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Guizhou Sells Health Products Well Online

Guizhou government steps up efforts in developing its local e-commerce industry, saying that health products and food that valued at 1.4 billion yuan were sold via online platforms.

Over 1700 local companies in Guizhou have joined the “cloud service” project, which aims to develop the e-commerce cloud platforms in Guizhou. In total, over 5600 companies have joined relevant platforms.

Food and health products are among the bestsellers on these platforms, followed by furniture and consumer electronics.

Data coming out from these platforms showed that consumers on these platforms are from all over the country.

The local government said its next step would be to promote e-commerce in less developed areas in the region, helping local farmers to alleviate poverty. (Source: Guizhou Business Daily)

Baoji Launched Campaign on Food and Drug

The local market regulator of Baoji, Shaanxi province, launched a campaign to crack down illegal food and drugs sold in the local market.

According to officials, the campaign aims to clean up local consumption markets and improve the quality of food and drug sales.

The campaign will last for six months and will be divided into three phases. Special attention will be paid to fake wines, health food and food additives.

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Already a number of high-profile illegal cases have been cracked by local authority. Relevant suspects were submitted to local police. (Source: Baoji govt)

Xinjiang Cracked 301 Illegal Health Food Cases

Last year, market regulators in Xinjiang cracked 301 cases that involved illegal health products, confiscating 320,000 yuan and 4916 boxes of health products.

So far Xinjiang has 15 companies that produce health food. Those failed to acquire sales approval from state regulators would be punished seriously.

Two companies' products were spot-checked and one batch of products are found to be substandard.

The market regulator also pledged to enhance daily inspection towards health food. (Source: Yaxin.com)

China is Asia's Most Attractive Consumer Market



China was the most promising consumer market in Asia in 2015, and will probably remain so in the next four years, according to a Bloomberg report released Thursday.

"Even as China's economy slows and its population ages, it appears set to remain the most attractive Asian market for retailers in the years ahead," said Bloomberg economists in "Insight: Asia retail forecasts show China market to stay No. 1."

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The report said the Asia-Pacific region accounted for just under a third of Apple's revenue, and more than half of the revenue of Yum! Brands, operator of fast food chains including KFC and Pizza Hut, in 2015.

"Asian consumers have shifted from bit-part players in the drama of global demand to a leading role," it said.

In ranking of the most promising consumer markets in 2015 by Bloomberg Intelligence Economics, China, Japan and India came first, second and third.

"For China and India, that reflects their massive young populations and large economies," the report said.

Following India were Australia, the Republic of Korea and Malaysia. Pakistan and Bangladesh ranked at the bottom of the list.

Using GDP and GDP per capita forecasts from the International Monetary Fund, and demographic forecasts from the United Nations, it's possible to project the ranking scores forward to 2020, the report said.

China's economy expanded 6.7 percent year on year in the first quarter of 2016, slowing further from the previous quarter but better than many had feared.

And foreign direct investment (FDI) in the Chinese mainland continued to rise in the first four months of this year, official data showed earlier this week.

FDI, which excludes investment in the financial sector, rose 4.8 percent year on year to 286.78 billion yuan (45.3 billion U.S. dollars) in the January-April period.

China will encourage an overhaul of its consumer goods industry to meet the needs of increasingly picky buyers, according to a statement issued after a State Council executive meeting Wednesday.

The government will back enterprises to spend more on design and R&D, the statement said. (Source: Xinhua)

Big Data: Hot Pot Is The Most Popular Food in China



Hot pot is the most popular food among Chinese food lovers, according to a recently released food consumption report.

The report, published by China's Groupon-style giant Meituan-Dianping.com, showed food consumption patterns of Chinese consumers based on the data in 2015.

According to the report, 70 percent of the foodies are female. As for age ranges, those aged between 20 to 30 years old make up the lion's share of food lovers, accounting for 59 percent.

In terms of star signs, Libras are the largest sign for gourmet customers, followed by Leos, Virgos and Scorpions.

Hot pots, especially those from Sichuan province and Chongqing municipality, are the most popular food across China in all seasons, the report noted.

Beijing people enjoy barbecues the most while Sanya in southern Hainan province stands out for its seafood consumption.

According to statistics from the National Bureau of Statistics and industries, the scale of the catering market reached 3.2 trillion yuan (\$490.9 billion) in 2015, a 16 percent rise in growth, 140 billion of which was contributed by Online To Offline, or O2O business.

The market still has promising future, especially in fourth or fifth tier cities. For instance, last year alone, the online food trade in Yining of Xinjiang Uygur Autonomous Region grew by 4,654 percent. (Source: people.com)

China Spends Trillions on Health Care Improvement

China has spent 5.64 trillion yuan (871 billion U.S.dollars) in the reform period since 2009 to improve its healthcare system.

The health budget for 2016 is 1.24 trillion yuan, said the National Health and Family Planning Commission (NHFPC) on Thursday, adding that the average annual growth rate of medical input has surpassed 20 percent over the past seven years.

