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Shanxi Suggests New Risk Management on Food Safety

The provincial food and drug safety regulator of Shanxi recently released a draft on managing the food safety risk via rating system, and started to gather public opinion on the draft.

The draft says that the risk of food manufacturers will be divided into four levels, based on which the local regulators will decide the frequency of inspection.

The regulators will divide the companies based on how many times the companies have been spotted for making substandard products and how serious the situation is. (Source: CNR.cn)

China Sets Up Health Medical Big Data Company

Reporters learnt that China Mobile and Inspur Group are sponsoring to set up China Health Medical Big Data, supported by the National Health and Family Planning Commission. China Reform Holdings and China Development Bank inked investment agreement in headquarters of China Mobile. Chief engineer of the Ministry of Industry and Information Technology (MIIT) believed that setup of the new company is big step for the government agency to bolster up update and reform of traditional health medical industry. (Source: Sinocast)

Chinese E-commerce Customer Complaints Up in 2016: Report

The number of Chinese e-commerce customer complaints increased by 14.78 percent year on year in 2016, according to a report released by China's E-commerce Research Center (CECRC).

A total of 57 online retail shopping and service platforms as well



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as Internet financial firms were involved in the complaints, which were related to product quality and delivery, customer service, exchange and return policies, and false promotions, the report said.

Of those complaints, product packaging and delivery complaints accounted for nearly 23 percent, while service complaints made up nearly 10 percent.

Complaints peaked following certain online

shopping promotions, such as the Singles' Day shopping spree on Nov. 11, the report said.

The retail sales volume of Chinese e-commerce hit more than 5 trillion yuan (724 billion U.S. dollars) in 2016, 15.5 percent of which were social consumer goods, according to data released by China's Ministry of Commerce.

Authorities were urged to investigate and punish acts that disturb market order, enhance market supervision and provide legal provisions to protect consumers, the CECRC said. (Source: Xinhua)

Shanghai Starts Record Management of Health Food

On June 19, Shanghai's food and drug regulator put a notice about the record management of health food on its official website.

The notice says the record can be conducted all online, and the department which would proceed the application is the "service process center of Shanghai Food and Drug Administration".

The notice also says that companies should apply to the food and drug regulator which granted them the original approval of their products, if the products have been recorded after registration. (Source: Shuzheng kangxun)

China Signals Support for Cross-Border E-commerce

The Chinese government has issued updated guidance on rules for cross-border e-commerce in the world's second-largest economy, giving stakeholders much-needed clarity on potential



changes in policy that have hung over the sector for the past year.

In a statement released March 17, China's Ministry of Commerce said that overseas goods purchased online and distributed through bonded warehouses would continue to receive some preferential treatment, avoiding quarantine and quality checks that could have brought the import of many popular foreign products to a halt.

"We believe this policy move injects confidence into China's [cross-border e-commerce] industry as it demonstrates the authorities' determination to provide regulatory clarity and spur growth for the industry," Fung Global Retail & Technology Managing Director Deborah Weinswig said in an e-mail.

Dennis Zhang, CEO of Los Angeles-based e-commerce service provider Voyage One, agreed, saying, "It gives everybody, including our clients, peace of mind to let them know that this is something the Chinese government continues to support."

Last April, Beijing announced changes to a pilot program meant to bolster Chinese consumers' ability to buy online directly from overseas merchants via cross-border e-commerce. At the center of the program are bonded warehouses, where international brands shipped merchandise for sale to Chinese consumers without being

subject to normal import duties or rules for quarantine and quality checks on goods such as food, cosmetics and health supplements. The proposed changes would have increased the tariffs paid on that merchandise and removed the preferential regulatory treatment. This caused significant upset among international brands because some of the most popular foreign goods purchased online—the food, health supplements and cosmetics—are also the most tightly regulated by Chinese authorities.

According to reports, cross-border e-commerce orders plummeted as much as 60 percent in major trading hubs such as Shenzhen, Zhengzhou, Ningbo and Hangzhou a week after the announcement. A month later, apparently in response to industry concerns, regulators said they would suspend the rollout of the new quarantine and quality check restrictions until the end of this year while leaving in place the higher import tax. In its March 17 announcement, regulators extended that suspension indefinitely, saying that all goods shipped through bonded warehouses would be considered “personal items” and therefore exempt from the stricter regulations.

