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March 2019

# MARKET NEWS



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## Focus on China

### Leading local officials to be accountable for food safety

Leading officials of local governments across China will be held accountable for failing to ensure food safety within their jurisdictions, under a regulation released by the central government on Sunday.

Officials of the Communist Party of China and government officials above county level must be held responsible for food safety in their region and conduct strict supervision, the regulation said. It was released to the public on Sunday.

Chief department officials related to food safety, such as those from health and market supervision departments, must be responsible for the sector they supervise, it said.

Party chiefs and officials in local governments will be rewarded for major improvements in food safety, or effectively preventing food safety accidents from happening, it said.

They will be held accountable for offenses such as dereliction of duty, failing to effectively handle food safety incidents, concealing incidents or interfering in the handling of cases, it said.

The State Administration for Market Regulation, a principal drafter of the rules, said on Monday that the regulation will urge local government officials to perform their duty.

Although food safety has been improving in China in recent years, it still faces challenges in light of people's rising expectations, so the establishment of such an accountability system is necessary, it said.

"Although similar measures such as local governments taking responsibility for food safety in their jurisdictions have been mentioned in previous laws and regulations, including the new Food Safety Law, the release of this regulation will intensify the pressure on local officials," said Luo Yunbo, a food sciences professor at China Agricultural University.

In some major previous cases, loopholes in supervision were exposed, including a lack of definitions allocating responsibility between different government departments, he said, adding that the regulation will solve the problem.

"But detailed regulations should include exactly what punishment chief local officials will face for failing in their duty," he said.

More than 97 percent of food available in the domestic market was up to standard, the State Administration for Market Regulation said in January, following inspections in the fourth quarter of last year. The inspections were organized by market regulation authorities across China and covered more than 1.4 million batches of food.

### General Administration of Customs: Announcement on matters relating to the supervision and management of import and export pre-packaged food label inspection (draft for comments)

In order to implement the State Council's requirements for reinforcing the "fangguanfu" reform and further improve the efficiency of customs clearance at ports, in accordance with the relevant provisions of the Food Safety Law, the relevant matters concerning the supervision and management of label inspection of import and export pre-packaged foods are as follows: Since the X X of 2019, the first import of pre-packaged food labeling requirements has been cancelled. Imported pre-packaged food labels as one of the food inspection items shall be inspected by the Customs in accordance with the relevant laws and administrative regulations on import and export

commodity inspection. If they are unqualified, they shall not be imported. The importer shall be responsible for reviewing whether the Chinese label of the imported prepackaged food meets the relevant laws, administrative regulations and national food safety standards. If the inspection fails, it shall not be imported.

### **Safety of food and drugs will be further enhanced, minister says**

China's food and drug safety situation is improving steadily, in general, but still face acute problems, Fu Zhenghua, minister of justice, said, adding strict supervision and severe punishment will be on offer to better protect the country's food and drug safety.

"We will use the most stringent regulatory measures and the most strict punishment to promote the continuous improvement of food and drug safety and ensure what people eat and use are safe," Fu said on Tuesday during a "passage interview" on the sidelines of the ongoing two sessions..

China will continue to improve legislation and amend relevant laws to tackle the problems of low crime costs and lenient punishment, Fu said, adding that laws related to food and drug safety should be strict, hard and tough and serve as a "high-voltage line" to safeguard people's safety.

Fu also vowed to improve the ministry's role in practicing administrative law enforcement and criminal justice as well as toughening the governance on key issues with firm strength.

"We must resolutely investigate and deal with every report regarding food and drug safety received from members of the public and closely link administrative law enforcement with criminal justice," he said.

China will also need to popularize the laws particularly to food and drug enterprises, legal persons and employees to raise their legal awareness and make sure they will

operate in accordance with the law. The authorities will enhance the supervision of law enforcement this year and will announce the results of inspection to the public.

"Food and drug safety concerns China's 1.4 billion people. It is a major issue of livelihood and public safety. In this regard, the central judicial authorities will spare no effort to ensure the safety of China's food and drugs," he said.

### **Four Strictest Implementations of School Food Safety**



In order to implement the "Notice of the General Office of the General Administration of Market Supervision and Ministry of Education on the Investigation of Food Safety Risks in Schools Starting in Spring 2019", the General Administration of Market Supervision, in conjunction with the Ministry of Education, has recently sent four research groups to Beijing, Zhejiang, Anhui and Hubei provinces (cities) to carry out special research on school food safety.

According to official news from the General Administration of Market Supervision, the

survey focused on school canteens and student collective meal distribution units, and inspected food safety in 12 schools and kindergartens, 5 collective meal distribution units and a central kitchen in 11 districts (counties) of 4 provinces (cities).

The survey shows that four provinces (cities) attach great importance to school food safety work. Combining with the notification requirements and local work practice, self-inspection of school food safety and special inspection of school food safety in spring have been deployed and carried out, and the school food safety situation has been constantly improved. The investigation team gave feedback on food safety problems and potential risks, such as imperfect system, irregular processing and operation process, improper cleaning and disinfection, and demanded immediate rectification.

