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Selling Food Online to be Better Regulated

Online food delivery has become increasingly popular nowadays in China. It has made it easier for people to get food but also brings more risks in food safety.

A new regulation draft by food regulators in Hubei province targets on this market.

“The current regulations do not cover online food vendors and have no specific items targeting the food safety issue of this kind of food sales,” said one official with the Hubei provincial food and drug bureau.

The local food regulators said they have received an increasing number of complaints from consumers who bought food online in the past few months.

The new regulation requires food vendors to apply for an official approval for food sales before launching a store online. The applicants should provide basic information of the business includes the address of the company and contacts. (Source: Securities Daily)

Qian'an: Support Direct selling of Health Food

The market regulator of Qian'an city, Hebei province, said they would strengthen control over quality of health food, and promote the development of health food direct-selling companies in the local market.



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The authority will set up a new standard for health food vendors so that the health food direct-selling vendors can be better supported.

Since September, six vendors of one health food brand has passed on-spot inspection. The authority will further promote more public policy to benefit the consumers and make it easier for health food vendors to operate. (Source: China News)

Jiangsu to Ban Small Workshop from Making Health Food

The new regulation on food workshop and street vendors by the provincial regulators bans small workshop operation that makes health food, dairy products and canned products.

The draft says that the food products by small workshop will be managed by catalogue. Health food for pregnant women, infants and elderly people are also banned from being produced by small workshop.

The local regulators also set up files for street food vendors and small workshops and will release their information to the public regularly. (Source: Modern Express)

Products Sold in TV Infomercials Found Illegal

According to a recent survey by China Consumer Association, the number of complaints about the shopping experience on TV Infomercials is increasing.

The problems include false advertisement, substandard products, and bad after-sales service.

Among products promoted by TV Infomercials tested by The Association, 17 of them are found to be problematic. More than half of them are health products.

Some consumers complain that their personal information has been leaked to other sales group

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after they bought one health product online. When they decline to buy the products they offered by the other sales people, they will still be harassed with more sales calls.

Many illegal health products and cosmetics use the medical language to confuse consumers to mistakenly think that these products are drugs and can cure disease. (Source: Liaoshen Evening News)

Draft Law Aims to Consolidate China's Chaotic Infant Food Market

At the RT-Mart supermarket on Chunshen Road in Shanghai on Monday, a 61-year-old woman stood staring at the baby formula aisle, trying to choose one of hundreds of products from more than a dozen of brands.

The myriad of choices had overwhelmed her.

"All the products are beautifully packaged and claim to have an excellent formula," said Han Jinbao, who was buying the formula for her 11-month-old grandson. "I don't know what makes one different from another."

Typically, each brand of baby formula has several product lines, and each line has three to four products for different age groups.



"I am completely confused," she told the Global Times on Monday. "They all sound the same."

If the Chinese government gets its way, Han won't have this problem for much longer.

On September 2, China Food and Drug Administration (CFDA) posted a draft law on its website for the registration and management of domestically manufactured baby formula. It is seeking public comment on the draft until October 1.

The draft law restricts the number of baby formula products that manufacturers can sell and creates strict rules about what they can claim on product packaging.

Under the draft law, all baby formula manufacturers in China must register their formula products with the CFDA.

Each manufacturer can apply to register up to 15 products under five product lines, though different formula products for each age group must have "significant differences" in their ingredients.

"The law, once it goes into effect, will help to rectify China's baby formula industry, which is more or less in a state of chaos nowadays," said Song Liang, a

dairy industry commentator.

Song said China's baby formula market is "far too crowded."

"In the US, there are about a dozen baby formula brands. In China, there are 2,000," Song told the Global Times on Monday.

"In China, many baby formula companies want to maximize the number of brands they have on the market," Song noted. "Some companies have more than 50 brands."

According to Song, China's market is huge, with many distribution channels. Many companies are trying to maximize their profits though a "fine distribution" strategy to make use of all those channels.

For example, a company creates an expensive "flagship" baby formula product that it only sells through certain vendors, such as specialty stores.

Under this strategy, many companies have tried to launch as many products as possible.

However, those products often contain nearly the same ingredients. At RT-Mart, there were two products for 6-month-old infants under the domestic baby formula brand Pro-kido, which belongs to Inner Mongolia Yili Industrial Group Co.

One of the products contained only three more ingredients than the other, yet costs 80 yuan (\$12.60) more.

However, many companies will be forced to reduce their numbers of baby formula brands and product lines once the new law takes effect.

"I assume it's a good thing," Song said.

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"It should force companies to shift their time and money from brand marketing to product research," Song noted. "Because in the future, the only way for a baby formula company to stand out is to provide distinctive, high-quality products."

The Global Times contacted two leading domestic baby formula companies on Tuesday. Both declined to comment on the proposed law.

Danone Dairy China, a subsidiary of a French food company, which has several baby formula brands, is "studying on the details of the draft law," the company representative Lan Bei said in a note e-mailed to the Global Times on Tuesday.

The new law also includes rules about the marketing claims that companies can make about baby formula products.

For example, companies must "clearly state" where imported ingredients were produced, rather than use ambiguous language such as "from overseas pastures."

