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MARKET NEWS

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Focus on China

QS Logo may not be used in Food Production from October 1, 2018

The newly revised Food Safety Law was implemented as early as October 1, 2015. As a new amendment to the Food Safety Law, the Food and Drug Administration Regulations formulated by the former China Food and Drug Administration. The method is also implemented simultaneously. In order to guide local food and drug supervision and administration departments to conscientiously implement the production license system for food (including food additives, the same below), the State Food and Drug Administration issued a notice on the relevant matters implemented by the Measures. The notice clarifies that from October 1, 2018, food produced by food producers may no longer use the original packaging, labels and "QS" mark.

Please note: the food "QS" logo has been phased out; replaced by "SC" plus 14 Arabic numbers

After the implementation of the Measures, the food “QS” mark has been phased out within three years.

The legal basis for the “QS” mark on food packaging was “Regulations on the Administration of Production Licenses for Industrial Products”. With the adjustment of food supervision and management institutions and the implementation of the new Food Safety Law, the Regulations on the Administration of Production Licenses for Industrial Products It is no longer the basis for food production licenses.

Therefore, the elimination of food "QS" is strictly enforced by laws and regulations, because the new "Food Safety Law" clearly stipulates that the food production license number should be marked on the food packaging. Also,the food production license mark is not required to be marked. Second, the new food production license number can fully meet the purpose of identification and inquiry. The new food production license number is composed of the letters "SC" plus 14 Arabic numerals. Third, the abolition of the “QS” mark is conducive to enhancing the food producer's awareness of food safety.

From October 1, 2018, the "QS" logo may not be used in food production.

After the implementation of the Measures, the newly certified food producers shall mark the new food production license number on the food packaging or label, and no longer mark the “QS” mark. In order to fully implement the new production licensing system as soon as possible, and to avoid the waste of producer packaging materials and food labels, the "Measures" gives producers a maximum of three years of transition, that is, production on October 1, 2018 and beyond. The food must not continue to use the original packaging and labeling and the "QS" logo.

What does the “food category code” mean in the food production license number?

The food and food additive category code is identified by 3 digits. Specifically, the first digit represents the food and food additive production license identification code, the Arabic number “1” stands for food, and the Arabic number “2” stands for food additive. The second and third digits represent the food and food additive category

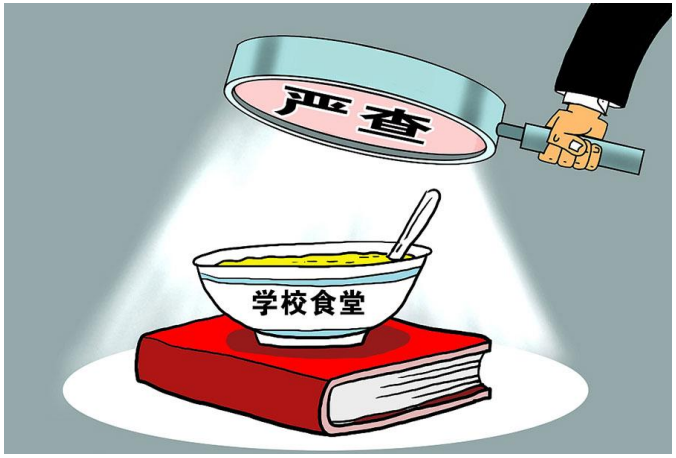
numbers.

The food category numbers are sequentially identified in the order of the food categories listed in Article 11 of the Measures for the Administration of Food Production Licenses, namely: “01” for food processed products, “02” for edible oils, oils and their products, and “03” for Condiments, and so on..., "27" stands for health food, "28" stands for special medical formula, "29" stands for infant formula, "30" stands for special diet, and "31" stands for other food.

The food additive category number identification is: "01" stands for food additive, "02" stands for food flavor, and "03" stands for compound food additive.

Once the food production license number is /confirm/ied, it will not change. When the license is extended or changed in the future, the license number will not change.

State Council to inspect food safety at schools



State Council authorities will conduct food safety inspection at schools following recent food poisoning incidents in several regions, according to the office of the State Council Education Supervision Committee.

The inspection aims for the sound implementation of the nutritional improvement plan in China's rural areas.

The office has asked local officials in charge of education to take effective measures to prevent the occurrence of such incidents.

The office has also ordered overhauls of school canteens, and that units and individuals found responsible be seriously punished.

