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New Regulation on Infant Formula Released

A new draft on the registration management of infant formula products was released earlier this month to gather public opinion. The new regulation is regarded as the strictest of this kind in history to strengthen controls over infant formula products in the local market.

The new draft asks one formula to be only applied to one product, and the label should state the real production place of the product, and the milk powder formula should be registered with local authority.

In the past, production of infant formula in China is regulated by filing, but since the new food safety regulation took effect in October, infant formula products should register with food and drug regulating office under the State Council.

By far, China has over 2000 infant product brands, and a certain companies have over 10 infant formula brands under them. Some companies rely on different formula to raise price, which draw regulation and limitation on the number of formula. (Source: China Youth Net)

Survey: Many Chinese Consumers Buy Health Products Online

According to a recent survey by China's national statistics bureau, 78% of online shopping in 2014 have replaced offline purchase, and over 80% of the online shoppers are satisfied with their online shopping experience.



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Cheap price is the most important element for decision-making of online shopping. Over 70% of online shoppers have reduced their outing time because of shopping online.

During spring festival and other traditional festival period in China, most health food stores have been seen a decline in sales due to the rising popularity of online platforms that are dedicated to health food.

The most popular health-related products include birth control products, medical equipment and beauty products.

There is also an increasing number of illegal cases relate to online sales of health food, especially food and product that addresses chronic disease, weight-control and sexual performance.(Source: Legal Evening News)

The Strictest Food Safety Law Takes Effect

The new food safety law in China, which is regarded as the most detailed and strictest food safety law in history, started to take effect early this month.

Chen Xiaohong, professor of food technology school of Nanjing Agricultural University, said that the new law added 50 clauses and revised most content of the previous law.



The new draft aims to enhance punishment towards food safety problems, and promote food safety management nationwide. It also highlights a number

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of key problems in the food safety field, including health food, online food trading and food additives. Related vendors are all held accountable for violating the law and harming consumer rights.

The illegal companies would face fines as high as 30 times the value of the case. The vendors and companies which involved in food safety crimes are banned from getting involved in food industry again.

The new law also highlights the importance of food safety tracking system, which helps the consumers to better protect their due rights when buying food online. (Source: wugu.com)

China's Beefed Up Food Safety Laws Sets New Regulatory System Oct. 1

China's food is known for its long and rich history, but also for its modern scandals. A new food safety law, dubbed by experts as the toughest yet, went into effect Thursday to help assuage the concerns surrounding the country's food safety.

Most Chinese people are pessimistic about the safety of their food. A recent Pew report found that 71 percent of respondents considered the safety of their food a "very big problem" or a "moderately big problem."

And more people think that way that they did seven years ago when Pew asked the same question.

“Concerns about food safety have risen over the past seven years amid several high-profile scares,” Pew wrote in the report. “In 2008, baby formula tainted with melamine was linked to the deaths of six infants and affected almost 300,000 babies. More recently, nearly a half-billion dollars’ worth of meat was seized by authorities in June 2015, some of it having been frozen in the 1970s. Roughly a third (32 percent) now say food safety is a very big problem, up 20 percentage points from 12 percent in 2008.”

“Safe food is a fundamental,” Premier Li Keqiang said earlier this year while speaking to the country’s State Council. “People want and need to know that every bite of food they take is safe to eat.”



Food safety tops the list of rumours by China’s netizens on social media, according to a report released by Sun Yat-sen University in January.

Almost half the articles on WeChat that were reported as rumors were about food safety, the report found.

But can the new law restore confidence in China’s food industry? Previous government efforts to prevent contamination and enforce hygiene standards in the food chain struggled to keep up with a rapidly expanding economy, China Daily reported.

