen Health Food Regulation

The local regulator in Wendeng district of China’s northern city Weihai said that any health food sales in the name of seminars or meetings would be punished severely.

The district officials will also launch a special campaign to inspect the health food sales in this area from May 20 to the end of October.

The special campaign targets at all kinds of health food sales initiated by related companies. It aims to spot the illegal production with substandard ingredient and false advertisement. (Source:Wendeng.net)

Qinghai FDA Released Regulation to Reward Whistle Blowers

To encourage the public to report on illegal medical and food sales, Qinghai FDA and the local treasury drafted regulations to reward the whistle blowers.

The regulation took effect on May 28. It covers all illegal conducts of related R&D, production and sales in this province from food, drug, health food, cosmetics, to medical equipment.

The staffs will follow the confidential system strictly. Any informant that deliberately fabricate information or cheat for the rewards will be punished based on law. (Source: China. net)

Shenzhen to Launch Special Campaign on Health Food and Cosmetics

The local FDA of Shenzhen recently maps out a plan to launch a special campaign in order to crack down illegal health food and cosmetics.

Yue Xin, chief of local FDA, said that the special campaign should include concrete measures to address the essential issue. The inspection result should be reported once per month.

The punishment guideline should be complied so that regulators can refer to written items when it comes to how to punish related companies and vendors.

The local police will also be cooperating with food and drug regulators in this campaign. (Source: sznew.com)

JCCT Held Seminar on Drug and Medical Equipment

The US-China Joint Commission on Commerce and Trade (JCCT) held a seminar with China's state FDA on drugs and medical equipment in Beijing on May 28. Delegates from both agencies discussed issues include drug data protection, fake drug crack-down, UDI and regulation on medical equipment.

Both agencies talked about past exchanges in recent years and expect to expand their cooperation in the future.

Industry representatives from China and America attended the meeting. (Source: CFDA)

Alibaba Revamps Fake-Goods Procedures

Faced with mounting criticism that it isn't doing enough to combat counterfeits, Chinese e-commerce giant Alibaba Group Holding Ltd.has revamped its process for removing problematic listings from its largest online marketplaces.

Under the new rules, global brands that have been

highly accurate in flagging fake goods on Alibaba's Tmall and Taobao will have their complaints reviewed in one to three working days, compared with five to seven days previously. Brands that sign up for the program will also have a dedicated representative to deal with their complaints, according to the Chinese company. Alibaba hasn't disclosed how many brands have enrolled in its "good-faith takedown" program, which took effect April 1st.

Alibaba said its new procedures show that it is "constantly enhancing and refining our anticounterfeiting operations." But while some experts welcome the program—which Alibaba promoted during a three-city U.S. roadshow this year—others say it could make filing complaints more complex.

Counterfeit goods have long been a problem for Alibaba, though public scrutiny has increased since the company raised $25 billion from global investors last September in the world's largest initial public offering.

Last month, Kering SA luxury brands including Gucci, Balenciaga and Yves Saint Laurent filed suit against Alibaba, claiming the e-commerce giant and its entities profit from counterfeit goods on their platforms. Alibaba has said the complaint has no basis.

In April, the American Apparel & Footwear Association, which represents more than 1,000 brands, complained to U.S. securities and trade officials about the "rampant proliferation" of fake goods on Alibaba's Taobao platform, where about 8 million mostly small sellers offer 800 million items. Alibaba has said that it has worked with the group since 2012 to address the issue, and its "track record of fighting illicit activities is clear."

In a white paper made public in January, a powerful Chinese government agency accused Alibaba of failing to crack down on the sale of fake goods, and of tolerating bribery and other illegal activity. In

what Alibaba has called a vindication, the paper was later removed from the agency's website.

Alibaba has said it spends more than $16.1 million a year to fight fake goods on its marketplaces, especially on Taobao, where anyone with a Chinese ID card can set up shop. The company does this through the use of data mining, cloud computing and close partnerships with governments, brands and trade groups, it says.

Last year, Alibaba joined with the International AntiCounterfeiting Coalition to streamline its process of dealing with fake goods on Taobao. Bob Barchiesi, the coalition's president, said he expects this program eventually to be rolled out to a broader universe of brands.

Chris Bailey, a Shanghai-based partner with consulting firm Rouse, said he's relatively satisfied with Alibaba's new procedures for removing counterfeits.

"We have signed up for it, and it does work," said Mr. Bailey, who advises brands on intellectual-property issues.

The American Apparel & Footwear Association said, though, that the program falls short of "a clear and simple takedown procedure that enables instantaneous takedowns of counterfeit products."

Another concern is that Alibaba is requiring brands to go through more steps to report certain suspicious listings, according to Joe Simone, founder of Hong Kong-based Simone IP Services, which could reduce the number of listings brands are able to report. (Source:wsj)

China Import Tax Cuts no Remedy for Retail Slowdown

China's economic policymakers clearly didn't consult mother-of-one Chen Xuejun when they decided to try stimulating consumer demand by slashing import tariffs on sneakers to skincare.

