



# CHINA UPDATES

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## Fujian To Release New Food Safety Regulation

The local regulator of Fujian province has submitted proposal for a new food safety regulation, which would give detailed rules on online food sales platforms.

The new proposal says that the provincial health committees can map out new food safety standard with the local food and drug authorities. The standard should be filed to the state health and sanitary administrative departments.

Research institution, education and academic groups are encouraged to take part in drafting the proposal.

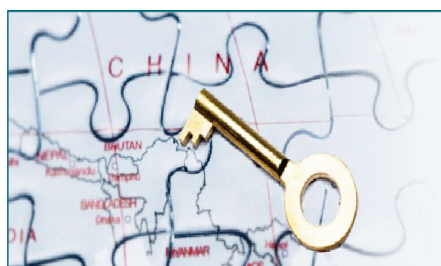
The proposal laid out strict regulation on online food sales, especially obligations of e-commerce platforms. The rules include limits on the expiration date of the food displayed over the food package, and setup of production and sales record. (Source: fjnew.com)

## Gansu: To Enhance Regulation on Health Food Industry

According to a local report by a media outlet in Wuhan, the local industry and commerce bureau of Wuhan launched spot checks on nine health food companies, and six of them have problems.

Sources said their problems are mainly due to false advertisement.

The major consumers of health food are senior citizens, who



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lacks for capability to tell a quality product from the substandard ones. Many illegal vendors thus target at the elderly groups.

There are many results that lead to the problems in health industry, which all root at inadequate regulations. The country's health industry still suffers from "heavy on approvals, light on regulations", which created loopholes for vendors and companies to be free from punishment for their wrongdoings.

Regulations should not only be written on papers, but turned into concrete actions. Relevant authorities should set up long-term mechanisms that can help promote a healthy development of health food industry.

The public also needs to learn more knowledge of health food so that they can make better decision on which health food to buy. (Source: Gansu Daily)

## China's Youth Rediscover the Tradition of Drinking Tea

This summer, Chinese youngsters are rediscovering their culture's time-honored tradition of tea-drinking as a fashionable pastime, as a rising number of businesses modernize the way the beverage is consumed.

Casual spaces for tea lovers to gather and savor the beverage are mushrooming

Last June, health food restaurant chain Element Fresh launched Vital Tea, a 'tea cafe', positioning it as an alternative to coffee shops and tea houses.

"Everybody loves the café experience, but not everybody likes coffee — certainly not every day," said Frank Rasche, chief executive of Element Fresh.

The company believes tea consumption outside home has been dominated by either expensive and formal tea houses or cheap and convenient ready-to-drink teas that lack the quality of freshly brewed leaves.

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To remedy the situation, the company opened the chain so that tea aficionados could enjoy freshly brewed concoctions in a relaxing environment.

Vital Tea offers a wide selection of fresh herbal and flower teas, tea lattes and carbonated iced teas.

Although the company refused to disclose annual revenue figures, it noted that in less than a year, it was able to open seven stores in Shanghai.

Its expansion plans include 10 new stores in the city this year and several hundred stores in other cities across the country.

"There is no reason why the size of this category in the long term should be less than that of the coffee shop (category)," said Echo Shi, brand manager of Vital Tea.

The tea café segment is expected to grow significantly in coming years, supported by a strong tea-drinking culture and new lifestyle habits of the younger generation.

The China International Tea Cultural Institute estimates there were more than 126,000 tea shops in China last year.

"In the past, Chinese consumers usually had tea at home or office," said Neil Wang, global partner and China president of international consultancy Frost

and Sullivan. "Nowadays, a growing number of consumers, particularly young people, prefer to gather and chat over tea at exclusive tea shops."

Entrepreneur Li Hui and his business partner Pu Pengtao co-founded Ten Plus (Shiyiqu in pinyin), a large, quiet tea café in Hepingxiqiao in eastern Beijing where customers relax, unwind and sip varieties of Chinese teas.

The tea café is decorated with contemporary furniture made by local artists drawing inspiration from traditional Chinese elements. It is an effort to modernize the Chinese tea-drinking ritual.

