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The First Big Legal Case of Health Product after New Law Proceeded

On Sep,12, the local court in China's southern Jiangsu province proceeded the case of Beijing Sunshine 100 Biotech Development Co.Ltd., which is accused of selling substandard food and medical products. This case involves 23 provinces with more than 140 cities, with the value of more than 8 million yuan(\$1.3 million).

The new law draft has added specific regulations on how to punish illegal production of substandard food and drugs, which is much stricter than the previous regulations in 2011. The Sunshine 100 case is the first big case concerning health product nationwide after the new law rolled out.

On April 11, the state broadcaster reported on "how can having a legal health product give you a weird disease", in which a lady in China's southern Yangzhou had a kind of capsule for her diabetes. After taking the capsules, which cost her more than 5,000 yuan(\$817), she felt dizzy and sick. She got checked in hospital and found herself get leukemia.

After the local FDA inspected into the case, they traced down the producer of this capsule, Sunshine 100 Biotech Development Co.Ltd, which has the production approval of health product from the state authority, and what are stated in its ingredient list are all pure

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herbal and legal.

After inspection, the local FDA found the company had put buformin, a chemical ingredient that is forbidden by Chinese authority, into the capsule, and its salesperson promoted its medicines among senior citizens by having seminars and door-to-door promotion. More than 600 local residents had bought this kind of medicine. These pill-takers believed in the promotion and stopped taking their original medicines. (Source: Legallaw.cn)

Misunderstanding Leads to Blocking of TCMs Abroad, said China's State Authority

The TCM export is caught by trouble as the western countries warned their consumers that the Chinese tradition medicines from China may contain toxic ingredients.

China's state authority read this as a misunderstanding of westerners towards Chinese traditional medicines.

"All the TCMs in the market that approved by the CFDA are legal and up to the standard of national regulations, regarding the herbal medicines and Chinese patent medicines," said Wang Lian, spokesman of State Administration of Traditional Chinese Medicines of China. "The Chinese patent medicines, export or selling within the nation, are all up to the stand of CFDA, and they are guaranteed in quality.

Mr. Wang explained that the difference in inspection standard leads to the misunderstanding and blocking in the western countries.

"Most TCM are extracted from national and wild animals, plants or minerals. They contain elements that are good for people's health, but some of them may contain elements that are bad for health," said Mr. Wang. "Most of them need to be taken in pair or mixed with others so as to boost the effect of the medicine and minimize the side effect."

"Western countries think that TCMs are food not drugs, so they think TCM must be free of toxic elements, and can take at will, " said Yu Zhibin, deputy director of TCM department of CCCMHPIE. "In fact, the TCMs are the same with western medicines. They need to be taken based on doctor's guidance. Otherwise, it will be bad for health." (Source: Chinairn.com)

Chilean Exports to China Surge

Chilean exports of fresh fruit and nuts to China registered a growth of 46.7 per cent for the first half of 2013 compared with the same period in 2012, according to data released by the Chilean Ministry of Agriculture.

This figure makes China the fastest growing export destination for these exports from Chile by a considerable margin, followed by the Netherlands at 20 per cent and Italy with 11.3 per cent.

China's rise has seen it increase its export market share of Chilean fresh fruit and nuts from 5 to 7.1 per cent.

Table grapes have recorded an extraordinary rise, comprising approximately 57 per cent of the volume shipped to reach 88,200 metric tonnes, a growth of 60 percent.



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By contrast, the UK has recorded a steep decline in Chilean exports of 9.2 per cent, followed by Brazil at 6.8 per cent and Colombia at 4.8 per cent.

Despite China's prolific rise, the US remains Chile's main export destination, receiving exports totalling just shy of 718,500 metric tonnes for the first half of this year.

This comprised almost a third of Chile's total shipments for this period. Of this fresh produce, blueberries, plums, apples table grape and kiwifruit were the exports that saw the most notable rises, growing by 29 per cent, 28 per cent, 13 per cent, 12 per cent and 6 per cent respectively. (Source: Fruitnet.com)

Ministry of Agriculture Announces Plan to Import Quinoa From Bolivia

China's Ministry of Agriculture (MOA) has signed a preliminary framework agreement to extend

agricultural cooperation with Bolivia by importing quinoa plants from the country, the MOA said Monday.

"Importing quinoa would help increase the yield of cash crops. Our experts are conducting research into how to acclimatize quinoa in China," Ma Zhigang, director of the Foreign Economic Cooperation Center at the MOA, told the Global Times Monday.

China started a pilot scheme in 2008 for planting quinoa in North China's Shanxi Province.