It also asked for a strict entry threshold for food suppliers at schools and immediate withdrawal of illegal suppliers, urging strengthened supervision over food sanitation.

The schools should make public the food price and information of suppliers, it said.

Launched in November 2011 for elementary and middle school students in China's rural areas, the nutritional improvement plan offers schools subsidies to build canteens or outsource breakfast and lunch from catering companies, as well as free nutritional packages for infants and information on healthy nutrition for their caregivers.

Announcement on 14 new varieties of food-related products such as polyethylene (No. 11 of 2018)

On September 26, 2018, the National Health Commission announced the announcement of 14 new food-related products such as polyethylene. These include: 7 kinds of food contact materials and product additives (polyethylene, hydrated magnesium aluminate, butyl stearate, hydroquinone, etc.) for expanding the scope of use; 2 new varieties of food contact materials and additives for products (epoxy linseed oil, etc.); five new varieties of food contact materials and products (reaction products of formaldehyde and bisphenol A and butanol, etc.).

According to the provisions of the Food Safety Law, the review organization organized experts to review and pass the safety assessment materials for 14 new food-related products such as polyethylene.

International News

FY 2016 Pesticide Analysis Demonstrates Consistent Trends Over Five Years

The U.S. Food and Drug Administration today issued the results of its FY 2016 Pesticide Residue Monitoring Program. The agency tested for 711 pesticides and industrial chemicals across 7,413 total samples and the results were consistent with previous years' findings. The majority of samples were below the tolerance levels set by the U.S. Environmental Protection Agency (EPA).

For the pesticides that were tested for in FY2016, over 99% of the 2,670 domestic and 90% of the 4,276 imported human foods samples were found to be in compliance with federal pesticide residue standards. No detectable levels of pesticide residues were found in 52.9% of domestic and 50.7% of imported human food samples analyzed. Less than 1% of domestic samples and less than 10% of imported samples were found to be violative. Samples are violative if they have pesticide chemical residues above the EPA tolerance or pesticide chemical residues for which the EPA has not established a tolerance or a tolerance exemption for the specific pesticide/commodity combination.

Similarly, we found no detectable levels of pesticide chemical residues in 43.0% of the 242 domestic animal food samples collected, nor in 54.7% of the 225 imported animal food samples. Less than 2% of the animal food samples were found to contain violative pesticide chemical residues. Most of these violations concerned pesticides for which no tolerance has been established.

In FY2016, the FDA for the first time also conducted a special assignment using a new test method for glyphosate and glufosinate in four commodities: corn, soybeans, milk and eggs. Of the 760 samples tested for the glyphosate and glufosinate assignment (consisting of 274 grain corn, 267 soybean, 113 milk, and 106 egg samples), 53.7% had no detectable residues of the pesticides. None of the milk and egg samples had any detectable glyphosate or glufosinate residues, and all the residues detected in the corn and soybean samples were below the tolerance levels set by the EPA.

When the FDA identifies a violative sample in a domestic food, a Warning Letter may be issued to the responsible grower/manufacturer and other actions may be taken, such as seizure to remove the food from commerce, or injunction to correct the cause of the violation. When a violative sample is identified in an imported food, shipments may be refused entry into U.S. commerce and firms may be listed on an Import Alert. FDA may detain the food without physical examination (i.e., "Detention Without Physical Examination") if there is information that future shipments of the food appear to be violative.

Pesticides combat pests that may negatively affect crop yield. Certain trace amounts of pesticides, or pesticide chemical residues, may remain in or on some foods. The role of the FDA is to ensure that pesticide chemical residues in or on foods comply with the limits the EPA establishes based on the applicable federal safety standard.

The FDA employs a three-fold strategy to enforce the EPA's tolerances for pesticide chemical residues. In its regulatory pesticide residue monitoring program, the FDA monitors a broad range of domestic and imported commodities. The FDA may also carry out focused sampling for commodities or pesticides of interest, as we did for glyphosate and glufosinate. In addition to these two regulatory approaches, the FDA monitors the levels of pesticide chemical residues in foods prepared for consumption in its Total Diet Study

(TDS), an ongoing program that monitors contaminants and nutrients in the average U.S. diet.

The FDA takes very seriously the responsibility it shares with EPA and the U.S. Department of Agriculture to keep foods free of unsafe levels of pesticide chemical residues. The findings in this report demonstrate that overall levels of pesticide chemical residues measured by the FDA are below EPA's tolerances, and therefore at levels that are not concerning for public health.