The government said it might issue further guidance on cross-border e-commerce before the current rules are formalized on Jan. 1, but the announcement at least gives stakeholders a longer runway with which to prepare for any potential changes.

“Everything is pretty much business as usual for the rest of this year,” said Ron Wardle, the Shanghai-based China CEO of Export Now, a company that helps retailers sell online in China.

For Alibaba, by far China’s largest e-commerce player, the news means that the online purchase of overseas goods will continue unabated, with

marketing research firm eMarketer predicting the sector will reach \$157.7 billion by 2020 from about \$86 billion last year.

Cheng Ouyang, a director at Alibaba’s Cross-Border E-Commerce Research Center, called the announcement a “positive signal” for the sector. Using a popular Chinese idiom to describe the new announcement, Ouyang said the government was “pumping water into pools to raise fish,” which means that Beijing is allowing space for cross-border e-commerce to grow. At the same time, the government will continue to fine-tune its regulations for the sector, while stakeholders are able to take advantage of a burgeoning sales channel for foreign goods.

Part of the ministry’s announcement also included the addition of five more pilot zones, or testing areas for bonded warehouses, in Dalian, Hefei, Chengdu, Qingdao and Suzhou, bringing the total number to 15. Wardle said the additional zones would allow for faster delivery and reduced shipping costs, “which is great for consumers.”

Alibaba’s logistics affiliate Cainiao Network said it welcomed the news. “We already have a strong network and will work closely with our partners in the newly announced pilot zones to continuously provide seamless cross-border logistics service and better serve both merchants and consumers,” said James Zhao, director of import logistics at Cainiao.

While the government’s statement has lent stability to the sector for the moment, Fung Global’s Weinswig said there was still no guarantee about what updates to the policy may look like if they are indeed issued later this year.

“There are still some unanswered questions,” she said. “Will there be some imports that do not fall within personal items? Is registration for imports required which would slow down [cross-border e-commerce] imports?”



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Wardle, meanwhile, expects that any updates to policy will be a hybrid of those already in place along with recommendations from major players in cross-border e-commerce, such as Alibaba's cross-border shopping site Tmall Global. Any such model "would benefit both consumers and brands," he said.

Whatever the changes, Wardle said he doubts that regulators will backtrack on the progress that has been made in China's cross-border e-commerce sector. Stakeholders have already made significant investments in infrastructure and resources, while consumers have come to expect access to foreign goods they can't otherwise get.

"The floodgates are already open," he said. "That's going to be hard to pull everything back." (Source: Alizila)

Bargain-Lovers Flock to JD.com's Midyear Shopping Bonanza

Internet-savvy bargain-lovers in China are usually busiest toward year-end, when Alibaba's online shopping festival takes place, but the recent "6.18" midyear online sales event initiated by major rival

JD.com looks set to catch up.

JD.com Inc.'s fortnight-long summer shopping season, which takes place to celebrate the company's anniversary on June 18, made a record \$17.6 billion in sales during the first 18 days of the month, an increase of over 50% from the previous year, the company announced.

The craze nearly matched Alibaba Group Holding Ltd.'s "Double 11" festival, which takes place on Nov. 11. Double 11 is considered China's equivalent of the Black Friday shopping event in the U.S., which takes place the day after Thanksgiving — the fourth Thursday in November. The e-commerce giant made a record \$18 billion in sales during last year's Double 11 event.

With both shopping festivals making the headlines, China's top two e-commerce firms also take part in each other's events in a bid to steal their rival's thunder. The apparel division of Alibaba's Tmall.com saw its sales exceed 1 billion yuan (\$147 million) in just the first 10 minutes of trade on Sunday.

To further woo consumers, Tmall.com even agreed to compensate for any difference in the price of home appliances if a product appeared more expensive on Tmall.com than on JD.com.

"We obey principles in sales promotion, as we have partnered with suppliers when preparing for the event," said a JD.com executive at a press conference on Sunday, "but the rival's (Tmall.com's) strategy is just to target JD."

In order to offer a better shopping experience, Tmall.com has started exploring offline sales, establishing 19 brick-and-mortar stores in major Chinese cities before the 6.18 event, allowing shoppers to actually see and feel the goods. (Source: Caixin.com)



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