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May 2017

MARKET NEWS



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Focus on China

China National Center for Food Safety Risk Assessment issued a notice about soliciting opinions on 5 new varieties

According to the provisions of the “Administrative provisions of administrative licensing of new varieties of food-related products” and “Declaration and acceptance provisions of new varieties of food-related products”, the China National Center for Food Safety Risk Assessment issued a notice about soliciting opinions on 5 new varieties of food-related products as 2-Propanoic acid, polymer with ethanedial and 2-propanamide, etc., and the deadline is June 2.

Notice about soliciting opinions on 815 national standards proposed to abolish as “General technical requirements of salad oil”

According to the requirements of “Work plan of centralized review for recommended standards” and review conclusion of national standards submitted by relevant industry departments and technical committees, General Administration of Quality Supervision Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China proposed to abolish 815 national standards as GB/T17756-1999 “General technical requirements of salad oil”, etc. The deadline for soliciting opinions is June 19, 2017.

International News

Looking for More Information on the Foreign Supplier Verification Programs (FSVP) Rule?

The U.S. Food and Drug Administration has updated FDA.gov to include updated fact sheets, and new guidance as a resource for importers subject to the FSVP rule, which makes them responsible for verifying that food imported into the United States has been produced in a manner that meets applicable U.S. safety standards.

The first FSVP compliance date is May 30, 2017 for importers whose foreign supplier falls into one of these categories. The supplier:

- ☞ Will not be covered by the FSMA preventive controls or produce safety rules;
- ☞ Is subject to the Preventive Controls for Human Food rule, and is not a “small business,” “qualified facility,” or subject to the Pasteurized Milk Ordinance; or
- ☞ Is subject to current good manufacturing requirements in the FSMA Preventive Controls for Animal Food rule, and is not a “small business” or “qualified facility”.

A chart on fda.gov, titled Am I Subject to FSVP?, will help you determine if your firm is subject to the rule.

Importers covered by the May 30, 2017 compliance date must provide specific identification for each line entry of food product offered for importation into the

United States. The importer identification requirement includes the submission of the FSVP importer's name, e-mail address, and Unique Facility Identifier (UFI) recognized as acceptable by FDA.

The updated content on fda.gov reflects the recent guidance recognizing the Data Universal Numbering System (DUNS) number as an acceptable UFI for FSVP. The FDA expects all importers to provide their UFI starting on the applicable compliance date. However, the agency recognizes that this is a new requirement and there may be factors that prevent importers from doing so. Therefore, the FDA has issued guidance stating that for FSVP importers temporarily unable to obtain a DUNS number, FDA intends to temporarily allow filers to transmit the value "UNK" (to represent "unknown") in the UFI field for the FSVP importer. FDA will allow this beginning May 30, 2017 so that food offered for import can be processed through the ACE system, even if the importer has not yet provided a DUNS number. FDA intends to contact importers that use the "UNK" value in place of the UFI in order to provide additional information to ensure that they understand this FSVP requirement and can take appropriate steps to obtain a UFI.

FDA Withdraws Draft Guidance on the Applicability of Color Additive Regulations Authorizing the Use of Certain Fruit Juice and Vegetable Juice

The Food and Drug Administration is withdrawing a 2016 draft guidance on the use of fruit juice and vegetable juice as color additives based on public comments that raised substantive technical concerns. The concerns include that the guidance promoted practices that may be inconsistent with current industry practices intended to enhance food safety.

Historically, the FDA has responded to industry questions on the use of vegetable juices and fruit juices as color additives on a case-by-case basis. Color additives used in food must be approved for use by the FDA. The FDA has authorized the



use of juice from certain fruit and vegetables (21 CFR 73.250 and 21 CFR 73.260, respectively) as color additives in food. The draft guidance was developed to assist industry understanding whether plant-derived color additives meet the specifications in these regulations or require separate approval as color additives. Although the FDA is withdrawing this draft guidance, the regulations authorizing certain plant-derived color additives remain in place and the agency will continue to respond on a case-by-case basis to industry questions on these topics. In addition, the FDA intends to continue evaluating information submitted to its docket and consulting with stakeholders in considering next steps.

Like all color additives in packaged foods, fruit juice and vegetable juice color additives must be declared in the ingredient label statement and must be safe under intended conditions of use. Fruit juice and vegetable juice when used as color additives in food may be declared as "Artificial Color," "Artificial Color Added," or "Color Added," or by an equally informative term that makes clear that a color additive has been used in the food, such as "Colored with Fruit Juice" or "Vegetable Juice Color."

France reinstates ban on US cherries

On April 27, 2017 France reinstated the ban on the import and sales of cherries imported from countries, including the United States, where the chemical product dimethoate can be used on cherries and cherry trees. Such a ban was in place between April 22 and December 31, 2016.

