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Three Departments Co-Handle Food and Drug Cases

The CFDA, Supreme People's Procuratorate and Ministry of Public Security joined hands to address thirteen food and drug illegal cases lately.

The food and drug regulators nationwide are asked to cooperate with these three state departments to inspect related criminal cases, spot the sources of illegal products, and recall involved products.

Regulators should punish companies that produce illegal or counterfeit products severely. Public Security Bureaus are asked to step up efforts in cracking related cases. Procuratorates around the country are asked to address these cases in time and take efforts to investigate into related cases. (Source: Xinhua)

Food Fight! The Next Battle For China E-Commerce

A number of e-commerce firms in the mainland are inking deals to import foreign delicacies, reflecting growing consumer worries over a series of domestic food scandals.

JD.com, the mainland's largest online direct sales company, announced on Monday the launch of a new channel dedicated to selling a range of authentic Australian food products, including milk, meat and fruit, as well as wine from Treasury Wine Estates. Australia is the latest entrant to JD.com's online 'country malls', which already include France, South Korea and Japan.



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"Chinese consumers are increasingly enthusiastic about trying, buying and using products from all over the world" said JD.com founder and CEO Richard Liu.

Online supermarket Yihaodian opened a similar exclusive channel for Canadian seafood and meat earlier this month in an agreement with Agriculture and Agri-Food Canada (AAFC). Alibaba, meanwhile, already leads the way in terms of foreign food products. Last week, the e-commerce giant announced it added 11 more countries to its Tmall Global site, a platform dedicated to foreign brands. Food is Tmall's most popular product category, according to Alibaba.

The transaction volume of imported goods purchased online could reach \$245 billion in five years, with more than 200 million Chinese consumers engaging in cross-border shopping, said a recent report from Accenture and AliResearch, Alibaba's research arm.

The taste for imports comes as no surprise given the country's ongoing battle with food hygiene. Last week, authorities seized a batch of smuggled frozen meat that was 40 years old. Scandals like these explain why 75 percent of Chinese have no confidence in domestic food safety, a March survey by the China Food and Drug Administration (CFDA) showed.

E-commerce trends are only a partial reflection of Chinese consumption, consulting firm BCG noted.

China has a "two-speed consumer market," where middle to upper-middle-class and affluent households, known as high-speed consumers, make up the bulk of digital shoppers, it said. Forty percent of these consumers shop online frequently—at least once a week—compared with 20 percent of less affluent households, i.e. the low-speed consumers.

Wealth gaps account for the difference between the groups, BCG explained.

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11 percent income growth; the average aspirant household, only 6 percent. This 5 percentage point difference, given the vast disparity in income levels between these two groups of consumers, translates into a 20-fold difference in actual earnings." (Source: CNBC)

Professor: No Celebrity in Food Ad is Good

Zhang Shuting, marketing professor of Communication University of China, said that food companies chose the celebrities to be their spokesperson, as they want to utilize the strong fandom of this celebrity to boost product sales.

"But some celebrities only care about how much they can make from the product, and know little about what this health product can do," said Professor Zhang. "Often times, when the health product is accused of false advertisement, these celebrities will say they have never used this product before."

Professor Zhang also supports the ban of celebrities representing health food, which was required by the recent state regulation on food product advertisement. He said it would help to clear the market of health food. For those consumers who like to buy health product, it is a good thing.

“It is also a good news for those small companies,” said Zhang. “It helps to bring back fair competition in the local market and everyone can only speak by the quality of the product.” (Source: Xinhua.net)

Hunan Province Checks Sources of Zombie Meat



Food and drug regulator of Hunan province said they would follow the instruction of the CFDA to inspect all the frozen meat in the province to spot the zombie meat.

The key products to be inspected will be the meat stored since 2014. The provincial regulator also said that they would punish related vendors severely if they spot frozen meat products which cannot give detailed accounts of the source of the meat, or a mismatch of the records regarding the meat's sales number and where it is to be sold.

The inspection result will be released to the public in time. (Source: Xinhua net)

Bigger May Not Be Better for China's 'Super Hospitals'

Just before midnight, the pavement outside the glowing high-rise towers of the First Affiliated Hospital of Zhengzhou University is littered with slumbering bodies. Splayed on colorful mats or tucked into folding cots, these are patients'

relatives.

Inside, beds line hallways and crowd elevator lobbies, while relatives share gurneys with patients and doze in brightly lit stairwells. The world's biggest hospital with about 7,000 beds, Zhengzhou First Affiliated, in central China, is still not big enough.

"My dad paid for a bed but still couldn't get one," said Ma Wenxiao, a university student from the central city of Wuhan, whose father waited two days for a bed after traveling to Zhengzhou for chemotherapy.

