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CFDA: Caterpillar Fungus Should Only Be Sold As Food

China's State food and drug regulator said recently that the pilot project of making caterpillar fungus into health food is suspended.

According to the new food and drug regulation, health food that contains caterpillar fungus should no longer be approved for sales and production.

The new change is like an "earthquake" to the industry. Still, some high-end pharmacies as well as supermarkets are selling pills made from caterpillar fungus at a very high price.

Industry people said that caterpillar fungus is no longer best-seller in the local market as some consumers start to doubt the health value of caterpillar fungus.

Not many consumers know about the change, but say the high price has been a major deterrence for purchase. "It cost too much to buy a health product made from caterpillar fungus, so I would rather just buy a chicken and make a soup with it for nutrition," said a female consumer surnamed Wang. (Source: Qianjiang Evening News)

China Completes Drafting E-Commerce Law

China has completed a draft version of the country's first e-commerce law to guide the sector's sound development, a lawmaker said Thursday.

The draft will be submitted as early as possible to the Financial and Economic Affairs Committee of the National People's

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Congress (NPC) for review, said Uzhitu, vice chairman of the committee, at a press conference on the sidelines of the annual parliamentary session.

After that, the draft e-commerce law will be presented to the NPC Standing Committee for further reading, Uzhitu said.

The legislation is necessary to deal with new problems in data protection and infringements upon customers' interests, he said. (Source: Xinhua)

Nanjing Food Test Lab launched

To enhance food safety in Nanjing, the local regulator launched a meeting to kick off a special campaign to strengthen food and drug safety in the local market.

Nanjing's market regulators have inspected 788 food production companies and spotted 682 kinds of problems at these companies.

The local regulator has set up online tracking system that already covers 19 companies, and built self-discipline system with relevant companies. A platform to release food-related information is already built under the guidance of the regulators.

The key task this year is to build a food test lab in each major street. A professional inspection team is also expected to be built later this year. (Source: Xinhua.net)

China Expands Cross-Border E- Commerce Pilot Zones to 12 Cities

China will set up 12 more pilot zones for cross-border e-commerce, the State Council said on Friday.

The State Council approved the establishment of zones in Tianjin, Shanghai, Chongqing, Hefei, Zhengzhou, Guangzhou, Chengdu, Dalian, Ningbo, Qingdao, Shenzhen and Suzhou, according to a statement released by the State Council.

The move followed the approval of a pilot zone in Hangzhou, where e-commerce giant Alibaba is

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headquartered, in March last year.

The new pilot zones will model themselves on Hangzhou while taking localized development measures, the statement said.

By experimenting with new models for technical standards, business procedures, regulatory mechanisms and other areas, the new zones aim to provide transferable experience to businesses nationwide.

The zones will attract businesses, help create jobs and nurture new business models to boost foreign trade and stimulate the economy, the State Council said earlier in a meeting.

The expansion of the pilot zones came at a time when the country is facing sluggish foreign trade. Total export and import value for 2015 decreased 7 percent year on year, falling for the first time in six years.

The Ministry of Commerce predicted that the trade volume of cross-border e-commerce in 2016 will reach 6.5 trillion yuan and will account for 20 percent of China's foreign trade in a few years. (Source: Xinhua)

CFDA Released Food Production Inspection Rules

To strengthen daily inspection towards food production and sales, as well as ensure food safety, Bi Jinquang, the chief of CFDA signed a new regulation on daily inspection of food production and sales recently.

The new rules said responsibility of regulators should be made clear, especially among town, city and province-level regulators. Discipline of spot check should also be clarified.

The new rules also covers requirement towards production environment, process control, food recall, and vendors. Other aspects in the regulation include operations of online food sales platform and food additives. (Source: China Food Tech)

NBTY and By-Health Announce Joint Venture in China



NBTY, Inc., a global leader in vitamins, nutritional supplements and sports and active nutrition, and By-Health Co., Ltd., the fastest-growing dietary supplement company in China announced today an agreement for the formation of a joint venture focused upon driving the growth of NBTY's Nature's

Bounty and MET-Rx brands in the Chinese market. By joining the brand, marketing and sales strength of NBTY's Nature's Bounty and MET-Rx brands with the sales, distribution and executional excellence of By-Health, each company brings expertise critical to the success of this innovative joint venture.

"This partnership with By-Health is the perfect way to expand upon the current strong position of our premium Nature's Bounty and MET-Rx brands," said NBTY President and Chief Executive Officer Steve Cahillane. "We at NBTY are honored to be partnering with By-Health which is the leader in the nutrition supplements industry in China," Cahillane added.

"Partnering with NBTY is an important milestone in By-Health's company history, and represents the beginning of a great relationship between two successful companies. This partnership enables both parties to leverage their unique strengths in assisting each other to achieve phenomenal success," said By-Health CEO Zhicheng Lin.

