MARKET NEWS

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CONTENTS

FOCUS ON CHINA 2

China probes distribution of tainted cabbage 2

Fast-food sector sizzling as more firms enter market 3

Excessive antibiotics in bullfrog goods found 4

SAMR expands digital business licenses to fight 'ghost' food delivery outlets 5

INTERNATIONAL NEWS 6

UK most affected in multi-country Salmonella outbreak 6

FDA Finalizes Guidance for Ready-to-Eat Fresh-Cut Produce Operations under Preventive Controls for Human Food Rule 7

FDA and NOAA Update Certification Procedures for Seafood Exported to the European Union 8

FDA Reopens Public Comment Period for Request for Information on Butylated Hydroxytoluene 8

ENTERPRISE NEWS 9

Walmart keen on further expansion 9

USDA issues alert for products containing jalapeños in connection with outbreak 10

Almost 15 tons of imported beef recalled because of lack of reinspection 12

MARKET NEWS - REPLY 12

Focus on China

China probes distribution of tainted cabbage

China's food safety authorities ordered nationwide inspections of perishable vegetables on Sunday after reports that Chinese cabbage buyers in Hebei province used a formaldehyde solution to preserve the produce during transportation.

The State Council's Food Safety Office, the Ministry of Agriculture and Rural Affairs and the State Administration for Market Regulation said on Sunday night that they had immediately directed local authorities to investigate the case involving the tainted cabbage in Kangbao county of Hebei.

The statement came after a video posted online alleged that some agricultural produce buyers in Tunken township, Kangbao county, had dipped Chinese cabbage in a formaldehyde solution before loading it for transportation to better preserve it.

Some of the cabbage was reportedly destined for Suqian in Jiangsu province, while other batches were allegedly headed to a market in Hefei, Anhui province.

The Kangbao county government confirmed on Saturday night that the practices shown in the video had occurred and described the use of formaldehyde for transport preservation as illegal.

Police have taken legal measures against the people and vehicles involved, while authorities launched a countywide inspection of vegetable production, purchasing, transportation and other links, the county government said. They are also tracing the distribution of the affected cabbage.

As of late Saturday, none of the batches of tainted cabbage had entered the Xinfadi market, one of Beijing's major sources of fresh produce, the Fengtai district in the capital said in a statement on Sunday.

The Xinfadi market said it has strict requirements for agricultural produce entering its trading area, including origin documentation and sampling tests. It has also increased the frequency of rapid testing for pesticide residues and illegal additives in vegetables following the incident.

It added that its cabbage supply remains sufficient. Cabbage prices at the market were stable and had not been affected by the incident as of Sunday. The market advised consumers to purchase vegetables through licensed supermarkets and wholesale markets and to consult market operators if they have concerns about the origin of produce.

Under China's Food Safety Law and Law on Quality and Safety of Agricultural Products, formaldehyde cannot be used as a food-processing aid and adding formaldehyde to food in any manner is illegal.

Fast-food sector sizzling as more firms enter market

Five Guys, a popular burger chain from the United States, entered the Beijing market earlier this month with the opening of two restaurants, marking the latest move by the international quick-service restaurant brand to expand in the increasingly competitive dining market in the country.

The Virginia-based chain opened outlets at Xidan Joy City and Chaoyang Joy City, where customers began lining up before opening hours. The launch follows Five Guys' debut in Shanghai in 2021, where they have since expanded to five stores in the city.

A Five Guys representative told Beijing Business Today that the company expects to have three stores operating in Beijing by the end of September. The chain plans to further expand in the capital next year while accelerating store openings across eastern China.

Founded in 1986, Five Guys has built its global reputation on a made-to-order operating model featuring fresh beef patties, hand-cut fries prepared daily and customizable burgers. The company said it is also increasing local sourcing in China — about 80 percent localized so far — while maintaining its standardized menu and operating procedures.

Five Guys' expansion comes as several US quick-service restaurant chains ramp up investment in China.

