



# CHINA UPDATES

January 19, 2016– Issue 177

## INSIDE THIS ISSUE

**Jining FDA Released an Alert of Health Food and Cosmetics Purchases**

**CFDA and AQSIQ Signed Cooperation Memo**

**Yunnan Set Up Food Safety Institution**

**China Gives Tax Relief To Private Health Insurance**

**China Post Uses Website to Promote Rural E-Commerce**

**Govt Mulls Making Retirees Pay Health Insurance**

**After China probe, OSI food-safety trial opens in Shanghai**

**Inheritor of Ejiao Secrets Spreads TCM Around The World**

## **Jining FDA Released an Alert of Health Food and Cosmetics Purchases**

FDA of Jining released a consumer alert of health food and cosmetics on its official website.

Health food cannot replace drugs to cure diseases, said the officials, and any health food that claims to be able to cure diseases is illegal and should be accused of false advertisement.

The consumers are also advised not to join any seminar or believe any report that aim to sell a certain health products.

The local cosmetics market is exploding and attracted a large number of female consumers. The regulator suggested that the female consumers should go to legal and official platforms to buy cosmetics. One should also pay special attention to look for health registration numbers on the package of the product to make sure that the product got official approvals for production and distribution, especially imported products.

Consumers can report the illegal products by calling the local food and drug center. (Source: jn001.com)

## **CFDA and AQSIQ Signed Cooperation Memo**

The state food and drug regulator recently inked a memo with the country's product quality inspectors to strengthen cooperation in regulating food safety.

The memo aims to address issues regarding the two agencies' inspection on food safety, including overlapping regulation and gap in communication.



Are you seeking a reliable partner to help you navigate and successfully enter the China dietary supplement market?

**TSI** has the **expertise** to help.

Contact your TSI representative today to learn more.



[www.tsichina.com](http://www.tsichina.com)  
[www.tsiinc.com](http://www.tsiinc.com)

AQSIQ is in charge of regulating importing and exporting food, food additives and other food related issues.

The memo says that the two agencies will strengthen cooperation in regulating exporting products, food market, and health food and test institutions. They will also improve cooperation in information sharing, risk alert, emergency handling, and international communication.

The two agencies will set up a leadership team as well as liaison group to promote help promote related issues. (Source: China Food Tech)

### Yunnan Set Up Food Safety Institution

The opening ceremony of Yunan Food Safety Association was held in Kunming, the capital of the province. 15 local food companies and social organizations co-initiated the Association.

The Association aims to promote the development of local food industry, serving members and help communication between members and governments.

The Association will pay special attention to promote the local food brands abroad, and help the regulators to promote self-disciplines among food companies. It will also gather suggestion from its members regarding how to promote food safety. (Source: CFDA)

### China Gives Tax Relief To Private Health Insurance

A tax break for individual taxpayers is to be introduced to encourage the development of commercial healthcare insurance in China, alongside the basic state medical care system, it was confirmed at a State Council executive meeting on May 6.

Under the plans, individuals will enjoy annual income tax deductions of up to a maximum of RMB2,400 (USD387), under a pilot preferential tax policy project to encourage people to buy comprehensive

**So little.  So much.**

Powerful Phospholipid EPA & DHA

Excellent User Experience

Smaller Dose, Easy Digestion

 **AkerBioMarine™**  
Antarctic

 **SUPERBA®** KRILL

[www.superbakrill.com](http://www.superbakrill.com)

private healthcare insurance.

The Government's intention is to promote the expansion of both private and state services to create a modern healthcare industry. The announcement is seen as a major step for the private health insurance sector in China, which is now expected to grow significantly. (Source: tax-news.com)

### China Post Uses Website to Promote Rural E-Commerce

China Post has announced that it is managing a website which aims to promote the growth of e-commerce in rural China.

According to a statement issued by China Post on 17 December, the website ule.com has become very popular with farmers, as it provides them with an e-commercial platform for agricultural commodities.

The website was jointly established by China Post Group and Anhui Provincial People's Government in May 2014.

Meanwhile, China Post Group also announced that it has teamed up with Anhui Provincial People's Government to introduce "favourable policies and organize professional training sessions for farmers, with the goal of advancing the website's popularity

amongst customers”.

The China Post statement added: “The rising sales volume of agricultural goods and the registered number of farmers on the website have driven up postal delivery, financial service, logistics and other business scopes for China Post Group.

“So far, the website has built a closer partnership with farmers and other business dealers from 28 provinces, municipalities and autonomous regions across the entire nation.” (Source: postandparcel.info)

## Govt Mulls Making Retirees Pay Health Insurance

China is studying the possibility of introducing medical insurance fees for retirees, a move that has split expert and public opinion.



