



CHINA UPDATES

May 16, 2017 – Issue 246

INSIDE THIS ISSUE

Some Beijing-based Health Food Companies Moved to Hebei

Guandong Released Details on Health Food Registration

Yiyang Regulators Launch Special campaign on Health Food and Cosmetics

European Brands Eager to Enter Chinese Market



Some Beijing-based Health Food Companies Moved to Hebei

According to Beijing FDA, some Beijing-based health food companies will be moved to the economic development zone in Tangshan, Hebei province. Though they will stay keep their operation identity in Beijing, and supervised by Beijing regulators.

Officials said the above at a recent seminar on industrial transfer of health food in Beijing and Tianjin. A medical industry park was set up in Tangshan to include more health food companies to operate in the park.

Companies which will be moved to the park should already have gained operation approval and other necessary licenses from the Beijing regulators.(Source; Beijing Youth Daily)

Guandong Released Details on Health Food Registration

Recently, Shuzheng Kangxun investigated into the process of registration works by provincial food and drug authorities nationwide, and found that the official website of Guangdong province has given details on the application of health food registration, changes of registration and cancellation of registration.

Based on the latest regulation on health food registration and record management, starting this May, domestic companies register and file record to provincial food and drug companies where their companies are based.

The details includes that the regulators require 11 kinds of



Are you seeking a reliable partner to help you navigate and successfully enter the China dietary supplement market?

TSI has the **expertise** to help.

Contact your TSI representative today to learn more.



www.tsichina.com
www.tsiinc.com

application materials from health food companies, including registration form, operation approval, ingredient list of the product, safety level of the products and test report.

The registration certificate will give no valid date. (Source: Shuzheng Kangxun)

Yiyang Regulators Launch Special campaign on Health Food and Cosmetics

Recently, the local food and drug regulator launched a special campaign on food and drug safety, after releasing a document to map out plans for the campaign.

The main tasks for the campaign include spotting illegal additives by health food companies, companies operating without obtaining official approvals, companies whose product has substandard label or instruction book, companies whose cosmetics of special use did not register with the officials. (Source: Hunan.gov.cn)

European Brands Eager to Enter Chinese Market

European brands eager to enter Chinese market struggle with policies, competition from knockoffs

- o Lured by the size of China's market and its growing middle class, European companies are trying to sell their products on Chinese e-commerce platforms

- o How to promote their brand, guarantee good quality as well as navigate changing government policies have posed obstacles to European firms entering China

Sitting beside dozens of other representatives of European companies in a Frankfurt meeting hall, Itzel Arriaga listened attentively to every speaker so she didn't miss out on anything related to doing business in China.

As the general manager of Moronni International, a company with both European and Chinese branches that mainly sells cosmetics and fragrances, Arriaga traveled several hours to Frankfurt from the



company's Dutch headquarters to participate in the meeting hosted by Netease Kaola, one of China's leading e-commerce companies.

"I'm interested in entering the Chinese market, which is huge," she told the Global Times.

Arriaga is contemplating collaboration with China's e-commerce platforms to promote Moronni, which has an office in Southwest China's Chongqing Municipality, to Chinese customers.

"Products that are recognized in our country may not get recognition in China. I want to know how the platform can do promotion for us," Arriaga said.

Like Arriaga, every one of the more than 60 European companies participating in that day's event showed great interest in selling products in China. Compared with the sluggish European economy, China's rising middle class and demand for consumer goods are a tempting prospect.

Four companies signed contracts with Kaola that day but most are still on the fence. Despite the large market potential they see, brand promotion, changing government policies as well as quality control all pose obstacles in their way.

Compared with Japanese and South Korean companies, European ones have been slower in cracking the Chinese market.

Over the past five years, as China's Internet sector has bloomed, companies from the US and South Korea have taken the initiative to cooperate with e-commerce firms to export their goods.

Japan joined this trend after seeing Chinese tourists flood into the country to go on shopping sprees. In comparison, European companies are more reserved. They are cautious about trying new things and prefer to stay in their comfort zone, said Zhang Lei, CEO of Netease Kaola.

But China's huge market has an irresistible appeal. Seeing the huge profits made by other countries' firms, they have started to overcome their conservatism.

According to Kaola, this year some European companies took the initiative to propose cooperation with the platform, for the first time.

Li Jing, a Chinese agent of Ricosta, a German children's shoe brand, told the Global Times that they have noticed that Chinese customers are demanding better goods and are increasingly willing to spend more cash on things they hope will boost their quality of life.

Sonja Müller, director of the China Competence Center and the East Asia, Frankfurt am Main Chamber of Commerce, said that most goods exported from Europe to China used to be for industrial use but an increasing proportion is now for individual use.

In March, German supermarket chain Aldi officially landed on Chinese e-commerce platform Tmall. Wal-Mart is also cooperating with e-commerce giant JD.com to bring British supermarket brand Asda to the Chinese market.

In the recent partnership meeting, Kaola announced that it will purchase no less than 3 billion euro (\$3.3

billion) of goods from Europe.

"Our target customers are China's middle class, who number over 100 million. They are leading the consumption upgrade. Also, their lifestyle is closely linked to the Internet," said Zhang.

She added that many people now only use their platform to buy European milk powder but that she hopes this will change as people start to buy a wider range of goods.

