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HNC Expo Shanghai 2016

Healthplex & Nutraceutical China 2016 (HNC 2016), organized by the China Chamber of

Commerce for Import & Export of Medicines & Health Products and Shanghai UBM Sinoexpo International Exhibition Co., Ltd., will be held on June, 21-23, 2016 in Shanghai, China. As the most important exhibition for the health industry in the Asia Pacific region, HNC has become the premium-trading platform for gathering the most up-to-date information on product innovations in the health industry.

HNC is an industry-chain exposition co-located with 5 leading industry fairs, including Hi China, Starch Expo, Expo FoodTec, and CPhI & P-mec, where suppliers in food, pharmaceuticals and nutraceuticals meet together. This grand annual event will feature many leading nutraceutical companies and industry professionals networking with each other to explore new business opportunities.

FOR MORE INFORMATION OR TO REGISTER VISIT HNC'S WEBSITE HERE.

Karicare Denied Its Exit Result of Fake Products

karicare, the dairy brand under Nutricia, announced recently that it would exit from China's market. The brand also said in its official weibo, China's twitter-like social platform, that it would still sell in New Zealand.

Analysts said that its exit is result of too many fake products floating around in the local market in China. However, Nutricia said that its decision is based on their plan to focus more to develop the other two brands, Nutrilon and Aptamil, in China.

When Karicare announced its exit earlier last month, online articles saying its exit is result of too many fake products in China have been widely circulated. Many online have expressed their concerns over difficulty to buy reliable foreign dairy products in China. (Source: nbd.com)

CFDA: Complain Report About Food Cases Up by 60% Last Year

According to numbers from complaint report center under CFDA, number of complaint report in 2015 was up by a 64.82% year on year.

Lv Fuquan, director of the center, said that in 2015, the center received about 770,000 pieces of complaint reports in general, up by 36.94% year on year, which was three times more than the number in 2013.

Among the complained cases, the top three kinds of cases that got the most complaints are food, drug and health product.

Most of the cases were reported by phone calls. An increasing number of reports are coming from online platforms.

Problems reported are mainly about selling fake and counterfeits products, illegal sales, and false advertisement. (Source: China Youth Daily)

Hunan Set Up Innovative Food And Drug Test Institution

The provincial food and drug regulator in Hunan province plans to strengthen daily inspections, and promotes innovation in food and drug testing capability, and improve quality management level.

The regulators have organized province-wide campaign to require local test institutions to learn from the national testing institutions and compare their lab results.

Special attention is also paid to the format of testing report to make sure that all food test reports meet the provincial standard. (Source: CFDA)

CFDA: Bottled Water To Be Targeted Specifically

Relevant officials with CFDA said in a recent seminar on the topic of water quality that last year, the state regulator strengthened inspection towards bottled water.

The national inspection covered 7448 batches of products, and spotted 690 batches of illegal products.

“ To address problems spotted during the inspection, CFDA has seriously punished relevant production companies and management team,” said a director with the state agency.(Source: CFDA)

Chinese Market Offers New Life to Many Drugs

Drugs that failed to make it to the market in the U.S. and elsewhere are finding new life in China.

In 2013, Bristol-Myers Squibb Co. stopped global trials of a first-line liver-cancer drug after it failed to outperform a rival. Instead, the company licensed the drug, brivanib, to a Chinese startup.

The startup, Shanghai-based Zai Lab Ltd., sees high potential for brivanib in China because its rival—sorafenib, developed by Bayer AG and Onyx Pharmaceuticals Inc.—costs around $7,500 for one month of treatment and isn’t covered by national insurance.

“ We hope to give the Chinese patients a more reasonable price,” said Samantha Du, founder of Zai Lab, one of several Chinese firms joining forces with Western pharmaceuticals over partially developed drugs in China.

They’re chasing a market where the best new global drugs face long delays while regulators clear a speedier path for Chinese medications.

But the new trend also raises the question of whether China has become a dumping ground for inferior drugs.

I. Glenn Cohen, a Harvard Law School professor who studies medical ethics, said that because of differences in regulatory standards it isn’t unusual or unlawful for a company to get a drug approved in one jurisdiction and not another.

For one thing, in China a drug doesn’t have to prove superiority over existing drugs—a major hurdle in the U.S., where 90% of candidates get dropped in the clinical-trial process.

Industry experts say pharmaceutical companies have long sold drugs in China that were never tested or marketed in other countries. “Why? The cynical answer is because they can,” said Laura Nelson Carney, senior research analyst covering Asia-Pacific health care at Bernstein Research.