FDA Asks for Input on Use of the Names of Dairy Foods in Labeling Plant-Based Products

The U.S. Food and Drug Administration is issuing a request for information as it examines its approach to the use of dairy food names like "milk," "cheese," or "yogurt" in the labeling of plant-based foods and beverages.

Earlier this year, FDA Commissioner Scott Gottlieb announced FDA's Nutrition Innovation Strategy (NIS) in a speech to the National Food Policy Conference. The strategy promotes public health through efforts to empower consumers to make better and more informed decisions about their diets and health, fostering the development of healthier food options, and expanding the opportunities to use nutrition to reduce morbidity and mortality due to chronic disease.

As part of its strategy, the FDA is considering approaches to modernize standards of identity, which are regulations that set forward requirements for the content and sometimes the methods used to produce certain foods.

Many dairy products, such as milk, yogurt, and certain cheeses, have standards of identity set by regulation. The regulations were established under the foods' common or usual names, such as "milk," "yogurt," and "cheddar cheese." These names have continued in common usage and are recognized by the American public as identifying the dairy foods described in the standards. More recently, these names have appeared in the labeling of plant-based products as part of the name or statement of identity of the product. Some examples include "soy milk" or "almond milk" and "vegan mozzarella cheese."

The FDA supports choice and innovation in the marketplace and recognizes that some consumers may prefer to use plant-based products instead of dairy products for a variety of reasons, including an allergy or lifestyle choice. But the FDA has concerns that the labeling of some plant-based products, which can vary widely in their nutritional content, is leading consumers to believe that those products have the same key nutritional attributes as dairy products. And the agency wants to make sure that labeling plant-based products with names that include the names of dairy foods is not misleading to consumers.

So the FDA is soliciting public input to answer the following questions:

- How do you use plant-based products?
- What is your understanding of dairy terms like milk, yogurt and cheese when they are used to label plant-based products?
- Do you understand the nutritional characteristics of plant-based

products? Do you know how they're different from each other? Do you know how their nutritional qualities compare with dairy products?

Over the next year, the FDA will be looking at next steps, which will include issuing guidance for industry. This would clarify FDA's thinking regarding the labeling of plant-based products with names that include the names of dairy foods while giving manufacturers adequate notice about any changes.

Comments must be submitted on or before 60 days after date of publication in the Federal Register.

FDA Issues New Export Certificates for Certain Foods

The U.S. Food and Drug Administration (FDA) is now accepting applications for new export certificates for certain foods. On August 31, 2018, the FDA announced its new export certification program for certain FDA-regulated food products and the fees it will assess for issuing new export certifications to U.S.-based exporters of these products. The new export certification and fees were authorized by the 2011 FDA Food Safety Modernization Act (FSMA) amendments to the Federal Food, Drug, and Cosmetic Act (FD&C Act), allowing the agency to collect up to $175 for export certification for food.

FDA issues different types of export certification for different food products. The "Certificate to a Foreign Government" and "Certificate of Exportability" are now available for food for human consumption, with the exception of dietary supplements, medical foods, and foods for special dietary use. The fee for these certificates is $175 for the first certificate, $155 for the second certificate for the same product(s) issued in response to the same request, and $100 for each subsequent certificate for the same product(s) issued in response to the same request.

The "Certificate to a Foreign Government" is available for conventional foods, food additives, food contact substances, and infant formula that meet the applicable requirements of the FD&C Act. This certificate certifies that a product (or products) may be marketed in and legally exported from the United States.

The "Certificate of Exportability" is available for export-only conventional foods, food additives, food contact substances, and infant formula. This certificate certifies that a product (or products) meet(s) the requirements of section 801(e)(1) of the FD&C Act and may be legally exported.

CFSAN will continue to issue a "Certificate of Free Sale" for dietary supplements, medical foods, and foods for special dietary use. FDA does not charge a fee for "Certificates of Free Sale".

The FDA anticipates that the new certificates will help facilitate exports by assisting industry in fulfilling importing country requirements for certification by FDA of FDA-regulated food products. Additionally, the electronic form for the new certificates responds to numerous industry requests for additional flexibility regarding the information that is printed on export certificates.

