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September 2017

MARKET NEWS



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About Sino Silliker

Sino Silliker Sample Testing Arrangement for 2017 National Day Holiday

Dear Customers:

We would like to send our best regards for National Day Holiday and Mid-Autumn Festival!

According to the holiday notice from General Office of State Council, the bank holiday for National holiday will be from 1st Oct. to 8th Oct.. We realize the golden week holiday may cause delay of some reports, to reduce the inconvenience caused, Sino Silliker would like to remind you of the following arrangement of our lab:

1. For samples received before 12:00, 26th Sep., we will follow the normal procedure of testing and the report will be issued before 1st Oct., please notify in advance if there are a large amount of samples; for samples received after 12:00, 26th Sep., the report will be issued after the bank holiday in succession according to the working days for your testing items;
2. Some special testing items such as commercial sterility, the cultivation time and positive result can cause a longer testing period, if you would like to have the report before the holiday, we need to receive the samples before 19th Sep.; or the testing report will be issued after holiday.
3. Please ensure that you will notify your sales representative one week in advance if you have special request on testing, and our lab will arrange expedited services for you.

To better serve our clients, we have lab personnel on duty to receive samples during the holiday. Your advance arrangement of sample delivery will be greatly appreciated. Please call 400-627-8088 for your sample reception details or directly contact your sales representatives.

Thanks again for your support to our company all over the years! We apologize if there is any inconvenience during the holiday.

Sino Silliker Testing Services (shanghai) Co. Ltd.



Focus on China

China to reinforce regulation on pesticide, veterinary medicine

The State Council issued a notice on Sept 22 to enhance regulation on pesticide and veterinary medicine to safeguard food safety.

According to the circular, highly toxic ingredients are strictly forbidden in pesticide and veterinary medicine. Counterfeit products will result in severe punishment.

Meanwhile, management and guidance, random check of residue of pesticide and veterinary medicine will be intensified. Market entry for edible agricultural products will be reinforced. Efforts will also be made to reduce water and soil pollution to safeguard food safety from the root.

In addition, severe measures will be taken to crack down on any violation. Local governments have been ordered to fulfill their duties to enhance administration and supervision on food safety.

China: Onion prices set to rise again at the end of next month

According to the Chinese outlet "The Agricultural Three", the market price for onions has been fluctuating wildly. For the past few years, this kind of phenomenon has frequently occurred within the agricultural sphere. Not long ago, the price for chicken eggs, garlic and other agricultural products started to fluctuate severely, and now onions have leapt on to the same rollercoaster ride.

Since May, onions from all over the country have been arriving at the market. This year's onion output per hectare is higher than in previous years. After having hit the market, the price has continuously been running at a low. However, after onions from Gansu, Inner Mongolia and other regions reached the market, there were signs the market price might rise. Yellow-peeled onions might increase up to double the price of last year.

The output of producers was large, in fact supply was larger than demand, so this caused a drop in the price for onions. The market price for onions has been growing steadily recently, because in the wake of the changing weather conditions onions have become a main vegetable. Since last week, because the high prices suppressed demand, the amount of products in the domestic downstream market products, exports and stockpiles was cut. With the passing of time, fundamental changes happened in terms of the quality of sources and resources, the buyer's market became



occupied by some leaders and so the price had to decrease. However, the price will rise again at the end of October.

Deal on: USDA gives green light to China's poultry inspections

The "our beef for your chicken deal" hatched by President Donald Trump with the People's Republic of China last May appears to be on track.

USDA's Food Safety and Inspection Service (FSIS) yesterday quietly released the final audit report showing China's inspection system for poultry processing is equivalent to U.S. systems and standards. An onsite review was conducted from July 11-22, 2016.

At the moment, China may export cooked poultry products that are only processed and packaged but not slaughtered in the PRC. It first must purchase the raw chickens from the United States, Canada or Chile.

USDA released the clean audit report one month after the comment period closed on a proposed rule that will allow China to not only process and package cooked chicken, but to export the chickens, ducks and turkeys it raises.

When USDA pulls the trigger on the new rule, the \$30 billion American poultry market will be open to the world's second largest poultry producer. China is second to the U.S.

Beef from U.S. producers has already re-entered China's market. It halted U.S. beef imports in 2003 after Bovine Spongiform Encephalopathy (mad cow disease) infected a single animal in Washington State.

