

## **FOCUS: ASIA LAPS UP NANOTECHNOLOGY COSMETICS**

Nanotechnology has been making the headlines recently prompting CosmeticsDesign.com to take a look at the latest personal care launches on the market that feature the technology. And it seems to be in Asia where nano cosmetics seem to be really taking off. Although L'Oreal has made a number of major global launches incorporating nanotechnology, its use in cosmetics products for the European and US markets seems to have been somewhat subdued. Last week L'Oreal launched its High Intensity Pigment color cosmetics line – only instead of featuring its nano particle-based formulation, the company shyly refers to it as 'photonics'. Despite warnings from some scientists and industry bodies that the technology should be tighter regulated because certain fields of scientific research have still not confirmed its safety, the reception of the technology in Asia has been more open. In recent months there has been a rash of newly launched high-end cosmetic products in Asia that not only include, but positively promote and feature the technology as part of the formulation, according to Mintel's GNPD. The majority of launches occurred in Japan, where technology- and science-friendly consumers are generally deemed to be more open to the latest that science can offer. The GNPD reveals four products that have been launched there in recent months, including a lucent facial powder and a moisturizing liquid, both from Ishizawa, as well as a Primordiale Nanolotion from Lancome and a Nano Callogen lip moisturizer from Isehan.



**Novis Cosmetics News: January 18, 2006**

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## **1. PERSONAL CARE**

### **1.1 *GREATER CHINA: HONK KONG, CHINA, TAIWAN, KOREA & JAPAN***

#### **1.1.1 BEIERSDORF STRESSES BIG BRANDS AND NEW MARKETS FOR FUTURE GROWTH**

German personal care giant Beiersdorf says it wants to achieve a 5.5 per cent of the global market for personal care products by the year 2010 and will be particularly looking to the markets of China, India, Brazil and Russia to help it achieve this goal. The maker of leading skin care brand Nivea as well as a range of personal care and other consumer goods said in a recently published financial profile that its medium- to long-term goals will focus on increasing its market share in developing countries from 26 per cent to around 35 – 40 per cent. Although the company still derives 26 per cent of its €4.7 billion global sales from the domestic market, the company has pointed out to the slow retail economy and market saturation as good reasons to concentrate on other markets. The company says that for sizeable regions, such as China, it will be introducing dedicated solutions for specific product categories. Given the stagnant European market, it is expected that the acquisition trail will be led in the developing countries, which will again see China, India, Brazil and Russia as the key focus for the businesses that provide strong synergies. The company also said that it had experienced double digit sales growth in Eastern Europe, Latin America, as well as the Asia/Africa/Australia region

**NOVIS Cosmetics News: January 13, 2006**

#### **1.1.2 L'OREAL TO SMOOTH WRINKLES FOR CHINA EXPANSION**

French cosmetics giant L'Oreal is to expand its research and development (R&D) facilities in China to help it better understand its customers in China. In a deal signed yesterday, the company bought a 20,000-square-metre plot of land in Pudong, Shanghai close to its R&D centre in the Jinqiao Export Processing Zone. The centre will start other operations in July using traditional Chinese medicines (TCM) as additional ingredients in future L'Oreal products. L'Oreal markets 17 skincare and hair care brands in China, all imports except for products from Yue-Sai and Mininurse, which L'Oreal also owns. In terms of sales revenues, L'Oreal earned 290 million euros (US\$348 million) from China in 2004, less than 2 per cent of its global total. Last year, the group netted 14.5 billion euros (US\$17.4 billion) in global sales, up 6.5 per cent year-on-year. China sold 58 billion yuan (US\$7.25 billion) worth of cosmetics in 2004, up nearly 12 per cent over 2003. Another rise of 18 per cent is projected for 2005 to 68 billion yuan (US\$8.5 billion) in sales.

