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Filing System of Health Food to be Approved Soon

The filing and registration system of health food will be approved by the State Council by the year end, and specific details will be released by CFDA later, according to By-Health in a recent seminar.

The company said the dual-track of registration and filing system of health food is not what people are expecting that all products can be filed. But it is more based on the national standard, with a catalogue of which product to be filed released by CFDA.

Most vitamin products will be included into the filing system while other products to be kept in the registration system. Imported products will follow the same rule as well. (Source: Sina.com)

International Green Food Expo to be Held in Shanghai

The 9th Shanghai International Green Food Expo will be one of the biggest expo of green food and organic food in the east part of China.

The Expo is supported by Shanghai government and reached over tens of millions of deal that cover the east part of China. Many prominent companies are involved in the Expo, covered by a number of major media outlets.

The Expo is to invite guests from the industry of life service, commercial sales, wholesales and commercial manufacturing. (Source: dehua.net)



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State Council Steps Up Efforts to Inspect Meat Product

The public is reporting an increasing number of cases that involved illegal selling of meat products in the local meat market, especially when the hot weather can easily worsen the quality of meat product. Also, some cases involved illegal importing of meat products and selling fake mutton or beef.

To address the food safety issue of meat products, local regulator should take following measures:

To step up efforts in inspecting related departments, companies, wholesale markets, supermarkets, shopping malls, meat product stores and restaurants. The regulators should focus on comprehensive inspection from production process to the storage of related products. It is strictly forbidden to buy meat from sellers who do not have required documents to prove the quality of meat.

To strengthening following of illegal cases and monitoring spotted problems, especially those reported by the public. The local police should coordinate efforts to crack down illegal cases with local food regulators.



The local food regulators should better promote the legal awareness among meat product companies, helping them obtain safety management know-how. The regulators should pay special attention to media report and online opinions, while adopting measures timely to address spotted problems. (Source: CFDA)



China's Government Takes Bite Out of Vampire 'Blood' Beverages

Wannabe vampires in China will need to sip blood elsewhere.

In an announcement posted on its website this week, the China Food and Drug Administration warned consumers to avoid buying fruity drinks dubbed "vampire" or "The Vampire Diaries drink" that often come packaged in look-alike medical bags, complete with blood-type labels. The administration banned sales of the products, citing concerns over English-only and poor labeling, which it said were attracting young sippers.

"This kind of sales strategy, which sells no-name products that pander to peoples' desire for things exciting and new, violates social integrity and moral principles and fails to conform to related national laws. It misleads customers and damages the health of youth," the CFDA statement said.

Included in the announcement were images of products to beware of, drinks such as "Zombie Blood" and "Blood Energy Potion." The administration also called for strict monitoring of similar products.

U.S. shows such as "The Vampire Diaries" and "True Blood," readily available in China on popular video sites Sohu and Youku, have spurred Chinese

teenagers' fascination with vampires and supernatural characters. One vampire-themed café in Liaoning, in northeast China, gained international media attention earlier this month after it began serving red wine and cherry soda in blood bags, with staff dressed as doctors and nurses.

It's not just China, either: In the Hongdae area of Seoul near Hongik University, cocktails and juices are served in clear bags with IV-like straws.

Despite the ban, vampire drinks were still being sold on Taobao on Wednesday, going for as low as 8 yuan (about \$1.30) per bag for a strawberry flavor, while others, which appeared to be U.S. imports, were available for more than 250 yuan per drink.(Source: WSJ)

Jilin Province to Upgrade Wholesale Market Restructuring

The northern Jilin Province is to upgrade the restructuring of local wholesale market in efforts to reach a 15% annual increase of market deals by 2017.



So far, there are 300 direct selling stores of vegetable in Changchun and Jilin city in the province. Electronic clearing is widely used in key wholesale markets.

Special efforts should be put to special agricultural products sales, especially gardening products and poultry products. The market channel should grow beyond domestic market to overseas market.

