



# FOOD FISHERIES AGRICULTURE

NEWS FROM THE FOOD TEAM IN TRADE COUNCIL CHINA - JULY 2015



## The Food Team Trade Council China



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## TV CREW'S FILMING OF A DANISH OUTDOOR CATTLE FARM



Ting Zhao  
Social Media Officer  
Beijing

On July 19th, 2015, the Danish Ambassador to China Friis Arne Petersen, together with the TV crew behind "Ambassador Shows You the World" from the China Weather Channel and Xinhua News Agency, visited Anders O. Jensen's farm at Storvorde.

Mr. Jensen's farm is one of the 300 organic dairy farms that provide milk to Arla foods on a daily basis. The Ambassador, together with Mr. Jensen, the farm's owners, and Arla Foods' Senior Director, Henrik Frøkjær, introduced to the TV crew as well as to the audience about the organic milk production process at the farm.

The cows eat organic grains, are glazed during the day, and are milked at time and frequency they are comfortable with.

Arla is the world's largest producer of organic dairy products. They strive to make a real difference to the environment and to the animal welfare through its organic ranges under the Arla brand.

This is done in a close partnership with the skilled organic cooperative farmers, far-sighted retailers and consumers who believe in organic products.

The "Ambassador Shows You the World", produced by The China Weather Channel and the Xinhua News Agency is a show featuring tourism, in which countries are introduced to audience through the view of ambassadors.

The show is expected to be broadcasted on China Weather TV, Xinhua platforms, video streaming websites including Youku and Letv, as well as some provincial television channels. In total, the program is expected to be watched by some 200 million Chinese people.

The show is divided into two parts: an interview of the ambassador and the ambassador in person showing the audience around his country.

In addition, a reality show featuring kids' tour in Denmark will also be filmed in September to combine with the whole program.



## CARLSBERG SPECIAL EDITION CAN REVEAL



Marcus Corfitz  
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Commercial Intern  
Beijing

On the 13th of July Carlsberg in collaboration with Chinese Super League revealed a new Carlsberg can design.

Minister Counsellor Marie Louise Flach de Neergaard was invited to the event and took part in the revealing of the special football edition can design.

Besides the Minister Counsellor and representatives from both Carlsberg and Chinese Super League, football player Wu Lei from Shanghai SIPG was also present. Wu Lei is one of the five players appearing on the new can design.

Carlsberg is the exclusive beer partner of Chinese Super League and the new can design seeks to further enhance this partnership. Carlsberg is already very experienced in the football culture, and the partnership between with Chinese Super League is Carlsberg's effort to become a part of the Chinese football culture as it is seen many other places in the world.



## GROUND BREAKING CEREMONY FOR HUAYANG DANXI PROJECT IN RUZHOU



Jane Cen  
Senior Commercial  
Officer  
Guangzhou

The ground breaking ceremony for the Huayang Danxi Project took place in Ruzhou City, Henan province the 25th of July.

Present at the ground breaking was Minister Counsellor Marie Louise Flach De Neergaard from the Danish Embassy, representatives from Lianyungang Dan Yu Pig Breeding Technology Co., Ltd and Director

General of department for Animal and Husbandry of Henan provincial bureau, Secretary General & Deputy Major from Ruzhou City.

The total investment for the project is 100 million Yuan, and the Danish partner is Lianyungang Dan Yu Pig Breeding Technology Co., Ltd.

The aim of the project is to utilize Danish know-how in the pig production when dealing with among others; feeding, temperature, air refreshing system, manure treatment and genetics evaluation. The environmental impact is especially a high priority and concern. Furthermore the project should work as a demo for potential future projects in China.



## MOU IN PIG PRODUCTION INDUSTRY SIGNED BETWEEN THE EMBASSY AND HENAN PROVINCE



Lydia Jiang  
Senior Commercial  
Officer  
Shanghai

An official meeting between the Danish Embassy in Beijing and Henan Provincial Agricultural Department for the signing of Memorandum of Understanding on the Promotion of Economic and Technical Cooperation between Henan and the Royal Danish Embassy in the Pig Industry was held at the office of Henan Provincial Agricultural Department in Zhengzhou on the 24th of July.

Minister Counsellor for Food, Agriculture & Fisheries from Danish Embassy in Beijing Ms Marie Louise Flach de Neergaard, Counsellor for Food, Agriculture & Fisheries, Ms Tilde Hellsten and Senior Commercial Officer Lydia Jiang participated in the official meeting.

Deputy Director-General of Henan Agricultural Department Mr Yu Zhongming, Director of Division for External Cooperation and Exchange Mr Wang Ming Rui and Deputy Chief of Division for External Cooperation and Exchange Mr Zhang Shengli were representing Henan Agricultural Department in the meeting.

At the meeting both sides first made a brief introduction to their respective agriculture industry with a particular focus on the pig production industry.



Deputy Director-General of Henan Agricultural Department Mr Yu Zhongming pointed out Henan is witnessing rapid growth in husbandry industry which has become one of the most dynamic growth points for the inland province. The statistics for year 2013 show that 59.96 million pigs were slaughtered, 42.26 million pigs were stocked. Large-scale pig farming accounted for approximately 70% of the entire pig production in the province.

The Memorandum of Understanding on the Promotion of Economic and Technical Cooperation between Henan and the Royal Danish Embassy in the Pig Industry was signed by Ms Marie Louise Flach de Neergaard and Deputy Director-General of Henan Agricultural Department Mr Yu Zhongming,

By raising many questions to the Danish side, one of the meeting participants from the Henan Agricultural Department showed keen interest in learning more about sustainable slurry treatment, use of manure as fertilizer, feed efficiency, feed planning and food safety control in the Danish pig production industry. Both sides agreed to jointly organize seminars, forums and project visits to further strengthen the bilateral cooperation and exchanges.



## MEETING ON ENHANCEMENT OF THE COOPERATION BETWEEN DENMARK AND GUANGDONG ON PIG PRODUCTION



Jane Cen  
Senior Commercial  
Officer  
Guangzhou

On the 15th of July 2015 the Minister Counsellor Marie Louise Flach de Neergaard from the Danish Embassy had a meeting with the Deputy Director General from the Department of Agriculture of Guangdong Province Bureau of Animal Husbandry & Veterinary.

At the meeting it was discussed how to use the Danish know-how in order to improve the pig production in the province.

The Guangdong province has been ranked as the top region in pig production in China. They have 10 national conservation farms, 49 national leading enterprises with an income of 10bn Yuan per year and 67 pig breeding farms which is 8 percent of the total in China. Until now they have hosted more than 40 expos related to pig production. Furthermore the poultry slaughter in Guangdong accounts for 1bn animals annually.

According to the Deputy Director General, Guangdong is particularly interested in how the pig production is handled in Denmark related to technology, management and environmental issues related to waste treatment and feed production. During the meeting both parties agreed that there would be more cooperation in the future on pig production including:

- A MoU covering a strengthening of the Sino-Danish information exchange in the pig industry
- establishment of convenient communication channels with related departments of the government
- jointly organize seminars
- project visits and forums



## CHANGING CONSUMER PREFERENCES CREATE HUGE POTENTIAL FOR DANISH MICROBREWERIES



Helena Haamann  
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Guangzhou

CHINA – The anticorruption policy, implemented since the 18th National Congress of the Communist Party of China, has meant lower consumption of alcoholic drinks, and the economic slowdown has slightly impacted the growth rate of the beer industry negatively. However, China remains to be the largest beer market worldwide in terms of volume.

According to global research firm Euromonitor, China is expected to be the highest valued beer market by 2017. From January to September China imported beer worth more than DKK 2,16bn (262,000 tons), a great increase compared to a total value of DKK 1,56bn in 2013 (180,000 tons).

Currently, Germany and Belgium are the largest exporters of beer in terms of value, and take up respectively 59% and 7% (2013) of the market share of import. While the government strictly controls the spending of governmental organizations and state-owned enterprises, consumer preferences are changing, and the potential of sales of imported beer for the individual consumers is emerging. Microbrews are getting more popular, and the demand is particularly prevalent in urban markets.

