

MARKET NEWS

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Focus on China

Nestle completes acquisition of Hsu Fu Chi

Global food and drink company Nestle has acquired the remaining 40 percent stake in Chinese confectionery company Hsu Fu Chi from the founding Hsu family, giving it full ownership of the brand as part of efforts to expand its footprint in the rapidly growing Chinese snack market.

The Swiss food giant, known for its KitKat and Milkybar brands, initially purchased a 60 percent stake in Hsu Fu Chi in 2011 for \$1.7 billion. Since then, it has provided technical and marketing support in areas such as recipe development, R&D and quality control. With this latest transaction, Nestle aims to further integrate Hsu Fu Chi's operations into its broader China strategy.

"This move combines Hsu Fu Chi's efficient operations and entrepreneurship with our proven innovation and renovation capabilities. It accelerates the development of the brand and further reinforces Nestle's presence in China," said Zhang Xiqiang, CEO of Nestle Greater China. "It also demonstrates our long-term commitment to China and enhances our ability to grow our portfolio of international and local brands in this dynamic market."

Nestle said the acquisition will allow Hsu Fu Chi to gain "wider and easier access" to its global brand and product resources, supporting



its growth agenda. At the same time, Nestle plans to leverage Hsu Fu Chi's extensive distribution network to expand its snacking and confectionery business across China.

Founded in 1992 and based in Dongguan, Guangdong province, Hsu Fu Chi has grown into one of the country's leading confectionery brands. The company operates a vast distribution network, with eight major branches, 58 districts and over 3,500 dealers, reaching more than 2 million retail outlets across both urban and rural areas.

According to Euromonitor International, China's confectionery market was valued at nearly 58 billion yuan (\$8 billion) in 2008, with Hsu Fu Chi holding a 3.9 percent market share at the time, compared to Nestle's 1.6 percent. Nestle's initial investment in 2011 was aimed at tapping into Hsu Fu Chi's strong distribution channels to drive growth in lower-tier markets.

Now, with full ownership, Nestle is expected to have greater flexibility in shaping Hsu Fu Chi's strategic direction, from product development to market expansion, said experts.

Industry experts believe the move will help Nestle optimize resource integration and supply chain efficiency, strengthening its position against local competitors.

"Full ownership of Hsu Fu Chi will allow Nestle to better align its resources, streamline operations and reduce overlapping costs,

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making it more competitive in the country's confectionery market," said Zhu Danpeng, a leading independent food industry analyst.

Hsu Fu Chi's business has seen steady growth in recent years. Liu Xinggang, president of Hsu Fu Chi International Group, said that the company has achieved annual revenue exceeding 7 billion yuan in 2024, with high growth for four consecutive years. This growth has contributed to Nestle's overall performance, with its confectionery segment in the Chinese market posting mid-single-digit growth, accounting for 16.1 percent of total sales.

Looking ahead, Liu has set an ambitious target for Hsu Fu Chi to reach 10 billion yuan in revenue by 2027, with plans to invest 600 million yuan in expansion.

Nestle has been operating in China for nearly 40 years and currently runs 23 factories, five product innovation centers and three R&D centers across the country, employing more than 21,000 people. The company reported \$44.5 billion yuan in revenue from the Chinese market in 2024.

Analysts said that as local competition intensifies, multinational brands must balance global expertise with local market adaptation.

"For global food companies, success in China now depends not just on capital and technology, but on a deep market understanding," said analyst Zhu. "Nestle's ability to execute a 'Chinese-style



breakthrough' will determine how well it can navigate and grow in this market."

New standards introduced for sterilized milk

China has officially banned the use of reconstituted milk in the production of sterilized milk under the latest revision of its national food safety standards, aiming to enhance dairy product quality and support the development of the domestic dairy industry.

The revision, among 50 new standards and nine amendments issued concerning national food safety, will take effect on Sept 19.

The updated standards, jointly issued by the National Health Commission and the State Administration for Market Regulation, stipulate that "only raw milk" can be used as the base ingredient for sterilized milk, and the use of "reconstituted milk" is prohibited.

Reconstituted milk, also known as recombined milk, refers to a milk emulsion made by mixing dry dairy products with water in specific proportions.

"Put simply, it's just milk powder mixed with water," said an expert from the Institute of Animal Sciences at the Chinese Academy of Agricultural Sciences, whose team proposed the revision.

Sterilized milk, a key product in China's liquid milk market, will now be subject to stricter standards. The expert noted that the revisions align

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with both industry demands and consumer expectations for higher-quality dairy products.

