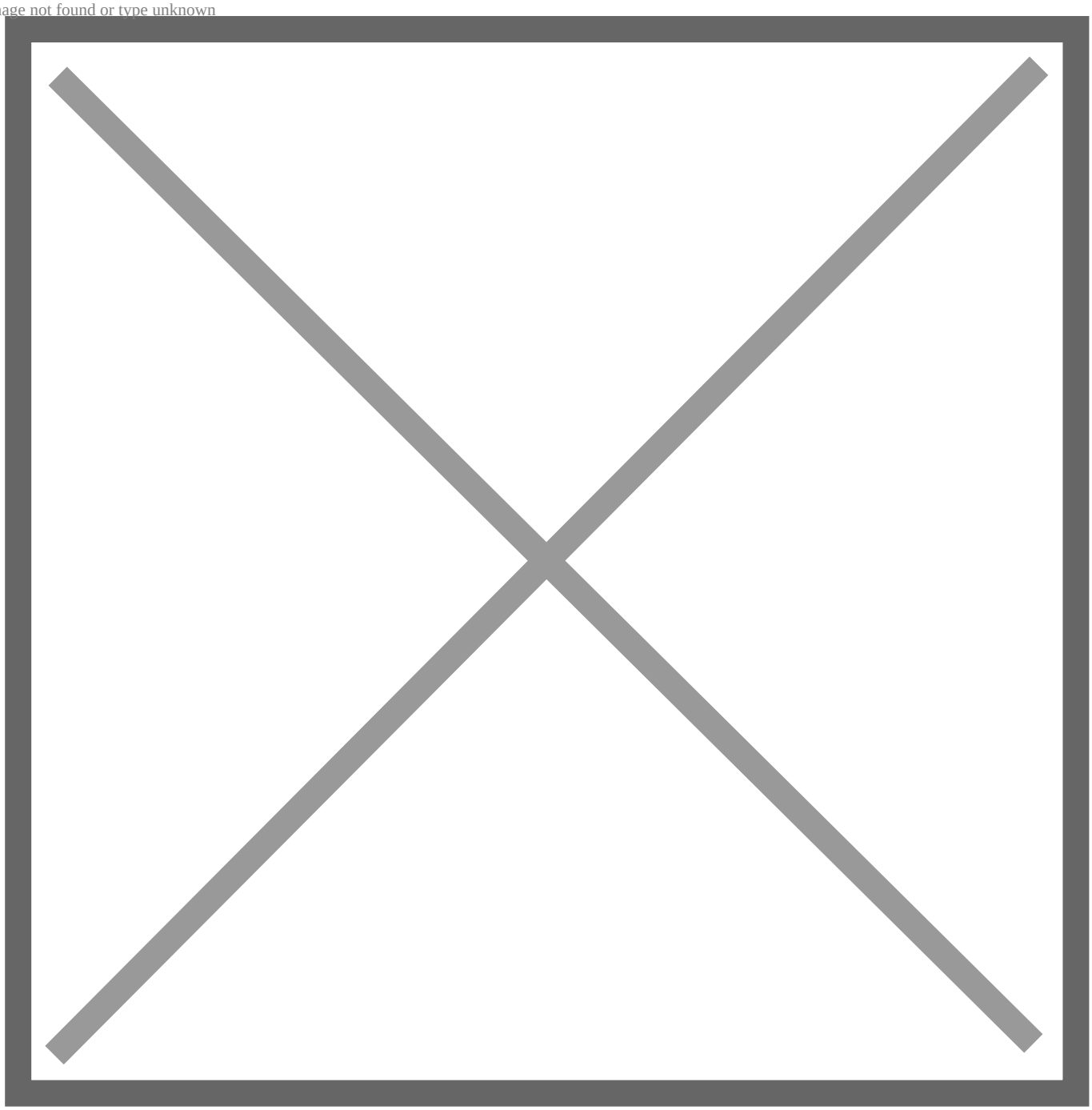
China Institutional Reform: What Does it Mean for the Food Industry?

