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INSIDE THIS ISSUE

China to Build National Food Safety Standard System

Beijing to Hold Organic Food Expo

National Food Sales Monitoring Conference Held in Beijing

Xinhua Insight: China On Its Way to Buying the World?

Food Testing Drives into Local Markets

China Buyers Go Crazy for Peru's Maca Root

Japanese Rice: The New, Safe Luxury Food in China

Anti-counterfeiting App Gives Chinese Consumers Confidence in Australian Milk

China's Rules Smother GMOs, Researcher Says



China to Build National Food Safety Standard System

The National Family Planning and Health Commission aims to build national standard system of food safety, which is expected to improve the monitoring system of food-related issues.

According to statistics, the national authority has completed the coordination of 228 items of national food safety standards and drafted of 68 new standards.

Currently, the food safety monitoring stations have increased to 2489 nationwide, covering 80% of county-level areas with 230,000 kinds of food being monitored and assessed.

The authority has launched a food consumption survey that covers 14 provinces. The Commission also plans to highlight the standard coordination of food safety in 2015, which aims to result in a national food safety standard system .

Based on the experience of environmental protection and national resources, the Commission is also to send inspectors nationwide to research the local demography and industrial situation. (Source: China Economic Net)

Beijing to Hold Organic Food Expo

The China International Organic Food Expo(CIOFE) is to be held in Beijing from June 12 to 14 at the national convention center.

The market value of China's organic agricultural products is to reach 24.8 billion to 59.4 billion yuan in 2015.CIOFE also expects the market value of organic food to account for 2% of China's total food market.



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The Expo is to be co-held by a couple of prominent local organic food companies and Ministry of Environmental Protection, China Organic Food Quality Inspection Center and China Agriculture University.

CIOFE is the largest organic food expo in Asia and is expected to embrace 600 companies and 35,000 visitors from more than 20 countries and regions around the world this year. (Source: China Organic Agriculture Net)

National Food Sales Monitoring Conference Held in Beijing

The national food sales monitoring conference was held in Beijing recently. Related authorities reviewed the government's work last year and pinpointed the key task for the state food regulators in 2015.

It is estimated that 13.89 million food vendors were inspected last year, and 949 illegal workshop were cracked down. About 84,500 food cases were spotted to be involved in substandard operation.

The special campaign on rural food market has worked very well in clearing up the rural food market, according to the authority.

In 2015, the key task is to enhance the daily inspection of food market and pay special attention to key areas and markets at rush hours. Any restaurant or food vendor who is not operating based on law should be spotted in time and punished severely. (Source: China Food Safety Net)

Xinhua Insight: China On Its Way to Buying the World?

The changing pattern of capital flow is a sign of China's transition from a devoted manufacturer to a sophisticated consumer.

Consumption contributed 51.2 percent to China's GDP growth last year, up three percentage points year on year to become the key engine powering economic growth.

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Chinese property magnate Wanda swung into the entertainment market by buying AMC Cinemas, the second-largest cinema chain in the United States, three years ago, and is reported to be in talks with Hollywood film studios Lions Gate Entertainment Corp. and Metro-Goldwyn-Mayer Inc. for stakes.

Wanda's billionaire chairman, Wang Jianlin, has good reason to diversify the company's investments. China is increasingly urban, hungry for entertainment and able to pay for it. More and more acquisitions will be driven by the needs of this growing class of ever-more sophisticated consumers, rather than just the needs of resource-hungry state-owned enterprises.

Chinese overseas investment had primarily focused on natural resources until recently, but targets have become more varied as China undergoes industrial upgrades to move up on the global industrial value chain.

Overseas investment in construction, culture, sports and entertainment grew the fastest among all industries in 2013. Investment in the service industry grew 27.1 percent last year, accounting for 64.6 percent of overall investment.

Chinese investors channeled capital into 6,128 overseas firms in 156 countries and regions in 2014. Outbound investment reached 102.89 billion

U.S. dollars, up 14.1 percent from a year earlier, according to the Ministry of Commerce (MOC) last week. China's ODI only stood at about 2.7 billion U.S. dollars in 2002 after its entry into the WTO.