Key logistic centers should be built to deal with transport of agricultural products. The agricultural bases should be directly connected with local supermarket so that fresh products can be delivered for consumers in time. (Source: Jilin Daily)

Chinese Town Trades Lead Poison Test Results for Milk

After a test showed farmer Zhao Heping's toddler grandson had high levels of lead in his blood two years ago, local officials in China's Hunan province offered the child medicine, he says — and milk. In return, Zhao says, officials asked that he hand over his grandson's blood test results.

Zhao was not alone. Eight residents of Dapu, a rural town of about 62,000 dotted with smelters and chemical plants, say families of children diagnosed with lead exposure were offered milk, but only if they surrendered their test results. The milk, residents recall officials saying, would flush the lead out of the children's bodies.

"I still give my grandsons milk, but it's useless," said Mao Baozhu, 61, a local resident who says her three grandchildren have all been diagnosed with high lead levels. "Isn't the resident's committee just trying to deceive us by distributing milk and saying all the kids have to do is drink it and they'll be cured?"

Allegations by villagers of the crude attempts by local officials to cover up the health effects of the environmental damage in Dapu by offering milk for medical records underscores the challenges China faces in waging the "war on pollution" premier Li Kegiang announced in March.

Environmental pollution is increasingly a source of social unrest in China. In agricultural areas like Dapu, air, soil and water pollution from local factories can deprive farmers of their livelihoods and rob them of their health. Cancer rates in some polluted villages are so high that they are known as "cancer villages".

The belief that milk can treat lead poisoning is widespread in China. The National Health and Family Planning Commission recommends "nutritional intervention" for children exposed to lead because they may have nutritional deficiencies, among other treatments.

Better nutrition does not lower lead levels, though, according to the U.S. Centers for Disease Control and Prevention (CDC). It recommends eliminating the source of pollution and, in extreme cases, treatment to remove heavy metals from the body.

In response to questions from Reuters, the National Health and Family Planning Commission reiterated its nutritional guidance and noted that dairy and bean products could be offered to children suffering from lead exposure.

But it added that its guidelines went well beyond nutrition, and it was neither "complete nor correct" to say that milk flushed lead out of the body. It also recommended removing the source of lead pollution and medical treatment in severe cases.

A spokeswoman for the Chinese Center for Disease Control and Prevention (CCDC) said it was not involved in the investigation in Dapu and could not comment. She directed inquiries to local health authorities in Hunan. Local health authorities declined interview requests. One official at a regional information office said she had never heard of anyone distributing milk and collecting blood test results.

Milk has a complicated history in China. In 2008, six children died and hundreds of thousands became sick after milk producers added the chemical melamine to milk powder. Six years on, parents who can afford to still buy imported infant formula, and foreign-made milk is popular in Chinese cities.

There is no evidence to suggest officials did not believe that milk was an effective treatment for excessive lead levels, but several villagers in Dapu said they thought it was just a tactic to pacify the public. "They slap you on the face, then they give you candy. That's how the government operates," said Li Wanming, a resident whose grandchildren

had elevated blood lead levels.

Lead poisoning is among the most serious, if least visible, side effects of China's rapid economic growth. Exposure to lead is particularly dangerous for children: it inhibits intellectual and physical development, and can cause poor concentration, disruptive behavior, even death at high levels. Its effects are irreversible.



Local governments often organize medical tests and distribute medicine, vitamins or food in Chinese regions affected by heavy metal pollution, said Liu Jinmei, a lawyer at the Center for Legal Assistance to Pollution Victims in Beijing. Often, local officials would not disclose the results of tests they had organized for villagers, she said.

"Mainly this is to prevent the villagers from learning the truth, or to prevent them from passing this information on to people outside the village," Liu said.

In a 2011 report on lead poisoning in China, Human Rights Watch also documented how local hospitals in polluted areas withheld and, parents believe, manipulated or falsified test results.

There are no national data on lead levels in China. The Capital Institute of Pediatrics in Beijing, which conducted a survey in 15 cities between 2004 and 2008, found 7.6 percent of those surveyed had lead levels above 100 micrograms per liter (ug/L), China's threshold for safe lead exposure.

