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August 2018

# MARKET NEWS



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## Focus on China

### Ministry of Agriculture and Rural Affairs Released a Level II Epidemic Alert on African Swine Fever (ASF)

On August 3, the News Office of the Ministry of Agriculture and Rural Affairs (MARA) reported an occurrence of African swine fever (ASF) in Shenbei New District of Shenyang, Liaoning Province. This is the first ASF outbreak in China.

On August 1st, a pig farm in Shenbei New District of Shenyang, Liaoning Province, was suspected of having ASF. Among 383 pigs in the farm, 47 was affected and died. After receiving the report, MARA immediately urged the local authorities to take prevention measures and examine the samples. On August 3, it was confirmed by the China Animal Health and Epidemiology Center (National Diagnosis Centre of Exotic Animal Diseases) that the outbreaks were cases of African swine fever.

After the outbreaks, MARA launched a Level II emergency response according to the requirements of Emergency Plan for African Swine Fever. The local government carried out an emergency response mechanism and adopted measures including blockade, culling, harmless treatment, disinfection, etc., prohibiting all pigs and susceptible animals and products from being transported into or out of the blockade area. Shenyang has suspended the pig transportation out of the city. At present, the epidemic has been effectively controlled.

MARA pointed out that ASF is not a zoonotic disease which means it does not infect people. At the same time, MARA warned pig producers to stop pig transportation from infected areas, pay attention to daily disinfection, keep pigs in closed zones and take

isolative protection measures. Meanwhile, pigs should be kept away from wild boars and ornithodoros papillipes and pig farmers are prohibited from feeding pig with swill and food wastes without high-temperature treatment. In case of an abnormal increase in unexplained death with ASF symptoms, farmers should report to the local veterinary department in a timely manner.

### Consumer advocates concerned over salmon labeling

Ten days after China's fish association introduced new standards that allow rainbow trout to be labeled as salmon - sparking nationwide criticism - the Shanghai Consumer Council held an open debate on Tuesday in which industry leaders and businesses were urged to respect consumers' right to know "about the products they consume".

Lawyers and aquaculture academics joined the two-hour debate with representatives from the China Aquatic Products Processing and Marketing Alliance, the main body that drafted and issued the new guidelines.

"The intent of this debate is not to rewrite or revise the new guidelines, as we don't have that role. But as a spokesman for consumers, we believe an open platform, including different viewpoints and interests for discussion, is the first step in bringing changes," said Tang Jiansheng, secretary-general of the council. "From the heated discussion we are confident that improvements will emerge."



Chen Lichun, deputy secretary-general of the aquatic alliance, said at the meeting that the new standards will be enacted as planned.

"The new standards are the result of thoughtful and solid study. The goal in introducing them is to regulate the market and guarantee food safety," Chen said.

The rules came out three months after China Central Television featured a massive freshwater fishery in Qinghai province that claimed to supply one-third of China's "salmon". The show prompted discussion about whether Qinghai - an inland province - should sell a large number of trout labeled as salmon.

The alliance has previously argued that in Chinese the word salmon could refer to both Atlantic salmon and trout. Atlantic salmon has a wholesale price more than twice that of trout, according to open listings on Shanghai's Fisheries Commerce Association.

One of the chief concerns of labeling trout as salmon is that the latter is widely enjoyed raw as sashimi in China, while trout, a freshwater fish, may carry parasites, which are likely to be infectious to humans.

"The controversy over salmon labeling has gone from an academic discussion to a social and legal problem, as it may encourage restaurants and retailers to violate consumers' right to know," Jiang Xian, a lawyer who participated in the debate, was quoted as saying by online media thepaper.cn.

An online consumer survey initiated by the consumer council in Shanghai found that more than 80 percent of the interviewees said mislabeling salmon is "turning white into black", with 70 percent concerned that businesses would take advantage of the new standards to cheat them. More than 2,000 people participated in the survey in two days.

China is the world's third-largest consumer market for salmon, after the European

Union and the United States, and the fastest-growing one, at 25 percent annually, according to financial services company Rabobank.

