



# CHINA UPDATES

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## **Alert system of Online Food Ordering To be Built**

A seminar on internet-related food safety issues was held in Renmin University recently, which talked about innovation of food safety management.

Wang Liming, deputy principal of Renmin University, said food safety management is a trans-field issue. Since 2013, Renmin University, Tsinghua University and CFDA set up an innovation center of food safety issue.

Experts said that China's online food ordering market is expanding rapidly without a proper monitoring system by the regulators.

Yang Dong, professor of Renmin University said that a national-level alert system on food can better solve the conflicts between vendors and sellers. The focus of this kind of monitoring should be laid on internet. Big data should be used to monitor the platform and set up alert system. (Source: Jiancha Daily)

## **CFDA Talked with USFDA**

Officials from CFDA held a work meeting with representatives with the China office of USFDA, which aims to summarize the bilateral efforts in leadership exchanges, GMP inspection and staff exchanges.

The meeting also talked about the work task by both sides in 2015.

The two sides acknowledged the cooperation conducted by the two agencies, which is in the context of new partnership of



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these two countries. The two agencies are coordinating each side's opinion when attending international activities.

The two sides also discussed the detailed work schedule in 2015, which includes sending inspector from the other side, holding bilateral meeting on Sino-U.S. drug and medical equipment, and regulations on medical equipment.

Officials from international cooperation department of CFDA and officials from the China office of US FDA attended the meeting. (Source: CFDA)

### **Weifang To Pilot Food Safety Program**

The local regulator of Weifang, Shandong province said the city would be the first batch of national pilot city of food safety.

Since last December till the coming October, Weifang is to implement related pilot programs of food safety based on related assessment and standard laid out by the national plan.

By the coming November, the food safety office of Shandong province will assess the programs in Weifang and the results will be released by the end of December.

The results will also be released to the public before filing to the food safety office of State Council.

The plan expects to increase the production-standardized rate of vegetable and fruit in the city to over 70%. The monitor rate of small restaurant and milk bar is expected to be up to 100%. The monitor rate of small workshop and small vendor is to be increased to over 95%. (Source: Food Safety Daily)

### **China 's Food Poisoning Deaths Up Slightly in 2014**

A total of 110 people died of food poisoning in China in 2014, a 0.9-percent increase from the previous year, according to statistics from the National Health and Family Planning Commission.

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In a statement released Monday, the commission said the number of people who suffered from food poisoning last year also climbed by 1.8 percent to 5,657 in a total of 160 food poisoning incidents.

Microbe-related food poisoning led to the most illnesses, while poisonous animals and plants, including mushrooms, were the cause of most of the deaths, it said.

Most deaths occurred at home while public dining halls were where most people fell ill.

The commission called for strengthened risk evaluation and prevention, urging local food safety supervisors to intensify monitoring of canteens in schools and workplaces and banquets in rural areas.

It also called for more education about preventing food poisoning among the public. (Source: Xinhua)

### **China Health Insurance Per Capita Premium to Only CNY116**

Average annual growth of premium income of China's commercial health insurance reached 25% since the entry into this century, not only higher than the national economy's growth, but also higher than the entire insurance industry's growth rate, said China Insurance Regulatory Commission Vice Chairman Huang Hong on February 10.



In 2014, annual premium income of China's commercial health insurance reached CNY 158.7 billion, growing 41% year on year.

However, health insurance's premium income only accounted for 8% of the insurance industry's and 12% of life insurance'. In the US, health insurance's premium income reached USD 85 million, accounting for 40% of the insurance industry's.

In addition, health insurance's per capital premium income reached only CNY 116 in China, compared with CNY 16,800 in the US and CNY 3,071 in Germany.(Source: SinoCast LLC)

### Doctors Offer Hard Facts on Sexual Health

Volunteer doctors from leading hospitals are to provide consultancy and treatment to men suffering erectile dysfunction in more than 20 major Chinese cities, the China Sexology Association said on Wednesday.

Launched by the association and China Health Daily to promote sexual health among Chinese men the program also includes making use of new media platforms such as WeChat to propagate knowledge and awareness of "sexual happiness" and conducting surveys for data on men's sexual health. Chinese men in general are not satisfied with their sex lives and also lack awareness of how to keep sexually healthy, Jiang Hui, head of the andrology department of the Peking University Third Hospital, said.

"Only 17 percent of men on the Chinese mainland

suffering erectile dysfunction go to hospital for treatment, compared with 43 percent in Japan," he said.

According to an association report last year, only 37 percent of Chinese are satisfied with their sex lives and 4 percent said they had no sexual desire at all.(Source: China Daily)

### Next Largest Retail Market: Take a Wild Guess

China will surpass the United States as the world's largest retail market within the next three years, according to new research.



Retail sales volume growth will hit 7.9 percent by 2018, compared with 2.6 percent for North America and the global average of 3.4 percent, PwC and the Economist Intelligence Unit (EIU) said in a joint report on Thursday.