Dapu's lead problem made national headlines last month in a expose by state broadcaster CCTV, in which the mayor was shown saying children might have raised their own blood levels by chewing on pencils. After the broadcast, which claimed that more than 300 children had high lead levels, officials opened an investigation and Meilun, a local chemical plant and smelter, was forced to stop production.

Bao Zhu, a member of the local residents' committee – typically the lowest level of local government – confirmed the distribution of milk to children with elevated lead levels, but refused to answer any more questions.

A woman at the Hengdong information office who would only give her surname, Tan, said the county was only now testing children for lead exposure so it was impossible to say how many children had been exposed. She said she had not heard of anyone distributing milk and collecting test results.

Hunan has significant deposits of lead, zinc, mercury, antimony and tungsten but is also the country's largest producer of rice. In 2003, Dapu officials set up an industrial zone which, by 2013, had expanded to include at least 12 smelting factories producing tungsten, copper, lead and zinc.

An April study of the area by environmental advocacy group Greenpeace found high levels of cadmium and lead in local rice samples, some as much as 22 times the national standard.

"The water and soil here are ruined. We don't farm anymore," said Li Wanming.

Residents said they brought their concerns about lead pollution to local officials, submitting a petition in late 2012. They said milk had been distributed by the residents' committee or the local branch of the CCDC to people with excessive lead blood levels

three times since 2012, most recently last month.

Only residents who turned in their blood test results received milk and only those that provided the originals — rather than a copy — would be reimbursed for cost of the tests, said Mao Baozhu, the grandmother of three sick children.

Many handed in their test results in order to be reimbursed and get the free milk, residents said. When asked, two said they had not considered consulting a lawyer because they couldn't afford one. Mao said subsequent tests showed one of her grandson's levels are down from three times the national limit for lead exposure in children to twice that level; another is often dizzy and complains of stomach pains.

Farmer Li Laiyin, 64, broke into tears describing his two grandchildren, who tested at nearly five times the Chinese national threshold for safe lead exposure two years ago. They are thin, with little appetite. They can't sit still or sleep, or concentrate long enough to finish their homework. "I worry about their future. What if they develop more symptoms later?" (Source: Reuters)

Health Insurers' China Puzzle

Almost a decade after China loosened restrictions on foreign insurers, some of the biggest Western health plans are still trying to figure out how to take advantage of the burgeoning market.

WellPoint Inc., the largest U.S. insurer by members, says it will plunge into China's private-insurance market in the next few months, butUnitedHealth Group Inc. and British United Provident Association Ltd., or Bupa, the biggest health insurer globally by members, are holding back.

At stake is access to a market where premiums for private insurance are expected to grow to an



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欲了解更多服务信息<mark>请点击</mark> 审核、咨询、培训和测试专家团队 estimated \$90 billion in 2020, up from \$8.4 billion in 2008, according to consultancy McKinsey & Co.

Although the Chinese government and employers offer basic health insurance for most of the population—exact benefits depend on employment status and location—coverage is often limited and consumers still expect to pay significant amounts out of pocket for medical expenses, leaving room for private insurers, said Claudia Süssmuth-Dyckerhoff, head of McKinsey's Asia payer-provider services and health-care systems group.

Yet the growth of the health-insurance market in China has been disappointing, according to some industry experts. For instance, while foreign life insurers increased their market share by about five percentage points between 2004 and 2007, to claim a market share of 8%, foreign nonlife insurers remained stagnant at 1.2% during those same years, according to China Knowledge Consultancy.



China agreed to ease restrictions on foreign insurers when it joined the World Trade Organization in 2001, but substantial hurdles to entering the market remain.

Companies that want to sell private insurance must still form a joint venture with a domestic insurer and obtain a license for each region in which they want to sell. They also have to figure out how to establish networks with hospitals, gain access to patient health data—which insurers use to assess risk—and educate consumers about the basic concept of health insurance.



