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INSIDE THIS ISSUE

Sports Nutrition Industry Summit a Success

“Two-Track System” of Health Food Kick Off in July

Guangdong Adopt Access Control System on Aquatic Products

Cosmetics No Longer Require to Bear QS Logo

Two More Foreign Dairy Companies Suspected From

Registration in China

China's Online Consumption Soars Over Past Five Years: Report

New Draft of Chinese Anti-Smoking Law Weaker Than Health Advocates Had Hoped

Alibaba Forming Alliance For Healthcare Delivery

Consumer Online Rights Protected

Sports Nutrition Industry Summit a Success



On June 21, 2016, the U.S. – China Health Products Association together with sponsors GNC, NSF International, TSI Group and WHS hosted the China International Sports Nutrition Industry Summit in Shanghai. This was the first time the association organized a sports nutrition event in China, which will be an annual event. Association executive director Jeff Crowther had this to say, “Attendee turnout went beyond our initial expectations. I anticipated the event would draw about 50 international and domestic attendees, but we ended up with 86, which told us that China’s sports nutrition industry potential isn’t going unnoticed”.

The summit had a completely full one day schedule which saw presentations from each of the sponsors as well as Dr. Ralf



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Speakers covered a great range of topics such as market trends, regulatory, efficacious ingredients, fitness industry, business development, protecting quality, probiotics, omega-3s, cross border e-commerce and protein / protein bars.

Next year's sports nutrition summit will be held in September the day before FIBO China the leading fitness and sports nutrition expo in China. (Source: USCHPA).

“Two-Track System” of Health Food Kick Off in July

According to the latest regulation draft of health food registration and filing management, the current one registration system to be changed into double-track system, which will combine registration with filing.

Experts said that the new management method would help materialize the standard process of ingredient category and filing system.

In the new guideline, CFDA is assigned to be responsible for managing food health registration. The health food which use ingredients that had been included into the ingredient category, the supplementary vitamin as well as health food of

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minerals will all be managed by filing.

The new guideline aims to address the problem of lack for proper management towards health food after they enter the local market. (Source: Beijing News)

Guangdong Adopt Access Control System on Aquatic Products

A recent spot check report by the local FDA of Guangdong province showed that nearly one fifth aquatic products were found substandard in the latest round of spot check, and one fourth of those circulated among restaurants were found problematic.

The local market regulator said that it would soon adopt access control system to make sure that there are enough inspections towards this kind of products before they are put into market. It aims to enhance the entry bar for aquatic products vendors to operate in the market.

Consumers are urged to check the store's sales certificate before they make such purchases. (Source: Hualong.com)

Cosmetics No Longer Require to Bear QS Logo

Cosmetics that are produced since next July will be

required to bear the new package logo with info from cosmetics production permit certificate. The QS logo is no longer required to be put on the package.

The current package format can be used till then.

Industry people welcome the new policy of cosmetics production standard.

QS logo was widely used in the food industry as well, which shows that the company was granted with production permission. (Source: Jiemian)

Two More Foreign Dairy Companies Suspected From Registration in China

Foreign dairy products have been well embraced lately in China's booming market. However, an increasing number of foreign products are found to be problematic.

Certification and Accreditation Administration of China confirmed that the German company TpferrGmbH and French company NUTRIBIO are suspected from registration as an infant formula company in China.

It is the second time that the national regulator suspended a foreign dairy company from registering in China, which follows that of the Austrian company Agrana Starke GmbH.

So far the Administration has given no explanation over the suspension. The dairy products under these two companies are no longer allowed to be sold in China. (Source: Sanxiang Metro Daily)

AQSIQ Released Info on Substandard Imported Products

General Administration of Quality Supervision, Inspection and Quarantine of China recently

released the list of substandard imported food and cosmetics in April. 237 batches of products were found to be problematic when imported and tested.

The substandard products are all recalled or destroyed by now. None of them are sold in the local market.

One of the substandard products is a product containing coenzyme Q 10, which was destroyed when imported via Shanghai port. The product's problem is "substandard label".

According to current regulation by CFDA, products with coenzyme Q 10 should acquire imported health food permit. (Source: Zhezhen Kangxun)

China's Online Consumption Soars Over Past Five Years: Report

Online shopping in China has soared over the past five years, becoming a key growth driver against downward economic pressure, a report showed.

