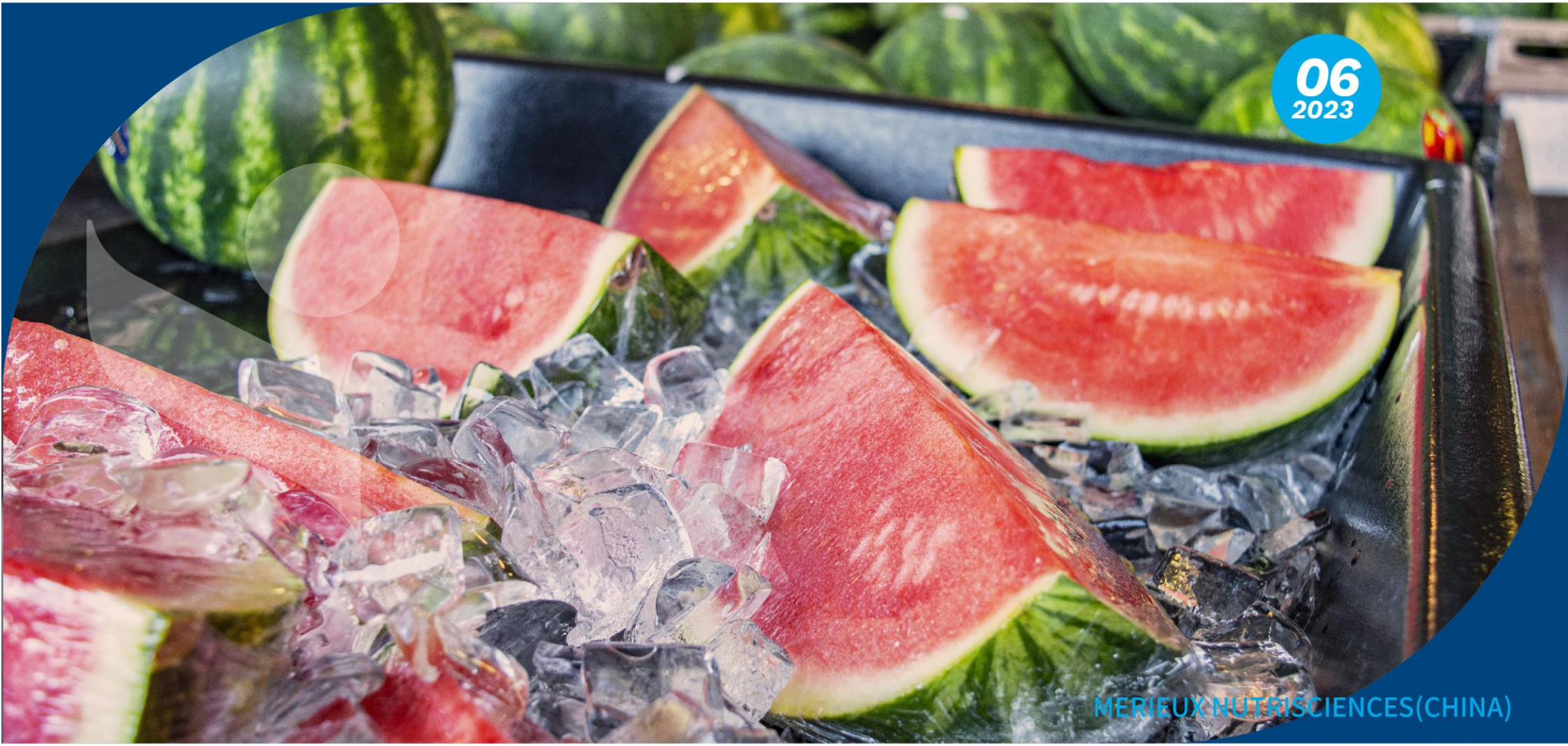
MARKET NEWS

June 2023

Mérieux NutriSciences



BETTER FOOD. BETTER HEALTH. BETTER WORLD.

CONTENTS

Focus on China

Discount food boxes turn hot among young consumers

Chinese consumers are increasingly warming up to the concept of "leftover blind boxes" — or randomly packed boxes of unsold food and beverages available at discounted rates — as a way of preventing food wastage and saving costs.