FDI growth was much slower at 1.7 percent totaling 119.6 billion dollars. It was the first time two-way nominal capital flows have been near a balance, marking the rise of new growth engines amid a slowing economy in China.

"If Chinese firms' investment through third parties is included, the total ODI volume would reach about 140 billion U.S. dollars, which means China is already a net outbound investor," said MOC spokesman Shen Danyang at a press conference last week.

"If the past ten-plus years since 2001 have been marked by continuous inflow by foreign firms -- the catfish forcing local players to enhance competitiveness -- the next decade may witness a growing trend of Chinese firms venturing overseas. These Chinese dragons are coming," said Long Yongtu at a forum last November. (Source:Xinhua)

Food Testing Drives into Local Markets

People in the Lugouqiao Bridge County in Beijing's Fengtai District can have more confidence in food they buy from local markets.



17 grass-roots food inspectors from the local food and drug administration will drive into local wholesale markets to test food samples.

This position came into place after the Chinese State Food and Drug Administration (SFDA) was reorganized and renamed as the China Food and Drug Administration (CFDA) in 2013.

Many of these food and drug administration offices have been set up across China.

At times, they will keep the car door open to show the process of food sample testing to merchants and customers, which they believe is a good way to improve their food safety awareness.

According to the regulation of CFDA, the inspectors should test no less than 60 food samples every month. They will also have to test samples of hot commodities through the year, like testing moon cakes during the Mid-Autumn Day. Normally, they will do ten tests a day on average.

"Most of the time, we are testing the food samples, or on the way to the laboratory after taking the samples," Mr. Cai, one of the inspectors, says when asked to describe his job.

The inspectors' work is more than merely testing food samples. They have to have a good knowledge of Chemistry and Psychology as they sometimes have to reconcile disputes among merchants and customers.

Food safety in China has been a growing concern in recent years. Consumer confidence in the food industry has been shattered as food scandals continue to erupt.

Under increasing public and international pressure, the Chinese government has strengthened its supervision on food safety, including the manufacturing of food packing, containers, chemical additives and business regulation. (Source : CRI)

China Buyers Go Crazy for Peru's Maca Root

Natural-products companies based in the U.S., Europe and elsewhere have steadily built a market for maca, a small turnip-like root that grows in high

mountain areas, and that is believed to give a burst of energy, especially as a sort of natural Viagra.

This year a flood of buyers from China swooped into the Junin region of central Peru to buy up as much of the root as possible. That led to a tenfold increase in the price of maca, and in some cases even more, growers say.

Peruvian exporters say the frenzy to find maca has led to broken long-term supply contracts. Global natural-products companies say they are in danger of being pushed out of the market. Police say the aggressive demand has led to sometimes violent thefts of sacks of maca in Peru.

Sales of semiprocessed maca, dried and ground up on small farms and processing plants in the area, have boomed. The government of Peru has sounded the alarm bell that raw maca is also being smuggled out. Officials say the Peruvian maca is used to improve lesser-quality maca grown in China.

Peruvian regulations prohibit the export of unprocessed maca. Peru's tax agency confirms it seized tons of unprocessed maca before it was smuggled out this year. Some of that was being sent to Asia alongside other prohibited products like sea horses and shark fins, officials said.

“They are not complying with export regulations,” Jorge Tejada, a maca specialist with the regional government in Junin, said of many foreign buyers. He estimates that 4.4 million pounds of maca was smuggled out this year.

Through September, the value of legal maca exports to China rose to \$6 million, compared with \$540,000 for all of 2013, according to Peru's Ministry of Foreign Trade and Tourism. Exports to the U.S. were \$5.5 million through September, versus \$6.8 million for all of last year. An official with the Chinese embassy's commercial section in Lima declined to comment on the rising demand for

the root.

More than a decade ago, the price for maca was so low that farmers might not even bother to harvest it. Now growers say they can sell a pound of maca root for about \$13 or more, 10 times more than at the beginning of the year. Most maca is cream-colored. Growers say the coveted black maca can fetch about \$45 dollars a pound.

For some companies in the U.S., there will be little or no maca available until next year's harvest begins around midyear. Even then, local growers say that some of next year's crop has already been bought by buyers from China.

