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CFDA: Words Like "Premium Package" Banned in Dairy Product Ads

In a recent official guidance on infant formula product registration, the state authority requires no exaggeration in advertisement of relevant products, including words like "updated", "doctor's" or "premium package".

No words that indicate functions including boosting intellectual capability or improving immunity are allowed on the package of these products, says the guidance.

Indications on the labels on infant formula product are required to put with clarity. Words include "based on imported milk" ,"from foreign pasture", "from eco-friendly pasture" or "imported ingredient" are banned on the labels.(Source: fj.china)

CFDA Released Notice on Health Food Registration

As the ingredient catalogue of health food has been officially released, the state food and drug regulator is now releasing a notice to make sure registrations can be proceeded smoothly.

Starting from May 1,2017, domestic and foreign companies which produce health food using ingredients, which are included into health food ingredient catalogue, should register based on relevant regulations.

Domestic companies should register with the provincial -level food and drug regulators accordingly. Foreign companies should register with CFDA.

Starting from the day when the notice is released, CFDA would

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no longer process new registration application or renewal application.

Registration certificate holders should apply for registration based on the new regulation. (Source: CFDA)

China Cancels Centralized Approval Process for B2C, B2B Online Drug Trading Licenses

China's State Council, the country's cabinet, has announced that it is canceling the centralized examination and approval process for issuance of two types of license that grant the right for an enterprise to establish self-operated B2B and B2C online pharmaceutical trading platforms. The change is part of the "Decision of the State Council on Cancelling the Third Group of 39 Administrative Approval Items Designated by the Central Government for Implementation by Local Governments," which will also see the cancellation of the centralized approval process for licenses across a variety of other sectors.

The China Food and Drug Administration (CFDA) requires companies engaged in online drug sales to obtain an "Internet Drug Trading Service Qualification Certificate," valid for 5 years. The certificate comes in three different classes - A, B , C - each corresponding to a different scope of services; Class A allows operation of a third-party online B2B drug trading platform, Class B allows operation of a self-operated B2B online drug trading platform, and Class C allows operation of a self-operated B2C online drug trading platform.

Following the cancellation of the approval process for B and C licenses, provincial branches of the China Food and Drug Administration (CFDA) are to intensify their oversight of A, B, and C licenses given to pharmaceutical manufacturers, pharmaceutical wholesalers, and pharmaceutical retailers, in order to more tightly control the online pharmaceutical trading industry. CFDA branches must also create an online information announcement system to facilitate public record searching and guidance for the safe use of drugs. CFDA branches must also create testing mechanisms for online pharmaceutical retailers, with more regular inspections and punishments for violations.

Various analysts of the online pharmaceutical trading industry said that canceling the approval process of the B license will make it easier for B2B drug makers, distributors, and partners to establish e-commerce channels. The cancellation of the approval process for C licenses is likely to benefit retail drug chain enterprises, of which there are nearly 1,000 major players, as they can enter the online drug e-commerce market more easily.

The CFDA has issued 831 "Internet Drug Trading Service Qualification Certificates" to date, including 41 Class A, 195 Class B, and 598 Class C licenses.

The CFDA also published information regarding national drug coding with a system composed of standard codes, supervisory codes, and category codes, which can be used to trace a drug back to its manufacturer. The first batch of standard codes includes 163,800 domestic pharmaceuticals and 3,754 imported drugs. Consumers can look up any given drug's information and verify authenticity through its electronic supervisory code.(Source:vcbet.net)

China's Year of the Rooster to see a serious chicken meat shortage

As China ushers in the Lunar New Year, poultry

prices have dropped unexpectedly during the peak holiday season for chicken meat consumption. While that's a boon for Chinese consumers in the short term, analysts forecast the country will experience its worst chicken shortage in decades in the Year of the Rooster.

That's because the knock-on effects of a two-year ban on US imports of breeding stock will soon be felt in the market, threatening supplies of the meat in the world's No 2 poultry market and pushing prices up in the second half.

However, over the past month prices of white feather broilers, the major type of meat chicken in China, have been falling during what is the peak season for consumption, according to recent data from tech-food.com, a food industry information website.

"The unexpected drop in prices is mainly due to a concentrated supply of broilers before the holidays, as farmers offered too much meat chicken to the market," said Chen Jiao, an agricultural analyst for brokerage Industrial Securities.

"The current supplies at farms are still at high level [as] it still takes some time for the market to digest all of them," she said.

However, analysts expect supplies of white feather broilers to shrink sharply in the second half of 2017, which will push chicken prices significantly higher in the third quarter.

"China will have a chicken shortage in the Year of the Rooster," analysts from Citic Securities said in a research report.

China is the world's second largest chicken meat producer. However, it relies on imports of the white feather "grandparent flocks" to produce meat chickens.

The grand parent flocks are hatched as "parents" of meat chickens, which are farmed for meat.

According to statistics from Citic Securities, prior to 2015, 90 per cent of China's imports of grandparent flocks were from the US and France, the world's largest suppliers of breeding chickens.

However, in January 2015 China banned imports of all poultry and poultry products from the US following an outbreak of high pathogenic avian influenza (HPAI). For the same reason, in November 2015 China banned imports of breeding chicks from France.

As a result, in 2015 China's imports of breeding chickens fell 40 per cent to 680,000. In 2016, China only imported 500,000 breeding chickens, the lowest level in the past decade.

There was a nearly 40 per cent supply shortage in 2016 as total demand was around 800,000, according to an estimate by Zhongtai Securities.

