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China To Raise Bar of Generic Drug Production

China's state regulator released a draft recently that aims to assess the quality of generic drugs. The drugs which fail the assessment will be deprived of the official production approval.

Industry people said that a large number of domestic generic drugs would fail the reassessment. Some said the failing rate could be as high as 80%.

Earlier this month, CFDA released a notice saying that 62 domestic pharmaceutical companies have withdrawn registration application for 87 kinds of drug.

In two weeks, the regulators have seen 164 withdrawals from 62 companies who previously applied for drug production approval, most of which are for generic drugs.

Analysts say that most drugs sold in China's drug market at this moment are generic drugs, as many Chinese companies lack for R&D capability to produce original drugs. It is hard to say how many generic drugs that are sold in China can pass the assessment. (Source: China Youth Daily)

New Food Safety Regulation Opens For Public Opinion

China's state food and drug regulator starts to gather public opinion for the newly minted regulation on food safety.

The new food safety law has taken effect since October. The regulation aims to better help to implement related items of the new law.

The regulation strengthens the fundamental institution for food

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safety, including more details on information release of food safety risk monitoring. It also improves the drafting process of food safety standard.

It also highlights the accountability of food producers, with detailed accounts of responsibility of food vendors, transporters and managers.

The regulation strengthens daily monitoring of food safety in local markets. The national and provincial regulators are asked to set up a food safety inspection system.

The regulation also makes it clear in terms of how the illegal vendors and producers will get punished.

The draft of new regulation is now open for public opinion. (Source: CFDA)

China Health Committee: Research on Smog Takes Time

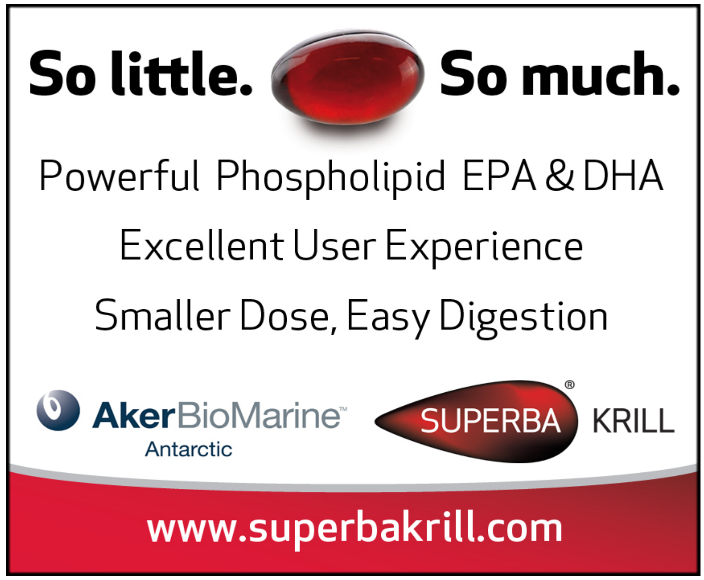
As air pollution is getting really bad in northern China in the past few weeks, some media outlets are asking the country’s health committee if there will be any medical institution set up to tackle medical issues relate to smog.

Zhou Jun, inspector of National Health Committee, said that it would take a long period of time to research on the impact of smog’s on human beings’ body. For patients who consider themselves to be victim of the smog, they need to go to related department to seek for medical advice which already exist in China’s hospitals. (Source: Jinghua Times)

Sales of Soft Drinks in China are Bleak

Beverage behemoth Hangzhou Wahaha Group Co's sales revenue is likely to fall another 10 percent in 2015, as the company struggles to maintain growth amid a slowing economy and changing consumer tastes, the China Business Journal reported on Saturday.

If the newspaper's report turns out to be correct, it will be the second straight year that Wahaha's sales revenue has fallen. In 2014, the company's sales dropped 7 percent from the previous year to 72.8



billion yuan ($11.42 billion).

It wasn't that long ago that Zong Qinghou, Wahaha's chair and once the richest person in China, predicted that annual sales would top 100 billion yuan, the report said. However, annual sales topped out at 78.3 billion yuan in 2013, up 23 percent from the previous year, according to the data posted on Wahaha's website.

Although many domestic beverage giants have set goals of 100 billion yuan in revenue, it's not going to happen any time soon due to rising costs and a slowing economy, the report said.