The stroke drug cinepazide was withdrawn from Spain, Italy and France in the late 1980s and 1990s, after reports of blood disorders associated with its use. By 2010, it had become China’s top-selling drug, according to Credit Suisse Equity Research.

The company that markets it, Sihuan Pharmaceutical Holdings Group Ltd., says the generic cinepazide it produces is more purified than the branded version that was sold in Europe, and its safety and efficacy is recognized by Chinese authorities and patients.

China’s State Food and Drug Administration didn’t respond to repeated requests for comments on its drug-approval process or the quality of drugs in China. Officials at the U.S. Food and Drug Administration declined to comment on trials in other countries.

China has long tried to clean up drug approvals. In 2007, it executed Zheng Xiaoyu, who had helped create the Chinese FDA, but who as the head of it was accused of accepting bribes from drugmakers trying to win approvals.

During Mr. Zheng’s tenure, more than 150,000 drug applications were approved.

Problems persist. The Chinese drug regulator says that since it threatened last year to severely punish those who submit fabricated clinical-trial data, drugmakers have withdrawn nearly four-fifths of drug applications.

A recent scandal over improperly handled vaccines has reignited concerns over drug safety.

By finding local partners in China, global drugmakers have a second chance to make money on drugs that have fallen short elsewhere. Beijing, which wants to build a competitive domestic pharmaceutical market, welcomes such partnerships.

For Chinese consumers, the trend could mean shorter wait times and lower costs for new drugs—even if they aren't the best in their class.

For now, Chinese regulators ask for additional testing of drugs approved by the U.S. FDA. Approval to start trials can take more than a year. By comparison, the U.S. regulator says clinical trials can start 30 days after an application has been submitted.

Only 21% of drugs launched globally between 2008 and 2012 were available in China as of 2013, compared with 68% in the U.S., according to market researcher IMS Health.

For example, revolutionary new hepatitis C treatments, shown to cure more than 90% of patients within a few months, have yet to make it to China, which has one of the world's highest rates of the disease. Instead, patients rely on older therapies, often with side effects such as nausea and hair loss.

Sun Wei, 46 years old, from Shenyang in China's northeast, said that after a year of interferon injections, her hepatitis C infection still wasn't cured, her weight had dropped 93 pounds to 110 pounds, and she had developed severe joint pain. "I looked older than 60," she said.

In October, she traveled to New Delhi to buy three months' worth of Gilead Sciences Inc.'s blockbuster drug Sovaldi, which is still in the testing stage in China. She says she now tests negative for hepatitis C.

Medical tourism from China to countries like India, Laos and Bangladesh—where hepatitis C treatments are available and at a much lower cost than in the U.S.—is potentially a more than $50 billion market, according to a recent report by investment firm Founder Securities.

China's drug regulator has promised to speed up approvals of new drugs for AIDS, cancer and infectious diseases, including those from foreign manufacturers.

Bristol-Myers is seeking approval of its hepatitis C drug asunaprevir in China even though it dropped the drug's U.S. application shortly before the expected FDA decision, as rivals were near approvals. Regulators in Japan, South Korea and Taiwan, as well as some countries in Latin America and Eastern Europe, have approved asunaprevir to sell in combination with another drug.

A Bristol-Myers spokesman said the company's hepatitis C strategy focuses on the unique unmet medical need of each local market.

As for brivanib, Bristol-Myers says the drug may have special promise in China, where the cancer it treats, hepatocellular carcinoma, is much more common than in the West due to China's high prevalence of hepatitis infections.

Stuart Schweitzer, a University of California-Los Angeles professor of health policy and management, says an affordable drug can be preferable to a wonder drug that is too expensive.

“Suppose the drugs worked, but not as well as the drugs already on the market. Are those drugs ‘failures’?” （Source: WSJ）

Women Driving Growth of Online-To-Offline Business in China

Females have become the driving force behind China's booming online-to-offline shopping sector, despite their minority position in the country's overall Internet-using population.

According to a new report from group-buying e-commerce website Baidu Nuomi, women now account for 46 percent of the country's Internet users, but they generate 62 percent of O2O revenues.

Baidu Nuomi claims it now accounts for a fifth of daily O2O sales—a rapidly growing market that enables online customers to pay online for bricks-and-mortar services, such as movie tickets and restaurant bookings.

Tang Lihua, a director at Baidu Nuomi, said the results show that attracting, then retaining, female shoppers has become critical for any O2O platform.

"We plan to provide more baby-related and beauty-related services and products, for instance, in order to further grow our business, as we think that's likely to be strong selling-point for women," she said.