In April, fried chicken chain Popeyes opened its Beijing flagship store in the Wangfujing commercial district before announcing expansion plans for Shanghai; Nanjing, Jiangsu province; and Hangzhou, Zhejiang province. The company has also partnered with Alibaba-backed Taobao Flash Purchase to develop at least 20 stores, bringing its nationwide store count to more than 90.

Church's Texas Chicken also announced its formal entry into China this year after signing an exclusive franchise agreement with local partner Deke Shengtang. The company plans to open its first store in Shanghai and has outlined a long-term goal of operating more than 600 outlets nationwide.

At the same time, international restaurant operators are restructuring their China businesses, shifting away from traditional franchise models toward greater local ownership and operational control.

In June, Yum China — which operates KFC and Pizza Hut on the Chinese mainland — completed its acquisition of Pizza Hut's mainland business from Yum Brands, becoming the brand's sole owner in the market after previously operating under a franchise agreement.

Yum China has continued to post solid growth. The company reported a 6 percent increase in second-quarter system sales from a year earlier, while revenue rose 13 percent to $3.1 billion and operating profit climbed 14 percent to $348 million. It added about 1,200 net new stores in the first half of the year, expanded into more than 200 additional cities and ended the period with 19,297 restaurants.

McDonald's adopted a similar localization strategy earlier. In 2017, a consortium led by CITIC Group, CITIC Capital and Carlyle acquired a controlling stake in the Chinese mainland and Hong Kong operations of McDonald's. Subsequent equity adjustments have left the consortium with a majority ownership stake.

As of June 30, McDonald's operated 8,114 restaurants in China, adding 887 net new locations over 2025. China accounted for more than 60 percent of net new restaurant openings in the company's International Operated Markets segment.

Meanwhile, Restaurant Brands International sold an 83 percent stake in Burger King China to Chinese private equity firm CPE in 2025, while retaining a minority interest and granting the investor exclusive long-term development rights.

China's burger market continues to show strong growth potential. According to iiMedia Research, burgers are the country's most popular Western fast-food category, with more than half of surveyed consumers identifying them as their preferred choice. The survey also found that food safety has overtaken taste as the leading purchase consideration — a trend that could favor premium brands such as Five Guys as competition intensifies.

Excessive antibiotics in bullfrog goods found

Local market regulators and major e-commerce platforms launched investigations or removed implicated bullfrog products on Monday after media reports revealed excessive antibiotic residues in the popular food item.

An investigation by The Paper.cn, a Shanghai-based online news outlet, conducted in partnership with a public welfare group, revealed that multiple enterprises in Fujian, Guangdong and Jiangsu provinces were producing or selling contaminated bullfrog products.

The media outlet said it conducted field investigations and tested samples purchased through e-commerce platforms. Some products were found to contain antibiotic residues exceeding the legal limit by five times, while others tested positive for furazolidone, a veterinary drug banned for use in food-producing animals.

Following the report, the market regulation bureaus in Chenghai district of Shantou, Guangdong province, and Dongshan county of Zhangzhou, Fujian province, issued separate statements on Monday, saying they had launched comprehensive on-site investigations into the enterprises involved.

According to the statements, law enforcement officers found evidence of bullfrog purchasing, slaughtering and small-scale processing activities at two companies in Chenghai, while another company in Dongshan was engaged in bullfrog trading.

A representative of the company in Dongshan county told ThePaper.cn that the use of antibiotics is "virtually inevitable" in high-density bullfrog farming.

Authorities have sealed the implicated bullfrog products and collected samples for laboratory testing. They pledged to take strict action in accordance with laws and regulations based on the test results.

Chenghai district and Dongshan county have also launched region-wide inspections of local markets to crack down on illegal activities related to bullfrog production and sales.

Pinduoduo, one of China's largest e-commerce platforms, said it had removed the implicated products and would take strict disciplinary measures against merchants found to have violated regulations once the investigation is completed. The company also pledged to strengthen product screening procedures to better protect consumers' rights, according to ThePaper.cn.