With forecasted double-digit growth of disposable income in China, the growing consumer spending particularly suggests more long-term possibilities for foreign microbrews. At the same time increased attention to high food quality and safety, means that the specialty beer is a growing market trend in China. Consumers call for unique beers produced with care, differentiating the products from the dominating low-priced, industrially produced beer. However, market entry may not always be as easy as such.

A study released by global consulting firm Bain & Company and market research firm Kantar Worldpanel, tracked and analyzed data concerning the purchases made by Chinese mainland consumers. Foreign beer brands, it showed, were among the few FMCG that gained a slight overall share, 0.8% in the period 2012-13, compared to domestic counterparts. While the study highlights the potential of the beer industry, it also calls for foreign brands to increase their penetration both offline and online, and focus more on lower-tier cities, which have a higher overall growth rate, compared to urban retail markets.

Based on the extended experience and expertise in sustainable and innovative beer production, which guarantees high quality and food safety, Danish brewers will have a huge potential in meeting the demanding preferences of today's Chinese consumers.



## 'ZOMBIE MEAT'



Amanda Xiang  
Trade Officer  
Beijing

After 'poisonous milk powder' and 'swill-cooked dirty oil', Chinese consumers are facing another kind of dangerous food---'zombie meat'. 'Zombie meat' is mostly smuggled meat and have been frozen for many years.

China is the world's top meat consumer, and industry insiders estimate that hundreds of thousands of tonnes of beef, chicken feet, and pig trotters are smuggled into mainland China to fill a shortfall that is unmet by domestic production or approved imports.

According to Xinhua large parts of the 'Zombie Meat' allegedly are US strategic reserve meat. Then they are bought and smuggled from Vietnam and organised gangs from across the country are selling the rancid meat to millions of unsuspecting Chinese consumers.

'Using refrigerated trucks to transport the meat increases costs so the gangs use ordinary vans. After a 12-hour journey, the meat starts to rot and smell. The smuggled meat had not been inspected or quarantined, and the price is lower than normal meat because no taxes are paid', said Yang Bo to Xinhua. net. He is deputy director of the customs bureau in Hunan province.

People's Daily report that Chinese government launched a campaign to track down the international origins of smuggled frozen meat after reports in June of smuggled "zombie meat" many years beyond its expiry date.

Apparently Pig trotters from the 1970s and chicken wings from the 1980s have been discovered, with the frozen goods dubbed 'zombie meat' by social media users. Officials have seized more than 100,000 tonnes of meat worth three billion Yuan (£300 million), more than twenty illegal gangs selling the meat have been broken up across the country so far, reported the People's Daily Online.

China Food and Drug Administration (CFDA), Ministry of Public Security and the General Administration of Customs jointly issued 'Notice on combating smuggling of frozen meat to secure food safety' on 13th of July.

Police and customs agents will work together to trace the smuggling routes from production to shop to protect Chinese consumers and prevent the spread of disease. "We will put all our strength into tracking the source and retails of smuggled frozen meat, including those people orchestrating the process from behind the scenes," said the China Food and Drug Administration in the news conference.

In China, the import of meat products is strictly supervised by authorities like Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and China Food and Drug Administration (CFDA), etc. AQSIQ emphasized on their website recently that imported meat from the legal channel is well supervised.

Chinese consumers are now paying more attention to the origins of the products, which in the meantime gives more opportunities for countries with good reputation in food safety area and a long history of exports to China like Denmark.



## TAIWAN: A NEW MARKETING STYLE TO PROMOTE DANISH LIFESTYLE EXPERIENCE



Louise Rosenlund  
Commercial Intern  
Taipei

Pushing the frontier of food event promotion – on June 10 2015, the Trade Council Office in Taipei (TC-Taipei) and Green Gourmet Denmark created an authentic Danish gourmet experience with major local importer of Scandinavian furniture and home accessories in a Danish ambiance.

The retail industry in Taiwan is experiencing rapid growth these years. Along with an increasing number of consumers new department stores, shopping malls and concept stores are emerging in the urban landscape.

At the same time, the Scandinavian lifestyle and living trend have gained strong exposure in Taiwan, creating a new hotspot for Danish brands and opening new doors for Danish export.

Within the food sector, Denmark enjoys special recognition as the driving force behind the new-Nordic cuisine trend of producing pure, high-quality and high-safety foods based on raw materials of the Nordic climate and on traditions of the Danish kitchen in new and innovative ways.

As a result, TC-Taipei established a cross-sectorial collaboration within Danish food, design and retail, creating a strong and collected Danish lifestyle portfolio by synthesizing and showcasing an authentic Danish lifestyle experience.

By combining Danish culture, storytelling and creating an environment that reflects the foods origin, the TC-Taipei created an innovative and different approach to traditional food promotion in supermarkets and food fairs.

The approach had a great impact on the participants and showed effective customer appeal by adapting Danish products to an Asian marketing style.

The initiative mounted in a press event held on June 10 2015 in cooperation with Jut Living Development Co., LTD, Taiwan's largest importer of Scandinavian home and lifestyle products.

The event was centred around a celebration of the Scandinavian midsummer and took place at one of Jut Living's concept stores, the Nordic Kitchen.



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The concept store houses a Scandinavian Design section on first and second floor displaying Danish design products by Finn Juhl, Arne Jacobsen, Rosendahl, Eva Solo & Trio, and Holmegaard, just to mention a few.

TC-Taipei participated with the founder of Green Gourmet, Ulla Andersen. Green Gourmet is a food export company who organizes export for small and medium-sized independent producers of organic and sustainable Danish craft food specialities.

At the event, Ulla Andersen showcased healthy and authentic Nordic cuisine with fresh ingredients from Green Gourmet such as caviar and smoked salmon specially prepared for the Nordic Kitchen with Michelin chef recipes.

The press event proved a great success with curious journalists and received a lot of media coverage with mentioning in various articles and on social media platforms. Besides of the press event in Taipei, TC-Taipei and Green Gourmet further engaged in Jut Living's VIP store opening in Taichung.

In Asia, marketing is quintessential to sales, especially for the Danish retail sector where customer awareness is yet growing. Focusing on creating a memorable Danish experience in Asia's day-to-day setting, embodied in this event, showed synergies for both Danish food -and home accessories brands. The event further stands as a success case and benchmark in terms of future export possibilities for Danish food companies.



# SHANGHAI INTERNATIONAL CHILDREN BABY MATERNITY INDUSTRY EXPO



Lydia Jiang  
Senior Commercial  
Officer  
Shanghai

The 15th edition of Shanghai International Children Baby Maternity Industry Expo (CBME China 2015) – one of the world's leading trade sourcing event for child, baby and maternity products industry - opened its doors to domestic and international buyers on July 22-24, 2015 at Shanghai New International Expo Centre.

The exhibition where the industry's global brand owners/suppliers, distributors and retailers were connected featured 2,836 brands from 2,147 suppliers across 205,000 square meters of exhibition space.

Two infant formula brands Moohko and Nowomil produced, sealed and packed in Denmark were taking part in CBME China 2015 showcasing their products.

Danish Consul-General in Shanghai Mr Nicolai Prytz delivered a keynote address at Moohko's new product launch and ribbon-cutting ceremony at Moohko's stand.

During the speech, Mr Nicolai Prytz emphasized Chinese parents' growing awareness of the need to buy food products that will make their child grow in a healthy and vigorous way - as well as products they can trust.

The Danish commitment to producing safe food & beverages has over the years received worldwide recognition. With its climate and soil providing optimum conditions for dairy cattle farming, Denmark is practically the ideal country for dairy production.

The Danish cows produce far more milk than Danes can consume in the domestic market, so over 2/3 of the total Danish milk pool go into export products. This share places Denmark among the world's top five dairy exporting nations.