In addition, manufacturers can't employ language that hints at therapeutic benefits of their products.

The packaging of many baby formula products employs language that emphasizes their therapeutic functions.

The packaging of one product, for example, reads "for smart brains, healthy bones and intestines."

Much of the product information provided by baby formula companies is misleading, but the draft law will ensure consumers get true information about the products, Wang Dingmian, a former official with the Dairy Association of China, was quoted as saying by the Beijing Times on Monday.

Song, however, cautioned that those regulations might discourage companies from adding any costly ingredients that increase a product's nutritional value.

"If they can't advertise those special ingredients, why should they consider using them in the products?" Song asked.



Song suggested that companies should be allowed to print the health benefits of their product's ingredients on the packaging, as long as it is not used for marketing purposes.

Experts have also pointed out the draft law only targets at baby formula products that are manufactured in China, but the government should also take measures to supervise all such products that are sold in China.

According to the Beijing Times report, more and more Chinese companies have set up manufacturing plants overseas to produce baby formula for the domestic market.

For example, of the 200 baby formula brands in China that are imported from New Zealand, only a few are "genuine" local brands, the Beijing Times reported.



The proportion of baby formula products sold in China that are manufactured overseas has risen in recent years, according to Shao Qiong, a dairy industry analyst in Beijing.

"China will only achieve a standardized baby formula market if imported products fall under the same regulatory framework as one produced domestically," Shao told the Global Times on Tuesday.

To strengthen management over imported baby formula products, the Chinese government should set up a cross-border consumer reporting system, according to Song.

"Chinese consumers should be able to report any unqualified products to relevant overseas departments," Song said, adding that the Chinese - government could compile a "blacklist" of unqualified overseas baby formula brands and release it to the public. (Source: Global Times)

Chinese Play Growing Part in Online Shopping

Foreign brands and retailers are ready for another Chinese "Duo Shou Day", which translates into one's hands being chopped because of an inability to refrain from online shopping.

Rewarded with good revenue on Singles Day on Nov 11, many international merchants are hoping to attract more Chinese online shoppers on Black Friday, the day-after-Thanksgiving shopping spree. "Singles Day was very strong for us in both traffic and conversion," said Kent Helbig, chief technology officer for Ashford.com, a retailer based in Brooklyn, New York. "We are continuing this strong partnership and cooperation with Alipay into Black Friday, with even more aggressive offers for our Chinese audience."



Ashford CEO Mozes Hoch said that Chinese shoppers are better customers than Americans for their business, which focuses on reselling luxury watches.

The company started its collaboration with Alipay ePass last year, and Hock said that with the added Alipay payment option to its website and fast logistics network provided by Alibaba Group Holding Ltd, their connection to China has been brought to a different level.

"I was walking or using a bicycle," he said. "Alipay brought us on a private plane to China. A 747."

Ashford has been in China for two and a half years and now gets 40 percent of its transactions from IP addresses in China. That number is expected to keep growing.

Two of its men's Swiss watches, 50 percent off and 60 percent off, made to the top 10 of Alipay's Black Friday deals among fashion goods from major department stores, including Saks Fifth Avenue, Neiman Marcus and Bloomingdale's.

"With the knowledge of the size of China's e-commerce market and particularly after learning



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about Alibaba and Singles Day, most of the US and European brands and merchants are fully recognizing the potential of reaching China's market via e-commerce," said Jonathan Li, co-founder of Silicon Valley-based BorderX Lab, which provides Western brands with advertising channels to increase their presence and sales in the Chinese market.

After talking with more than 200 merchants, he concluded that many have tapped into China's market through cross-border sales.



"Some also start getting on Tmall or JD for China entry. Thirdly, they start to make use of China social media such as Weibo and Wechat," he said. (Source: China Daily)

China Urged to Review Policy on New Medicines

China should accelerate its drug review and approval process and update the government reimbursement drug lists, to benefit patients, said Kenneth Frazier, chairman of the Pharmaceutical Research and Manufacturers of America, during a recent visit to Beijing.

China has seen improvement in its healthcare system, in terms of medical insurance, efficiency and patient access to medicines. But in order to build a patient-centered healthcare system, there are a few more steps needed, Frazier said at a media roundtable after meeting Chinese policymakers and industry leaders.



"China should take a holistic approach to ensure sufficient and sustained healthcare investment, a well-designed government pricing and reimbursement system and patient access to high-quality, safe and effective medicines," he said.

While China has implemented reforms to accelerate the review and approval of new medicines, there are still some problems like government reimbursement, he said. "Once a new drug is approved in China, patients face uncertainty about whether and when they will receive access through national reimbursement. The National Reimbursement Drug List has not been updated since 2009," Frazier said.

He suggested that China makes revisions to the Drug Administration Law and Drug Registration Regulation to create a better regulatory framework.

"We recommend an accelerated update to the national and provincial reimbursement drug lists, followed by the establishment of a transparent and predictable rolling reimbursement review."

PhRMA is a trade organization that represents the US' top biopharmaceutical research and biotechnology companies.

The companies invested \$51 billion in research and development of innovative treatments and cures last year, and 51 new therapies were approved by the US Food and Drug Administration. (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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