Wahaha is currently the largest beverage company in China by revenue, with product lines covering dairy drinks, bottled water, carbonated drinks, bottled tea, juices, liquor, canned foods, snacks, infant formula, children's clothing and healthcare products, the company said.

Jin Jing, a 35-year-old woman working at a Shanghai-based company, used to be a Wahaha customer. On her regular weekend trips to the supermarket, she would buy Wahaha's brand of fruit yogurt drink called Nutri-Express. However, after she heard accusations in the media that Wahaha exaggerated the health benefits of Nutri-Express, she switched to another product in 2014.

That same year, rumors emerged online that Nutri-Express also had quality problems. Although

Wahaha has repeatedly assured the public that its products are safe, customers still chose to abandon Nutri-Express.

Zong said in public that rumors and the spread of counterfeit products cost his company 5 billion yuan in 2014, according to a report by the news portal chinanews.com in March.

Wahaha is not the only beverage company that has been burned by food safety rumors. With so many cases related to food safety being reported in recent years, consumers have become more interested in choosing food and beverages that promise to be healthier and of higher quality, said Zhou Dewen, president of the Small and Medium Enterprises Development Association in Wenzhou, East China's Zhejiang Province.

China's beverage industry has also faced headwinds from an economic slowdown, fierce competition at home and abroad, and changes in consumer tastes, said Liu Zhigang, an analyst with Beijing Orient Agribusiness Consultant Co.

For instance, Hong Kong-listed Tingyi Holding Corp, another beverage company, saw its 2015 first-half profits drop 14.77 percent year-on-year to $197.7 million, with sales revenue down 11.52 percent to $4.87 billion. Beverage giants Uni-President China Holdings and Want Want China Holdings reported falling profits in 2014.

The industry is also struggling outside of China. US-based beverage giant Coca-Cola Co said in January that it would eliminate 1,600 to 1,800 jobs globally to cut costs. In the third quarter, the company's profit declined 31 percent year-on-year to $1.45 billion.

The growth of China's beverage industry slowed to an annual rate of 13 percent in 2014, down from 20 percent in 2011, according to a report in August by the China Business Journal, which predicted growth will continue to slow in 2015.

Facing such a difficult situation, domestic beverage companies have no choice but to upgrade their technology and develop new products to attract consumers, Zhou told the Global Times on Thursday.

As the largest beverage company in China, Wahaha has never stopped looking for new ways to profit, even though it has failed to develop new products to attract more consumers, the China Business Journal reported.

At an industry conference in Shanghai in September, Zong said China's beverage companies have had trouble coming up with products that can satisfy the changing needs of consumers, according to the report.

For example, more and more people are turning away from carbonated beverages for health reasons, Liu said. As sales of carbonated beverages have slowed, the segment has made up less and less of China's beverage market. Carbonated beverages accounted for 25 percent of total domestic beverage sales in 2013, down from 36 percent in 2000, according to a report by Shanghai-based Daxue Consulting Co in June.

As they become more health conscious, consumers have become more concerned about sugar and other additives, so they have been turning to lighter

drinks with subtler flavors and simpler packaging, Liu told the Global Times on Wednesday.

Along with responding faster to changing consumer tastes, domestic beverage companies also need to focus on upgrading their technology.

Wahaha is among several companies participating in a trial program for intelligent manufacturing that the Ministry of Industry and Information Technology is pushing forward, the Hangzhou-based Qianjiang Evening News reported in November.

Wahaha has produced robots that can load, unload, package and stack goods onto pallets, the report said.

As of press time Sunday, the company had not responded to a Global Times request for more details about this business.

"Large companies have the advantage to develop new business due to their strong finances and talent pool," Zhou said, noting that Wahaha would benefit if the new business could boost its production efficiency.

However, Liu questioned whether beverage companies have managers with the right skills and experience to develop other businesses. These companies can also obtain technology through mergers and acquisitions.

"Small companies with outdated capacity have to seek opportunities to cooperate with larger companies to upgrade their technology," Zhou said. "At the same time, they will have to focus on developing new products to meet consumers' needs. Otherwise, they will be eliminated from the market in three or five years." (Source: Global Times)

China's New Food Safety Laws Enable Further Rapid Growth for Ireland's Food Producers

Local producers have been the main perpetrators in the scandals.