**China Daily: January 19, 2006**

## **1.2 SOUTH ASIA: INDIA, SRI LANKA, BANGLADESH & NEPAL**

### **1.2.1 HAIR COLOUR MARKETERS PAINT THE TOWN IN RAINBOW HUES**

Arctic white, ice blue and platinum are not diamond variants, but the latest hair colours in vogue. With consumers becoming global trend-spotters, hair colour is growing popular and believe it or not, men are the growth drivers. From being just a solution for greying hair to a fashion statement, the way we look at hair colour has changed drastically. Over the years, with more and more people getting cued into international trends, the hair colour segment has seen immense growth. It is 11% of the total hair care market and has a Y-o-Y growth rate of 25.6%. For the period October 2004 to September 2005, colour creams contributed 24% to the total hair colour market. The brands that are being used extensively in salons are L'Oreal, Schwarzkopf and Wella. While L'Oreal is the most popular in most salons, for some of the more high-end ones such as Bounce in Chennai and Bangalore, Schwarzkopf seems to be generating more business.

**Economic Times: January 27, 2006**

### **1.2.2 GODREJ TO TAKE PERSONAL CARE BRANDS TO UK**

The Rs5,500-crore Godrej Group is gearing up to launch a slew of its personal care brands in the United Kingdom very soon. For starters, the group is introducing its fairness soap brand 'Godrej FairGlow' and powder hair dyes in the UK markets through its acquisition of Keyline Brands Ltd. After acquiring UK-based Keyline, the group is further scouting for acquisitions across the globe, according to Adi Godrej, chairman, Godrej Group.

**Financial Express: January 24, 2006**

### **1.2.3 SHAHNAZ HUSAIN TO GO IN FOR 'MASS' MAKEOVER**

Shahnaz Husain plans to launch a range of products, in its "Shahnaz Forever Range. Products will be priced at below Rs150 as the company attempts to tap the mass market. This affordable range follows the launch of "Fair One in collaboration with Elder Pharma, last year. The group also plans to expand the Shahnaz Husain Ayurvedic Spas, in collaboration with the Japan-based Hyakumata Group. As part of its effort to expand in the low-cost segment, the Shahnaz Husain group will invest Rs.5-crore. The range will comprise products crucial to the total skin and hair care routine. The spa business segment she says is worth around Rs50crore by '08. Keeping this in mind, they are planning to open spas in Saudi Arabia and other locations in the Middle East.

**Economic Times: January 31, 2006**

### **1.2.4 PROCTER & GAMBLE TO SET UP RS.35-CRORE HAIR CARE UNIT**

Procter & Gamble India (P&G) is increasingly localising its products in India. After health care, the company is now localising the manufacturing of hair care products. TOI had earlier reported that the company was investing close to Rs.60-crore to set up a health care facility in Baddi, Himachal Pradesh. The company has now chalked out a plan to invest around Rs.35-crore in a hair care facility at Baddi, to

come up by March next year. The objective behind setting up a production base for hair care products like shampoos is to reduce costs. The domestic shampoo demands are currently met through imports from Thailand. The plant is being set up by P&G Home Products, the wholly owned subsidiary of parent company, Procter & Gamble Company. P&G is a strong player in the shampoo market, with a share of 22%. Its brands include Rejoice, Pantene and Head & Shoulders.

**Times of India: January 05, 2006**

### **1.2.5 NEXT FROM ITC: SOAPS & SHAMPOOS**

After a brief lull, competition is all set to hot up in the personal care segment with ITC set to officially launch its soaps and shampoos under a brand name, Superia, early next month. The products are being priced competitively to take on competition from HLL and P&G. ITC will be a serious contender in the personal care segment with its distribution network matching and even bettering that of HLL in both the rural and urban markets. ITC has a huge network of kiosks. The paan-shops across the country are one such strong distribution stronghold of ITC that HLL has been unable to match, sources said. P&G is bringing in its global personal care brands through official imports. Currently, HLL is the largest player in the HPC segment. Industry sources said companies like P&G and ITC are likely to have an entry-market strategy of lower-priced products to drive volumes.