So far German products are the bestsellers on China's e-commerce websites among European countries, followed by French goods.

"Under the potential threat of global trade protectionism, it's important for Germany to strengthen its trade relationship with China," said Yao Ling, deputy director with the Chinese Academy of International Trade and Economic Cooperation.



A spokesman from the Ministry of Commerce also stressed that China is not pursuing a surplus in its commodity trade with Europe.

But it's not only e-business giants making money from European imports, under the "Belt and Road Initiative," the Chinese government in January launched its first freight train to London from Yiwu West Railway Station, East China's Zhejiang Province. The 12,000-kilometer journey takes about 18 days and crosses countries including Kazakhstan,

SIRIO
SIRIO PHARMA CO., LTD.

VeggieSoft™

Make your brand stand out



www.siriopharm.com

Russia, Germany and France before arriving in the United Kingdom. The trains carry Chinese goods to Europe and bring back products such as milk powder, pork and cosmetics.

Compared with traditional importing, cross-border e-commerce has special advantages. According to Zhang, it only takes Kaola a week to clear products for sale with the Chinese government while before it could take months.

Success can pose difficulties, however. In the partnership meeting hosted by Kaola, some European companies expressed concerns that it will be difficult for them to balance quality and quantity in the face of booming demand.

The representative of a German company said that the size and choosiness of the Chinese market may make it difficult for his firm to ramp up production quickly enough to meet demand and maintain their product's quality at the same time.

Still, a simple search of e-commerce websites turns up apparently imported products, which claim to be the real thing but are on sale for suspiciously cheap

prices.

Li Zhao, Greater China CEO of the Eurocomfort Group, said that China's counterfeiting issue is a problem. Eurocomfort is Germany's largest home textile company.

Besides the issue of knockoffs, changing government policies have brought uncertainty to cross-border e-commerce. Starting from April 8, 2016 a new tax was placed on imports, dealing a huge blow to e-commerce websites who were enjoying fast development back then.

According to the new regulation, goods purchased by individuals from abroad will be taxed as imports, rather than personal postal articles, for the first time.

Imports are subject to tariffs, consumption tax and import VAT, and are therefore taxed at a higher rate than personal articles, though there will be tax breaks for those who buy their products via e-commerce platforms and tariffs for individual purchases are currently set at zero.

Many European companies are overly cautious about the Chinese market. Without grasping the enormous potential on offer, they aren't willing to devote more personnel and resources to Chinese market.

"We are also looking into products from western Asia, as well as eastern and central Europe," Qi said.

She said her company was actively seeking cooperation with a dozen brands from Belt and Road countries in accordance with domestic consumer demand.

In the next five years, JD.com is planning to open more than 20 overseas warehouses to store and transfer goods from over 100 countries and regions including those along the Belt and Road Initiative. It



GMP Services
注册服务

To learn more about NSF cGMP Services, [click here](#)
Experts in auditing, consulting, training and testing

欲了解更多服务信息请点击
审核、咨询、培训和测试专家团队

has already taken a further step into the Belt and Road market by starting an e-commerce business in Indonesia.

By 2020, trade volume through cross-border e-commerce will account for 37.6 percent of China's total exports and imports, making it a significant part of China's foreign trade, research agency CI Consulting predicted.

Cross-border e-commerce cooperation has brought China and Belt and Road countries closer, and the benefits will extend not only to trade, but also to sectors such as the Internet and e-commerce, said the DT Caijing-AliResearch report. (Source: Xinhua)

China International

Nutrition and Health Industry Summit 2017

2017 中国国际营养与健康产业峰会



Organizer 主办方:

U.S.-China Health Products Association
美中健康产品协会

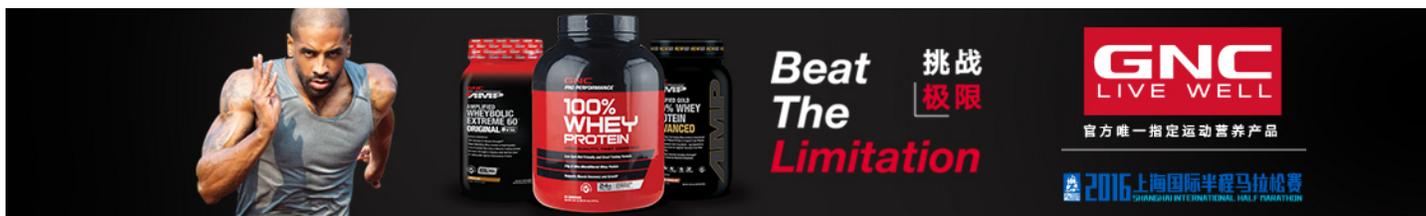
- June 19, 2017 9:00 - 17:30
- Marriott Renaissance Yu Garden Hotel, 159 South He Nan Road, Huangpu District, Shanghai 200010, China.
- Phone: +86-21-2321-8888

- 时间: 2017年6月19日 9:00 - 17:30
- 地点: 上海豫园万丽酒店 上海市黄浦区河南南路159号
- 邮编: 200010
- 电话号码: +86-21-2321-8888

[AGENDA](#)

[REGISTER](#)





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 and to offer its global members a wide variety of business services to assist in their China endeavors.



[CONTACT US](#)

[SIGN UP FOR “CHINA UPDATES”](#)

[ASSOCIATION INTRODUCTION](#)