



# CHINA UPDATES

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## CFDA: Some Food Sold on Major Food Platforms are Substandard

The national food and drug regulators have tested 544 batches of products that include seven kinds of food from dairy products to vegetables.

The spot check tests showed that 8 batches of them were not up to standard. Some of them were sold on major online e-commerce platforms include Tmall, yihaodian.com and others.

Local regulators have asked the companies to recall these substandard products and analyze what called the problems. The companies are also asked to improve their performance.

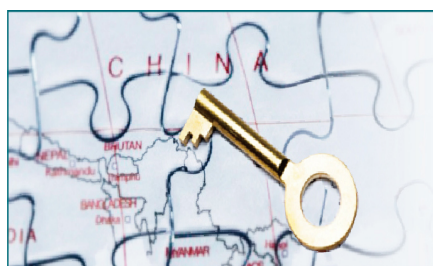
The authorities also imposed the fines to the companies and ask them to learn how to control risk.

Information about the punishment will be released soon. (Source: Beijing Morning Daily)

## Watchdog Orders Massive Cleanup of Unlicensed Online Restaurants

The Beijing Food and Drug Administration has urged online food-delivery platforms to make aggressive efforts to clear out unlicensed restaurants, the Beijing News reported.

The newspaper disclosed that many illegal restaurants lacking necessary hygiene and safety approvals offer takeout services via online platforms such as Baidu Waimai and Meituan.



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Following the report, the food and drug watchdog published information on 60 restaurants that failed to provide licenses, with 20 each on Meituan, Baidu Waimai and ele.me.

Those restaurants were asked to suspend services immediately, and by Oct 1 all restaurants on the three food-delivery platforms must publish their licenses, according to the administration.

Tang Yunhua, spokesperson for the administration, said it would provide information on unlicensed restaurants to the media every week and strengthen supervision through cooperation and technical means. (Source: ecns)

### **Jilin Province Launched Inspection towards Health Food and Cosmetics Sold Online**

To better regulate online health food and cosmetics market, the provincial food and drug regulators of Jilin province recently launched special campaign to inspect health food and cosmetics. Special attention will be paid to illegal online sales and seminars that conduct false advertisements.

The inspectors will specifically check health food and cosmetics companies that launch online platforms to sell products, or do it via third-party online platforms. Seminars and conferences about health products and cosmetics will also be targeted.

Companies, which are spotted with illegal conducts, will be punished by authorities based on relevant regulations.

The regulators will also take efforts to facilitate the public to report on illegal conducts and launch educational campaigns about health food and cosmetics. (Source: CFDA)

### **Guangdong Better Regulate Health Food Events**

In recent years, the number of cases that involved health food sales via conferences and seminars is

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increasing. Some illegal vendors are earning huge profits via these channels and conducting false advertisements targeting elderly consumers.

To better regulate these sales and improve supervision, Guangdong food and drug authorities released relevant guidance.

The mandate requires organizers of these events to hold seminars and conferences of this kind based on laws, and apply for food sales permit. Food sold via these events should have obtained official sales approval.

Managements towards venues of relevant events should also be improved. Any illegal conduct happening at these venues should be reported in time. (Source: Shuzheng Kangxun)

### **Soft Drinks Lose Fizz Amid Shift to Healthier Options**

The nation's soft drinks market shrank because of the sluggish demand in the first half of the year, industry analyst said.

Sales in the beverage industry continued to slow down, rising only 2 percent year-on-year in the first half of 2016, according to Nielsen data.

"The economic downturn led to the growth rate decline of the entire retail industry, including soft

drinks," said Yan Qiang, a consumer goods analyst at Hejun Consulting Co.



Consumers are turning increasingly to beverages that offer wellness or functional benefits, he added.

Uni-President China Holdings Ltd, the Hong Kong-listed food conglomerate, recorded revenue 7.448 billion yuan (\$1.121 billion) from its beverages business in the first six months, representing a decrease of 8.2 percent compared with the corresponding period last year.

The group attributed the falling revenue to moderate economic growth and the rainy weather in the second quarter.

Revenue from the tea drinks business, however, increased 13.6 percent as compared with the same period last year, and juice drinks accounted for 13.4 percent of the entire market share, maintaining second place in the nation's drinks market in terms of sales.

Nielsen forecast that Chinese consumers have growing demand for innovative functional concepts and products with health benefits.

Hangzhou Wahaha Group Co Ltd, the private food and beverage corporation, will continue to develop yogurt targeted at teenagers in the second half of the year.

"Soda is attractive to me, but nowadays I'd like to have orange juice, mango juice and yogurt. Fresh fruit is rich in vitamins and yogurt helps my digestion," said Song Jingwen, an editor at a publishing company.

The revenue of The Coca-Cola Co exceeded \$21.821 billion in the first half of the year, down 4.6 percent year-on-year, the company said in its semi-annual report. (Source: China Daily)

## Food Delivery Websites Come Under Scanner

AN eatery in Pudong New Area has been shut down after 20 people, most of them university students, fell ill due to suspected food poisoning yesterday.

They fell sick after eating barbecue and bibimbap from a restaurant known as "Sister Zhang" on 1161 Keyuan Road in Zhangjiang area.

Most of those who fell sick had ordered the take-away meals from online food-delivery platforms Ele.me and waimai.koubei.com.