TAGS Food & Beverage

ARTICLES | 16 July 2018

Image not found or type unknown



This article was written by Yilia Ye, from REACH24H Consulting Group & Chemlinked.

One of the most important developments to come out of the two recent NPC sessions is the announcement of far-reaching government reform and restructuring of numerous government ministries and institutions.



On Mar. 13th, 2018, the State Council submitted a reform plan on the structure of State Council and Ministerial Level Departments (read CL news here). Here are some major changes related to food administration:

- **NHFPC** will be integrated into a new department named National Health Commission.
- **CFDA, AQSIQ and SAIC** (State Administration for Industry and Commerce) are amalgamated and a new department named **State Administration for Market Regulation**(SAMR) has been formally established on Mar. 21, 2018.
- **MoA** is abolished and its major responsibilities have been incorporated into a new department called **Ministry of Agriculture and Rural Affairs**.
- **General Administration of Customs** is now responsible for entry and exit inspection and quarantine, duties previously designated to AQSIQ.

Major Changes of Food Administration (2018)		
Abolished department	**New department**	**Major Duty**
NHFPC	National Health Commission	health care reform
		public health
		family planning management
CFDA	State Administration for Market Regulation	market supervision
AQSIQ		Food safety
SAIC		inspection and testing
		certification and accreditation
MOA	Ministry of Agriculture and Rural Affairs	Quality and safety of agricultural products
		Agriculture supervision

Both domestic and international stakeholders are most concerned about the potential impact on market access requirements and associated impact on technical barriers to trade, however, no specific details in this regard have been released to date. Based on our current information we have we predict reform plans may have the following impact on the food industry:

1. Institutional restructure will facilitate the release of Implementation Rules of Food Safety Law

Implementation Rules of Food Safety Law (an essential supporting document expanding on fundamental food safety tenants articulated within the food safety law) has been open for public feedback since 2015. In Aug. 2017 WTO notified the latest version and sought public consultation from WTO members. China attaches great importance to these implementation rules as it has been listed into legislation work plan of 2017 and 2018, however, it has been over 3 years since the first draft. It appears that dispute amongst the numerous regulatory authorities is the major cause of delays in the finalization of the rules. Some relevant competent authorities such as CFDA and AQSIQ hold different opinions on the Implementation Rules of Food Safety Law. CFDA wants to impose more stringent supervision and regulation over the food industry, while some other departments disagree. But now all these departments will be integrated into a new body, and it will be easier to resolve the previous disputes. Therefore, Implementation Rules of Food Safety Law is expected soon.

2. The "thirteenth five-year plan" still serves as the guideline for new departments

The 13th five-year plan outlines China's development strategy from 2016 to 2020. It has already set the key works and goals for the next five years. Policies outlined and supervision guidelines outlined within this plan will not be seriously affected by the upcoming institutional restructuring. This five-year plan stated that special food shall be strictly supervised and the review work shall be strengthened. Though CFDA, AQSIQ, and SAIC have been replaced by State Administration for

Market Regulation, the competent authority will still follow the previous inspection principles.

Infant formula has been sampled on a monthly basis since 2016. In 2017, the qualification rate of domestic infant formula was 99.7%, representing a 1 % increase compared to 2016. Obviously, China is tightening regulation and supervision of infant formula. In the remaining 3 years of the plan, supervision on infant formula will continue to be strengthened, and competent authority may pay more attention to the safety of imported products as imported food safety incidents have occurred frequently.

