



CHINA UPDATES

December 1, 2015 – Issue 170

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Qinghai Strengthens Food and Drug Control

Since 2015, food and drug regulators of Qinghai province has taken measures to enhance food safety. The authority has launched special campaigns to spot illegal vendors in the local market and come up with innovative monitoring system.

By the end of last month, the standard rate of food and drug in the province, including health food, cosmetics and medical equipment, has reached 90%. The general situation of food and drug is the province is stable and positive.

The authority will further crack down on “dinner table pollution”, and strengthen supervision along the whole chain of food production.

Special attention will be paid to production of health white and baijiu, the white Chinese liquor.

Food vendors around campus area will also be specifically checked. (Source: CFDA)

More Measures to Address Illegal Food Additives

State food regulator is to strengthen control over food additive and imported food from Taiwan, as an increasing number of cases involve substandard food from Taiwan.

The state authority has already launched a special campaign targeting imported food, beverage and tea drinks from Taiwan, as part of the enhanced control over imported food.

The authority will organize inspections towards food companies



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to spot illegal food additives. Special attention will be paid to check whether the imported food contained illegal additives involved in the scandals of illegal Taiwan food.

The local police have spotted food companies in Guangdong and Fujian province to produce food that claim to be imported from Taiwan and contain illegal food additives. (Source: China Food Tech)

AQSIQ Released White Paper on Imported Food

The state quality supervision bureau recently released a white paper on the country's imported food.

It says that in the past 5 years, there is no major food safety problem that involves imported food. The local test institutions have spotted 11717 batches of substandard imported food from 112 countries, which value at \$150 million.

Based on the official statistics, almost all types of imported food have been spotted with substandard food. Products including cookies, beverages, grain products, and dairy products are among the most-frequently blacklisted products.

Many problematic imported food are from European Union, Taiwan, ASEAN region and America.

Often times, the imported food are found to contain too much bacteria, be added with illegal food additives, or bear substandard label or official certificate. (Source: cfsn)

Gansu Province To Develop Wine Industry

Hexi Corridor, which locates in China's west Gansu province, is to develop wine industry promoted by the provincial authorities.

The plantation area of vineyard ranks the third nationwide per size already. It also has fostered three industry zones.

At the same time, the province has imported several

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international and domestic wine production companies. The local authority also takes special efforts to develop key wine companies. (Source: cfsn)

Searches on Internet for Pregnancy Products Surge

The volume of Internet searches for products related to pregnancy preparation saw a dramatic increase after China announced its plan last week to allow all couples to have two children.

The search index for "preparing for pregnancy" increased in the past week by 148 percent year-on-year, according to Alibaba's Taobao and Tmall, China's two biggest online shopping platforms.

The index gauges popularity of products based on search volume, with average interest in a product assigned around 100 on the scale.

Before Oct 29, when China announced a plan to ease its family planning policy as part of the country's 13th Five-Year Plan (2016-20) for development, the average daily index of searches for the term "preparing for pregnancy" generally stayed within a range of 50 to 150 on the index, but saw a surge starting late on Oct 29, peaking at 360 on Nov 2.

Customer search data compiled by the two

platforms for the index indicated that people from smaller cities in China's northern and central regions are the most eager to have a second child.



None of China's first-tier cities, such as Beijing, Shanghai and Guangzhou, are among the top 20 cities that generate the highest number of "preparing for pregnancy" searches in the past week.

Pregnancy test kits, ovulation prediction kits and oral folic acid are the most popular products being searched for in the medicine and health category, according to statistics from Alibaba.

"Neither my husband nor I is a single child in our family. And we really hope to have two children as our parents did. But we didn't meet the standard to have a second child until the new policy was announced a few days ago," said Yuan Ku, 27, of Xuanwei, Yunnan province.

"The living cost is lower in small cities like where we are now living, and it's affordable for us to have two children," said Yuan, who has a 4-year-old daughter. "We are so glad and now are planning for having a second child."

The new family planning policy, which awaits the approval of the top legislature before it can take effect, is boosting stock prices in China's markets

and overseas.

A large number of related companies saw their shares rise by the daily limit of 10 percent on Oct 30, the day after the plan was announced. (Source: China Daily)

Direct Deliveries Safer, Judges Tell Online Shoppers

Judges are calling for online shoppers to choose companies that deliver directly to China when they buy online from overseas to reduce the chance of disputes that could end in court.

The suggestion came from the judiciary in Shunyi district, home to Beijing Capital International Airport and its many supporting logistics companies, as the Nov 11 Singles' Day shopping festival approaches, which is now China's biggest buying day of the year.

