# MARKET NEWS





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### **Focus on China**

#### McDonald's optimizes supply chain

McDonald's China has partnered with its major suppliers to make its famed burgers at a single production base, in a bid to meet its target of opening 1,000 new fast food outlets in the country every year.

The move is expected to make its burgers safer, fresher and more value-for-money for consumers in China, its top executive said.

In collaboration with its four major suppliers — Bimbo QSR, XH Supply Chain, Tyson Foods Inc, and Zidan — the fast-service catering chain announced the official start of operations at the McDonald's China Hubei Smart Food Industrial Park on July 3.

The strategic move aims to enhance production capacity and optimize supply chains amid fierce competition in China's fast-service catering sector.

The industrial park integrates key functions such as food production, environmentally friendly packaging and smart logistics. It is expected to produce 34,000 metric tons of meat products, 270 million buns, 30 million pastries and 2 billion packaging products annually.

A 25,000-square-meter automated warehouse for frozen, refrigerated, and dry goods is also part of the facility, reducing logistics time —

from manufacturing sites in the park to the distribution center — by 90 percent.

Featuring a smart supply chain, the park connects production, logistics and restaurants, enabling end-to-end visibility, risk management, and flexible schedules.

Over 70 percent of the processes are automated, enhancing efficiency and stability for McDonald's restaurants in Central and West China.

Phyllis Cheung, CEO of McDonald's China, said, "We will continue to innovate and lead in green development, offering fresher, safer and more value-for-money foods and experiences to our customers."

Environmental sustainability is a cornerstone of the new park. It employs renewable energy sources, eco-friendly building materials and energy conservation measures. A 50,000-square-meter distributed photovoltaic system generates over 10 million kWh annually, and nine factory buildings are slated to receive LEED Silver certification.

McDonald's China has experienced rapid growth since it put in place a new shareholding structure in 2017. As of June 2024, the company operates over 6,000 restaurants and employs over 200,000 people, making China the second largest and fastest-growing market in McDonald's global system by restaurant number.



In 2023, McDonald's China announced its ambition to operate 10,000 restaurants by 2028. To support this expansion plan, McDonald's and its suppliers have invested over 12 billion yuan from 2018 to 2023 to develop new production capacities and enhance supply chain sustainability.

The smart industrial park allows McDonald's China and its suppliers to share information, enable traceability of foods and processes, monitor performance and efficiency, and optimize planning through algorithms.

The automated distribution center's control hub analyzes inventory and supplier capacity in real time, automatically replenishing stocks based on demand forecasts.

Utilizing internet of things, location and navigation technologies, and big data, the cold chain transportation system ensures comprehensive visual monitoring of key details like product type, quantity, temperature, humidity, status and location to ensure food safety and quality.

Digital tools manage inventory and shelf life upon delivery to McDonald's restaurants, minimizing food safety risks and waste.

#### Sinograin assures edible oil safety

Following reports that edible oil and dangerous chemicals are getting mixed during transportation in China, a slew of operators, including Sinograin, have issued assurances that efforts will be stepped up to ensure food safety.

In recent weeks, reports emerged that coal-to-liquids, a chemical liquid produced during coal processing whose long-term consumption may lead to poisoning, was getting mixed with soybean oil during transportation as many tanker trucks were used to move both liquids. After transporting the chemical, tankers were not cleaning their internal surfaces thoroughly before loading edible oil.

Some edible oil makers did not strictly check the tankers either as per regulations. These lapses led to contamination of the edible oil by residual chemical liquids, causing outrage among consumers and necessitating action by major edible oil producers, media reports said.

China Grain Reserves Group Ltd Co or Sinograin, the country's largest grain storage and transportation company, said in a statement that it attaches great importance to the issue and takes it as a warning. A large-scale investigation was carried out throughout the entire system since July 5, it said.

Sinograin said it insists on a comprehensive and strict inspection of vehicles used in the transportation of edible oils. It also pays attention to whether or not the transport operations are standardized. The company will actively report major issues discovered to regulatory authorities concerned, it said.



