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Guangxi Regulators Cracks Down on Illegal Health Products

The local market regulator of Guangxi province launched a special campaign to spot illegal health products sold in local markets.

The campaign is to last till the end of this year for 9 months. The key inspection venues include about 660 pharmacies, supermarket chains and wholesales markets.

Special attention will be paid to products with the element of lucid ganoderma, the number of which is growing dramatically in recent years. During daily inspections and spot checks, quite a number of products of this kind are found to be problematic.

The campaign, which is labeled as “blue health movement”, aims to strengthen consumers’ confidence towards health products sold in the local market. (Source: CFDA)

Australia to Play Key Role in Chinese Healthcare System: Experts

Australia will have a very meaningful role to play in the healthcare sector in China, Australian experts said on Monday.

HSBC Australia head of commercial banking James Hogan said there were three key markets Australian businesses were set to benefit from in China -- food, energy and healthcare.

"Our research at HSBC has found that 70 percent of Chinese

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mainland people say that health is their number one biggest concern," Hogan said.

"China's demand for healthcare will certainly increase rapidly over the coming year, as healthcare reform comes a priority for China's government."

Hogan said there were opportunities across the healthcare space in China awaiting Australian investment.

"Across the corporate base we are seeing real opportunities for private sector hospitals, as well as pharmaceutical opportunities and aged care," Hogan said.

Macquarie University health economy center director Dr Henry Cutler said any investment within China would have to be long term.

"Obviously developing relationships with those in China to make sure that services delivered are culturally appropriate (is important)," Cutler said.

"I don't think dumping in a model from Australia would work."

HSBC noted the recent China-Australia FTA provides Australian medical services and healthcare providers with favourable access to expand into or do business with China. (Source: Xinhua)

Regulators Warns Use of Aluminum in Health Food



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An increasing number of cases which involve health food being added with aluminum are spotted by the regulator. The market authority warns the consumers to be alert when buying health food.

The consumers are advised to check for the logo of blue hat on health food, and log in to the official website of the state food and drug regulator to check the production approval number of this product when purchasing.

Having health food with aluminum will lead to serious harm in human bodies including heavily consuming calcium in bones and affecting memory.

Consumers should be specifically careful when coming across advertisement of health food that exaggerates the function of the product. (Source: Jingjiu Evening News)

Health Investigation to Address Challenges to China's Poorest

A nationwide health investigation of poor people in China is under way, and the results are expected to lead to new policies to aid the country's sickest and poorest citizens.

Statistics show there were 12.56 million households living in poverty directly due to

unaffordable medical bills as of 2013, accounting for 42.4 percent of the total poor on record.

Starting in mid-April, the National Health and Family Planning Commission (NHFPC) asked local health staff to collect information on these people, including their names, addresses, illnesses and medical costs.

A report will be written up by the end of July for the commission, which will decide how to help them based on the report.

In rural villages, village doctors have been tasked with going door to door to ask about patients' illnesses and fill in the charts. In Ping'an Village in Yudu County of Jiangxi, village doctor Zhang Yingwu started data collection with a septuagenarian woman named Qiu Chengxiu. The woman suffers chronic kidney disease.

"Her family was able to make ends meet when the government offered loans for her son. But last year, her health got worse and cost the family a big fortune," he said.

Jiangxi is one of the poorer provinces in China. By the end of 2014, Jiangxi had 2.76 million people living below the poverty line, and more than half of the poverty was caused by sickness.

Jiangxi health officials said there have been a few suicides of people unable to afford exorbitant medical expenses. In Shangrao County, illness cost fourth-grader Chen Yunfei her childhood.

She lost her father to bone cancer eight years ago, and later her mother left. Her grandfather, her caretaker, committed suicide after being diagnosed with stomach cancer in 2014. He was unwilling to drag the family further into debt.

"Sickness is one of the most formidable obstacles standing in the face of the poorest population in China," said Hu Meiying, a doctor at the Children's Hospital of Jiangxi and a deputy to the National Congress.

"Better health care is the only way to keep people out of poverty," she added.

Medical cooperative programs and insurance can cover as much as 70 percent of medical costs for rural farmers, but for some diseases, the reimbursement rate is less than 30 percent, Hu said.

The Chinese government offers special medical plans for people living in extreme poverty. However, the program has not been expanded to cover all of the population on record as living in poverty. By the end of 2014, only a third of Jiangxi's impoverished people were covered by the plans.

"It all depends on the pocket of the local government. In some poor counties, the maximum the government can pay is only 12,000 yuan for one person, which is far from enough," said Li Jianlin, director of Medical Affairs in the First Affiliated Hospital of Nanchang University.

China's health budget for 2016 is 1.24 trillion yuan, and aiding the poor is a key priority. "The public is calling for increased government spending and effective enforcement of policies. They are the only hopes for the most depleted people," said Li. (Source: Xinhua)

CFDA Warns Substandard Food Sold Online

Recently the state food and drug regulators released a report on the latest spot check on a variety of food, including seasoning, meat, dairy product, beverage, tea, health food and cooking oil.

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Among the 744 batches of products that were checked, 11 of them were found substandard. 2 batches of health food among the 168 batches checked were found to be problematic.

Some of the substandard products are found on major e-commerce platforms including Tmall and JD.com. Some are found in major supermarket chains including Walmart.

Regulators have requested vendors to take the substandard products off the shelf, and track down the illegal workshop which produced these products. Relevant suspects have been handed to public security departments. (Source: Health Times)

The National Food Safety Week To Kick Off

A slate of state government department, including Ministry of Education, MIIT, Ministry of Public Security, State Cyberspace Information Office, CFDA, State Food Safety Office and others recently co-released an announcement to launch activities surrounding the national food safety week.