School food safety is the top priority of food safety supervision. The notice said that food poisoning in spring has entered a period of vulnerability, and food safety risks are widespread. Educational administrative departments and market supervision departments should take more effective measures to strictly prevent and control food safety risks on campus.

The notice requires that local market supervision departments should focus on school canteens, student collective meal distribution units and small supermarkets, snack shops and small catering shops around schools, with livestock and poultry meat, meat products, eggs and egg-products, dairy products, edible oils and other bulk food raw materials and "food of 0.5 Yuan" as key varieties, and with food inspection, food storage and food processing as key items. Making, cleaning and disinfection of tableware and food samples are the key acts, and special food safety inspections are organized and carried out in schools starting in spring. The notice suggested that schools should be encouraged to use the Internet and other means to disclose food sources, procurement, processing and production processes, and actively accept the

supervision of students' parents and society.

Next, the General Administration of Market Supervision will continue to take further measures with the Ministry of Education to implement the principal responsibility of schools and prevent and control food safety risks on campus. Publicize and implement the Regulations on School Food Safety and Nutrition and Health Management issued jointly by the Ministry of Education, the General Administration of Market Supervision and the Health Commission. Taking school canteens and collective catering distribution units with students as the main objects of food supply as the focus of supervision, we shall implement full coverage supervision and inspection, and strictly implement the "four most stringent" requirements, namely, the most stringent standards, the stringent supervision, the stringent punishment and the most serious accountability. Conditional schools and kindergartens are encouraged to establish such systems as information disclosure of centralized meals, accompanying meals by parents, public bidding for food raw materials in canteens and ordered purchasing. Promote the implementation of "bright kitchen stove" in school canteens and catering units, and explore the wisdom supervision of school food safety.

## *International News*

### **European standard launched for food fraud**

A European standard defining the terms and concepts used in connection with food fraud has been launched by food experts and the Norwegian Institute of Food, Fisheries and Aquaculture Research (Nofima).

The words are placed in a hierarchical system that makes it easier to understand how they relate to each other.

The standard – Authenticity and fraud in the feed and food chain – Concepts, terms, and definitions – was published in January 2019 by Standard Norway and is also being distributed by several other National Standardization Bodies in Europe.

Petter Olsen, a senior scientist at Nofima, coordinated the standardisation efforts as part of the EU-funded projects Authent-Net and FoodIntegrity.

“We have created a common European standard in which all the definitions are interconnected and mutually consistent,” said Olsen.

Olsen asserts that there was a great need for a common standard that defines, categorises and clearly separates the different concepts.

“Terms relating to food fraud are often used interchangeably even though they mean entirely different things. This can lead to confusion and



misunderstanding, especially across borders,” he said.

“It is clear that this standard will be significant, especially when it comes to research and legislation.

“For example, if one defines laws and regulations that refer to the tampering or adulteration of food, it is important that everyone understands the difference between these two terms.

“The same applies when developing statistics, creating reports, or writing scientific publications.”

### **Korean amendment of some contents of Food Code**

On March 8, the Ministry of Food and Drug Safety of Korea (MFDS) issued Notice No. 2019-16, amending some contents of the Food Code, the main contents of which are as follows:

1. Revise the definition and production and processing standards of all kinds of food.
  - A. Revising the production and processing standards of animal oils and fats;
  - B. To make starch and other starchy materials available in dextrin production, the definition of food category should be revised.
  - C. To make honey and other sugars available as raw materials for sugar processing products, the definition of food category was revised.
  - D. In order to use oak chips as spices in the production of fermented vinegar, the production and processing standards of oak chips were revised.
  - E. Delete the standard of moisture content in compound condiments. Solid

products with moisture content more than 8% can be classified into other food categories even if they exceed sauces specifications, and add the standard of moisture content in the definition of food categories.

F. To incorporate the products flavored or simply heated with ribs into the category of rib processed products, the definition of food category was revised.

2. Revise the specifications of methanol in distilled liquor.

3. Revise the standard of preservation and circulation: specify the scope of food suitable for general refrigeration and refrigeration temperature; specify the scope of ready-to-eat convenience food provided to consumers in a short time.

4. Revise the standards for the use of restricted raw materials in food.

5. Catalogue of food raw materials: three kinds of aquatic products, *Mytilus galloprovincialis*, *Semisulcospira gottschei* and *Austinogia wuhsienweni*, were added to the catalogue of animal raw materials available for food; seven kinds of microorganisms, such as *Brevibacum linens*, were added to the restricted raw materials used in food, and the restrictive use conditions of *Zymomonas mobilis* were extended to wine and fructan production; revise the alias of soybean and the scientific name of *Salvia miltiorrhiza*.

6. Revise the object of application of veterinary drug residue limit standard: specify the name of "non-detectable substance in food" and the definition of residue. Five veterinary drugs, such as gentian violet, were added to substances that could not be detected in food.

