

MARKET NEWS

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MERIEUX NUTRISCIENCES(CHINA)

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CONTENTS

FOCUS ON CHINA	1
<i>Chinese customs to build biosecurity monitoring, early warning platform</i>	1
<i>Starbucks China sees rise in sales despite challenges</i>	1
<i>Beverage brands rapidly expand overseas presence</i>	2
<i>Exports of Chinese 'stinky' snail noodles rise in 2023</i>	3
INTERNATIONAL NEWS	4
<i>FDA Launches New Directory of Ingredients Used in Products Marketed as Dietary Supplements</i>	4
<i>FDA Issues Draft Guidance on Sampling Recommendations for Seafood Subject to DWPE</i>	4
<i>FDA Withdraws Guidance for Industry on Enforcement Approach to Human Food with Chlorpyrifos Residues</i>	5
<i>FAO highlights the importance of food safety in trade</i>	6
<i>FDA Publishes Revised Draft Introduction and Appendix to the Preventive Controls for Human Food Guidance</i>	8
ENTERPRISE NEWS	9
<i>Patient count nears 90 in Salmonella outbreak linked to charcuterie meats</i>	9
<i>Canadian company recalls summer sausage because of contamination with Listeria</i>	10
<i>Ready-to-eat ribs from Canada were recalled for not being inspected in the U.S.</i>	11
MARKET NEWS - REPLY	11

Focus on China

Chinese customs to build biosecurity monitoring, early warning platform

BEIJING -- China's General Administration of Customs has said that it will build a biosecurity monitoring and early warning platform this year.

The move aims to strengthen source control and health quarantine management of high-risk goods, according to the GAC.

In 2023, the customs authorities intercepted 75,000 batches of pests, returned or destroyed 2,403 shipments of food or cosmetics, and seized 5.5 tonnes of illegal drugs across the country.

Starbucks China sees rise in sales despite challenges

Starbucks China posted a 10 percent increase in comparable store sales and a 20 percent growth in revenue in its fiscal first quarter, despite a 9 percent decline in average spending amid a price war within the chain coffee market in the country, according to its financial results for its 13-week fiscal first quarter which ended Dec 31, 2023. Comparable store sales in China, the company's second-largest market worldwide, increased 10 percent, driven by a 21 percent increase in comparable transactions.

Revenue has reached \$735 million, up 20 percent year-on-year.

The company has added 169 new stores, penetrating 28 county-level markets, with a grand total of 6,975 stores.

However, it has faced a 9 percent decline in average ticket price as a result of promotional efforts and coupons, amid increased discounting by rivals in China.

CEO Laxman Narasimhan said on a post-earnings call on Tuesday that Chinese consumers are "more cautious".

To get ahead of the fierce competition in the on-premise coffee sector, Starbucks China has quickened its pace in innovations and new product development. In its first three fiscal months, 12 new coffee drinks were rolled out.

A total of 52 percent of its total sales executed through digital tools, a record 4 percent increase from previous fiscal quarter.

China CEO Belinda Wong outlined strategic initiatives for company growth and ticket growth.

These efforts include amplifying beverage and food innovation; accelerating digitalization for innovations, sales and productivity; and pursuing new store expansion in existing cities and into new county cities.

"As of the first quarter, we are only in 857 cities out of the nearly 3,000 in China. The opportunities are abundant and new stores

February 2024 MARKET NEWS



continue to deliver best in class store profitability and returns," she said.

Meanwhile, consolidating its leading position in the high-end coffee sector, the company aims to excel in the premium market. According to its latest brand tracker, Starbucks remains the top choice for away-from-home coffee, especially among Gen-Z consumers.

Beverage brands rapidly expand overseas presence

Chinese fresh beverages brands are expanding their businesses overseas, gradually integrating into local communities and winning the hearts of consumers through high-quality products and services.

On Jan 2, Mixue Group, a beverages maker based in Zhengzhou, Henan province with over 36,000 stores at home and abroad, applied for an initial public offering in Hong Kong.