The campaign will be kicked off in the middle of June and will cover all regions in the country.

This year's food safety week will continue to hold events including food safety information competition, international food safety and innovation expo, education activities towards teenagers, trainings for food industry people, media training camp and others.

Media should be active in leading the public opinion during this week and promote relevant information during this week. (Source: CFDA)

Inventories Run Low at Cross-Border E-Commerce Firms



Many cross-border e-commerce firms are reportedly facing inventory shortages after a new online import policy was implemented about one month ago.

"Our business has declined almost 70 percent since the new online import policy was implemented [on April 8]," Cai Lin, vice general manager of Henan Ying Lun Import and Export Trade Co, was quoted as saying by the 21st Century Business Herald on Thursday.

"Unfortunately, many types of goods can't be imported under the new policy. We have no choice but to sell our inventories," said Cai.

In order to facilitate the sound development of the cross-border e-commerce sector, the Ministry of Finance and other authorities jointly released a new tax policy for cross-border e-commerce retail imports.

Under that policy, overseas retail goods purchased online will be treated as imported goods, which will be subject to tariffs and tax. The new tax policy



allows a maximum of 2,000 yuan (\$307.86) for each cross-border transaction and an annual maximum of 20,000 yuan per individual. Goods that surpass the limits will be subject to the full tax rates for general trade.

"It's no surprise that many cross-border e-commerce operators are facing inventory shortages, as replenishments can't be completed in a timely way under the new policy," said Lu Zhenwang, founder of Shanghai Wanqing Commerce Consulting. "For instance, some cross-border e-commerce firms are having difficulty importing products that are not on the list of imported cross-border e-commerce retail goods."

On April 7, a list of 1,142 commodities traded online was jointly released by Chinese authorities including the Ministry of Finance. These are subject to the new tax policy on purchases of imported products through cross-border e-commerce platforms.

On April 15, a second list of 151 items including meat, fruit and edible oil was released by Chinese authorities.

"Compared with larger cross-border e-commerce platforms, small players face more difficulty, particularly for those running businesses excluded by the list," said Lu.

Bigger companies have more ways to adjust, Lu told the Global Times on Thursday.

Amazon China has the ability to adjust its prices based on the different tax rate, aiming to provide reasonable prices to consumers, according to a statement the company sent to the Global Times on Thursday.

Smaller companies have problems in adjusting, "but

the new policy is necessary to meet the needs of industrial development and regulate the market further," Jing Linbo, director of the Chinese Evaluation Center for Humanities and Social Sciences at the Chinese Academy of Social Sciences, told the Global Times on Thursday.

Cross-border e-commerce amounted to an estimated 259 billion yuan in 2015, and the sector is growing at upward of 50 percent annually, according to a report by McKinsey & Co in February.

"The growth trend will continue," said Jing, but he also noted that it depends on whether related policies can help build a fair market and boost its sound development.

The rapid growth of the cross-border e-commerce business in recent years also bred blind expansion.

"Many enterprises focus on short-term advantages from tax differences for profits. The issuance of the [new policies] will dilute such advantages, and is set to reshuffle the industry," read a report issued by KPMG on March 14.

However, for a new emerging industry, it's logical that many enterprises hope the government will provide more support for their development, Wang Xianqing, director of the Institute of Economics with the Guangdong University of Business Studies, told the Global Times on Thursday.

"The country should be more tolerant for those new emerging industries and allow them more time to develop," said Wang, noting that the government could launch some pilot programs in certain areas first and extend them nationwide when the programs are mature. (Source: Global Times)
Chinese Brands Best Performers in China: Consumer Goods Survey



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A fast-moving consumer goods (FMCG) industry survey shows that local brands take up 75 percent of purchases in China.

Kantar Worldpanel Ranking has analyzed one billion households across 44 countries in five continents and 300 billion shopper decisions. The study used its proprietary metric – Consumer Reach Points (CRPs) – to discover how many times a brand was chosen by consumers over the course of one year.

Local brands continue to outpace the market: while the total value of FMCG grew by 4.7 percent in 2015, local players grew by 6.2 percent. By comparison, global brands grew by 3.4 percent. Particularly strong in the food and beverage categories, brand choices are dominated by local players in terms of both the number of brands available as well as in the number of times they are chosen.

Most notable is the trend of increased local brand purchases in China – the three best performing local brands of 2015 are Chinese brands: Yili, Mengnui and Bright.

The 2016 Brand Footprint ranking measures which brands are being bought by the most consumers, most often. Yili leads the ranking – its products have been chosen by 88.5 percent of the population, on average 7.8 times a year, meaning Yili's products were put into shoppers baskets 1,109 million times during the course of the year.

The company has continued to innovate through its premium ambient yogurt range and has expanded its consumer base in lower tier cities in China.

While Master Kong and Mengniu occupy second place and third place, both brands are bought more than 1,000 million times a year, well ahead of other brands in China.

Among the top 10 brands, Bright, Haitian and Libai are brands which managed to increase their consumer touch points through geographic expansion and innovation.

Beverage giant Wahaha, however, saw its position further weaken in the market slipping to tenth place in the table.

Jason Yu, general manager at Kantar Worldpanel, explained: "Chinese brands remain an important part of our shopper repertoire and we continue to witness their success in 2015. This doesn't just extend to the overall top ten – looking at sector specific rankings we see familiar names including Vinda, Bluemoon, Junlebao, Space 7 and so on racing ahead of their global competitors."

"With the slowdown in FMCG market growth and consumers trading up to more premium products, local brands are rapidly capitalizing on these trends and reshaping the competitive landscape," said Yu. (Source: China Daily)

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