In an article for Seeking the Truth, the official Party magazine, Finance Minister Lou Jiwei said the government should look at the option as a way to tackle rising pressure on the national health system. Unlike in most countries, retirees in China are not required to pay health insurance.

By the end of 2014, about 283 million Chinese were

included in the so-called employee medical insurance program, a main pillar of the national system, according to the Ministry of Human Resources and Social Security.

The national insurance system currently has a surplus of 673.2 billion yuan (\$103 billion), a figure that has continued to rise in recent years, from 495 billion yuan in 2012 and 579 billion in 2013. Yet experts warn that China's rapidly aging society means a deficit will occur if expenditure keeps rising at the current pace.

"In the West, the biggest threat to national health insurance systems is an aging population. But in China, besides that factor, pressure also comes from the fact reimbursement levels need to be increased —and that means retirees need to contribute," said Lin Shuanglin, director of the China Center for Public Finance at Peking University.

The employee program requires workers to contribute about 2 percent of their monthly salaries to the medical insurance fund, while employers pay in another 9 to 10 percent.

The ratio is not low compared with the West, Lin said, but the problem is that the program covers only a slice of the population, while the surplus comes from the fact reimbursements are much lower than in the West.

"Patients have found that many items are not covered by the medical insurance. What's more, rural and urban residents without fixed jobs—who make up a larger section of the population—get even lower reimbursements," he said. "China should shift its spending pattern, from subsidizing public hospitals and requiring them to lower medical costs to increasing reimbursement levels."

However, asking pensioners to pay insurance fees will likely face public opposition. The finance

**SupplySide**  
**STOREFRONTS**

SupplySide Storefronts are always open. Come on in.



**SEARCHING**  
for the next ingredient, supplier  
or solution to meet your needs?

**FIND IT HERE**

minister's comments have already been criticized online.

Lyu Wangshi at the Research Institute for Fiscal Science said he believes the criticism is misplaced because raising social insurance payments for retirees is a universal trend. The real problem, is some of the retirees receive an excessively high retirement pay.

"Many retirees with State-owned enterprises receive higher pay than working employees' salaries, while in the West retirement pay variation among different groups is much smaller. The pension system should be reformed so insurance payers could feel less unfair," he said. (Source: China Daily)

### **After China probe, OSI food-safety trial opens in Shanghai**

The long-awaited China trial of U.S. food supplier OSI Group opened in Shanghai on Monday, kicking off the final act of a scandal that dragged in fast-food giants McDonald's Corp and Yum Brands Inc .



In July, 2014, a Chinese TV report alleged to show workers at a Shanghai unit of OSI using out-of-date meat and doctoring production dates, a scandal

which rippled as far afield as Japan and prompted apologies from OSI clients McDonald's and Yum.

The criminal trial opened at the Shanghai Jiading People's Court, a court official and lawyers told Reuters. Shanghai prosecutors charged two OSI China units and 10 employees for producing and selling sub-standard products in September.

A large fine against OSI could threaten the firm's business in the country and would signal an aggressive approach by China towards food-safety regulation, long a major risk for restaurant chains and retailers in the world's second-largest economy.

Under China's criminal law, firms and individuals can face large fines and jail sentences if found guilty of knowingly producing and selling sub-standard products.

OSI did not offer an immediate comment.

A spokesman for MWE China Law Offices, which is representing OSI, declined to give details about the case.

Operations at OSI unit Shanghai Husi Food Co Ltd were suspended following the 2014 report, some executives were detained, local authorities launched an investigation and OSI's chief executive said he was appalled over missteps at the plant.

OSI, however, criticised the handling of the case by the local food regulator earlier this year, a rare act in China where firms are usually careful not to openly challenge the authorities.

The trial is expected to last two to three days, although the verdict is likely to be handed down following a period of deliberation by a panel of judges after the trial.

Food safety is one of the top issues for Chinese



consumers after scandals from smuggled "zombie meat" to a tragedy in 2008 where dairy products tainted with industrial chemical melamine led to the deaths of six infants and made many thousands sick.

China has vowed to crack down on food safety violations, with the country's top court calling for "heavy penalties" in August after new food safety laws earlier in the year set out tougher punishments and tighter regulation.

Food-safety scares, including at OSI, have had a major impact on some international firms in China, hitting reputations and sales at firms from McDonald's and KFC-parent Yum to France's Danone SA and Wal Mart Stores Inc. (Source: Reuters)

## Inheritor of Ejiao Secrets Spreads TCM Around The World

An annual ejiao festival kicked off in Dong'e county, Shandong province, on Dec 21, the eve of the winter solstice, to promote the donkey hide gelatin.