7. Revise the residue limit standard of veterinary drugs in food: revise the residue limit standard of 13 veterinary drugs such as dihydrostreptomycin; delete the current three veterinary drug residue limit standards with safety problems

(norfloxacin, ofloxacin, pefloxacin).

8. Revise the contents of general test methods: revise the method of making experimental solution for microbial test of butter and ice cream; use molecular biology test method in Salmonella test of liquid products; expand and modify the detection methods of multiple pesticides in agricultural products and antimicrobial agents in livestock products; according to the limits of veterinary drugs in food Quantitative modification, modification of 8 related detection methods; modification of Urushiol confirmation test method in food; increase of 18 related qualitative and quantitative test methods such as VCO01981-5 (corn) of recognized GM food.

9. To reflect the amendments of other laws and regulations, the relevant terms and sentences should be adjusted: the application scope of the new standard specifications of tar pigments which are not allowed to be used; the applicable objects of foreign body specifications should be specified clearly; the test method items which are not specified in vegetable oils and fats should be deleted; and the use standard of preservatives such as benzoic acid should be set to reflect the relevant provisions of the Code of Food Additives on mayonnaise; revise the relevant sentences in the production of egg processed products; revise the relevant terms of "egg".

### FDA Plans to Modernize Oversight of Imported Food

The FDA's Commissioner Dr. Scott Gottlieb and Deputy Commissioner Frank Yiannas are announcing a new strategy to modernizing government oversight of imported food. This country imports about 15% of its food supply from more than 200 countries or territories around the world. Other countries supply 32% of our fresh vegetables, 55% of fresh fruit, and 94% of our seafood.

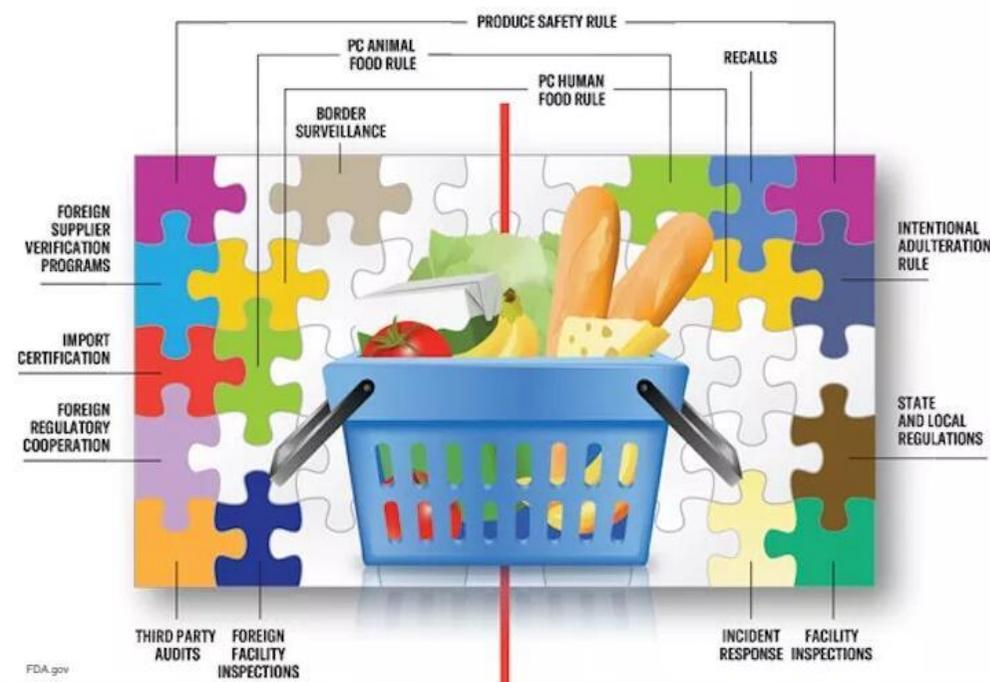
And there have been quite a few food poisoning outbreaks linked to imported food in the past few years. Last year, a Salmonella Concord outbreak was linked to tahini imported from Israel. In 2017, a Salmonella outbreak linked to papayas imported from Mexico sickened at least 255 people with nine different strains of the pathogen. And in 2016, almost a thousand people were sickened across the country with Salmonella Poona infections linked to imported cucumbers. A study published in the CDC's Emerging Infectious Diseases in 2017 found that outbreaks linked to imported foods are increasing.

The supply chain that imported foods travel is complex and complicated. One ingredient that is used in many different foods can contaminate thousands of pounds of food products that are shipped all over the country.

So the FDA is introducing a new imported food safety strategy to try to meet these challenges. The government wants to meet four goals: “preventing food safety problems in the foreign supply chain prior to entry into the U.S.; effectively detecting and refusing entry of unsafe foods at U.S. borders; responding quickly when the FDA learns of unsafe imported foods; and measuring our progress to ensure that our imported food safety program remains effective and efficient.”

First, any food that is imported into this country must meet U.S. standards for inspection. Importers must be verified, using the Foreign Supplier Verification Programs final rule.