FDA Removes 7 Synthetic Flavoring Substances from Food Additives List

The FDA is amending its food additive regulations in response to two food additive petitions, to no longer allow for the use of a total of 7 synthetic flavoring substances and flavor enhancers (adjuvants). The FDA determined that the data presented in one of the petitions submitted to the FDA by Breast Cancer Fund, Center for Environmental Health, Center for Food Safety, Center for Science in the Public Interest, Consumers Union, Environmental Defense Fund, Environmental Working Group, Improving Kids' Environment, Natural Resources Defense Council, WE ACT for Environmental Justice, and Mr. James

Huff show that 6 of these synthetic substances caused cancer in laboratory animals under the conditions of the studies. The seventh synthetic flavor is being de-listed because it is no longer used by industry.

The 6 flavoring substances include synthetically-derived benzophenone, ethyl acrylate, eugenyl methyl ether (methyl eugenol), myrcene, pulegone, and pyridine. These substances are being removed from the food additive regulations under the Delaney Clause of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (section 409(c)(3) of the FD&C Act). This clause, enacted in 1958, requires that the FDA cannot find as safe; i.e., cannot approve, the use of any food additive that has been found to induce cancer in humans or animals at any dose.

Although we are amending our food additive regulations for these synthetic flavoring substances in accordance with the Delaney Clause, the FDA's rigorous scientific analysis has determined that they do not pose a risk to public health under the conditions of their intended use. The synthetic flavoring substances that are the subject of this petition are typically used in foods available in the U.S. marketplace in very small amounts and their use results in very low levels of exposures and low risk. While the FDA's recent exposure assessment of these substances does not indicate that they pose a risk to public health under the conditions of their intended use, the petitioners provided evidence that these substances caused cancer in animals who were exposed to much higher doses. As such, the FDA is only revoking the listing of these six synthetic flavorings as a matter of law. The FDA has concluded that these substances are otherwise safe.

Each of these synthetic substances has a natural counterpart in food or in natural substances used to flavor foods. The FDA's revocation of the listings providing for the use of these synthetic flavoring substances and adjuvants does not affect the legal status of foods containing their natural counterparts or of flavoring substances extracted from such food, often labeled as "natural flavors."

Based on evidence presented by the petitioners that benzophenone causes cancer in animals, the FDA also is amending the food additive regulations to no longer provide for its use as a plasticizer in rubber articles intended for repeated use in contact with food.

In response to a separate food additive petition from the Styrene Information and Research Center, the FDA is granting the petition by amending its food additive regulations to no longer allow for the use of styrene as a synthetic flavoring substance and adjuvant because industry has abandoned this use. For the other 6 synthetic flavoring substances, the FDA will provide 24 months from the publication of the rule in the Federal Register for companies to identify suitable replacement ingredients and reformulate their food products.

European Commission publishes draft to amend regulations on trans fats

The European Commission has published a draft Commission Regulation amending Annex III to Regulation (EC) No 1925/2006 of the European Parliament and of the Council as regards trans fat, other than trans fat naturally occurring in

animal fat, in foods intended for the final consumer.

In this regard, stakeholders will be able to submit their comments over a four-week feedback period.

Main elements of the proposal: A maximum limit of trans fat, other than trans fat naturally occurring in animal fat, in food which is intended for the final consumer, of 2 gram per 100 gram of fat; Definitions of "fat" and of "'trans fat" in line with the definitions in Annex I to Regulation (EC) No 1169/2011; Food which does not comply may continue to be placed on the market until April 1, 2021.

On December 3, 2015, the commission adopted a report to the European Parliament and the Council regarding trans fats in foods and in the overall diet of the Union population.

Trans fats are also called trans fatty acids. Trans fats are a particular type of unsaturated fatty acids. In Regulation (EU) No 1169/2011 they are defined as "fatty acids with at least one non-conjugated (namely interrupted by at least one methylene group) carbon-carbon double bond in the trans configuration."

Some trans fats are produced industrially. The primary dietary source of industrial trans fats is partially hydrogenated oils. Partially hydrogenated oils generally contain saturated and unsaturated fats, among them trans fats in variable proportions (with trans fats ranging from a few up to more than 50%), according to the production technology used. Trans fats can also be naturally present in food products derived from ruminant animals such as dairy products or meat from cattle, sheep or goat.

2018-10-03 Food Safety Testing Bulletin

The Canadian Food Inspection Agency's (CFIA) priority is to protect consumers by safeguarding Canada's food supply. The Agency verifies that industry is meeting federal food safety requirements and conducts sampling and testing to detect food safety risks.