Minister Counsellor, Food, Agriculture & Fisheries from the Danish Embassy Ms Marie Louise Flach de Neergaard delivered the keynote speech and attended the ribbon cutting of Nowomil's booth at CBME China 2015.

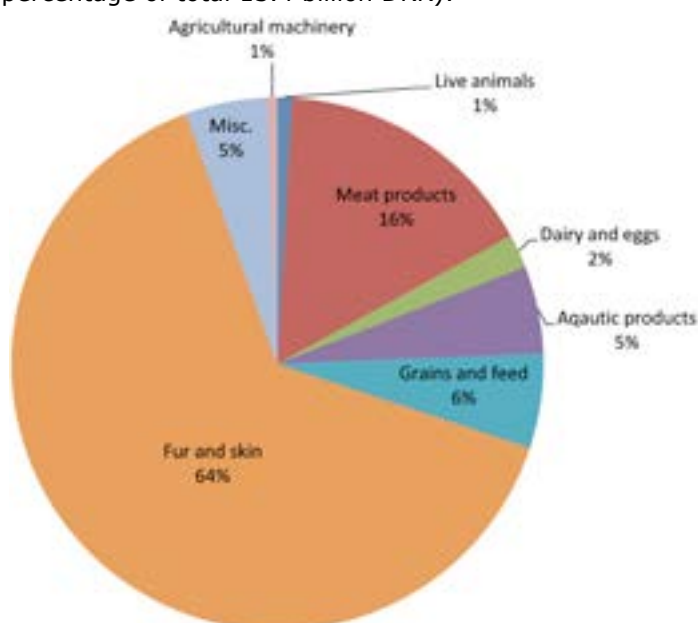


# DANISH AGRICULTURE AND FOOD EXPORT TO CHINA

The Danish export of food and agricultural products to China reached almost 13.4 billion DKK in the 12 month period May 2014 - April 2015, which is a decrease of 10 % compared to the previous 12 month period. In the 12 month period May 2013 - April 2014 the export of food and agricultural products to China was more than 14.8 billion DKK.

The total Danish export of goods in the 12 month period May 2014 - April 2015 amounted to 28.8 billion DKK. This is a decrease of 5.5 % compared to the previous 12 month period. The food and agricultural export accounted for 46.4 % of the total export of goods from Denmark to China.

Food and agriculture export to China  
(percentage of total 13.4 billion DKK):



## A closer look at the numbers

The increasing value of grains and feed export in 2015 can be explained by the steady increase in animal feed. The grains still have a lower value than in 2014.

Other changes worth mentioning are the significant decrease in aquatic products, due to decrease in frozen flatfish and fish meal. Furthermore live animals and agricultural machinery saw a significant decrease.

## Export figures

All numbers in 1000 DKK. Total export to China (Source: Statistics Denmark).

Goods	May. 2014 - Apr. 2015	May. 2013 - Apr. 2014	Change
Fur and skin	8,593,515	9,879,257	-13%
Meat products	2,159,347	2,112,897	2%
Aquatic products	709,409	907,740	-22%
Grains and feed	767,919	548,873	40%
Dairy and eggs	273,465	324,191	-16%
Live animals	117,247	159,422	-26%
Agricultural machinery	85,642	108,671	-21%
Misc.	670,701	774,712	-13%
<b>Total</b>	<b>13,377,245</b>	<b>14,815,763</b>	<b>-10%</b>



# CHINESE FOOD INFLATION

Food inflation saw a increase from from 1.6 % in May 2015 to 1.9 % in June 2015. The consumer price in- creased slightly from 1.2 % in May to 1.4 % in June.

**Consumer Price Index (CPI) & Food Price Index development**

June 2014 - May 2015 (Souce: China National Bureau of Statistics)



# AGRICULTURE

## LONG-TERM OVERUSE OF FERTILISERS SAPS CHINA'S FARMLANDS

Source: South China Morning Post, 14-07-2015

Unsustainable farming practices, such as the over- use of fertilisers, are drying out farmland in the north, posing a threat to future food and water re- sources, according to an international study.

Yaling Liu, a research associate at the Pacific North- west National Laboratory in the US, which led the study, said China's excessive use of fertiliser dated back to about 1980 and was now well above the global average.

"The total amount is around 30 per cent of the world total - the average rate is more than twice the world average," Liu said.

"A lot of Chinese farmers are not well educated ... they're unwilling to risk reducing fertiliser; tradi- tional thinking is that [using] more fertiliser leads to higher yield."

But research showed that excessive fertiliser use had a range of adverse effects on the environment, while also having little impact on crop yield, Liu said.

The team, which included researchers from Purdue University in the United States and Beijing's China Agricultural University, analysed data from farmland in northern China and found soil moisture has de- clined significantly over the past 30 years.

The optimal moisture level for farmland is 40 to 85 per cent of the soil's water-holding capacity, but the region's level was below that range, and getting drier, researchers said.

"If this trend continues, by 2090, the soil will not be able to sustain any crop growth," Liu said.

Northern China accounts for about 65 per cent of the country's farmland and is home to 40 per cent of its population, according to the National Bureau of Statistics.

Climate change is one of the main factors drying out the soil, but the study, published in Nature's Scien- tific Reports journal last week, points to unsustain- able farming practices, mainly the overuse of ferti- lisers, as one of the other major culprits.

According to official data, consumption of chemical fertilisers has increased sevenfold on the mainland in three decades, from 8.8 million tonnes in 1978 to 59 million in 2013.

Liu said the overuse of fertilisers could increase the rate of transpiration - a plant's loss of water, mainly through pores on leaves - and thus reduce water available in the soil.

Examining data from 40 meteorological monitoring stations at agricultural plots across the country's north, the team found that soil moisture reduction trends correlated with data on increased fertiliser use collected between 1983 and 2012.

Other agricultural practices have also contributed to farmland drying out.

A shift in growing more water-demanding crops, such as corn, which reduces soil moisture, rapidly expanding farmland and an increasing amount of water withdrawal for irrigation are all contributing factors.

Liu said the study highlighted the need to educate



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## AGRICULTURE

### LARGEST POTATO PRODUCER

Source: Xinhua, 30-07-2015

farmers to adopt more sustainable farming practices, such as using more water-saving technology like drip irrigation, or growing less water-demanding crops like potatoes. "This is a long-term goal; it cannot be reached in a short time."

China has become the world's largest potato producer, accounting for 25 percent of global production, official data showed on Wednesday.

The country grew 5.6 million hectares of potato in 2014, yielding in excess of 95 million tons, according to the Ministry of Agriculture.

China's potato acreage makes the crop the country's fourth staple after rice, wheat and corn.

Last year, despite enjoying the 11th consecutive year of bumper grain harvests, the country still imported 71.4 million tons of soybean and 19.5 million tons of rice, wheat and corn, 12.7 percent and 33.8 percent more than the previous year, respectively.

With a shortage of farmland in China, the agricultural authorities stressed that it is difficult to improve yields of wheat and rice but easier with potatoes.



## FOOD SAFETY

### 33 TONS OF EXPIRED PAPAYA CONFISCATED IN E CHINA

Source: China Daily, 08-07-2015

A food company in Ningbo, Zhejiang province, has been fined 1.4 million yuan (\$225,481) for storing 32.86 tons of expired papaya products, some of which had been frozen for more than five years, Qianjiang evening news reported on Tuesday. The products, confiscated at a storage facility in Jiangbei district in Ningbo, had expired more than two years ago, according to Wangwei, an officer responsible for market supervision in Jiangbei district, Ningbo.

"The food company has a long history with the facility, where large quantities of food, including papaya, were stored before 2010." Wang said. An inspection conducted by Wang's team found that the food company purchased a total of 60 tons of expired frozen papaya, at a price of 6.7 yuan per kilogram between 2010 and 2011.