Some maca is being grown in China, but buyers covet Peruvian maca, which has been grown for thousands of years in the virgin soil about 13,000 feet above sea level in the Junin region. Smaller amounts are grown elsewhere in Peru and in neighboring Bolivia.

In China, maca is being marketed as an alternative to ginseng, another highly prized root that has been used in traditional Chinese medicine as a health tonic and cure for male sexual dysfunction but has become increasingly scarce in the wild.

Consumers are already feeling the pinch in the U.S., where many people add maca powder to drinks or food. It is also commonly available in capsules or as a liquid extract used as an additive to tea or chocolate.

“The price of maca may have crossed a line. The extract market could collapse,” said Chris Kilham, a consultant with Naturex, a French health and nutritional ingredients provider.

Sevananda Natural Foods Market in Atlanta was out of bulk maca powder for most of September and October, said Betsy Abrams, a buyer for the food co-op. Ms. Abrams said she normally buys 25



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pounds a month from distributors in the U.S. to keep up with customer demand, but she couldn't find any recently.

"They're real frustrated when they come in and see my jar upside down," she said. "I say I just can't get it because China is buying up the supply."

Mark Arment, owner of The Maca Team, a maca dealer in Maryville, Tenn., said consumers in the U.S., Europe and Australia can expect to pay double for maca, compared with last year's prices.

Mr. Arment, who sells up to 5,500 pounds of maca a month, said he can no longer find any black maca. Meanwhile he raised the price for sought-after red maca to \$125 a pound in September, up from \$84 a pound and expects to raise the price for red maca again this month to about \$159 a pound.

"We'll see what the market bears," he said. (Source: WSJ)



Japanese Rice: The New, Safe Luxury Food in China

First it was European infant formula, then New Zealand milk. Now Chinese consumers are adding Japanese rice to the list of everyday foods they will bring in from abroad at luxury-good prices because

they fear the local alternatives aren't safe.

The volume of rice imported from China remains small - 160 tonnes last year, according to Japan's National Federation of Agricultural Cooperative Associations.

But that is more than triple the total in 2013, a trend that illustrates Chinese consumers' dwindling confidence in the safety of the country's own agricultural produce.

"Chinese rice farmers use pesticides," said a seller identified as Ying Ying, who started offering Japanese rice on the Taobao online marketplace last August. "Japanese rice isn't polluted by heavy metals."

Pollution from industrialization has exacted a heavy toll on China's soil and water. In May 2013, officials in Guangdong province in southern China said 44 percent of rice samples contained excessive levels of the metal cadmium.

A study by the Ministry of Environmental Protection last April estimated that 16.1 percent of China's soil was contaminated. In parts of the country, soil pollution is so bad that some rice farmers refuse to eat what they grow.

After the cadmium revelations, some Chinese consumers began to see rice from Thailand as an affordable and safe substitute.

In contrast, Japanese rice is neither cheap nor easy to find in China. Japanese rice imported by Chinese grain trader COFCO sells for 74 Chinese yuan (\$12) a kg on PinStore, an online supermarket run by Japanese trading house Sumitomo Corp. Domestic rice sells there for as little as 7.5 yuan per kg.

As demand grows, Chinese consumers are increasingly turning to online platforms such as Taobao, run by Alibaba, to buy rice directly from

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individuals in Japan.

One person seems to have paid as much as 1,499 yuan (\$241) for five kg, according to Taobao.

Steep prices, though, are no deterrent for some.

"Much tastier than Chinese rice. Worth every cent - great texture and taste," one delighted buyer wrote on Taobao.

To meet demand, some Chinese producers now say they use Japanese seeds and promote their rice as a safer alternative to purely domestic strains.

Zhejiang Xinxie Yueguang Agricultural Science and Technology says its Echizen brand rice is safe and grown with "water from pure sources and strict quality control". The packaging says the rice is a Japanese variety.

But Echizen rice is grown in Changxing county, a hub of lead-acid battery production in eastern Zhejiang province. Battery production can be highly polluting.

Li Jun, general manager at Zhejiang Xinxie Yueguang, insisted the company's rice had passed tests for lead, cadmium, mercury, pesticides and other chemicals by state inspectors.

The company had also found other areas to grow rice where there was less concern about pollution, Li said.