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goal of creating a universal health security system, which focuses on equal access to basic public health services for all, the commission said.

The budget is also used to promote reform and upgrade of public hospitals at or above county-level. The central government will grant each county 3 million yuan annually to accomplish the goal, while providing a lump-sum of 20 million yuan to every city, according to the NHFPC.

China is also making efforts to cut the financial burden for poor people. According to a survey by the NHFPC and the State Council's Leading Group Office of Poverty Alleviation and Development, there were 12.56 million households in poverty directly because of unaffordable medical bills by 2013, accounting for 42.4 percent of the total poor on record. (Source: Xinhua)

Opinion Divided Over New Tax Regulations For Cross-Border E-Commerce



The new taxation rules for goods bought through cross-border e-commerce platforms that became effective on April 8 have drawn mixed responses from players in the sector.

According to the new rules, retail goods purchased

online from outside of China will no longer be treated as personal postal articles but imported goods, which are subjected to tariffs, import VAT and consumption tax.



In addition, any single transaction exceeding 2,000 yuan, or an individual who spends more than 20,000 yuan a year, will be charged the full tax for general trade on top of that.

Ben Cavender, principal of China Market Research Group, believes that online platforms that have hit critical mass in user numbers will still do well.

However, he noted that they now have to contend with the fact that it will be difficult to attract more users as the products sold on cross-border e-commerce platforms are no longer significantly cheaper than those in physical stores.

The new tax policy, which aims to level the playing field between e-commerce platforms and traditional retailers and importers, will apply to the 1,293 products in the list issued by the Ministry of Finance.

"We believe the new taxation policy will be good for the standardization and health of the cross-border



e-commerce scene, and it will provide companies like Amazon a better and more transparent market environment," said Amazon.cn, the Chinese branch of the US e-commerce company, in a statement to China Daily.

Xu Shan, the general manager of Ningbo-based cross-border e-commerce company taotaoyang.com, did not share the same sentiment.

"Within the first week of the policy taking effect, many e-commerce companies saw their revenue shrink to 30 percent compared to last year's. It would have been better if companies were given between three and six months to prepare for this," said Xu.

According to China's Ministry of Commerce, the country's cross-border e-commerce trading is projected to reach 6.5 trillion yuan this year and will grow at an annual rate of more than 30 percent, accounting for 20 percent of China's total imports and exports trade volume in the next few years. (Source: China Daily)

China Regulator to Launch Campaign to Clean Up E-Commerce, Online Ads

Chinese authorities will launch a campaign to clean up e-commerce - targeting trademark violations, counterfeit and poor quality products and the faking of transactions to boost a merchant's online rankings, the official People's Daily said.

It did not name any specific companies but the move has the potential to affect internet firms such as Alibaba Group Holding Ltd, JD.com Inc and Baidu Inc.

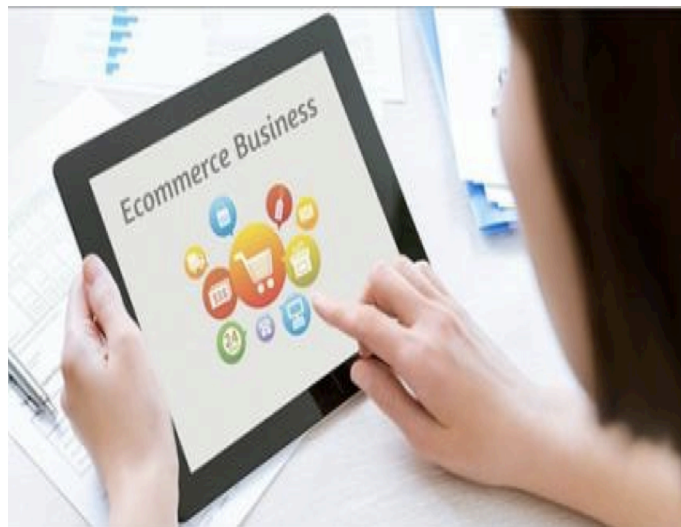
The campaign by the State Administration for Industry and Commerce will run from May to November, the paper said.

The regulator was quoted as saying it would step up its oversight and give out harsher punishments for those found in violation of regulations.

It also called out false and illegal advertising online, according to the People's Daily, a subject which has caused controversy this week.

Chinese search giant Baidu is being investigated by the country's internet regulator over the death of a university student who used the Chinese search engine to look for treatment for his cancer.

Before dying, Wei Zexi accused Baidu online of promoting false medical information, as well as the hospital for misleading advertising in claiming a high success rate for its treatment.



A Baidu spokeswoman declined to comment on Thursday about the move by SAIC. Alibaba did not immediately respond to a request for comment.

A JD.com spokesman said: "Our business model targets the scourge of counterfeits and we support efforts to protect consumers, wherever they may shop online."

Chinese authorities regularly launch such campaigns, and this is not the first to target e-



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commerce, though their effectiveness is not always obvious.

Alibaba will announce its earnings results for the first three months of 2016 on Thursday. JD.com will announce its results for the same period on Monday. (Source: Reuters)



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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