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China's National Health Commission Approves New Food Ingredients

Today, the National Health Commission issued an announcement and indicated that ten substances have been approved as New Food Ingredients in China. The association's member Brassica got the approval of Aqueous extract of seed of broccoli and member TSI Group got approval for HMB. The other eight ingredients are Shea butter, Zeaxanthin, Borojo powder, Sialic acid, Cis-15-Tetracosenoic, Rice bran fatty alcohol, Gamma-linolenic acid oil, Lithocarpus litseifolius folium.

CFDA: China Never Approved Any Brain Food

As the national college entrance exam is around the corner, a number of products that claim to be able to enhance intelligence are sold well in the local market. The national food and drug regulator recently said in a consumer alert that health food should not replace drugs, and China has never approved any so-called "brain food."

According to the alert, CFDA said that some health food that claim to improve functionality of brain is misleading consumers. So far China has 27 kinds of health food divided based on health function. Health food, on the other hand, cannot replace drug to cure disease, and the health food can not promote themselves to be able to do so.

Consumers can check whether the health food is legal by typing in the approval certificate number on the official website of the regulator. (Source: Beijing Business News)



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Shanghai FDA Shares Data with Delivery Platforms

As the first city in China to release regulation on online food delivery, Shanghai has inspected and shut down over 60,000 illegal food vendors online, according to Shanghai FDA.

By the end of last year, China has over 209 million online food deliver users, up by 83.7% from a year ago. The food safety issue of online food delivery is becoming increasingly severe.

At this moment, the major online food delivery platforms have all been connected with the database of Shanghai FDA per operation approval and supervision information.

The consumer reviews given on the platforms are also important supervision resources. Shanghai regulators have set up a sharing system of the food safety data, including some negative review words shown on the platforms. (Source: news. foodmate)

Consumers Turning to Smaller Local Shops: Experts

Foreign supermarkets are struggling to compete in China's big cities where consumers are increasingly going to online shops and local, community-centered shops, experts said on Thursday.

Earlier this week, Japanese supermarket chain Ito-Yokado shut down another of its stores in Beijing after 13 years of operation, according to a statement posted on the website of the company's China unit. This marked Ito-Yokado's seventh closure in the capital in recent years.

There is now only one Ito-Yokado outlet remaining in Beijing. Senior executives at the firm promised in an interview with Beijing Business Today in late April that the last store in Beijing will not be shut down.

China is Ito-Yokado's only overseas market so far, and in the future they plan to focus on the Chengdu market rather than first-tier cities like Beijing, according to the report.



The company's Beijing branch could not be reached for further comment by press time.

French hypermarket chain operator Groupe Auchan has slowed down its expansion in China since 2014, according to annual reports filed with the Hong Kong Stock Exchange by the French company's joint venture, Sun Art Retail Group.

There were 78 Auchan stores in the Chinese mainland by the end of 2016, in comparison with 74 stores by 2015 and 68 by 2014. On Tuesday, Shen Hui, general manager of Auchan's China unit, announced that he would resign, domestic retail information provider linkshop.com reported.

"Supermarkets and megastores can no longer meet the new consumer trend in China, in first- and second-tier cities in particular," Chen Yuefeng, editor-in-chief of China Chain Store magazine, told the Global Times Thursday.

Besides online shopping, Chinese consumers in big cities are now more eager to shop in smaller stores dotted among office buildings and communities, which are more convenient, rather than driving a longer way to big supermarkets, Chen said.

The new trend was also reflected in a survey report issued by China Chain-Store & Franchise Association on Tuesday.

Sales in China's convenience stores last year rose

16.7 percent year-on-year, according to the report, while sales growth for supermarkets was 1.5 percent and department stores saw a 2.5 percent drop in sales.

Major retail companies have already made some adjustments, opening nearly 6,400 new stores, the majority of which are convenience stores and specialty outlets, the report said.

US retail powerhouse Wal-Mart Stores Inc has been shifting its focus from hypermarkets toward other business models, such as high-end shop chains, online marketplaces and the membership-based Sam's Club.

Having opened three Sam's Club shops last year, Wal-Mart said in a press release sent to the Global Times in February that they would open another three to five this year.



In addition, Wal-Mart said they would be cooperating further with JD.com Inc, China's No.2 e-commerce site, in which the US retailer nearly doubled its stake last year.