The IPO application is being viewed as a step forward in the company's globalization strategy, as it accelerates efforts to enhance consumer awareness and build a brand that is renowned globally.

As a major Chinese new-style tea beverage brand that is going international, Mixue has taken active part in the nation's Belt and Road Initiative, and has been speeding up expansion in overseas markets since its first store opened in Vietnam in 2018.

Data from the company show that as of Sept 30 last year, Mixue had established around 4,000 outlets in 11 countries and regions beyond China.

According to China Insights Consultancy, in terms of the number of overseas stores by that time, Mixue ranked first among all new-style tea drinks brands in Southeast Asia.

"In 2012, we became the first in China's freshly made beverages industry to establish centralized factories. We operate the largest and most comprehensive end-to-end supply chain in the industry, according to CIC," the IPO prospectus of Mixue showed.

"At present, it has built a complete industrial system that integrates agricultural technology support, centralized procurement from production areas, product R&D, central factory production, self-built logistics, store operation management, and customer service. The end-to-end supply chain is complete," CIC said in its report.

Mixue owns five major production bases in Henan, Hainan and Anhui provinces; the Guangxi Zhuang autonomous region; and Chongqing, taking up a total area of 670,000 square meters to generate an annual output of 1.43 million metric tons.

To further increase operational efficiency, Mixue has established a self-operated warehouse system that consists of 26 warehouses nationwide and takes up over 300,000 sq m.

February 2024 MARKET NEWS



To support its overseas business, Mixue has built localized warehouse systems. As of Sept 30, it had built 11 self-operated warehouses in four Southeast Asian countries with a total area of 66,000 sq m.

Chinese consumer goods brands, represented by new-style tea beverage brands, are going global one after another, winning the hearts of local consumers in the process.

Following Chinese technology enterprises that have gained in popularity among consumers in Southeast Asia, new-style beverage brands such as Mixue, Chagee and Luckin Coffee are also quickly expanding businesses there, said Lianhe Zaobao, a Chinese-language newspaper in Singapore.

Spicy hot pot, a traditional cuisine from Sichuan province, is also turning into a new favorite for people overseas, the paper said in a report.

On Jan 4, Naixue opened its first direct store in Bangkok. The store, which takes up two floors and nearly 200 sq m, is located in Emsphere, a high-end shopping mall in the Thai capital.

Meanwhile, a Heytea outlet in the Soho area of London has been well-received by consumers.

According to the report by CIC, by 2028, the global market scale of freshly made beverages is estimated to surpass \$1.1 trillion, and the

rapid expansion of emerging markets, particularly China and Southeast Asia, will be the key contributor.

"The export of freshly made beverages has reached a natural stage, and with the continuous improvement of the comprehensive strength of leading enterprises such as Mixue, going abroad is a good opportunity to test their supply chain integrity and overseas market adaptability," said Zhu Danpeng, an independent food and beverages analyst.

Exports of Chinese 'stinky' snail noodles rise in 2023

NANNING - Exports of Luosifen, an iconic delicacy known for its pungent smell and long association with the city of Liuzhou, South China's Guangxi Zhuang autonomous region, registered soaring growth in 2023, local customs authorities said Friday.

Liuzhou exported more than 3,167 tons of Luosifen, with a total value of 87.27 million yuan (\$12.16 million) in 2023, up 19.4 percent and 28.5 percent year-on-year, respectively, according to Liuzhou Customs.

Liuzhou, an industrial city best known for steel and automobile manufacturing, has been promoting Luosifen for years.

In recent times, the local customs department has enhanced source management and strengthened research on the legal standards and technical trade barriers which apply in importing countries to help

February 2024 MARKET NEWS

enterprises actively explore international markets, said Wu Chunlan, an official of Liuzhou Customs.

Guangxi Luobawang Brand Management Co Ltd is one of the main exporters of these pungent-smelling rice noodles. Since Jan 1, the value of the company's noodle exports has reached nearly \$1 million, and the noodles have been sold primarily to regions such as North America, Oceania, and Europe.

"Luosifen noodles are gaining more recognition among overseas consumers," said Ou Haoxuan, general manager of the overseas business department of the company.

