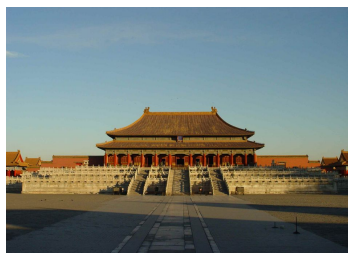


CHINA UPDATES

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UK ban on TCM sales to hurt Chinese clinics

The UK is expected to issue a ban on the sale of Chinese patent drugs in 2014, a move that could push many Chinese clinics out of business.

The UK's Medicines and Healthcare Products Regulatory Agency (MHRA) issued a notice on July 9, ordering major Chinese medicine stores in Britain to report their current traditional Chinese medicine (TCM) inventories, according to a China Business View report.

The medicine regulator also said it was planning to halt the sale of "Unlicensed Herbal Products", or Chinese patent drugs, in Britain next year.

The traditional Chinese medicine community in Britain has borne the brunt of the global financial crisis that started in 2008. Chinese medicine has not been included in the UK's medical insurance system, so British people whose incomes have fallen have been reluctant to buy Chinese medicines, said Ma.

Ma also said he had called on the leaders of the TCM community in the UK to jointly petition the MHRA to drop the plan. (Source: Global Times)

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.

It's China vs. China in Genetically Modified Food Fight

China's fierce public debate on genetically modified food, long a political hot potato in a country obsessed with how to feed its 1.3 billion citizens, has become the subject of a spat between big guns from two of its most powerful governing institutions.

Two weeks ago, a major-general in the People's Liberation Army took to a popular newspaper to publish (in Chinese) a series of pointed rhetorical questions about Beijing's policy allowing more trade in genetically modified grains,

suggesting that genetically modified organisms, or GMO, are a strategy by which a Western conspiracy to supplant China's food security is taking shape. "If things change and the West cuts off our grain supply, are 1.3 billion people going to drink the northwestern wind?" Peng Guangqian, who is also deputy secretary-general of China's National Security Policy Committee, wrote in a column for the nationalist daily Global Times.

On Sunday, the Ministry of Agriculture – which has authority over GMO policy – fired back, posting a question-and-answer transcript (in Chinese) featuring an official from its GMO Security Committee rebutting Mr. Peng point by point. Lin Min, who is also director of the Biotechnology Research Institute of the Chinese Academy of Agricultural Sciences, flatly rejected Mr. Peng's claim that "many scientists through experiments have proven GMO food is highly linked to cancer and infertility."

Mr. Lin also pointed out that the U.S. is the world's largest consumer of GMO crops and said that as China faces rising strains on its arable land, its use of "foreign resources and market coordination are inevitable."

"This conspiracy theory is a product of Cold War thinking," Mr. Lin said, dismissing Mr. Peng's concerns. "Government-approved GMO food and non-GMO food are equally safe...If GMO research has any benefit, it is first and foremost in the national interest."

Ministry officials and scholars have raised points similar to Mr. Lin's in the course of nearly two decades of debate over the advent of GMO food in China. But Mr. Lin's riposte to Mr. Peng was remarkable for its emphatic tone and invocation of stock phrases – "national interest," "Cold War thinking" – more often reserved for discussions of defense policy.

The ministry has a sizable stake in the debate. As China's food demand rises with its affluence, the ministry has increasingly turned to GMO imports to buffer domestic supplies. In June, Beijing added import permits for three kinds of GMO soybeans produced by U.S. giant Monsanto MON -1.58% and German chemical producer BASF. Last month, the government approved the first large-scale shipment of GMO corn from Argentina. The ministry has issued permits for every stage of domestic GMO development of China's major crops except for the final hurdle: commercial production.

Mr. Peng's essay for the Global Times gives a clue to the ministry's hesitation. There is a large and rising reservoir of public resistance toward GMO food. China has for more than a decade allowed the use of GMO soybeans, but its move in June to add the three herbicide- and insect-resistant strains from Monsanto and BASF triggered a public firestorm. In July, an official from the soybean association of Heilongjiang, a major

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agricultural province, made headlines when he told local media that people who consume GMO soy oil were more vulnerable to cancer.

Internet discussion boards, including China's Twitter-like microblogging service Sina Weibo, have long nurtured a hotbed of opposition to GMO's policy advances. Despite the ministry's latest riposte to Mr. Peng, the commentary suggests the agriculture ministry has a long way to go in convincing the public on the safety of GMO food – and not least from the top brass in its own military. (Source: WSJ)

Most Opposed to Increasing Retirement Age

An overwhelming majority of those questioned in an online survey expressed opposition to a proposal pushing back the retirement age.

Nearly 95 percent of some 25,300 polled netizens

said they were against the prospect of the retirement age being increased, according to the survey jointly conducted by the Beijing-based China Youth Daily and Sohu, a leading news portal.

The retirement age in China is 60 for male employees, 55 for female officials and 50 for female workers. Retirees can claim a pension immediately.

Delaying the pension age would relieve the State's financial burden in supporting a rapidly aging population, according to a proposal released by Tsinghua University earlier this month. It suggested that the government should lift the pension age for workers, both men and women, to 65 from 2030.