Douyin, China's leading short-video and livestreaming platform, said the merchant identified in the report had voluntarily closed its online store before the findings of the investigation were published and had recorded no sales over the previous two months. The platform said it is verifying the alleged violations and will tighten merchant admission standards to further enhance food safety.

A 2025 industry report notes that China's bullfrog aquaculture output reached 600,000 metric tons in 2025. Worth 48 billion yuan ($7.1 billion), the industry supports 40,000-plus specialty restaurants. Production rose 317.65 percent from 2015 to 2024, surpassing most aquaculture sectors.

SAMR expands digital business licenses to fight 'ghost' food delivery outlets

China's market regulator is expanding the use of digital business licenses on food delivery platforms to stop unlicensed or fraudulently registered restaurants from selling meals online, the State Administration for Market Regulation said on Friday.

The SAMR said it was promoting electronic license verification across the online food delivery sector to prevent merchants with regulatory or food safety problems from gaining access to major platforms.

Under the system, regulators connect their databases directly with food delivery platforms and transmit verified electronic credentials to them. The licenses can then be displayed on the platforms for consumers to inspect.

The move is aimed at eliminating so-called "ghost" food delivery outlets, a term used in China for merchants that operate with false, borrowed, or invalid credentials, or whose actual kitchens do not match the information displayed on delivery apps.

International News

UK most affected in multi-country Salmonella outbreak

A Salmonella outbreak is affecting seven countries with the United Kingdom reporting the highest number of people sick.

According to the UK Health Security Agency (UKHSA), there are 207 confirmed Salmonella Enteritidis cases between August 2025 and August 2026. A total of 199 patients live in England, six are from Scotland, while Wales and Northern Ireland both have one case each.

The European Centre for Disease Prevention and Control (ECDC) has reported 106 infections in the Netherlands. There are also 15 cases in Belgium, two in Austria, one in Denmark, four in France, and six in Germany.

There were 341 confirmed infections between May 2025 and August 2026. In total, 152 cases were reported since May 2026, mostly by Netherlands and the UK.

Patients range in age from under 1 to 90 with a median of 31 years old. At least 34 people have been hospitalized and one person in the UK has died.

Link to eggs and poultry products

Epidemiological investigations in the UK point to imported eggs as the suspected vehicle of infection.

The Netherlands observed a peak in cases in August to September 2025. A small number of patient interviews linked illnesses to chicken meat.

ECDC said the multi-country Salmonella Enteritidis outbreak is ongoing. Epidemiological investigations indicate eggs and chicken products as potential sources of infection. More cases are expected until proper control measures are implemented.

The outbreak strain was involved in a previous outbreak reported by the Netherlands. Eggs or poultry were the suspected cause.

In 2025, the Dutch National Institute for Public Health and the Environment (RIVM) investigated a major outbreak of Salmonella Enteritidis with 80 patients. Possible sources were chicken products and eggs, but no clear cause was found.

After a period without patients, new infections appeared again in 2026, so the outbreak investigation was restarted in July.

UK view

Jacquelyn McCormick, head of incidents at the Food Standards Agency (FSA), said: “The exact cause has not yet been identified, however investigations so far have identified links to eggs imported from outside the UK, mainly used by food service and catering establishments such as restaurants or cafes, as a potential source. There is no evidence that UK-produced eggs are affected."

Several organizations have joined the British Egg Industry Council in raising concerns about the risks associated with imported eggs and egg products.

Will Raw, NFU Poultry Board chair, said it was hugely concerning that eggs from abroad are being linked to a serious outbreak of Salmonella in the UK.

"Food produced to standards that would be illegal in the UK is still being allowed into our market. This simply cannot be allowed to continue. Government must ensure at a minimum that adequate checks are being conducted on imports to ensure all food coming into the country is safe and introduce a robust system of core production standards that applies equally to domestic and imported food."

