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TCM Safety Issues Continue

Traditional Chinese Medicine (TCM) is one of China's ancient treasures, which dates back over 5,000 years. Today it is completely integrated in most of China's hospitals and is practiced right along side mainstream medicine. However, it continues to battle for its place and relevance in modern China. Due to a lack of monographs, clinical trials and other scientific research methods, it is hard for Chinese medicine to prove many of its claims. To make matters worse, TCM increasingly is having issues with quality and safety issues. This past week there has been some damaging news that has really set the TCM industry reeling.

Below are some of the latest in a long line of damaging articles:

July 18, 2013 - Toxic TCM items found in Anhui

TOXIC and chemical-laced ingredients used in the making of traditional Chinese medicines were found all over in Bozhou City in Anhui Province by investigators who have launched nationwide crackdown on illegal production and sale of drugs.

Zhusha (mercuric sulfide), hongfen (mercury compound) and other toxic substances used in some classic TCMs are easily accessible in Bozhou TCM Materials Trading Center despite a ban, CCTV news reported. Some herbs were found to have been steamed with

China Updates is a service provided by U.S.-China Health Products Association. The Newsletters are issued approximately three times a month. China Updates provides news on regulatory environment, new legislation, association activities and any information related to China's natural health products industry.

industrial sulphur to make it look good with an extended shelf life.

Vendors meanwhile have figured out variety of ways to add weight to the raw materials, especially in expensive dried animals like sea horses and vipers, which costs thousands of Yuan per kilogram.

Weights on Ziheche, also known as dried human placenta, can go up to more than 100 grams - double the original weight. Ziheche is believed to be capable of curing menstrual disorders and asthma and improve blood circulation. But there is a

national ban on trading because of the possibility of viruses.

A vendor selling a kind of dried beetles revealed his secret on how they gain weight before they are killed. "Just treat them like human beings," he said. "Leave them starving for three days and then feed them as much food as possible on the fourth day."

Last month, Greenpeace reported that 48 of the 65 Chinese herbs purchased from Chinese mainland pharmacies had tested positive for pesticide residue.

In March, Guangxi Yingkang Pharmacy Co was ordered to stop selling Yingqiao cold tablets mixed with vitamin C, which were available over-the-counter. One of the raw materials used in the tablet, wild honeysuckle flower, was processed with industrial sulphur that contained toxic arsenic and mercury. *(Source: People's Daily)*

July 18, 2013 – Swedes Bust Chinese Herbs Containing Arsenic

[Click HERE to link to the Article on NutraIngredients.com](#)

July 20, 2013 - Illegal TCM workshops discovered in N China

ANGUO, Hebei - An investigation by China's Food and Drug Administration (CFDA) has revealed the existence of multiple workshops that illegally store and process traditional Chinese medicine (TCM).

In the city of Anguo in north China's Hebei province, CFDA found many workshops that are not properly equipped or maintain proper sanitation practices

One of the workshops, located in the village of Bawu, was found to be forging its own approval certificates, the administration said.

Similar workshops were found in other villages in the city.

The administration's investigators also found that banned pesticides are widely used to grow medicinal herbs in Anguo.

The administration said it will work with other ministries and administrations to monitor TCM production more closely. *(Source: Xinhua News)*

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China Completes Overhaul of Dairy Standards

China has completed an overhaul of standards for dairy products as part of efforts to address food safety concerns, a health official said Wednesday.

Chen Rui, an official from the National Health and Family Planning Commission (NHFPC), said at a regular news conference that the government is also strengthening standards concerning food contaminants, fungal toxins, food additives and food labels.

The overhaul is part of a five-year plan to upgrade food safety regulations.

According to the plan, which was released in June 2012, the government will improve national food safety standards by revamping outdated standards, reviewing and abolishing any contradicting or overlapping standards and working out new regulations.

Many regulations overlap or contradict each other because multiple government agencies were given the responsibility of compiling their own standards years ago.

According to Chen, who is now deputy director of the department in charge of formulating, monitoring and assessing food safety standards under the NHFPC, China has now promulgated 303 sets of national standards on food safety, food additives and nutrient supplements.