Amid its business model diversification, Wal-Mart's overall sales in China during the quarter that ended January 31, 2017 rose 5.4 percent year-on-year.

Customized, community-centered shops and online shopping channels will see more popularity, and they have the advantage of being more cost-efficient amid the economic slowdown, Wang Danqing, a partner with Beijing-based ACME consultancy, told the Global Times Thursday.

"It is a wise move for foreign firms to scale back their presence in the supermarket segment where the competition has become fiercer, as domestic shopping malls and department stores would usually be equipped with supermarkets," said Wang. (Source: Global Times)

E-commerce Giants Gear Up For Mid-Year Shopping Bonanza

Online marketplaces in China are busy preparing for the mid-year online shopping event as they must work harder to woo affluent and sophisticated consumers.

Initiated by leading e-commerce platform JD.com, "6/18" was first launched in 2010 to celebrate the company's anniversary on June 18. It joins the Singles' Day sale on Nov 11 and has become one of China's largest online shopping sprees.

Other companies soon jumped on the bandwagon and began to offer special offers to get more customers.

Chinese tend to choose purchases based on quality and brands on 6/18, compared with price and delivery during Singles' Day, a survey from JD.com showed.

JD.com will use technology such as augmented reality and virtual reality to offer interactive shopping experiences and will also employ robots, driverless cars and drones for deliveries.

Xiaomi also started a promotion campaign offering



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discounts for most of its products, while Alibaba's Tmall decided to launch both online and offline activities to promote itself as a green, smart and ideal lifestyle platform.

Almost all Chinese e-commerce platforms are developing a "New Retail" model, which not only features online and offline (o2o) retail, but also one-stop and streamlined service from shopping to payment and delivery.

China is the world's largest online shopping market, with about 467 million online consumers spending about 26.1 trillion yuan (\$3.83 trillion) last year, up 19.8 percent year on year. (Source; China Daily)

In China, Big Cosmetics Firms are Selling Products Tested On Animals

When entrepreneur Phoebe Song launched her organic, vegan skincare line, she had big plans to sell around the world, including in China, the world's largest consumer market.

China requires skincare and cosmetics firms to submit to compulsory animal testing in government labs before regulators approve products for sale in the country. For brands like Song's Snow Fox, these regulations mean either allowing animal testing, or losing access to a market worth \$29 billion last year, according to Euromonitor.

Experts say all firms selling to Chinese consumers now undergo animal testing for their products, including major foreign brands L'Oreal, Estee Lauder, Shiseido, and Proctor & Gamble.

None of those firms, among the top foreign cosmetics and skincare companies selling in China, responded to a request for comment.

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Those companies state online that they do not engage in animal testing, but insert language that indicates exceptions are made where required. For instance, Estee Lauder says it "does not test on animals and we never ask others to do so on our behalf," according to a statement on its website. "If a regulatory body demands it for its safety or regulatory assessment, an exception can be made."

A 2013 estimate by the People for the Ethical Treatment of Animals found that China's mandatory regulations resulted in companies testing products on as many as 300,000 animals, according to the organization's senior vice president, Kathy Guillermo, who explained that an animal is killed after a test.

While there are alternative ways of testing the safety of beauty products, for instance, by using 3-D tissue models, experts said China currently lacks the know-how.

"They're just completely behind the curve in learning about the new science," said Erin Hill, president of U.S.-based Institute of In Vitro Sciences, which is training Chinese government scientists in



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new methods. IIVS also partners with companies, including foreign brands in China, to work on non-animal testing procedures.

Some change is happening: Late last year, the government moved to accept safety data collected through a non-animal test method, the 3T3 phototoxicity assay, which measures the safety of a chemical after exposure to light. The government hasn't said if this test is yet in use.

L'Oreal is one of the firms taking advantage of this, and some of its products, such as shampoo and body wash, are no longer animal tested in China, according to its website.

But China's murky regulatory environment is difficult to navigate and experts said getting such approvals can be spotty.

Pressure is increasing for China to adapt, as animal testing gets banned in more jurisdictions, including Europe, Australia, India and Israel. In the U.S., it has long been abandoned from standard practice.

Plus, if domestic Chinese firms want to sell abroad — especially in countries where such testing is no longer allowed — they'll need to substantiate the safety of their products via non-animal methods.

National regulator China Food and Drug Administration didn't respond to a request for comment. (Source: CNBC)

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