"We started the business to attract the young generation, to get them involved in this traditional culture, because, nowadays, young people don't like old things such as tea," said Li.

The salon organizes evening tea-tasting parties three times a week. For 50 yuan (around \$7.50), customers get the chance to enjoy five to six types of tea. What's more, while at it, they can buy tea-related accessories and books, attend calligraphy classes and take guzheng lessons.

The business is progressing well, and revenue grew 30 percent last year, said Li.

The tea industry revenue is projected to grow at an annualized 7.1 percent to \$27.5 billion in 2020, according to business intelligence firm IBIS World.

Tea consumption in China—2 million tons in 2015—is expected to increase 5 to 8 percent on average annually till 2020, according to Frost and Sullivan.

To make the most of the tea craze, Martin Papp, a US national, set up Papp's Tea in April last year. The Beijing-based company specializes in tea-related services. Its first venture was a contemporary tea

café for urbanites looking for new drink experiences.

"We wanted to be fun, hip and energetic and show people that even though tea is an ancient drink, it has the potential to be the coolest, most fashionable drink," said Papp.



His idea consisted in serving fun tea blends and to offer rare product varieties to adventure-minded Chinese consumers.

To his surprise, he soon had to reassess his business model to become a supplier of loose tea leaves and teabags to local food enterprises that shared his dream of adopting a modern approach to the drink.

"Our main purpose now is to support other local food-and-beverage brands that want to have a good selection of tea blends," said Papp.

For him, it is only a matter of time before F&B entrepreneurs realize the need to offer casual, comfortable spaces for tea aficionados, just as the new-age coffee shops do.

The company also trains clients so that they could also create their own original and contemporary tea products, including alcoholic tea cocktails.

The tea distributor has already secured a dozen supply contracts from restaurants and cafés in China, including health food restaurant chain Moka Bros and Japanese style diner Hatsune.

The deals have enabled Papp's Tea to generate monthly revenues of 200,000 yuan, and sales are gradually increasing, he said. (Source: China Daily)

## China's Health Sector Vows to Improve Nursing Services

Jointly organized by the China Health Culture Association (CHCA) and Beijing-based newspaper Health News, and supported by Johnson & Johnson China, the Advancing Nursing Profession to Support the Building of a Healthy China seminar was held in Beijing on July 21.



Government officials, nurses and representatives from medical institutions and domestic and international enterprises attended the event.

The seminar discussed topics related to China's nursing industry. According to the 13th Five-Year Plan, China will rapidly expand its nursing staff and enhance professional training for nurses to improve service standards and cultivate more nurses for

seniors.

All the stakeholders present at the seminar agreed that by pooling their resources to promote quality nursing services they would be able to take China's nursing industry to a new level and contribute to the realization of the 13th Five-Year Plan.

Chen Xiaohong, the president of the CHCA, said nursing plays an irreplaceable role in improving the society's healthcare standards and promoting people's satisfaction with health services.

"As the Chinese economy has entered a 'new normal' stage, the further deepening of medical reform, as well as population aging, urbanization, and the change in the childbirth policy all pose new requirements for the nursing industry," said Chen. (Source: Global Times)

## Censorship in China Also Blocks Business Growth

Censorship in China is a fact of life. On the Internet, restrictive government policies limit user access in order to manage the dissemination of information and to filter, monitor and control traffic, blocking content that Beijing considers undesirable. It's a counterproductive effort that is impeding China's business growth.

Beijing has gone to extraordinary lengths to sweep the Internet clean of outspoken celebrities, business leaders and retired government officials. Government disciplinarians have sought to suppress political nonconformity, and have escalated their efforts since the adoption of a new rule prohibiting the "improper discussion" of government policies. This includes information on the economy that may be considered negative.

On top of an Orwellian Internet-surveillance system,



Beijing has issued a number of pronouncements, calling, for instance, for a purge of Western ideas and beliefs from Chinese classrooms. The leadership has tightened controls over intellectual discourse to guard against foreign pedagogy perceived as a threat to the government's survival.