The inventory shows that around 34.22 tons of expired frozen papaya was taken from the refrigerator by the company for production between April to October in 2010, while the latest record shows 25 tons of expired frozen papaya products was sold to a food processing company. Besides, the company also purchased another 24.23 tons of expired frozen meat and papaya in 2010, which it stored in another facility, and two batches of them were sold in Suzhou to make fruit juice and jams.

An earlier report claimed that expired products from US and European countries were also finding their way into the country's food chain. Between January and June, Customs departments investigated more than 140 cases involving the smuggling of frozen meat, an increase of 1.3 times compared to 2014, and confiscated 420,000 tons of products, a rise of 2.7 times compared to the same year.

The low cost of storage has resulted in rampant smuggling of frozen meat into China.



## FOOD SAFETY

### TAIWAN UPDATES ITS CERTIFICATION IN WAKE OF SCANDALS

Source: Food Quality News, 26-06-2015

A new food safety logo is to be launched in Taipei as Taiwan sets out to claw back public confidence in the local food industry after recent high-profile scandals.

The eye-catching logo, which bears the name of TQF, the government food regulator, forms part of frontline government efforts to enhance the competitiveness and integrity of Taiwan's food manufacturing sector. Food safety is a thorny subject after a string of scandals rocked consumer faith in Taiwanese food, prompting the government to launch a drive in an attempt to restore that faith.

Recent scandals include the 2014 "gutter-oil" incident which saw widespread arrests and a ministerial resignation after thousands of tonnes of cooking oil that was unfit for human consumption was found to have been distributed across the island.

Also last year, tofu and seasoning products were found to have been adulterated with a carcinogenic illegal colourant. Devised by the Taiwan Quality Food Association (TQF), a local certification company, the new accreditation system replaces one that has been in force since 1989. TQF said the food scandals have highlighted the need for a system that would track the entire supply chain.

Under the new system, all related food items produced by a manufacturing plant must meet the certifier's standards before the facility can obtain accreditation. Previously, the system only accredited individual production lines.

TQF will also carry out surprise plant inspections twice a year. "We are aiming to expand membership

to include distributors, raw material suppliers and consumer groups," TQF, which currently certifies 160 firms and 2,310 products, said in a statement.



## FOOD SAFETY

### SCIENTISTS DEVISE NEW TEST TO IDENTIFY GUTTER OILS FASTER

Source: Food Quality News, 06-07-2015

A Hong Kong university has figured out a new way to screen for so-called "gutter oils" quickly while identifying edible oils that are safe to eat.

A Hong Kong university has devised a way to screen for so-called "gutter oils" quickly while identifying edible oils that are safe to eat.

Current oil screening can take several hours to discount the presence of gutter oils, which are waste oils, often from industry, that have been illegally repurposed for human consumption.

Several gutter-oil scandals have taken place in recent years across Asia, most recently in Taiwan, where events there saw mass arrests and the downfall of a cabinet minister. As a result, the country has seen a dramatic fall in consumer confidence.

By setting up a simple analytical protocol and a spectral library of edible oils, Hong Kong Polytechnic University is now able to determine the authenticity of a labelled edible oil sample within five minutes.

Food safety tests for edible oil authentication until now would involve sample pre-treatment, chromatographic separation to separate the mixture and, finally, mass spectrometric detection.

With these, officials can detect certain food residue markers, or the discovery of toxic and carcinogenic chemicals within a sample, although the system is time consuming and inflexible.

The new system features a simplified method for the direct analysis of edible oils using matrix-assisted laser desorption/ionisation mass spectrometry (Maldi-MS). Yao Zhongping, who led the testing project, said: "Oil problems have become international with Taiwan, Hong Kong and even Singapore have been involved in gutter-oil scandals, but the present detection methods are complicated and time-

consuming. Our project saves on consumables and is automatic."

High quality and highly reproducible Maldi-MS results can be obtained and a preliminary spectral database of labelled edible oils. Because different edible oils have separate Maldi-MS spectral patterns, authenticity can be determined in five minutes by comparing a spectrum with those of its labelled oil. The researchers expect to spend the next two years working on a more complete Maldi library of edible oils. More testing of samples with different Maldi-MS equipment will be carried out to further validate the new approach.



## FOOD SAFETY

### COMPANY BOSS IMPRISONED FOR ROLE IN 'GUTTER OIL' SCANDAL

Source: China Daily, 29-07-2015

A court has sentenced the head of a Taiwan company to 20 years in prison for his role in a "gutter oil" scandal that gripped the island's food industry and brought down a senior official.

Yeh Wen-hsiang, chairman of Chang Guann Co, was also fined \$1.6 million for his part in selling 243 metric tons of tainted oil collected from cookers, fryers and grease traps, as well as recycled grease from leather processing plants.

Yeh was first detained in September after the accusations came to light, but he was released on bail in October. Last week, he was found guilty of safety violations, and he was sentenced on Friday.

Hundreds of tons of cakes, bread, instant noodles, cookies, steamed buns and dumplings had to be removed from shelves in Taiwan and Hong Kong when the case surfaced, authorities said.

The contaminated fat was mixed with regular lard and distributed to clients in the food industry.

More than 1,000 restaurants, bakeries and food plants in Taiwan had used the tainted oil, according to the food and drug administration, and the resulting outcry led to the resignation of the island's top health official.

Tsai Chi-chuan, the company's vice-president, was also given a 20-year sentence for food safety violations, according to a statement released by the Pingtung District Court, in the south of the island.

Kuo Lih-cheng, the manager of an unlicensed factory that supplied the company, was imprisoned for

12 years, while a worker from the same factory was sentenced to eight years, it said.

Taiwan had pushed for an amendment to the law to raise prison terms and fines for food safety violations, and it offered whistleblowers more incentives in the wake of the case.

Yeh's "gutter oil" case was the first in a string of scandals, with Taiwan food giant Ting Hsin group accused of selling oil intended for animal food just one month later.

Two businessmen were then charged with using banned industrial dyes to adulterate food products in December last year, also prompting mass recalls.



## FOOD SAFETY

### 20,000 TONS OF TOXIC SALT SEIZED IN BEIJING

Source: Global Times, 10-07-2015

Police in Beijing and Jiangsu Province recently raided a mini-factory in Beijing, which they said was producing 20,000 tons of toxic industrial salt as table salt for seven cities and provinces.

Police arrested 22 people in a four-month operation led by the Ministry of Public Security ending in April, the Xinhua News Agency reported on July 1.

Established in 2008, the eight-square-meter mini-factory in Daxing district, Beijing, produced 20,000 tons of industrial salt worth 20 million yuan (\$3 million) in the past seven years, reported the Beijing Times on July 2.

The producer then sold the re-packaged industrial salt as edible salt to wholesalers, the report said.

Hidden in trunks and stored in suitcases, the "fake salt" was sold in Beijing, Tianjin, Jiangsu, Henan, Hebei, Anhui and Shandong, the report added.

Tests conducted by Taizhou authorities showed traces of nitrate, which is used as an additive and preservative in meat products.

The excessive intake of nitrite is considered toxic and 20,000 tons constitutes the annual consumption of Taizhou's 5 million residents, Zhou Lügang, deputy director of Taizhou's Salt Administration Bureau, told The Beijing News on Thursday.

Similar in appearance and taste of table salt, the industrial salt was sold at a discount mainly to remote towns and villages, according to news portal thepaper.cn.

"The profits are huge," said Zhu Jinhua, an official of Taizhou's Public Security Bureau. "The salt they purchased at 400 to 450 yuan per ton can be sold from 800 to 1,000 yuan per ton after labeling it as table salt."

This is not the first time industrial salt was sold as table salt. News website southcn.com reported in July 2002 that a factory in Kunming, China's Southwest Yunan Province did the same thing.

Over 91 percent of salt produced in China annually is industrial salt, and the oversupply of industrial salt can easily flood the table salt market, Xinhua said.

The average salt intake of an urban Chinese resident is 10.3 grams per day, far exceeding the World Health Organization's recommended amount of six grams, according to a 2013 report of the Chinese Center for Disease Control and Prevention.