Merchants are using these "mystery gift boxes" as a promotional tool to attract more environmentally conscious consumers, especially younger ones.

"We launch leftover blind boxes when there is food nearing its expiry date at the end of the day. We pack products such as milk, bread, cake, and sandwiches in blind boxes, and sell these at half the price. Usually, the blind boxes are sold out quickly," said Wu Tian, a staff member at a convenience chain store in Beijing.

WeChat's leftover blind box mini program Xishi Magic Bag is registered with several bakery brands such as Bread Talk, Dim Sum Bureau of Momo, Withwheat and KenGee, and offers blind boxes containing bread to consumers.

Xishi Magic Bag usually launches blind boxes at 7 pm every day. They are priced between 11.9 yuan ($1.7) and 15.9 yuan, and contain two bread loaves whose original price tag is around 40 yuan.

"I often browse the mini-program and buy the leftover blind boxes. It saves money and prevents food waste. I enjoy it a lot," said Zhang Kai, a loyal consumer of Xishi Magic Bag.

Currently, Xishi Magic Bag is available in Beijing, Shanghai, Chongqing, Guangzhou and Shenzhen in Guangdong province, Hangzhou in Zhejiang province, Changsha in Hunan province and Chengdu in Sichuan province.

People in cities where the mini-program is not available currently have requested to launch the service quickly.

"Leftover blind boxes, as a new business mode, are very promising. They have great advantages in terms of price, and can attract more consumers," said Hong Yong, an associate research fellow at the e-commerce research department of the Ministry of Commerce. "In addition, they conform to the concept of zero-waste and environmental protection. Therefore, they are gaining popularity among consumers."

This year marks the second anniversary of the passage of China's Anti-Food Waste Law.

In March, the State Administration for Market Regulation launched a three-month special drive to stop the wastage of food and beverages.

By the end of May, more than 2 million food and beverage enterprises were investigated, over 27,000 food and beverage waste problems were spotted, and penalties were imposed in 8,986 cases.

Though leftover blind boxes benefit people, they also come with food safety issues.

Some consumers have complained that they received poor quality from leftover blind boxes, and became sick after eating the food.

Zheng Lei, chief economist at cloud services provider Smydigtech, said that a supervisory mechanism should be established to ensure the food safety of leftover blind boxes.

"As food and beverages can be contaminated during production, transportation and storage, qualified suppliers should be selected to ensure the quality of products. Leftover blind box providers should standardize their operations to satisfy consumers," Hong said.

Exam paper admitted as evidence in court case

A copy of the national college entrance exam was admitted as evidence in a liability case concerning liqueur in Ningxia Hui autonomous region late last year, according to People's Daily.

The dispute began with a person surnamed Liu buying 16 bottles of liqueur online in 2021. Produced by a wine company in Ningxia, the liqueur only had grapes and sulfur dioxide labeled as ingredients.

Liu suspected the wine company was withholding information about the ingredients, since liqueur usually is a sweetened alcoholic beverage with various flavors, potentially with rum, whisky or other liquor added as a base spirit.

The alcohol content of the liqueur he bought was labeled as 18 percent, but a question on the test indicates the highest alcohol content of wine brewed in natural conditions would be 16.2 percent.

Liu then sued the company for breaching the Food Safety Law, which stipulates food ingredients should be clearly labeled. He demanded a refund of the 9,300 yuan ($1,305) he spent on the liqueur and compensation of 93,000 yuan.

Last year, a people's court in Yongning county ruled that the liqueur didn't label all the ingredients, but the exclusion didn't make the liqueur unsafe or mislead the consumer. It also found the liqueur didn't cause any harm to the plaintiff's well-being or property, rejecting Liu's claims.

According to lawyer Zheng Xudong from the Jiangsu Fides Law Firm, as long as it is authentic, legal and relevant to the case, the test paper can be admitted as evidence.

International News

FDA Releases 2017-2018 Report on the Occurrence of Foodborne Illness Risk Factors in Fast Food and Full-service Restaurants

Today, the U.S. Food and Drug Administration (FDA) released its report on the Occurrence of Foodborne Illness Risk Factors in Fast Food and Full-service Restaurants. According to the Centers for Disease Control and Prevention (CDC) more than half of foodborne illness outbreaks that occur each year are associated with food from restaurants.