**Economic Times: January 18, 2006**

## **1.3 *SOUTHEAST ASIA: SINGAPORE, MALAYSIA, THAILAND, INDONESIA, VIETNAM & PHILIPPINES***

### **1.3.1 NU WAY TO APPLY MAKEUP**

The more you wear it, the better you will look. Nu Colour is a new make-up range that is supposed to be a "continuation" of its skincare range, Nu Skin. Known primarily for its skincare, it is now making a concerted effort to add more colours to their makeup line. There are lots of sun-kissed neutrals and the occasional bright shade for the eyes. The hot new favourite has to be the Replenishing Lipstick which is now available in new colours like Honey Sun, Cha Cha Red and Flushed. Add Shining Effects lip gloss (which moisturises and conditions your lips) and you are good to go. Available in five basic colours, this can be easily worn over any lipstick colour. The smooth, easy-to-blend formula consists of jojoba, conditioners, and Appiglide micropowders. The best thing is you can customise all your powder products with the Nu Colour custom compact system.

**New Straits Times: January 31, 2006**

### **1.3.2 MEN HELPING BEAUTY INDUSTRY TO GROW IN MALAYSIA**

The cosmetic market in the country is expected to grow 10 per cent per annum in the coming years as more men are now adopting beauty treatment, Deputy Finance Minister said. The Minister said it was estimated that the domestic market for cosmetics and toiletries had grown by 30 per cent in 2004 to be worth almost RM500 million. This market size is measured roughly on the sale of beauty products

and does not take into account the impact of tourism into Malaysia for which beauty treatment has been one of the important drivers, said sources.

**Bernama Newswire: January 16, 2006**

### **1.3.3 WATSON'S AIMS FOR GROWTH, INTRODUCES NEW PRODUCTS**

Watson's Personal Care Stores Sdn Bhd, which started 2006 with the launch of its "Olive Range" of personal care products, aims to post positive growth this year. The company currently has 240 products under its own label. Cruddas said being the world's largest personal care retail chain, Watsons is capable of introducing and retailing its own label products with quality and value to compete in the market. Watson's Personal Care Stores, the Malaysian unit of Hong Kong-based A.S. Watson Group, had expanded by acquiring the Apex Pharmacy chain in 2004. The Olive Range products consist of shampoo, conditioner and hair treatment available at between RM7.90 and RM19.90.

**Bernama Newswire: January 14, 2006**

### **1.3.4 STRONG SALES SEE ORIFLAME END 2005 WITH A BANG**

Oriflame says that euro currency sales growth of 24 per cent in its fourth quarter, ending in December - a strong end to a year marked by restructuring and a major push into developing markets. The company revealed that its final quarter sales grew from €197.3 million, to reach €244.7 million. Reflecting a tougher start to the year, full year sales were up 14 per cent in euro currency, to reach €765.7 million. The direct sales company said that during the last quarter and increase of just 8 per cent on its sales force also reflected well in the results compared to the increase in sales, further emphasized by an 8 per cent jump in productivity. Profit margins were also up for the quarter, after significant investments in developing markets, particularly in Russia and China ate into profits in the first nine months of the year. The key new products during the period proved to be Stretch and Curl Mascara, eye shadow duos and intense eyeliners, the company said. Likewise fragrance continued strong sales growth, with Nomadic Him and Her proving particularly popular, while the skin the new Rose Face Care boosted care line and the Hair Solution Anti Ageing line boosted hair care. Looking ahead, the company says that it is maintaining its goal of achieving sales growth of 5 – 10 per cent per annum over the course of the next five years, while maintaining a profit margin of 15 per cent. Earlier in the year the company farmed off its UK and Ireland direct sales operations in an effort to concentrate on sales growth in the developing markets. In the course of the year the new investment will see the opening up of operations in the China market, followed by further selective openings in other key developing markets.