NBTY will hold a 40 percent stake in the joint venture, which will contribute its Nature's Bounty and MET-Rx brands, as well as a portion of its current organization. By-Health will hold a 60 percent stake in the joint venture and contribute a portion of its sales force and its distribution system. The joint venture is expected to start the transition process in April and commence operations in the second half of 2016.

No other brands owned by NBTY will be contributed to the joint venture and will continue to be marketed through current channels. (Source: prnewswire)

China's Consumer Goods Industry to Grow By \$200 Billion

China's consumer goods and services industry will

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grow by \$200 billion by 2020, accounting for about 60 percent of growth in Asia, a report said.

In "The future is now: understanding the new Asian consumer", professional services company Accenture estimates that the consumer goods and services industry will grow by as much as \$700 billion globally by 2020, with nearly 50 percent, or \$340 billion, coming from Asia – specifically China, Indonesia, India, Singapore and Thailand.



Consumer packaged goods companies must fully embrace digital commerce or risk losing out to newer industry players in the battle for an estimated \$340 billion worth of market growth in Asia Pacific, the report said.

If these companies don't take action now, they risk losing out on the new generation of consumers. They must couple traditional models with new ones where consumer engagement is digital and one2one, social influence is perceived to be the trustworthy source and shopping is one click away, said Fabio Vacirca, senior managing director of Accenture's products operating group in Asia Pacific.

"The entire sales and marketing ecosystem is changing dramatically on the back of the new

generation of consumers and pervasive digital technologies. In Asian markets the change is faster and in many cases it means leapfrogging the traditional models," he says.

The report estimates that retail sales across Asia Pacific's booming consumer markets are on course to top \$10 trillion by 2018, with approximately one-quarter coming from digital commerce.

Despite the heavy influence from e-tailers and online marketplaces, the digital commerce market in the Asia Pacific region remains under-penetrated for consumer packaged goods companies, particularly in the grocery-product category.

In addition, using knowledge of consumer preferences and evolving demands, leading distributors in the market, such as Alibaba, have been adapting by reinventing and tailoring offerings to redefine the value chain and make the consumer their focal point.

Despite the market seeing some digital transformation by packaged goods companies, it is still not enough for many consumers. Accenture's research shows that consumers are not satisfied with their purchase journeys.



Today's top "ask", according to the report, is for a single platform where they can enjoy unique experiences and enable impulse decisions, receive tailored product recommendations and where they are always connected to their favorite brands.

This represents an outstanding opportunity for traditional companies to capture the next wave of growth. By focusing on providing stronger digital commerce they can bridge existing gaps in consumers' purchase journeys and provide the seamless shopping experiences they're looking for. (Source: China Daily)

Health Chief Promises More Pediatricians, Children's Hospitals



China will significantly increase medical resources for children in the next five years, the head of the National Health and Family Planning Commission said on Tuesday.

Medical educational institutions will enroll additional 30,000 students majoring in pediatrics by 2020, when a city with a permanent population of more than three million will have a dedicated children's hospital, Li Bin said at a press conference on the sidelines of the annual legislative session.

The boost is badly needed. As a result of China's

recent adoption of a policy allowing all married couples to have two children, demand for pediatricians is expected to surge.

"We need to expand service supply on the one hand and strengthen disease prevention on the other," said Li.

Of the 25,860 hospitals nationwide at the end of 2014, only 99 were dedicated to children. The number of pediatricians across the country made up just 3.9 percent of all certified doctors. The number of beds for children in all the hospitals accounted for 5.6 percent of the total.

China's sixth national census in 2010 showed the country had 220 million children under the age of 14. The two-child policy is expected to bring a surge of births among the generation born after 1985, causing heavier pressure on children's health services.

Late last year, China abolished its one-child policy which had been implemented since the late 1970s.

The two-child policy, which took effect on Jan. 1, is expected to see 3 million more children born in China every year. (Source: Xinhua)

Medical Group Gets First Business License In the Country

A medical group received approval to be registered in Shenzhen last Friday in what is seen as a major step in medical reform.

Best uniMed becomes the first medical group in the country to have got business license so far.

Medical group, a kind of organization consisting of medical teams, was once forbidden to be registered commercially in China.

Doctors in the medical group are able to provide



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services in different places instead of limiting their work just to one hospital under the current system, thereby enhancing efficiency.

By cooperating with different hospitals, the group takes advantages of their physical space to offer services.

"Granting business license to a group is a major step forward in medical reform," said Lin Feng, president of Best uniMed.

"There will be greater flow of medical practitioners and medical resources will be expanded."

So far, more than 300 doctors have already registered under the group.

Promoting free practice among doctors is beneficial for realizing their value and making medical care available to more areas, an official from Health and Family Planning Commission of Shenzhen Municipality said.

"We will continue to provide full support for media groups to develop in Shenzhen," the official said. (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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