France's decision followed the ban of the chemical compound for domestic production. Dimethoate was used to control *Drosophila suzukii*, an Asian fruit fly which causes considerable damage in cherry orchards but is suspected by France of being dangerous to human health.

France imports roughly one fifth of its cherry consumption, the bulk coming from EU countries including some (such as Spain and Germany) that have already banned dimethoate. The French prohibition means the United States cannot export cherries to France which were valued at around \$1 million (2015) annually before the ban.

On the other hand, as France's production is likely to be impacted by the ban on the pesticide, French cherries are likely to be scarcer and more expensive, creating opportunities for competitors in traditional French export markets such as the UK. The French Ministry of Agriculture also set a €5 million program to subsidize the income of French cherry producers impacted by *Drosophila suzukii* related losses.

Fruit importers and traders fear that France may soon implement a similar domestic ban against other EU approved pesticides or chemicals, de facto shutting down the free movement of EU and third country fruit and vegetables into France.

New testing methods account for some increases in illness stats

The winners for the dubious distinction of causing the most food borne illnesses for 2016 is out.

According to preliminary data recently published in CDC's Morbidity and Mortality Weekly Report, *Campylobacter* and *Salmonella* caused the most reported bacterial foodborne illnesses in 2016. The finding is from the Center for Disease Control and Prevention's Foodborne Diseases Active Surveillance Network (FoodNet) report, which provides the most up-to-date information about foodborne illnesses in the United States.



FoodNet collects data on 15 percent of the U.S. population. FoodNet sites alone reported 24,029 foodborne infections, 5,512 hospitalizations, and 98 deaths in 2016. The numbers of reported illnesses by germ are:

- *Campylobacter* at 8,547 cases;
- *Salmonella* at 8,172 cases;
- *Shigella* at 2,913 cases;
- Shiga toxin-producing *E. coli* at 1,845 cases;
- *Cryptosporidium* at 1,816 cases;
- *Yersinia* at 302 cases,

- Vibrio at 252 cases;
- Listeria at 127 cases; and
- Cyclospora at 55 cases.

This is the first time the report also includes in the total number of infections from those foodborne bacterial infections diagnosed only by rapid diagnostic tests in FoodNet sites. Previously, the report counted foodborne bacterial infections confirmed only by traditional culture-based methods in the total numbers.

Salmonella typhimurium infections, often linked to beef and poultry, decreased 18 percent in 2016 compared with the average for 2013-2015. The continuing decreases in Salmonella typhimurium may be due to regulatory action to reduce Salmonella contamination in poultry and vaccination of chicken flocks by producers. Reported Yersinia, Cryptosporidium and Shiga toxin-producing E.coli infections increased. According to the CDC, those increases are likely due to newly available rapid tests that make infections easier to diagnose, rather than to a true increase in illness.



“This report provides important information about which foodborne germs are making people sick in the United States,” said Dr. Robert Tauxe, director of CDC’s Division of Foodborne,

Waterborne, and Environmental Diseases.

“It also points out changes in the ways clinicians are testing for foodborne illness and gaps in information as a result.”

Rapid tests speed treatment but miss important information

The new data reflect the increasing popularity of rapid tests known as culture-independent diagnostic tests, or CIDTs. These faster tests can have immediate benefits for treatment, but do not collect information needed to determine if an infection is antibiotic-resistant or if it is linked to an outbreak. Positive results on rapid tests can be followed up by culture-based tests to get detailed data, but often are not, according to the report.

“We need foodborne illness trend data to monitor progress toward making our food supply safer,” Tauxe said. “It’s important that laboratories continue to do follow-up cultures on CIDT-positive patients so public health officials can get the information needed to protect people from foodborne illness.”

CDC says foodborne illness remains a substantial public health concern in the United States. Previous analyses have indicated that the number of infections far exceeds those diagnosed; CIDTs might be making those infections more visible.

However, the shift to CIDTs poses challenges to monitoring foodborne illness trends because changes in the number of new infections could reflect changes in testing practices rather than a true increase in infections. For this reason, comparisons of the 2016 data with data from previous years may not accurately reflect trends. Estimated infections this year and in years past are accurate, but cannot be directly compared because the total now includes results from diagnostic tests. FoodNet is developing new tools that will allow it to continue to track the needed progress toward reducing foodborne illness.

Improving food safety

FoodNet provides the information needed for effective food-safety policies and prevention efforts. CDC works closely with other federal, state, and local partners and with the food industry to improve food safety in the United States.

“We are making progress in detecting and responding more quickly to foodborne illness, but our priority remains preventing illnesses from happening in the first place,” said Susan Mayne, Ph.D., F.A.C.E., director of FDA’s Center for Food Safety and Applied Nutrition.