This report summarizes the agency's findings from the 2017-2018 data collection, and is part of the FDA's 10-year (2013-2022) study on trends in the occurrence of foodborne illness risk factors and food safety behaviors and practices in food service facilities. Risk factors are food preparation practices that can contribute to outbreaks of foodborne illness, such as inadequate cooking, poor personal

hygiene, or using food from unsafe sources.

The restaurants used in the study were located across the United States and randomly selected for data collections by the FDA Retail Food Specialists. Findings from the 2017-2018 report suggested that a well-developed and documented Food Safety Management System (FSMS) can help reduce the occurrence of foodborne illness risk factors. Other key findings mentioned in the report include:

- Inadequate cooking was the least out-of-compliance foodborne illness risk factor investigated in the study;
- Having well-developed Food Safety Management Systems (FSMS) were the strongest predictor that risk factors would be minimized; and
- The two most commonly occurring risk factors were improper holding time and temperature, and poor personal hygiene.

You can review the complete list of findings from the report. Data from the 2017-2018 collection will be used to evaluate trends in the occurrence of risk factors in future data collections and help the FDA identify where risk-based interventions may be needed to protect public health.

The results from the overall 10-year study are used to develop retail food safety initiatives, policies, and targeted intervention strategies focused on controlling foodborne illness risk factors, provide technical assistance to state, local, tribal, and territorial regulatory professionals, identify FDA retail work plan priorities and inform FDA resource allocation to enhance retail food safety nationwide.

For questions about this report, please contact the FDA National Retail Food Team at retailfoodpolicyteam@fda.hhs.gov.

FDA Releases Summary Report on Ready-to-Eat Dips and Spreads Sampling Assignment

Today, the U.S. Food and Drug Administration (FDA) released findings from a sampling assignment that collected and tested refrigerated, multi-commodity ready-to-eat (RTE) dips and spreads. The assignment sought to estimate the presence of *Salmonella* spp. and *Listeria monocytogenes* in these products as part of the FDA's ongoing effort to proactively ensure food safety and remove adulterated product from the market.

More than 190 million Americans purchased refrigerated RTE dips and spreads in 2020, and as the popularity of plant-based diets, as well as the convenience of on-the-go packaging continues to grow, so does consumer demand for these products.

From March 2021 to January 2022, the FDA collected and tested a total of 747 samples of refrigerated, multi-commodity RTE dips and spreads that contain ingredients such as sesame, vegetables, cheese, and seafood. The agency detected *Salmonella* spp. in one sample of hummus and *Listeria monocytogenes* in three dip and cheese spread samples. The FDA worked closely with the manufacturers to remove the contaminated products from the market.

Dips and spreads contaminated with *Listeria monocytogenes* or *Salmonella* can present a significant public health risk and have been associated with multiple

recalls over the past few years. This assignment was carried out because from FY2017 through FY2020 there were five recalls of hummus products and six recalls of multi-commodity dips that were contaminated with *L. monocytogenes* or *Salmonella*.

The findings of this assignment underscore the need for processors of RTE dips and spreads and others in the supply chain to comply with the FDA's Current Good Manufacturing Practice, Hazard Analysis, and Risk-Based Preventive Controls for Human Food Rule, as applicable.

The FDA is reviewing this assignment's findings to identify common factors or patterns related to the contamination of RTE dips and spreads. This data will help the agency develop guidance and update program priorities, including future sampling assignments and the prioritization of surveillance inspections. The FDA will continue to sample RTE dips and spreads for pathogens as warranted to protect consumers.

FDA Issues Draft Guidance on Tattoo Inks

The U.S. Food and Drug Administration today issued draft guidance to tattoo ink manufacturers and distributors to help recognize situations in which a tattoo ink may become contaminated with microorganisms, and thus, be potentially injurious to health. This guidance also recommends certain steps that manufacturers and distributors could take to help prevent the occurrence of these conditions, or to identify and remediate insanitary conditions that already exist during manufacturing and distribution.

The FDA received multiple reports of illnesses caused by microbially contaminated tattoo inks, and subsequent testing by the agency also uncovered microbial contamination in sealed tattoo ink bottles. Between 2003 and 2023, firms conducted 18 recalls of tattoo inks that were contaminated with a variety of microorganisms, some of which can cause serious infections. In May 2019, the FDA issued a Safety Alert advising consumers, tattoo artists and retailers to avoid using or selling certain tattoo inks contaminated with microorganisms.