The ban on reconstituted milk is also expected to drive up demand for raw milk, further supporting the growth of China's dairy farming sector and increasing the incomes of dairy farmers. Since sterilized milk will be made directly from raw milk — naturally rich in bioactive nutrients — it is expected the move will improve both the nutritional value and taste of the final product.

In addition, product labeling must now accurately reflect the new standard. Labels may only indicate "pure cow milk" or "pure goat milk" and must not include any reference to reconstituted milk.

China's raw milk industry has seen significant improvements in recent years. Currently, around 80 percent of dairy cows are raised on large-scale farms, with 99 percent receiving total mixed rations and 100 percent milked using mechanized systems, which have contributed to improved safety and the quality of raw milk.

Internationally, most developed countries and major organizations also prohibit the use of reconstituted milk in sterilized milk production, according to CAAS's Institute of Animal Sciences.

The European Union, Japan, Singapore, the World Health Organization, and the Food and Agriculture Organization of the United Nations require sterilized milk to be made exclusively from raw milk.

In the United States, reconstituted milk may only be used for sterilized milk production in regions with limited milk supply.

In Brazil, its use is allowed only under special circumstances such as milk shortages caused by drought.

New policy to ensure food quality and safety

China has announced a new comprehensive guideline aimed at strengthening oversight across the entire food supply chain, from farms to consumer tables.

The policy, jointly issued by the general offices of the Communist Party of China Central Committee and the State Council, China's Cabinet, outlines stricter controls and enforcement measures to enhance public health protection and ensure food quality.

The new guideline emphasizes greater coordination between regulatory bodies and a focus on improving food safety at every stage of production, distribution and sale. A key component of the reforms includes the establishment of a traceability system for agricultural products, enabling better monitoring from farms to markets. This is intended to prevent unsafe products from entering the food supply while allowing authorities to respond quickly to any safety issues that might arise.

The policy also tightens regulations surrounding food production and business licensing. Producers and distributors will now face more

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stringent checks before receiving licenses, and compliance will be rigorously enforced at both the provincial and local levels.

Traditional food producers will be required to meet modern safety standards while preserving cultural practices.

In addition to improving food production standards, the policy addresses food storage and transportation. New safety protocols for warehouses and logistics companies aim to ensure that food is stored and transported under controlled conditions, preventing contamination or spoilage.

As online food sales continue to grow, the document emphasizes the responsibilities of e-commerce platforms and livestreaming hosts in selling food products online. It calls for "ensuring the accountability of online food sales entities and strengthening the collaborative governance of food safety issues in online sales" to improve regulation of the emerging sector. Furthermore, it requires the establishment of a comprehensive regulatory mechanism for food service.

For imported food products, the policy introduces a risk management framework to ensure that all foreign foods entering China meet domestic safety standards. This includes additional oversight of food sold through cross-border e-commerce channels.

In January, data from the Ministry of Public Security showed that 12,000 cases of food safety crimes were solved last year.

Last week, a reporter from The Beijing News conducted undercover visits to several Yangmingyu Braised Chicken and Rice franchise stores in Henan province. They observed kitchens using spoiled mushrooms and processing overnight darkened beef with coloring agents for reuse. They also witnessed leftover food from customers being recycled and reprocessed.

This year's CCTV 3.15 Gala also exposed the issue of excessive phosphate levels in water-injected shrimp sold on various online platforms through advertisements for these shrimp frequently featured claims of "zero additives" and "zero moisture retention agents".

Revised food safety standards ban use of 'no additives' labels

China has banned food producers from using terms such as "no additives" or "zero additives" on labels, saying such claims can mislead consumers.

The new labeling rules are among 50 new standards and nine amendments introduced in the latest revision of the national food safety standards, according to a circular jointly released by the National Health Commission and the State Administration for Market Regulation on Thursday. The changes aim to enhance transparency and address consumer concerns.

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Officials said such labeling claims could create the false impression that products without a certain additive are inherently healthier. "No additives" describes the production process but does not necessarily reflect the final composition of a product, the circular said.

For example, a fruit juice drink labeled "no added sucrose" may still contain significant amounts of naturally occurring sugar. Regulators say such statements can be misleading, as they do not indicate the overall sugar content.

Companies will have a two-year transition period to comply with the new regulations. Qianhe Condiment and Food, a major soy sauce producer, said on Thursday it supports the new rules and will work to meet the requirements as soon as possible.

Qianhe has been at the center of a recent controversy over its "Qianhe 0" soy sauce, which is marketed as having zero additives. Media reports earlier this month said tests on 13 soy sauce brands advertised as additive-free detected cadmium, sparking public debate.

Some netizens questioned whether the Qianhe 0 name was simply a trademark rather than a true indication of the product's contents.