Consumers have accused food safety authorities of being too lax, which has led to multiple food safety scandals.

When asked to comment if the government will refer to food safety standards used in other nations when formulating its own standards, an official said China will set standards based on its national conditions, but will refer to the standards of developed countries.

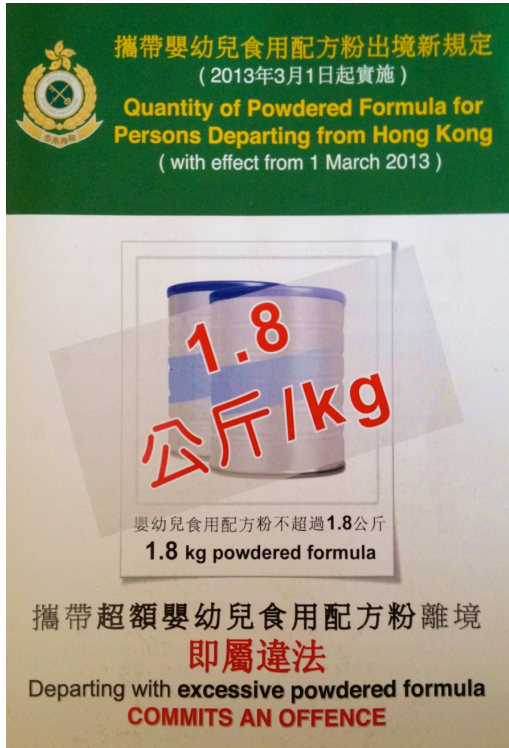
The NHFPC will have to consider both the health of consumers and the development of the food industry, according to Wang Zhutian, an assistant to the director of the food safety standards department. (Source: Xinhua)

COMMENTARY by USCHPA

The above issues of safety have forced many Chinese consumers to seek out foreign imported formula or have friends living aboard mail them monthly care packages of infant formula. However, one of the most popular ways that people are getting foreign produced formula was via smugglers coming out of Hong Kong and selling on Chinese mainland websites. This practice escalated to the point that Hong Kong shops were running out of product and local families found it difficult to buy formula themselves.

As a result on March 1, 2013, Hong Kong passed a new regulation limiting the amount of infant formula leaving the region to 1.8kilos or two cans. It was reported that Hong Kong has arrested more people

recently for smuggling infant formula than drugs. If convicted, offenders are fine HK\$500,000 and face imprisonment for 2 years. I was recently at the Hong Kong airport and was handed the below brochure.



Fonterra Cuts Product Prices in China Following Probe

Fonterra Cooperative Group Ltd., the world's biggest dairy exporter, will cut prices for its maternal health products in China, becoming the sixth foreign company to do so after the government started a probe into possible price-fixing.

The Auckland, New Zealand-based company will reduce prices for its Anmum-branded products by 9 percent in China next month, it said in an e-mailed press statement.

The move is meant to ensure Fonterra's products remain competitive after several rivals announced price reductions, Maree Wilson, a spokesperson at Fonterra, said in a separate e-mail response to questions.

Abbott Laboratories (ABT), Nestle SA (NESN), Danone SA (BN), Royal FrieslandCampina NV and Mead Johnson Nutrition Co. lowered prices after the National Development and Reform

Commission, the country's top economic planning agency, began an investigation into their pricing of milk powder.

The NDRC has proof the companies sold products at high prices in China and their pricing increased about 30 percent since 2008, the same year melamine-tainted baby formula killed six infants, the official People's Daily has reported.

Fonterra on July 4 said it had been contacted by NDRC regarding a current broad-ranging investigation of consumer dairy products in China. *(Source: Bloomberg)*

Qingdao Builds Oligosaccharide Base

Two major projects of Qingdao ocean oligosaccharide transformation base is to be finished in two months. With 24.44 million dollars' investment, the base is mainly used for the production of health food containing ocean oligosaccharide. Now nearly ten kinds of products have come into the market. The production value is estimated to reach 324.5 million dollars in five years.