Demand for healthcare is booming in China, driven by a growing middle class, improved health insurance coverage and an aging population. In response, some of the country's public hospitals are adding beds by the thousand.

China now has 16 public hospitals with more than 3,000 beds. NewYork-Presbyterian, the largest hospital in the United States according to Becker's Hospital Review, has 2,478 beds.

But unlike the rest of the economy, where China wants growth, this expansion has policymakers worried.

Hospital build-outs testify to a lack of public confidence in rural healthcare. They add to local government debt and may not be providing cost-effective care.

Last summer, Beijing issued a directive restricting expansion of public hospitals, but hospital administrators appear to be finding ways around it.

Hospitals' building binge, and the government's response, highlights the dilemmas facing the country's healthcare system, experts say. In China today, says Liu Tingfang, a professor at Tsinghua University, "hospitals have to expand if they want to survive".

Despite government efforts to encourage patients to use smaller local hospitals, most Chinese still feel safer being treated for everything from ear aches to emphysema in major university-affiliated hospitals

in big cities.

Hospital heads, too, believe that bigger is better. Government funding provides less than 10 percent of state hospital operating budgets, and the state holds public hospital fees low to keep care affordable.

As China has chipped away at the drug mark-ups they once relied on, many hospitals see expansion as a way to raise revenues.

Big hospitals often have support from local governments, which approve and help fund hospital expansion in part because they are evaluated on their ability to drive growth.

China's big hospitals are now so large that some have their own police stations. One doctor at the First Affiliated Hospital of Wenzhou Medical University even briefly wore roller skates to get around the wards faster after the hospital's expansion.

But even as patients flock to them, giant hospitals have become magnets for controversy.

Patients come expecting to see top doctors, says Li Huijuan, a Beijing-based lawyer who handles medical cases.

But rapidly expanding hospitals have to hire less experienced medics, says Li, creating a gap between patient expectations and reality that "can cause or exacerbate conflicts between doctors and patients". Rapid expansion can also increase pressure on medical personnel, as increases in bed numbers may outpace growth in staffing levels.

And as the recent MERS outbreak in South Korea showed, large and oversubscribed hospitals can be conduits for infection and disease. About half of the

nearly 200 cases in the country were traced to the 1,900-bed Samsung Medical Center in Seoul, where long waits for a bed are common.



"When you have a lot of people packed in a small area, it increases the risk of transmission of infectious pathogens," says Neil Fishman, associate chief medical officer at the University of Pennsylvania Health System.

An official at Zhengzhou First Affiliated said the large volume of patients was a reflection of demand, and that the hospital did daily inspections to ensure patient safety. The hospital declined requests for an interview. According to its website, it plans to add 3,000 beds at another location.

The problems that giant hospitals create ripple through China's healthcare system. Some 60 to 80 percent of patients in big hospitals could be treated at community medical centers, says Ma Jingdong, associate professor at Huazhong University of Science & Technology in Wuhan.

Big hospitals may have high cost bases and be poorly suited to providing continuous care for chronic diseases. "We may be spending a lot but in reality, we may not seeing the same level of returns

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in terms of public health," says Prof Ma.

Chen Xiaoming, president of the First Affiliated Hospital of Wenzhou Medical University, told Reuters that the number of beds at his hospital - currently 3,770 at two locations - may decline in coming years in line with government reforms.

But the public's faith in big hospitals may be hard to shake. Standing in a swirl of people at the Zhengzhou hospital, a man who would only give his name as Cai said he hadn't thought twice about rising at 5 a.m. and waiting for several hours so that his wife could see a gynecologist, perhaps for a minute or less.

"This is normal," Cai said, surveying the crowd. "Chinese people are used to this." (Source: Reuters)

Six in Ten Chinese Workers Suffer Chronic Diseases: Survey

Nearly 60 percent of Chinese employees suffer from chronic diseases, with work-related stress being the leading health risk, according to a new survey.

The data comes from the Chinese Employees Health Condition and Medical Benefits Report 2015, produced by Ping An Health Insurance and the Horizon Research Consultancy Group. It includes six months of interviews with 499 Human Resources managers and 2,099 employees, covering eight industries across 15 cities.

Chinese workers are an average 5.7 years older than their real age in terms of vitality, the report says. Cervical spondylosis, abnormal wear on the cartilage/bones of the neck, and insomnia are among the top health troubles for many employees.

The survey also found that more than a quarter of workers see a doctor three times a year, although most are usually allowed only one to four days of

sick leave, which means that many of them work while ill.