The 28-year-old speaks for many Chinese shoppers when she says the move last week won't make her shift her purchases back home from overseas, suggesting the economic upside may be less than Beijing has bargained for.

"Even with the tax cuts and discounts, it's still not as good value as buying abroad," said Chen, a worker at a state-owned enterprise in Shanghai. And anyway, she said, quality and design were just as important as price.

The tariff cuts, effective from June 1, are the latest in a string of measures to stimulate domestic consumption and bolster economic growth, which hit a 24-year low last year. Private consumption now accounts for over half of China's GDP growth, but lags far behind levels in markets like the United States.

A Reuters analysis suggests shoppers may be right to be sceptical. High Street prices of imported goods can be about 40 percent higher in China than overseas, and data shows the tariff cuts are unlikely to make much difference.

Indeed, even after an average 50 percent cut in

import duty, retail prices for skincare products will actually fall by less than 2 percent and diapers just over 3 percent - pocket change for China's almost 1.4 billion consumers.

Such price falls will barely scratch the mark-up Chinese shoppers pay on certain products. A 30 ml bottle of L'Oreal SA skincare product Lancome Advanced Genefique costs 780 yuan ($125.79) in China, between 40 percent and 60 percent more expensive than in Hong Kong, France and the United States.

"We understand the policy will have limited impact on retail prices," said a China-based spokeswoman for cosmetics firm Estee Lauder Companies Inc, adding the firm would respond to the move by adjusting its prices in the market.

French cosmetics giant L'Oreal and Korean brand AmorePacific Group, which will both adjust China prices, said the move may have a positive impact on domestic sales.

High prices mean Chinese shoppers now do about 70 percent of their luxury spending abroad, according to Bain & Co, driving the global market even as domestic luxury spending slows.

But those prices stem from more than just steep import taxes. The lion's share of the mark-up comes from the 17 percent VAT, distribution and department store costs, according to a price breakdown compiled for Reuters by consultancy SmithStreet.

"It's a good sentiment from Beijing, but the impact on the price consumers will actually see is going to be diluted," said Robin Kerawala, the firm's Shanghai-based co-founder.

Retail prices of smart Western-style suits, fur clothes and boots would fall 3 percent to 6 percent even after import tariffs are slashed in half, the analysis showed.

Companies are eager to cool talk of lower prices, saying many of the goods they sell in China are already made locally.

"The majority of our products sold in China is also being produced in China. Therefore, the reduction of the import tariffs does not have a direct impact on our business," said a spokeswoman for Nivea owner Beiersdorf AG.

U.S. firm Kimberly-Clark, which makes Huggies nappies, said the majority of the diapers the firm sold in China were made in the country. Rival Procter & Gamble Co said it was currently "evaluating" the situation.

"It depends how much lower the prices really go, but if prices are still 5-10 percent cheaper abroad then I think I would still buy any more expensive items overseas," said Yang Jiaqi, 22, a student in Shanghai. (Source: Reuters)

China's Growing Breastfeeding Problem

Two years ago, the British medical journal the Lancet published a study arguing that higher rates of exclusive breastfeeding could be even more effective than improved sanitation at preventing "a large proportion of child deaths and disease" in developing countries. It's unclear whether Chinese officials ever saw that research, but they seem to have arrived at the same conclusions.

This week, Beijing announced that it was considering a ban on infant milk formula advertising in hopes of changing the country's dire nursing statistics. In 2014, fewer than 16 percent of urban Chinese women exclusively breastfed their babies through the World Health Organization's recommended period of six months. In rural China, the rates were higher -- around 30 percent. But in both cases, they continue to decline.

China deserves credit for acknowledging this problem, but it's unlikely an advertising ban will make much of a difference. China's breastfeeding problems trace back to cultural practices and economic trends that don't have an easy fix.

Among the cultural factors, perhaps none is more influential than zuo yuezi, the traditional 30-day postnatal "confinement" period during which a new mother is expected to remain home to recover and rest while receiving assistance from family and (if she can afford it) hired help. The cultural expectations surrounding this practice tend to shift the burden of feeding away from the mother. In bygone days, families that could afford help would hire wet nurses to spare a resting new mother the labor of breastfeeding. These days, a can of formula suffices. In both cases, mothers lose an early opportunity to begin breastfeeding their newborn children, and rarely resume an exclusive breastfeeding regimen.

Economic factors also play a role. Due to higher doctor and hospital fees associated with the procedure, Chinese women deliver via caesarean in roughly 50 percent of all births. Yet, according to studies, caesarean deliveries in China are strongly correlated to low breastfeeding rates, because they produce delays in the onset of lactation. (There's also the simple fact that post-operative mothers are unlikely to start breastfeeding immediately.)

