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Watson's Expands in China

Watson's, the health and beauty product chain store brand, announced recently that it expected to open 3,000 stores by 2016 in mainland China.

It is at an expansion rate of 3 stores per two days. Experts say the expansion is the result of the huge potential of China's health and beauty retail industry.

The Watson's has more than 1600 retail stores at this moment. They cover more than 290 cities in China. It aims to explore in China's third and fourth cities.

Considering its stores in the first and second tier cities are already close to saturation, the Watson's spokesman told the reporter that in the future, its expansion is going to escalate and look beyond.

“In the future, we will treat the third and fourth cities as our main target in our strategic plan.”

It also plans to launch online stores with promotion events to set up a comprehensive retail system.

Experts say that though the Watson's has advantage as it entered China's market earlier than most of its peers, but as more and more big-brand stores are tapping into China's market, the Watson's is facing fierce competition. (Source: China Cosmetics Net)

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.

CFDA prohibits online Medical Stores from Using a Third-Party Delivery Service

In a recent regulation released by CFDA, online medical stores are asked to use standard and professional delivery system. The authority prohibits these medical e-sellers from using service by any third-party delivery company.

“Requirements towards online medical stores using professional medical delivery service came out several years ago, but at that time, the implementation was not strict enough,” said Wei Zhaofeng, vice secretary of China Medical

Pharmaceutical Material Association. “Now the new regulation reiterates this point, which may make the online selling have no advantage at all, and the development of online medical store may thus stay still.”

“So far, only 132 online stores have two official certificates required by the authority, while only 10 of them are actually running,” he said.

Medical companies are eligible to apply to open an online store only if it is a chain company with GSP qualification. It should also have professional information equipment and comprehensive logistics system.

According to Mr. Wei, only 58 chain pharmacies in this country are capable to operate across provinces. They usually operate by selling online. The logistics cost of these trans-provincial sales can be quite high, and they usually face price competition of the local pharmacies.

Mr. Wei said that the new regulation may erase any existing price advantage that the online medical stores currently enjoy, so they may probably adopt the selling manner of asking the potential customers to order the medicines online and pick up what they ordered from the retail stores. (Source: People.com.cn)

Ministry of Environment Regulates Organic Food Production Base Application

China’s Ministry of Environment released an updated version of National Assessment Regulation on Organic Food Production Base, which specifies on the applicant’s entity, application requirement, applying procedure and assessment management.

The new regulation says that any entities that produce organic food in mainland China can voluntarily apply for an official certificate.

The regulation says that the applicants must meet ten requirements: it must have qualified products that have got official certificate for no less than three years; the location of the base should be in accordance with national industry development and environmental function area plan; it should adopt environment-friendly production method and recycling agricultural production method etc.

According to the regulation, the applicant can submit the application material to the provincial environment protection department, after passing the assessment of the local environment protection authority.

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The provincial environment protection departments should evaluate the production base on spot, and the organic food development center of Ministry of Environment should spot test application from each provinces. The Ministry should also check the products if necessary. (Source: China Environment News)

CFDA Reported Substandard Cosmetics, Including Product by Avon

CFDA reported the national cosmetics spot check result this year. Six batches of products are found substandard, including that of international big name Avon.

Four of the six batches are found to contain forbidden elements. Two are found with exceeded volume of a certain elements.

The authority ordered that all the substandard products in the list to be removed from the store shelf as soon as possible. Avon said that its rose whitening facial cleaner, which is listed as substandard by the Chinese authority this time, is not sold in the mainland China market at this moment.

Except Avon, the other cosmetics companies listed by the state authority this time are all based in China's southern Guangzhou. Many of them are hair dye products. The spot checking initiated by the state authority involves 505 batches of products nationwide.

Avon Naturals Rose and Rose Hips Fairness Cream was named one of the unqualified products. The cream by US-based beauty product company Avon was found containing 12g/g of phenol.

