



# CHINA UPDATES

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## **China Has 371 Health Food Exporting Companies**

The major exporting health products out of China are the raw materials including fish oil, lecithin and royal jelly. These materials have been exported to 98 countries and areas. In 2014, the value of China's health product export has reached \$270 million up from 8.9% from a year ago. The exporting price dropped by 27.98% from a year ago.

The exporting products are mainly raw materials instead of any health product with high-value.

The number of China's health product exporting companies has reached 371 in 2014, and most of them are privately owned companies. Most companies locate at Guangzhou, Zhejiang, Shandong and Henan province.

In the past, America and Japan used to be the major markets for China's health food exporting, but in 2014, Chile replaced Japan as China's major exporting market. (Source: askci.com)

## **Shandong Cracked 2696 Food and Drug Criminal Cases**

Shandong, as a major province of agriculture, food and pharmaceutical, has a vast number of companies involved in these three industries.

To better regulate related industries, Shandong cleared up substandard companies last year and suspended 6969 companies from operation. In 2014, the provincial food regulator delegated 1600 food processing companies to launch the accountability system, and talked to over 620 companies with potential food safety problem.



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The provincial authority invested 202 million yuan to strengthen the system of food spot check, and inspected 100,500 batches of food.

In 2014, 41183 illegal cases in food and drug field were spotted province-wide, and over 100,000 companies were required to make rectification. The authority also cracked 2696 food and drug criminal cases with the value of 704 million yuan. (Source: Shandong News)

### Health Product and Cosmetics Companies to be Graded

The local food and drug regulators of Daqing, Heilongjiang province, said it would start to grade the local health product and cosmetics companies based on the company's credit.

The grading aims to provide reference to local consumers and propel the companies to offer better service and products to the market.

The grading test covers over ten aspects including management, food safety and regulation implementing. All health food companies, pharmacies, supermarkets, salons and cosmetics companies will be inspected and graded.

Companies which fail the grading would be asked to make rectifications immediately. (Source: Heilongjiang.dbw)

### Project HOPE Teams Up with AstraZeneca

Project HOPE, a global health education and humanitarian organization, is teaming up with leading companies and organizations from the pharmaceutical and health care industries, to establish the China Alliance of Respiratory Diseases Prevention and Treatment (CARD) programme aiming to improve the lives of the more than 100 million people who suffer from respiratory diseases in China.

In China, asthma and chronic obstructive pulmonary disease (COPD) are the most common chronic

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respiratory diseases. Approximately 30 million Chinese patients suffer from asthma, which is also the most common chronic disease among children. The prevalence of pediatric asthma is four percent and the treatment rate is 86 per cent, compared to the 1.78 per cent prevalence rate of adult asthma and 39 per cent treatment rate.

According to a 2012 World Health Organization report, COPD is the third leading cause of death worldwide and the most widespread chronic disease in China. There are approximately 100 million Chinese with COPD, which account for 11.9 per cent of deaths in China. Health officials fear that millions of people will die from COPD every year without more effective treatment and prevention methods.

“China's 2012 national statistics show that chronic respiratory diseases accounted for 12.32 per cent of urban mortalities and 15.75 per cent of deaths in rural areas. Many chronic respiratory disease patients are also underdiagnosed in China,” said Zhong Nanshan, Academician at the Chinese Academy of Engineering and Director of State Key Laboratory of Respiratory Disease. “By 2020, COPD is expected to be one of the top five most serious diseases worldwide and will pose a major threat to China. It is crucial therefore to increase prevention efforts and treatment availability of chronic respiratory diseases to

safeguard public health.”

“Low awareness is one of the major contributing factors to the prevalence of chronic respiratory diseases in China. The establishment of CARD will provide multiple stakeholders with a platform to enhance awareness of COPD and asthma. CARD will focus on improving respiratory disease prevention and treatment through a series of professional and public education initiatives. Working hand-in-hand with experts and industry insiders, we are confident that we will be able to improve disease control and prevention.” said Wang Chen, Academician at the Chinese Academy of Engineering and Director of the Committee of the Chinese Thoracic Society, Chinese Medical Association.



