



CHINA UPDATES

February 4, 2016– Issue 179

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CFDA to Launch Monthly Check on Infant Formula

The national food production regulation meeting was held by the national food and drug regulators recently in Beijing.

The authorities pointed it out that special attention should be paid to inspection of key food and risk control. Researches towards food problems should be promoted. Controls over production approval on infant formula as well as other infant food should also be strengthened.

The authority said that in 2016, food production control should be better regulated. Regulation methods should be innovated and management on production process should also be paid enough attention to.

The food regulators also are to launch a monthly inspection on infant formula products nationwide, and enhance management over key food issues. (Source: China News net)

Heihe Launched Special Campaign on Health Food

To ensure health food safety for local consumers, the local market inspectors in Heihe recently launched special campaign to check health food market.

The inspection covers key health food products include diet food and those help to relieve fatigue, improve sleep and immunity. It targets at markets around bus stations, hotels and other health food markets.

The regulators will check related documents include the sales receipt, instruction book and approval certificate from the food

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production companies and individual vendors.
(Source: Heihe Daily)

Qingdao: Pharmacies Reduced to Ensure Drug Safety

In Qingdao, the major city in China's northern part, the number of pharmacies is even bigger than that of grocery stores. The local drug regulators thus strengthened regulation over local pharmacies and shut down the illegal ones.

So far, according to the official data, the number of local pharmacies and drug companies reduced from 4800 in 2013 to 3206 last year. It is in efforts to make sure the drug safety and make the locations of pharmacies more reasonable.

"The new GSP certificate has helped to better regulate the drug retail market, and make it safer for consumers who buy medicines," said one regulator with local FDA.

74.6% of local pharmacies are under chain brand. Those pharmacies whose drug sales approval have expired have been shut down by the regulators.
(Source: Qingdao Evening News)

Health Authority Advocates More Fruit And Vegetable

China's health authority and All-China Journalists Association (ACJA) jointly kicked off a public campaign advising citizens to consume a quarter kilogram of fruits and half a kilo vegetables everyday.

The dietary balance campaign will be launched across several cities including Beijing, Shanghai, Guangzhou and Chengdu, according to a statement issued by the National Health and Family Planning Commission (NHFPC).

Unbalanced diet results in people becoming overweight, obese and a rise in chronic disease, Wu Liangyou, an NHFPC official, said in the statement.

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The campaign followed the "2015 Report on Chinese Nutrition and Chronic Disease", released by the NHFPC on June 30, which highlighted the alarming rate of stretching waistlines.

"The obesity rate among adults was 11.9 percent in 2012, a rise of 67.6 percent from 2002, and 6.4 percent among children and adolescents, a rate tripling that of 2002," the statement said.

The average Chinese person takes in excessive amount of fat which accounts for more than 30 percent of energy intake, while the consumption of vegetables and fruits are decreasing.

The campaign belongs to an annual public health initiative jointly held by the NHFPC and ACJA which focuses on one risk factor of chronic disease each year. (Source: Xinhua)

CFDA: 35 Restaurants Found to Have Food Contain Poppy Capsule

Thirty-five restaurants selling popular dishes and snacks were found to have used opium poppies as a seasoning, China's top food safety regulator said on Thursday.

Owners of 25 of the restaurants have been transferred to public security departments for criminal investigation, the China Food and Drug Administration said. The other 10 are under

investigation by the administration.

The restaurants include some that are locally famous, including Huda Restaurant in Beijing, which specializes in spicy crayfish.



Adding opium poppies to dishes violates China's Food Safety Law, which forbids businesses to sell food made with nonfood materials or chemicals, except for food additives. Violations could result in fines or criminal penalties, according to the law.

The administration called on local food and drug authorities to punish those involved and to cooperate with public security departments to find the sources of the poppies.

The official website of the national food and drug regulator said recently that in the recent campaign on illegal food additive, 35 restaurants are found to have put poppy capsule including morphine and papaverine into dishes.

Five of the restaurants have been sued and related managers have been detained by the local police. 25 of them are under investigation by the police.

In the special campaign to spot illegal additives, special attention was paid to restaurants including hot pot restaurant, BBQ vendors, fried chicken and noodle restaurants.