A look at China's trajectory reveals a dwindling pace of growth over the years, yet its figures remain well above global peers.

"Despite its slower growth, China remains irresistible to global retail chains. Although annual retail volume has fallen from 15.6 percent in 2009, China is still expected to average growth of 8.7 percent in the next two years," the report said.

Home to 19 percent of the world's population, the rise of the Chinese consumer became increasingly important over past decade thanks to higher wages,

booming urbanization and improved standards of living. By 2022, McKinsey estimates that 75 percent of the mainland's residents will be classified as middle class, compared with just 4 percent in 2012.



Businesses worldwide have taken notice. Foreign direct investment into China hit \$128 billion in 2014, overtaking the U.S. for the first time in nearly a decade, the United Nations Conference of Trade and Development said last month.

International markets are fearful about a protracted slowdown in the mainland after 2014 gross domestic product (GDP) came in at 7.4 percent, the slowest pace since 1990. However, PwC and the EIU believe that such concerns are overhyped.

"Yes, China is slowing down, but compared to the West, its GDP growth is enviable," Jon Copestake, chief retail and consumer goods analyst at Economist Intelligence Unit, said in the report.

U.S. real GDP increased 2.4 percent last year.

"Having said that getting the basics right is crucial [for retailers.] That means engaging with local partners and developing products to cater to local tastes," he added.

Still, healthy growth won't be enough for retailers

operating in China, the report warned.

"Retailers are having to rethink their strategies - with most brick and mortar players increasingly moving towards fast moving e-commerce channels," it said, noting Chinese consumers are among the world's most active users of mobile technology and social media.

It's not just China that retailers should bet on. Asian sales volumes are projected to hit \$10.3 trillion in 2018, double the \$5 trillion projected for North America, according to the report.

After China, growth is the highest in India with sales volumes expected to hit 6.6 percent in 2018, followed by Vietnam and the Philippines.

India's chances at catching up with China remain slim however, the report warned: "A lack of reform and the government's unwillingness to open up its multi-brand retail market to foreign investments mean that global retailers are losing out in a market that is expected to pass the \$1 trillion mark in 2015." (Source: CNBC)

### Consumers Show Increasing Health Awareness

The battle against bulge and people's growing health awareness will breed new market opportunities as three-quarters of Chinese consumers are willing to pay more for healthier food, according to a survey by the global market research firm Nielsen.

The survey found that nearly 45 percent of the Chinese respondents consider themselves overweight, and a higher percentage of Chinese consumers not only regard healthy ingredients as important in the foods they purchase, but are also willing to back up their opinion with their wallets.



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The Nielsen Global Health & Wellness Survey polled more than 30,000 consumers in 60 countries last year, trying to identify how consumers feel about their body image and the steps they are taking to become healthier.



Chinese consumers are taking charge of their health, according to the survey. Up to 81 percent of Chinese respondents read packaging labels carefully for nutrition content, while nearly 70 percent said they trust the health claims on food packaging.

"Consumers' rising health awareness and pursuit of healthy attributes, as well as corresponding purchasing behaviors, mean greater business opportunities for manufacturers," said Kiki Fan, senior vice-president of Nielsen China.

The survey found that Chinese consumers believe the top desirable attributes in food are "fresh", "natural" and "minimally processed". Foods made from vegetables, fruits and organic ingredients are also regarded as important in their purchasing decisions.

In addition, consumers said they were looking for functional foods providing benefits that can either reduce their risk of disease and promote good health. About three in 10 seek foods that are high in fiber, high in protein and have whole grain, or foods

with ingredients that meet their special health needs.

Chinese consumers are also willing to pay a premium for healthy food, with 45 percent of Chinese respondents saying "all natural" is very important, and 47 percent are willing to pay a premium for these kinds of products.

Similar trends can also be found in organic food (39 percent and 40 percent), whole grain food (28 percent and 31 percent), gluten-free food (19 percent and 24 percent) and calcium-fortified foods (26 percent and 27 percent).

These figures are also backed up by Nielsen's recent Chinese Consumer Confidence Index, which showed health had overtaken income to become the top concern of Chinese urban consumers

Nielsen's retail tracking data show that while the overall food market only grew 5 percent year-on-year, the categories with health concepts outperformed other categories significantly, with an annual growth of 15 percent in sales value by the third quarter of last year.

"With the increasing disposable income of Chinese consumers and their stronger pursuit of a healthy lifestyle, we believe the health-driven trend will continue to be a key highlight in the Chinese food market for 2015. No matter if it is retailers or manufacturers, whoever takes action to ride on the trend will have a greater chance of winning the hearts and minds of more Chinese consumers," said Fan. (Source: China Daily)

## Fitness-Wave Floods China as Air Pollution Forces Indoor Exercise

It took Joseph Lo half a century to start exercising. The 58-year-old said he only did it because his



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physical condition started to deteriorate. Eight years ago, when age finally caught up to him, he decided to sign up for a gym package that came with a fitness trainer.