Beijing also recently adopted a law that requires foreign nongovernmental organizations—long unfairly suspected of being instruments of hostile outside forces—to be closely supervised by the state's security apparatus.

This despite the wealth of information and increase in active social participation through volunteerism that international NGOs bring to the Chinese economy and society.

In addition to fueling distrust and paranoia, restrictive policies limiting access to information puts China and Chinese companies at a significant disadvantage in the global marketplace. Innovation is one of the five central themes of Beijing's 13th Five-Year Plan, and innovation requires the sharing of information, not just within China but around the world.

Overbroad Internet policies potentially isolate Chinese technologically from the rest of the world, limiting the country's access to cutting-edge technology and global ideas and inventions.

Excessive control over email and Internet traffic risks slowing, if not altogether halting, legitimate commerce. To attract and promote world-class commercial enterprises and promote economic development, Beijing needs to encourage the use of the Internet as a crucial medium for sharing information and ideas.

Interestingly, the one Western idea that China has embraced is Marxism, a 19th-century European concept without any historical roots in China. The

same goes for capitalism, which originated in Western Europe. China's version of capitalism, a sort of "free enterprise with Chinese characteristics," is powering the country's economic-growth machine. It's unfortunate that the leadership cherry-picks certain theories that fit their agenda when they should be encouraging other Western ideas that might further China's progress, if only the next generation of thought leaders were allowed to explore them.

Efforts to restrict access to information and censorship are only brief, momentary measures that will never fully curb the ambitions and creativity of its own people. At some point the current leadership's restrictive policies will come into question and be resigned to anachronistic footnotes in history. (Source: WSJ)

## China FDA Tops Online Med Sales

Industry watchdog says that consumers' interests could not be well safeguarded



Chinese e-commerce giant Alibaba Group Holding Ltd has ceased online sales of medicines on its Tmall platform as the government tightens its control over the country's nascent e-pharmacy industry.

Tmall, the business-to-consumer site of Alibaba, told its online vendors that the site will stop the



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online sales of medicines as of August 1, citing changes in government regulation.

Tmall said in a statement that it will "adjust its business model based on the new regulation in order to provide better service to customers within the law".

The change of regulation put an end to China's trial of selling drugs products directly to consumers via online third-party platforms. The change of regulation does not apply only to Tmall. Other e-commerce companies involved in selling drugs on third-party platforms, such as Yhd.com have also received the same ban.

A news report posted on the official website of China Food and Drug Administration said that "it is unclear which party (the e-commerce site or the online vendors) should take responsibility when drug products are sold online via third-party platforms".

"It is difficult to monitor the quality of drug products sold this way and it is not possible to protect the interests of consumers and ensure safe usage of drugs. Therefore, we decided to end the trial operation", said the report.

Analysts said that the regulation will not significantly hurt Tmall's medicine business, as only an estimated 20 percent of its sales are drug products. The other 80 percent are health products and medical equipment.

"However, the regulation is a setback for the country's online pharmacy industry," said Lu Zhenwang, an independent internet expert and chief executive officer of the Shanghai-based Wanqing Consultancy.

"Many of China's brick-and-mortar drug chains are allowed to sell medicine to consumers directly online. But they are too small to make a big impact," he said. (Source: China Daily)

The advertisement features a black background. On the left, a male athlete in a grey tank top is shown in a running pose. In the center, three GNC product containers are displayed: a red tub of '100% WHEY PROTEIN', a black tub of 'WHEY ISOLATE', and a black tub of 'WHEY ISOLATE'. To the right of the products, the text 'Beat The Limitation' is written in white and red. Further right, the Chinese characters '挑战 极限' (Challenge Limit) are displayed. The GNC logo 'GNC LIVE WELL' is in a red box, with the tagline '官方唯一指定运动营养产品' (Officially designated sports nutrition product) below it. At the bottom right, there is a logo for the '2016 上海国际半程马拉松赛' (2016 Shanghai International Half Marathon Race).

*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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