Monitoring the levels of chemical and microbiological hazards, undeclared allergens and gluten in the food supply helps the CFIA identify food safety hazards and develop risk management strategies to minimize potential risks to Canadians.

When non-compliance is found, the CFIA does not hesitate to take appropriate action. These actions may include notifying the manufacturer or importer, requesting a corrective action, additional inspections, conducting further directed sampling or product seizure and/or recall.

Microbiology Reports

Edible insects were selected to be part of a preliminary survey to gain basic food safety information. Little scientific information is available regarding the control of microbiological pathogens during the rearing and processing of edible insects. A targeted survey analyzed 51 samples of edible insects for microorganisms such as Salmonella and generic Escherichia coli (E. coli). No Salmonella or generic E.

coli were found in any of the samples.

A targeted survey on bacterial pathogens in fresh leafy vegetables analyzed 5,508 samples for Salmonella, Shigella, non-O157 Verotoxigenic Escherichia coli (non-O157 VTEC), Verotoxigenic Escherichia coli O157 (E. coli O157), and generic Escherichia coli (E. coli). No Salmonella, Shigella, and E. coli O157 were found in any of the samples. Non-O157 VTEC was found in 1 sample and elevated levels of generic E. coli were found in 25 samples. The CFIA conducted appropriate follow-up activities resulting in facility inspections and/or additional sampling.

A targeted survey analyzed 1,828 samples of unpasteurized juices and high pressure processed juices for bacterial pathogens and indicators, viruses and parasites. An elevated level of generic Escherichia coli was found in one sample. All other samples were found to be free of bacterial pathogens, viruses, and parasites. The CFIA conducted appropriate follow-up activities.

Chemical Residue Reports

A targeted survey analyzed the levels of deoxynivalenol (DON) in 997 samples of selected grains and pulses. Detectable levels of DON were found in 46% of samples tested. It was determined that levels found in this survey were considered safe for consumption by Canadians. No product recalls were required.

Safety Alerts

Date	Brand Name	Product Description	Reason/ Problem	Company
10/18/2018	Hy-Vee	Fire Roasted Tomato, Spinach Twice Baked Potato	Potential Salmonella and Listeria monocytogenes contamination	Hy-Vee
10/17/2018	Du Sud	Seedless Raisins	Undeclared Sulfites	P. East Trading Corp.
10/17/2018	Source Day Natural Treasures	Liquorice Slice	Undeclared Sulfites	New Nan Fong
10/17/2018	Stewart's Shops	Cranberry Apple Refresher drink	Undeclared Milk	Stewart's Shops Corp
10/15/2018	S&W	White Beans	Undeclared Sulfites	Faribault Foods, Inc.
10/15/2018	Fred Meyer Bakery	Angel Food Cake Bar	Undeclared Milk and Soy	Clackamas Bakery
10/15/2018	feel good foods	Vegetable Fried Rice frozen meal	Undeclared Egg	Feel Good Foods Inc.
10/11/2018	Forager	Organic Plant Protein Shake	Undeclared almonds	Forager Project
10/10/2018	Sugar Melon Candy/Wax Gourd	Sugar Melon Candy/Wax Gourd	Undeclared Sulfites	SLR Food Distribution Inc.
10/09/2018	Sweet Me Creamery	Ice Cream	Undeclared peanuts	Kemps
10/06/2018	Bazzini's	Pistachios	Salmonella	Bazzini LLC

10/05/2018	Ladyfingers	Country Ham Rolls	Listeria monocytogenes	Ladyfingers Catering, LLC
10/04/2018	Working Cow Homemade Ice Cream	No Sugar Added Ice Cream (Vanilla; Chocolate flavors)	Listeria monocytogenes	Working Cow Homemade Ice Cream, Inc.
10/04/2018	Ukrop's	Biscuits, rolls, salads and subs manufactured using recalled ham ingredient	Listeria monocytogenes	Ukrop's Homestyle Foods, LLC
10/04/2018	Callie's Charleston Biscuits	Country Ham Biscuits and Cocktail Ham Biscuits	Listeria monocytogenes	Callie's Charleston Biscuits LLC
10/02/2018	Mini Roll	Mini roll food treat	Undeclared Egg	Apollo Food International Inc.
09/28/2018	Margie	Pasteurized Cow's Milk Cheese	Improper Pasteurization	Sprout Creek Farm Inc.
09/25/2018	365 Everyday Value	Tortilla Chips	Undeclared milk	Whole Foods Market
09/25/2018	Harris Teeter	Frozen yogurt	Undeclared peanut	Harris Teeter
09/24/2018	Mauna Loa	Macadamia Nuts	E. coli	Mauna Loa Macadamia Nut Corporation

Enterprise News

Coca-Cola names Brian Smith chief operating officer, taps new CFO

Coca-Cola announced Thursday it named company veteran Brian Smith as its next chief operating officer, filling a post that had been vacant since James Quincey became CEO last year.