At the border, FDA must enhance and refine its import screening and entry review processes. Only about 2% of the foods that come into this country are physically inspected. The government also wants to improve testing methodologies and maximize the benefit from state partners.



When an outbreak occurs, or if a food is found to be contaminated after import, the FDA must make sure their response is effective. Using information-sharing opportunities will help them prepare for unsafe imported food.

Finally, the agency wants to develop a comprehensive global inventory of food facilities and farms around the world and assess the oversight applied to those places.

### **Multi - country outbreak of Salmonella Poona infections linked to consumption of infant formula**

An outbreak of 32 Salmonella enterica serotype Poona cases in infants and young children has recently been identified in France (30 cases), Belgium (one case) and Luxembourg (one case). All 32 patients were infected with the same

bacterial strain based on core genome multilocus sequence typing analysis. All patients had onset of symptoms between August 2018 and February 2019. Information from interviews was available for 30 patients. All consumed one of three rice - based infant formula products from the same brand before onset of symptoms. The infant formula products were manufactured between August and October 2018 by the Spanish processing company B and marketed by the French company A. The products were distributed to French wholesalers, retailers and pharmacies who sold them to several EU, EFTA and other countries through wholesalers, on - line shops or the e - commerce operator A. In addition, the French company A distributed the products to four countries outside of Europe. All samples of the implicated batches were negative for *S. Poona*. Moreover, *S. Poona* has not been detected in the production environment of the Spanish processing company B or in any other product dehydrated in the same drying tower since 2017. A recall and withdrawal of infant formula products and baby food of the same brand was initiated on 24 January 2019 by the French company A in France and this was followed by a recall in Luxembourg. Public warnings were released in France, Belgium and Spain, and the e - commerce operator A informed all customers. Recalls and public messaging were also implemented in response to an INFOSAN alert in several non - European countries where the products had been distributed. Such measures should decrease the risk of new infections. However, additional cases may be reported, particularly among those having consumed the implicated products already sold and not recalled.

### **FDA purges ‘expired’ registrations for food facilities in U.S and overseas**

What is down, up, and down again?

It's the number of food facilities around the world that are registered with the

U.S. Food and Drug Administration. The FDA deleted more than 47,600 facilities from its list because operators did not renew registrations by the end of 2018.

The Food Safety Modernization Act (FSMA) requires food facilities to renew their FDA registrations during the fourth quarter of each even-numbered year. The agency purged 20 percent of food facilities from its database recently for failing to renew registrations, according to Hampton, VA-based Registrar Corp., which helps foreign businesses comply with U.S. regulations.

After the purge, FDA was left with 186,016 food facility registrations at the start of 2019. More than half of those facilities are outside of the United States. Foreign registrations were off slightly more than domestic at 22 percent.

Before Dec. 31, 2018, the drop-dead date for renewing registrations, FDA was regulating 233,651 food facilities. The 2018 count was up about 56 percent, or 83,781 facilities, compared with 2017 when valid registrations totaled 149,933.

Registrar Corp. says failure to renew registrations by the deadline is the likely cause of the latest dramatic drop-off in food facility registrations. The fluctuations can cause grief for FDA as the raw numbers are certain to form the base for the agency's budget and staffing.

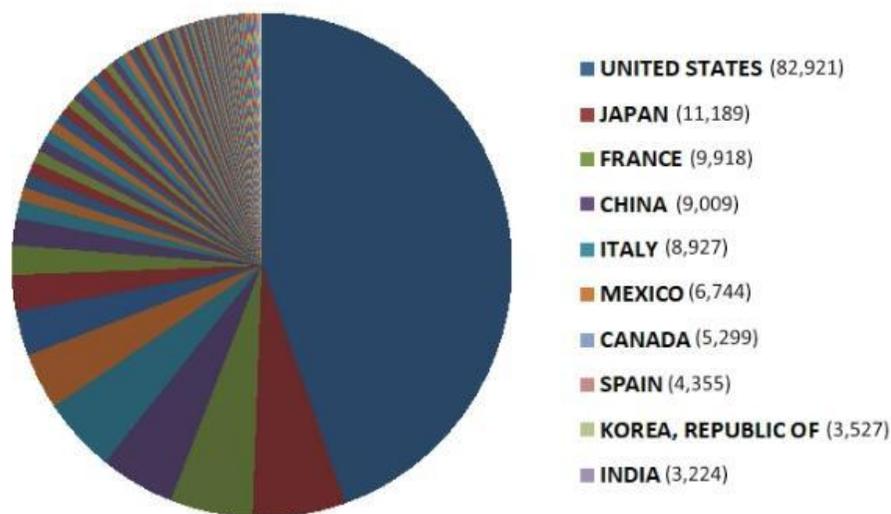
The FSMA specifically requires the renewal of registrations between Oct. 1 and Dec. 31 during even-numbered years. The dates of food facilities' initial registrations are inconsequential under the renewal requirements.

Registrar Corp. says if a food facility registers on the day before the renewal period begins, it still must submit a renewal request that year. FDA considers non-renewed registrations to be “expired.” Operators of facilities with expired registrations must re-register with the FDA and obtain new registration numbers.