Clement Lynch, deputy president of the Ulster Farmers' Union, said: "This is a serious food safety issue and it is important that the source is established quickly. There is currently no evidence linking UK-produced eggs or poultry to the outbreak, and consumers should remain confident in locally produced eggs."

FDA Finalizes Guidance for Ready-to-Eat Fresh-Cut Produce Operations under Preventive Controls for Human Food Rule

Today, the U.S. Food and Drug Administration (FDA) released final guidance to help manufacturers and processors of fresh-cut produce comply with the FSMA Current Good Manufacturing Practice, Hazard Analysis and Risk-Based Preventive Controls (PCHF) rule.

Fresh-cut produce can be particularly susceptible to contamination, which can be introduced in the environment where it's grown, during transport, during manufacturing, when it's commingled with other products or at retail, and the opportunity for contamination can be amplified through each of these steps as it makes its way to consumers. Fresh-cut produce does not receive a kill step to eliminate pathogens that may be introduced during these processes and most are sold ready-to-eat. The guidance provides recommendations and examples of how the PCHF requirements can be implemented to protect fresh-cut ready-to-eat produce from contamination with biological hazards.

Fresh-cut produce includes any fruit or vegetable that has been physically altered from its whole state (e.g., by chopping, dicing, peeling, shredding) without additional processing (such as freezing or cooking) and distributed in fresh form. Examples of fresh-cut produce include chopped lettuce, cut cantaloupe, diced onions, and shredded carrots.

The final guidance reflects public comments received on the October 2018 draft guidance and replaces the 2008 FDA fresh-cut produce guidance. This guidance represents the agency's current thinking on the issues related to preventing contamination in fresh cut produce. The agency encourages the industry to continue advancing and improving food safety practices, including through the development and implementation of Best Practice documents tailored to their specific commodities and processes.

FDA and NOAA Update Certification Procedures for Seafood Exported to the European Union

The U.S. Food and Drug Administration is updating its listing and certificate procedures for seafood products exported to the European Union (EU). The FDA is making these updates in response to recently published simplified export certificates from the EU that will be required for seafood exported to the EU starting on September 3, 2026. These simplified export certificates will be required in addition to the new EU catch certificates currently being implemented by the EU.

To satisfy new EU certification requirements prohibiting the use of certain antibiotics for growth promotion or for human medicine that apply to seafood products, the FDA will be collecting declarations of non-use from seafood facilities exporting to the EU. These declarations will be uploaded into the FDA Export Listing Module (ELM) application for each affected facility and will facilitate NOAA's issuance of the required certificate for seafood products exported by that facility. The FDA will provide more information on these new declaration procedures and a declaration template on the FDA's Food Export Library webpage.

Along with changes to the FDA's ELM application process, NOAA will be updating their industry guidance on how to request the new simplified certificate for export of seafood products to the EU. More detailed information can be found on NOAA's website.

Seafood products exported to the EU after September 3, 2026, will need to be accompanied by a certificate issued using the new FDA and NOAA procedures described above. For questions or further information on FDA's ELM declaration and application process, please contact the FDA's Export Certification Team at hfpexportcertification@fda.hhs.gov. For questions regarding NOAA export certificates, please contact NOAA Fisheries at nmfs.seafood.services@noaa.gov.

FDA Reopens Public Comment Period for Request for Information on Butylated Hydroxytoluene

The U.S. Food and Drug Administration has reopened the public comment period for its Request for Information on butylated hydroxytoluene (BHT) in human food and as a food contact substance.

As part of the FDA's systematic process for conducting post-mar ket assessments of chemicals in food, the agency published a no tice in the *Federal Register* on May 13, 2026, requesting informatio n on the current uses and safety data for BHT in human food an d as a food contact substance. Earlier this month, the FDA anno unced its intention to reopen the comment period for 30 days to provide additional time for interested parties to compile and sub mit relevant data, scientific information, and comments. The com ment period is open, and the new deadline to submit comments is August 31, 2026. For additional information, see the [*Federal Re gister* notice] announcing the reopening of the comment period.

