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Health Product Still Problematic in Packaging

The new food safety law has strengthened regulations over health food, requesting the logo of related products should not say the product can cure disease as medicines. But still few health products sold in many local pharmacies abide by the regulation.

The reporter found that many health food, including fish oil and vitamins, are sold at a high price in the local market. The sales persons are very enthusiastic to promote these products. Most products have indicated the functions of the product as well as major elements contained in the product. But few indicate on the package that “this product cannot replace medicines”.

Doctors say that health food cannot cure disease and customers should take medicines scientifically for their health. (Source: Datong Daily)

QS Logo of Food Product To Be Cancelled

The state food and drug regulator is to order cancellation of QS on food product, according to the new food production management regulation.

In the recent years, says the officials with CFDA, many companies are complaining that it is very complicated to get the production approval application done, with too many materials to be submitted and have to wait for a long time to get any reply afterwards. The authority said the new regulation would help to address this issue, and facilitate companies to apply for official approvals.



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Cancellation of the QS logo aims to help strengthen the accountability awareness of food manufacturers. The new issue number of food production approval will function as the old QS logo.

The state authority is also stepping up efforts to draft more official documents concerning food, food additives and health food approval. (Source: Anhui News)

China Consumer Association: Health Food Should Not Be Misused

As the Double Ninth Festival is approaching, various health food are facing a peak season of sales. How to choose the right and quality health product has become a major issue for elderly consumers.

Health food has been long pestered by problems including false advertisement, and many elderly people have reported complaints to the China Consumer Association. According to the Association, the number of complaint reports regarding health food is so far up 32.3% this year compared to last year.

The Association warns the local consumers, especially the elderly group, should be alert of various training programs, seminars or tourism groups that promote health food. The consumers should ask for professional guidance when taking pills and should not take health product blindly.

Consumers should learn to protect their due rights and ask for receipts when buying health products online or from offline stores. They should also report the illegal cases to the local authority, said the Association. (Source: China Economy Site)

Chinese Snack Food Going Global Online

As Chinese cuisine gains popularity worldwide, traditional Chinese snacks are also entering markets overseas more easily via online platforms.

By accessing these websites, customers from across the world can enjoy various traditional Chinese

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snacks like the "Chinese Berger" Rouga Mo and "Chinese Pizza" Shaobing.

Wang Rui, the creator of the Chinger Chinese Berger, said the quick-frozen Rouga Mo was invented to provide customers with fresh Rouga Mo that can be cooked within minutes.

Along with Chinese snacks, Chinese seasoning products also turned out to be favored by many people overseas. For instance, the "Godmother" brand of hot sauce has successfully diversified the flavors of its products to suit the needs of customers in different parts of the world.

Hong Zhihe, who created an online shop for the Jinyun Chinese Pizza, said these Chinese snacks not only satisfied overseas Chinese with their hometown flavor, but also win the hearts of local customers across the world. (Source: Xinhua)

Shanghai Customs: No Withhold of Overseas Delivery

Recently, rumors about the local customs withholding packages delivered from overseas went viral online. Some online vendors are complaining that their deliveries are held by the customs as the government is trying to kill the business of overseas purchasing agents. Shanghai Customs: No Withhold of Overseas Delivery

To address the above rumors, an official with Shanghai customs said: "there is not such a new regulation and the customs are practicing the previous regulations as usual. The added tax is based on law and the officials are not 'withholding' goods."

The recent rumors are said to cover cities including Beijing, Guangzhou, Xiamen, Shenzhen, and Haikou. The online vendors are urging the customs to speed up purchases as it would get harder to get goods delivered by the year end.

Some vendors say that cheaper goods including snacks are not affected but pricey goods including cosmetics are most likely to be withheld.

A director with a local logistics company said that people feel that the customs control is obviously strengthened as a result of the new regulation released in September. Customs clearance on goods from a certain areas takes more time than other areas. (Source: Morning Daily)

Riding High on Coral Red Wave



They giggle and chat as they pick up the "Made in Korea" brands.