Today the FDA is taking additional steps to protect consumers from contaminated tattoo inks by providing manufacturers with information and tools to help them reduce the microbial contamination in the inks they manufacture.

The FDA urges consumers and healthcare providers to report adverse reactions from tattoos. Consumers and healthcare providers can report problems to MedWatch, the FDA's problem-reporting program, by calling 1-800-332-1088, or by contacting the nearest FDA consumer complaint coordinator. For more information on mandatory reporting of serious adverse events required as a result of the Modernization of Cosmetics Regulation Act, please see: Modernization of Cosmetics Regulation Act of 2022.

To Submit Comments

Comments on the draft guidance should be submitted within 90 days after publication in the Federal Register. You may submit electronic comments to Regulations.gov. All written comments should be identified with the docket number FDA-2023-D-1083 and with the title of the guidance document.

EU food and beverage recalls rise in early 2023

The number of food and beverage recalls in Europe went up in the first few months of 2023, according to an analysis.

Data comes from Sedgwick brand protection's latest European product recall report and is based on information from the EU's Rapid Alert System for Food and Feed (RASFF) and the Food Standards Agency (FSA).

A 2.9 percent increase in food and beverage recalls, up to 1,154 in Q1 2023, from January to March was recorded. This means the figure is above the 5-year quarterly average of 1,034 recalls.

Recalls for specific unauthorized ingredients increased. For example, products containing cannabidiol (CBD), an active ingredient in cannabis, rose from 11 in Q4 2022 to 24 in Q1 2023.

Figures for the first quarter of 2023 in the United States can be found here.

Reasons for European Recalls

Contamination – non-bacterial was the leading cause of European food recalls with 486.

The most common contaminant was aflatoxins, which were linked to 89 recalls this quarter. This represents an increase from 73 recalls in Q4. Second was chlorpyrifos, which was cited 62 times. Third was pesticides with 30 recalls.

Bacterial contamination was second with 233 recalls followed by undeclared allergens and foreign bodies, both responsible for under 100 recalls. Of recalls for bacterial contamination, 175 were for Salmonella, 29 for Listeria, and five were for both pathogens.

Fruits and vegetables remained the product category with the most recalls with 187 in Q1 2023. It has been the leading category for nine consecutive quarters. Nuts, nut products, and seeds were the second-most impacted category with 126 recalls, slightly higher than 116 last quarter.

Dietetic foods, food supplements, and fortified foods were the third-highest product category with 109. There were 39 recalls for bivalves, mollusks, and related products, most of which were linked to an outbreak of norovirus contamination in oysters.

Recalls by notifying countries saw Germany top the list, followed by the Netherlands, France, Spain, and Italy.

Chris Occleshaw, an international product recall consultant at Sedgwick, said food and beverage companies in the European market are facing increased scrutiny from regulators and consumers.

"Food safety remains a priority for regulators, as evidenced by the continued increase in the number of recalls in Q1 2023. However, regulators are paying attention to every aspect of a company's operations, from its recordkeeping and packaging to its labeling and marketing claims. Companies must re-evaluate their risk management processes to ensure they are adequate for current challenges facing the industry," he said.

FDA Issues Final Guidance to Industry on Action Level for Inorganic Arsenic in Apple Juice

Today, the FDA announced the availability of a final guidance for industry entitled "Action Level for Inorganic Arsenic in Apple Juice." The final guidance identifies for industry the action level of 10 parts per billion (ppb) for inorganic arsenic in apple juice, issued in draft by the agency in 2013. The guidance supports the FDA's goal to reduce exposure to environmental contaminants from foods commonly consumed by babies and young children.

The FDA's testing results reflect a trend in reductions in the amount of inorganic arsenic in apple juice on the market, with an increasing percentage of samples testing below 3 ppb and 5 ppb. However, since the release of the draft guidance, we have identified some apple juice samples with inorganic arsenic levels above 10 ppb. Therefore, we are finalizing an action level of 10 ppb because we consider this level achievable with the use of good manufacturing practices.

