U.S. – China HPA Health Products Association 美中健康产品协会

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Erdos Founded Health Food Industry Association

The Erdos Health Food And Cosmetics Industry Association was founded recently under the guidance of local food and drug regulatory bureau. It was formed by several major health and cosmetics companies, relevant research institutions and other social groups.

The association aims to lead the industry to improve the level of product quality and services.

So far the city has over 2000 health food and cosmetics companies. Starting July, the city is to launch a campaign to specifically crack down on illegal production of health food and cosmetics.

Companies who are involved in illegal production and sales will be punished severely, including having their operation permit being revoked by the regulator. (Source: Erdos Daily)

Zhejiang Launched Special Campaign on Food

The market regulator in Zhejiang province launched a province-wide campaign that targets at health food, mixed liquor and maca-based products.

The campaign aims to specifically spot illegal additive and false advertisement of relevant products.

In the half-a-year campaign, a comprehensive inspection will be conducted towards supermarkets, markets, merchandise stores, pharmacies, wholesale market, grocery stories and online platforms.

Those products that exaggerate its function or mislead local consumers in its advertisements will be specifically targeted.

At the same time, relevant products will be tested to see if any of them contain over 30 ingredients that are blacklisted by the local regulators as illegal additives into drugs or other health products.

Information of substandard products will be released in time to inform the public. (Source: Zhejiang Daily)

Health Products Sold Well on Tmall International

During the mid-year sales campaign on Tmall International, the online shopping platform selling international brands, sales of health products saw a 1133% increase from last year and maternity products up by1735%.

The American health brand GNC saw a year-on-year sales increase of 452% on Tmall International during the campaign.

Tmall recently announced strengthened partnership with over 200 local and international brands including ZARA and Adidas.

Tmall International leads in the local market regarding sales number among major cross-border e-commerce platforms that launched mid-year sales campaign in June.

Brands on Tmall have garnered over 20 million fans in total during the mid-year sales campaign. (Source: ebrun.com)

China's First Hospital Founded By Insurance Company Opens

China's first hospital founded by an insurance firm, in cooperation with local government, opened on Sunday, creating a new model for health care.

Approved by the China Insurance Regulatory Commission, the Sunshine Union Hospital opened in Weifang City in east China's Shandong Province.

The Sunshine Insurance Group invested 3 billion yuan ($461 million) to set up the hospital in cooperation with the city government.

Zhang Weigong, chair of the insurance firm, said at the opening ceremony that the hospital will experiment with introducing commercial medical insurance in hospital fee payment, allowing people better access to medical services.

The class A hospital, on par with all major hospitals in big Chinese cities such as Beijing and Tianjin, covers 63 hectares of land and can accommodate up to 2,000 inpatients.

Liu Shuguang, mayor of Weifang, said in addition to the hospital, the city is also pushing forward medical reforms in public hospitals by encouraging private capital to invest in hospitals.

The hospital is part of China's plan to build a "healthy China" laid out in the government's 13th Five-year Plan (2016 to 2020). It offers a guideline to reform the country's health insurance system to give people easier and better access to medical services.

Previously, provinces such as Jilin, Heilongjiang, Guangdong and Hainan started experimenting with commercial insurance for critical illnesses to complement basic medical insurance.

In late March, the government of Zibo city in

Shandong became the latest to link e-pharmacies with government hospitals. JD.com and Shandong Xinhua Pharmaceutical, a pharmacy listed on the Shenzhen Stock Exchange, were tasked with operating an out-of-hospital platform linked with in-hospital prescriptions. Hospitals were asked to share information with the platform to allow patients to purchase drugs easily. (Source: Xinhua)

Tianjin Pharmaceutical Company Focuses On Medical Wearables

Tianjin Chase Sun Pharmaceutical Co Ltd, a high-tech medicine and health industry group, has extended its lines of business from manufacturing traditional Chinese medicines to making wearable medical equipment.