At the South Korean beauty store Innisfree in the We Life shopping mall in Beijing's Chaoyang district,

a group of college girls with blushed cheeks and tinted pink lips try on different cosmetics in front of a mirror.

The group is a part of an increasing number of beauty-conscious Chinese women who are developing an appetite for South Korean cosmetics because of their innovative products, cute packaging and competitive price ranges.

"I like them because they are well priced, beautifully packaged and are of good quality," Peng Weizhu, a public relations officer in her early 20s and working in Beijing, said. "Besides, they are suitable for Asian people's skin, especially the color and texture of their foundations."

Already, there are seven large South Korean cosmetics manufacturers doing business in China, with 25 of their beauty brands available in online and offline stores. This newfound interest for skincare is generating bumper earnings for South Korea's beauty industry.

Cosmetics producer LG Household & Healthcare, owner of the Face Shop brand, is anticipating strong growth here this year.

"Our company expects annual sales from China to increase by 50 percent in 2015 from 121.1 billion South Korean won (\$141.46 million) last year," Park Hee-jung a press representative at LG H&H, said.

Other companies are just as bullish. Amore Pacific Group, South Korea's leading personal care firm, "expects China to contribute 28 percent of the company's global sales by 2020 from the current 10 percent", according to Ji Huilin, the company's public relations officer.

In the first quarter of this year, Amore Pacific generated revenues of 3.4 billion yuan (\$535.4 million) from China, Mintel Group Ltd, a market

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research firm in the United Kingdom, reported.

China has become the largest destination for South Korean cosmetics. South Korea exported \$370.8 million worth of cosmetics in the first seven months of this year, an increase of 250.6 percent compared to the same period in 2014, according to the Korean International Trade Association.

Arthur Chang, chairman of Chinese skincare e-commerce retailer and distributor U-Cosmetics, said that demand is so strong that his company sells one South Korean beauty product every 18 seconds. This rapid surge has encouraged South Korean companies to establish production bases in China to ensure supply and shorten delivery times.

"Korean cosmetic brands will increasingly localize along the value chain to further improve their positioning in China," Vera Li, a Shanghai-based analyst at market research firm Deloitte Touche Tohmatsu Ltd, said. "Many of the companies are already beginning to shift manufacturing to China to lower costs and enhance logistic efficiency."

To reflect this, Amore Pacific set up in Shanghai last year its largest overseas manufacturing base and logistics center in China with a capacity to produce 100 million products every year.

Fueling this booming sector in the country is the new generation of trendy customers. South Korean manufacturers have been quick to target consumers in the 20s to 30s age group, especially college students.

This is a segment of the population that is extremely passionate about South Korean pop culture. These beauty brands have quickly expanded their presence here on the back of the Korean Wave, a cultural phenomenon related to the popularity of the country's soap operas, movies and K-pop.

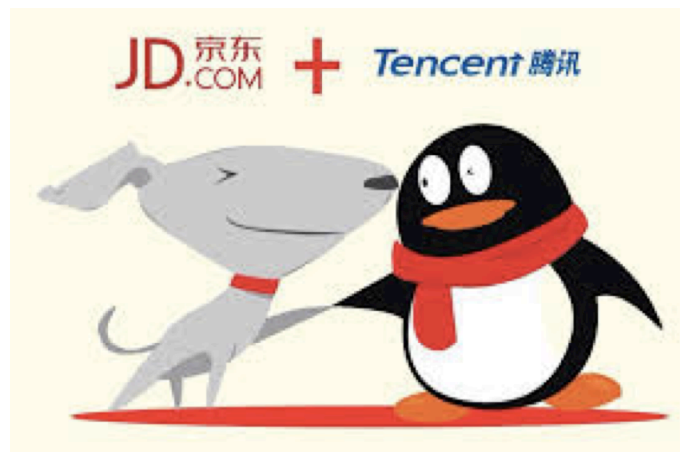
The marketing strategy of these brands relies on celebrity endorsement and product placements in popular TV dramas, especially since young Chinese women are increasingly using South Korean stars as beauty role models.

