MARKETNEWS





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Focus on China

2 Pizza Hut stores probed over hygiene



Two Pizza Hut restaurants in Beijing are being inspected for suspected food safety issues, the market regulation authority said on Wednesday.

The stores, in the capital's Haidian and Fengtai districts, are accused of serving expired food, tampering with expiry date labels and repeatedly using old oil to



fry food, according to an investigative report from Beijing News.

The operation of the stores has been suspended for investigation, Pizza Hut China said on social media platform Sina Weibo on Wednesday.

Officers from the market regulation bureau in Fengtai carried out on-site inspection on Wednesday, examining the expiry dates of raw and semi-cooked materials, storage and operating practices.

It found a bag of bread that expired on Tuesday in the kitchen. Other food safety issues were also found such as a dirty cleaning and disinfection room with unwashed dishes, and the storing of personal clothes in the food storage room.

The bureau also arranged a third-party test company to collect samples of some raw food materials, such as oil, chicken wings and sausages. The test results have not yet been released.

The bureau filed a case accordingly and shut down the store.

It is not the first time the store has received a penalty for food safety.

According to Tianyancha, a corporate information provider, the restaurant was fined 50,000 yuan (\$7,400) for using expired food materials and ingredients in March.

The market regulation bureau in Haidian district also carried out an inspection of a store in the district, checking its operating practices and time log of cold-chain food entering and leaving the storage room, and also entrusted a third party to test the raw materials.

The bureau filed a case for further investigation.

Pizza Hut has more than 2,600 restaurants on the Chinese mainland. All Pizza Hut restaurants on the mainland are operated by Yum China, which operates 12,000 restaurants in China, including KFC and Taco Bell.

Qudian banking on precooked meals for growth



Qudian Inc, a Chinese online consumer-oriented credit provider, is banking on the fast-growing ready-to-cook meals segment by supporting 100,000 users to open brick-and-mortar stores selling semi-cooked dishes over the next three years.



Luo Min, founder and CEO of Qudian, said the company has established 15 plants engaged in the production and processing of precooked food in 15 cities, including Wuhan, Hubei province; Shenzhen, Guangdong province; and Xiamen, Fujian province, with the aim to open 30 such plants across the nation.

The company plans to have 10,000 stores in total this year and 50,000 stores by 2023. For users with financial difficulties, the company will provide one-year interest-free loans, the company said.

Apart from setting up offline stores, Qudian will expand its footprint in the e-commerce segment by selling semi-cooked food via livestreaming on short-video platform Douyin and Tencent's WeChat mini programs, Luo added.

Luo sold approximately 9.56 million dishes during a 19-hour livestreaming event via Douyin on Sunday, with a peak of concurrent viewers reaching 95.87 million, and attracted 3.97 million new followers for Luo's Douyin account.

The Xiamen-based company has also inked strategic partnerships with leading agricultural companies such as Shandong Delisi Food Co Ltd, Longda Foodstuff Group Co Ltd and Evergreen Conglomerate.

Founded in 2014, Qudian uses big data-enabled technologies to make personalized credit accessible. It was listed on the New York Stock Exchange in 2017.

According to the latest financial results, total revenue of Qudian reached 201.8 million yuan (\$29.9 million) in the first quarter, down 60.9 percent year-on-year compared with the same period last year. The company is shifting its focus from

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the online lending business to the flourishing premade cuisine segment.

Mo Daiging, a senior analyst at the Internet Economy Institute, a domestic consultancy, said the COVID-19 resurgence weighed on the consumer finance sector in the first quarter, along with strengthened regulations on internet finance platforms.

"Under such circumstances, the main business of Qudian is shrinking and its core competitiveness is gradually losing, so it is urgent to explore new business growth points," said Mo, adding that ready-to-eat food might be the last lifesaving straw.

However, Qudian is facing intense competition from domestic rivals like Freshippo, JD, Missfresh and Meituan Maicai, which have invested heavily in the semi-cooked products sector.

Market consultancy iiMedia Research said China's premade cuisine saw sales of 345.9 billion yuan last year. The figure is projected to rise at a compound annual growth rate of 20 percent to 516.5 billion yuan by 2023.

Chinese e-commerce giant JD said it will support 20 semi-cooked food brands, whose sales revenue is expected to surpass 100 million yuan each in the next three years.

Chai Zhenzhen, an analyst from JD Research Institute, said most precooked cuisine requires cold chain transportation and low-temperature storage, so enterprises should ramp up efforts to build a complete and efficient supply chain to ensure freshness, quality and delivery efficiency of the dishes.