China's exports of cooked chicken under the current requirement that the poultry must come from the U.S., Canada, or Chile haven't amounted to much.

Qingdao Nine-Alliance Group, one of the largest privately owned chicken companies in China, claimed last spring to be the first exporter. There was no country of origin

labeling, and the Nine-Alliance declined to name the brand it was supplying.



Just as the “beef-for-chicken” deal excites free traders, it concerns serious food safety advocates. The Center for Foodborne Illness Research & Prevention (CFI) is among those opposing the new rule.

“CFI has opposed the import

of Chinese chicken for over a decade because of this country’s questionable food safety record and its lack of rigorous on-farm management practices,” the Grove City, the PA-based organization wrote in its official comments on the rule.

CFI called out some of China’s “serious food safety events,” including;

- * Melamine in baby formula
- * Toxins in pet treats
- * Rat meat sold as lamb
- * Smuggling of decades old frozen meat
- * Restaurant using discarded cooking oil
- * Tainted meats sold at fast food outlets
- * Potentially harmful sauces made with rock salt and recycled spices.

Ken Maschhoff, president of the National Pork Producers Council, was one of the few commenting in favor of the new rule. He suggested that USDA add a requirement for

inspection of all PRC poultry shipments at U.S. ports of entry “before being released into the marketplace, just as U.S. meat and poultry exports to China now are subject to inspections at that country’s port of entry.”

Maschhoff said pork producers “want the United States to remain the gold standard in the world for food safety.” He said his organization supports the rule because it cannot find scientific grounds on which to oppose it.

FSIS auditors inspected four Chinese poultry facilities, three in the Shandong Province and one in the Anhui Province. Two microbiology laboratories, one each in Shandong and Anhui, were also inspected.

CFI says four establishments is too small of a subset of China’s poultry producers to make a favorable decision. It questions whether USDA has the resources to conduct audits “at the frequency needed to ensure the safety of Chinese products.”

FSIS plans annual equivalency reviews of China’s food safety systems for meat and poultry products. The agency may order so-called “secondary inspections” of meat imports at U.S. ports of entry.

International News

FAO: global food prices dip in August as cereal output nears record high

Global food prices dipped in August, mainly as the prospect of bumper cereal harvests pushed up expectations for larger grain inventories, the United Nations Food and Agriculture Organization (FAO) said Thursday.

FAO said in its latest release that the FAO Food Price Index declined 1.3 percent from July, ending three months of consecutive increases.

However, the index - tracking the monthly change in international market prices for five key commodity groups - remained 6 percent above its value a year earlier.

The drop in August was largely driven by a 5.4 percent decline in cereal prices, reflecting a sharp fall in wheat prices as the outlook for production in the Black Sea region improved, it said.

FAO raised its forecast for global cereal production to a record 2,611 million tonnes. Worldwide stocks of cereals are also expected to reach an all-time high by the close of seasons in 2018, according to the latest FAO Cereal Supply and Demand Brief, also released Thursday.

The UN agency's new estimate reflects larger anticipated wheat harvests, as improved production prospects in Russia more than offset downward revisions made for Canada and the United States, as well as higher maize and barley outputs in Brazil and Russia. Global rice production in 2017 is also now forecast to reach a record high.

Meat prices dropped 1.2 percent in the month, while sugar prices slipped by 1.7 percent - driven by favorable cane harvest prospects in leading producers Brazil, Thailand and India, as well as by weaker international demand in the wake of higher tariffs imposed by China and India.

But vegetable oil prices rose 2.5 percent, led by rising quotations for palm, soy, rapeseed and sunflower oils.

Dairy prices also rose 1.4 percent from July, led by greater demand for butterfat in Europe and North America.

EU to remove Latin American banana taxes in 2020

By 2020, European Union (EU) import rules for banana producers in Latin America will be different.

This is because the EU will remove several of the taxes on this product, thus reducing the toll that the producers have to pay to enter their fruit to this region.



In that year, 96% of Latin American exporters, including Costa Rica, will pay 75 euros per ton, a tax much lower than the one currently paid, according to the National Banana Corporation (Corbana).

At present, there is a banana stabilization mechanism, whereby a maximum reference quantity is established for each country, and if a country exceeds that quantity, the mechanism enables the suspension of the tariff preference and the application of the bound tariff by the World Organization Of Commerce.

