

# CHINA UPDATES

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ISSUE 59  
October 11, 2013

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### China is to Strengthen Regulation on New Food Ingredient

The new regulation on new food ingredient safety official came into force on 1st, October, which was drafted by the Ministry of Health and released in July. Industry people said the strengthening of food ingredient regulation will improve the food safety in China.

The new draft defines the new food ingredient, saying it refers to: animal, plant and microorganism; elements extracted from animal, plant and microorganism; food ingredient whose original structure is changed; other newly-invented food ingredient.

New food ingredient does not include GMF, health product and food additives. They must be free from toxic elements and up to certain nutrition standard, says the regulation.

The regulation also says that the Ministry, which is now named as National Health and Family Planning Commission, is no longer in charge of regulation on food safety.

It says that it would open to the public for opinion regarding new food ingredient application it receives. It will release the applicants' related production standard and procedures to the public, under the precondition of protecting the trade secrets of the company.

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.

The regulation highlighted that for applicants who hide real situation from the authority or provide fake application materials, the authority will decline to precede the application and give warnings. These applicants are not allowed to apply again in one year.

### **Hubei: High-Risky Food will be Tracked Electronically**

Authority of China's northern Hebei province released project plan regarding improving food safety, in which it promises to roll out electronic tracking system for high-risky food and drugs.

The plan says that the province is going to set up a comprehensive information platform for food and drugs, and will finish building a database center by the end of this year. The entire project will be finished by 2015.

The plan pictures an electronic tracking system throughout the province regarding food and drugs, which aims to monitor process of production, distribution and sales. The system will focus on high-risky products including formula milk powder, fresh farm product, wine product and health product.

The authority said that they would increase the incentive for the public to keep an eye on food safety, and provide a maximum of 300,000yuan (\$49,000) as reward to those who report on illegal productions. (Source: yzdsb.com.cn)

### **Liquorice Alleviates Troublesome Symptoms Following Intubation**

In Traditional Chinese Medicine (TCM), liquorice is regarded as a "panacea". A recent study by the University Department of Anaesthetics, General Intensive Care Medicine and Pain Therapy at the MedUni Vienna has now, for the first time, scientifically confirmed the healing properties of this natural substance.

In their study, researchers investigated patients who require a particularly thick tube (known as a double-lumen tube) following lung surgery and who consequently suffer frequent sore throats, hoarseness and coughs. The prescription of liquorice markedly reduced the frequency of post-operative symptoms. Even more importantly, patients were extremely happy and complained of significantly fewer side effects associated with anaesthesia, such as sore throats, coughs and hoarseness.

Study leader Kurt Rützler from the University Department of Anaesthetics, General Intensive Care Medicine and Pain Therapy at the MedUni Vienna cites another important advantage: "The side effects that normally occur are not only subjectively unpleasant for patients, but they can also have a negative impact on the success of their surgery. If a patient develops a cough after a lung operation with severe pain leading to reduced inspiration and expiration, this can cause an entire section of the lung to collapse."

As a result of the study, which has just been published in the science journal *Anesthesia & Analgesia*, liquorice is already being offered to all pre-operative patients at three European hospitals. One of the key advantages of liquorice lies in how simple it is to use. Liquorice is available in its pure form without a prescription from any pharmacy. "Patients can however also buy liquorice sticks or liquorice lozenges and achieve very similar

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beneficial effects to pure liquorice," says Rützler. (Source: Medicalxpress.com)

### Guangzhou: “Foreign brand” Health Products Made in China

Guangzhou authority wrapped up its five-month crack-down on illegal health product last week, with 766 types of products tested and 48 of them were found substandard.

The provincial authority examined 25,073 health product companies and ordered production suspension to 18 of them. It also wrote off production permit from 21 companies and health permit from 60 of the examined.

The local police arrested 17 people that involved in illegal production. The value of related cases reached more than 7 million yuan(\$1.14 million).

Representatives with local health association reported that local residents always buy health products the same way they buy drugs, and don't have much awareness of the difference between these two.

They also pointed out many health products who claim themselves to be of foreign brands are actually made in China. These products are usually with foreign labels and are sold as foreign products. The local consumers cannot tell the illegal products that well. (Source: South Metropolis Daily)

### Internet Shopping to Soar in China

The mainland e-commerce market is expected to grow at a breakneck pace of 30 per cent in the next three to five years but retailers must dislodge consumers' expectations of discounts on the internet and ensure payment security, research from PricewaterhouseCoopers shows.