Electronic comments may be submitted to www.regulations.gov do cket number FDA-2026-N-2526. Written comments should be sub mitted to the Dockets Management Staff (HFA-305), Food and Dr ug Administration, 5630 Fishers Lane, Room 1061, Rockville, MD 2 0852. All written comments should identify the docket number F DA-2026-N-2526.

Enterprise News

Walmart keen on further expansion

Walmart Inc, a US retail giant and owner of Sam's Club, is doubling down on China, betting its omnichannel strategy and continued expansion of both its membership warehouse chain and hypermarket business will sustain growth.

Walmart China President and Chief Executive Officer Zhu Xiaojing said online sales accounted for more than half of the company's revenue in China in 2025, highlighting the retailer's transformation from a traditional brick-and-mortar operator into an omnichannel retailer.

Over the past three decades, Walmart China has built an integrated retail network spanning hypermarkets, neighborhood stores, Sam's Club warehouses, cloud warehouses and digital channels, Zhu said.

"Walmart will continue investing in China by expanding its omnichannel footprint, strengthening localized merchandise development with suppliers and deepening its presence in local communities," said Zhu.

As part of its latest expansion, Walmart signed cooperation agreements with local governments in five cities. The projects include new Walmart and Sam's Club developments in Yantai, Shandong province; Walmart stores in Beijing's Changping district and Shenyang, Liaoning province; and Sam's Club locations in Wuhan, Hubei province, and Nantong, Jiangsu province.

The investment marks the latest phase of Walmart's decade-long transformation in China.

After entering the market in 1996, Walmart expanded rapidly through its hypermarket business. However, the rise of e-commerce, changing consumer habits and intensifying competition from warehouse clubs and fresh-food retailers prompted the company to overhaul its strategy.

Beginning in 2016, Walmart accelerated the closure of underperforming hypermarkets while shifting investment toward Sam's Club, which has since become the company's biggest growth engine in China.

According to the China Chain Store & Franchise Association, or CCFA, Walmart and Sam's Club operated a combined 342 stores in China in 2025, about 100 fewer than their peak in 2019. Despite the smaller store network, Walmart China's sales exceeded 190 billion yuan ($28.18 billion) last year, with Sam's Club contributing more than 100 billion yuan, according to public data.

The strategy has helped Walmart maintain its position as the country's largest modern grocery retailer, although competition in the membership warehouse segment is intensifying.

Costco Wholesale Corp, which currently operates seven stores in China, plans to more than double that number to 16 by fiscal 2030, with most new locations concentrated in eastern and southern China.

Although Costco has expanded more cautiously than Sam's Club, it generated more than 10 billion yuan in China sales in 2025, with average annual revenue exceeding 1.4 billion yuan per store, according to figures cited by the CCFA.

At the same time, Sam's Club is facing growing operational challenges as its membership base expands. Consumer complaints over product quality have increased and the chain was summoned by China's market regulator in June over food safety issues. Shortly afterward, Zhang Qing, Sam's Club China's chief merchandising officer, resigned.

More broadly, China's grocery sector continues to undergo structural change as consumers gravitate toward value-oriented, convenience-focused and digitally integrated retail formats.

Data from Worldpanel by Numerator showed sales across modern grocery channels — including hypermarkets, supermarkets and convenience stores — fell 2.5 percent in the first half from a year earlier. Neighborhood supermarkets outperformed, with sales rising 3.6 percent, while convenience stores posted the steepest declines.

USDA issues alert for products containing jalapeños in connection with outbreak

The USDA's Food Safety and Inspection Service (FSIS) is issuing a public health alert for 18 meat and poultry products containing FDA-regulated jalapeños that may be contaminated with Salmonella.