Registrar Corp., which helps with compliance from 20 offices around the world, says many facilities do not realize their registrations have expired until their products are stopped at U.S. ports of entry by FDA compliance officers.

Manufacturing, processing, packing or storing food for U.S. consumption without a valid FDA registration is prohibited by federal law. An expired registration will lead to costly detention or other regulatory actions, especially for food facilities located outside the United States.

**Top 10 FDA food facility registrations by country, according to Registrar Corp.**



## FDA unveils new strategy to improve detection of unsafe imported foods

Enhanced inspections at U.S. ports of entry and foreign food facilities, as well as the use of its mandatory recall authority, are part of a new strategy designed by

the FDA to improve its oversight of imported foods.

“... the U.S. imports about 15 percent of its overall food supply from more than 200 countries or territories representing about 125,000 international food facilities and farms,” according to an announcement this afternoon from FDA Commissioner Scott Gottlieb and Frank Yiannas, the agency’s deputy commissioner for food policy and response.

“Over the past 15 years alone, we’ve seen a trend of rising imported foods. Other countries now supply about 32 percent of the fresh vegetables, 55 percent of the fresh fruit and 94 percent of the seafood that Americans enjoy.”

The Food Safety Modernization Act signed into law Jan. 4, 2011, includes requirements for foreign producers and distributors, as well as U.S. importers. The FDA had to develop new rules and go through the mandatory review and revision process before those regulations could go into effect.

In today’s announcement about the Food and Drug Administration’s new strategy, Gottlieb and Yiannas said the more complex worldwide food supply chain has increased the chances of ingredients from a single foreign food manufacturer being used in multiple finished products. That exponentially increases the dangers of foodborne pathogens being introduced to foods available in the United States. The agency’s new strategy will be applied to human and animal foods.

“Our new strategy is designed to meet four important goals: preventing food safety problems in the foreign supply chain prior to entry into the U.S.; effectively detecting and refusing entry of unsafe foods at U.S. borders; responding quickly when the FDA learns of unsafe imported foods; and measuring our progress to ensure that our imported food safety program

remains effective and efficient,” Gottlieb and Yiannas said.

“To achieve our first goal of preventing imported safety problems prior to entry into the U.S., we’ll take new steps to continue to ensure that food offered for import meets the same standards as domestically produced food. One of our tools to achieve this goal is onsite inspections of foreign food facilities.”

Technological advancements are providing the FDA with more data than ever to help with its oversight of imports. That data is a crucial factor in the agency’s inspections for the Foreign Supplier Verification Programs (FSVP) rule. The program requires importers to verify that their suppliers are meeting U.S. food safety standards.

In exporting countries where food safety systems and oversight activities are comparable to those in the United States, the FDA should be able to decrease inspections.

“By relying on the activities of these reputable foreign regulatory programs, the FDA can avoid conducting separate inspectional oversight activities. . .” according to today’s announcement. “By leveraging partnerships between the U.S. and other countries with very strong food safety systems through our systems recognition program, we’re able to prioritize our inspection and border screening activities on foods imported from higher-risk areas. In turn, we’re better positioned to verify the safety of food products presented for import.”

The countries already recognized as having comparable food safety systems are Canada, New Zealand and Australia. The FDA is working with the European Union to reach a “mutual assessment.”

Details of the other three goals outlined by the FDA leaders are:

Goal 2 — Detecting and refusing unsafe products by updating our import screening and review processes at the U.S. borders. The FDA intends to incorporate new sources of data from foreign supplier verification programs, voluntary importer incentive programs, accredited third-party auditors, foreign regulatory authorities and domestic supply chain activities.

Goal 3 — To swiftly respond to unsafe imported food, the FDA plans to develop targeted surveillance sampling and testing for the highest-risk products. One way the agency will achieve this goal is the use of its mandatory recall authority.

Goal 4 — The agency will develop an improved global inventory of food facilities and farms to help determine the best allocation of its resources for imported food safety oversight. Identifying areas of higher risk should help the FDA more effectively employ its regulatory tools.

“Overall, our modern strategy is designed to leverage our different authorities and tools to provide a multi-layered, data-driven, smarter approach to imported food safety,” Gottlieb and Yiannas said.

### USDA Guidance For Responding to Customer Complaints Issued



The U.S. Department of Agriculture’s (USDA) Food Safety and Inspection Service (FSIS) has issued a best practices guideline to help the meat and poultry industry respond to customer complaints about adulterated and misbranded products, in

particular, reports of foreign materials in these products. This document is not regulatory.

Since the beginning of 2019, there have been seven recalls of USDA-regulated food products for foreign material contamination. Those recalls have included ground beef chubs, breaded chicken products, chicken nuggets, frozen pork, and deli ham products. Corporations that have recalled these foods include Pilgrim’s Pride, Johnsonville, Tyson Foods, and Bellisio.

These recalls usually start because a consumer has found a material, such as glass, plastic, or wood, in a USDA-regulated product.