After eating they suffered from bouts of vomiting, diarrhea and fever.

They were treated at the Shuguang Hospital, according to the Pudong New Area Market Supervision and Management Bureau, and later released.

The bureau said most of the food-poisoning victims were students from the Zhangjiang campus of Fudan University, Shanghai University of Traditional Chinese Medicine and the Zhangjiang campus of China Academy of Art.

The food-delivery websites removed the eatery from their sites after the incident.

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The bureau said food samples had been sent for tests, and that investigation was underway.

The websites will be regulated under a new set of rules announced yesterday.

The food-delivery websites and restaurants that take online orders face fines of up to 200,000 yuan (US\$30,769) and can have their licenses revoked in the event of food poisoning cases.

The websites have been told to check the certification of restaurants and act on complaints from customers, according to the new online meal service management rule issued by the Shanghai Food and Drug Administration.

The new rule, which comes into effect from September 1, is meant to regulate the restaurants and the food delivery companies to ensure good hygiene and safety.

“All restaurants must have business licenses and its address and business scope must be the same as in the license while taking online food orders and delivery service,” said Xu Jin, vice director of Shanghai Food and Drug Administration.

“Online food sales will be inspected just like ordinary restaurants. We will also introduce the evaluation system for them just like in restaurants,” Xu said.

The websites must ensure restaurants do real name registration, check their licenses and publicize all license information online for public monitoring.

“Websites must report any suspicious restaurant to the authorities and stop doing business with them if they detect anything illegal,” Xu said.

Local FDA will work with websites and pass on the results of their inspection to them. Customers’ complaints posted online will also be passed on to the FDA, which will investigate the complaints, officials said.

The rule also stipulates that delivery staff must have a health certificate and all equipment used for delivery must be clean and sanitized. (Source: Shanghai Daily)

## Chinese Outbound Tourists 'Walking Wallets'

Buy, buy, buy! Shopping is not the only purpose that Chinese people travel abroad, but it is reality that outbound travelers are spending huge to buy products from daily necessities to luxury items.



According to Chinese International Travel Monitor 2016, the per capita spending of Chinese outbound travelers hit 22,592 yuan (\$3,370) in 2015. The number of outbound travelers is expected to reach 200 million in 2020, up from about 100 million in 2014, said the China National Tourism Administration.

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Not long ago, I was lucky to witness my fellow citizens' shopping in South Korea during a short trip to Seoul with my family members, and I was shocked. I found that Chinese tourists like to buy South Korean cosmetics the most.

Some travelers told me that South Korean companies' cosmetics are the same quality as those made by their Japanese and French peers, but the prices are lower.

Take creams and face masks for example—those products keep Chinese shoppers coming back every day at the Lotte Duty Free Shop in Seoul. Brands such as Etude House and It's Skin are popular with them.

Creams made of snail slime and sea-kelp face masks might not seem to be big money-spinners, but they are exactly the kinds of products that had made South Korean cosmetics makers some of the nation's hottest investments.

But, it takes more than cool packaging and heavy discounting to keep Chinese shoppers, their biggest customers, happy.

According to a recent Bloomberg report, the two biggest players — Amorepacific, whose brands include Innisfree and Sulwhasoo, and LG Household, which owns The Face Shop — control about 60 percent of the South Korean market, but there is no shortage of other smaller companies, like privately held Nature Republic or recently listed It's Skin, nipping at their heels.

Other than South Koreans, Chinese consumers are the biggest buyers and have turned away from Japanese cosmetics as the yen climbs.

Over the past few years, stock prices of South Korea's top cosmetics producers have soared as

consumers snapped up lotions made famous by hugely popular K-Pop artists. Amorepacific, whose shares are up 144 percent since July 2014, has buy recommendations from 33 analysts, largely on the back of sales to Chinese tourists and rising exports, Bloomberg said.

Both Japan and South Korea see Chinese tourists as a major powerhouse to drive up their economies. They are described by Western media as "walking wallets".

According to official data, more than 6.11 million Chinese people traveled to South Korea in 2015, with their per capita spending reaching 14,283 million yuan.

Nevertheless, I still wondered why so many Chinese tourists elbowed their way into the Lotte Duty Free Shop to buy cosmetics, while holding smartphones in their hands for video talks their relatives and friends in China.

Li Fang, my former colleague who often goes to South Korea for shopping, said that many Chinese shoppers, especially those who are unfamiliar with South Korean cosmetics brands, and the prices and functions of different products, need to consult their domestic friends and relatives through video phones. Some people were asking friends and relatives at home which products to buy.

Gao Hucheng, minister of commerce, said earlier this year that Chinese outbound consumption reached 1.5 trillion yuan in 2015. Of which, at least 700 billion yuan to 800 billion yuan were spent on shopping. Middle — and high-income groups accounted for a considerable proportion of the Chinese shoppers overseas, with their shopping items shifting from the luxury brands and high-end products they bought two years ago to high-quality, cost-effective goods suitable for daily consumption.



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I believe that the huge Chinese outbound spending mirrors current comparatively inadequate consumption in our country.

Why don't they buy similar products here? The current supply-side reforms promoted by the government should be pushed further to encourage purchases within China of both domestic and overseas products. (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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