Establishing a scientific and efficient food safety standard system is a major target of the “thirteenth five-year plan”. Earlier in 2017, NHFPC released some updates, deletions and refinements of China’s directory of national food safety standards, marking a milestone in the construction of China’s food safety regulatory framework. In addition, we can foresee a profound regulatory change in the dairy industry. In Feb. 2018, organizations subordinated to MOA released proposed revisions to the national food safety standard for raw milk, pasteurized milk, sterilized milk and identification of reconstituted milk (read CL news here). It is predicted that those updated standards will enter into force in the next few years. Furthermore, revision of Administrative Measures on Dairy Products’ Quality and Safety Supervision has been mentioned both in “thirteenth five-year plan” and 2018 two sessions. This 10-year-old regulation is no longer adequate to serve as an effective reference to guide dairy industry production activities and the revised version expected to be promulgated in the near future.

Apart from the dairy standards and regulation, national standards for food additives will be further optimized as well. Currently, GB 2760 is under revision and more than 500 comments have been received after public consultation. Regarding the future trend of food additives in China, Zhang Jianbo, deputy director of CFSA, said in China-Japan-Korea-US Laws, Regulations and Standards Forum that there will be a national food safety standard for each food additive, stipulating some technical requirements and specification.

3. Combination of CIQ and Customs may facilitate trade and expedite clearance

Customs inspection and customs clearance are two essential entry requirements for imported products in China. Only after products have undergone customs inspection by CIQ, can enterprises apply for custom clearance. As CIQ and Customs have been amalgamated, it will substantially simplify the import and export procedures and shorten time for clearance of products. State Administration for Market Regulation is now responsible for making regulation related to import and export, but General Administration of Customs can raise practical and professional suggestions to help guide development of regulation.

According to the document regarding the institutional reform scheme issued by central committee, at a national level institutional restructuring shall be completed by the end of 2018, and local institutional reform shall be mainly finished by the end of Mar. 2019. On Mar. 27, National Health Commission was formally established; obviously its major target is health care reform while it is uncertain whether it will take charge of new food raw materials approval and national food safety standards. There is still nearly 1 year for the work transition, and more detailed implementation rules will be issued for further supervision in future. ChemLinked will provide timely updates of all

developments and breaking news.

3. Combination of CIQ and Customs may facilitate trade and expedite clearance

Customs inspection and customs clearance are two essential entry requirements for imported products in China. Only after products have undergone customs inspection by CIQ, can enterprises apply for custom clearance. As CIQ and Customs have been amalgamated, it will substantially simplify the import and export procedures and shorten time for clearance of products. State Administration for Market Regulation is now responsible for making regulation related to import and export, but General Administration of Customs can raise practical and professional suggestions to help guide development of regulation.

According to the document regarding the institutional reform scheme issued by central committee, at a national level institutional restructuring shall be completed by the end of 2018, and local institutional reform shall be mainly finished by the end of Mar. 2019. On Mar. 27, National Health Commission was formally established; obviously its major target is health care reform while it is uncertain whether it will take charge of new food raw materials approval and national food safety standards. There is still nearly 1 year for the work transition, and more detailed implementation rules will be issued for further supervision in future. ChemLinked will provide timely updates of all developments and breaking news.

3. Combination of CIQ and Customs may facilitate trade and expedite clearance

Customs inspection and customs clearance are two essential entry requirements for imported products in China. Only after products have undergone customs inspection by CIQ, can enterprises apply for customs clearance. As CIQ and Customs have been amalgamated, it will substantially simplify the import and export procedures and shorten the time for clearance of products. State Administration for Market Regulation is now responsible for making regulation related to import and export, but General Administration of Customs can raise practical and professional suggestions to help guide development of regulation.

According to the document regarding the institutional reform scheme issued by the central committee, at a national level institutional restructuring shall be completed by the end of 2018, and local institutional reform shall be mainly finished by the end of Mar. 2019. On Mar. 27, National Health Commission was formally established; obviously, its major target is health care reform while it is uncertain whether it will take charge of new food raw materials approval and national food safety standards. There is still nearly 1 year for the work transition, and more detailed implementation rules will be issued for further supervision in future. ChemLinked will provide timely updates of all developments and breaking news.

The original version of this article was published on 29 March 2018 at ChemLinked.com.