About three grams of industrial salt could lead to death, according to a notice on the website of the China Food and Drug Administration.

"There are many types of industrial salt with varying levels of nitrite," said Fan Zhihong, a professor at the School of Food Science and Nutritional Engineering of China Agricultural University.

"But a limited amount will not lead to death."

Fan told the Global Times that the disguised salt was mainly sold to food processing factories, not at groceries.



## FOOD SAFETY

### DECADES-OLD BEEF 'ORIGINALLY CAME FROM AMERICAN RESERVES'

Source: Food Quality News, 01-07-2015

Before it was sold to food stalls and restaurants in China, much of the expired meat that has been all over recent headlines in the country had originally been part of American food reserves that were smuggled in through Hong Kong in the 'Seventies and 'Eighties.

Expired beef from India was also exported to Vietnam and then smuggled into southern China for distribution, state newspaper reports have claimed. More than 20 gangs were arrested by officials last month for smuggling frozen meat products—some of them dating back 40 years—in 14 provinces.

According to The Beijing News, most of the 800 tonnes of expired meat was discarded from American food reserves which were used at the time as foreign strategic reserves and to stabilise prices—a practice engaged by a number of countries.

It costs a fraction for the United States to store its food reserves in countries like China than at home, though the meat is usually destroyed when it expires.

Gao Guan, the deputy secretary of the China Meat Association told Chinese media: "Domestic regulations stipulate frozen beef and lamb expires after eight to 12 months and it should not be defrosted after that, but the international practice is generally two years."

South China Morning Post reported that consumers would be unlikely to have known if they had consumed the decades-old beef.

"After [it has been] frozen for a long amount of time, the surface of the beef will start to oxidate and darken so it can't be directly sold to consumers," the

paper quoted a source as saying.

"After being stewed or fried in restaurants, the beef will look and taste just like fresh beef. Consumers won't be able to tell the difference."



## FOOD SAFETY

### 49 DETAINED FOR FROZEN MEAT SMUGGLING

Source: Global Times, 21-07-2015

More than 200 tonnes of smuggled frozen meat has been seized by coast guard in south China's Hainan Province.

Forty-nine suspects, six vehicles and a boat were seized at the same time, the provincial coast guard authority said on Tuesday.

Officers were informed on July 13 that a large amount of smuggled frozen meat from Vietnam would be transported to the provincial capital city of Haikou the next day by sea, via the Beibu Gulf in the southwestern Guangxi Zhuang Autonomous Region.

On July 14, 200 tonnes of smuggled chicken's feet, pig's feet and tongues were confiscated at a dock in Haikou City. All 49 suspects involved in the case were apprehended by July 20, police said.

Suspects confessed that they planned to sell the meat in the Pearl River Delta Region, the coast guard said.

Smuggling affects domestic food production, contributes to tax evasion, and poses serious food safety hazards.



## DAIRY

### RETAILER PUNISHED DUE TO SELLING IMPORTED MILK POWDER WITHOUT CHINESE LABELING

Source: Chemlinked 16-07-2015

A retailer located in Ningbo, Zhejiang was recently punished after being found guilty of selling non-compliant imported milk powders which were found lacking proper Chinese language labeling and instructions. 116 bottles of the smuggled milk powder have been confiscated and a penalty of 49450 RMB has been imposed on the baby product retailer.

It is explicitly articulated within GB 7718-2011 General Standard for the Labeling of Prepackaged Foods all imported foods shall be attached with Chinese labels. Also, considering that milk powder has been categorized as prepackaged foods for special dietary uses, it must comply with stipulations laid down in GB 13432-2013 Labeling of Prepackaged Foods for Special Dietary Uses enacted on 1 Jul 2015, which requires that imported milk powder must be labeled in Chinese before market circulation.

As per AQSIQ Announcement No. 133-2013, baby formula exported to China must have the Chinese labels printed on the cans, boxes, or bags for retail before entry into the country.



## DAIRY

### CHINA OVERTAKES US TO BECOME ICE CREAM MARKET 'POWERHOUSE': MINTEL

Source: Food Navigator Asia, 20-07-2015

**China has overtaken the US to become the "powerhouse" of the global ice cream market, says Mintel.**

According to fresh Mintel data, Chinese ice cream sales increased 90% between 2008 and 2014 to US\$11.4bn - eclipsing US sales, which increased 15% in the same period to US\$11.2bn.

The US and China account for more than 40% of global ice cream sales, which Mintel says hit US\$50bn for the first time in 2014. Mintel expects Chinese sales to increase to US\$12.6bn in 2015, compared with US\$11.4bn in the US.

"Rising incomes and an increasingly developed retail infrastructure and cold chain network are driving growth in the ice cream market in China," said Alex Beckett, global food analyst, Mintel.

"The pace of development, coupled with the immensity of the population, is having an increasing impact on the Chinese ice cream market," he said. With growth in Europe and North America "dampened" by a number of factors, Western ice cream manufacturers have more reason than ever to look East, Beckett added.

"As the world economy's center of gravity continues to shift away from the West, these challenges give ice cream giant all the more reason to extend their presence, and new product development, in more emerging economies, particularly in Asia," he said.

#### Ice cream "powerhouse"

The US was also surpassed by China in terms of volume.

Sales of ice cream in China increase to 5.9bn litres in 2014, compared with 5.8bn litres in the States. Taking bronze, Japan consumed 784m litres in 2014. In fourth and fifth, Russia and Germany respectively consumed 668m litres and 545m litres.

Mintel predicts volume sales of ice cream in China, which boasts a population of 1.35bn, will increase to 6.3bn litres in 2015.

While its become "the powerhouse of the global ice cream market" in terms of value and volume sales, China lags behind the US on per capita consumption.

In 2014, 18.4 litres of ice cream were consumed per person in the US, compared with just four litres in China.



## DAIRY

### DANONE TO SWAP DUMEX CHINA INFANT FORMULA UNIT FOR LARGER STAKE IN MENGNIU

Source: Dairy Reporter, 24-07-2015

**Danone plans to use proceeds from the proposed sale of its Dumex China infant formula business to increase its stake in Mengniu.**

Earlier today, in its financial results for the first half of 2015, Danone announced it has reached a "preliminary agreement" with Chinese dairy Yashili on the sale of Dumex China.

Under a Memorandum of Understanding (MOU) signed by Danone, Yashili, its parent company Mengniu, the French dairy will use the proceeds to increase its 9.9% interest in Mengniu.

Yashili and Danone also "intend to, among other thing, collaborate in New Zealand with respect to a manufacturing facility," Yashili and Mengniu said in a Stock Exchange of Hong Kong filing. Mengniu, China's second largest dairy, is Yashili's largest shareholder, controlling a majority 51.4% stake. Danone also holds a 25% interest in the company.

#### Dumex "hit hard"

Chinese sales of Dumex were "hit hard" by the 2013 Fonterra botulism scare.

In August 2013, Fonterra informed customers, including Danone, that three batches of whey protein concentrate (WPC) potentially contaminated with Clostridium botulinum had entered the supply chain. Later tests revealed the contaminant was a non-toxic strain called Clostridium sporogenes. This came to late, however, for Dumex, which had already pulled infant formula from shelves in China, Hong Kong, Thailand, Cambodia, Laos, Malaysia and Singapore as a precaution.

Danone terminated its supply contact with Fonterra in January 2014 and launched legal action.

"Despite the overall positive environment, Dumex brand products remained well below levels observed in early 2013, hit hard by the false alert raised by Fonterra and by the shift in consumer preferences from supermarkets to both online sales and specialized distribution," Danone said today.

"Danone has decided to reallocate resources in this market, and subsequently to revise downward long-term sales projections for Dumex in China."

"Therefore Danone impaired the brand and certain assets in China for a total amount of €398m at June 30 2015," it added.