If any transportation carriers are found to have violated regulations during inspection, Sinograin would immediately terminate their services in accordance with the law and include them on a "blacklist" of the group's service procurement, Sinograin said.

Meanwhile, Yihai Kerry Arawana Holdings Co Ltd, a major agricultural and food products processor in China that produces packed edible oil, said it has strict supervision procedures in place for the transportation of edible oil.

"We have implemented relevant laws and regulations on the transportation of edible oil, and formulated a management system. All the factories under our umbrella strictly implement the regulations," the company said in a written reply to China Daily.

The transportation of edible oil must comply with relative requirements to ensure product quality and safety. Food safety is a major concern for people's livelihoods, and Yihai Kerry has always prioritized product quality and safety to safeguard consumers, it said.

Yu Jianlong, vice-chairman of the Beijing-headquartered China Council for the Promotion of International Trade, said Chinese enterprises should accelerate the development of food safety concerns, and the key to promoting agricultural modernization is to advance agricultural technologies.

#### Catering company has big plans for Chinese market

French catering service provider Sodexo is looking to further tap into the Chinese market via localization and enhancing its expertise over the next three to five years, according to a senior executive of the company.

"(We are) doubling down on the China market, starting with acquiring and integrating the ex-Compass business in China. And we still looking for investing opportunities and partnerships to further grow in the China market," said Isabelle Hannedouche, managing director of Sodexo in China.

Sodexo has completed the acquisition of the Compass business on the Chinese mainland this year. This move is set to strengthen Sodexo's position in food markets, enhancing its presence and expertise on the Chinese mainland.

"It allows (us) to complement a portfolio of marquee clients and to scale up and develop synergies," said Hannedouche. Following this acquisition, she said, Sodexo will serve more than 1.2 million consumers every day.

The deal is projected to raise the company's market share in China up from 1 percent to 2 percent in total outsourced food market, and from 6 percent to 10 percent in the Sodexo-addressable food market.



"Looking ahead, the China market is projected to contribute over 600 million euros (\$648 million) next year, making it one of the top 10 countries in our global business," Hannedouche said. In 2023, Sodexo's revenue in China stood at 495 million euros.

According to Hannedouche, such growth is supported by the market's size and potential, especially following the acquisition of the Compass business.

"We are seeing the market growth slow down due to the economic downturn and headwinds," she explained.

"The double-digit era is gone with rising uncertainties such as global decoupling, unemployment, and low birth rates. However, we do believe there are still opportunities for us to target such as industry upgrading, green development and silver economy.

"The government is committed to further opening China's market to foreign investment to boost business confidence.

"Aligned with the government development directions, there is room for growth in those future-oriented and people-oriented industries, such as advanced manufacturing and life sciences," Hannedouche added.

#### Supermarket chain rewards whistleblower on food safety

A supermarket chain in Henan province has awarded a whistleblower 100,000 yuan (\$13,800), and will pay some 8.83 million yuan in

customer compensation after an investigation confirmed a report that a processing workshop that supplied food for one of its contracted stalls was in poor sanitary condition.

Pangdonglai, which operates about a dozen supermarkets and department stores in Henan, announced the decision on its WeChat account on Thursday, adding that two food safety managers had been fired and the company's contract with the diner selling the food has been terminated.

Clips posted on the Douyin short video platform on Tuesday claimed that a processing workshop that supplied raw materials for ganmianpi, a seasoned cold noodle salad, for a food stall in a Pangdonglai shopping center in Xinxiang, Henan, was in a poor sanitary condition.

Pangdonglai said on Wednesday that it had suspended the operation of contracted food stalls in its two centers in Xinxiang. Early on Thursday, it said that based on an initial investigation, the report checked out and it was making the necessary amendments to its operations.