UnitedHealth is watching China carefully, said Simon Stevens, the company's president of global health, but it isn't yet seeking a joint venture to sell insurance. The insurer set up an office in Beijing in 2007 and sells insurance products to expatriates in China and Chinese nationals working in the U.S. "The market has frankly not matured to the point" UnitedHealth is ready to start selling health insurance there, Mr. Stevens said.

Trying to convince consumers of the benefit of paying premiums now for care later, rather than saving up to pay for care as they do now, is a hard sell, according to Christopher Dennis, head of Bupa's China office. Those who can't afford better care than that offered by the government won't be able to afford private insurance, and those whose income is high enough to buy supplemental coverage can typically afford to pay for care out of pocket anyway, he said.

Bupa has been engaged in a joint-venture search for the last year and aims to apply for an insurance license in China in the next year or two, but it isn't in a hurry to enter China, according to Mr. Dennis. "We'd rather take it slowly, study the market and see what happens," he said.

Even WellPoint, which anticipates partnering with a domestic company in coming months and wants to get products in the market by 2012, believes the market needs to build a more knowledgeable market base, says John Domeika, CEO of WellPoint China.

Wang Chenghua, 50 years old, is one such consumer. A taxi driver in Shanghai, for instance, receives health insurance from his employer and pays 400 yuan (\$60) a month in supplemental insurance for his home, retirement, personal injury and a fourth category he can't remember. He isn't interested in buying additional health coverage, he said, because he believes the company will provide for him in the case of a big disease.

Cigna Corp. leads U.S. insurers in terms of penetration in the China market and spends a lot of its time educating consumers. They are getting more sophisticated, according to David Skinner, CEO of Cigna in China, asking more specific questions about policies than they did years ago.

Earlier this year, UnitedHealth bought a Chinese company that provides regulatory services for pharmaceutical and medical-device concerns looking to enter the Chinese market. The company is also looking to work with Chinese hospitals to improve their information-technology systems, part of a push by the government to upgrade the health-care system.(Source: WSJ)

Coal Burning Cuts Beijingers' Life Span by 5 Years

An expert at an energy forum in Beijing, citing a study, said that burning coal to provide heating for residents in the city has cut people's life expectancy by 5 years.

Wang Min, expert from Beijing University's China Center for Economic Research, gave a speech about China's energy issues at the 2014 China International Energy Forum on Tuesday morning.

Wang cited two other reports on the harmfulness of air

pollution. One was a report issued by World Bank, claiming China's health costs in 2003 were estimated to account for 1.16 percent to 3.8 percent of that year's GDP. The other article made by the head of China's Ministry of Health estimated at least 350,000 to 500,000 people died earlier than expected due to air pollution.

Coal consumption accounted for 70 percent of China's energy use in the last 30 years. In 2012, China consumed 3.7 billion tons of coal, some 50 percent of the world's coal use.

Massive coal burning has produced severe air pollution in the country: 85 percent of sulfur dioxide, 67 percent of nitric oxide, and 70 percent of smoke dust were emitted from coal burning, Wang added.

According to the Beijing Environmental Protection Bureau, coal burning has contributed 22.4 percent to April's PM 2.5 particles.

Wang concluded that measures to tackle the issue are to reduce energy expenditures, and break the government's administrative monopoly and price control. "Energy prices can be raised to stay consistent with its scarcity, and in the meantime, promote energy saving and replacement with clean ones," Wang said. (Source: ecns.com)

The Future of E-Commerce?

Warehouses, essential though they may be to the global supply chain, are dull. Even when they are outfitted with a robot army, it's hard to get worked up over a minimalist shelter where boxes of stuff sent from somewhere get sorted and stored before they are sent somewhere else.



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There is a nondescript warehouse in Hangzhou, China, however, that employees at Tmall Global don't find boring at all. Tmall Global, an international online-shopping solutions provider owned by Chinese e-commerce giant Alibaba Group, is developing sales and logistics channels so that merchants, manufacturers and distributors located anywhere in the world can sell and ship directly to Chinese consumers. And the Hangzhou facility is a pilot project that could solve some of the knottiest problems impeding the growth of international e-commerce.