The alert is in connection with a Salmonella outbreak that has sickened 345 people across 27 states. Many of the implicated products are sold under the Taylor Farms brand,. Other brands include Walmart's Marketside brand and H-E-B brand.

The FSIS expects additional downstream products will be identified as this ingredient recall progresses. The products covered by the FSIS alert have use by dates up to and including Aug. 15.

The list of products subject to the public health alert is available here, including information such as the product names, establishment numbers and states where the products were distributed.

The problem was discovered when Food and Drug Administration notified FSIS that multiple FSIS-regulated establishments received an FDA-regulated ingredient that had been recalled. More information on the FDA recall and outbreak investigation is available on FDA's website.

FSIS is concerned that some product may be in consumers' or retailers' refrigerators or freezers. Consumers who have purchased these products are urged not to consume them. Retailers who have purchased these products are urged not to serve or sell them. These products should be thrown away or returned to the place of purchase.

The Salmonella outbreak involves jalapeño peppers distributed by Coast Citrus Distributors to distributors, restaurants, and food service companies, including Mexican-style restaurants in the United States.

Based on epidemiological information collected by the Centers for Disease Control and Prevention, a total of 345 people infected with the outbreak strain of Salmonella have been reported from 27 states. There have been 36 hospitalizations. Illnesses started on dates ranging from June 19 to July 20. Of the 191 people interviewed, 177 (93 percent) reported eating at a Mexican-style restaurant before their illness, including Chipotle Mexican Grill and QDOBA, with meal dates ranging from June 14 to July 14.

Chipotle and QDOBA both received product that was imported by Coast Citrus Distributors from Sinaloa, Mexico. Chipotle switched their jalapeño supplier for impacted stores beginning on July 20 and are no longer serving affected product; QDOBA also ceased the use of jalapeños in their stores on July 28 and all QDOBA restaurants are no longer serving jalapenos. Given their actions to remove product from their stores, FDA does not consider there to be a current ongoing risk from these establishments to consumers in this outbreak.

As part of this investigation, FDA conducted a traceback investigation based on where ill people reported eating during the timeframe of interest and a common grower in Sinaloa, Mexico that supplies to Coast Citrus Distributors was identified as the likely source in this outbreak.

As a result, FDA recommended Coast Citrus Distributors conduct a recall to remove product from the market. In cooperation with the FDA, Coast Citrus Distributors has agreed to recall the remaining product implicated in the outbreak through epidemiological and traceback data and is in the process of identifying and contacting affected customers. The firm is no longer importing from the common grower.

Almost 15 tons of imported beef recalled because of lack of reinspection

Corte Argentino USA LLC of Aventura, FL, is recalling 29,628 pounds of raw beef products that were imported from Argentina without the benefit of import reinspection into the United States, the U.SDA's Food Safety and Inspection Service (FSIS) announced today.

The raw beef products were produced between May 15, 2026, and May 20, 2026, and have use or freeze-by dates between September 15, 2026, and September 20, 2026. The following products are subject to recall:

- Various weight cardboard boxes containing "FrigorIfico Gorina SAIC" boneless beef "Top Sirloin Butt" ("Cuadril Sin Tapa")
- Various weight cardboard boxes containing "FrigorIfico Gorina SAIC" boneless beef "Eye Round" ("Peceto")
- Various weight cardboard boxes containing "FrigorIfico Gorina SAIC" boneless beef "Topside Cap Off" ("Nalga AD S/Tapa")
- Various weight cardboard boxes containing "FrigorIfico Gorina SAIC" boneless beef "Flat" ("Carnaza Cuadrada")
- Various weight cardboard boxes containing "FrigorIfico Gorina SAIC" boneless beef "Knuckle" ("Bola de Lomo")

The products subject to the recall bear Argentinian establishment number "EST. N° OF. 2025" and shipping mark "26644-AA" The products were shipped to distributors and retailers in Florida and Texas.

The problem was discovered during routine FSIS inspection activities.

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

FSIS is concerned that some product may be in consumers' refrigerators and 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