Last year, the total number of enterprises in Liuzhou with Luosifen export qualifications grew to 59.

Luosifen, or river snail rice noodles, is a signature street food in Liuzhou. It features rice vermicelli soaked in a spicy broth flavored by river snails and is topped with ingredients such as pickled bamboo shoots, string beans, peanuts and fried tofu skin.

This specialty, which is on the national intangible cultural heritage list, has become one of China's most sought-after dishes since it was featured in the hit documentary "A Bite of China" in 2012.

International News



FDA Launches New Directory of Ingredients Used in Products Marketed as Dietary Supplements

Today, the U.S. Food and Drug Administration (FDA) has updated the agency's Ingredient Directory, including renaming the web page to be [Information on Select Dietary Supplement Ingredients and Other Substances](#). These changes are the result of some constructive stakeholder feedback received since we initially published the directory. In addition to the new title, the directory updates include adding categories to classify the type of FDA action or communication for each listed ingredient; recording the date each listed ingredient was added to the directory; and streamlining the introductory text on the page.

FDA Issues Draft Guidance on Sampling Recommendations for Seafood Subject to DWPE

The U.S. Food and Drug Administration (FDA) today issued draft guidance for industry titled "Recommendations for Collecting Representative Samples for Food Testing Used as Evidence for Release of Certain Fish and Fishery Products Subject to Detention Without Physical Examination (DWPE) and Removal of a Foreign Manufacturer's Goods from DWPE." The draft guidance provides recommendations for collecting representative samples for seafood products subject to Detention Without Physical Examination (DWPE) under an Import Alert because of the appearance of

February 2024 MARKET NEWS

adulteration caused by pathogens, unlawful animal drugs, scombrototoxin (histamine), and/or decomposition.

The draft guidance, once finalized, will help foreign manufacturers and other processors of seafood products subject to DWPE submit evidence to the FDA to support a request to have their products removed from DWPE.

This guidance addresses the concern that industry may experience challenges in supporting their arguments about the safety of seafood products subject to DWPE.

The intent of this draft guidance is to clarify the FDA's thinking on when the appearance of adulteration may be removed, while giving industry the tools it needs to help support importation.

To Submit Comments

Comments on the draft guidance should be submitted within 60 days after publication in the Federal Register. Submit electronic comments to www.regulations.gov to docket number FDA-2023-D-5303. Written comments should be submitted to the Dockets Management Staff (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Room 1061, Rockville, MD 20852. All written comments should identify the docket number FDA-2023-D-5303.



FDA Withdraws Guidance for Industry on Enforcement Approach to Human Food with Chlorpyrifos Residues

Today the U.S. Food and Drug Administration released a guidance document titled *Questions and Answers Regarding Channels of Trade Policy for Human Food Commodities with Chlorpyrifos Residues: Guidance for Industry*. The guidance is intended to help food producers and processors who handle foods that may contain residues of the pesticide chemical chlorpyrifos. The Environmental Protection Agency (EPA) [published](#) a final rule on August 30, 2021, revoking all tolerances for chlorpyrifos; these tolerances are set to expire on February 28, 2022.

This guidance is based on the channels of trade provision of the Federal Food, Drug, and Cosmetic Act and follows the policies explained in the [FDA's 2005 Guidance](#) titled "Guidance for Industry: Channels of Trade Policy for Commodities with Residues of Pesticide Chemicals for Which Tolerances Have Been Revoked, Suspended, or Modified by the Environmental Protection Agency Pursuant to Dietary Risk Considerations."

Under the channels of trade provision, after the EPA tolerances expire, a food that contains chlorpyrifos residues is not deemed unsafe solely based on the presence of the residue as long as the chlorpyrifos was applied lawfully and before the tolerance expired, and the residue does not exceed the level permitted by the tolerance that was in place at the time of the application.

February 2024 MARKET NEWS



The FDA is responsible for enforcing the EPA pesticide tolerances for domestic and imported foods, with the exception of meat, poultry, Siluriformes fish and fish products (catfish), and certain egg products that are regulated by the U.S. Department of Agriculture (USDA).