However, once the market is open, countries like Ecuador, Colombia, Costa Rica, Panama, Guatemala, Peru, Nicaragua and Honduras will be able to send as many bananas as they can, with practically no restrictions.

"The definition of a reference quantity of importance for each signatory country was a measure that the EU established in order to protect its Community producers: the Canary Islands, Madeira, Guadeloupe and Martinique and the European excolonies," explained Jorge Sauma, president of Corbana.

In the case of Costa Rica's exports, it is governed by the negotiation of the EU Association Agreement with Central America, implemented in 2013, establishing that the banana entry fee would be gradually reduced from 145 euros to 75 euros Per ton in 2020.

US demands South Korea drop tariffs on apple, pear and garlic



The Inside U.S. Trade reported on September 4 that the United States demanded the opening of the South Korean agricultural market on August 22 at the two countries' joint committee meeting.

The meeting covered the KORUS FTA, claiming that the elimination of the tariffs it imposes on agricultural products imported from South Korea should be postponed by five to 10 years from the deadline stipulated in the free trade

agreement.

When the KORUS FTA was signed, the South Korean government excluded the 16 sensitive items including rice from the list of concession items. It maintained the previous tariffs when it comes to items likely to be significantly affected by complete tariff elimination, providing certain tariff rate quotas or imposing seasonal tariffs.

At present, tariffs on 545 items are estimated to still remain including on garlic, pears and apples among other goods. It is the immediate elimination of the tariffs on these items that the U.S. demanded last month.

Japan lifts 11 year ban on Idaho potato imports

The Japanese government lifted on Tuesday an import ban on potatoes grown in Idaho, the largest U.S. potato producer, for the first time in 11 years, after confirming a lowered risk of pest invasion, sources familiar with the matter said.

Japan suspended imports of all potatoes grown in the United States in 2006 and later resumed imports of U.S. potatoes except those grown in Idaho, the origin of a pest.

Most fresh potato imports are used for making potato chips and their demand has been on the rise lately.

The government has apparently decided that the influence of imports on major potato producers in the country such as Hokkaido will be limited since the current amount of potato imports is considerably smaller compared with the domestic produce.

In April 2006, the Ministry of Agriculture, Forestry and Fisheries announced the suspension of U.S. potato imports after pale potato cyst nematode was

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detected in Idaho, but it lifted the ban on condition that soil tests were conducted, among other things, in February 2007, except for Idaho potatoes.

The farm ministry dispatched experts to the United States and checked management conditions before lifting the ban this time, and Tokyo has already notified the U.S. government of the decision, the sources said.

In spring this year, some major potato chip makers in Japan suspended sales of some of their products due to a potato shortage following a poor harvest last year in Hokkaido, caused by low temperatures and typhoons.

The amount of raw potato imports from the United States last year reached around 28,000 tons, over 3.5 times the amount five years ago.

Safety Alerts

Date	Brand Name	Product Description	Reason/ Problem	Company
09/22/2017	Ri Wang Food	Seafood Products	Undeclared Milk	America New York Ri Wang Food Group Co. Ltd
09/20/2017	Bristol Farms	Tasty Treats Nonpareils Milk Chocolate	Undeclared Milk	First Source
09/20/2017	Rhino 7, Papa Zen, Fifty Shades, and Grand X	Dietary Supplement	Unapproved new drug	Gadget Island, Inc. dba Gear Isle

09/19/2017	Death Wish Coffee Co.	Nitro Cold Brew Coffee	Potential Botulin Toxin for	Death Wish Coffee Co.
09/13/2017	Natural Grocers	Organic Deglet Noor Dates Pitted	Undeclared coconut	Vitamin Cottage Natural Food Markets, Inc.
09/12/2017	Cherry Valley	Cupcakes	Undeclared milk	Cherry Valley Marketplace
09/10/2017	Frutas Selectas de Tijuana, S. de R.L. of C.V.	Maradol Papayas	Salmonella	Bravo Produce Inc.
09/09/2017	Coborn's, Cash Wise	Bread	Undeclared Milk, Soy, and/or Eggs	Coborn's, Inc.
09/07/2017	Garden of Life	Baby Organic Liquid Supplement	Potential Choking Hazard	Garden of Life LLC
09/05/2017	Wegmans	Muffins	Undeclared walnuts	Wegmans
Date	Brand Name	Product Description	Reason/ Problem	Company
09/02/2017	Southeaster n Grocers, Publix Supermarke ts, Inc. and more	Fajita blend, Stir fry vegetable, Vegetable kabob and more	Listeria monocytogenes	Country Fresh Orlando, LLC.
09/01/2017	ShopRite	Chocolate Chips	Undeclared milk	Wakefern Food Corp.
08/30/2017	Big Win, Uncle Ray's,	Popcorn	Undeclared milk	Dedinas Franzak Enterprises