The study showed that since the start of 2015, female O2O spending has far-outstripped that by males, and the gap is growing, particularly during the country's flagship shopping events such as Qixi, Chinese Valentines Day.

As well as the beauty-related sector, women outspent men in other lucrative areas, too, including gyms and leisure, and hotels, said the report.

Gao Shuang, an analyst with China Internet Network Information Center, said the main reason is simple: Women are more decisive when it comes to shopping.

"They are not only buying for themselves, they are also shopping for their parents, their husbands and children," she said, adding their pickiness, too, is also driving up improvements in services and product innovation.

According to the center's statistics, the number of female online shoppers grew to 180 million by the end of 2015, more than double the number in 2010.

They also showed female online shoppers spend 4.17 hours a day surfing the Internet, against a daily average of 3.74 hours by all Internet users in China.

Restaurants, travel spending and movie trips were the top three O2O sellers for women.

Zhou Shu, a senior executive at Yuxiang Renjia, a restaurant chain specialized in Sichuan dishes, said it had certainly noticed that women have the stronger say when it comes to deciding where to eat.

"And they are more willing to try new services and new products," she said.

"Most importantly, though, they are happy to communicate and exchange their feedback after eating at a new restaurant, which makes them more influential in the O2O market." (Source: China Daily)

China Tax on Overseas Purchases Set to Kick In

China is tightening its grip on cross-border e-commerce, imposing a new tax system on overseas purchases that form a growing business catering to Chinese consumers with an appetite for foreign goods.

The changes, announced by the Finance Ministry last week, include raising the so-called parcel tax that is currently imposed on foreign retail products that e-commerce firms ship into China.

Moreover, such goods sent directly to consumers will now be treated as imports and will be subject to tariffs and value-added and consumption taxes, whose rates vary depending on the type and value of goods. The ministry said the changes, which become effective April 8, are intended to put foreign and domestic products on an equal footing.

Industry analysts said the move seems designed to give a boost to “made-in-China” products and could dent a small, but growing, market for foreign goods sold by Alibaba Group Holding Ltd., JD.com Inc. and other e-commerce players.

Those marketplaces feature nutritional supplements and food by brands such as Ocean Spray, as well as diapers and other baby and maternal products. They form a slice of the 5 trillion yuan ($773 billion) in sales by e-commerce firms in China last year, double the level of 2012, according to Beijing-based research firm Analysys International.

The new levies could dampen some demand, just as an increasing number of retailers world-wide are hoping to sell into China, said Charles Whiteman, senior vice president of client services for MotionPoint, a technology company that helps international retailers sync their e-commerce websites across languages and currencies. “Increases in prices always have the effect of driving demand down,” but the effect will be “modest,” Mr. Whiteman said. “It probably won’t be too noticeable for branded products,” for which consumers are willing to pay a premium.

Chinese consumers have demonstrated a willingness to pay more for products such as cosmetics, infant formula and other baby products.

Chinese e-commerce companies have said that such products form the vast majority of the imported products sold on their websites, because of product-safety concerns in China. Alibaba and JD.com said they expected robust demand from Chinese consumers for overseas products, especially high-quality ones,to continue, even with the changes in policy.

The changes in taxes come as the Chinese economy is slowing and the deceleration is crimping tax revenues. Tax revenues grew 4.8% last year, compared with 7.8% in 2014. Beijing is looking for new sources of growth and revenue, and is trying to guide the economy to rely more on consumption and less on investment and industry. At the same time, China is anxious to build up domestic businesses to provide jobs.

The boom in e-commerce has provided better-priced goods to consumers and created new delivery and other logistics jobs. To nurture the sector, the government since 2012 allowed e-commerce firms to pay just the parcel tax, and not other tariffs, when importing goods through customs in about a dozen cities, including Shanghai and Shenzhen.

The lower taxes have given e-commerce businesses an edge over ordinary importers in China and domestic companies that make similar products, the Finance Ministry said in announcing the tax changes.

“As consumption plays a bigger role in the economy, the government prefers to see outbound consumption flow back,” especially for medium- and high-end goods, said Tan Naixun, an analyst at research firm Analysys International.

Calculating the impact of the changes on merchandise is difficult given that different categories of goods carry different rates. A company that sells infant formula milk, for example, will pay nearly 12% more in taxes if the sale is under 500 yuan because previous exemptions don’t apply, according to Mr. Tan, the analyst.

Luxury goods like jewelry will see extra taxes between 9% and 17%, while some levies on personal-hygiene and cosmetic products could fall since the changes rescind the previous heavier parcel tax on those products.

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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