“The final rules we are implementing under the FDA Food Safety Modernization Act focus on prevention, and we will continue to work closely with other government agencies at the local, state and federal levels, as well as our tribal and territorial partners, to support industry compliance with the new requirements,” Mayne said.

In 2016, USDA’s Food Safety and Inspection Service (FSIS) finalized new performance standards for reducing harmful bacteria in chicken parts and ground poultry. FSIS expects these actions could prevent as many as 50,000 illnesses each year caused by Salmonella and Campylobacter in chicken and turkey products.

“Our new performance standard for chicken parts is a perfect example of the type of proactive, prevention-based food policies that we’re focused on at FSIS – policies that are based on science, that are supported by strong data, and that will truly improve public health,” said Al Almanza, FSIS Administrator.

Safety Alerts

Date	Brand Name	Product Description	Reason/ Problem	Company
05/23/2017	L.A. Lucky Brand	Sweet Basil Seeds	Salmonella	L.A. Lucky Import & Export
05/23/2017	The Green Herb	AL-ER-G dietary supplement	Contains Ephedra Herb, an FDA banned ingredient	MusclMasster LLC
05/22/2017	Hail Merry	Lemon Mini Miracle Tart Party Pack	Undeclared Cashews	Hail Merry
05/19/2017	Tri-Ton	Tri-Ton dietary supplement	Product contains unapproved drugs, andarine and ostarine	Dynamic Technical Formulations, LLC
05/18/2017	Wang	Fish cake, fish ball, and fish tofu products	Undeclared egg and wheat	Wang GlobalNet
05/15/2017	Chef Luca's	Baked Cheese Lasagna	Undeclared Egg	Italian Gluten Free Food CL
05/15/2017	De Mi Pais	Queso Fresco	Listeria monocytogenes	Global Garlic Inc.
05/13/2017	Green Chile Food Company	Various burritos	Listeria monocytogenes	Green Chile Concepts, LLC
05/12/2017	Quesos de la Costa	White cheese	Listeria monocytogenes	La Nica Products, Inc.
05/12/2017	Whole Foods	Oatmeal Chocolate Chips Cookies	Undeclared Walnuts	Whole Foods Market

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	Market			
05/11/2017	Red Robin	Crispy Onion Rings	Undeclared Milk	Lamb Weston
05/11/2017	Trident	Frozen Multi-grain Alaskan Cod	May contain small pieces of plastic	Trident Seafoods Corporation
05/10/2017	Mikawaya	Chocolate Mochi Ice Cream	Undeclared peanut	Mikawaya
05/09/2017	Wegmans	Potato Salad	Undeclared eggs	A.S.K. Foods, Inc.
05/09/2017	(Save-A-Lot) Pick 5	Chicken & Waffle Sandwich	Listeria monocytogenes	Fourth Street Barbecue Inc.
05/08/2017	Publix	Publix Deli Artichoke and Spinach Dip	foreign objects-small glass fragments	Publix Super Markets
05/05/2017	Quality Nut Co.	Milk chocolate peanuts, chocolate peanuts, trail mix, sweet and spicy mix	Undeclared Milk, Soy, or Wheat	Quality Nut Co.
05/05/2017	GEC Laxoplex	Marketed as a dietary supplement	Presence of anabolic steroids	Genetic Edge Compounds
05/05/2017	Aunt Jemima, Hungry Man	Pancakes, waffles, toast	Listeria monocytogenes	Pinnacle Foods, Inc.
05/04/2017	U.S. Deer Antler Ex. & Imp	Tea	Clostridium botulinum	U.S. Deer Antler Ex. & Imp
05/04/2017	Ben & Jerry's	Ice Cream	Undeclared peanut	Unilever

04/27/2017	Organic Veda	Ginger Powder	Salmonella	Lord Organics
04/26/2017	Wegmans	O'Brien frozen hash browns	May be contaminated with extraneous golf ball materials.	McCain Foods USA, Inc.
04/26/2017	Homemade Gourmet	Dip Trio Mix	Salmonella	Phoenix Food, LLC
04/24/2017	Cocolicious	Beef & Turkey Dog Food	Presence of pentobarbital	Party Animal
04/24/2017	Soylent	1.8 Powder	Undeclared Milk	Soylent

Enterprise News

Coca-Cola to source more fruits from India for beverages

Coca-Cola Co. is planning to procure more fruits from India in the coming years to supply its global requirements.

The company has created a new position to focus on fruit producers. Asim Parekh, who was the vice president (strategy and planning), will become the vice president (fruit circular economy) for Coca-Cola's India and South West Asia business unit, with immediate effect.

With the new initiative – which Coca-Cola calls the 'Circular Economy' – the American soft drinks maker will be involved in the entire sourcing supply chain of fruits. "We will be making interventions across the value chain starting from the farm-gate," Coca-Cola said in a statement.