#### First half results

In its first half result, the French dairy giant reported group sales of €11.392bn - a 4.6% like-for-like increase on the €10.467bn it recorded in H1 2014. Danone's largest segment, Fresh Dairy Products, reported sales of €5.664bn - down 0.4% from €5.640bn reported in H1 2014. This was offset, however, by a sales boost from its Early Life Nutrition, Medical Nutrition and Waters divisions.

Its Early Life Nutrition unit, which includes the Dumex brand, reported sales of €2.444bn for the first six months of the year - up 11.3% from €2.071bn. Revenue from its Medical Nutrition business increased 4.3% from €682m to €780m for the six month period.

Meanwhile, Danone's Waters division reported sales of €2.503bn, an increase of 9.5% on the €2.074bn reported in the first half of 2014.



## DAIRY

### SAFETY AND HIGHER MILK YIELDS THE AIM OF NEW ANIMAL NUTRITION R&D COMPLEX IN CHINA: CARGILL

Source: Food Navigator Asia, 24-06-2015

**US agribusiness giant, Cargill, has opened an animal nutrition technology application center (TAC) in Hebei, China, which it said incurred an investment of \$6.2 million**

Jason Shelton, global technology application director for Cargill's animal nutrition business, spoke to FeedNavigator about the goals of the new center:

"We aimed to build this TAC not only as a high quality research farm, but also a place where we can mimic real life customer conditions. For instance, for dairy it has all the standard parlor equipment of a new dairy in China.

It will include PhDs for both pork and dairy as well as experienced farm managers who can make sure the farm is run efficiently and effectively."

The new Hebei TAC has 120 lactating dairy cows and 280 sows.

Cargill's animal nutrition business has more than 30 feed plants in the country. "We are not new to China. In addition to this TAC, we also have an aqua-focused TAC in Southern China which opened in 2012," said Shelton.

He said the main focus of Chinese dairy producers, in particular, is milk quality and safety. "Second is an overall increase in milk yield. As demand for milk and milk products like yogurt continue to increase, customers need to be able to produce more milk per cow."

#### Lowering diet costs one goal of R&D complex

Shelton said the TAC will concentrate on developing technology applications to improve animal perfor-

mance, lower diet costs, reduce nitrogen and phosphorus excretion, and enhance animal health.

"Performance will be improved by taking knowledge from our global network – two global innovation centers and 11 other TACs - and applying that expertise to China's production system to find the best possible solutions for the local market," he said.

In terms of achieving lower diet costs for the Chinese markets, Shelton said there are multiple ways but the main one is to better utilize local ingredients combined with deeper insight into the local swine and dairy markets. "This will be a big part of the program," said Shelton.

Such insights, he said, will also inform Cargill's objective of lowering N and P excretion: "The application of our knowledge of enzymes as well as better understanding of animal requirements in a local setting will allow us to better unlock nutrients so that more is used by the animal and less is excreted to the environment."

Its goal around animal health also involves leveraging knowledge from global operations and customizing it to suit diet formulations for the Chinese market. "Applying this technology at a real life local farm - at the TAC - helps ensure that what we create relates to local situations," said Shelton.

## DAIRY

### CHINA TO REQUIRE REGISTRATION OF IMPORTED INFANT FORMULA

Source: ChemLinked, 02-07-2015

Since the finalization of China's New Food Safety Law (FSL) on the 24th of Apr this year, China's government has been drafting the Implementation Rules for this law. One of the major potential changes currently being discussed is the implementation of a registration system for infant formula product formulations that are imported for the first time.

The new FSL categories infant formula together with health food and formula foods for special medical purpose as special foods all of which are subject to very strict control. Under the new law formulations of IF products are required to be registered with China's CFDA. After considerable deliberation our sources seem to suggest that the requirements will be extended to imported IF products however confirmation of this will await release of the new food safety law implementation rules. The first draft of the implementation rules are expected to be released for public consultation in July or August of this year.

During the past 5 months, China imported 60,244 tons of infant formula in total, increasing 19% from last year. The top 5 exporting countries are Holland, Ireland, New Zealand, Germany and France.



## DAIRY

### CFDA SUBSTANDARD INFANT FORMULA REVELATION HIGHLIGHTS FURTHER NEED FOR DOMESTIC CAPACITY BUILDING

Source: ChemLinked, 08-07-2015

Recently, CFDA revealed 6 substandard batches of goat milk powder for babies made by two well-known dairy manufacturers Feihe and Shengtang in China. The content of nitrate, selenium, copper, folic acid and vitamin C were found to be not in line with relevant national standards. The government has ordered the two companies to stop production and sale of these products and issued an immediate product recall.

As a company ranks in the top 4 Chinese domestic infant formula manufacturers, the news is likely to hit Feihe's infant formula brand hard and affect consumer confidence in their products according to Mr. Song Liang a famous dairy industry expert. After a thorough investigation it was revealed that the cause of excessive nitrate was the acidic cleaners and alkaline detergents residues used in the cleaning of condensed milk tankers. Regarding the inadequate levels of selenium, Feihe explained that the content of Se is not stable in the raw materials provided by their suppliers.

Despite the arguments and explanations offered up by the offending companies, this scandal has again highlighted problems endemic in China's domestic dairy industry. Continued capacity issues revolving around raw material control, management of personnel and products, in-house product inspection, etc., all point to the relative underdevelopment of China's domestic dairy industry technical capacities.



## PORK

### OUTSTANDING WEANED PIGLET RESULTS FOR XUANWEI FARM OF SHENNONG

Source: The Pig Site, 27-07-2015

CHINA - PIC China congratulates the Yunnan Shennong Agricultural Industry Group in setting a new milestone in China by attaining 30 pigs weaned per sow per year.

In the second quarter of 2015, the 6,150-sow Xuanwei Farm demonstrated outstanding results: over 90 per cent average farrowing rate; 14.1 average total born, 13.1 average liveborn and 12.30 pigs weaned per litter respectively.

At 2.46 average litters per mated female per year this computes to 30.26 pigs weaned per sow per year.

Xuanwei Farm's performance has compared favourably with advanced market standards since the farm was stocked with PIC Genetics in 2013 and had the first litters of PIC progeny born in August 2014.



*continued...*

## PORK

### AS PORK PRICES SOAR IN CHINA, CONSUMERS FORK OUT FOR QUALITY, NOT QUANTITY

Source: South China Morning Post, 29-07-2015

For Chinese, how often pork appeared on the dinner table was a measure of the family's financial status.

Today, as more consumers realise the merits of healthful eating, the standard has changed from quantity to quality – and price.

The mainland is embracing a rapidly rising market for high-end pork, as more and more middle-class families turn to cuts of expensive prime pork, industry insiders say. The market is also being driven by a growing number of less affluent families who have turned to high-end meat as prices soar for ordinary pork, they say.

Huimingshan, an organic food producer in Anhui province, has seen sales rise nearly 20 per cent in the past three months, when in some regions the average wholesale pork price surged by more than 50 per cent, said Xu Yunlong, head of its sales department.

"We haven't raised our prices during the current price surge. But as general market prices rise, more people accept our products," he said.

According to Chinameat.cn, an industry portal, the average wholesale pork price in more than 330 major mainland cities was 23 yuan (HK\$29) per kilogram last week.

This was a 30 per cent increase from the beginning of March, and a record high for the past three years.

Even though Huimingshan's prices are more than double that, demand for the high-end producer exceeds supply. With a supply of hogs remaining steady at 10,000 a year, customers must wait for a

week for orders made during the peak season from late September to the Lunar New Year, Xu said.

"Our prices have risen gradually in the past years based on production costs, especially labour, but not price changes in lower-end pork," he noted. For example, its hogs were fed with organic corn and bran, and their life cycle was 10 to 12 months, compared to six or seven months for lower-end pork providers, he added.

Li Mingxia, a white collar worker and young mother in Shanghai, said like many of her friends, she cared more about safety and quality than prices for the meat she puts on the family dinner table.