"There was an enormous supply shortage of coral red color lipsticks in China when the South Korean series My Love from the Star, starring Jun Ji-hyun, stirred up a craze for wearing coral red lipstick in the show," Li, of Deloitte, said.

South Korean cosmetics manufacturers are also heavily investing in sales channels to keep up with demand. The trend is now for these brands to set up their own speciality stores in shopping malls to attract consumers.

"The single-brand store format is meeting the demand of the new generation, who are looking for niche, professional, personalized products that fit their lifestyle," Chen Wenwen, senior beauty analyst at Mintel China, said. (Source: ce.cn)

JD.com and Tencent Expand Partnership to Transform Mobile Marketing for E-Commerce in China



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JD.com, Inc. (Nasdaq:JD), China's largest online direct sales company, and Tencent Holdings Limited (Tencent) (SEHK:00700), a leading provider of Internet services in China, today jointly announced an expanded partnership to provide merchants with innovative mobile marketing solutions ahead of this year's Singles Day promotion.

The expanded mobile marketing partnership will explore new avenues to leverage Tencent's leading social communication platforms, Weixin and Mobile QQ, and use its massive big-data resources alongside JD.com's leading e-commerce platform and its vast wealth of data about online shopping trends and behavior. The collaboration will offer businesses advanced online tools to more precisely reach their target customer groups, build brand recognition and increase marketing ROI by providing brands access to Weixin and Mobile QQ users.

“ JD.com's groundbreaking collaboration with Tencent already has redefined the mobile e-commerce user experience in China over the last year and a half, and in the months ahead we look forward to transforming mobile marketing as well,” said Richard Liu, founder and CEO of JD.com. “Through this expanded partnership, Chinese businesses will have access to digital marketing tools that leverage both JD.com's resources and Tencent's leading mobile social communication platforms to build relationships with customers, deepen brand recognition and drive sales. We are extremely encouraged by the enthusiastic initial merchant response, and we look forward to helping brands leverage this expanded suite of tools during Singles Day and beyond.”

“ As a result of the longstanding and strong Tencent and JD.com partnership, Chinese consumers enjoy a convenient and tailored mobile shopping experience,” said Huateng Ma, founder

and CEO of Tencent. “By deepening the collaboration between China's most trusted e-commerce company and China's most popular mobile social platforms, we can provide Chinese businesses with a unique capability to deepen their understanding of consumer needs and more precisely reach their current and future customers.” (Source: global newswire)

China Buys From World At Home

Almost every afternoon, Cao Fushun goes to a nearby express delivery station to see if any parcels have arrived for him. The retired worker has caught the "haitao" bug.

For Cao, haitao (buying overseas goods online) means he can shop from countries he has never previously heard of.

Living in Pengzhou, a county near Chengdu, capital of Sichuan province, Cao has bought skimmed milk from Australia, beef from Argentina, and a water filter from Germany, among other foreign goods.

At the end of last year, Cao's daughter, an accountant in Beijing, bought US-made fish oil capsules and vitamin tablets for her parents. "I was surprised how inexpensive they were, so I got hooked on haitao myself," she said.

A fast growing number of Chinese online shoppers are buying globally. Most are digital natives, young, well-educated and eager to buy foreign goods that are unavailable or exorbitantly priced in China. There is a booming multi-billion-dollar market for foreign e-retailers and producers.

According to China E-commerce Research Center, the country's total cross-border e-commerce — inbound and outbound—reached 4.2 trillion yuan (\$657 billion) in 2014, and will grow to 5.5 trillion yuan by the end of this year.