For their part, catering merchants should continue to increase investments in research and development to roll out ready-to-cook dishes with various flavors to meet the wide-ranging consumer demand from different age groups, Chai said.

Qudian has to make a transition when faced with shrinkage of its core business and huge operational pressure, said Jiang Han, a senior researcher at market consultancy Pangoal, adding the goal of opening 10,000 stores will not be easy as the large-scale offline expansion means a large amount of capital input. More efforts are needed to build attractive brands and differentiated products, Jiang said.

"At present, the industrial chain for semi-cooked meals is long and fragmented, and the competition in the segment of low-end products is fierce. Meanwhile, overall technological research and development capacity is insufficient," said Xin Yuan, secretary general of the China Pre-made Cuisine Industry Alliance.

Such factors have hindered high-quality development of the premade food industry, Xin said.

International News

FDA Issues Country-Wide Import Alert for Enoki Mushrooms from the **Republic of Korea**

The FDA announced today that its Import Divisions may detain without physical



examination, importations of enoki mushrooms from the ROK. This country-wide import alert, IA #25-21, "Detention Without Physical Examination of Enoki Mushrooms from Korea (the Republic of) due to Listeria monocytogenes," was issued to protect public health and help prevent the importation of enoki mushrooms that could be linked to human infections. The FDA issues import alerts to help prevent potentially violative products from being distributed in the United States.

In fiscal year 2021, FDA testing revealed that 43% of enoki mushrooms sampled from the ROK were contaminated with *Listeria monocytogenes* (*L. monocytogenes*). *L. monocytogenes* is a human pathogen that can be found in moist environments, soil, water, decaying vegetation and animals, and can survive and even grow under refrigeration and other food preservation measures.

The sampling was conducted following an FDA investigation into a multistate outbreak spanning from 2016-2020. This outbreak linked multiple cases of human infections of *L. monocytogenes* to enoki mushrooms from the ROK. The outbreak accounted for a total of 36 U.S. cases reported across 17 states, 12 cases in Canada, and six cases in Australia. The 36 U.S. cases yielded 31 hospitalizations and four deaths.

From March 2020 through May 2022, state public health authorities conducted sampling of enoki mushrooms from U.S. retail locations. *L. monocytogenes* was detected in multiple state samples, which led to 21 recalls of enoki mushrooms in the United States. Nine of the recalls were linked to enoki mushrooms grown in

the ROK and were confirmed by labeling, traceback, or whole genome sequencing (WGS).

After the 2020 outbreak, the FDA began implementing an Imported Specialty Mushroom Prevention Strategy, with a focus on enoki mushrooms, to protect public health and prevent future *L. monocytogenes* outbreaks in specialty imported mushrooms. The FDA's prevention strategies are affirmative, deliberate approaches undertaken by the agency to limit or prevent the recurrence of a root cause that led to an outbreak or adverse incident.

FDA Issues RFI on Fluorinated Polyethylene Food Contact Containers

Today, the U.S. Food and Drug Administration (FDA) issued a request for information on the food contact uses of fluorinated polyethylene. Fluorination of polyethylene may result in the formation of per- and polyfluoroalkyl substances (PFAS) and this request is part of our continued work to ensure that authorized food contact uses are safe. The FDA is seeking scientific data and information on the current food contact uses of fluorinated polyethylene, consumer dietary exposure that may result from those uses, and safety information on substances that may migrate from fluorinated polyethylene food containers.

Fluorination of polyethylene containers improves chemical barrier properties. The FDA authorized fluorinated polyethylene for general use in contact with food in 1983 (21 CFR 177.1615). This regulation requires specific manufacturing conditions that must be in place during the fluorination process. Last year,



testing by the Environmental Protection Agency (EPA) noted the migration of perfluorooctanoic acid (PFOA), a type of PFAS, from fluorinated polyethylene containers used to hold pesticides. In conjunction with EPA's testing, the FDA became aware of different fluorination processes used in containers for holding pesticides, which are not approved for food contact. To help ensure these alternative fluorination processes are not used in the production of food-contact articles, we issued a letter to industry reminding them that it is the responsibility of the manufacturer of a Food Contact Substance (FCS) to ensure that food contact materials comply with the specifications and limitations in all applicable authorizations.

The FDA monitors new scientific information on FCSs as it becomes available. This includes reviewing scientific literature and studies from other regulatory and health agencies in the United States and in other countries. Considering recent developments, the FDA is seeking additional information on current practices to ensure the safe use of fluorinated polyethylene in contact with food.

To ensure comments regarding "Fluorinated Polyethylene Containers for Food Contact Use; Request for Information" are considered, please submit written or electronic comments within 90 days of publication in the Federal Register.