Disputes relating to deliveries have increased along with the rapid growth in online shoppers buying cheap goods from overseas that often involve multiple express delivery companies, said Zhang Danfang, chief judge of one of the civil trial departments at Beijing Shunyi District People's Court.

Zhang's department has dealt with 347 disputes concerning logistics over the past five years, according to a report issued by the court on Thursday.

The figure hides the fact that cases are almost always resolved out of court, and most customers chose not to spend the time or money taking a company to court.

But now, the Shunyi court has selected two judges to specialize in express lawsuits to cope with what is expected to be a sharp increase in cases.

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"Our court heard the most logistics disputes of all the Beijing courts, because Shunyi is the capital's biggest logistics center with almost 100 express companies," Zhang said. "Of those, 26 have a turnover higher than 10 million yuan (\$1.6 million)."

Most logistics cases in the past involved individuals who wanted express companies to compensate for their lost parcels. "But now, many disputes take place between express delivery corporations and their big clients, and lawsuits caused by overseas purchases also happen frequently," Zhang said.

Buying cheap overseas goods can result in more disputes, the judge said. "Cheap purchases often mean people have to wait longer as the product will involve several express companies and be transferred several times during the delivery process," she said.

"The more transits, the higher risk a product will be lost or damaged."

Many goods on overseas shopping platforms can now be delivered to China directly via express companies such as DHL and FedEx, global market leaders in the logistics industry.

"Direct delivery can better protect logistics, even though they are a little bit expensive," Zhang said.

Luo Caixu, head of the North District of DHL Global Forwarding China Co, said that a simple transit can reduce trouble, especially with overseas purchases.

Luo suggested consumers should read and clarify what they are responsible or liable for before they order overseas purchases on the Internet, and should keep track of their online invoices until they receive their parcels.

Li Hai, a legal adviser from Shuangchen Express, a

company specializing in air logistics, suggested online shoppers should select goods for which sellers pay the freight charges, which can help them reduce unnecessary problems with express companies.



"Sellers are more familiar with contracts that they sign with express corporations," Li said. (Source: China Daily)

As China's Economy Slows, Consumers Pick Up Some of the Slack

China's economic slowdown has pummeled global suppliers of raw materials and industrial equipment, but business has remained surprisingly brisk for companies that cater to the country's growing upper-middle class.

Indeed, Chinese consumers appear to be weathering the slowdown better than the economy's traditional growth engines like manufacturing and construction, which are sputtering. At least for now, they have redrawn the line between winners and losers.

Among the winners are sportswear maker Nike Inc., coffee-store chain Starbucks Corp., clothing retailer Hennes & Mauritz AB and gadget giant Apple Inc.

Behind their success are people like 24-year-old Jiang Yang, a technology officer at a state-run factory in the northern Chinese city of Shenyang, who recently bought a new rose-gold Apple iPhone. Not only have Mr. Jiang and his affluent young peers been a bright spot in China's economy, but many economist think they hold the key to its long-term growth.

Mr. Jiang, who insists he had to have the latest iPhone, said his monthly salary ranges from 2,500 yuan to 5,000 yuan, or roughly \$395 to \$790, depending on his workweek. When coupled with his family's income, that puts him in the upper-middle class, defined by consulting firm McKinsey & Co. as households with annual income of 106,000 yuan to 229,000 yuan. The firm expects such households to account for 54% of the country's total household income in 2022, up sharply from 14% in 2012.

Their growing clout is one reason why China remains a big driver of Apple's profit. "We saw no signs of a slowdown in China," Apple Chief Executive Tim Cook told The Wall Street Journal last week after the company said its operating income from Greater China, which includes Hong Kong and Taiwan, more than doubled to \$23 billion in the fiscal quarter just ended.

Starbucks said it plans to open 900 stores combined in China and the Asia-Pacific region next year. [ENLARGE](#)

Starbucks said it plans to open 900 stores combined in China and the Asia-Pacific region next year. **PHOTO: BRENT LEWIN/BLOOMBERG NEWS**

It isn't clear how long that strength might last. China's upper-middle-class consumers could still get hit if China's slowdown were to deepen.

On Tuesday, China's leaders announced plans to further boost consumption over the next five years

by speeding financial and social reforms in the country. But while it has risen over the past five years, household consumption still makes up less than 40% of China's economy, according to official figures. And it remains vulnerable to further declines in exports and manufacturing. Mild inflation data and falling imports also suggest weaker overall domestic demand.

What's more, economists and businesses say consumer confidence is uneven. Less-developed cities—called tier two, tier three and tier four cities for their population and economic sizes—have been hit harder by the slowdown than wealthier ones, often along the coast.