The company later said the cadmium found in its products came from raw materials that meet national standards. It maintained that its Qianhe 0 series adheres to production requirements and does not violate the zero-additive standards.

The broader food safety overhaul also introduces stricter labeling rules for allergens and expiration dates.

Manufacturers will be required to highlight allergens such as gluten, peanuts and shellfish in bold or underlined text. For foods with a shelf life longer than six months, only the expiration date will be mandatory to simplify labeling.

China is also promoting digital food labels, allowing consumers to scan QR codes for more detailed product information. More than 400 pre-packaged foods have already adopted the system, which includes features such as zoom functions, voice narration and video explanations to improve accessibility.

Additionally, the revised standards now require food nutrition labels to disclose sugar and saturated fat content, alongside previously mandated information on energy, protein, fat, carbohydrates and sodium.

The government said the changes aim to encourage healthier eating habits among consumers.

International News

FDA Shares Testing Results for PFAS in Bottled Water

The U.S. Food and Drug Administration (FDA) is sharing final results from our testing of domestic and imported bottled water collected at

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retail locations across the U.S. between 2023 and 2024 and analyzed for [per- and polyfluoroalkyl substances \(PFAS\)](#). The 197 samples included purified, artesian, spring, and mineral waters. Ten of the samples analyzed by the FDA had detectable levels of PFAS, none of which had levels that would have exceeded the maximum contaminant levels (MCLs) set by the Environmental Protection Agency (EPA) for PFAS if detected in public drinking water.

The FDA tested the bottled water samples for 18 types of PFAS, including the six PFAS for which [EPA established MCLs](#) in drinking water. Of the ten samples with detectable PFAS levels, we detected a range of one to four different PFAS in each of the eight domestic bottled water samples, which were either purified or spring water, and a range of one to two different PFAS in each of the two imported bottled water samples, both of which were artesian water. Four of the PFAS detected were at levels below the EPA MCLs for PFAS in drinking water. Two of the PFAS detected do not have EPA MCLs established. The FDA has previously analyzed for PFAS in bottled water through a limited [targeted survey \(2016\)](#) and through the [FDA's Total Diet Study \(TDS\) samples](#). Results from the 2016 survey and TDS testing did not detect PFAS in bottled water samples.

Under section 410 of the Federal Food, Drug and Cosmetic Act (FD&C Act), when the EPA establishes new MCLs for public drinking water as part of a National Primary Drinking Water Regulation (NPDWR), the FDA is required to establish a standard of quality regulation for the

same contaminants in bottled water, or make a finding that such a regulation is not necessary to protect the public health because the contaminant is not present in water used for bottled drinking water. If the FDA does not establish a regulation nor make a finding that such a regulation is not necessary, then the levels set by EPA's NPDWR would be considered the applicable regulation for bottled water. The FDA can take action against bottled water that presents a safety concern even if there is no standard of quality for a contaminant.

The FDA continues to analyze bottled water and other foods for PFAS to better estimate U.S. consumers' exposure to PFAS from foods. We will continue to share our testing results for PFAS in foods, including bottled water, on our website when available.

Food poisoning complaints increased in Ireland in 2024

Food-related complaints in Ireland in 2024 increased from the year before to almost 5,000.

The Food Safety Authority of Ireland's (FSAI) Advice Line handled 4,996 complaints from consumers, with 32 percent, or 1,597, relating to unfit food and 29 percent, or 1,449, to suspected food poisoning.

In 2023, there were 4,395 complaints. FSAI said the figures reflect an overall upwards trend in the past decade. Food poisoning rose from 23.3 percent of complaints in 2023.

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Data from the Health Protection Surveillance Centre (HPSC) shows there were 3,984 *Campylobacter* infections in 2024, 22 *Listeriosis* cases, 391 *Salmonellosis* cases, and 799 Shiga toxin-producing *E. coli* (STEC) infections.

From spiders to maggots

Complaints received by the FSAI are followed up and investigated by inspectors throughout the country.

Unfit food, which is not safe to eat, was the most frequently reported problem in 2024. This includes contamination with a foreign body. Commonly reported objects in food included plastic, insects/spiders, hairs, glass, metal and stones.

Examples of contamination include a dead spider in a loaf of brown bread; a pack of muesli full of maggots; a toothpick in a bag of chips; a metal pin in pre-packed prawns; a nail in a takeaway meal; a snail in a box of grapes; a live insect in a burrito bowl; and a piece of metal in a chocolate biscuit.

Other complaints cited undercooked meats; food served cold when it should be hot; and foods with “off” tastes or smells.