The volume of total online purchases surged over 12 times from January 2011 to April 2016, while per capita consumption grew by 27 percent, according to a recent report released by Alibaba's financial services platform Ant Financial and a private economics research institute.

The steady and strong growth of online shopping has helped stabilize economic growth and supported China's transition from an investment-driven economy to one led by consumption, said Jia Kang, head of the China Academy of New Supply-side Economics.

Spending on food and restaurants, flights, education and other daily services posted average annual growth of more than 70 percent in the past five

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years, the report showed.

Residents in Beijing, Shanghai and Zhejiang showed higher spending on cosmetics, jewelry and entertainment, while remote provinces such as Hainan and Tibet also made the top 10 online spenders thanks to their growing demand for daily necessities amid rising incomes.



Consumption outperformed investment to become the top economic driver in 2011, and it contributed about 66.7 percent to China's GDP in 2015, with about 29.1 percent of GDP growth coming from online consumption. (Source: China Daily)

New Draft of Chinese Anti-Smoking Law Weaker Than Health Advocates Had Hoped

A recent draft of the Chinese national anti-smoking law significantly weakens previously proposed legislation, several people familiar with the bill told Reuters, and some public health advocates said the powerful state-owned tobacco monopoly had lobbied for the changes.

The advocates and some former government officials involved in discussions with officials close to the lawmaking process said the tobacco industry

had urged the legislative affairs office of the State Council, China's cabinet, to keep allowing cigarette advertisements, and enable workplaces, restaurants and other public places to create enclaves for smokers.

An earlier version of the law, released for public comment in 2014, included provisions banning smoking in workplaces and on public transportation, as well as curbs on tobacco ads and promotion, according to health groups.

"Because the tobacco industry is a big part of the government, they don't need to make these arguments publicly," said a healthcare advocate who has been involved in high level meetings on the development of the law.

"It's not like big multinational tobacco companies that have to lobby to influence the process. They are inside the process."

A second public health advocate, also closely involved in developing the legislation, added: "They are a very strong organization, so they have really made a major impact. It's because they contribute so much in tax revenue to the state."

The State Tobacco Monopoly Administration, which oversees China National Tobacco Corporation, did not respond to requests for comment.

China National Tobacco Corporation makes hundreds of brands including the popular Red Pagoda Mountain, while foreign cigarette makers have a tiny presence in comparison.

A spokesman for China's National Health and Family Planning Commission, which was involved in developing early drafts of the law, said the law was

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under the supervision of the State Council's Legislative Affairs Office.



The State Council Information Office, the cabinet's public relations department, did not respond to a request for comment.

The state monopoly has 98 percent of a market of more than 300 million smokers, making China the world's largest producer and consumer of cigarettes. It contributes about 7 to 10 percent of government tax revenues annually.

Anti-smoking advocates had hoped for a complete ban on smoking in public places nationwide, replicating tougher municipal laws in cities like Beijing that have been implemented with relative success.

Not every major city has tighter anti-smoking rules, and most of the country would abide by the national legislation.

The most recent draft of the national anti-smoking law, circulated in April among those involved in its development, stops short of banning tobacco ads.

Ads are currently banned in public places and mass media, but they still appear widely in convenience stores and kiosks.

The latest draft also allows government offices and other workplaces, as well as hospital compounds, restaurants and cafes, to set up smoking rooms, according to several sources who have seen the draft.

However, the law would impose fines for those violating these rules and create more school programs educating children about the dangers of smoking.

"Of course, as a supporter of public health I ... wish that hospitals and schools would be completely smoke free," said Wang Benjin, deputy director of the Beijing Health Inspection Bureau.

The earlier draft contained stronger curbs, said health groups, who had hoped the national law would completely ban smoking in public places.

Bernhard Schwartländer, the World Health Organisation (WHO) representative in China, expressed disappointment in a statement this week at what he termed "problematic loopholes" for smokers in the draft law.

"Sadly, it is clear that the vested interests of the tobacco industry have been able to corrupt the national law discussions with a series of superficially compelling yet completely false arguments," he said in the statement.

He added that the industry had argued that being too tough on cigarettes would hurt the broader Chinese economy and that enforcement would be too challenging.