Located in Laoshan mountain in the east of Shandong Province, the base includes a GMP pharmaceutical workshop and a transformation center of ocean oligosaccharide. Jiang Shilong, project manager of the base introduced that these two projects are mainly used to produce capsules, tablets and powders.

The base is mainly used to transform the scientific achievement on ocean oligosaccharide by Guan Huashi, an academician of the Chinese Academy of Engineering. His achievement has got the first prize for the National Award for Technological Invention. *(Source: chca.net.cn)*

Collagen Market Continue to Grow in 2013-2015

Report from the 2013 China Nutrition & Health Food Market Forum estimates that China's collagen market will continue to grow by above 20% in 2013-2015.

The Collagen Protein (Peptide) Category Research Report", jointly released by China Health Care Association and Shu zheng Kangxun research industry came up with five attributes of China's collagen research. One, scientific and technological research on collagen is active and fruitful. More than 400 achievements have been patented in its sixty year history. Two, over twenty countries and regions have carried out research and application of collagen. However, there are still gaps in China's scientific approach when compared to more developed countries. Three, China has identified and proven three of the nineteen applications of collagen, which are confirmed by other nation's research. Four, consensus has been reached on the safety of collagen and collagen peptide. Five, the manufacturing level of China's enterprises is in sync with the rest of the world. (Source: chca.net.cn)



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International Commercial Standard for Plant Extracts

The first batch of seven plant extracts "international business standards" will be made public in July 2013. These standards were formulated by relevant plant extracts enterprises under the organization of Chinese Medicines and Health Products Import & Export Chamber of Commerce, in order to improve the quality of plant extracts products, regulate trade order and promote the healthy and sustainable development of the industry.

The seven plant extracts are bilberry, ginkgo biloba, centella asiatica, ginseng, polygonum cuspidatum, willow and milk thistle. Chinese Medicines and Health Products Import & Export Chamber of Commerce will officially release the standards after one-month public notice period. (Source: cccmhpj.org.cn)

Coca-Cola Seeks to Connect with Young Customers

The world's largest beverage company, the Coca-Cola Co, has launched a series of marketing campaigns in order to meet the demand of the younger Chinese generations. Last month, the soft drink giant announced its introduction of "nickname bottles", a set of eye-catching bottles with innovative labels.



(Left) A worker displays a plant-based "green" bottle of Coca-Cola in Shanghai. The Coca-Cola Co launched the green bottle, made of renewable raw material, on the Chinese market recently. The source of the raw material is the by-product of processing sugarcane into sugar, and is 100 percent recyclable, the company said.

The nickname bottles bear the marks of the social media generations, and the first batch of bottle designs picks up on more than 20 buzzwords or phrases, including "Sweetie", "Best Buddy", "Stylish Man" and

"Happy-Go-Lucky".

Last year, Coca-Cola also launched its 300-ml mini-pack, as research showed that usually, its Chinese consumers can drink 300 ml at one time. The mini-pack is also very convenient for people to put in their pockets and keep their hands free.

"Speaking to our consumers in their language will help the brand establish a strong bond with consumers. It enables consumers to relate nicknames on the bottles with their friends and loved ones and makes sharing a coke actually fun," said Coca-Cola's Integrated Marketing Communications Senior Director Stephen Drummond.

Since re-entering China in 1979, Coca-Cola has invested more than \$5 billion in the market, including \$3 billion from 2009 to 2011. As of the end of March 2012, the company had established 42 plants in China. (Source: China Daily)

GNC Opens First Store in Mainland China



A leading global retailer of health, wellness and sports nutrition products, today announced that it is expanding its retail presence in China by opening the first stand-alone GNC store in Shanghai. The move complements GNC's existing marketing footprint in the world's largest consumer market. GNC plans on opening an additional 25 locations in China within the next 12 months.

Joseph Fortunato, GNC's Chairman, President & Chief Executive Officer, said, "In only two years, the GNC brand has developed strong acceptance among Chinese consumers. GNC will continue to expand our retail store presence in this dynamic and fast-growing market, and we are excited about finding new opportunities to address the needs of China's many health & wellness consumers with new and innovative products."