“It is crucial to increase public awareness of respiratory diseases and reduce the burden from these diseases, especially among high-risk populations, such as smokers and people exposed to dust, biofuels, and solid fuels at work or in their general environment,” said Linda Heitzman, executive vice president at Project HOPE. “To that end, Project HOPE is pleased to announce the creation of CARD to address these health issues and formulate solutions with evidence-based recommendations to manage and prevent the diseases in the future.”

CARD focuses on improving: Drawing the attention of decision makers to COPD and asthma to influence them to include the two diseases on the chronic disease management list; Forming three

task forces for COPD, Asthma and Pediatric Asthma to conduct training for health care professionals, donate lung function testing equipment to hospitals, and strengthen the capacity for chronic respiratory disease prevention and treatment; Collaborating with select community health centers in China to explore the feasibility, cost-effectiveness, and benefits of introducing lung function screening into primary care for at-risk populations; Establishing online training for primary health care providers in smaller cities and donating 10,000 simple lung function screening devices, 10,000 nebulizers, 1,100 FeNO devices and 1,100 portable lung function test machines for hospitals with unmet needs in these cities.

With a shared vision and commitment to Chinese patients, AstraZeneca China has partnered with Project HOPE, lending the company’s legacy of scientific knowledge and research capabilities to CARD. Together, AstraZeneca and Project HOPE will work to raise awareness of chronic respiratory diseases among health professionals, ultimately improving the lives of patients in China.

“The alliance will strategically and effectively tackle the deadly respiratory diseases that are on the rise in China and other developing nations. We hope through the combined talent of disease experts, public health officials and Project HOPE, along with Project HOPE’s experience in health education and disease prevention, we will be able to ease the burden of respiratory disease for patients in China,” said Leon Wang, President, AstraZeneca China & Hong Kong.

In addition to receiving strong support from AstraZeneca, CARD will also collaborate with other companies and organizations in the health care industry, medical professionals and specialists in respiratory medicine, governmental agencies for disease prevention and control, and public health experts. (Source: pharmabiz.com)

**China's Food, Nutrition Security Faces Challenges: Report**

The International Food Policy Research Institute (IFPRI) said in a report Wednesday that China's food security faces pressure that warrants government action.

"Manufacturing and services are replacing agriculture as economic drivers, which may impact food security," noted the 2014-2015 Global Food Policy Report.

Shenggen Fan, IFPRI's director general, said industrialization and urbanization have reduced the already limited arable land base, hampering efforts to improve food security.

China increasingly suffers from a "triple burden of malnutrition" (undernourishment, micronutrient deficiencies and obesity), according to the Washington-based institute.

As China becomes more affluent and consumer preferences change, micronutrient deficiencies and obesity are on the rise -- 1.5 to 2 times higher than 1991 levels, said the IFPRI report.



"If China is to make significant headway toward

improving food security, then steps need to be made to promote sustainable agriculture," said Fan.

More specifically, China's scarce and degraded natural resources call for greater research and development of efficient agricultural technology and practices, Fan said.

"As more people leave the country for urban areas, government policies should enable remaining residents to increase their farm's size," said Fan.

Critical steps in this direction include certification of land rights, proper rental and sale markets, and fairer compensation for requisitions. (Source: Global Times)

### Alibaba to Bolster Next-Day Delivery Services

Alibaba Group Holding Ltd.BABA0.09% is ramping up efforts to provide next-day delivery services to more Chinese cities amid rising customer expectations, even as it presses its logistics partners to crack down on practices that hurt its reputation.

The Chinese e-commerce giant's Cainiao logistics affiliate hopes to offer next-day deliveries in 50 cities by the end of this year, up from 34 cities at present, said Cainiao President Judy Tong.

In a presentation to Cainiao's logistics and delivery partners on Thursday, she also urged the logistics companies it works with to refrain from waging a fierce price war that she said has hurt service standards. If it continues, "ultimately we will lose this market," she told the audience.