## International News

### FDA Releases New Guidance on Food Facility Registration

The Food and Drug Administration (FDA) last week announced the issuance of two guidance documents to help food facilities meet their registration requirements under the Federal Food, Drug and Cosmetic (FD&C) Act. As a reminder to IDFA members, the 2018 biennial registration renewal period begins October 1 and concludes December 31.

One of the documents published is the seventh edition of the food facility registration guidance to help the owners and operators of food facilities understand the full requirements.

FDA also released a supplemental draft guidance, which includes questions and answers reflecting the agency's current thinking about the registration requirements when multiple entities are involved in the use of shared physical space. These situations include when manufacturers lease their facility, store food at self-storage warehouses, or use commercial communal kitchens that are also used by other manufacturers to process food.

FDA is seeking stakeholder comment on this draft guidance and intends to incorporate the questions and answers, when finalized, into future editions of the food facility registration guidance.

These documents follow a small entity compliance guidance FDA released in May 2018, which is designed to help smaller facilities understand and meet their



registration requirements under the FD&C Act.

### Update of the tolerable upper intake level for vitamin D for infants

Following a request from the European Commission, the Panel on Dietetic Products, Nutrition and Allergies (NDA) was asked to revise the tolerable upper intake level (UL) for vitamin D for infants ( $\leq 1$  year) set in 2012. From its literature review, the Panel concluded that the available evidence on daily vitamin D intake and the risk of adverse health outcomes (hypercalciuria, hypercalcaemia, nephrocalcinosis and abnormal growth patterns) cannot be used alone for deriving the UL for infants. The Panel conducted a meta-regression analysis of collected data, to derive a dose-response relationship between daily supplemental intake of vitamin D and mean achieved serum 25(OH)D concentrations. Considering that a serum 25(OH)D concentration of 200 nmol/L or below is unlikely to pose a risk of adverse health outcomes in infants, the Panel estimated the percentage of infants reaching a concentration above this value at different intakes of vitamin D. Based on the overall evidence, the Panel kept the UL of 25  $\mu\text{g}/\text{day}$  for infants aged up to 6 months and set a UL of 35  $\mu\text{g}/\text{day}$  for infants 6–12 months. The Panel was also asked to advise on the safety of the consumption of infant formulae with an increased maximum vitamin D content of 3  $\mu\text{g}/100$  kcal (Commission Delegated Regulation (EU) 2016/127 repealing Directive 2006/141/EC in 2020). For infants aged up to 4 months, the intake assessment showed that the use of infant formulae containing vitamin D at 3  $\mu\text{g}/100$  kcal may lead some infants to receive an intake above the UL of 25  $\mu\text{g}/\text{day}$  from formulae alone without considering vitamin D supplemental intake. For infants aged 4–12 months, the 95th percentile of vitamin D intake (high consumers) estimated from formulae and foods fortified or not with vitamin D does not exceed the ULs, without considering vitamin D

supplemental intake.

### Federal judges finally order EPA to ban dangerous pesticide

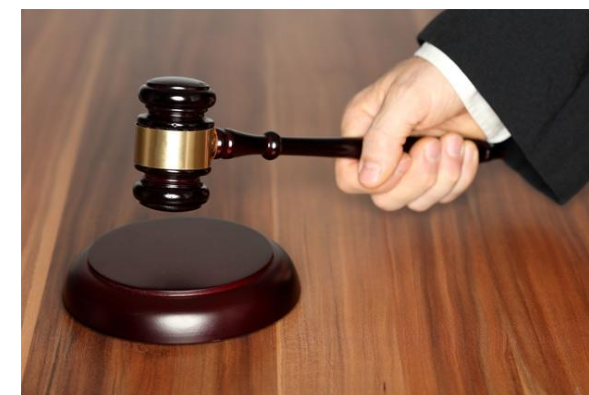
11 years of lawsuits, reviews and delays by the Environmental Protection Agency, federal judges last week ordered the agency to ban chlorpyrifos, a widespread agricultural pesticide derived from a class of chemicals first used to develop World War II nerve agents.