FSIS Administrator Carmen Rottenberg said in a statement, “FSIS has placed renewed emphasis on industry responding to customer complaints of foreign materials in meat and poultry and, as required, reporting those incidents to the agency within 24 hours once the determination has been made that the product is adulterated.”

Meat and poultry products that are contaminated with foreign materials are adulterated under the Federal Meat Inspection Act and Poultry Products Inspection Act, regardless of the type of foreign material.

All establishments must report to FSIS within 24 hours when they have shipped or received an adulterated product and that product is in commerce. That regulation was established in 2012. FSIS intensified efforts explaining to manufacturers that a product that contains foreign materials is adulterated even when a physical food safety hazard is not present. Adulterated products are not to be sold.

When a facility needs to recall a product that is adulterated, the establishment must identify the cause of the adulteration and take steps to prevent a

recurrence in its Hazard Analysis and Critical Control Point (HACCP) plan, that is reviewed by federal inspectors.

The establishment must first develop a mechanism to receive and process complaints. Once a complaint is received, the facility should have criteria and a mechanism to determine whether or not the complaint is valid. The company should look at where the product was produced, criteria to make sure the product was not tampered with, and substantiate the complaints. Then corrective action needs to be taken, with evaluation of the company’s HACCP system, and the complaint must be documented. Each complaint needs to be considered on a case-by-case basis.

## Safety Alerts

Date	Brand Name	Product Description	Reason/ Problem	Company
03/23/2019	Henry Avocado Corporation	California-grown conventional and organic avocados	Potential to be contaminated with <i>Listeria monocytogenes</i>	Henry Avocado Corporation
03/14/2019	Surtidoras	Muffins	Undeclared milk	Surtidoras Bakery, Inc.
03/12/2019	Pillsbury	Flour	Salmonella	Hometown Food
03/08/2019	Fullei Fresh	Organic Bean Sprouts	<i>Listeria monocytogenes</i>	Fullei Fresh
02/25/2019	Marketside	Green Beans and Butternut Squash	Potential <i>Listeria monocytogenes</i> contamination	Southern Specialties Inc.

02/25/2019	Bachman	Twist Pretzels	Undeclared Milk	UTZ Quality Foods, Inc.
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## Enterprise News

### Global Dairy Commodity Update



Global milk supply growth has slowed to a halt, while trade volumes are growing with attractive commodity prices for buyers. The overall market is firming as a result, but the conditions affect the outlook for each commodity differently.

However, we can't ignore the economic and political context for the outlook as the ongoing effects of the US-China trade dispute and the confusion of Brexit

present clear dangers to the market's stability. The cloud of a Brexit "no-deal" hangs over the market with moderate risks for disruption to the significant cheese trade into the UK, and potential impact on other commodities if milk use in the UK's major cheese suppliers' changes.

The clearance of SMP intervention stocks shifts a large volume of product into various intermediary and downstream storages in the supply chain but is expected to keep SMP prices firm in the short-term, with expected deep cuts in SMP output through Q1 and into the early Spring period based on projected milk availability.

Pasture conditions in NZ have been excellent, pushing milk output to record levels. The remainder of the season looks favourable, with the risk of El Nino receding, but weather will still play its part. Chinese milk powder demand has surged significantly to help soak up NZ's additional WMP output.

#### Cheese

EU prices are improving with slower growth in supply and better SMP/butter stream returns. Weaker US sentiment with concerns as to strength of export demand, while domestic demand disappoints. Flat trade with weaker import demand in US, Australia, Korea and China.

#### Skim Milk Powder

Intervention stock is practically cleared. EU prices are trending higher as the stocks reduce, fresh market tightening with slower Winter output. We're seeing improved premiums for NZ SMP over EU and US product. Growth in export trade remained strong in Q4 which is driven by US and EU.

#### Butter

Slower EU milk supply is weakening cream and butter output. NZ prices are fragile but following EU's lead, with slower stock turnover. Gradual recovery in overall trade, highly conditional on prices in developing regions.

### Whole Milk Powder

Values largely driven by butter and SMP stream returns, weakened by increased NZ and Latam availability. Moderate growth in NZ milk supply in 2018/19 appears priced into futures/GDT.

### Whey

US market drastically weaker in response to slower Asian demand and slower output of WPC products. African flu in Chinese pig herd may pressure feed demand. Weaker whey and animal feed prices in China are improving WPC-80 markets as stocks ease.

### Overview of global grapefruit market

Florida grapefruit, which is considered the best of its kind in many countries, is still available. Globally, however, traders lament that the total production volume is gradually falling each year, mostly as a result of citrus greening and the weather conditions. Most of the grapefruit currently on the market comes from Israel, Turkey and Spain, where the acreage is expanding.

US: Good Florida grapefruit season lasting longer

Even now that the Florida grapefruit season is about to end, there is still product available. "Just like around this time last year, the supply is relatively large. This year, we are even managing to continue a few weeks longer. The only issue is that the sizes have been a bit disappointing," says a trader. Currently, all growing areas in Florida are in production. In the domestic market, the biggest

competitor is Texas. Internationally, this role is played by Turkey and Israel.