In an interview, She also said Cainiao would continue to crack down on delivery companies that help merchants engage in fake transactions. Some merchants on Alibaba's platforms engage in a



practice known as brushing, which involves generating fake orders to artificially inflate their sales volume. Delivery companies sometimes work with merchants to help them with the practice, but Alibaba executives have said the fake numbers hurt its credibility.

“Our attitude towards our partners is very clear,” Ms. Tong said in an interview.

Over the past two years, the e-commerce company has sought to improve China’s fragmented logistics industry to try to make deliveries of orders from Alibaba’s popular shopping sites quicker and more reliable. It holds a 48% stake in Cainiao, which said in 2013 it would invest \$16 billion in logistics over five to eight years.

The bulk of that investment so far has gone into acquiring land and building up a basic nationwide infrastructure of warehouses in at least eight cities, Ms. Tong said.



The network already has one million square meters of warehouse space and is set to more than double that capacity this year. In addition, Cainiao plans to buy another two million square meters of land this year, Ms. Tong said. (Source: WSJ)

## China Pollution: Beijing's Improved Air

## Quality a Result of Good Policy, City Officials Say

The Chinese capital has become infamous for its heavy smog, which is thought to lead to widespread illness and discomfort.

But residents have been enjoying blue skies this year.

In recent months, air pollution has dropped significantly, and jokes about Beijing's pollution have given way to surprised expressions about the lovely weather.

"Since March it's been great. Every day I run home from work and it's not like it was last year," one Beijing resident told the ABC.

"At the moment the air is very good — it's actually getting quite hot," said another.

Levels of harmful PM2.5 particulates have dropped by a fifth, and the number of "heavily polluted" days has halved over the last five months.

Fang Li, the deputy director of Beijing's environmental protection bureau, said much had been done to address the problem over the last year.

"Over the past 12 months our efforts to clean up have actually been greater than at any time before," he told journalists at Beijing's air quality measuring centre.

"You've felt the standard of air improving."

Mr Li said 476,000 older cars were denied registration last year, with hundreds of thousands more to come off the road.

Petrol quality has also been improved, he said, and larger polluting factories have been moved further



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away from Beijing — potentially to become somebody else's problem.

Recent weather has also seen wind hitting the inland metropolis, blowing away some of the harmful airborne particulates.

Zhang Wangcai, the deputy director of Beijing's department of energy, said Beijing is moving away from coal for electricity generation.

Two coal-fired power plants have been closed recently, and a new gas-powered plant has opened up.



Mr Wangcai said no more coal-fired electricity will be produced in Beijing by the end of 2016.

"If we're talking about Beijing, by next year all our local power plants will be using clean energy," he said. (Source: CNBC)

## China to Cut Hospital Drug Dependency

A planned reform of China's health sector is aimed at rooting out corruption and reducing the reliance by hospitals on drug prescriptions for income, Chinese officials said on Friday.

National Health and Family Planning Commission officials said the reforms will create new hospital revenue streams and improve hospital profits by offering patients varied service levels with matching tiered pricing.

Reforms, which aim to tackle some of the biggest problems in China's fast-growing but deeply underfunded medical system, will boost hospital profits by building out the medical insurance system to expand coverage of care, they said.

A key objective is to separate hospital and doctor incomes from pharmaceutical sales, which have been too closely linked, Sun Zhigang, vice minister of the commission, told a news briefing.

"We must eradicate the reliance on drug sales," said Mr. Sun, adding that the government will offer hospitals more assistance to separate doctor incomes from pharmaceutical sales. New payment systems for doctors will base salaries on performance and skill rather than on the number of prescriptions sold, Mr. Sun said.

The officials gave few details on the timeline for their reform goals, but they said they would require all county level hospitals to separate their revenue from drug sales this year.

Hospitals in China, unlike in many other markets, rely on drug sales to provide nearly 80% of their revenue, according to consultancy Bain & Co. That has led to overprescribing and widespread mistrust of the medical system. Doctors are also widely seen as underpaid, making them prime targets for drug company payments and favors.