These devices, such as pulse oximeters, sleep monitors and blood pressure monitors, are designed for family use. Wu Fen, president of the company, said that future focus will be on further developing medical wearables.

Established in 1996, the company's sales revenue reached 4.5 billion yuan ($680 million) in 2015. As of the beginning of this year, it had total assets valued at 6.4 billion yuan and a market value of 15 billion yuan, with more than 5,400 employees. Sales revenue is expected to reach 5 billion yuan in 2016, up from 260 million yuan in 2009, according to Wu.

The company's business strategy focuses on technical innovation and continuing to strengthen research and development capabilities.

In 2014, it implemented an equity incentive plan for 70 key members engaged in scientific research, to stimulate their creativity and vigor. Ten percent of its annual sales revenue is used for supporting the innovation team and for hiring senior talent.

"We always pay attention to the need to motivate talent to be innovative. We have attracted a batch of top talent to join our company through this mechanism," Wu added.

By 2020, the scale of our talent will double, and the core members will increase to 800 or 1,000," he said.

The State Council, China's cabinet, issued in February a guideline on developing the TCM during the period of 2016-2030. According to the plan, the output of the TCM industry will account for 30 percent of the nation's overall pharmaceutical industry.

Tianjin Chase Sun Pharmaceuticals has established industry clusters in a number of fields, including raw materials production, Chinese herbal medicine planting, modernized TCM preparation, TCM formula granules, synthetic drugs, medical apparatus, wearable medical products, and internet-based therapy.

Moreover, since the company was listed on the Shenzhen Stock Exchange in 2009, it has stepped up the pace of mergers and acquisitions to enter into more fields.

It has acquired and reorganized 28 enterprises by a variety of financing methods.

For instance, in 2012 it purchased Beijing Tcmages Pharmaceutical Co. Ltd., which specializes in research and production of TCM herbal granules.

Last year, it bought Beijing Choice Electronic Tech Co Ltd, a medical monitoring equipment manufacturer, for 1.57 billion yuan, to tap into the wearable medical equipment field. (Source: China Daily)

China to Improve Supervision of Mental Health

The Supreme People's Procuratorate (SPP) publicized a regulation that defined prosecutors' responsibilities when supervising compulsory medical care, including the institutionalization of people with mental health issues.

According to the regulation, made public Wednesday, prosecutors should demand reassessment of committed patients if there is any doubt about their assessment.

Prosecution agencies, if they find patients do not meet certain criteria or a court's judgment is in question, should demand a review of the decision, the regulation said.

The review should be completed within 20 work days by a procuratorate of the same level as the court that made the decision.

Moreover, it stipulated that procuratorate must supervise medical care provided to subjects and the discharge process.

Prosecutors are also required to demand correction in cases where subjects are denied visits or correspondence with relatives or legal representatives, or denied regular evaluations, among other irregularities. （Source: Xinhua）

Consumers, Brands Scramble After China Crackdown on Cross-Border Shopping

A crackdown on China's booming cross-border online shopping trade has created commercial panic and prompted local consumers to seek ways to skirt the increased tariffs and stricter rules that have led to some products being yanked off shelves.

China raised taxes on goods bought on overseas e-commerce platforms on Apr. 8, but sparked more confusion with a last-minute list that restricted some products from being sold through these channels, leading to sharp share price gyrations by firms in close trade partners like Australia.

The new rules and stepped-up enforcement have also spooked China's army of informal travelling shopping agents who have reportedly been dumping goods at customs checkpoints to avoid paying taxes.

The moves threaten to put the brakes on China's fast-growing cross border e-commerce market, which had lured domestic shoppers with lower tax rates than conventional imports and less red tape over which products could be bought and sold.

"A lot of players from express logistics providers to brands themselves and platforms like Tmall, nobody is really clear what's happening right now," said Robin Kerawala, Shanghai-based partner at consultancy SmithStreet, whose firm works with brands in China on e-commerce strategies.