Recent food scandals — injecting clenbuterol (a fat burner) into pork, putrid, used cooking oil to prepare food, selling pork from sick pigs, medicines made with toxic gelatin, and passing off rat meat as fit for human consumption — have caused public outcries for better safety precautions. Here’s a look at some of the changes that go into effect Oct. 1:

Those who add inedible substances to food could find themselves behind bars for up to 15 days. Administrative detention normally refers to that imposed by police without court proceedings. This has been considered tough, as other punishments stipulated in the Food Safety Law generally involves fines and revocation of certificates.

Consumers can demand reparation of three times any loss they suffer due to eating substandard food. Previously, only compensation of 10 times the price of the food — not the total loss, which could include days off work due to illness — was allowed.

Producers may face fines of up to 30 times the value of their products, a three-fold increase from the previous limit of 10 times the value. If the products are worth less than 10,000 yuan (\$1,610), the fine can be up to 150,000 yuan — three times the previous amount.

Landlords of production sites who knowingly turn a blind eye to illegal activities on the premises, and suppliers who sell unlawful substances to producers, knowing that they will be added to

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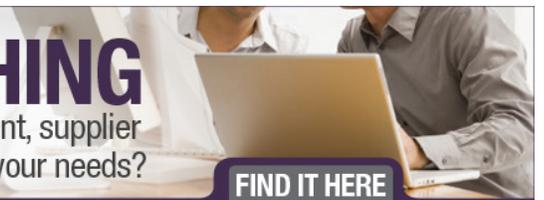
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foods, can have their revenues seized. They could also be fined up to 200,000 yuan (\$32,210).

Officials with food and drug regulators who fail in their duty to protect the public, or participate in cover-ups, will face administrative penalties, such as demotion or dismissal. Similar punishments will be dished out to officials in health and agriculture departments. Criminal penalties could be brought for abuse of power and neglect of duty for personal gain.

Infant milk formula will be heavily regulated in efforts to restore public confidence in the domestic dairy industry.

Producers will be required to register powdered baby milk formula with the food and drug regulator. Earlier provisions stipulated that firms only needed to ensure their formulas were on record.

There are more than 1,900 varieties of baby formula available in China. Each company has around 20 varieties. In other countries, firms produce and sell only two or three.

“Some producers [are creating] new formulas purely for the sake of marketing,” said the Food and Drug Administration regulators.

In 2008, infant formula produced by the Sanlu Group, a leading dairy firm in north China, was found to contain melamine. Six babies died and thousands fell ill. As a result the Food Safety Law was enacted in 2009, but public confidence in domestic baby formula has not recovered. Instead, consumers have demanded baby formula from countries like Australia, New Zealand, and Germany, which now have strict export quotas for China.

Producers will now have to test every batch of the product, conduct regular internal inspections, and

submit reports to regulators.

China’s online retail sales totaled 1.85 trillion yuan (\$297.9 billion) in 2013, with food eating up a little under 2 percent of that: 32.4 billion (\$5.22 billion). The amendment adds new articles on online shopping, clarifying the liabilities of shopping platforms. They are required to register the real identity of vendors and check their certificates. The platforms will have to compensate consumers if they cannot provide the identity, address, and contact details of retailers.

They can also report malpractice to the government and deny access to delinquent retailers. (Source: Xinhua)

China Issues Guideline For Online-Offline Commerce Connection



China's State Council on Tuesday issued a guideline to boost the connection between online and offline businesses to spur market vitality.

According to the guideline, the government supports physical stores to advertise and sell their



products and services on the Internet and asks them to improve delivery and after-sale services to enhance consumer experience. They are also encouraged to maintain 24-hour interactions with consumers.

China will speed up the use of mobile Internet, big data, Internet of Things, cloud computing, the Beidou Navigation System, positioning, and biological identification in authentication, transaction, payment and logistics.

The government encourages Internet companies to partner with physical stores so that their advantages will be combined.

E-commerce and modern logistics will be introduced to commodity trade centers to improve resources allocation and increase logistics efficiency.

The government backs export-oriented logistics companies to build warehouses overseas and vows to nurture the development of cross-border e-commerce.



China will also push ahead with online-offline connections in businesses concerning people's daily life, such as catering, tourism, traffic and entertainment.