The festival is co-organized by Dong'e Ejiao Co Ltd and the county government. "We have hosted the event since 2007, aiming to further publicize the nutrition value of ejiao and the importance of taking tonics in the winter solstice," said Qin Yufeng, CEO of Dong'e Ejiao Co Ltd, the largest producer of ejiao products.

The winter solstice, or dongzhi, is an important solar term in the Chinese lunar calendar. According to the traditional Chinese medicine principles, dongzhi is the best time for eating tonics, such as ejiao, which is a type of TCM made from donkey hide. Ejiao is one of the top three tonics in TCM and can help improve blood circulation and boost energy levels. The other two valuable tonics are ginseng and deer antler.



The county of Dong'e first produced ejiao, or donkey hide gelatin. The county's underground water contains rich amounts of zinc, iron, calcium and magnesium as well as minerals that improve the effectiveness of ejiao.

From the Han Dynasty (206 BC-AD 220) to the Qing Dynasty (1644-1911), Dong'e ejiao served as a tribute to the royal families. According to historical records, Emperor Taizong of the Tang Dynasty (AD 618-907) loved ejiao so much that he sealed up a well in Dong'e and ordered it opened only during the winter solstice to collect the water for ejiao production.

Empress Dowager Cixi, one of the most powerful and controversial female figures in Chinese history, also enjoyed eating ejiao products to maintain her health.

In 1855, Cixi, who was then a concubine of Qing Emperor Xianfeng, became pregnant. And she was in danger of miscarriage.

A Dong'e doctor was credited with saving her baby by using ejiao in his treatment of her. The baby later became the Tongzhi Emperor.



**GMP Services**  
注册服务

To learn more about NSF cGMP Services, [click here](#)  
Experts in auditing, consulting, training and testing

欲了解更多服务信息请点击  
审核、咨询、培训和测试专家团队

Ejiao was exported to foreign countries through the ancient Silk Road that connected China with the old Roman Empire, becoming the earliest Chinese health and beauty product to enter international markets.

The TCM tonic was also among the prized possessions that Italian merchant Marco Polo brought back to his country after he traveled to China in the late 13th century.

The ejiao making method is a national-class intangible cultural heritage with a history of nearly 3,000 years. Qin is the inheritor of this intangible cultural heritage item.

Traditional ejiao production methods have extremely high requirements for water, time, skills and quality of the donkey hide. It requires collecting water at midnight of the winter solstice, using golden pots and silver-made spatulas. Ninety-nine steps are also required to make the highest quality ejiao. The whole process takes about nine days and nights.



Before 2007, the method had been lost for about 100 years.

That year, Qin and his apprentices remastered the production techniques.

"Ejiao reflects unique Chinese wisdom and civilization. We are dedicated to the protection and inheritance of the traditional methods of making

ejiao, renovating ejiao history and gathering and improving recipes," Qin said.

The company has collected more than 3,200 famous ejiao recipes and over 200 ejiao diet therapies.

It also spent four years redeveloping one of its traditional products, a syrupy compound of ejiao, with tens of millions of yuan in investments. The newly developed product has proven to have unique effects in curing dengue fever and anemia.

Qin said the product has been listed as a national-class innovative medicine and is among the first choices for the TCM to go global.

The syrupy compound is now popular in the United States, Canada and Indonesia, and experts predict it has great potential in overseas markets. Sales of the product in Indonesia reached 10 million yuan (\$1.54 million) last year.

"Along with the revival of Chinese culture, it will be a trend for the traditional Chinese medicine to have a higher level of globalization," Qin said.

In 1915, Dong'e ejiao won the only gold prize for tonics at the Panama Pacific International Exposition held in San Francisco.

This year, it won a "100-Year Expo Company" certificate at the opening ceremony of Shandong Week at Expo Milano 2015.

The company also produces snacks using ejiao as the main ingredient, such as a product that mixes ejiao with walnuts, white rock sugar, black sesame seeds and other materials.

Also, it launched a new type of ejiao jujubes during the ejiao festival, which will be firstly sold at JD.com, a leading online shopping portal in China.

Grabbing opportunities brought by the Internet Plus strategy has been a main focus of Dong'e Ejiao these years to expand its marketing channels.

The company has established partnerships with many online retail giants such as Tmall and JD.

It also set up an e-commerce company in Beijing earlier this year to integrate and manage those online marketing resources. (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.

**ADVERTISE WITH "CHINA UPDATES" FOR AS LITTLE AS \$1,400 FOR 52 WEEKS**

**CONTACT US NOW: [news@uschinahpa.org](mailto:news@uschinahpa.org)**

Copyright© 2016 U.S. – China Health Products Association. All Rights Reserved