The first stand-alone location will open on July 23rd in Raffles City, one of Shanghai's prime retail and office space locations. Strategically located opposite the historic People's Square and within walking

distance of Nanjing Road and the Shanghai Municipal Government Office, it is home to leading international fashion brands and a fitness center along with upscale dining and entertainment venues.

GNC has been selling its Made in the USA products in China since 2011 when it opened its Shanghai-based office and distribution center. GNC currently has over 60 store within a store locations within 8 different major grocery, convenience and health and wellness chains in China, including Ole, City Super, Sam's Club and Watson's. GNC brand products are also sold on the internet through GNC licensed partners on e-commerce sites that include Tmall, Amazon and 360buy. GNC is a highly recognized and sought after US brand online and to date is ranked #1 in supplement sales on Amazon and #3 on 360buy. *(Source: GNC Media Room)*

Crackdown on Drug Industry Launched

China's top food and drug authority has launched a major crackdown on the illegal sale and production of pharmaceutical drugs on the mainland and is employing an old tactic to caution violators of the campaign: a public blacklist. The crackdown, which began this month and will continue for half a year, mainly targets the online sale of illegal drugs and traditional Chinese medicine, Yan Jiangying, spokeswoman for the China Food and Drug Administration, said at a news conference on Wednesday. "Those caught violating



regulations and laws will be severely punished accordingly, and they will be made public for public supervision," she said, adding that a blacklist will name violators and be regularly updated on its official website.

"The campaign will help the administration establish more regulations and mechanisms ... and better control drug safety risks," Yan said.

Li Guoqing, director of the administration's drug and cosmetics

supervision and management division, said the illegal sale of drugs is posing major challenges to the pharmaceutical industry and people's lives.

"At the moment, problems such as the online sale of fake drugs and the unlicensed retail, production and marketing of substandard drugs, as well as the improper processing of herbs (for TCM) are major challenges," Li said.

Last year, the administration partnered with the United States Food and Drug Administration and shut down 18 illegal Chinese-language websites selling counterfeit or illegal medicines and dietary supplements.

The websites, with servers based in the US, targeted Chinese consumers, including Chinese-Americans worldwide, according to previous reports.

Under the crackdown, "we'll initiate a domestic overhaul of illegal online pharmacies in early August with the Ministry of Industry and Information Technology and the Ministry of Public Security", Li said.

Currently, there are 95 government-recognized online pharmacies on the mainland, according to the China Food and Drug Administration.

Yan said the government-recognized websites protect consumers by allowing buyers to file complaints if there is an issue with a product.

The rapid development of information technology has pushed drug sales online in recent years, but it has also made it easier for counterfeit drugs to be purchased on the Internet.

Mao Zhenbin, who heads the administration's inspection department, revealed that a fake cancer treatment network busted last year in Jiangsu province also sold its products online.

"Such cases might cost lives," he said.

Online Scam

Illegal online pharmacies are more likely to sell counterfeit or substandard drugs than drug stores or hospitals, officials said.

Other problems the crackdown will look to tackle are retailers who are repackaging expired drugs, who are falsely marketing the efficacy of their products as well as the improper storage of drugs.

"Illegal online sales of drugs is actually a public nuisance for the world," Li said. "The price they offer might sound tempting but quite often they are scams."

Last month, Li said, the US FDA shut down 1,677 websites for selling fake or substandard drugs.

But Mao said it is extremely difficult to crack down on online stores that sell illegal medicines, pointing out that some illegal websites may base their servers outside China.

Other online outlets like bulletin board systems, social networking tools and instant messaging services are also beginning to sell fake medicines, "making overhauls even more difficult", he said.

As part of the crackdown, the administration will target major TCM herbal markets on the mainland in late August.

Businesses caught with adulterating TCM herbs or ingredients as well as improperly processing, producing, selling and marketing poisonous medicinal materials will be shut down and punished, Mao said. Businesses also sourcing ingredients from plants and animals that are protected by China will also be shut down. *(Source: China.org.cn)*

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