The FDA's approach has two phases and applies to both raw agricultural commodities and processed foods.

- **Stage 1:** The Agency intends to exercise enforcement discretion by not requesting showing documentation for residues complying with previous tolerances for a time period ranging from approximately 6 to 24 months, depending on the specific commodity. This is based on our estimate of how long raw agricultural commodities would remain on the market (e.g., time for growing and postharvest storage, distribution, and sale).
- **Stage 2:** The Agency will accept showing documentation that demonstrates that chlorpyrifos was applied before February 28, 2022. If the responsible party does not provide appropriate documentation, the food may be subject to regulatory action.

The EPA final rule also revokes tolerances applicable to animal foods. Enforcement of residues in animal foods will be addressed by the FDA's Center for Veterinary Medicine. Any matter involving USDA regulated foods would be handled by the USDA.

The FDA has a public docket to receive comments on this guidance.

You may submit electronic comments or written comments at any time.

Public comments can be submitted electronically to <https://www.regulations.gov/> using Docket ID: FDA-2016-D-4484. Written comments can be submitted to the Dockets Management Staff (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Rm. 1061, Rockville, MD 20852.

FAO highlights the importance of food safety in trade

Four ways to improve food safety and enhance trade have been put forward in a policy brief.

The document discusses trade and food safety links and highlights the UN Food and Agriculture Organization's (FAO) role.

While trade can provide consumers with sufficient, diverse, and nutritious food, it can also contribute to the increased availability of unsafe food, said Markus Lipp, Vittorio Fattori, and Cosimo Avesani.

The brief suggests that to facilitate trade and ensure safe food for all at all times, countries must take further steps to improve food safety at the national, regional, and international levels and ensure the proper application and harmonization of food standards.

The authors said investment in food safety is essential, and capacity-building support from FAO and other organizations is key.

February 2024 MARKET NEWS



Food safety requirements can raise production costs, affect the reputation of a product, and limit access to some markets. According to the brief, such measures and controls need to protect public health while avoiding unnecessary costs and trade barriers.

Four areas of focus

The document mentions Codex standards and the World Trade Organization's (WTO) Sanitary and Phytosanitary (SPS) agreement. It was produced ahead of WTO's 13th Ministerial Conference in Abu Dhabi from Feb. 26 to 29.

Lipp, Fattori, and Avesani said efforts to improve food safety and enhance trade should focus on four areas. The first was a strong and effective national food control system.

"While the task is on the food industry to produce safe products, governments have a responsibility to provide a well-functioning national food control system," said the brief.

The second was sound scientific advice and evidence, given the pace of scientific innovation, new food technologies, and changing trade dynamics.

"To proactively address the changes in our evolving agrifood systems, scientific advice on food safety must keep abreast of these emerging issues and provide a sound basis for regulatory frameworks and decision-making processes. It is also important to promote the

harmonization of standards to reduce compliance costs," said the brief.

The other two areas were intergovernmental and multi-stakeholder engagement at the national and international levels and public and private stakeholder collaboration.

German funding and climate change in focus

Meanwhile, the German Ministry for Economic Cooperation and Development (BMZ) is to donate €1.95 million (\$2.12 million) to the Standards and Trade Development Facility (STDF).

The money will strengthen the ability of small-scale farmers and producers to access global and regional markets for food and agriculture products through sanitary and phytosanitary projects. The projects will pilot approaches to facilitate safe trade in a way that helps reduce the risk of pests and diseases, contributing to safe food systems and mitigating the impact of climate change on food security.

"By aligning with international food safety standards, developing countries will be better positioned to access global markets, promoting economic growth, sustainability and job creation. This contribution will fund targeted initiatives, training programs and capacity-building efforts tailored to the unique challenges faced by these countries to meet international SPS standards," said Ngozi Okonjo-Iweala, WTO Director-General.