The FDA expects that the 10 ppb action level, though non-binding, will help to encourage manufacturers to reduce levels of inorganic arsenic in apple juice. The agency will continue its current practice of monitoring arsenic in apple juice samples and if testing identifies inorganic arsenic in apple juice above 10 ppb, the FDA will consider this action level, in addition to other factors, to determine whether to take enforcement action. As lower arsenic levels are more protective of public health, we expect to revisit this action level as part of the FDA's *"Closer to Zero"* action plan.

FDA Update on PFAS Activities

Today, the U.S. Food and Drug Administration (FDA) is sharing updates on our activities to better understand PFAS in the general food supply including, recent testing results, progress on seafood related work, and advances in testing methods.

Testing Results for PFAS in the General Food Supply

To estimate dietary exposure to PFAS from the general food supply, the FDA has been testing fresh and processed foods consistently since 2019. To date, we have tested nearly 800 samples from a wide range of foods collected for the FDA's Total Diet Study (TDS) or collected as part of targeted assignments. Our testing for PFAS in the general food supply is ongoing and we are taking steps to expedite our testing schedule by increasing our lab capacity.

Today, we are sharing testing results for PFAS in 186 samples from two regional collections from the TDS (Dataset 6 and Dataset 7). We detected PFAS in two cod and two shrimp samples, and one sample each of tilapia, salmon, and ground beef. For the samples where PFAS was detected, each type of PFAS for which there are toxicological reference values (TRVs) was assessed individually. The FDA has concluded that exposure to the PFAS at the levels measured in the seven samples are not likely to be a health concern for young children or the general population.

The data shared today are consistent with our previous TDS testing results; no PFAS have been detected in over 97% (701 out of 718) of the fresh and processed foods tested from the TDS. At least one type of PFAS was detected in 44% (14

out of 32) of the TDS seafood samples and in 74% (60 out of 81) of the samples from our 2022 targeted seafood survey.

Activities to Better Understand PFAS in Seafood

The data on PFAS in seafood is still very limited; however, our testing indicates that seafood may be at higher risk for environmental PFAS contamination compared to other types of foods. Except for canned clams from China, we have determined that none of the other PFAS exposures with TRVs at the levels measured in the FDA's testing of seafood are likely to be a human health concern. For canned clams, voluntary recalls were issued by two firms, and we are continuing to test a limited number of import shipments at the border and domestic products on the market. Filter feeders, such as clams, but also other bivalve mollusks, including oysters, mussels, and scallops, have the potential to bioaccumulate more environmental contaminants than other seafood types. We are therefore pursuing additional sampling of imported and domestic bivalve mollusks to better understand PFAS in commercially available seafood.

As the science evolves and as we advance our understanding of PFAS in commercial seafood, it is important that the seafood industry considers PFAS contamination in their products and complies with applicable regulations to ensure the safety of seafood commercially available. If the FDA finds that a detectable level of PFAS in a certain food raises safety concerns, we take action, which may include working with the manufacturer to resolve the issue and taking steps to prevent the product from entering, or remaining in, the U.S. market.

The FDA is committed to maintaining the availability of safe seafood, as it provides key nutrients for children and adults. We will continue to apply the latest science to increase our understanding of the levels of PFAS in seafood, the reasons for differences within and across types of seafood, and to help identify strategies that can reduce PFAS in seafood. To achieve our shared goal of a safe and nutritious seafood supply, we will continue engaging with industry to advance our understanding of PFAS in commercial seafood, such as understanding current testing practices, sources of PFAS in seafood products, and potential mitigation strategies. In addition, the FDA is available to provide technical assistance to industry as laboratories work to expand their analytical capabilities to test for PFAS in seafood.

Advancing the Science of Testing for PFAS in Foods

There are thousands of types of PFAS. To identify the types of PFAS the FDA tests for in food, we review the scientific literature and select PFAS based on their expected uptake by foods and the availability of the chemical standards to accurately identify their presence. In 2019, we started with 16 types of PFAS; in 2022, we added four additional PFAS to our testing, and in 2023 we have further expanded our testing methodology to test for 30 types of PFAS. The revised method will be shared publicly later this year.

The FDA is also expanding our research effort by using high resolution mass spectrometry (HRMS). This will allow us to determine which additional types of PFAS, beyond those we are specifically testing for with the current method, are present in foods and should be included in targeted methods going forward.