Smith will take on his new role at the start of next year. He currently serves as president of the company's Europe, Middle East and Africa group.

Smith has been with the company since 1997. Prior to his current role, he served as president of both the Brazil and Mexico divisions before he was named group president for Latin America. He has served as group president of EMEA since 2016.

The company also said Kathy Waller, its chief financial officer, will retire by the end of the year, after 32 years of service. John Murphy, the president of Coke's Asia Pacific Unit, will replace her.

Coke shares were recently down slightly in trading Thursday. The stock has fallen about 1 percent over the past year.

In addition to these appointments, Coke also tapped Nancy Quan as its chief technical officer, effective Jan. 1, 2019. Quan replaces Ed Hays, who will retire at the end of March. Chief Information Officer Barry Simpson's duties will be expanded at the start of next year, the company said.

European market for exotic bananas is growing

Cavendish bananas are a permanent part of supermarkets. The popular fruit can't be missed, and has been at the top of the 'most consumed fruit' lists for years. More and more often, however, European supermarkets make room for other banana varieties as well. Demand for these exotic bananas is increasing, and that offers opportunities, says Mariem Baki of Bonita Europe.

"Nowadays, supermarkets have many more products in their range, and they're looking for products to be distinctive," Mariem says. This translates into an increasing demand for exclusive products. "We've seen demand for special products rising, which is how supermarkets are trying to be distinctive." This is also true for bananas.

Bananitos: smaller and sweeter

Bonita imports bananas from Ecuador and Costa Rico. The company has its own plantations in Ecuador. Bananas are the company's core business, meaning: bananas in the broadest sense of the category. "Cavendish, organic bananas, Bananitos, red bananas, cooking bananas," Mariem sums up the most important products in their range. Recently, she has seen supermarket interest for more exotic banana varieties increasing as well. "In the past we've also imported pineapple and mango from Ecuador," Mariem continues. Nowadays, the company imports various exotics, depending on demand in Europe. Grenadilla, yellow pitaya and yuca are three examples. However, volumes can't be compared to those of bananas.

"I think there's a lot of potential for Bananitos," Mariem says. These small bananas aren't just smaller than the familiar Cavendish bananas, they're also sweeter. "I think this is a fun and easy product for children in particular, a Cavendish can be a bit large for children."

Supply of exotics is a challenge

Retailers in various countries are taking these bananas into their assortment. Chains in the Netherlands, Belgium, Germany and Eastern Europe now offer these bananas. It's striking that it's a trend across the full width in the supermarket landscape: from full service to discounter. "Supermarkets offer these products in a limited number of branches, in city centres and larger branches, for example."

The growing demand is a challenge in supply. "Supermarkets want a large volume, even when they want to do a test," Mariem explains. These larger volumes are available, but the growers supplying the bananas usually prefer

stability in sales.

Higher prices are necessary

Cavendish will remain the largest, despite growth in the category. “These other varieties are a fun alternative, and consumers are more often willing to test new products. This results in opportunities.” The market for Cavendish has been fickle this year. Early in 2018, the banana market was good. “The summer was warm throughout Europe. Demand was low because of this,” Mariem says. Now that temperatures are lower and schools start opening their doors again, demand is increasing again. “Due to the colder weather in Latin and Central America, production is lower,” she says in week 34.

Banana prices have to start increasing soon, because the current situation is slowly becoming untenable. Traditional supermarkets and hypermarkets are suffering from increasing competition from online retailers. “Because of the rising number of online purchases, the price of cardboard has increased; a significant debit item for the transport of bananas. Besides, shipping companies are confronted with higher bunker tariffs. “Consumer prices have to change.”

Selling bananas for roughly one euro per kilo in supermarkets doesn’t make it any easier. “It’s difficult to understand the low prices in supermarkets,” Mariem says. “I understand supermarkets are trying to draw in customers with cheap bananas, but prices as low as this only have a little effect.” Just like other parties in the sector, she’s worried about the low prices. “A good product comes at a price. The service provider, importer, exporter or grower: someone has to pay.” According to her, emphasis should be less on price and more on quality and flavour.