Moreover, it's not a coincidence that the growth of China's formula market since the 1980s has paralleled the breakneck development of China's economy. The hundreds of millions of migrant laborers who moved from China's agricultural regions to its manufacturing hubs on the eastern coast left behind tens of millions of children for grandparents (primarily) to raise for extended periods of time. For the youngest children of migrant laborers, formula was the preferred and often only food choice.

The extraordinary power of these cultural and economic factors was underscored in the summer of 2008, when authorities discovered that some of China’s largest dairy firms were producing formula

powder from milk contaminated with plasticizer. By the time the government had resolved the resulting crisis, six infants had died, some 50,000 were hospitalized, and more than 300,000 had fallen ill. Yet rather than spur a shift to breastfeeding, China’s milk powder scandal simply set parents off in a mad search for formula manufactured outside of China. Today, international airports that serve large numbers of Chinese passengers prominently stock formula in duty free shops, alongside cigarettes and scotch.

One consultancy expects China's market for formula to grow to $30 billion by 2017, from around $21 billion today. Manufacturers haven't refrained from exploiting that insatiable demand. In 2013, China fined six infant formula manufacturers -- five of which were foreign -- a total of $109 million for price-fixing their formula. Far more serious, from a public health standpoint, are the well-documented efforts by formula makers to circumvent China's existing regulations against marketing formula (including, by giving away free samples) in hospitals and other health-care environments.

China is right to restrict such exploitative marketing. But extending those efforts to formula manufacturers' broader advertising campaigns will only have a marginal effect on breastfeeding rates.

It would be far more important for Beijing to dedicate itself to the task of creating public awareness, via public education, of breastfeeding’s importance to children. When it comes to emphasizing the benefits of breastfeeding, it’s just a matter of the government devoting sufficient resources to the issue. Although even then, a bit of patience would help, too. (Source: Bloomberg)

Tmall, JD Kick Off Summer Promotions With Focus On Globalization

China's two leading B2C shopping platforms recently began their annual mid-year sales promotional campaigns, both striving to tap into global supply chains and make more international brands accessible to consumers. They are also competing for ease of internet financing and logistics services to customers, reports the Guangzhou-based 21st Century Business Herald.

Tmall, Alibaba's leading B2C shopping site, publicized its mid-year sales promotional campaign on May 25, which involves a three-pronged approach of business, service upgrade and cooperation upgrades.

Five days earlier, JD.com (Jingdong Mall), another major B2C shopping platform, also kicked off its 618 Shopping Party campaign in Beijing to celebrate its anniversary on June 18.

This year, both parties are silent on the price war, signaling the end of cheap prices for cheap traffic. Instead, they are working hard to show their "muscle," putting all of their new businesses, services and products on stage. "What counts most is whether or not our brand can sustain its vitality and stay attractive to consumers. Price can only serve as a minor factor for attracting consumers to our platform," said Ying Juji, general manager of Tmall's market division.

There are no major differences between the two platforms in their sales campaigns, as they all focus on direct global supply, financing, logistics and mobile social services. But Tmall has mobilized far more resources into the campaign as it launches a full-scale sales promotion for the first time ever.

Both Tmall and JD.com are drumming up "international brands" for various products as their top service. In line with its business upgrade strategy, Tmall is mobilizing "grand" imports, while JD.com has made "direct global supply" the top of its six major themes for the 618 Party.

Liu Peng, chief of Tmall's import division, said Tmall is adopting a trans-border e-commerce model to allow overseas merchants with online storefronts to sell and ship directly to Chinese consumers, allow top international supermarkets to station in Tmall, and allow direct online sales of products with international brands to consumers. He continued that Tmall is also working with foreign government agencies to build national "pavilions," or dedicated sites, on Tmall, like the South Korea pavilion unveiled recently.

Tmall and JD.com are also competing over the expansion of new products available for sale on their sites. In this field, Tmall is moving faster than JD, as the latter is sourcing global suppliers on its own and the former relies on forging partnerships with international suppliers.

Tmall has entered into cooperation with the world's top 10 ranches, four largest fishing grounds and 100 leading chateaux, and has also forged strategic partnerships with eight multinational supermarkets and hypermarkets, 30 healthcare groups, the world's top three cosmetics groups and top 10 baby product brands.

On another front, Tmall and JD.com have been deploying internet portals, financing and logistics services these two years to attract more consumers, stimulate consumption and facilitate spending. Such efforts are expected to pay off during the mid-year sales promotion.

Statistics released by the Ministry of Commerce showed that China's e-commerce transactions amounted to 13 trillion yuan (US$2.1 trillion) in 2014, accounting for less than 20% of the nation's total annual retail sales. (Source:wantchinatimes)