Phenol is a precursor that is often used to make floor paints, wallpaper and cosmetics. The chemical may affect female fertility, with users finding it difficult to conceive or give birth. It may also cause liver and kidney damage, said Dong Jinshi, deputy secretary-general of the Beijing Society for Environmental Science.

It is not the first time that the company's products have failed to pass Chinese authorities' examinations. One of its sunscreen products failed to pass the tests of the Guangdong Food and Drug Administration in 2007 and one of its charcoal-based face washes failed in 2008. (Source: Guangzhou Daily/Wantchina Times)

Imported Food Expo to be Held in Beijing

The third imported food expo in China, or IF China, organized by the Beijing-based Beixing International Expo Co. Ltd, is to kick off next April in Beijing's Agriculture Exhibition Center.

The IF China has become the biggest promotion platform in China for high-end imported food and wine brands. It will last from April 8th to 10th in Beijing. At the same time, the seventh international wine exhibition, or Frist Wine China, as well as a seminar on China's imported food market sustainable development will be held.



So far, the exhibition has attracted companies from America, France, Italy, Germany, Britain, Australia and Malaysia etc. It covers brands of snack, wine, dairy product, olive wine, organic food, honey product, meat product, ice cream, coffee and tea etc.

The sale of China's imported food is growing at an annual rate of 15%, which will help it become the largest imported food consuming country in the world by 2018. The market scale may reach 480 billion yuan (\$78.8 billion) by then.

Experts say that thanks to the increasing communication and trade exchanges in food and agricultural products among countries, more and more imported food are coming to China's local market. (Source: *China Economy Net*)



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Infirma wants to Double the Size of China Beauty Expo

The Informa group, which organizes trade events such as the World Anti-Aging Congress in Monaco, Beyond Beauty in Paris, Aesthetic Asia and China,

and Vitafood, is strengthening its position in China with joint venture between Beyond Beauty Events and China Beauty Expo, the largest cosmetics exhibition in China. The aims are to double the size of the show and to boost Shanghai as the main Asian hub for beauty professionals.

By partnering with British group Informa, Shanghai Baiwen Exhibition, the owner of China Beauty Expo, aims at internationalizing its event. The two companies announced they will "combine networks and skills with the aim to expand the Shanghai beauty-based portfolio to a pan-Asian audience."

Three co-located events China Beauty Expo - which hosted a total of 1,657 exhibitors and 245,000 visitors in 2013 - comprises three co-located exhibitions: Cosmetics China, dedicated to cosmetics, skincare and fragrances (over 800 exhibitors), Cosmetech, dedicated to the equipment, packaging and ingredients (more than 500 exhibitors) and Beauty Shanghai, dedicated to professional salons and spa products (nearly 300 exhibitors). (Source: *premium beauty news*)

UK to Ban Sales of Herbal Products in 2014

The UK has issued a ban on the sale of Chinese patent drugs for next year, a move that could push many Chinese medicine stores and clinics out of business, the Beijing Youth Daily said, citing UK Chinese Journal.

The UK's Medicines and Healthcare Products Regulatory Agency said last week that it will halt the sale of "unlicensed herbal products," or Chinese patent drugs, in Britain starting April 30, 2014. UK, who borrowed EU's 2011 rules, said traditional herbal medicinal products must have been in use for 30 years for them to be licensed and available over the counter.

However, no Chinese patent drugs have obtained the license, as no producer can afford the huge expense. Bo-ying Ma, president of the Federation of TCM, UK, said the evaluation and application fees for the liuwe Di Huang Pill, a type of Chinese patent drug, can reach one million pounds (\$1.96 million), far more than the drug's annual revenue in Britain, which is less than 10,000 pounds.

The medicine regulator had ordered major Chinese medicine stores in Britain to report their current TCM inventories a few months ago.

Ma said the ban will have a huge impact on the traditional Chinese medicine community in Britain.

You-jun Wang, vice president of the TCM Federation, said members would suffer a loss and this year will see a wave of bankruptcy at Chinese clinics. (*Source: Global Times*)

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

news@uschinahpa.org

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