The large supply is accompanied by a high demand, both on the domestic and on the export market. "The export period is as good as finished, so more grapefruit is now being sold in the domestic market. This could lead to growing price pressure in the coming weeks." The trader adds that "so far, the sector has managed to maintain a good balance between supply and demand in the markets." The fact that things are going well in the grapefruit market is welcome news, since consumption is falling.

Citrus greening is a challenging threat for the sector. "Because of this disease, it is difficult to grow a profitable crop. We spend twice as much on protective equipment and have to do with half of the volumes. There have been some developments, but there is no real solution yet. New, more resistant varieties should soon be available; nevertheless, many growers refuse to plant them before they prove to be reliable." The list includes the varieties Summer Gold, Foster Pink and Pummelette.

Israel: South African competition making things tough

The Israeli grapefruit season had a difficult start, with strong competition from South Africa. The South Africans exported so much grapefruit that China and Europe stopped importing Israeli products. In Israel, the cold stores were full and the prices dropped to 16 USD for a 15 kg box. Israeli growers even doubted whether they should harvest their fruit or wait for prices to increase.

In early 2019, the South African grapefruit export season came to an end. Since then, the demand for Israeli products has increased. In addition to Europe and China, the fruit is mainly exported to Hong Kong and Singapore. Prices oscillate between 22 and 23 USD for a 15 kg box. The most popular Israeli variety is the

Sunrise grapefruit, which accounts for 30 - 35% of total exports. The season is expected to last at least until the end of April with a run-out to the end of May.

Spain: Lower volumes do not bring expected price increase

So far, 65% of the total Spanish production has been harvested. This means the peak of the season is over. Production is about 20% lower than last year, but this has caused prices to rise less than expected. The sizes are smaller this year because of the lack of rainfall. Competition from Turkey is also stronger this year, especially in Eastern European countries. According to a trader, Turkey is trying to extend the grapefruit season and it is becoming increasingly difficult to keep prices high.

The most cultivated variety in Spain is the Star Ruby, along with other red varieties. White varieties are becoming increasingly rare and are now difficult to find. As soon as the Spanish season is over, most traders switch to imports from South Africa.

The Netherlands: Consequences of hurricane Irma still affect supply of Florida grapefruit

Florida grapefruit is still known in the European import sector as 'top of the bill'. The big problem is that the supply is becoming increasingly limited. While the State was still able to supply 60 million boxes of grapefruit more than 20 years ago, last year the total volume stood at 3.5 million boxes. Citrus greening has left its mark in the past few years, but last year growers have also suffered from the aftermath of Hurricane Irma, which means that hardly any large sizes have been shipped to Europe.

At the moment, there is still some supply of Florida grapefruit. The last arrivals are expected in week 12. Prices for sizes 48/56 amount to around 23 to 27 Euro

for the Star Ruby variety, while the price of the Ruby Red is about one Euro lower. For the white variety, the price amounts to 22.50 / 23.50 Euro (15 kg). According to importers, sales are going well and they have even recorded a boost this week. For next year, growers hope there will be more large sizes available, as these are eagerly demanded in Eastern Europe.

Within Europe, France is the largest buyer of Florida grapefruit, followed closely by the Netherlands, Belgium and the Scandinavian countries. Besides Florida, there is currently some supply of grapefruit from the Mediterranean production countries, such as Spain and Turkey. The Spanish supply in particular is on the rise. There is a large enough supply from those countries available, which results in prices standing at 10-12 Euro per 15 kilos.

France: Shortage of good quality grapefruit

There is a slight shortage on the French market. "There is almost no Turkish production on the market anymore, but there is still some Spanish, Israeli and Florida grapefruit," says a trader. The price differences between those origins are great. "The price for Spanish grapefruit, for example, ranges between € 10 and € 11 for a box with 48 pieces. Israeli grapefruit is a lot more expensive and is sold for about € 16. Florida tops the ranking, with a price of € 25.44 per box. "Both supermarkets and consumers are willing to pay a higher price for the Florida grapefruit. It remains the best



grapefruit in the world and in a gastronomic country like France, taste is extremely important. Even small children find it tasty."

The trader laments the annual decline in the production volume of Florida grapefruit. "The trees are suffering the impact of diseases and the climatic conditions. When I started in the citrus business 18 years ago, there were 10 exporters of Florida grapefruit. Now there are only 3. Due to the declining production, the volumes on the French market have also declined sharply. More than half of the grapefruit that is currently available in France comes from other origins and is not as tasty, so consumption is falling. Consumers won't buy that grapefruit a second time."

Italy: Cyprus and Turkey are important suppliers

Grapefruit is not a big product on the Italian wholesale markets. It does better in retail and hospitality. A wholesaler also says that there is no strong demand for grapefruit from his customers. "For us it is only a small product. The fruit is imported from Spain, Israel, Turkey, Cyprus, South Africa and Florida. There are also small growing areas in Sicily. In recent years, Turkey and Cyprus have taken a growing share of the Italian market." The wholesaler says that grapefruit is widely used in the catering industry for juices.