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The Ministry of Commerce forecasts that cross-border e-commerce will be worth 6.5 trillion yuan in 2016, accounting for 20 percent of the country's total foreign trade.

Nielsen's Global E-commerce and New Retail Survey in April said several factors are at play to boost China's e-commerce. Rapid urbanization and high population density make the home delivery model economically viable, particularly when coupled with low labor costs. In addition, booming smartphone ownership and usage have created huge mobile commerce opportunities.

China's domestic e-commerce sector is gaining its share of the market too. According to the customs service and China E-commerce Research Center, 18 million Chinese spent 140 billion yuan on haitao in 2014. The haitao market volume is expected to reach 1 trillion yuan in 2018.

The government is backing this trend. In August 2013, the State Council issued a policy to support cross-border e-commerce, with six measures to facilitate processes, including customs clearance, quarantine inspection, duties and foreign exchange.



In 2014, seven cities — Shanghai, Hangzhou, Ningbo, Zhengzhou, Guangzhou, Shenzhen and Chongqing — were designated as import e-commerce pilot zones, where foreign goods can be stored in bonded warehouses before customs clearance. In 2015, another two coastal cities were added to the list.

According to tax regulations in those cities, each order under 500 yuan is duty-free, and each order from 500 to 1,000 yuan incurs a 10 percent tariff, compared with ordinary imported goods being taxed around 40 percent on average.

Some pilot cities have also simplified their customs regulations. In Guangzhou, e-retailers can immediately register overseas goods with customs when a Chinese buyer makes a deal, so tariff collection and other procedures are faster.

Under Guangzhou's system, discount retailer Vip.com completed customs clearance for 800 watches in just 40 minutes.

On Nov 11, 2014, at the 22nd APEC Economic Leaders' Meeting in Beijing, the APEC Cross Border E-Commerce Innovation and Development Initiative was launched to support the trade.

For e-commerce giant Amazon and its competitors, including NYSE-listed Alibaba Group Holding Ltd, new opportunities have emerged since last year.

On Aug 20 last year, Amazon China announced it would begin cross-border online shopping in the China (Shanghai) Pilot Free Trade Zone. Chinese buyers could go to Amazon websites in the US and other countries to buy online and receive shipments in a week to 10 days with lower delivery costs.

Amazon has tactically changed the "proxy" mode of overseas online shopping, whereby a Chinese buyer pays a proxy to buy goods abroad, and the proxy dispatches the goods as personal items.

The proxy mode has several risks, such as fake goods provided by the proxy, delivery delays, and documentation and tax issues during customs clearance. If all goes smoothly, a shipment by air from the US can arrive in one month, or 20 days from Europe, and 10 days from Japan.

Amazon's bonded warehouses mode is easier and cheaper. With the help of data collected over the

years, Amazon can forecast orders and send goods in advance by sea to Shanghai free trade zone's bonded warehouses. Amazon then sends the items from Shanghai after a Chinese buyer makes a purchase.

Big players in China's e-commerce sector, such as Alibaba and NASDAQ-listed 360buy, have followed Amazon to open haitao channels. They cooperate with foreign retailers to sell seafood from Alaska, avocados from Mexico, or even one-million-yuan jetpacks designed in New Zealand. Many e-commerce firms also use bonded warehouses to import mass consumption goods like infant formula powders, diapers, vitamin pills and cosmetics.

Moreover, Alibaba uses its global payment system, Alipay, to bring in more players from abroad, including US retailing giants Macy's, Bloomingdale's, Saks Fifth Avenue and Neiman Marcus, and luxury brands like Prada and Hugo Boss.

Chinese consumers can log on to foreign retail websites and pay in renminbi through Alipay, which includes duties and delivery costs. Then they wait a week or two to receive the goods, which can be tracked online.

Chen Fengying, head of the World Economy Research Center of the China Institute of Contemporary International Relations, believes haitao will boost the world economy and create jobs abroad. (Source: China Daily)

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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