The US 9th Circuit Court of Appeals ruled 2-1 that "there was no justification" for the EPA to allow any amount of chlorpyrifos on fruits and vegetables "in the face of scientific evidence that its residue on food causes neurodevelopmental damage to children," wrote Judge Jed S. Rakoff.

"This is a big deal because it gets a dangerous neurotoxic pesticide off our food," says Mariso Ordonia, an associate attorney with Earthjustice who worked on the case.

Between 2011 to 2015, U.S. farmers sprayed five to ten million pounds of chlorpyrifos on corn, soybeans, Brussel's sprouts, broccoli, cauliflower, fruits, nuts, and other row crops, according to the United States Geological Survey. The insecticide is also used on golf courses, in greenhouses and to treat wooden structures.

Popsci.com reported how, unwilling to wait for the EPA to take action, Hawaii already



banned chlorpyrifos in May. Now the rest of the US will play catch up following Thursday's court order. The EPA has 60 days to ban chlorpyrifos or challenge the decision by petitioning the Supreme Court.

### **FSSAI notifies Food Fortification Regulations; FBOs must comply by Jan 1**

FSSAI has notified the Food Fortification Regulations, 2018, while food business operators (FBOs) need to comply with the provisions of these regulations by January 1, 2019.

“The provisions of these regulations shall supersede the standards for fortification of food set out in any regulations, orders, or guidelines issued under the Act,” said the notification.

The new standards now provide a minimum and maximum range for fortification of staples like wheat flour (atta), maida, rice, salt, vegetable oil and milk, while the dosage of the micronutrients has been adjusted to provide 30 to 50 per cent of the daily requirements.

In milk and oil, the unit of dosage has been changed to microgram Retinol Equivalent for Vitamin A and microgram for Vitamin D from IU. In wheat flour and rice fortification, other sources of iron have been added, while vanaspati fortification has been excluded.

According to the country's apex food regulator, since the adoption of the standards, 62 top companies and their 110 brands of all five fortified staples are available in the open market across the nation. Leading the movement, the oil and milk industry, with 47 per cent packaged refined edible oil industry and 21 per cent of the organised milk industry is fortifying their products as per FSSAI standards.

“Over two years since the operationalisation of the standards, edible vegetable oil industry has adopted fortification as a best practice. Following this, mandatory oil fortification is proposed to be the way forward,” said Pawan Kumar Agarwal, chief executive officer, FSSAI.

“As a result of massive advocacy launched by FSSAI and Food Fortification Resource Centre (FFRC), fortified staples (wheat flour, oil and DFS) are being used in Integrated Child Development Services (ICDS) and the Mid-Day Meal (MDM) Scheme,” he added.

“It has been made mandatory since 2017 by Ministry of Women and Child Development and Ministry of Human Resource Development, respectively,” Agarwal said.

“As of today, 15 states, like Odisha, Karnataka, Haryana, Gujarat, Uttar Pradesh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Jharkhand, Rajasthan, Tamil Nadu, Tripura, West Bengal, Kerala and Andhra Pradesh and three Union Territories (UTs) have now adopted fortification of their chosen commodities at the district or at scale in the government safety net programmes (SNP), namely ICDS, MDM and the public distribution system (PDS),” he told.

FSSAI set up FFRC with the support of TATA Trusts to promote and support large scale implementation of food fortification in the SNP as well as ensure availability of fortified products in the open market. FFRC provides end-to-end technical support as well as advocacy in collaboration with development partners, like TATA Trusts, GAIN, PATH, the World Food Programme (WFP), World Bank and NI.

Welcoming the move, Rachit Kumar, senior consultant, food and beverages, Future Market Insights, said that several governments and non-governmental

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organisations across the world had already successfully implemented food fortification initiatives at various scales with the help of key stakeholders.

“Considering that fortified food products of all food staples, such as rice, wheat, oil, salt, and milk, are already available on retail shelves and to food processing companies in India, it is only a matter of formality to acknowledge the regulations and promote the use of fortified food products,” he said.

“Companies in the packaging business are likely to partner with small- and mid-tier food producers to offer solutions for incorporating the new packaging and labelling requirements,” he added.