Consequently, the supply shortage of breeding chickens will lead to a sharp reduction of meat chicken in 2017, analysts said.

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"The whole process from selecting grandparent chicken to offering meat chicken to the market takes about two years," said analysts from Citic Securities.

"Therefore, we believe chicken production in China will decline sharply in the next three years."

Shenwan Hongyuan Securities (SHS) analysts expect chicken prices to jump in September as a result of the shortage.

"There is a delay before the supply shortage of breeding flocks affects the downstream. So we believe the meat price will jump in September," Zhao Jinhou and Gong Yanhai, analysts for SHS, said in a separate note.

What's worse, new outbreaks of HPAI in other chicken exporting countries could threaten further the supply of chicken meat in China.

After imposing bans on imports from the US and France, China mainly imported breeding chickens from Poland, Spain and New Zealand.

However, after Poland discovered several cases of HPAI in poultry farms in December, Beijing slapped a ban on importing poultry from the country. Spain also found the virus in wild birds in January.

"Although there is no bird flu cases in Spain's poultry farms yet, we can't rule out the possibility of the virus spreading," said Zhao and Gong from SHS.

"Risks are high that China faces another disruption of imports in 2017," they said. "That will lead to further supply shortage in the next few years." (Source: SCMP)

China Tightens Regulations as Korean Cosmetics Ride High

The Chinese government is strengthening regulations on the management of imported cosmetics, creating uncertainty for Korean cosmetics firms that have been sustaining growth through popularity among Chinese shoppers.

These measures are the latest in a string of moves by the Chinese government seemingly aimed at the booming Korean cosmetics industry.

Industry watchers speculate the protective measures are designed to put pressure on Korea, which has agreed to deploy a US Terminal High Altitude Area Defense anti-missile battery despite Chinese opposition.

Korean cosmetics exports last year grew 44.3 percent on-year to $3.97 billion. Over one-third of the total, $1.45 billion, was made up of exports to China, according to the Korea International Trade Association.

The Shanghai arm of the Korea Trade-Investment Promotion Agency said the Chinese Food and Drug Administration announced earlier this month that it would be changing the system for managing cosmetics coming in through Pudong Xinqu in Shanghai.

Under the new system, products imported through Pudong will be subject to three months of additional supervision before receiving final approval for sale in the Chinese market. In effect, the Chinese government is retaining the rights to pull imported cosmetics, including those from Korea, off the shelves if they are found to fall short of regulatory standards.

The changing system will also share CFDA's documentation with other agencies such as China Inspection and Quarantine, which can also raise issues with imported products.

"If any problems arise, immediate measures such as a block on import and sales, as well as a recall will be taken. To prevent damages arising from blocks and recalls after distribution, (importing companies) must exercise more caution in preparing documentation and following protocol," KOTRA announced.

If more heavy-handed protectionist measures are taken by the Chinese government, it could strike a blow to Korean cosmetics companies, which depend highly on Chinese shoppers both in China and here in Korea.

The success of Korean cosmetics among Chinese tourists shopping at Korean duty-free stores and department stores was also credited for keeping up sales at Korean cosmetics powerhouses like Amorepacific and LG Household & Health Care.

With a product portfolio focusing on premium cosmetics lines that appeal to Chinese shoppers such as Whoo and SU:M 37, LG H&H had its most successful fourth quarter on record in 2016. According to the company, luxury cosmetics sales grew 40 percent last year to make up nearly 70 percent of all cosmetics sales.

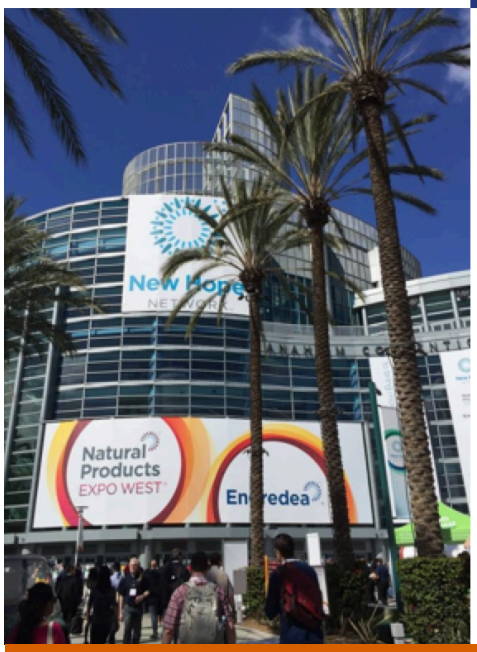
A report from HMC Investment Securities earlier this month estimated that LG H&H's performance had a 22.5 percent dependency on the Chinese market, with duty-free channel sales accounting for 17 percent.

Amorepacific's fourth-quarter performance, to be announced this week, is also expected to show growth driven by overseas sales and duty-free sales at home. Analyst Regina Hahm for Mirae Asset forecast that Amorepacific's fourth-quarter sales would reach 1.36 trillion won ($1.17 billion), marking an 11.4 percent on-year increase, with domestic sales rising just 6.2 percent.

Hoping to alleviate the high dependency on China, both Amorepacific and LG H&H have announced they will be pushing for overseas expansions. Amorepacific signed a deal with Alshaya Group, one of the largest distributors in the Middle East, to expand into that region later this year.

Meanwhile, LG H&H will be expanding in the Southeast Asia region as well as the US. (Source: Korean Herald)

China Dietary Supplement Industry



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