Nearly 54 percent of companies fail to remind employees of their health conditions on a regular basis, and 24 percent do not follow up after health checks.

The survey also finds a huge gap, sometimes more than 20 percent, between health services provided by Chinese companies and actual employee requirements. For example, 44 percent of HR managers value strong food safety, but 75 percent of employees have this requirement. Employees also have higher expectations of health insurance for their spouses and children than companies offer.

Chen Xiaoli, a senior partner at Horizon Research, suggests that companies should take more measures to improve the health of their employees. (Source: ECNS)

Cross-Border E-Commerce for Health Foods Eyed By China Businesses

To break the constraint of the saturated domestic cosmetics market, Jumei International, a leading cosmetics e-commerce operator in China, has extended its reach to the realm of cross-border e-commerce for foods/health foods, according to Southern Metropolis Daily.

Attracted by the handsome market potential, many other e-commerce operators have also stepped into the cross-border foods/health-foods business, including Tmall, Jingdong, and NTES.

Dai Yushen, founder of Jumei, reported that the website is enjoying steady reception to the foreign foods/ health foods it rolls out weekly for group purchase.

Similar to the practice for the sales of foreign



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cosmetics, Jumei is securing supply of foods/health foods from foreign brands or supermarkets which are then stockpiled at its bonded warehouses in Zhengzhou (Henan province), Shenzhen, and Suzhou (Jiangsu province) before being shipped to consumers nationwide under the supervision of customs and regulators.



"Our excellent sales record for cosmetics and maternal/baby products from Korea, Japan, and the US has facilitated our cooperation with foreign foods/health-foods brands," noted Dai Yushen, according to caixin.com.

The outlook of cross-border commerce for health foods, however, is overshadowed by the uncertainty related to the regulations on such businesses to be formulated by regulators, said Zhang Yong, secretary general of the Nutrition and Health Industry Association of Guangdong province. Zhang added that in China health foods are put under an independent category, different from the treatment of food supplements abroad. (Source: wantchina times)

Co-Founders of Wal-Mart's Chinese E-Commerce Venture to Leave

Wal-Mart Stores Inc. on Tuesday said the co-founders of its Chinese e-commerce venture have announced their departures, thrusting a central part of the retailer's China strategy into transition.

Yihaodian Chairman Yu Gang and Chief Executive Liu Junling, both veterans of Dell who launched the company in 2008, are leaving to pursue their next venture, Wal-Mart spokesman Dan Toporek said in a statement. Wal-Mart, which holds a 51% stake in the company, said it will look for new leaders for the business.

"We are pleased with the success Yihaodian has had in China, and will work to accelerate that growth," Mr. Toporek said.

The founders' departure may open a door for Wal-Mart to play a larger role in Yihaodian's day-to-day operations, which it has long aimed to do. Wal-Mart has for years tried to connect the two companies' logistics so that they could work in sync. But there have been integration challenges, with resistance within Yihaodian, according to a person familiar with the two companies' partnership. Over the years it has also pushed to increase its stake in the business, according to people familiar with the matter, but hasn't had success thus far. Wal-Mart declined to comment.

Wal-Mart is trying to improve its Chinese operations in part by shifting its focus from expanding its brick-and-mortar presence to China's online shopping boom. At a news conference in Beijing in April, Chief Executive Doug McMillon emphasized the importance of China to the retailer which derives more than a quarter of its earnings outside of the U.S., but said he would rather see the company move slowly than make mistakes growing fast.

Its store operations in China have been stumbling.

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Traffic in its more than 400 Chinese stores has fallen over the past three years and was down 8.9% in the most recent quarter though sales rose slightly. Even at the slower pace, the company plans to open 115 new stores across China by 2017.

Shifting gears, Wal-Mart is now working to link Yihaodian with its 400 stores to allow shoppers to order products on their mobile devices and pick them up in its stores or have them delivered to their homes.

Wal-Mart was one of the first retailers to set up online in China, acquiring a majority stake in Yihaodian in 2012. However, Yihaodian is still tiny compared with e-commerce giant Alibaba Group Holding Ltd. and second-largest player JD.com.

Yihaodian's niche has been strong grocery sales, but competition in the groceries has heated up in the past year, as local Chinese retailers have gone online and many startups have entered the field to sell everything from imported avocados to dishwashing detergent.

Yihaodian, which means No. 1 Store, has begun expanding from groceries to offer a wider array of products including consumer products, appliances and apparel. It is one of the largest sellers of shelf-stable milk in China, benefiting from the perceived safety of U.S. food in the region. The site focuses on a "value conscious female," who lives in large cities, Neil Ashe, Wal-Mart's head of e-commerce, said in a June investor presentation. (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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