

Exports and the New Chinese Food Safety Law

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The U.S. Food Safety Modernization Act has been the source of much discussion since it was signed into law five years ago. But the U.S. is not the only country that is revamping its food safety laws. China's new law became effective last October and is widely recognized to be its strictest food safety law yet, with a wider scope, more substantial penalties and a more unified approach to food safety regulation.

The new law in China follows a series of scandals that have heightened the concerns of the Chinese people about the safety of their domestically produced food. One of the most notable occurred in 2008, when many of China's infant formula producers were found to be using melamine, an industrial chemical commonly found in plastics and glues, to make their milk appear richer in protein, with disastrous results. Several infants died, hundreds of thousands of children developed health problems, perpetrators were prosecuted, and China's third largest dairy producer wound up declaring bankruptcy. There have been other scandals as well, involving rat meat sold as lamb, juice made from rotten fruit, and recycled cooking oil being sold as fresh cooking oil. All of this has sent Chinese consumers in search of safe foreign food.

While the new law imposes stricter standards, it is intended to ease the path for compliant exporters. Key features of special interest to exporters include:

- China's food import rules now reflect a shift from supervision and inspection at ports of entry to source control and onsite manufacturer inspection in the country of origin. Parties with exemplary compliance records will be eligible for expedited clearance of their shipments. Parties with histories of compliance problems will face increased inspections and quarantines for products.
- Chinese importers and overseas exporters and food producers will need to be registered with China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), which is now required to publish lists of overseas exporters, agents, importers and overseas food producers.
- An upgraded electronic filing system will collect information to support traceability and recall of imported food. On-site audit of overseas producers of infant formula, special medical foods and meat products will be required every three years. Specific traceability is required for the infant formula supply chain, from raw material procurement through final production. Similar requirements are expected for other products.
- Rapidly expanding online food sales will be subject to the same standards as sales through other channels. Consumers now have a right to seek compensation from online food retailers and producers, as well as from online platforms that do not have real-name identification for its online retailers.

According to the World Trade Organization, China is the world's third largest food market, just behind the U.S. and the European Union, with imports exceeding \$22 billion in the first half of 2015 alone. In fact, China now has the highest annual growth rate for imported food in the world, with dairy, grain and meat ranking in the top five categories. For exporters, China is one market where food "Made in America" has real value.



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