However, the yield has been comparatively low so far and China is considering planting quinoa in Northwest China's Gansu Province and Southwest China's Tibet Autonomous Region as well, Ma noted.

The agricultural ministries of Bolivia and China are currently negotiating about inspection and quarantine rules for the crop, Ma noted.

The United Nations Food and Agricultural Organization passed a bill to promote the planting of quinoa worldwide this year. (Source: Global Times)

Eu Yan Sang Busts Phony Goods with RFID

Traditional Chinese medicine (TCM) is one of the six strategic verticals for the Hong Kong's economy. The local herbal/traditional product market reached HK\$3 billion in 2012, representing 7% growth from 2011, according to research firm Euromonitor International.

But product integrity is a major challenge for its development, said Alice Wong, managing director of Eu Yan Sang Hong Kong.

"Despite the long history of TCM, we've never had a product authentication system to ensure product integrity," she said. "There are many fake products on the market. It has always been our company's vision to reduce counterfeits by ensuring the original products can be verified easily."

Wong said the firm has tried different technologies like putting security holograms or watermark images on the package. But these identifying-images were forged soon after they emerged.

To fight the counterfeit market, Eu Yan Sang participated in a trial project from the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM). LSCM has developed a RFID-supported system to help consumers identify counterfeit TCM products. Simply by scanning the RFID-tagged products at the product authentication (PA) kiosk, consumer can access different information that ensures the integrity of the product. Besides an ingredient-list, the PA kiosk provides information including the license of the TCM trader, the product's registration with the Department of Health, and testing results required in the registration process. As Eu Yan Sang's products also follow the GMP (good manufacturing



practice) guidelines--production and testing guidelines for medicine and pharmaceutical products--the kiosk also displays details of the GMP Certification.

"To ensure integrity of the information, certification and test lab results is provided directly by the test labs and certification bodies," said Frank Tong, director, research & technology development, LSCM.

He added that the technology also flags forged

RFID tags, as scanners at the kiosk can't read information from the fake tags.

Tong said that RFID has become an affordable and viable technology to store information on premium consumer products. The cost of each tag is HK\$2 and each kiosk scanner cost about HK\$10,000, according to Tong. As part of the trial project, Eu Yan Sang is currently tagging its "Extra Strength Lingzhi Cracked Spores" products with kiosks placed at two of its retail outlets. (Source: Computer World Hong Kong)

Danone's Dumex Probes Its Infant-Formula Marketing in China

Dumex Baby Food Co., a subsidiary of France's Danone SA, is launching a probe of its infant- formula marketing after China's state broadcaster alleged the formula maker pays hospital staff to use its products and influence sales.

In a 20-minute broadcast Monday—under the headline "The First Drink of Milk" —China Central Television said formula makers are paying hospital staff across the nation to feed newborns infant formula before their mothers have an opportunity to breast-feed them. The report said that the practice undermined breast-feeding, saying that a newborn who tastes infant formula first is more likely to reject breast milk.

The report spoke broadly about formula companies but named Danone's Dumex, alleging that the company gives cash to doctors and nurses in hospital maternity wards so that it can increase its sales and market share in China.

A spokeswoman for Danone said the company is "shocked by the CCTV report" and is investigating the situation. Dumex "strictly adheres to Chinese laws and regulations," the spokeswoman said, noting that

the company has a strict code of conduct, including severe punishment for employees who violate company regulations and Chinese law.

Infant-formula makers have been under scrutiny in China, where regulators cracked down this summer on milk-powder companies, launching probes into the sales of mostly foreign companies and ultimately fining makers such as Mead Johnson Nutrition Co.'s China unit, Abbott Laboratories and Danone for alleged anticompetitive practices.

Danone and other companies responded by reducing prices of some products sold in China. The country is an important market for infant-formula makers, with sales having hit 77.86 billion yuan (\$12.72 billion) in 2012, up 26% from a year earlier, according to market-research firm Euromonitor International.

Chinese state-run media has in recent months ramped up criticism of foreign baby formula, particularly after New Zealand's Fonterra Cooperative Group Ltd., the world's largest dairy exporter, warned in August



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that some of its products, including infant formula, may have contained hazardous bacteria. The company said later that testing revealed that the products in question were safe for consumption.

China's leaders are aiming to turn around the country's dairy industry, which has floundered since 2008, when domestically produced milk powder tainted with an industrial chemical killed six infants and sickened 300,000 others.

The scandal sparked a surge in demand for foreign baby formula. Last year China imported \$1.05 billion in food ingredients for infants, more than four times the amount imported in 2007, according to the Global Trade Atlas database.(Source: WSJ)

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