Sales of the cheapest cigarettes fell 5.5 percent in the year to March 2016 from the previous year in China, according to the WHO, after a major tax hike.



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Chinese public health advocates were optimistic last year about prospects for restricting smoking, a habit that has become a major burden on the healthcare system.

Tobacco-related illnesses kill more than 1 million people annually in China, according to the WHO.

Beijing banned smoking in public places on June 1 last year, and marked the anniversary in a ceremony this week, draping a large banner bearing a no-smoking sign across its National Stadium.

Recent studies by municipal health authorities show broad support for bans on smoking in public places, and authorities say enforcement of the rules has been successful. (Source: Reuters)

Alibaba Forming Alliance For Healthcare Delivery

Alibaba Health Information Technology (AliHealth), the health services subsidiary of Chinese e-commerce conglomerate Alibaba Group has launched a healthcare and drug alliance with 65 major Chinese drugstore chains in a bid to help reshape drug distribution and healthcare deliveries.

"China Healthcare and Drug Pioneer Alliance is a network that aims to integrate value-added services like health consultation, chronic diseases management, and health insurance programs into the current platform of merely online drug retailing," said Long Yan, deputy director of China Medical Pharmaceutical Material Association at the

launch ceremony on Wednesday. He was nominated as the head of the alliance.

According to Long, China's retail sales of drugs hit 500 billion yuan last year while only one percent of the total was transacted via online drug stores.

In China, all hospitals have big pharmacies where patients get medicine prescribed by physicians. For a long time, hospitals marked up drug prices to help sustain the operations.

Experts warned that has led to unnecessary drug prescriptions and costs for both patients and the country.

To correct the situation, the top health authority launched a healthcare reform, and cut off hospitals' financial dependence on drug sales has been high on the reform agenda.

"That provides unprecedented opportunity for online drug sales, which might help the government reshape the current drug distribution system," Long said. The alliance would help China's drugstore chains boost online drug sales. (Source: China Daily)

Consumer Online Rights Protected

Online shopping and services garnered nearly 11,400 individual consumer complaints in Shanghai last year, up 18 percent from the previous year, with truth in advertising and the quality of products triggering the most consumer grievances.

The Shanghai Administration for Industry and Commerce, the city's market watchdog, published



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the figures a day ahead of the International Day for Protecting Consumers' Rights. The total number of consumer complaints filed with the administration hit 170,000 last year, a record high.

Most individual anger focused on quality, post-sales service and maintenance, and contracts, with high rises in complaints also over the quality of contracts and allegations of exaggerated or misleading advertisements.

In one high-profile case, a supplier of "agritainment" — where people can pick their own vegetables, feed livestock and eat in farmhouses — called Juyuan located in the town of Qingcun in Fengxian district promoted itself as "the rural version of Disneyland", saying it would officially open on May 1.

The company ran a subscription service on the popular messaging app WeChat and told consumers that whoever forwarded a promotional ad of the service to a friend on WeChat would get a free admission ticket to its soft opening in late April.

In the ad, the company claimed that the facility covered an area of more than 153,000 square meters (the equivalent of 21 standard soccer fields), and the facility was the result of a total investment of \$5.68 million. More than 200,000 WeChat users forwarded the advertisement.

The facility failed to open as scheduled because inspections and approvals from relevant governmental authorities had not been completed and the promise of free tickets evaporated.

"The size of the facility was actually only half of what was advertised and the amount of investment was only 3 percent of what it claimed in the article," said Zhang Yusong, a spokesman with the Shanghai Administration for Industry and Commerce. "All the photos used in the article were downloaded from the Internet."

The company was fined \$23,300 for committing sham advertising.

"In the booming new-media environment, WeChat and Weibo (the Chinese version of twitter) have become almost two most important platforms for business promotion. Companies must steer clear of legal and ethical violations and consumers must be ever vigilant about fabricated information," Zhang said.

In another case, a woman surnamed Huang who has been selling cosmetics imported from South Korea on China's largest consumer-to-consumer shopping platform, Taobao.com, since 2013 with sales volume totaling \$16,600 was slapped with an administrative penalty for failing to provide the sources of her purchases. (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.

If you have comments, suggestions or would like to advertise, please contact us at:

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