



# CHINA UPDATES

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### **CFDA: Punishment Towards Illegal Conduct Not Enough**

A director at the State Council said in a recent meeting that the standard rate of food spot-checked in 2015 was up by 2.1% from a year ago to 96.8%, but China's food safety situation is still worrisome.

Bi Jingquan, the director of the food safety office, said that the food safety standard in China is not well-developed enough, and the punishment towards illegal conduct is not strong enough to pose threat to the wrongdoers.

"Infant formula products are the most strictly regulated products," said Mr. Bi. "Generally speaking, their quality is quite reliable and they are safe."

In 2015, the regulators have checked nearly 3400 batches of domestic and imported products, and 36 of them are found to be substandard or have potential risk in food safety. (Source: Tencent News)

### **CFDA Released Notice on Gingko Extract Product**

The state regulator of drug and food recently released a "suggestion on how to deal with making substandard health food of ginkgo extract".

It says that the agency has organized inspection towards companies that make health food of ginkgo extract and inform the public of the wrongdoings relate to some health companies buying substandard ginkgo extract.



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To better implement relevant measures to tackle with the wrongdoings, the notice said those conducts, that failed to meet the requirement mentioned in state documents about the production procedure and quality standard, should be punished based on the special regulation on food safety by the State Council.

Applications that gave a vague explanation about their production procedure and quality of the extract, which they use in their products, would not be accepted by the regulators. Relevant companies should keep documents and files for reference.

Companies that did not report the potential risk that their products have per food safety to the regulators will be punished severely.

The local regulators are asked to strengthen inspection towards relevant products and should cooperate with public security bureaus to deal with the illegal cases. (Source: CFDA)

### **Compensation Standard To Alert E-Commerce Vendors**

In recent years, local courts have dealt with several cases that revolve Chinese labels on imported food sold on trans-border online platform. The compensation standard of ten times of the original deal value is increasingly making the online vendors cautious.

In May, 2015, a company was sued by a local consumer in Hagnzhou for selling 120 bottles of spirulina tablet without Chinese labels. The local court required the company to return 17,784 yuan that the consumer paid to buy these products, and paid another 53,352 yuan as compensation.

A month later, a local consumer in Jiangsu province sued an internet company, which launched an online store in jd.com and sells infant snacks and other food imported from America and Germany without Chinese labels or instruction book.

According to the new food safety regulation, the

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packages of imported food and food additives should bear Chinese labels, and the product should be sold with Chinese instruction book. The label and instruction book should also follow other relevant food safety regulations, and indicate the original production place as well as the name, address and contact of local agencies on the production package.

Taking the imported infant formula as an example, the Chinese label should be printed on the package before it is imported. Most of imported infant formula products sold on trans-border platform fail to meet this standard.

On the other hand, the regulators don't force the online vendors on trans-border platform to add Chinese labels so far.

Whether or not the imported food sold on trans-border e-commerce platforms should have Chinese labels is still debated among intellectuals. (Source: IVC100)

### **Family Doctors the Future of China's Healthcare System**

Getting medical treatment has become much more convenient for Wei Xianfang since she joined a family doctor program.

"Going to the village clinic to see the doctor was

such a hassle for me in the past, but since I signed a contract with Dr Liu, whenever I feel under the weather, I can just call her and make an appointment," said Wei, who lives in Sixian Village, Luzhai County in south China's Guangxi Zhuang Autonomous Region.

Liu helped her with inflammation after she accidentally fell on the floor and injured her leg last week. Liu also gave her a blood pressure test and has regularly reminded her to take her medicine after she was diagnosed with high blood pressure in a routine medical exam a year ago.

Going to the doctor has long been a headache for Chinese people. With the country's large population and its limited and unbalanced distribution of health care resources, hospitals are always swarming with patients, leading to long wait times and an unpleasant environment.

Family doctors devote themselves to continuing and comprehensive health care for patients of all ages. Family doctor programs have been introduced in several provinces and regions to ease the pressure on big hospitals and ensure equal opportunity for people to receive medical treatment.

In 2013, Luzhai County was selected as the pilot zone for the family doctor program in Guangxi. Under the system, rural families sign contracts with general practitioners in rural township clinics. The doctors offer one-on-one service for patients, providing basic medical care as well as health consultations.

The program aims to provide better medical service to rural people and encourages people to seek medical care at grassroots medical institutions, reducing the pressure on hospitals in cities.