“Initiatives by foundations such as TATA Trusts, PATH, GAIN, FFI, etc. have already established fortified food as a requisite for developing a sustainable nutrition strategy in India” Kumar said.

In October 2016, FSSAI operationalised the Food Safety and Standards (Fortification of Foods) Regulations, for fortifying staples, namely wheat flour and rice (with iron, Vitamin B12 and folic acid), milk and edible oil (with Vitamins A and D) and double-fortified salt (with iodine and iron) to reduce the high burden of micronutrient malnutrition in India.

Meanwhile, the +F logo also has been notified to identify fortified foods, while scientific health claims for label declaration of fortified foods approved by the scientific panel on nutrition and fortification were also released.

## Safety Alerts

Date	Brand Name	Product Description	Reason/ Problem	Company
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08/21/2018	Premo Brand	Turkey and Cheese Wedge Sandwiches	Listeria monocytogenes	Lipari Foods, LLC
08/15/2018	Marsee Baking	Cookies	Undeclared Peanuts	Marsee Foods Inc. dba Marsee Baking
08/14/2018	Zakah Life	Kratom Containing Products	Salmonella	Zakah Life, LLC
08/06/2018	Best Taste	Snack Ginger Sliced	Undeclared Sulfites	Country Favor Inc.
08/02/2018	Almond Breeze	Vanilla almondmilk	Undeclared milk	HP Hood LLC
08/01/2018	Sweet Earth	Aloha BBQ Quesadilla	Undeclared Egg and Milk	Sweet Earth Foods
07/28/2018	Premo, Fresh Grab	Sandwiches	Listeria monocytogenes	Lipari Foods LLC
07/27/2018	El Guapo	Jamaica Hibiscus Flower	Undeclared Peanut	Mojave Foods Corporation
07/26/2018	TeaSource	Loose Leaf Tea	Undeclared almonds	TeaSource
07/25/2018	Associated Milk Producers, Inc. (AMPI)	Dry Whey Powder	Salmonella	Associated Milk Producers, Inc. (AMPI)
07/24/2018	Taco Bell	Salsa Con Queso Mild Cheese Dip	Product separation which can lead to a potential health hazard	Kraft Heinz

## Enterprise News

### Tyson Foods Is Buying Fast Food Supplier Keystone Foods for \$2.16 Billion



Tyson Foods announced Monday that it would buy Keystone Foods in a \$2.16 billion deal.

Tyson, which is the largest U.S. meat supplier by sales, will expand its range of products and have a larger global reach with the acquisition.

Keystone is a supplier of meat protein to fast food restaurants and retail stores across the world, including serving as a major supplier of chicken nuggets to McDonald's. Other products include beef patties, ready-to-cook chicken wings,

and fish filets. Tyson will purchase Keystone from Brazil's Marfrig Global Foods, which had bought out Keystone in 2010 and announced plans to sell earlier this year.

Tyson's acquisition of Keystone will include six processing plants and an innovation center in the U.S. in Alabama, Georgia, Kentucky, North Carolina, Pennsylvania, and Wisconsin. It will also include eight plants and three innovation centers internationally, in China, South Korea, Malaysia, Thailand, and Australia.

Tom Hayes, president and CEO of Tyson Foods, said in a statement that Keystone "provides a significant foundation for international growth with its in-country operations, sales, and distribution network in high growth markets in the Asia Pacific region as well as exports to key markets in Europe, the Middle East, and Africa."

Keystone generated annual revenue of \$2.5 billion in the last 12 months ending June 30 before interest, taxes depreciation, and amortization of \$211 million. It currently employs approximately 11,000 people.

The deal is expected to close by mid next year.

### PepsiCo to buy SodaStream for \$3.2 billion

On Monday, the snack-and-beverage giant announced plans to purchase sparkling-water brand SodaStream for \$3.2 billion. Unlike most beverage brands owned by PepsiCo, however, SodaStream sells machines that carbonate water as well as syrups that can be added to create different beverages, including flavored water, sodas, and energy drinks.