The company said the whistleblower went to the shopping center's catering department on June 19 and showed the footage, which the department noticed was shot in a workshop different from the one that the contractor said it was using. The department arranged for inspectors to check the filmed location the next day, and found that



the food was processed at the undocumented workshop, with the food supplied to two Pangdonglai shops in the city.

The department fined the contractor 5,000 yuan, suspended its operation and told it to shut down the problematic workshop. On June 22, the department confirmed that the raw materials were ready to be processed at a cleaner, qualified location, and the stall resumed operation the next day.

After the video was posted on Douyin, the company hierarchy intervened, and the contractor explained that the workshop filmed was a temporary one being used between June 9 and June 19 when it was moving its regular workshop.

Pangdonglai said that in appreciation of the whistleblower's supervision and help, it is giving the customer 100,000 yuan in cash. Meanwhile, it will give refunds for all 8,833 orders involving the food in question in Pangdonglai's two shops in Xinxiang from June 9 to June 19, as well as 1,000 yuan compensation for each order.

The catering department chief manager, surnamed Zhou, and a food safety inspector, surnamed Li, were fired, as they should have terminated the contract upon noticing the sanitary breach instead of issuing a fine and allowing it to be rectified, and also failed to shut down the stall in a timely manner.

The company vowed to intensify its supervision and the traceability of its dining contractors, and said it would continue to reward whistleblowers.

#### International News

### **FDA Releases Summary Report on Fresh Herbs Sampling Assignment**

Today, the U.S. Food and Drug Administration (FDA) released findings from a sampling assignment that collected and tested both domestic and imported fresh basil, cilantro, and parsley. The assignment sought Cyclospora estimate the prevalence of to cayetanensis, Salmonella spp., and Shiga toxin-producing Escherichia coli (STEC) in these herbs as part of the FDA's ongoing effort to help proactively ensure food safety.

From September 2017 to September 2021, the FDA collected and tested a total of 1,383 samples of fresh basil, cilantro, and parsley. The agency detected Salmonella spp. in 17 out of 1,358 samples, detected C. cayetanensis in 18 out of 812 samples, and detected STEC in 1 out of 1,350 samples. The FDA worked closely with the firm to quickly remove the contaminated products from the market. The sampling assignment took longer than anticipated, due to a nine month pause during the COVID-19 pandemic.



Fresh herbs contaminated with Salmonella spp., C. cayetanensis, and STEC can present a significant public health risk. From FY2000 through FY2016, cilantro was potentially linked to at least three outbreaks in the U.S. And since 2017, the U.S. has experienced at least six additional outbreaks involving basil, cilantro, and parsley. More than 1,200 illnesses and 80 hospitalizations were tied to these outbreaks. Thus, the FDA determined that sampling may help the agency assess the prevalence of pathogens in the commodities and identify common factors among contaminated samples, with the goal of helping to protect consumers.

Given the findings of the assignment, the FDA encourages industry to ensure its compliance with the agency's Produce Safety Rule, Preventive Controls for Human Food Rule, and FSMA Final Rule on Requirements for Additional Traceability Records for Certain Foods, as applicable. Importers of fresh herbs should ensure their compliance with the agency's Foreign Supplier Verification Programs Rule.

This sampling assignment was the agency's first largescale field activity to focus on fresh basil, cilantro, and parsley. 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 these fresh herbs for pathogens as warranted to protect consumers.

400-645-8088

#### Ireland reveals illness data for early 2024

According to a recent report, Campylobacter and Listeria infections have increased, but Salmonella and E. coli cases dropped in Ireland in the first three months of 2024.

Campylobacter infections increased from 700 in Q1 2023 to 733 in Q1 2024. Listeria infections rose from one to five. Salmonella cases decreased from 84 to 67, and Shiga toxin-producing E. coli (STEC) infections declined from 131 to 116.

Data comes from a report published by the Health Protection Surveillance Centre (HPSC) that includes foodborne illnesses from January to March 2024. It is the first one since such reports were halted after the Q4 2019 edition due to the impact of the COVID-19 pandemic.