Statistics show that from 2009 to 2014, government spending on health amounted to 4 trillion yuan (\$620 billion), 1.2 trillion yuan of which came from

the central government.

Like Liu, many doctors in community hospitals have joined the family doctor program to better serve local patients.

"My phone was on 24/7 during the Spring Festival holiday in case any of my patients had an emergency or a health question," said Zhu Lan, a doctor in a community medical center on Xieshi Street in Xuhui District, Shanghai.

Shanghai started experimenting with a family doctor program in 2011.

Zhu, one of the first doctors to join the program, has signed with 1,060 families living along the street so far.

In Xi'an City in Shaanxi Province, more than 2.5 million local residents have signed up with family doctors, and in Liaoning Province, more than half of the rural population has joined the family doctor program.

Ali Health, Alibaba's health care subsidiary, launched a mobile application in Beijing to connect doctors from grassroots medical institutions and nearby residents. Patients can simply pick up their phones to interact with a doctor.

In the proposal for the 13th Five-year plan covering 2016 to 2020, the central government vowed to build a "healthy China" by reforming its health system, building a basic health care system covering both the urban and rural areas and a modern management system for hospitals.

It called for improving distribution of health resources and basic services, promoting health resources at the rural and grassroots level, developing telemedicine, and promoting family doctors and electronic health records.

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According to Dong Fang, head of the grassroots health services office of the Health and Family Planning Commission of Liaoning Province, family doctors can diagnose and treat common diseases such as a cold or cough, and help patients recovering after major surgery at big hospitals.

"Family doctors have provided local residents with better medical services and also encouraged better use of China's limited health resources," said Fu Hongpeng, researcher with China National Health Development Research Center.

According to Fu, family doctors have partly filled the gap between the the large number of patients and limited hospitals.

Zhu Lan has become friends with many of her patients since becoming a family doctor. Many longtime patients who have moved out of the neighborhood still come to her for treatment.

"They trust me," said Zhu. "The tension between doctors and patients will be eased when trust is built."

"I will keep being a family doctor, and I believe it is the future trend for China's health care system," she added.

Li Bin, head of China's Health and Family Planning Commission, said that the government is making efforts to provide each Chinese family a family doctor by 2020. (Source: Xinhua)

## **Aging Population Poses Serious Health Challenges**

Hong Kong is facing a mounting chronic disease crisis among its rapidly aging population.

Under Secretary for Food and Health Sophia Chan

Siu-chee said Hong Kong should brace itself for a sharp increase in chronic diseases - as the city's aging population grows.

Longevity coupled with a low birth rate mean one in every three residents will be over 65 years old by 2040, according to Chinese University of Hong Kong Vice-Chancellor Joseph Sung Jao-yiu.

Sung said the demographic outlook posed a major healthcare challenge as well as raised questions about who will carry the burden of caring for an outsized elderly population suffering from chronic diseases.

Hong Kong women are some of the longest-living in the world, according to the Health Department, which found women lived for an average of 86.9 years in 2014 while men lived for 81.2 years.



Sophia Chan said the number of patients treated for chronic disease rose from 1.08 million in 2010 to 1.35 million in 2014, with obesity, high blood cholesterol and asthma being the major culprits.

She said the government was using a variety of solutions to cope with the challenge as well as investing heavily in preventative healthcare such as discouraging smoking, drinking and a sedentary



lifestyle.

In spite of growing demands for healthcare, a steady decline in manpower is already affecting public hospitals' capacity to deal with patients with chronic diseases.

The potential to expand capacity in the private medical care sector was obvious, Chan said. He noted an imbalance in the ratio of public and private hospitals. While 42 public hospitals offered 27,440 beds in 2014, the 11 private hospitals only provided a capacity of 3,889.

The government has already taken steps to introduce more policies, such as plans for affordable medical insurance. This is in the hope of diverting an expected influx of patients with chronic diseases into the private sector.

An elderly healthcare voucher scheme provides elderly patients aged over 70 with vouchers valued at HK\$2,000 a year. This can be used for private medical services - as one of many strategies to reduce waiting times at overcrowded public hospitals.



Hong Kong Council of Social Services' head of elderly service, Grace Chan Man-ye, said cooperation between government departments, the medical sector and community would be essential to meet coming challenges.

Chan said she hoped to see the introduction of more elderly services, such as having designated police officers to help identify and return wandering dementia patients. (Source: China Daily)

### China Health Kick Boosts Aussie Brands

The growing interest of Chinese consumers in health and wellness has delivered a boost in fortunes to Australia's speciality food and supplements brands, according to reports.