"Unlike our parents or grandparents, people of our generation all know that we should eat less meat, and the meat we do eat should be good quality, especially as we live in a society tainted by so many meat scandals," she said.

Tan Ke, vice general manager of Xiangcun, a major high-end pork provider based in Changsha, Hunan province, agreed: "We've seen news reports about the rampant circulation of meat frozen for years, and the wide use of lean meat powder. What's the point of being cheap if the meat we buy is like that?"

More than 3 billion yuan worth of illegal frozen beef, chicken and pork – some of it decades old – had been smuggled into the mainland, local media reported last month.

"As long as we let people know our products come from good breeds, raised in a good environment, that taste good and are safe, they will buy it even if it's priced at 200 yuan per kilogram," said Tan.

Xiangcun breeds and raises more than 200,000 black pigs a year, which it sells for three times the price of standard pork. The company is expecting even greater opportunities ahead.

"Each year Shuanghui [China's largest meat processor] rings up billions of yuan in sales, but its market share is still just about 10 per cent. So you can imagine there's still great potential in the pork market," said Tan. Shuanghui, established in 1984, sold 450 billion yuan worth of meat products during the past three decades.

For Tan's overseas competitors, the enormous cull of China's hog herd over the past 18 months – believed to be the main factor for the recent price surge – also offers big opportunities in China's high-end market.

Rabobank, the world's largest agricultural bank, expected China's imports to expand for the remainder of this year and into 2016 in its third quarter perspective on global pork markets released last week.

The spread between China and the US live weight price is now about US\$175 per head, according to Genesis Inc, a Canadian purebred swine provider that supplies a third of China's swine imports.

"Less hogs, less sows, and the most important part, hog prices that have rocketed higher reflect decreased supply and solid demand," Genesis president Jim Long in a recent commentary.

"We are betting that this very moment this price spread is leading to loading of containers of pork to be shipped now," he said.





## POULTRY

### FURTHER AVIAN FLU OUTBREAKS AFFECTING TAIWAN

Source: The Poultry Site, 29-07-2015

TAIWAN - There have been more outbreaks of both highly pathogenic and low pathogenic avian influenza in Taiwan.

The outbreaks were all of the H5N2 subtype, but had different virulence levels.

The highly pathogenic outbreaks affected a duck farm and a chicken farm in the Yunlin and Pingtung counties. There were 7113 deaths out of a susceptible population of 22,635, with another 15,522 birds destroyed.

The low pathogenic outbreaks affected chicken farms in Chiayi, Taoyuan and Hsinchu counties. In all there were 25,573 deaths from the low pathogenic virus out of a susceptible population of 141,200 birds. The remaining 115,627 were culled to prevent the disease spreading.



## POULTRY

### CHINA DISPUTES EU'S POULTRY IMPORT LAWS AT WTO

Source: The Poultry Site, 23-06-2015

CHINA - A panel will be set up by the World Trade Organisation (WTO) to investigate certain concerns of the Chinese government over the EU's poultry import regulations.

China recently made its second request to the Dispute Settlement Body to establish a panel to examine this dispute, which concerns the EU's modification of its tariff concessions on certain poultry meat products.

An initial request by China to set up the panel was denied by the WTO in June.

China claims that the tariff measures implemented by the EU are inconsistent with Articles I, II, XIII and XXVIII of the general agreement on tariffs and trade (GATT) 1994. China said that these inconsistencies result in discriminatory regulations for China when compared with the tariffs affecting other countries. China said it hoped that, through the dispute settlement proceeding, the EU would adjust its measures and thereby address China's concerns.

The EU said that its measures were in conformity with the WTO agreements and that it was ready to defend them before a panel.

The DSB is establishing a panel to examine this dispute. Brazil, Russia and the United States reserved their third-party rights to participate in the panel's proceedings.



## REGULATION

### CHINA NHFPC REPORTS THE PROGRESS OF FOOD NATIONAL STANDARDS CONSOLIDATION

Source: ChemLinked, 03-07-2015

Take home:

- At the end of 2015 NHFPC is expected to establish a unified national food safety standard (NFSS) system.
- A new blacklist of illegal ingredients added in foods will be released this July.

As part of the China Food Safety Publicity Week 2015, NHFPC held a press conference in the National Center for Food Safety Risk Assessment (CFSA) on 29 June to report the progresses made in developing national food standards, risk monitoring and safety evaluation.

"Consolidating national food safety standards is currently the priority of the NHFPC's work" according to Mr. Su Zhi from NHFPC. He also mentioned that the aim of cleaning up and integrating existing standards and compilation of new standards is to form a system that is more in line with codex standards and consistent with the current industry circumstances.

According to researcher Wang Zhutian from CFSA, problems of overlap, repetition and contradiction exist in many of China's food standards (such as national standards, local standards, industrial standards, similar standards made by various departments), which has caused confusion for both industry and supervisory departments.

Through the joint efforts of more than 100 experts from various food sectors organized by NHFPC, the previous 4934 food standards that were formulated and issued in the last 30 years have been reduced to 1061. The huge project is expected to finish at the end of 2015.

The concept of NFSS was firstly introduced in the 2009 Food Safety Law. NHFPC was designated as the competent authority to formulate NFSS.

The basic premise of the NFSS is to provide a gold standard reference database for both Chinese and international food industry and regulators to consult. So far there are 492 standards in total are released as national food safety standards.



## E-COMMERCE

### HANGZHOU TO ASSESS FEASIBILITY OF NEW CROSS BORDER E-COMMERCE POLICIES

Source: ChemLinked, 02-07-2015

Recently, Zhejiang Provincial Government released the "Implementation Plan for China (Hangzhou) Cross Border E-commerce Comprehensive Pilot Zone", which includes significant innovative measures to increase growth in this sector.

#### Major advantages of Hangzhou Comprehensive Pilot Zone:

Hangzhou Comprehensive Pilot Zone will mainly focus on the implementation of pilot programs to assess the feasibility of new technical standards, business processes, regulatory models and information technology construction for cross-border e-commerce transactions, payment, logistics, customs clearance, tax refund, foreign exchange settlement and other links.

"Six systems" including information sharing service system, financial service system, intellectual logistics system, e-commerce trader credit system, risk prevention system, and statistical inspection system will be established in Hangzhou Comprehensive Pilot Zone. An online "single window platform" that integrates the process of goods declaration, inspection and release will be combined with the offline "comprehensive zone" platform to facilitate information exchange between different governmental departments, and increase the efficiency of customs clearance.

#### Tax exemption policy for cross border e-commerce

According to the current taxation policy, tax refunds can be obtained by providing a special VAT invoice or by obtaining a legal goods importation vouchers

for cross border e-commerce. Products will be taxed at the same rate as domestically produced goods if the criteria for these tax exemptions are not met. In Hangzhou if a domestic importer has not obtained the relevant goods importation voucher, but records information including the name of the seller, tax payer identification number, selling date, name of goods, quantity, unit price, total amount, etc. in the "single window" platform before Dec 2016 they can also benefit from VAT exemptions.

#### Cross border e-commerce: Negative list

"Negative list system" has been implemented for cross border e-commerce to monitor specific categories of goods that from a regulatory aspect are difficult to categorize. Enterprises engaged in cross border e-commerce can now import all commodities not listed in the negative.

#### Foreign exchange payment policy will be loosened

Currently, the total amount of personal annual foreign exchange settlement in China is USD 50,000. Privately owned businesses or individuals included in the Comprehensive Pilot Zone will not be restricted by the 50,000\$ limit in the future.



## E-COMMERCE

### CHINA CROSS BORDER E-COMMERCE FOOD LABELING REQUIREMENTS

Source: ChemLinked, 26-07-2015

In recent years China has invested considerable time, effort and finances to improve its food regulatory system particularly the labeling requirements of imported foods. As a basic requirement prepackaged foods and food additives exported to China must bear Chinese labels and will be rejected or destroyed directly at port if labeling standards are not followed exactly. However, foods imported through cross-border e-commerce are an exception.