Submit comments electronically on Regulations.gov to docket number FDA-2022-N-1526.

Submit written/paper submissions to:

Dockets Management Staff (HFA-305)

Food and Drug Administration 5630 Fishers Lane, Rm 1061 Rockville, MD 20852

All submissions received must include the Docket No. FDA-2022-N-1526 for "Fluorinated Polyethylene Containers for Food Contact Use; Request for Information."

FDA Shares Results on PFAS Testing in Seafood

Today, the U.S. Food and Drug Administration (FDA) made available testing results for per- and polyfluoroalkyl substances (PFAS) in seafood samples collected at retail. The FDA conducted this limited survey as a preliminary step to determine if a more targeted or larger seafood survey should be conducted. We tested 81 samples of clams, cod, crab, pollock, salmon, shrimp, tuna, and tilapia, most of which were imported to the United States. Using the best available science, the FDA evaluated individually the PFAS detected that have toxicological reference values. The FDA determined that the estimated exposure to perfluorooctanoic acid (PFOA), a type of PFAS, from the samples of canned clams, which were from China, is likely a health concern. For the canned clam samples with the two highest levels of PFOA, there would be a potential health concern for consumers who eat more than approximately 10 ounces (oz) of these clams per month, except for young children, who should limit consumption to 2 oz per month.

Research has shown that exposure to PFOA is associated with several serious



health outcomes, including developmental effects, changes to liver function, reduced immune response, and increases in certain types of cancer. The levels of the other types of PFAS evaluated in the clams, as well as the PFAS evaluated for all other seafood samples are not likely to be a health concern. The FDA is working to determine the extent of PFOA in imported canned clams and PFAS in clams overall and taking action to ensure the continued safety of the U.S. food supply.

After learning the results of the FDA's testing in their products, the two distributors of the samples with the two highest levels of PFOA are voluntarily taking action to protect consumers. Today, one of the firms issued a voluntary recall for all products within the identified Universal Product Code (UPC), which can be found below the bar code on the back of the package. In addition, the second firm has also committed to a voluntary recall of their canned clam products that were included in FDA's testing.

The FDA is actively engaged with all of the canned clam distributors that had products sampled to better understand potential sources of contamination, which could help the firms take action to reduce consumer exposure to PFOA from their products, for example, reducing the level of PFOA in their canned clams through product sourcing. The FDA will also test imported clams and take action as appropriate. In addition, the agency plans to conduct broader testing of canned and fresh clams, both imported and domestically harvested, to better understand PFAS levels to determine the best approach for protecting public health.

The FDA initiated this seafood survey based on our prior testing of foods from the general food supply obtained from the FDA's Total Diet Study (TDS), which found relatively low levels of PFAS in a few seafood samples. The percentage of seafood samples with detectable PFAS, the types of PFAS detected, and the levels detected in multiple samples are higher in this survey than we have found in the overall TDS samples. This is not unexpected, as seafood may be at increased risk for PFAS contamination from the environment. Therefore, we tested more samples of specific types of seafood, and in this survey our researchers tested for certain types of PFAS that have been identified in the literature as being more prevalent in seafood. Additionally, other studies in the scientific literature on clams from China and Europe have reported a range of levels of PFOA, including elevated levels. As the science evolves and as FDA researchers and food safety experts advance our understanding of PFAS in foods, the FDA will follow the data to help inform our regulatory approach to PFAS in foods and we will continue to share new information with the public on fda.gov as it becomes available. Information on additional firm actions will be posted to this Constituent Update.

For consumers wondering if they should change their dietary habits related to seafood, we reiterate our recommendation that you and your children eat a variety of age-appropriate healthy foods, including seafood. Seafood as a part of a healthy diet provides many nutritional benefits that for children include brain development and boosted immune system, and for adults, heart and bone health benefits, as well as help in reducing the risk of certain cancers. People who regularly eat or feed their children canned clams from China may want to

reduce overall intake until we have more information.

EU import control changes mention ethylene oxide and aflatoxins

The European Commission has updated the list of imported products subject to checks for aflatoxins, pesticides and microbial contamination.

Changes are based on incidents reported through the Rapid Alert System for Food and Feed (RASFF) portal and information from official controls by member states on food and feed of non-animal origin in the second half of 2021.

The regulation, which came into force earlier this month, temporarily changes the rate of official controls and puts emergency measures on entry into the EU of certain goods from some non-EU countries. Rules are modified every six months to account for new information on risks to health and non-compliance with EU legislation.