"In the past, if you wanted to find places to exercise in Beijing, for instance, if you wanted to play basketball, or jog, it's a bit difficult as there aren't many sports venues in Beijing," said Mr Lo, who is working as a sales director in the capital. "Also, for working professionals like us, at night, we can only exercise in the indoor gyms," he added.

It is urban professionals such as Mr Lo who have fuelled the rise in number of gyms across China, according to the founder of Migrant Bird Fitness Studio Mao Nan.

"Especially in the past one to two years, there have been a lot of new gyms opening up. Some are good and some are not, because the barrier to entry is rather low. You can open one with just US\$128,000 to US\$144,000. Some people think there is potential in this market because the number of gym-goers are increasing, so they invest money and enter the market," he explained.

Experts have attributed the rise in health awareness in China to ballooning incomes. "I think in the more developed cities, people are living faster lives, and there is higher pressure, and also there is more information available talking about health," said Rachel Ma, Vice President, Consumer Research, FMCG, Nielsen China.

Besides the high earnings, however, the serious air

pollution in many Chinese cities has also driven many to exercise indoors. "There was once I was exercising outdoors and I had pneumonia, either because of the pollution or the cold air, so since then I've not jogged outdoors," said a gym user. "When it's smoggy, then I'll come to the gym to exercise, because it's uncomfortable exercising outdoors when the weather is bad," explained another.

According to an industry report, the number of gyms increased four-fold to some 5,800 between 2004 and 2012. It also projected that China's fitness industry will be worth US\$6.8 billion by 2018.

As more gyms are opening across the country, membership prices have remained low, even in a first-tier city like Beijing. At the lower end, a gym membership could cost less than US\$200 per year. At the other end of the spectrum, a one-year gym package could exceed US\$1,200, but offers better facilities.

Still, industry players said a lack of trained fitness professionals could stunt growth.

"The gym industry in China has not developed for very long, and you need five to 10 years to train someone," said Dong Shaowen, Director of Business Development at Hosa Fitness. "China's gym industry really started in 2000, and it's only been 15 years, so we only have one generation of professionals, but we need more of such people," he added. (Source: channelnewsasia)

### **China Food Watchdog Warns Against Eating 'Novelty' Animals**

The Food and Drug Administration on Friday advised against eating wild animals and "novelty" food during the upcoming Spring Festival.

People from some parts of China, such as Guangdong Province, eat animals such as snakes and rats.

The administration suggested that the public -- especially the elderly, children, pregnant women and people with food allergies -- consume "normal" food and avoid anything "uncommon".

In light of this, it has stepped up a nationwide food safety inspection ahead of the Spring Festival, which falls on Feb. 19.

A species of Chinese bat was confirmed to be the source of the deadly SARS virus that broke out in 2002, the Chinese Academy of Sciences revealed in 2013.

A recent study on SARS confirmed findings from 2005 that identified bats as the natural hosts of coronaviruses closely related to SARS.

The virus killed about 800 people during 2002 and 2003. Palm civets sold at live animal markets were previously believed to be the direct source of the virus. (Source: Global Times)

## Convenience Stores Key to Retail Comeback

Convenience stores, which require less investment and shorter incubation periods but serve shoppers' demand on convenience and proximity, have become a new growth engine in the stagnant retail market, an industry report said.



The domestic retail market has entered a critical transition period - from concentration toward

penetration. Convenience channels thrived amid a slowdown in China's economy last year, according to a report sent to Xinhua by the UK-based market research company Kantar Worldpanel on Wednesday.

Larger groups are struggling under pressure from higher operating expense and are finding it more difficult to maintain growth and profitability. Instead of ambitiously expanding, retailers are shifting their focus to smaller stores.

Carrefour, for instance, is diversifying its portfolio by opening its first ever neighborhood supermarket in China, Kantar said in its report.

Convenience stores, which require less investment and shorter incubation periods, have emerged as a growth engine in the stagnant retail market, it said. The convenience-store channel has seen healthy growth in the past few years and this is expected to continue through the next decade.

The largest retail store network among modern trade channels in China is the convenience store channel. Store numbers almost doubled over the past six years, from around 13,567 in 2008 to 26,345 by the end of 2014, according to Kantar.

Meanwhile, the channel is estimated to generate 40.8 billion yuan (US\$6.7 billion) in sales in 2014, achieving an average growth rate of 14.8 percent over the past six years.

However, development has been quite unbalanced across China's provinces, as stores were originally centered around the southern area of the country.

The first 24-hour convenience store opened in 1986 in Guangdong Province.

It is more developed along coastal areas, and Guangdong and the Yangtze River Delta region are two hot spots of network distribution and maturity, it added (Source: Xinhua)

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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