Pink grapefruit has become increasingly important in recent years, compared to traditional grapefruit. "In the summer, we import it from South Africa and Florida, despite the fact that the American fruit sometimes shows irregularities on the skin. I recently sold top quality Spanish grapefruit, nicely packaged, for € 1 per kilo. Normally, the prices around this period are lower."

China: Limited supply results in high prices

There is not a lot of grapefruit available on the Chinese market. At the moment,

the supply is low, which results in a higher price. China is currently importing mainly from Egypt, Spain and Israel. New batches are expected to arrive from April, which will ultimately bring the price down somewhat. Furthermore, the Chinese pomelo season is over. Due to the disappointing sizes this season, the export was more difficult. Most importing countries prefer small pomelos, but the ones grown this year were mostly large. Due to the favorable weather conditions, the pomelos were larger than expected.

Germany: Unstable results this season

So far, the German grapefruit market has been going through an unstable season: The supply from Florida left much to be desired this year, partly due to the small harvest and strong demand from the domestic and Canadian markets. The price for export goods reached a record high around the Christmas period, after which the prices fell slightly. At present, Turkey and Spain dominate the German market, mainly with the Ruby Red variety. Despite the moderate harvest in Turkey, grapefruit sales on the Western European market are developing as expected, according to a trader.

Organic grapefruit is also sold relatively quickly on the German market. In this segment, the supply currently comes mainly from Greece. The price for Greek organic grapefruit has stabilized somewhat in recent years; however, specialized importers are also keeping an eye on Israel, which focuses heavily on sweeter varieties (Sweet), instead of the bitter Greek varieties. The advantage, however, is that the Israelis market their products mainly around Christmas, while the Greeks deliver the biggest volumes later in the season.

South Africa: Harvest in two weeks

It's very early in the South African grapefruit season, with no harvesting yet. In

the very north of the country producers could start in about two weeks. The national estimate will be discussed coming Tuesday at the biannual citrus summit. Producers in the far north have noted that size looks better, closer to market requirements and the hopeful expectation of a smoother overlap between the Northern and Southern Hemisphere. The earliest South African grapefruit arrive on market by approximately mid-April.

"We hope that supply from the Northern Hemisphere doesn't run out before we reach the market because then you have to buy back shelf space," one trader said. There are already shaddock (locally called pompelmoes) available, a niche fruit for local consumption.

### Carrefour puts milk range on blockchain



French retailer Carrefour is continuing its blockchain crusade by applying the technology to its Carrefour Quality Line fresh micro-filtered full-fat milk.

This follows Auvergne

chicken and farmhouse fattened chicken, tomatoes, eggs and, most recently, Carrefour Quality Line oranges, being put on blockchain.

Starting this month, Carrefour said it is going to gradually start selling Carrefour Quality Line fresh micro-filtered full-fat milk that takes advantage of blockchain

technology.

This CQL product is made with the Gillot dairy's expertise using animals from within a radius of 30 km of the dairy and cows fed on GMO-free feeds, reared on modestly-sized farms in accordance with practices that ensure animal welfare.

With this technology, consumers can scan a QR code on the label with their smartphones and then access an interface which will give them a wealth of information about the route that the product has taken – from where it was farmed or grown, right up to the date it was placed on the store shelves.

Consumers will be able to see the GPS coordinates of farmers whose animals' milk was collected, get information about the cows' feeds depending on the season, find out exactly when the milk was collected and where it was packaged, etc.

They will also be able to use blockchain technology to identify the various stakeholders involved in the whole product line and find out about what they do – their livestock rearing practices, using microfiltration to store the milk, conducting quality checks throughout the production process, for example.

### Two Japanese companies are allowed to sell liquid baby milk

Japan's Kawasaki Gliko Co. and Meiji Co. announced on 5th that their liquid milk has been licensed by the Consumer Office of Japan with the words "infant use" and "alternative breast milk use". This is the first time that a Japanese dairy company has been allowed to label liquid milk with the word "infant use".

Kawasaki Gliko began selling its own baby liquid milk on its website, becoming Japan's first baby liquid milk sales company. At present, the company's 125 ml boxed baby liquid milk is sold at 216 yen (about 13 yuan) and can be stored at

room temperature for six months. The product is scheduled to be introduced to the Japanese retail market from November. Meiji plans to launch its baby liquid milk product on the 13th.

Infant liquid milk is a kind of dairy product which adds nutrients needed by infants. It can be stored at room temperature for a long time and can be drunk after opening. In the midst of the 2016 Kumamoto earthquake, liquid milk for infants provided by Finland has attracted much attention in Japan. In August last year, Japan's Ministry of Health, Labor and Welfare formulated specifications for infant liquid milk. On January 31, this year, Gliko and Meiji of Jiangzai obtained a safe license for liquid milk production for infants. In the future, liquid infant milk may become a seismic reserve material for local autonomous bodies in Japan.

## **MARKET NEWS - REPLY**

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