But increasingly foreign brands have also been hit by the scandals, which have begun to erode their premium reputation in China.

Last summer, McDonald's and KFC had to apologise to customers in China and Japan after a Shanghai television station reported a supplier, Husi Food Co Ltd, had sold them expired beef and chicken.

Foreign brands trade on their reputation for quality, and have become increasingly worried about the traceability and security of their supply chain.

With huge profits at stake, increasingly sophisticated food criminals have exploited both the Chinese consumer demand and the authority's supervisory capacity.

Chinese consumers have lost faith in the integrity of their local food supply chain, and had turned increasingly to imported food products, much of this bought over the Internet.

In June, seven new safety standards were introduced, including rules around labelling of content of food additives and flavourings.

Last week, the lax rules on buying over the internet were strengthened so that all food imports by cross border e-commerce, known in China as CBEC purchases, are now subject to the same food safety rules as purchasing locally .

The latest measures by the China Food and Drugs Administration, AQSIQ, was concluded with the closing date on Thursday for all overseas

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manufacturers of imported food to register the full specification and test results proving the safety and traceability of their products.

The new regulations on infant formula will have particular implications for Ireland's dairy industry.

During the first five months of the year, China imported 60,244 tons of infant formula in total, increasing 19% from last year. Ireland is the second largest supplier after Holland.

The top five exporting countries are Holland, Ireland, New Zealand, Germany and France.

Ireland currently supplies 10% of the world's infant milk formula but the hope is to increase production by 63% over the next five years.

The new Glanbia milk processing plant, officially opened in March of this year, is the largest in Europe with a capacity to produce 100,000 tons of milk powder for infant formula processing.

Proposed new regulations that will tighten controls on infant formula producers are likely to spark a wave of consolidation in the sector.

In addition, regulators plan to conduct more spot checks on the 176 formula manufacturers in Chinese markets, including 103 domestic producers and 73 foreign firms.

During the last crackdown in 2013, 51 of the 133 milk formula manufacturers had their production permits revoked.

The major Irish producers of infant formula such as Abbot in Cootehill in Cavan, Nestle in Askeaton in Limerick, Danone in Cork and Wexford and Glanbia in Ballyragget and Belview are likely to be major winners from the new stricter regulations.

However, the new Food Safety Laws in China are also applicable to beef.

In February 2015, the Chinese Government approved access for Irish beef, creating opportunities in one of the largest and fastest growing markets.

At present, only six countries are permitted to export beef to China with varied levels of access: Australia, Uruguay, New Zealand, Argentina, Canada and Costa Rica.

Australia remained the largest official imported beef supplier to China in 2014, with 45% market share.

Uruguay maintained the second largest imported beef market share in China, at 30%.

Beef demand keeps rising, and the demand for beef will not be matched by Chinese supplies.

Chinese agriculture is fighting for resources (feed, land and water) and one solution is to allow more beef imports.

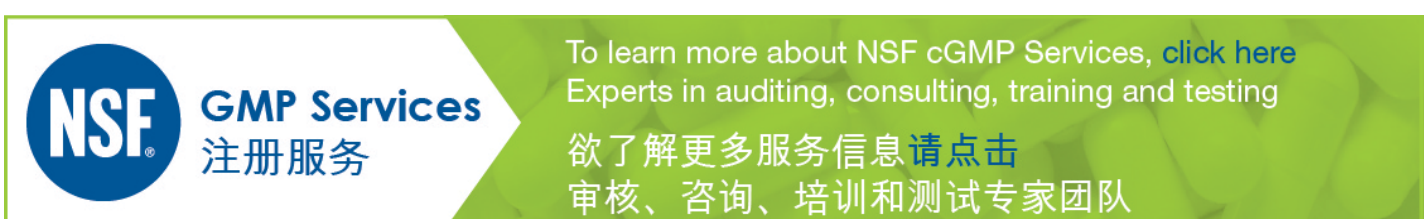
Irish producers should find a strong demand for their beef products in China over the coming year.

Rabobank in its first quarter 2015 pork report indicated that pork demand is expected to outpace supply in China, resulting in periodically tight supplies and upward trending pork prices in 2015.