Yang Yansui, director of the Tsinghua Center for Employment and Social Security and one of the drafters of the proposal, said it is a matter of urgency for China to lift the pension age given the accelerated imbalance between the working-aged population and the number of senior citizens.

Currently, it takes about seven workers to support one pensioner over 65.

If there is no change to the system, in 2035, it will take two workers to support a pensioner and this would place a heavy burden on the economy, Yang said.

However, about 91 percent of respondents said that they were unwilling to work until 65. Most of the surveyed were aged between 24 to 53, according China Youth Daily on Thursday.



Some 60 percent believed they would be physically incapable of working up to 65 and half of them said increasing the retirement age would make it harder for younger people to get work.

Ma Chenkai, department manager of a toy company in Dongguan, Guangdong province, said it is unrealistic to require blue-collar workers to postpone retirement.

"It's physically demanding to work in manufacturing workshops, eyesight and energy levels deteriorate," Ma, 43, said.

More than 60 percent of those polled believed China should introduce more flexible retirement

China's Bright Food Expands Search for Acquisitions

China's Bright Food Group Co. is extending an overseas acquisition spree, demonstrating a hunger for growth that matches the appetites of Chinese consumers.

The Chinese food conglomerate has approached Israeli food giant Tnuva Food Industries Ltd. about a potential acquisition, a Bright Food spokesman said Tuesday, adding that it's too early to describe the pair of companies as being engaged in "negotiations."

A customer peruses dairy products made by Bright Dairy in Shanghai, China. State-owned Bright Food has been eager to sate the appetites of China's consumers, who are spurring big growth in the food market. Dairy sales alone hit 228 billion yuan (\$37.3 billion) in China last year, up 12% from 2011, according to market research firm Euromonitor International, which ranks it as the fourth-largest dairy company in the country by sales.

Even among Chinese state-owned companies, which have been making a lasting impression on the global M&A landscape, Bright Food stands out. Last year, it snapped up U.K. cereal maker Weetabix Food Co. from London-based buyout company Lion Capital in a deal valued at £1.2 billion (\$1.9 billion).

Over the past few years, the Shanghai-based company has also struck deals with New Zealand's Synlait Milk Ltd., France's Diva, a wine distributor, and Australia's Manassen Foods.

Cofco Corp., China's largest state-owned grain trader, is also seeking acquisitions and investment opportunities to expand its consumer brands, executives have said.

Mr. Cavender said that Chinese food companies are increasingly looking to Europe and previously unexplored countries, such as Israel, for dairy deals or imports. China has typically turned to New Zealand for dairy products, but companies within the country are seeking alternatives after a recent contamination scare involving New Zealand's Fonterra Cooperative Group Ltd., Mr. Cavender said. (Source: WSJ)



Health Service Industry highlighted by Beijing

"Health service industry needs to attract private capital which can give a boost to the capital utility efficiency and the vitality of the industry chain, while increasing employment," said Guo Fanli, manager of industry research department of CIConsulting.

State Council pointed out, in a meeting on Aug.28, that to promote the development of health service industry and make it one of the key growth engines, the market entry needs to be lowered and social capital should be allowed to get into the industry. The foreign capital can be utilized to invest into the health market. The Council also said that the private-funded health institutes should also be treated equally with the state-funded ones.

Zhao Pin, deputy director of consumer economy research center of Ministry of Commerce, said that China's health service industry has always been government-initiated. But as the central government has emphasized on the importance of market entry loosening, more capital from private institutions and

fill the void created by public hospitals and pension fund.

The industry will develop very fast, and needs to be supported in fields including capital, tax and land. National policy can solve part of the problems, but the development of health service industry depends on the market.

Mr. Guo said that besides the loosening of market entry, financial innovation needs to be applied to the health service industry, including companies focus on developing nursery house, medical equipment and health products. These companies can gain more financing channels by going public. Insurance companies can develop products that target on senior citizens.

According to Liu Zhanglin, deputy chairman of China Association of Import&Export of Medicines and Health Products, the value of China's general health industry has reached 2000 billion yuan(\$326 billion), or 4000 billion yuan (\$653 billion) if medical expenditure is included.



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According to statistics of National Statistics Bureau, the population of older-than-65-year-old is account for 9.2% of the whole population in China in 2011. The UN expects the percentage to rise to 24% in 2030 and 44% in 2050.(Source: Security Daily)

CFDA: No Approval for Height-Boost Products

As the new semester is coming, many parents worry about their kids' body height, and resort to all kinds of products to help boost their height. The local FDA received a lot of complaints from customers, who said they did not see any positive result after using related medicines. Some even suffer from side effects.

If one googles the word "body height increase" in Chinese, many web links pop up, with some claiming that they are imported from the U.S. These advertisements are very tempting, and usually guarantee a very positive result and absolute refund if the product does not work.

Policy found that many products claim to be very effect in boosting height for the consumer, but they are actually just ordinary health products, food or even illegal products.

"CFDA has so far not approved a single medicine, medical equipment or health products that delicate to 'body height increase'," the local police said.

The authority also said that it could be very difficult to track down the illegal producers, who can easily promote their illegal products online, and sell their products by express delivery. (Source: Xinhua Website)

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