He said China's customs agency has increased inspections, which could raise costs for delivery firms.

While the measures will boost China's coffers, the country's finance ministry says they are designed to "level the playing field" for tax and regulation of offshore and onshore e-commerce platforms as well as bricks-and-mortars stores.

This imbalance had been noted in the past: U.S.

infant milk powder maker Mead Johnson Nutrition Co said in January that China had a "tilted playing field" in favour of cross-border e-commerce channels.

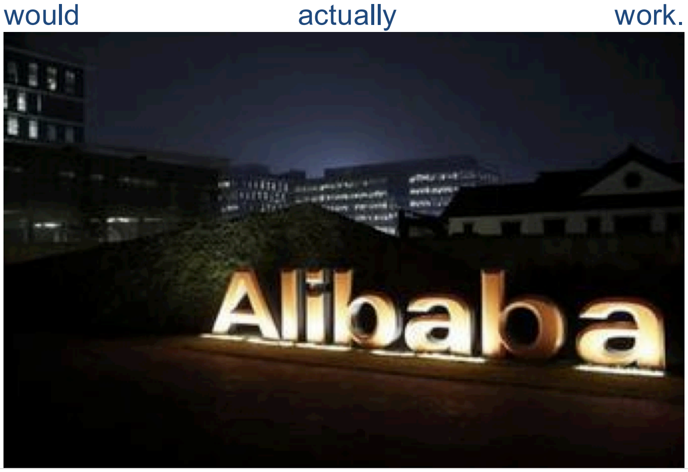
China's cross border-retail sales - referring to goods either shipped directly to shoppers from overseas or from warehouses in free-trade zones within China - is set to hit 432 billion yuan ($67 billion) this year, from 259 billion yuan in 2015, according to McKinsey & Co.

The tougher regulations mean firms were forced to act fast to stay compliant with the new rules. Milk goods, a popular import for Chinese consumers, have been hit particularly hard: Australian dairy firm Murray Goulburn said on Tuesday its Devondale brand milk products had been removed "temporarily" from some websites.

The official list said that milk powder products needed approval by China's food and drug regulator, while long-life liquid milk was not included on the list at all.

"We have to comply with every regulation from the government, so on the day the list came out some goods referred to were taken off the shelf," said Richard Liu, chief executive of China's second largest e-commerce site JD.com Inc.

He added it was still unclear how much prices would rise after the tax hike as the firm was still waiting for greater clarity from regulators on how the rules would actually work.



A spokesman for Alibaba Group Holding Ltd, which operates cross-border e-commerce platform Tmall International, said the firm "always follows the laws of the countries in which we operate and this tax policy is no exception."

A Reuters' analysis of prices of milk powder to health supplements on the platform suggested shoppers will now pay an 11.9 percent import tax. Many of these products would have been tariff free under the previous "parcel tax" system.

The abruptly imposed "positive list" - released only hours before coming into effect last week - also underlines a major risk of doing business in a China, where new regulations can often be sudden and opaque, changing market dynamics overnight.

For e-commerce platforms, brand owners and consumers, the main response to the new regulations was uncertainty.

The curbs are also scaring Chinese "daigou" - unofficial shopping agents who bring back suitcases of goods from abroad.

Though the new rules don't directly target this grey market trade, photos of goods being dumped at airports to avoid taxes have circulated widely on Chinese media over the last week.

A senior sales executive at a multinational consumer goods firm said many firms were "scrambling", with some companies flying senior management into China to work out how to respond.

The Shanghai-based executive added his firm was looking to coordinate with others in the industry to "lobby" local regulators and get greater clarity on the rules.

Resourceful consumers, meanwhile, circulated posts online, discussing ways to get around the restrictions.

Dai Yingshan, 23, a student in western Sichuan province, said a friend outside China helped her re-wrap purchases such as calcium tablets and then sent them on to China as if they were a "personal present" - thereby avoiding taxes. (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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