At Hangzhou and warehouses located in special free-trade zones in five other Chinese cities, a new government scheme is being tested that promises to streamline the delivery of goods ordered online from foreign merchants, changing the way international Internet purchases are imported, inspected and taxed. "I think it's a really big breakthrough for overseas cross-border trade," said Tmall Global Director Ralph Zhao.

Here's the background: To obtain goods that are not available locally or are too expensive, Chinese

consumers have increasingly been turning to the Web to purchase goods from overseas vendors. Potentially a huge business, this trade allows online shoppers (as well as dubious, grey market parallel importers) to essentially get duty-free prices on products purchased from foreign websites by having them delivered through express mail services as personal mail. In this way, shoppers can circumvent conventional customs inspections as well as tariffs and taxes that must be paid on goods imported and sold through conventional retail channels.

After first attempting to close this revenue-leaking loophole a couple of years ago, government agencies subsequently made a farsighted decision to get out in front of the boom in cross-border online shopping by legitimizing and controlling it.

Last year, China's General Administration of Customs designated six cities—Shanghai, Hangzhou, Ningbo, Zhengzhou, Guangzhou and Chongqing—that were allowed to set up free-trade zones containing bonded warehouses dedicated to the importation and delivery of merchandise purchased by online shoppers from other countries.

Operated in partnership with private companies, this channel allows merchants to bulk ship merchandise to the bonded warehouses without being subject to standard commercial import duties when the goods enter the country. Instead, merchandise is taxed at special rates only after it is purchased by consumers and shipped to their homes.

The new system helps to clear up uncertainties surrounding cross-border trade while offering a well-defined, legitimate and relatively uncomplicated channel for foreign retailers to sell directly into China, said Zhao, who with other Tmall Global employees has been working with local governments on the program since last year.

"This is a model that is completely above board and by the law," Zhao said, "but we still provide consumers with the most competitive price."

Lower costs are one of the principal advantages of 8

the program, according to Zhao.

During a special promotion held by Tmall Global and group-buying website Juhuasuan last May that served as a shakedown run for the Hangzhou warehouse, 54-packs of Merries, a Japanese disposable diaper brand, that ordinarily sell for RMB 168 on Chinese online shopping websites Tmall.com and Taobao Marketplace were available for RMB 125. "This is the lowest price ever to appear in the Chinese market" for the brand, Zhao said, noting that the goods sold from the warehouse were exactly the same as diapers sold in the Japanese domestic market.

"The merchant is still making money even at the Tmall Global price," Zhao said. "We do not ask merchants to take a loss just for a special promotion."

Profit margins are preserved because:

- Consumers get the diapers directly from the factory in Japan. In conventional bricks-and-mortar retail, there can be three to four middlemen—distributors and wholesalers—between the factory and supermarket shelf, which increases costs. "Now we have only one" middleman, the warehouse, Zhao said.
- Because the product is shipped in bulk to the bonded warehouse, logistics costs are reduced to as little as 10 percent of what they would be if the diapers were shipped as small parcels from the factory to consumer homes, Zhao estimated. Merchandise warehoused in China can be delivered to consumers in major Chinese cities in three-seven days, as opposed to the weeks it can take for products to arrive when individual orders are shipped from overseas.

Additional savings come through the way goods moving through the bonded warehouse are taxed. Products transiting the bonded warehouses are not subject to standard commercial import duties. Instead, the government imposes "individual import duties" of 10-50 percent of the value of goods, depending upon the product category. Duties are forgiven entirely on small orders for which the

calculated tax owed is less than RMB 50.

In practice, Zhao said, cross-border goods delivered though the bonded warehouses bear a significantly lower tax burden than ordinary imports, which by the time they reach consumers have been subject to regular customers duties, value-added tax and consumption tax--all of which can add more than 30 percent to the retail price of some items sold in stores.

Under the program, Tmall Global charges participating merchants a logistics fee of less than RMB 20 for every order processed in the duty free zone. Alibaba Group's Cainiao smart logistics subsidiary handles all logistics, including sorting, delivery, and customs clearance.