One Campylobacter outbreak was notified, with two people sick in a family setting. Of 62 sequenced isolates, 57 were Campylobacter jejuni, and the others were Campylobacter coli. In the same period in 2023, there were four outbreaks.

For the 60 Salmonella infections for which travel history was known, 50 percent of cases were travel-associated, and 50 percent were domestically acquired.

Among domestic cases, infection with Salmonella Typhimurium was more common, while Salmonella Enteritidis was more often found

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among travel-associated cases. Other serotypes caused 32 cases. Three family outbreaks were reported with six patients.

#### E. coli and Listeria data

Most of the 116 E. coli cases were hospital inpatients or General Practitioner (GP) patients.

One case of hemolytic uremic syndrome (HUS) was reported, although this data was either unknown or not specified for almost half of all cases. There were seven HUS cases in Q1 2023. The most common serogroups among culture-confirmed cases in 2024 were O157, O26, O91, O78, and O145.

Three outbreaks affected 14 people, including one epidemic in a residential institution.

Five listeriosis cases were reported compared to one in Q1 2023. Three patients were adult and juvenile cases, and two were pregnancy-related cases. There were no outbreaks.

152 cases of cryptosporidiosis were notified in Q1 2024, up from 117 in Q1 2023. When travel status was known, the majority of infections were domestically acquired, but six were travel-related.

A dozen outbreaks were recorded, which is double that of Q1 2023. In total, 29 people were sick, ranging from two to four people in each incident.

In total, 18 cases of Hepatitis A and two outbreaks were notified versus seven cases and no outbreaks in Q1 2023. The two outbreaks affected five people. For Hepatitis E, 13 cases were recorded compared to four in the same period last year.

### FDA Releases Update of Priority Guidance Topics for Foods Program

Earlier this year, the FDA <u>released the draft and final guidance</u> topics that are a priority for the agency's Foods Program to complete during 2024. Since January, the FDA has issued the following guidances that were on the list:

- New Dietary Ingredient (NDI) Notifications and Related Issues:
  NDI Notification Procedures and Timeframes: Guidance for Industry
- New Dietary Ingredient Notification Master Files for Dietary Supplements; Draft Guidance for Industry
- Foods Derived from Plants Produced Using Genome Editing;
  Guidance for Industry
- 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: Guidance for Industry



 Hazard Analysis and Risk-Based Preventive Controls for Human Food; Appendix 1: Potential Hazards for Foods and Processes; Draft Guidance for Industry

Guidance documents represent the FDA's current thinking on a specific topic and the information can help stakeholders plan for potential changes that may impact their businesses and organizations. Guidance documents do not impose legally enforceable requirements.

Although the FDA's intent is to publish all draft and final guidance topics on the list, modifications in plans may be needed to support emerging issues and Administration priorities. We also may issue additional guidances that are not on the list.

Public comments on the list of human food and cosmetic guidance topics, including suggestions for alternatives or recommendations on the topics the FDA is considering, can be submitted to <a href="https://www.regulations.gov/">https://www.regulations.gov/</a>, using <a href="Docket FDA-2022-D-2088">Docket FDA-2022-D-2088</a>.

The FDA's list of guidance topics is just one of several resources that the Foods Program routinely shares with stakeholders and partners to inform them of agency priorities. Most proposed and final rules are on the "Unified Agenda of Regulatory and Deregulatory Actions," which is published by the Office of Information and Regulatory Affairs in the Office of Management and Budget. The Unified Agenda is updated twice a year and reports planned actions by federal departments and

agencies government wide. A list of those FDA regulations and guidance documents under Administration review is available on the Office of Management and Budget website.

The guidance documents that have issued so far in 2024 have been removed, and an updated list can be found at <u>Foods Program</u> Guidance Under Development.

### **Enterprise News**

## More imported cinnamon recalled because of high levels of lead

ALB-USA Enterprises Inc. of Bronx, NY is recalling ALB Flavor brand Cinnamon Powder, because it potentially contaminated with elevated levels of lead.