Palm oil from Ghana has had an increased level of official controls because of the contamination risk by Sudan dyes since April 2016. Due to continued non-compliance, all consignments need to be accompanied by an official certificate with results of sampling and analyses showing compliance with EU requirements. Identity and physical checks were also set at a rate of 50 percent.

There have also been changes relating to ethylene oxide and mixtures of food additives containing locust bean or guar gum from India, Malaysia and Turkey. A frequency of identity and physical checks should be set at 20 percent for such products entering Europe.



Deliveries of palm oil from Ghana and the above additives from Malaysia and Turkey, which have been dispatched before the EU regulation became applicable, may enter Europe until Sept. 3, 2022 without results of sampling and analyses and the official certificate.

The revised rules clarify that only dried spices from India should be subject to official controls at border control posts for ethylene oxide with a frequency of checks at 20 percent.

Mycotoxins and pesticide residues

There is no change to the 20 percent frequency of checks on peanuts, peanut butter and peanut paste for aflatoxins from the United States.

Controls on hazelnuts from Georgia due to aflatoxin have been raised to 30 percent.

Nutmeg from India has been subject to increased controls due to the risk of contamination by aflatoxins since July 2019. However, improved compliance means an official certificate stating results of sampling is no longer necessary. Identity and physical checks are required on 30 percent of consignments entering the EU.

Controls on nutmeg from Indonesia for aflatoxin have been increased to 30 percent.

Oranges from Egypt will be subject to identity and physical checks for pesticide residues at a frequency of 20 percent.

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Rice from India and Pakistan will be checked for pesticide residues at a frequency of 5 percent. Controls on yardlong beans and guava from India for pesticide residues were set at a rate of 20 percent.

Consignments of peppers, other than sweet, from Thailand will be checked for pesticide residues at a rate of 30 percent.

Galia melons from Honduras are still being checked at a rate of 10 percent for Salmonella Braenderup following a large outbreak in 2021. Sesame seeds from Nigeria, Ethiopia and Sudan and black pepper from Brazil remain subject to Salmonella controls at a frequency of 50 percent.

Enterprise News

CDC says 17-state Jif peanut butter Salmonella outbreak is over

Case Count Map Provided by CDC

Persons infected with the outbreak strain of Salmonella Senftenberg, by state of residence, as of July 26, 2022 (n=21)



The CDC has declared that an outbreak of infections from Salmonella Senftenberg in Jif peanut butter is over, and the FDA investigation has been closed.

The outbreak had 21 patients confirmed infected across 17 states. Four people required hospitalization. No deaths were reported, according to the Centers for Disease Control and Prevention.

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In an update Wednesday the Food and Drug Administration reported that its investigation is closed. The agency last reported that the infections were linked to certain Jif brand peanut butter products produced at the J.M. Smucker Company facility in Lexington, Kentucky.

J.M. Smucker Company voluntarily recalled certain Jif brand peanut butter and many other companies that used the peanut butter as an ingredient in their products also issued recalls.

"The FDA is preparing a report to discuss findings and provide information to assist in future prevention efforts," according to an FDA statement.

For consumers the FDA continues to urge them to check to see if they have the recalled peanut butter on hand or if they have used the recalled Jif brand peanut butter that have lot code numbers 1274425 through 2140425 and the first seven digits end with 425. If anyone in a household ate or handled this peanut butter and has symptoms of salmonellosis, they should contact their healthcare provider.

For retailers, re-packers, and manufacturers the FDA recommends referring to the firm's recall press release for the UPC codes and other retailer information. Retailers, re-packers or manufacturers should not sell or serve recalled peanut butter or products containing recalled peanut butter.

Daily Harvest CEO says they have identified tara flour as cause of illnesses



In a recent update from Daily Harvest, CEO Rachel Drori says that the company has identified tara flour as the cause of the more than 470 illnesses reported to the company.

Tara flour comes from the seeds of tara trees which are native to Peru. Tara flour is one of more than a dozen ingredients listed in Daily Harvest's recalled French Lentil + Leek Crumbles.

As of July 14 the Food and Drug Administration is reporting 277 reports from people who ate the frozen crumbles. The agency continues to advise people to not eat the product and to check their freezers for it. As of June 30, 133 people

had reported illnesses to the FDA.

"Our extensive investigation has involved many experts analyzing data from all sources. We have only used this ingredient in French Lentil + Leek Crumbles and we are no longer sourcing from this producer who does not provide any ingredients for our 140+ other items," Drori said. "This was the first and only time we've used tara flour, which has been available and used in the North American market as a plant-based source of protein prior to our use. Our investigation team will continue working with the FDA, the tara flour producer and others to help determine what specifically made people sick."