While local governments lose an income stream by no longer collecting value-added tax on crossborder goods, they've been willing to go along with the Customs administration scheme because they see the bonded warehouse operations creating job opportunities and contributing to local economies.

Not all products are suited to the bonded-warehouse model, Zhao said. Niche items that sit on warehouse shelves don't enjoy the same benefits as fast-moving, high-volume goods. But for overseas merchants with the right products, cross-border selling through bonded warehouses helps reduce inventory risk. Reduced costs make it feasible to ship goods into China in smaller volumes initially to allow merchants to accurately assess consumer demand, he said. (Source: InternetRetailer.com)

China's Online Sales Surge

Consumers bought a total of 1.1 trillion yuan (\$176.1 billion) worth of goods from China's online retailers in the first half of this year, a surge of 33.4 percent year-on-year, data from the Ministry of Commerce (MOFCOM) showed Tuesday, even though sales of counterfeit goods continue to afflict some online platforms in China.

Online retail sales accounted for 8.4 percent of the country's overall retail sales in the first half, the MOFCOM wrote in a statement on its website.

E-retail's share of total retail sales



MOFCOM data also showed that total e-commerce transactions in China, including business-to-business transactions, reached 5.66 trillion yuan, up 30.1 percent on a yearly basis.

Also on Tuesday, bank card association China UnionPay announced that the number of its Internet and mobile payment users have surpassed 150 million by July, according to a post on the company's website.

Lin Wenbin, an industry analyst at consultancy Analysys International, told the Global Times Tuesday that in the second quarter alone, online retail sales already accounted for 10.48 percent of China's overall retail sales.

The ratio is somewhere between 6 percent and 8 percent in some developed economies at present, such as the US, Lin noted.

Despite consumers' growing enthusiasm for online shopping, counterfeiting and other irregularities such as tax evasion remain pressing issues that hinder the development of the sector.

On Monday, leading e-commerce websites JD.com

Inc and Jumei International Holding closed a thirdparty shop on their platforms after a news report alleged that the shop was selling fake luxury goods.

Lin said that major e-commerce websites have been introducing third-party shops on their platforms in a bid to bring product variety to their users, and during the process it is unavoidable that sometimes unqualified merchants get in.

"Most Chinese consumers have developed the habit of shopping online in a maturing market. Such news may affect the sales of a particular e-commerce site, but not the whole sector," Feng Lin, a senior analyst at China E-Commerce Research Center, told the Global Times Tuesday.

Feng noted that the sector will continue to grow at a fast pace as young people, who tend to shop online more frequently, are gaining more purchasing power.

And with domestic consumption is expected to play a more important role in driving China's economic growth, the online retail sector will also get a boost, experts noted.

The e-commerce market in China is dominated by several companies at present. "The e-commerce sector has entered into a new phase as major e-commerce companies are all seeking public offerings," the MOFCOM wrote in the Tuesday post.

JD.com made its debut on the Nasdaq in May, and its main rival Alibaba Group is also reported to get listed on the New York Stock Exchange as early as late August.

Though experts noted that it is unlikely that online shopping will replace brick-and-mortar shops in a short term, traditional companies have been actively tapping into the online market recently.

Real estate developer Dalian Wanda Group will allocate an initial investment of 5 billion yuan to develop its e-commerce business, and the company is now seeking partnership with China's major e-commerce firms, media reports said earlier this month.

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But experts noted that it would be hard for new players to take a significant share in the online market and it is difficult to change the current landscape in the e-commerce sector.

"If the new players could focus on one specific market segment or one specific group of consumers, they might still have a chance," said Analysys International's Lin. (Source: Global Times)

China Updates is published weekly by the U.S. – China Health Products Association, a non-profit organization dedicated to the promotion of dietary supplements and the nutritional / functional ingredients. The association's major focus is the continued development of China's dietary supplement and nutritional ingredient industry as well as offering business services to global companies wishing to enter the China Market

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