Short-term exposures to very low levels of lead may not elicit any symptoms. It is possible that increased blood lead levels may be the only apparent sign of lead exposure. Additional signs and symptoms of lead exposure are more likely to be acute exposure to higher levels of lead or chronic exposure to lead.

While lead can affect nearly every bodily system, its effects depend upon the amount and duration of lead exposure and age/ body weight. If a child is exposed to enough lead for a protracted period of time permanent damage to the central nervous system may occur. This can



result in learning disorders, developmental defects, and other long-term health problems. For adults, chronic lead exposure is associated with kidney dysfunction, hypertension, and neurocognitive effects.

ALB Flavor brand Ground Cinnamon was distributed to retailers located in New York, Connecticut, Michigan, and Massachusetts, between Dec. 15, 2022 and May 13, 2024.

The product hasn't been sold online.

The product is branded under the ALB FLAVOR name and is packaged in a plastic bag with a net weight of 100 grams. It features a brown carton packaging with an image of cinnamon powder and two cinnamon sticks centered at the bottom.

On the back, there is information about the product's origin, a description, a QR code for recipes, the UPC 5304000333362, the Best Before date of Aug. 30, 2025, and the Lot number LA02.

No illnesses have been reported to date.

The recall was the result of an analysis conducted by the Connecticut Agricultural Experiment Station (CAES) that revealed the product contained elevated levels of lead.

The company has ceased the importing and distribution of the product as the Food and Drug Administration and the company continue their investigation as to what caused the problem.

Customers who have purchased ALB FLAVOR Ground Cinnamon are urged to not consume the product and to return it to the place of purchase for a full refund.

Consumers with questions may contact the company at 917-922-5627 or 929-431-8505.

### USDA issues public health alert over meat and poultry products illegally imported from the Philippines

The U.S. Department of Agriculture's Food Safety and Inspection Service (FSIS) is issuing a public health alert for ready-to-eat meat and poultry products that were illegally imported from the Philippines.

The problem was discovered when FSIS was performing routine surveillance activities at a retailer and found meat and poultry products from the Philippines that are not eligible to be exported to the U.S.

The Philippines is a country not eligible to export meat and poultry products to the United States. FSIS is continuing to investigate how these products entered the country.

FSIS is concerned that some product may be in consumers' and restaurants' pantries and on retailers' shelves.



These items were shipped to restaurant and retail locations in Connecticut, Delaware, Maryland, New Jersey, New York, North Carolina, Ohio, South Carolina and Virginia.

#### Products subject to the public health alert:

- 150-g. can of "Argentina BRAND CORNED BEEF."
- 175-g. can of "Argentina BRAND CORNED BEEF."
- 260-g. can of "Argentina BRAND CORNED BEEF."
- 150-g. can of "PUREFOODS CORNED BEEF."
- 210-g. can of "PUREFOODS CORNED BEEF."
- 150-g. can of "CHUNKEE CORNED BEEF."
- 190-g. can of "CHUNKEE CORNED BEEF."
- 7.43-oz. jar of "Lady's Choice Chicken Spread."

The products subject to the public health alert do not bear any producing establishment information. Product images can be <u>viewed</u> <u>here</u>.

As of the posting of this public health alert, there have been no confirmed reports of adverse reactions due to consumption of these products. Anyone concerned about an illness should contact a health care provider.

Retailers who have purchased the products are urged not to sell them. Consumers and restaurants who have purchased these products are urged not to consume or serve them. Consumers are asked to double bag the product when discarding it to reduce the possibility of animals accessing the product because USDA cannot confirm whether the products were properly heated to control pathogens of concern to domestic livestock and poultry.