The Chinese eat around 120 million tonnes of rice a year and the country imported more than 2.2 million in the first 11 months of 2014, including 1.2 million tonnes from Vietnam and 626,000 tonnes from Thailand, customs data shows.

Japan is a small rice exporter - just 3,777 tonnes in January to November 2014, according to agriculture ministry data - but it is looking to boost shipments to Asian countries as part of a wider push to export more agricultural products.

However, if the trend to China looks encouraging, any further increase through normal export

channels may be slow: the Chinese authorities have given just one Japanese rice mill clearance to send polished rice. (Source: Reuters)

Anti-counterfeiting App Gives Chinese Consumers Confidence in Australian Milk

Norco has signed a three-year agreement with Authenticateit to safeguard against the counterfeiting of its milk products in China.

The front end of Authenticateit is a free smartphone app that provides consumers with a way to easily check the authenticity of Norco milk by scanning the product's barcode. Consumers can also check that the product hasn't been recalled; the app verifies this via a live integration with global product recall portals.

Language settings on the mobile phone are detected so the app can present all information in the user's language.

Norco implemented the protection platform to comply with new food safety regulations that require exporters of food products to China to have a means of traceability and serialisation.

"GS1 Australia has been a key part of the development of brand protection platform Authenticateit. The solution adopts the GS1 numbering system with the application of the Global Trade Item Number (GTIN) on GS1 DataMatrix. This offers a complete track and trace solution and product identifier for Norco milk products," said Gennady Volchek, CEO at Authenticateit.

Authenticateit is fully compatible with GS1 global standards, including EPCIS, offering brand owners an effective way to track, trace and deter counterfeiters and instances of unauthorised distribution.

A successful trial shipment of fresh milk to China is expected to open the door to millions of litres of fresh milk exports to China each year. The new

cold chain pipeline can deliver more than 20 million litres of fresh milk to Chinese consumers within the first 12 months of its operation.

The Authenticateit app is available to download for free from iTunes, Google Play and Chinese app store Zhushou.360, making it available to 700 million smartphone users in China. (Source: Food processing.com)

China's Rules Smother GMOs, Researcher Says

China's government has too many rules restricting the adoption of genetically modified food, and that's ultimately hurting its long-term competitiveness in the sector, according to a leading Chinese researcher on the topic.

While Beijing keeps most foreign GMOs out, it is keen to develop its own genetically modified products. However, Huang Dafang, the former director of the country's Biotechnology Research Institute – and a strong GMO advocate — says that the government is going about it the wrong way.

“The approval process for GMOs is too lengthy, there are too many steps,” Mr. Huang, also a professor at the state-backed Chinese Academy of Agricultural Sciences, said Wednesday at an industry conference.

Beijing does not allow the commercial production of GMO food, apart from papayas. While the government permits a handful of GMO crops to be imported for animal consumption and, in the case of soybeans, to be processed into edible oil, even

that extent of permission has stirred public controversy.

So far, agriculture officials have not given any indication on when they might give the green light on GMOs for human consumption in China. Some analysts have suggested that the government is keen to make sure that the China is prepared to master the technology to such an extent that the market won't be swamped by foreign competition from biotechnology giants like Monsanto Corp. and DuPont Corp. once Beijing permits domestic commercial production of GMO food. They say the situation is similar to Beijing's filtering of the Internet, with the government wanting to ensure its companies can develop in the absence of other competition.

The agriculture ministry requires three years of further tests from the time a food item receives biosafety certification. But Mr. Huang pointed out that the government has exceeded even its own time frame on this front. The ministry gave out its first biosafety certifications for a handful of GMO rice and corn strains in 2009, but only renewed the certification late last year after they briefly lapsed.

“Is it a safety problem? No, this is a regulatory problem,” Mr. Huang said. “Our regulatory bodies need to recognize this.”

Mr. Huang also cited remarks on the issue by President Xi Jinping last year, in which he urged a high-level policy conclave to “boldly research and innovate [and] dominate the high points of GMO techniques,” saying they support a more encouraging environment for GMO development. (Source: WSJ)

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 nutritional ingredients. The association's major focus is the continued development of China's overall natural health product industry as well as offer business services to its global members.

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