Competition to get drugs into hospitals has also led to kickbacks and other forms of corruption,

industry experts say.

Mr. Sun also said reforms aim to bring down the cost of drugs for patients, adding this will be achieved through changes in drug procurement and sales to increase efficiency.

New procedures will be more in line with those practiced overseas, pushing drug prices lower through competitive bidding and volume discounts. For specialized patented drugs, health officials are considering a multiparty negotiating process, Mr. Sun said, though he didn't specify which parties would be included.

Mr. Sun said the government will treat foreign and domestic drug makers equally as they compete under the same drug procurement procedures.

Separately, Mr. Sun said that health officials support sales of pharmaceuticals online in the effort to restructure the health care system though he didn't say when rules might be rolled out.

“We need to do more research,” said Mr. Sun. (Source: WSJ)

## **China's FDA Releases Statement on Substandard Ginkgo**

### Cause of the incident:

Ningbo Lihua Pharmaceutical Company purchased several batches of ginkgo biloba extract from a non-qualified dealer, and sold them to 24 pharmaceutical manufactures around China, which was an violation of Drug Administration Law of

People's Republic of China. It's reported those unqualified ingredient has been added into drugs and health products. In order to regulate this unqualified ingredient, CFDA put an announcement on May 29, which requires those 24 pharmaceutical manufactures to recall their products that contain ginkgo biloba extract. Other pharmaceutical companies shall follow the law and conduct self-audit campaign on their manufacturing process, purchasing process and products.

### The CFDA announcement points out:

The extract process of ginkgo biloba shall not be transformed; Ginkgo biloba from hydrochloric acid extract process shall not be added into drugs and health products; those unqualified products on the shelf shall be recalled and disposed within June 3rd.

### The latest update:

CFDA requires provincial FDA to conduct sampling detection on health products that contain ginkgo biloba extracts. Companies with problems shall be listed on CFDA website, while those products with unapproved ingredients shall be recalled and disposed before June 24. (Source: CFDA)

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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# China International Probiotics and Omega-3s Industry Summit 2015

**Venue:** Marriott Renaissance Yu Garden Hotel  
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Shanghai 200010 China Phone: +86-21-2321 8888

**Date:** June 23, 2015 (09:30 – 19:00)



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- 9:30 – 10:00: **Registration**
- 10:00 – 10:30: **China's Regulatory & Market Environment for Dietary Supplements**  
Jeff Crowther – Executive Director  
U.S. – China Health Products Association
- 10:30 – 11:00: **Refreshments**
- 11:00 – 12:00: **Registering New Raw Food Materials and Insights into the New Food Safety Law**  
Wendell Wei – Director  
China Gate Consulting
- 12:00 – 13:30: **Lunch**
- 13:30 – 14:30: **Global Market Overview and Trends Probiotics / Omega-3s**  
Monica Feldman – Global Director Dietary Supplements  
Euromonitor International



- 14:30 – 15:30: **Importance of Probiotics and Health Maintenance**  
 Dr. Cai Donglian – Professor, Chief Physician  
 President – China Clinical Nutritional Alliance
- 15:30 – 16:00: **Refreshments**
- 16:00 – 17:00 **Importance of Omega-3s and Health Maintenance**  
 Adam Ismail – Executive Director  
 Global Organization for EPA and DHA Omega-3s
- 17:00 - 19:00: **Cocktail Networking Party**  
 Party is on the 21st floor of the hotel at “The View” overlooking the famous Yu Garden area. Wine, Beer, soft drinks and light food will be served.



**For More Information Contact:**  
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 Ben Zhang [zhang@uschinahpa.org](mailto:zhang@uschinahpa.org)



# China International

## Probiotics and Omega-3s Industry Summit



### Attendance Form

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### Entrance Fees

Non-Members:	\$500 (¥3000)
Members:	\$350 (¥2100)
Marketing Table:	\$1,800 (¥10,800) - <i>includes 2 free tickets</i>

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