What Will be the Future Trend of Infant Food Supplements?

Infant formula and infant food supplements are the main components of the infant food industry in China.

Purely breast-fed infants shall start to add infant food supplement from 6 months. Formula-fed infants usually start to add food supplements from 4 months, and gradually add some foods other than breast milk, including rice flour, puree, etc. Solid food, boiled rice, noodles, solid food cut into small pieces of fruits, vegetables, etc. These foods are supplementary foods for infants and young children.

Current Marketing Situation

Infant food supplement products can be roughly divided into three categories.

1. Satiety satisfying supplementary foods based on rice cereal and noodles;

2. Biscuit-based complementary foods based on biscuits;

3. Food supplements based on fruits puree and vegetable puree;

Among them, rice cereal supplements in China account for almost half of the entire infant food supplement consumer market.

At present, China's infant food supplement market is still in the early stage of development, and consumers have a cognitive process for supplementary food

consumption. According to the supplementary food consumption market structure of developed countries such as Europe and the United States, the proportion of the three types of supplementary food consumption distribution is roughly 4:4:2, which means that the scale of supplementary foods in the future is also huge. If an infant consumes 100g of food per day, the market capacity of infant food supplements exceeds 80 billion in the current retail price of infant food supplements.

However, the current market capacity of infant food supplements in China is only 9-10 billion. This is mainly due to differences in consumer awareness, ideas and habits. Up to 40% of urban households do not choose to buy supplementary food, and this proportion is as high as 80% in rural areas.

The Future of The Market

China's infant food supplement market has maintained a steady development progress. In 2008, the market size was only 3.5 billion Chinese yuan. By 2014, it had reached 9.86 billion Chinese yuan, with an average annual growth rate of 20%. It is expected that in the next five years, Chinese baby food supplement industry will remain 15- 20% growth rate.

According to the estimation, the release of the second-born child potential energy will bring approximately 5.433 million, 7.595 million, 6.179 million, 4.673 million and 3.347 million new populations in 2018-2022.

It is estimated that after 3 years, the market for infant food supplements will grow to 7-9 billion. The scale of the supplementary food market will booming in a rapid rise in the next three years.

Soy Hedging Hits Commodity Giant Louis Dreyfus' Profit

Louis Dreyfus Company, one of the world's largest agricultural commodity traders, said adjustments to its hedging policy for soybeans contributed to a steep fall in first-half profits, but would benefit its full-year results.

Louis Dreyfus said group net profit, including discontinued operations, had fallen to $100 million from $160 million. Excluding divested assets, notably its profitable metal trading business, net income dropped to $67 million from $134 million.

The lower earnings come at a sensitive time for the 167-year-old firm, which has just undergone a management shakeup and whose controlling shareholder, Margarita Louis-Dreyfus, needs to find $2 billion to support debt-laden Brazilian sugar unit Biosev (BSEV3.SA) and buy out family minorities.

However, echoing comments made by Chief Executive Ian McIntosh after his appointment two weeks ago, the company said it was expecting a decent year.

"The lower net income reflects a temporarily negative mark-to-market recognized by the group as of June 30, attributable to our hedging strategy of locking in soy crush margins," Louis Dreyfus said in a statement.

"This will ensure a high return from our crushing activities for the whole of 2018."

The adjustment to its soy margin strategy, which had a negative $65 million impact in

the first half, would ensure positive crushing margins in the second half of the year and into 2019, Louis Dreyfus said.

The recent acquisition of a processing factory in northern China would also boost its oilseed activity at a time when trade tensions between the United States and China were fuelling volatility in the soybean sector, it said.

A rise in financing costs to $142 million from $94 million, partly due to higher interest rates, also weighed on first-half profits, the company said.

First-half sales stable at $18.8 billion as a 6.3 percent drop in volumes linked to its asset divestments was offset by higher prices.

Louis Dreyfus' results statement also provided clues to how Margarita Louis-Dreyfus may finance a bailout of Biosev and the buyout of a minority stake in the group's holding firm worth over $800 million.

The report showed that the operating firm had loaned $1 billion to its holding company, mostly related to Biosev, with that loan due to mature in 2023.

A $411 million dividend was also awarded to shareholders on the basis of 2016 and 2017 results.

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