"Online commerce is an unstoppable tide," PwC retail and consumer central China tax leader Jane Wang said. "There are no time limits for spending because there's no such thing as opening hours. It overcomes physical constraints. You can buy from wherever you are. And many women said they get tired after shopping too long, but that's not an issue with shopping from your home."

The firm said an estimated 240 million people on the mainland shopped on the internet.

Overall, mainland consumers are much more likely to indulge in online shopping compared with their global peers.

More than 60 per cent said they bought their clothing, footwear, and accessories online, compared with 35 to 45 per cent in the rest of the world.

PwC found that mainland consumers who shopped online bought 58 per cent more than their peers in

developed markets, and two in five shoppers used their mobile or tablet to shop online. Sixty eight per cent of online shoppers bought apparel and accessories, 39 per cent shopped for household goods and 35 per cent purchased digital and electronic products.

But e-commerce is not without its challenges. Consumers, especially on the mainland, expected to find lower prices online than in physical stores, Wang said. "A lot of companies, when they first started rolling out their internet platforms, offered lower prices to attract customers. This kind of pricing strategy has a very hard impact on the business and many companies are incurring losses because of that," she said.

Online players must also ensure data security for their customers, PwC's retail and consumer Hong Kong leader Michael Cheng said.



The rise of e-commerce will make foreign brands more accessible to mainland customers in third and fourth-tier cities but Cheng said Hong Kong would retain its place as a shopping paradise for mainlanders because of its ability to offer lower prices.

"Hong Kong's tax-free goods are a huge advantage. [Our products] are 15 to 20 per cent cheaper just via that, not including the extra spending power due to the fluctuations of the

yuan. Mainland tourists will keep coming to shop until a very substantial obstacle crops up." (Source:SCMP)

## **The Health Market Regarding Senior Citizens in Hubei Province Expands**

The senior committee of China's middle Hubei province reported that the number of people older than 60 years old have reached 7.65 million in 2009, accounting 12.33% of the total population. The percentage is expected to reach 15% in 2015.

In 2009, the health product market for senior citizens reached 300 billion yuan (\$49 billion) in China. The market value of health product is expected to reach 1 trillion yuan. In 2020, the health industry targeting on senior citizens in Hunan province is expected to reach 10 billion yuan.(\$1.63 billion)

The local authority said that the senior citizens are having an updated value and attitude in consumption, which has brought huge market potential to the senior health industry. The senior group has already grown into a vital "consumption troop".

In August, 2010, Huarun Group, which has business in real estate, beer and chain store, was cooperating with a local major health product company to tap into the market of senior health products. The two companies have built the biggest health center in middle China in Wuhan, the capital city of Hubei province. The center provides free health consultation service to senior citizens.(Source: Changjiangtimes)



## China May Follow in U.S. Footsteps to Consider ‘Astronomical’ Fines for Drug makers

Businesses are always looking for best practices to copy. Sometimes, governments do the same.

The Chinese government reportedly is considering emulating the U.S. government, whose investigations have resulted in billion-dollar penalties to pharmaceutical companies for malfeasance related to drug marketing.

"We should learn from the practice of other countries in imposing astronomical fines," China's Ministry of Public Security said on its website Wednesday, according to the South China Morning Post in Hong Kong.

London-based GlaxoSmithKline, which has several facilities in and around Philadelphia, is in the eye of the storm over how foreign drug companies operate in the world's most populous country.

But GSK also is in the U.S. record books, at least for now, with the largest fine to result from investigations



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by the Justice Department and the Health and Human Services Department's Office of Inspector General.

In July 2012, GSK agreed to plead guilty to three criminal charges and pay \$3 billion to settle allegations related to marketing practices and failure to alert the U.S. Food and Drug Administration about safety concerns spinning out of a clinical trial of the diabetes drug Avandia. (The previous record penalty was \$2.3 billion that Pfizer paid in 2009.)

On Tuesday, China's official Xinhua news agency quoted a GSK China executive as saying leaders in London pushed them to meet such high sales targets that they had no choice but to use illegal tactics.

"We remain deeply concerned by the allegations of fraudulent behavior and ethical misconduct in our China business," GSK spokeswoman Mary Anne Rhyne said in a statement. "The reports published [Tuesday] relate to the ongoing investigation being conducted by the Chinese authorities. The issues identified would be a clear breach of our corporate values, and we have zero tolerance for any behavior of this nature. (Source: medcitynews.com)

**If you have China related news that you would like to share with the association for publication in its newsletter please contact us at:**

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