China's wealthy middle class consumers are now looking to Australia for organic and nutritionally-enhanced products, particularly for their children.

Brands have been quick to respond to the bottomless well of opportunity in China – but often at the cost of Australian shoppers.

Infant formula produced in Australia has been flying off the shelves to meet Chinese demand, to the point where domestic supply has been compromised and a cottage industry of "grey market" exports into China has emerged.

Organic baby formula brand Bellamy's Australia saw its stock price soar over 700% last year, with net profit up 325% on the back of sales into China. The brand was the centre of outrage in 2015, with many Australian mums unable to source the product locally due to extraordinary demand in Asia.

The boost in sales is largely from middle-class shoppers, China's fastest growing consumer demographic. Millions of Chinese consumers are distrusting of domestic brands following a series of food safety crises.

The country's food manufacturing sector has also been affected by allegations about inaccurate ingredient labelling. As Chinese shoppers are becoming more educated on nutrition and



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wellbeing, they prefer to buy more expensive food brands they can trust and which are manufactured abroad.

Signs in Mandarin can now be seen on many Australian supermarket shelves, advising Chinese-speaking customers that there are strict limits on buying tins of infant formula to sell onward into China.

According to a report by AFP, shares of Australian supplements maker Blackmores also increased 534% to A\$217.98 in 2015. Chinese consumers account for an estimated 40% share of total sales.

Supplies of Blackmore's supplement products are now so stretched that the brand's directors are reluctant to set up a store on Alibaba's cross-border e-commerce platform, Tmall, for fear they may not be able to service additional Chinese demand. (Source: warc.com)

#### Chinese Herb Ginseng Trade Sees Potential

Though snow still covered the crops that Zhao Youjun grew at the foot of Changbai Mountain in northeastern Jilin province, he knew the ancient herb would attract a great deal of traders to his small county in just a few months.

The prized herb that Zhao believes could bring huge profits is ginseng, the bitter roots that have long been used in traditional Chinese medicine—chewed raw or cooked into meals for their health-enhancing properties.

He said it is the faith in its tonic power that has spurred the growth of ginseng's commercial production as Chinese people buy more health and wellness products.

As a result of its popularity, the wholesale price of top-quality processed ginseng is expected to stay at 240 yuan (\$36) per kilogram.

"For thousands of years, we have been using medicine made from dried ginseng to treat ailments. Even today, it is used in many forms to

wake you up, whip you into shape or rejuvenate your body," said the farmer.

In Fusong county of Jilin, about 35,000 metric tons of fresh ginseng were traded at Changbai Ginseng Market in 2014, Asia's largest for the root.

The volume accounted for 80 percent of the country's ginseng market. China's ginseng exports declined 36 percent to 1,207 tons in 2014 while the value increased 14 percent to \$137 million over the same period.

Local farmers in Fusong have an average annual income of around 43,000 yuan, four times the national average, said Hou Yubing, director of Fusong Ginseng Industrial Development Center.

The industry had a total sales volume of around \$2.9 billion last year, he said.

Though China is the world's largest ginseng producer and consumer with dried roots exported to South Korea, Japan and Germany, the exports account for just 20 percent of the global total.

"Then those countries exported ginseng products such as cosmetics, ginseng tea, pills and ginseng-flavor drinks back to China with more added-value, because we still lag behind them in terms of processing and extraction," said Yang Xinyu, a co-founder of Changbai Ginseng Market.

He said at the moment, there are many small players in the business in China but the nation lacks a large-scale ginseng company.

But he plans to expand the businesses to keep track of every step of the ginseng trade, from collection to consumption.

Yang, also president of Changchun Xinyu Medical Co, said the firm is putting a lot of effort into the research and development of ginseng medicine and ginseng health products.

The government is also very supportive of the ginseng industry's development, offering subsidies and help to local growers.

Since 2012, the Ministry of Health (now the National Health and Family Planning Commission) has permitted ginseng's use as a food additive, a move to further boost domestic demand.

Hou said other Chinese companies are also developing high-end ginseng products, such as ginseng peptide, which is purified from the ethanol extraction of ginseng for cosmetic use.

"It will take a long time for such innovation, but we are heading in the right direction," he said.

"We will eventually shift from a supplier of raw-materials to the world's high-end marketplace." (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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