## Viva pet food recalled after testing finds Listeria contamination

Viva Raw LLC of Hillsborough, NC is recalling dog and cat foods, including certain Viva Turkey for Dogs Ground, Viva Turkey for Dogs Chunked, Viva Turkey for Cats, Viva Pure Turkey, and Viva Beef & Turkey for Puppies because a lot, which includes these five products are contaminated with Listeria monocytogenes and is a potential health risk to people and pets.

The issue was discovered during a facility inspection conducted by the U.S. Food and Drug Administration (FDA) and The North Carolina Department of Agriculture (NCDA). The FDA tested samples of Viva Turkey for Dogs and found samples from Lot 21244 were positive for Listeria monocytogenes. All products produced in Lot 21244 were slated for destruction. However, the company has since learned some of the product from this lot was inadvertently released from the warehouse.

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The products were distributed directly to consumers in all fifty states and the District of Columbia.

**Recalled products:** 

- Viva Turkey for Dogs Ground Lot# 21244
- Viva Turkey for Dogs Chunked Lot# 21244
- Viva Turkey for Cats Lot# 21244
- Viva Pure Turkey Lot# 21244
- Viva Beef &Turkey for Puppies Lot# 21244

The product is distributed as frozen 1 lb bricks in clear vacuum packaging. There are no expiration dates for these products. Product images can be <u>viewed here</u>.

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

If you find that you have products from the affected lot, contact Viva Raw at info@vivarawpets.com for a refund on any remaining product—you should then destroy the food in a way that children, pets, and wildlife cannot access. Do not feed the recalled product to pets or any other animals.

FDA recommends humans do not touch the contaminated food product with bare hands. While wearing gloves or using paper towels, place the contaminated food in a sealed plastic bag and throw it in the garbage. Areas that may have come in contact with the contaminated product should be sanitized. Do not sell or donate the recalled products.

#### Australia recalls gummies because of a link to hospitalizations

A warning has been issued in Australia following several people falling ill after eating a type of gummy.

People are being urged not to consume Uncle Frog's Mushroom Gummies after several people went to hospitals across the country with symptoms of toxicity. All cases recovered and were discharged from the hospital.

Food Standards Australia and New Zealand (FSANZ) posted a recall for Uncle Frog's Mushroom Gummies of the Cordyceps and Lion's Mane varieties sold online.

The agency said food products containing unapproved novel ingredients, such as Lion's Mane and Cordyceps, may cause adverse symptoms if consumed. Oz Brands Pty has recalled all best-before dates and batch codes of the gummies, which come in a 36-gram bag.

#### **State warnings**

New South Wales (NSW) Health reported at least five people had been treated in hospitals after ingesting the gummies since April.

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Western Australia (WA) Health said one person in the state had recently been to hospital.

Dr. Paul Armstrong, WA Health's acting chief health officer, said people who have purchased these products should dispose of them safely, away from children and pets, to avoid accidental consumption.

Victorian health officials revealed there had been "several" hospital presentations linked to consumption of the gummies.

"People have reported becoming unwell after consuming even a small amount of these products. Investigations are underway to try and determine what is contained in these products that may be making people unwell," said Dr. Evelyn Wong, acting chief health officer.

In South Australia, a teenage male was found in an unresponsive state earlier this month after eating several of the gummies. He was given treatment and has now recovered.

Dr Kimberly Humphrey, public health medical consultant, said the noted effects of the gummies are alarming.

Reported signs and symptoms of toxicity include nausea and/or persistent vomiting; seizure-like activity and involuntary movement; anxiety; disturbing hallucinations; drowsiness or loss of consciousness; dizziness or lightheadedness; and a racing heart or pulse.

It is not yet clear what may be causing the toxicity; it may relate to cannabinoids or other substances. Product packaging lists the contents of gummies, including non-psychoactive mushrooms (cordyceps or lion's mane) and hemp-derived extract. On some packaging, hexahydrocannabinol (HHC) or cannabidiol (CBD) is listed.

"Customers shouldn't eat or open this product and should dispose of it safely or return it back to us. Any consumers concerned about their health should seek medical advice," said a statement from the company.

#### 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