The country will try to make commerce "smarter" in cities, and expand the reaches of e-commerce and logistics to more rural areas.

To facilitate online-offline commerce connection, China will slash government approvals and further cut red tapes. Fiscal and financial support will also be unveiled. (Source: Global Times)

Vital to Manage The Risks in China's Food Chain

China's agricultural production has undergone historic growth during the past 30 years.

The country is the world's largest producer of pork, fruit, vegetables and eggs. It is also the second-largest chicken producer and the third-largest milk producer.

This incredible growth has vastly improved nutritional standards and the quality of life for consumers. But it has not been easy for regulatory bodies to keep up with the changes and challenges facing the industry.

New risks have emerged with intensive livestock operations, industrial food processing, and the widespread availability of chemical additives and pesticides. The fragmented nature of China's agricultural sector poses enormous safety concerns for food companies.

The government is taking steps to improve food safety, including a revised national law. Other measures involve limiting pesticides and chemical fertilizers, increasing supervision and technical assistance, and enhancing regulatory enforcement.

Corporations are increasingly being held responsible for ensuring food safety throughout their entire supply chains. Since 1980, China's major crop



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production has tripled but farmland grew by only 10 percent. Growth was partly due to a quadrupling of chemical fertilizer and pesticide use after 1991. China’s farmers use more than three times the amount of pesticides and four times the chemical fertilizer per hectare as farmers in Europe and the United States.

Since 1980, pork output increased by 350 percent, chicken meat production grew by 1,200 percent and milk production jumped by 3,000 percent. The use of antibiotics in animal feed also grew substantially.

According to China’s most recent agricultural census in 2006, 184 million farms grew crops and their average size was 0.7 hectares. In contrast, the US has 1.6 million farms with an average size of 102 hectares.

With so many small farms, it is difficult to supervise the use of pesticides and fertilizers, and difficult to ensure that crops raised on contaminated soil do not enter the food chain.

China’s livestock sector is also highly fragmented. About 52 million farms raised pigs, compared to 56,000 in the US. Most of China’s pigs come from farms that produce fewer than 500 per year, while in the US, 90 percent come from farms that annually raise more than 5,000.

China has nearly 24 million farms that raise broilers — chickens raised for meat — compared to 33,000 in the US. Most of China’s broilers come from small and medium-sized farms that produce fewer than 50,000 per year. In contrast, 96 percent of US broilers come from farms that produce more than 200,000 per year.

Just 20 years ago, China’s meat and dairy production was mainly from small household farms. But recent growth has been fueled by small, medium and large-scale livestock operations. In the long term, large-scale businesses will make supervision easier and help adopt best practices.

In the short term, there is a risk that management and staff do not have adequate training or technical expertise to safely manage large enclosed herds and flocks.

Also, companies with trading, processing, distribution or retail operations must take active responsibility for the safety of their entire supply network, beginning with the primary producers. A high level of interaction with suppliers will help ensure quality.



Of course, there are extra costs associated with ensuring food safety, but leading corporations can not afford to keep their supply chain at arm’s length. The following principles will help companies better address safety risks in China’s challenging industry landscape.

- Be familiar with the entire food supply chain through regular on-site visits to farmers, traders, processors and logistics companies.
- Verify the quality of the agricultural production environment, including potential water and soil contamination, and the proper use of fertilizer, pesticides and growth promoters.
- Create a “win-win” supplier relationships, starting with clear, detailed specifications and regular performance measurement. Provide

training and assistance to ensure implementation of best practices.

- To prevent economically motivated shortcuts, provide credit or subsidies for raw materials and establish controls to ensure their proper use.
- Design effective monitoring and verification programs that include testing, audits and unannounced visits.
- These should be statistically designed to provide optimal quality assurance for both upstream vendors and in-house operations. Risks change along with market conditions.
- Strive for transparency. This is essential in responding to food safety incidents. (Source: China Daily)

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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