#### Labeling requirements of foods imported through traditional channels

Article 97 of the new Food Safety Law (implemented from Oct. 1, 2015) stipulates that imported prepackaged foods and food additive shall have Chinese labels. If instruction is required by laws or regulations, the instruction in Chinese shall be provided. The instructions shall indicate county of origin, Chinese domestic agent's name, and contact information. Pre-packaged food without Chinese labels or instructions, or their labels or instructions that do not comply with the Law shall not be imported.

Last year China implemented a series of extremely stringent product specific labeling regulations and other regulatory requirements for imported infant formula. Starting from 1 April 2014 according to AQSIQ Announcement No. 133-2013, baby formula exported to China must have the Chinese labels printed on the cans, boxes, or minimum retail packaging before entry into China. Unqualified labels and packaging of baby formula cannot be modified after their arrival at the port. Local CIQs will directly reject or destroy baby formula found without Chinese labels on the minimum sales packaging or bearing Chinese labels incompliant with relevant Chinese regulations and national standards.

From 1 May 2014, infant formulas from unregistered overseas manufacturers are not permitted to enter China. Filing management systems for infant formula manufacturers and traders are implemented to ensure compliance with this regulation and facilitate supervision by AQSIQ and CFDA. For infant formula imported for the first time, enterprises should submit an independent full testing report. Infant formula with a shelf life of less than three months or infant formula in non-standard sales packages are not allowed to be imported.

#### China Crossborder e-Commerce: Are Chinese labels required?

Enterprises trading via crossborder e-commerce platforms import overseas products by frequent small volumes and only need to pay personal postage articles tax. In addition, overseas enterprises are only permitted to authorize a 3rd party Chinese domestic agency to change the outer package of products meaning that almost no e-commerce enterprise has the right to change the outer package. Recently, a series of supportive measures have been enacted by AQSIQ to advance the development of cross border e-commerce. Firstly, a negative list of all varieties of animal and plant derived foods that are prohibited for trade via crossborder e-commerce has been established. Secondly, all products sold through crossborder e-commerce must be declared for approval by inspection and quarantine department.

In addition, an e-commerce quality traceability system based on organization code and bar code is currently being developed. Commodities sold through crossborder e-commerce will be made traceable by adding anti-counterfeit codes, two-dimension codes or bar codes. Anti-counterfeit code has become a powerful weapon for cross-border e-commerce.



continued...

## E-COMMERCE

### CHINA TO TIGHTEN CONTROL ON CROSS-BORDER E-COMMERCE

Source: ChemLinked, 09-07-2015

Currently, most of the imported food products sold in well-known e-commerce platforms do not have Chinese labels, including Tmall International, JD, Amazon, etc.. This practice is not considered illegal if there is an anti-counterfeit code labeled on the product.

As a pilot city for cross-border e-commerce, Hangzhou enacted "Guidance on Inspection and Quarantine Requirements of Cross-Border E-commerce" last year, which stipulates that except the foods (including dairy products, meat and aquatic products) that should be from registered manufacturers audited and approved by CNCA, e-commerce enterprises trading in other food categories are minimally required to submit a third party testing report compliant with the standards of the exporting country or China, sale certificate of the exporting country, and ingredients list.

The basic compliance requirements for products sold via crossborder e-commerce include product name, brand, formulation or ingredients list, net weight, specifications, GMO foods, country (district) of origin, country of relevant applicable standards, storage condition, how to use, product quality and customer care phone number, etc. as well as the suitable consumption demographic if required.

According to ChemLinked sources, Hangzhou (the hometown of Alibaba) CIQ held a conference yesterday to inform relevant stakeholders involved in Crossborder E-commerce (CBEC) of the pending implementation of a new policy to conduct random inspection of all commodities traded through CBEC platforms, especially those deemed as high risk products (like food, cosmetics).

The new update indicates local governments' intention to more strictly regulate CBEC. In addition, it's been under discussion by the government that CBEC commodities should be subjected to the same tough importation and registration requirements as normal imported products (see CL food news on 30 Jun 2015). If such a policy was passed the vast majority of products traded on CBEC could not be sold any longer.

Currently goods traded through CBEC enjoy a much more relaxed regulatory policy than goods entering China through traditional importation channels. Product registration (including health food and cosmetics), Chinese labels, strict CIQ inspection and quarantine, testing etc. can all be avoided when selling through CBEC. Therefore, a large number of unregistered overseas functional foods, cosmetic products, and infant formula without any Chinese labels are available on various CBEC websites. However, according to people from Hangzhou's CBEC park, there is no doubt that China must tighten control on CBEC meaning many of its previous advantages will be cease to be a factor.

## MISCELLANEOUS

### TEN REASONS WHY CHINA NEEDS THE US

Source: The Pig Site, 29-07-2015

#### CHINA - China is America's biggest customer for agricultural products, with almost a fifth of imported goods coming from the US.

Today, this is worth \$25 billion in annual sales. This was not always the case, however, according to the US Department of Agriculture's Economic Research Service (ERS), which has seen growth in Chinese buying develop from around 2-3 per cent in the mid-1990s.

Economic reforms, urbanisation and a rapidly developing livestock sector have played a part in a major shift in Chinese demands over the last 20 years. This began to take hold relatively recently, when US agricultural exports to China doubled between 2008 and 2012.

#### Soybeans and Oilseeds

Number one on the list is Soybeans, accounting for around 40 per cent of China's imports and worth over \$40 billion. Formerly a net exporter of soybeans, China now represents 60 per cent of total world soybean imports after it cut tariffs and abolished import quota. Soybeans provide China's growing livestock protein sector with a high protein feed.

China is America's number one customer for soybeans, allowing China to focus on growing corn, a higher net return and yield crop, which has been China's top crop in 2013, explains the ERS.

#### Distiller's Dried Grains

At 99 per cent of the import share, the US currently corners the distillers' dried grains (DDGS) market, earning \$1.1 billion. This is linked to the new forage

needs of Chinese livestock, also buying a lot of sorghum and alfalfa. Last year, China imported 5.6 mmt of DDGS.

#### Hay and Forage

Of all the hay and forage bought into China, 95 per cent of it comes from the US.

#### Cattle Hides

China's clothing, shoe and handbag industries have grown rapidly following accession into the World Trade Organisation. According to the USDA, the subsequent rise in factory jobs has helped rural unemployment. More than half the hides China imports are of US origin - \$2.6 billion average import value.

#### Cereals

Arable production is developing in China but not fast enough to cope with demand. China remains a net grain importer despite heavy farm subsidy support. Cereals are worth \$4.9 billion to the US in China trade - 42 per cent of buying.

#### Cotton

China's factories rely on the US for up to a third of their cotton. Economic policy to clear out stockpiles pushed the global markets lower, which the USDA says China wants to repeat for corn, sugar and rapeseed.

#### Meat

Although China's livestock sector is more efficient





than years ago, it still relies heavily on imported meat, a quarter of which comes from the US, worth around \$5 billion.

Pork is a significant part of this, of which, 20 -30 per cent typically comes from the US. China did buy over half its pork from America and often at times of high prices, as China is commonly short itself during these times.

Low value byproducts like chicken feet and pork kidneys can be sold into the Chinese market. A meat hygiene overhaul had made China more difficult to ship to in recent years. Requirements are higher for food standards and traceability on some meat products – some feed additives are banned in China.

#### **Fish Meal**

Around 15 per cent of China's fish meal is bought from the US. As China's second biggest provider, the US earns \$1.7 billion on the product.

#### **Dairy**

Around ten per cent of imported dairy goods flowing into China are from the US, with the vast majority coming - around 80 per cent - from New Zealand. This makes the US China's second dairy provider, earning the country around \$4.2 billion. A rapidly growing segment, dairy food standards are also being tightened.

#### **Tobacco**

Around 11 per cent of tobacco imports come from the US. This earns the US \$1.4 billion as China's second largest tobacco provider.

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