February 2024 MARKET NEWS



Developing and least developed countries (LDCs) can apply for SPS project and project preparation grants from the STDF. The next deadline for funding proposals is March 1. STDF was established by the FAO, the World Health Organization (WHO), the World Bank Group, the World Organisation for Animal Health (WOAH), and the WTO.

In November 2023, STDF published a briefing note on [SPS systems and climate change](#).

Challenges include rising sea levels, ocean acidification, and variations in temperature, humidity, and rainfall, affecting the persistence and occurrence of foodborne bacteria, viruses, and parasites, according to the document.

“Extreme weather events, droughts, and rising temperatures affect distribution patterns of pests and diseases and contribute to increased and new food safety risks. The effects on food safety and animal and plant health are already noticeable and will intensify further. Changing climactic factors also affect the prevalence of chemical hazards such as harmful algal toxins, mycotoxins, and methylmercury in food.”

The briefing note also focuses on what needs to be done to address the challenges.

“Discussions on climate change should prioritize efficient food safety, animal and plant health systems, resulting in more political attention and subsequent much-needed funding. Improving monitoring and

surveillance capacity will be fundamental to detecting, managing, and controlling increased and new SPS risks posed by climate change, to inform risk assessments, and to reduce their uncertainty.”

FDA Publishes Revised Draft Introduction and Appendix to the Preventive Controls for Human Food Guidance

The U.S. Food and Drug Administration (FDA) has released a revised draft Introduction and Appendix 1 to the multi-chapter draft guidance for industry titled “[Hazard Analysis and Risk-Based Preventive Controls for Human Food: Draft Guidance for Industry](#)” (PCHF Draft Guidance). The changes address comments the Agency received on the drafts that were made available in 2016; and provide additional context and information on hazards in food categories of current interest to ensure that the available draft documents adequately reflect the Agency’s current thinking on the most relevant food safety hazards.

The revised introduction includes additional information to better explain the purpose of the guidance and provide general information applicable to all chapters. This includes an expanded glossary of terms that are used and defined in later chapters, and the addition of three new sections on training, references, and resources. The training section provides general information on training relevant to the PCHF rule. The references section includes a comprehensive bibliography of references that have been used in certain chapters of the guidance,

February 2024 MARKET NEWS

along with references we expect to include in future chapters that will be released. The new resources section features a compilation of resources that may be useful to someone using the guidance.

The second document released today is a revised draft of Appendix 1 “Known or reasonably foreseeable hazards (“potential hazards”).” As informed by stakeholder concerns over specific hazard-commodity associations and the Agency’s use of the Appendix during inspections, the FDA has made significant changes that include:

- The addition of new sections and descriptions meant to better explain the purpose of the Appendix, how it was developed and how it should be used;
- Revisions to the product categories identified within the Appendix to better reflect food ingredients rather than finished products;
- Replacement of a series of process-related hazard tables with a discussion of those hazards;
- An updated discussion on food allergen hazards; and
- Citations to scientific, technical and regulatory information references, particularly for less-commonly known hazards identified for different food categories.

Both the draft Introduction and Appendix 1 are available for public comment. The FDA encourages comments to be submitted to



regulations.gov under Docket No. FDA-2016-D-2343 within 120 days of publication in the Federal Register.

Enterprise News

Patient count nears 90 in Salmonella outbreak linked to charcuterie meats

Forty more patients have been identified as part of a Salmonella outbreak linked to charcuterie meat products.

As of Feb. 15 the Centers for Disease Control and Prevention was reporting 87 patients across 30 states. The Salmonella I 4:l:-infections have resulted in the hospitalization of 18 patients. Illnesses started on Nov. 20, 2023. The patients range in age from less than 1 to 92 years old.

The true number of people sickened in this outbreak is likely much higher than reported so far because many people do not seek medical attention and those who do are often not tested for Salmonella infection. The CDC estimates that for every case of Salmonella infection diagnosed there are 29 cases that are not identified.

Epidemiologic and laboratory data show that charcuterie meat products from Fratelli Beretta are making people in this outbreak sick. Fratelli Beretta has recalled many brands of charcuterie meat

February 2024 MARKET NEWS

products containing Coppa. Of 46 patients interviewed, 78 percent reported eating a variety of charcuterie meats.