The deal marks yet another step in PepsiCo's journey to diversify its portfolio as



it moves away from its identity as a soda giant. By 2016, less than 25% of PepsiCo's sales were from soda, thanks in large part to soon-to-be-former CEO Indra Nooyi's emphasis on more nutritious products.

One of the areas that PepsiCo has invested in is bottled water.

In late 2016, PepsiCo launched LIFEWTR, kicking off the debut of the premium brand with a commercial at the 2017 Super Bowl — an unprecedented launch for a bottled-water brand. Earlier in 2018, the beverage giant launched bubbly, a sparkling-water brand that Credit Suisse estimates could exceed \$100 million in retail sales in 2018.

The growing emphasis on bottled water is in line with what shoppers are demanding. Sales of Pepsi declined 4.5% by volume in the United States in 2017, according to Beverage Digest's annual report. Meanwhile, PepsiCo-owned water brand Aquafina increased 2.6% by volume.

SodaStream represents a different type of opportunity in the sparkling-water business, as the brand sells carbonating machines and related products instead of cans or bottles.

"SodaStream allows consumers to customize their own beverages to create not only flavors — but potentially sugar levels — to suit their needs, helping PepsiCo better meet consumer's needs for products which are not only healthier but do not compromise on taste," Melanie Felgate, a senior consumer insights analyst at data and analytics company GlobalData, said in a note on Monday.

"Furthermore as the environmental burden of plastic waste comes to the fore, the concept can also tackle this by reducing reliance on plastic bottles," Felgate continued. "This is likely to attract the 35% of consumers globally surveyed by GlobalData in Q3 2018 who claim they would buy more of specific types of

products if they were 'packaged without any plastic at all.'"

### Pork processor shut down over outbreak



A slaughterhouse that belongs to the country's largest pork processor was ordered to shut down following an outbreak of deadly African swine fever—the second outbreak in the country within two weeks.

The slaughterhouse, owned by Henan Shuanghui Investment & Development in Zhengzhou, Henan province, bought 260 pigs from a market in Tangyuan county of Jiamusi, Heilongjiang province.

On Aug 14, around 30 of the pigs had died of African swine fever, the Ministry of Agriculture and Rural Affairs said on Thursday. The ministry has sent experts to both Henan and Heilongjiang.

It announced on Thursday that the situation is currently under control.

According to a statement released by the Zhengzhou government, an emergency response has been initiated to quarantine, cull and disinfect the affected pigs.

All movement of pigs and pork products in and out of the affected area was banned on Thursday for six weeks. The ban will also be enforced in areas within

3 kilometers of the slaughterhouse.

Disposal of the dead pigs was completed safely, and the other 230 pigs brought from Heilongjiang are now in isolation, China National Radio reported on Friday.

None of the pigs in the slaughterhouse will be killed or processed until the experts complete their investigation.

The company said in a statement on Friday that it culled 1,362 pigs in the slaughterhouse after the infection was discovered. It said strict sterilization has been conducted to prevent the spread of the disease.

"Other slaughterhouses were not infected, and the outbreak will not influence our ability to provide pork products to the market," the statement said.

Earlier this month, African swine fever was discovered at a farm in Shenyang, Liaoning province. It was China's first outbreak of the disease.

The outbreaks have stirred animal health experts' concerns that more pigs could become infected. Food safety concerns have also risen among the public.

On social media, topics related to African swine fever received thousands of comments over the past few days.

"Pork is the most common food on the dining table of most Chinese families. Before the authorities confirm the clearance of the infection, we dare not eat pork anymore," said a netizen named Little Monica on Sina Weibo.

Though fatal to pigs and not preventable by vaccination, swine fever does not affect humans or other animal species, according to Feng Shuzhang, an animal disease expert from the Chinese Association of Animal Science and Veterinary Medicine.

"The disease has been found in other countries, such as Russia. But as it has been reported in China for the first time, it will take time for further investigation about its origin. Also, the control work is very challenging," he said.

Since African swine fever is highly contagious, Feng warned that pig farms should be on the alert for symptoms and report any suspected case quickly to the local authorities.

## 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](mailto:sales.china@mxns.com)