At present, Coca-Cola procures more than 2 lakh tonnes of fruit from Indian farmers every year. Just for Maaza, its mango-based beverage, Coca-Cola sources about 70,000 tonnes of mangoes from about 50,000 farmers. With the target to double production, Coca-Cola will source about 14,000 tonnes of mangoes from 100,000 farmers. However, the company does not source mangoes directly from the farmers. It has a few vendors who also supply to Coca-Cola units in other countries. Jain Irrigation Systems Ltd, one of its vendors, supplies about 56-60% of mango pulp that Coca-Cola India needs for producing Maaza.

The company which announced its plans to invest \$5 billion by 2020 for capacity enhancement and market development in 2010, has been working on mixing more fruit content in some of its carbonated beverages after Prime Minister Narendra Modi, in September 2014, urged multinational cola makers to add fruit content in aerated beverages in a bid to boost the fruit sales of Indian farmers.

China's dairy giant Yili to bid for Danone's Stonyfield



Inner Mongolia Yili Industrial,

China's biggest food and dairy group, plans to bid for the entire stake of Stonyfield, an organic yogurt producer that Groupe Danone holds a majority stake, for about 5.9 billion yuan (\$850 million), Yili announced on Wednesday.

The deal is in its preliminary stages and whether the company will win the bid is

determined by many uncertain factors, Yili said in the announcement.

This is another large scale acquisition attempt for China's dairy giant Yili, which dominates standard temperature milk markets, to strengthen its competitive advantage in low temperature yogurt markets as a new profit-making engine. Last month, it withdrew from a bid to acquire a 37 percent stake of China Shengmu Organic Milk Ltd for 4.6 billion yuan.

New Hampshire-based Stonyfield Farm is the world's largest organic yogurt producer which includes many popular American yogurt brands such as YoBABY and YoToDDler. The income of Stonyfield was \$370 million last year with \$50 million in net profits.

The consumption of dairy products in China has increased to 55 million tons in 2016 from 42 million tons in 2006 while the price of per kilogram of fresh milk has increased to 3.53 yuan from 2 yuan during the same period, according to Dairy Information Network.

With the increasing number of newborns following the relaxation of the one-child policy and an increasing number of aging people, the demand for dairy products in China is expected to continue to grow.

Over the past decade, the country's imports of dairy products grew 14 percent annually on average and China is expected to import 14.2 million metric tons of dairy products this year, an increase of 11 percent since last year, according to the Ministry of Agriculture's report on China Agricultural Outlook (2017-26).

Analysts expect the deal, once approved, will shift the industry landscape of low temperature dairy in China and raise awareness of Chinese dairy brands worldwide.

ADB loan to promote inclusive and sustainable livestock farming in China



The Asian Development Bank (ADB) Thursday signed a loan of \$95 million with a Chinese agricultural firm to develop inclusive and sustainable livestock farming in China, the bank said in an online statement.

The loan to Jiangsu Lihua Animal Husbandry Stock Company (Lihua) included a direct loan in yuan equivalent

to \$62.5 million and a complementary yuan loan worth \$32.5 million through commercial banks, with ADB acting as the lender of record.

"Lihua has shown that it is a proven leader in the modernization of China's agriculture industry, which is critical for the country's food security and economic growth," said Martin Lemoine, Agribusiness Investment Unit Head in ADB's Private Sector Operations Department.

"ADB's assistance will help the company expand its inclusive and sustainable business model, with smallholder farmers at the core of the production process," he said.

ADB's financing is expected to support Lihua to expand its livestock breeding farms as well as contract farming in rural areas, while helping the company increase capital expenditure in environmental protection, animal health, and food safety, according to the statement.

The project marked ADB's first commercial non-sovereign assistance to an

agricultural project in China.

The loan is expected to help Lihua increase the number of contract farming households by 24 percent to at least 5,600 and double farmer's annual income by 2020, the statement said.

Dole returns profit after Itochu changes strategy

Japanese general trading house Itochu is pressing ahead with a strategic selection and concentration policy for its Dole fresh produce and packaged foods business, which it purchased four years ago.

Thanks partly to cost reductions due to a drastic reorganization, the Dole business bounced back to 8.3 billion yen (\$73 million) in net profit for the year ended March 2017 from 16.9 billion yen in net loss a year ago.

For the next fiscal year, the company projects a 9.7 billion yen net profit. The goal is to become the biggest fruit producing and processing company in Asia.

In October last year, something extraordinary happened at grocery stores across Japan. Vegetables, citrus fruits and mangoes sold by Dole's Japanese unit under Itochu disappeared all at once from store shelves. It happened after Itochu pulled out of selling non-lucrative products, even though it had handled a wide range of products in an effort to secure as much shelf space as possible. Instead, the company is steering toward a strategy of channeling most of its resources into sales of its flagship bananas and other products."

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