The regulators say that consumers can report the illegal cases of food additive once they found any to the local food and drug bureau.

Luo Yunbo, a professor of food safety and nutrition at China Agricultural University, said opium is a drug and causes addiction and serious harm to health if overused, and it is banned from use in food in China, although it is allowed in some countries.

"There are so many restaurants in China and it is very difficult to effectively inspect every one of them to ensure they all follow the law," he said.

Opium poppies are added to dishes, such as meat soup, to improve the taste in some restaurants, but they can cause addiction, according to media reports.

In July 2014, a man, surnamed Qiu, in Shanghai, was arrested for buying poppies and adding them to the crayfish and crab dishes he sold in his restaurants, according to ThePaper.cn.

Every part of society, including regulators, the food industry and consumers play a part in improving food safety, Luo said.



"Overall food safety is closely linked to the development and education of a nation," he said. "It

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requires a long period to improve food safety." (Source: China Quality News/ China Daily)

China Healthcare Reform Sparks Feud Between Foreign Drug Firms, Hospital

Pharmaceutical companies are facing new hurdles in China as healthcare reform shifts the financial playing field – although critics say the debacle is the result of hospitals seeking to beef up their own profit.

At the center of the debate is a new push to require drug makers to pay a “deposit” of as much as tens of thousands of dollars per product in order to have their drugs sold in Chinese hospitals, which are under increasing financial strain as a result of the country’s efforts to clean up the corruption-ridden healthcare industry.



The issue came to light after a major public hospital in China’s Eastern Jiangsu province suspended the procurement of some popular products from eight international drug makers for more than two weeks, lasting from late December to early January, according to people familiar with the situation.

The Nanjing-based Jiangsu Province Hospital requested last October that pharmaceutical

companies put down 8% of their annual in-hospital sales as a deposit, with a 300,000 yuan(\$45,600) cap for each product. Some domestic drug companies complied, but most international ones didn’t pay or promise to do so.

As a result, the hospital stopped the procurement of more than a dozen products from eight influential drug makers: Pfizer, AstraZeneca, Sanofi, Merck, Bayer, Novartis, Eli Lilly and Roche. The products included Pfizer’s cholesterol-lowering drug Lipitor and Roche’s cancer drug Xeloda, said the same people.

Amid patient complaints and media reports, the hospital changed course and lifted its ban last week. In an online survey by Chinese Internet giant Tencent, 92% of users said they believe the hospital is just after money while only 8% said they believe the purpose of the deposit is to guarantee drug safety.

“Look, all the drugs banned are imported ones; apparently these foreigners don’t know the hidden rule,” said one Chinese Internet user. “Reform? Reform? Reform till we ordinary people have no way to live!” said another.

The hospital had contended that it is legitimate to request a deposit from suppliers before signing a new contract. In a statement on its website dated Jan. 9, the hospital said the deposit would help it supervise pharmaceutical and delivery companies and guarantee drug quality. It added that the procurement stopped because the “few companies” that didn’t respond to the new initiatives currently have no contract with the hospital.

It described the newly implemented deposit mechanism as “bold exploration and active



innovation” to propel healthcare reform in Jiangsu province. Jiangsu, together with Fujian, Anhui and Qinghai, is one of four pilot provinces and regions to test waters before nationwide implementation.

China’s healthcare reform is geared toward rooting out corruption in medical institutions, in part by reducing hospitals’ reliance on drug sales as a source of revenue. By doing so, the government has shifted the financial burden to the hospitals and drug companies. As of last year, hospitals are no longer allowed to charge a standard 15% markup on drug sales, which has long been their lifeline.

Meanwhile, drug makers are being subjected to dramatic price cuts during the provincial bidding process, as the reform’s agenda is to make the healthcare more affordable for the public.

The Jiangsu Province Hospital isn’t the first Chinese entity to demand a deposit from drug makers. The Fujian Provincial Health and Family Planning Commission recently required companies that successfully win bids in the tender process to submit a deposit based on the price of their shortlisted drugs.