The Minnesota Department of Agriculture collected one unopened package of the twin-pack of Busseto brand charcuterie sampler from a sick person's home. Whole genome sequencing (WGS) showed that the Salmonella in the charcuterie sampler is closely related to bacteria from sick people. This suggests that people got sick from eating the charcuterie sampler.

The USDA's Food Safety and Inspection Service collected Coppa products from Fratelli Beretta, which tested positive for Salmonella. Whole genome sequencing showed it is a different strain of Salmonella from ill people in this outbreak and the Antipasto collected by the Minnesota Department of Health.

Whole genome sequencing of bacteria from 87 people's samples and one food sample predicted resistance to three or more of the following antibiotics: ampicillin, kanamycin, streptomycin, and sulfisoxazole. Most people with Salmonella illness recover without antibiotics. However, if antibiotics are needed, some illnesses in this outbreak may be difficult to treat with some commonly recommended antibiotics and may require a different antibiotic choice.



Canadian company recalls summer sausage because of contamination with Listeria

Bauman's County Meat Shop is recalling certain summer sausage products because testing by the Canadian government has shown contamination with Listeria monocytogenes.

The implicated products were distributed in Ontario.

The recalled summer sausage can be identified by the following label information:

Brand	Product	Size	UPC	Codes	Additional Information
Bauman's Country Meat Shop	Large Summer Sausage	1 count (~7 lb)	0200200 338006	Packed On 2024.JA23 Best Before 2024.AU10	Sold at Bauman's Country Meat Shop, 824 Elderslie Arran Line, Dobbinton, Ontario
Bauman's Country Meat Shop	Small Summer Sausage	1 count (~3 lb)	0200202 422000	Packed On 2024.JA23 Best Before 2024.AU10	Sold at Bauman's Country Meat Shop, 824 Elderslie Arran Line, Dobbinton, Ontario

February 2024 MARKET NEWS



Ready-to-eat ribs from Canada were recalled for not being inspected in the U.S.

Macgregors Meat and Seafood Ltd, in Woodbridge, Ontario, Canada, is recalling approximately 2,745 pounds of frozen, ready-to-eat pork products that were not presented for import reinspection into the United States, according to USDA's Food Safety and Inspection Service (FSIS).

The following products are subject to the recall:

- 1.5-lb. cartons containing "44TH Street Slow Cooked BABY BACK RIBS MAPLEWOOD SMOKED SAUCE" with Julian dates 3453 and 0154 printed on the side of the immediate package. The product is packed in cases marked with Cert. No. Cert 043436, Production Date 3453 with USE BY 2024 DE 10 and Production Date 0154 with USE BY 2025 JA 14.
- 1.5-lb. cartons containing "44TH Street Glazed, Slow Cooked BABY BACK RIBS HONEY GARLIC SAUCE" with Julian dates 1453 and 1593 printed on the side of the immediate package. The product is packed in cases marked with Cert. No. Cert 043436, Production Date 1453 with USE BY 2024 MA 24 and Production Date 1593 with USE BY 2024 JN 07.

The products subject to recall bear Canadian establishment number 566 printed inside the Canadian inspection mark on the label. These

items were shipped to retail locations and restaurants in Indiana, Kentucky, Michigan, New York, Ohio, and Pennsylvania.

The lack of U.S. inspection was discovered when the firm notified FSIS that the product was not presented for FSIS import reinspection.

There have been no confirmed reports of illness or adverse reactions due to consumption of these products. Anyone concerned about an illness or reaction should contact a healthcare provider.

FSIS is concerned that some products may be in consumer and restaurant freezers. Consumers who have purchased these products are urged not to consume them. Restaurants are urged not to serve these products. The products should be thrown away or returned to the place of purchase.

FSIS routinely conducts recall effectiveness checks to verify that recalling firms notify their customers of the recall and that steps are taken to ensure the product is no longer available to consumers. When available, the retail distribution list(s) will be posted on the FSIS website at www.fsis.usda.gov/recalls.

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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