Ireland accounts for 2% to 3% of total pork imports into China, with Rosderra in Offaly is the main exporter of pork to China. (Source: Irish Examiner)

China's Medical Tourism Boom Gains Global Attention: Experts

As Chinese citizens begin to seek medical services overseas, much as they do shopping and education, foreign institutions' are beginning to pay attention.



"Chinese people are getting richer and their willingness to consume is getting stronger. A lack of high quality medical resources in China make it possible for foreign medical institutions to exploit the Chinese market," said Cheng Feng, professor on public health with the Tsinghua University.

The number of Chinese seeking treatment overseas for serious disease has risen by around 40 percent annually in the past three years to the present 3,000, according to Cai Qiang, chairman of Saint Lucia Consulting, a medical tourism agency.

"China could become one of the biggest outbound markets for medical tourism, probably within the next couple of years," said Jonathan Edelheit, founder of the US Medical Tourism Association.

To coordinate with the number of Chinese patients, foreign hospitals are hiring Chinese speaking staff. Cancer specialist MD Anderson even has a Chinese advertisement.

Even developing countries like India and Bangladesh have a piece of the market. According to Wang Sun, deputy general manager of Beijing's Global Health Care Consulting, some Chinese patients travel to India and Bangladesh for treatment of diseases like hepatitis C.

The Chinese market needs a long-term strategy. "We have no plans to set up branches in China. We prefer to work with reliable partners in China to offer the best medical treatment that we have in Britain," said Julia Bileckyj, associate director of Royal Brompton and Harefield Hospitals from Britain. (Source: Xinhua)

E-courts Promise Online Justice for Chinese Shoppers

As Chinese increasingly turn to the Internet for shopping, it's appropriate that many lawsuits over their purchases are now being handled entirely online.

Since August, some judiciaries have been offering "e-courts" to handle cases concerning disputes over e-shopping, copyright and online financial services. All the materials are filed online, and the courtroom is replaced by a three-way video conference.

While litigation fees are the same as in a conventional case, the process is quicker, and plaintiffs and defendants don't have to travel.

E-courts have been busy since the massive buying spree of Singles' Day, on Nov. 11, and they are expecting another peak after China's second-biggest online shopping festival on Dec. 12, or "Double 12."

In Hangzhou, home to online shopping giant Alibaba, e-courts are available in four jurisdictions. The Xihu, Binjiang and Yuhang district courts respectively handle online trade disputes, copyright lawsuits and online financial services disputes. Hangzhou intermediate court handles appeals of these cases.

"E-courts came about as individual e-commerce firms and the industry as a whole called for more appropriate legal services," said Luo Xin, head of Yuhang district court.

China has more than 350 million online shoppers. The Yuhang court received 1,229 e-commerce lawsuits in the first nine months of 2015, nearly quadruple the number in the same period of 2014.

In one case, the court mediated compensation for someone suing a cake seller for fraud and false advertising. The plaintiff, who lives in Henan Province, bought some mooncakes on Alibaba's Tmall.com. The seller claimed the cake contained natural pine nuts, which they did not.

The buyer contacted the district court in Yuhang and was told that his case could be tried online. Henan is about 1,000 km from both the first defendant, a Shanghai-based company, and the second, Tmall in Hangzhou.

"An e-court saves time and money. It is as convenient as e-shopping, as all you have to do is to gather your data and click the buttons," said Luo Xin.

Gao Qi, head of the higher court in Zhejiang Province, said e-trials have standardized judicial practice and provided transparency. "E-courts better connect the plaintiff, defendant and the court."

By the end of November, Zhejiang's e-courts had received 813 cases. Mediators helped settle 196 of them without going to trial, while 231 were dismissed for lack of evidence. Rulings were made in 15 cases, and the rest are still being processed.

Information entered by a plaintiff at yuncourt.com is reviewed by Zhejiang court staff who inform the defendant by text message if they decide there is a case to answer.

Zhang Zheng, a judge at the Hangzhou intermediate court, said the trail of data left by online shopping makes it easy for an e-court to obtain evidence.

Meanwhile, more mediators are needed. Until e-courts have new personnel, some are limiting themselves to simple small-sum lawsuits, with more complicated cases passed on to a conventional court. (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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