Still, Apple isn't the only company reporting gains. "When I read about the difficulties in China, it seems like a parallel universe, because I'm not experiencing that in my business," said Richard Gelfond, chief executive of the big-screen movie theater company IMAX Corp. IMAX, whose pricier tickets are more of a splurge for Chinese consumers than those for conventional movies, says its 275 screens in China made an average of \$300,000 in the third quarter, up from \$287,000 a year earlier. It has another 215 screens in the pipeline.

Overall, the country's movie theaters generated box-office revenue of 33 billion yuan in the first nine months of this year, up 53% from a year earlier, though discounting also played a role.

China's slowdown hasn't hit all global companies equally. The companies that do well in China's new economy are those that appeal to the middle class. Here's a look at the new wave of winners and losers.

"People have lots of savings, lots of liquidity and we expect that a temporary setback in the macroeconomy is not going to affect their consumption pattern in a fundamental way," said



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Joseph Tsai, executive vice chairman of Alibaba Group Holding Ltd., on the Chinese e-commerce giant's conference call with investors last week, after it reported better-than-expected revenue growth.

A recent McKinsey survey of 1,200 Chinese consumers found that 71% expect wages to increase this year, and 84% expect to spend more. That jibes with official data that show retail sales growth in September accelerated slightly from a year earlier to 10.9%, while the growth rate for industrial production slowed. Retail-sales growth has accelerated modestly in four of the past five months as other economic indicators have weakened.

Not only are young, well-heeled consumers buying iPhones and filling theaters. Chinese air traffic was up 12% from a year earlier in the first nine months of 2015, fueled by strong increases in foreign flights. Consumers between the ages of 21 and 30 accounted for more than 60% of China's outbound tourists, according to Credit Suisse. Citing AC Nielsen data, Credit Suisse says consumers in that age group will account for 35% of China's total consumption in 2020, up from 15% last year.

"There is room to be optimistic about consumer growth for the foreseeable future," said Bruno Lannes, a Shanghai-based partner for consulting firm Bain & Co.

Nike, which has long urged the Chinese to exercise more and buy more athletic gear, said its Greater China sales rose 30% in the fiscal quarter ended Aug. 31, while earnings before interest and taxes jumped 51%. Swedish retailer H&M, which targets China's upper-middle class, said its China sales grew 11% in the third quarter in local-currency terms.

Even China's wine market, which was hurt by a government crackdown on corruption that curbed lavish gift giving, is bouncing back. Treasury Wine Estates Ltd., one of the world's largest wine companies by sales, is expanding online and at

retail. "Disposable income isn't declining," said Robert Foye, who leads the company's Asia division.

Not all the news is good. Passenger-car sales have fallen from a year earlier in three of the past four months, and have risen a disappointing 2.8% in the first nine months of the year, hit by China's stock-market slump and new limits on car buying in several cities.

Nor are all consumer-focused businesses thriving. "It's about accessible aspiration," said Tom Doctoroff, Asia Pacific chief executive of advertising agency JWT, pointing to brands like KFC, which entered China in 1987. Once considered cool and modern here, the fried-chicken chain has struggled as companies like Starbucks have followed, with menus featuring pastries and sandwiches. KFC owner Yum Brands Inc., Hershey Co. and General Mills Inc. and other companies that target a broader range of consumers have hit speed bumps.



Yum's same-store sales in China for the quarter ended Sept. 5 rose just 2% from a year earlier, short of the 9.6% analysts expected. Last month, the company said it would shed its China operations. By contrast, Starbucks last week said it opened 1.5 stores a day in China during the third quarter, and plans to open 900 stores combined in China and the Asia-Pacific region next year.

"We particularly see challenges in two, three-tier

cities,” said a General Mill spokeswoman, citing purchasing power declines.

In response, General Mills is emphasizing higher-end items, the spokeswoman said, launching vegetable dumplings that appeal to health-food enthusiasts and earlier this year rolling out its Yoplait yogurt brand, which can sell for twice the price of many other brands in China.

Last week, Hershey blamed China’s slowing economic growth for its woes in the third quarter, when its China sales dropped 14%. The candy maker’s products, which include chocolate Kisses and Reese’s peanut butter cups, are losing out to premium products that Chinese consumers buy as indulgences and gifts, while “Hershey’s is stuck at midlevel mass-market position,” said James Roy, retail analyst at Shanghai-based consulting firm China Market Research. “There are no must-have products,” he said.

A spokesman for Hershey said Chinese consumers are making fewer trips to the grocery store, which has hurt business. Hershey is now expanding its sales online, he said. (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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