Daily Harvest still believes that the issue is limited to the French Lentil + Leek Crumbles. "As we've continued our testing sequencing over the past four weeks and reviewed consumer reports and medical records — including analysis by medical toxicologists and food safety experts –, the data has repeatedly indicated that the issue is isolated to French Lentil + Leek Crumbles. Drori said.

The product was recalled on June 17. From April 28 to June 17, 2022, 28,000 units of the recalled product were distributed to consumers in the continental United States through online sales and direct delivery, as well as through retail sales at the Daily Harvest store in Chicago, IL, and a "pop-up" store in Los Angeles, CA. Samples were also provided to a small number of consumers.



Honey recalled after FDA detects active ingredient to treat ED in product



Shopaax.com in Newark, DE is recalling all lots of Kingdom Honey Royal Honey VIP because it contains undeclared Sildenafil, the active ingredient in the FDA-approved prescription drug Viagra, used to treat erectile dysfunction.

The recall was initiated after FDA laboratory analysis confirmed that Kingdom Honey Royal Honey VIP contains Sildenafil.

The FDA sent a warning letter to the company, as well as three other honey companies, about the presence of active drug ingredients in their products.

FDA approval of Viagra is restricted to use under the supervision of a licensed health care professional. The use of products with the undeclared active



ingredient may pose a threat to consumers because the active ingredient may interact with nitrates found in some prescription drugs (such as nitroglycerin) and may cause a significant drop in blood pressure that may be life-threatening. People with diabetes, high blood pressure, high cholesterol, or heart disease often take nitrates. Among the adult male population who are most likely to use these products, adult males who use nitrates for cardiac conditions are at the most at risk from these products.

Recalled products:

- The product comes in a golden box and contains 12 sachets of 20 grams of honey with different expiration dates stamped on the back side.
- It is promoted and sold for sexual enhancement on various websites, including www.shopaax.com and possibly in some retail stores.
- The company began selling this product on Shopaax.com on 02/2021 and was suspended on 07/2022.

The selling of this product has been suspended.

The company has temporarily removed all other products on the website pending investigation. The product may still be available on other websites and retail stores.

Consumers who have purchased Kingdom Honey Royal Honey VIP on Shopaax.com are urged to immediately discontinue use and return recalled products.

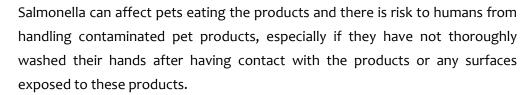
Consumers should contact their physician or healthcare provider if they have experienced any problems that may be related to taking or using this product.

Dog treats recalled after testing finds Salmonella



Stormberg Foods is recalling various sizes and batches of Beg & Barker Chicken Breast Strips Dog Treat, Billo's Best Friend Chicken Breast Strips Dog Treat and Green Coast Pets Chicken Crisps Dog Treat products because of potential Salmonella contamination.

On July 6, 2022, the firm was notified by the North Carolina Department of Agriculture & Consumer Services that a sample they collected tested positive for Salmonella.



Pets with Salmonella infections may be lethargic and have diarrhea or bloody diarrhea, fever, and vomiting. Some pets will have only decreased appetite, fever and abdominal pain. Infected but otherwise healthy pets can be carriers and infect other animals or humans. If your pet has consumed the recalled products and has these symptoms, please contact your veterinarian.

The products were distributed June 8-22, 2022. These products were packaged in branded plastic bags in carboard master cases and shipped primarily to warehouses located in California, Minnesota, North Carolina and Rhode Island. Products are then shipped nationwide to retail facilities and consumers via the internet.

Recalled products:

Product	Size	UPC	Batch No.	Exp Dates
Beg & Barker Chicken Breast Strips	1 OZ	8 50025 54628 7	All batch numbers	06/06/23 to 06/23/23



Beg & Barker Chicken Breast Strips	4 OZ	8 50025 54611 9	All batch numbers	06/06/23 to 06/23/23
Beg & Barker Chicken Breast Strips	10 OZ	8 50025 54610 2	All batch numbers	06/06/23 to 06/23/23
Billo's Best Friend Chicken Breast Strips	4 oz	8 50025 54682 9	All batch numbers	06/06/23 to 06/23/23
Green Coast Pets Chicken Crisps	4 OZ	8 60001 92832 7	All batch numbers	06/06/23 to 06/23/23
Green Coast Pets Chicken Crisps	8 oz	8 60001 92833 4	All batch numbers	06/06/23 to 06/23/23

As of the posting of this recall, no illnesses have been reported to date.

Consumers who have purchased the recalled items should return or dispose of it.

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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.cn