For each company, the fee is capped at 300,000 yuan, which Fujian health authorities say will be used as compensation if the company fails to fulfill its obligations – for example, by supplying drugs with quality problems, increasing drug prices without authorization, or delaying drug delivery and in turn causing a clinical shortage.

Experts and executives say the Fujian policy is more clearly stated and transparent than that of the Jiangsu hospital, although they believe its legitimacy remains in question. Unlike Fujian health authorities, the Jiangsu Province Hospital hasn’t made any public announcement regarding how the deposit funds would be managed and under what conditions they would be returned.

“It sets an example to the rest of the country and will be disastrous to the whole industry,” one executive from a U.S. drug maker said of the Jiangsu hospital’s policy. The executive spoke anonymously as the hospital is a client.

Pfizer’s China country manager Wu Xiaobing paid a visit to the Jiangsu hospital the week before last and said the two parties have reached a new agreement: the hospital, which generally sells drugs first and then repays the drug makers, can now delay its payment by one additional month, according to the same people. It was unclear whether the arrangement will apply to all of the foreign drug makers. (Source: WSJ)

Can E-Commerce Save China’s Luxury Goods Market?



French luxury brand Louis Vuitton is seeking to sue three counterfeiters who sold fake Louis Vuitton products on Taobao, Alibaba’s e-commerce marketplace, between 2011 and 2014, according to information released by Beijing’s Haidian District Court earlier this month. One of the counterfeiters made a profit of 1 million yuan (\$152,367) from selling fake goods online, according to the court information. Louis Vuitton is demanding damages of 250,000 yuan, and as this is a relatively small



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amount, it seems the brand's main interest is to deter counterfeiters.

Luxury goods consumption in China has undoubtedly shrunk, due to the overall economic slowdown, the government's campaign against austerity and extravagance, and Chinese buyers' increasing preference to buy overseas in order to benefit from lower prices. Another recent issue has been the depreciation of the yuan. In response, leading brands such as Prada and Burberry are limiting the opening of brick-and-mortar stores and even closing some existing ones. More and more labels are also shifting their strategic focus to e-commerce sales. There may still be a problem with sales of counterfeit goods, but online platforms in China could offer new hope for luxury brands.



There are several factors in favor of global luxury companies' digital efforts. The majority of luxury goods consumers in China are younger than 45, which roughly coincides with the age of active Internet users and frequent Internet buyers.

In terms of brand communications and operations, online channels can be a cost-efficient way of narrowing cultural barriers and cultivating consumer loyalty. Off-line advertising campaigns and publicity events are generally time-consuming and require a substantial amount of human resources and capital investment.

But international luxury brands need to pay attention to several aspects in order for their e-tailing pain to achieve better traction. First, they

need to offer more reasonable prices. The fact that prices are currently higher in China than overseas is a big part of the reason why Chinese consumers are less eager to buy luxury goods in the domestic market.

Second, they need to pay attention to the social comparison factor that influences Chinese consumers' decisions on buying luxury goods. Unlike the US and Japan, luxury consumption is not simply individual behavior in China. It is prompted by social causes, and buyers pay attention to what products people in their age group or professional category are buying. Desire for status symbols and self-reward are two important psychological motives for Chinese consumers' willingness to purchase luxury goods. Companies can tap into this by designing more appealing and even personalized interactive interfaces when cooperating with e-commerce platforms in China. For example, Burberry has teamed up with WeChat to launch an interactive messaging service that allows users to "unwrap" the brand's products via tapping, swiping and shaking. It also enables users to create a personalized digital Lunar New Year envelope to send to friends and family, a move that potentially enhances the role of social influence in Chinese luxury consumption.

There are some things that Chinese online retailers need to do as well. First is getting rid of vendors that sell knock-off products. Even though this may take time, a platform that can build a transparent ecosystem with zero tolerance of counterfeit goods will be the one that international luxury brands are most eager to cooperate with.

As the online luxury market in China is being reshaped, 2016 is expected to be an eventful year. It may see the disappearance of small-scale online retailers known for selling fake goods, and the emergence of new partnerships between international luxury brands and Chinese e-commerce giants. And Chinese consumers will be the true beneficiaries. (Source: Global Times)

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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