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	Gourmet Select, more			
08/30/2017	Rajbhog Sweets	Jalebi	Undeclared almonds	Rajbhog Distributors GA. Inc.
08/28/2017	Big Win	Popcorn	Undeclared milk	Dedinas-Franzak Enterprises

Enterprise News

SPAR China appoints new Managing Director

SPAR International, a global food retail chain, has announced that Jerome Chevrier has been appointed as the new Managing Director of SPAR China effective immediately.

Jerome has developed an in-depth knowledge of retail operations and buying in China, having lived and worked in the country for over twenty years. He successfully managed Carrefour's regional operations in China as well as holding senior roles with B&Q China and Etam Group China.

SPAR, which has over 12,500 stores in 46 countries, has been present in China since the launch of the first supermarket in Shandong Province in November 2004.

In 2016 SPAR China's sales grew by 6.7% to 14.5 Billion RMB and SPAR China added 43,918m² of selling area, continuing its expansion in a maturing food retail sector. Today, 14% of the total selling area of SPAR worldwide is in China and

SPAR China has partners building the brand's presence in Shandong, Guangdong, Shanxi and Inner Mongolia, Beijing, Sichuan, Henan, Zhangjiakou and Yunnan.

Speaking about the appointment of the new Managing Director of SPAR China, Tobias Wasmuht, Managing Director of SPAR International said: "China's size, scale and economic power means that it is one of the most fast paced and dynamic retail markets in the world. Having established a significant presence in China since 2004, SPAR still sees a great detail of exciting potential for further expansion in the country. Having formerly held the role of MD of SPAR China, I have no doubt that Jerome has the necessary expertise to grow and consolidate the business further in this market, continuing to bring a fantastic retail experience to our Partners and customers throughout the country."

SPAR China Chairman, Mr Wang Pei-huan, noted: "The board and I are delighted that Jerome has been appointed to this important role at SPAR China. We believe his exceptional retail credentials, almost two decades' experience of living and working in China and Jerome's extensive business network are all real assets to the business."

Jerome will be based in Shanghai, building relationships between partners, expanding global relationships within the SPAR network and supporting regional buying.

Maersk Line adds Ningbo Port rail service in China

Maersk line's weekly train service to Yiwu Port in China opened with a ceremony on September 19, 2017.

The opening of the Yiwu port Maersk shipping sea rail service further strengthens Ningbo Zhoushan Port and large shipping company Maersk's close

cooperation.

The maritime entities are promoting harbour services extending to Yiwu, an inland city in central Zhejiang province.

They will obtain a bill of lading issued through to Yiwu Port, to provide seamless logistics services, to expedite customs clearance.

This is expected to further shorten international delivery times, save logistics costs, and reduce fuel consumption for freight trucks.

Lotte decides to sell Chinese supermarkets



According to a report by the Yonhap News Agency on 14 September, Lotte Mart's business in China has been so heavily affected by the South Korean THAAD, that it has now decided to sell its Chinese supermarkets. The Lotte

Group had wanted to remain in China, but the uncertainty has now made it change its mind. The China Local Investment Bank announced on the 14th that it had been chosen by Lotte Mart to handle the sales, and that it was making the necessary preparations.

Currently, the extent of its sales is still uncertain. It was not ruled out that Lotte might sell all of its Chinese supermarkets. Because of Lotte Mart's difficulties in managing its stores, the damages are seeing a snowball effect, which is why Lotte wants to sell. Originally, the expectation was that after Moon Jae-in, the

South Korean president, had visited the Chinese government, the relationship between China and South Korea would improve, and Lotte Mart's business would get back on track. However, when the South Korean government recently deployed the THAAD, the relationship between the two countries deteriorated. Of Lotte Mart's 112 stores in China, 87 are now closed for business. The remaining stores have no other choice but to do the same.

MARKET NEWS - REPLY

If you have any views or comments on the articles in the marketing news please feel free to contact us on the following email address: sales.china@mxns.com