The third most frequent category related to poor hygiene standards with reports of rodents spotted in businesses; staff not wearing appropriate clothing; poor personal hygiene with staff openly coughing and sneezing; staff not washing hands and handling food and money with the same gloves; excessive flies and insects spotted;

generally unclean premises; food not being stored correctly with refrigerators and freezers not cold enough; and food being stored in boxes on floors.

Increased awareness

The advice line also dealt with 169 labeling issues, 155 calls related to allergen information, and 81 about unregistered food businesses.

Greg Dempsey, FSAI chief executive, said it was important that complaints were made to the agency so any food safety issues can be addressed.

“People reporting inappropriate and unsafe food and practices is vitally important and is an essential component, supporting the work of the food inspectorate to ensure the highest standards and quality across the food chain,” he said.

“The year-on-year increase in complaints to the advice line reflects an increased awareness among consumers of the importance of food safety and also demonstrates their zero-tolerance approach when it comes to poor food safety and hygiene standards in food products and in food premises. Food businesses have a legal obligation to provide safe food and it is vital that food businesses ensure they adhere to the legislation at all times.”

In 2024, there were 3,600 queries to the advice line from people working in the industry, including caterers, food manufacturers, and retailers. Popular topics included how to start a food business; food

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labeling information; best practice in food businesses; and food safety training.

Enterprise News

Company recalls soybean paste because of undeclared wheat

May Flower International Inc. of Maspeth, NY, is recalling its 8.82-ounce/250-gram packages of “Beijing Soybean Paste” food treats because they may contain undeclared wheat.

People who have allergies to wheat run the risk of serious or life-threatening allergic reaction if they consume this product.

The recalled “Beijing Soybean Paste” was distributed nationwide in retail stores.

The recalled product is packaged in 8.82-ounce/250-gram plastic packages, with UPC number 6917799000385. The labeling indicates that the product was packed For Fu Xiang Yuan Trading Inc. New York City, NY. The product was distributed from March 25, 2023, to March 5, 2024, by May Flower International Inc.

No illnesses or allergic reactions involving this product have been reported to date.



This recall was initiated after the Food and Drug Administration discovered during a routine inspection that the product declared flour as an ingredient, but wheat was declared on the label.

Consumers who have purchased 8.82-ounce/250-gram packages of “Beijing Soybean Paste” are urged to return them to the place of purchase for a full refund. Consumers with questions may contact the company on 718-366-8668

New York company recalls enoki mushrooms after testing showed Listeria contamination

Harvest NYC Inc. of Brooklyn, NY, is recalling its 200-gram packages of enoki mushrooms because testing showed they are contaminated with *Listeria monocytogenes*.

The recalled enoki mushrooms were distributed nationwide to retail stores. The product comes in a 200-gram, green plastic package marked with UPC Barcode 6975730520101 on the back label. They were distributed by Hofood99 Inc. of Oakland Gardens, NY.

No illnesses have been reported as of the posting of the recall notice in connection with this product.

The contamination was discovered after samples were collected from a store in Buffalo, NY, and subsequent analysis by the state Department of Agriculture and Markets Food Laboratory revealed the presence of *Listeria monocytogenes*.

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Consumers who have purchased the recalled enoki mushrooms from Jan. 11 to 31 are urged to destroy the products immediately or return them to the place of purchase for a full refund. Consumers with questions may contact the company at 718-596-0777.

USDA issues public warning about pork carnitas sold at Aldi stores nationwide

The USDA's Food Safety and Inspection Service (FSIS) is issuing a public health alert for pork carnitas products that may be contaminated with foreign material, specifically pieces of metal.

The FSIS did not request a recall because the product is no longer available for sale in commerce, however, the use-by dates for the product stretch into July.

The fully cooked pork carnitas products were produced from April 1-2. The following product is subject to the public health alert:

- 16-oz. sleeved tray packages containing "Pork Carnitas SEASONED & SEARED PORK WITH JUICES SLOW COOKED WITH CITRUS" with "USE BY" dates "06/30/2025" or "07/01/2025" printed on the side of the packaging.

The product is marked with the establishment number "Est. 46049" inside the USDA mark of inspection.

The product was shipped to Aldi supermarkets nationwide.

The problem was discovered when the establishment notified FSIS that during routine process checks they found equipment damage that may have contaminated the carnitas products with pieces of metal.

As of the posting of the alert, there had been no confirmed reports of injury because of consumption of these products. Anyone concerned about an injury should contact a healthcare provider.

Although this product is no longer available for sale, FSIS is concerned that some product may be in consumers' refrigerators or freezers. Consumers who have purchased these products are urged not to consume them. These products should be thrown away or returned to the place of purchase.

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