In addition, as part of our technical assistance to states, the FDA is contributing to research to understand how PFAS is taken up by plants, and how PFAS concentrations vary between plants and parts of a plant. This is an area of research that may help us make significant reductions in PFAS exposure from food. For example, by studying PFAS uptake, researchers may help identify plants that can be safely grown in contaminated soil without PFAS uptake to the edible portion of the plant.

Enterprise News

More frozen fruit recalled over Listeria concerns

Scenic Fruit Company, of Gresham, OR, is recalling frozen organic pineapple and frozen fruit blends containing organic pineapple because of potential Listeria monocytogenes contamination.

There is concern that consumers have the recalled fruit in their homes because the best-by dates stretch into 2024.

The recall is being initiated in response to Sunrise Growers Inc.'s recall because of the potential presence of Listeria monocytogenes. The Sunrise Growers Inc. recall involved multiple major brands across the nation. The full recall can be found here.

The recalled products were sold at Trader Joe's retail stores, nationwide, and Health Food stores in California, Illinois, Indiana, Florida, Maryland, Oregon and Texas.

Recalled products:

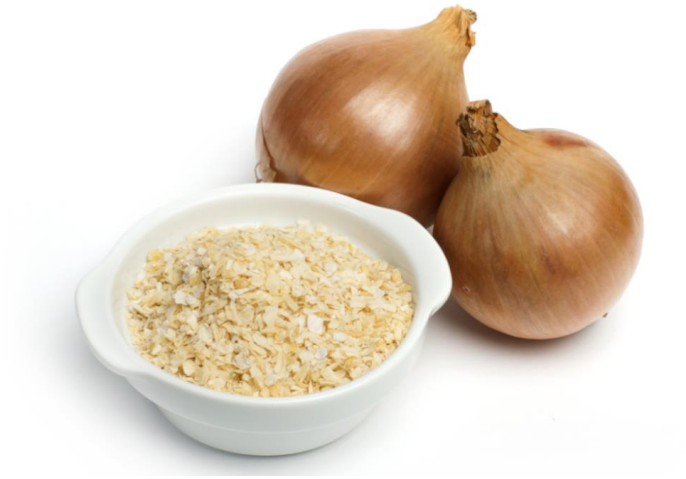
Brand Name	Product Name	Net Wt.	UPC	Best By DateBest If UseDates BestBefore Date	Lot No.	Distributed in States
Cadia	Organic Pineapple	10 oz	81536 90145 40	05/12/2024 09/08/2024	B2243316C 0305067	CA, IL, IN, FL, MD, OR, and TX.
Trader Joe's	Organic Tropical Fruit	16 oz	00511919	04/24/24 08/04/24	B22098297 C20171035C 20450103C	Nationwide

	Blend(Pineapple, Banana, Strawberry, Mango)			10/13/24 11/04/24	20511124	

As of the posting of this recall, there have been no illnesses associated with this voluntary recall.

Consumers should not consume the recalled products. Consumers who have purchased the products are urged to destroy or return it to the place of purchase for a full refund.

21 tons of onion powder recalled because of Salmonella



Olam Food Ingredients, of Firebaugh, CA, is recalling 42,764 pounds of "Onion Powder Premium" because the product may contain Salmonella.

According to the recall posted online by the FDA, the recall was initiated on May 19, 2023, and is ongoing.

The product was distributed in Canada, Arkansas and Illinois.

Recalled product:

- Onion Powder Premium
- 44.9 and 50 lb. fiber bags sold as bulk ingredient
- Lot numbers: 2271957A00, 2234957A04, 2278953A09, 2237953A16

Anyone who purchased the recalled product should immediately dispose of it

and not consume it.

16 tons of organic pineapple chunks were recalled because of Listeria contamination

SunOpta Grains and Foods Inc., of Eden Prairie, MN, is recalling 32,400 pounds of organic pineapple chunks because the product may be contaminated with Listeria monocytogenes.

According to the recall posted by the FDA, the recall was initiated on May 19, 2023, and is ongoing.

The products were distributed in Oregon.

Recalled product:

- Organic Pineapple Chunks
- Item 4510-000
- Packed in 30 lb. poly-lined boxes
- Lots: 8FQ229702000MX and 8FQ229802000MX

Consumers who purchased the recalled product should immediately dispose of it and not consume it.

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.cn