**Novis Cosmetics News: February 13, 2006**

### **1.3.5 SKIN AND HAIR CARE PRODUCTS MAKER TWIN LOTUS TARGETS YOUNG PEOPLE IN URBAN AREAS**

To target the urban younger generation, Twin Lotus Co Ltd, manufacturer of oral-, skin- and hair care products, has increased its marketing budget by 10-15 per cent and introduced two new products: Icicle breath freshener and Antiseptic Herbal mouthwash, The Nation reports. Twin Lotus' marketing-

communication manager Sahai the Company changed its way of communicating with the target group by focusing on the audience in its advertisements and marketing activities rather than promoting the products' properties as before. The company's goal is see revenue from the young represent 50 per cent its total revenue within three years. Apart from changing consumers' perception of the brand, Twin Lotus promotes itself as the brand for modern young people in big cities. Sahai's main worry is increased oil prices that have affected the cost of raw materials, and it may consider raising its own prices if the cost of oil remains high. Another worry is that the economic situation may not improve from last year, affecting the purchasing power of consumers. Sahai still expects revenue growth of 10-15 per cent. Revenue figures for last year will be revealed on January 18. The company's export revenue represents 15-20 per cent of its total revenue.

**Thai News Service: January 11, 2006**

### **1.3.6 SALES ARE SLOW, BUT AMWAY POINTS TO HUGE POTENTIAL FOR LONG-TERM GROWTH**

Despite a decline in sales, it's first locally in several years, Amway remains optimistic about the outlook of Thailand's direct-sale business, the Bangkok Post reports. In Thailand, the estimated value of the business is about 20 billion baht, or 6.67% of the 300-billion-baht retail industry. To increase the reputation of the direct-sale business both in Thailand and abroad, Alticor has allocated a budget to promote the Amway brand. At the same time, it will expand to high-potential markets, including Vietnam, and launch new products primarily cosmetics and health products. In Thailand, 80 million baht will be spent on building brand awareness, not only for Amway but also its two sub-brands - Nutrilite and Artistry. To make its products more affordable, the company has changed its policy from making products in the United States to sourcing them from different countries.

**Thai News Service: January 26, 2006**

**ON THE SHELVES:** - After eating all those different foods, you'll need a toothbrush. Did you know that people have been cleaning their teeth since the first tribes lived in Africa and Australia? It was the Chinese who invented the bristle brush toothbrush.

## **2. FOOD / LIQUOR & BEVERAGES**

### **2.1 PACIFIC: AUSTRALIA & NEW ZEALAND:**

#### **2.1.1 COKE ZEROES IN ON MALE MARKET**

Coca-Cola Amatil has launched a new product, a sugar-free soft drink called Coca-Cola Zero. The product tastes like regular Coca-Cola but has no sugar. The product is targeted at men aged 20 to 29. The Diet Coke product is aimed at women and it has a 10% share of the soft drink market in Australia.

Regular Coca-Cola has a 32% share of the Australian soft drink market. Coca-Cola marketers are pleased with the early success of Coca-Cola Zero, because it is selling extremely well

**The Australian Financial Review: 30 January 2006**

### **2.1.2 HEINZ FINALLY SELLS TEGEL**

Pacific Equity Partners has acquired Tegel Foods from HJ Heinz for an unknown amount. Heinz had bought the New Zealand poultry processor in 1992 as a result of its purchase of Goodman Fielder. The sale of Tegel Foods is part of a rationalisation of Heinz's non-core units outside the US, which has also led it to put its European seafood and frozen foods business on the market. The Chicago-based company wants to focus on its babyfood, ketchup and prepared foods operations Fonterra adds a bakery to its global galley

**Food Industry Week: 30 January 2006**

### **2.1.3 FONTERRA ADDS A BAKERY TO ITS GLOBAL GALLEY**

New Zealand dairy products group, Fonterra, has increased its presence in the foodservice sector. In January 2006 it purchased Auckland bakery, The Pastry house. The company is buying the business from its three shareholders through its subsidiary, Tip Top Icecream. The Pastry house makes ready-to-use products and sells mainly to in-house supermarket bakeries, hotels and similar outlets. Fonterra sees major growth opportunities for the bakery products in Asia and Australia

**Food Industry Week: 30 January 2006**

### **2.1.4 FRENCH CHOCOLATE COMES TO SYDNEY**

Australia's first Jeff de Bruges store has opened in King Street, Sydney. A second outlet will open in 2006 if the first performs well. Jeff de Bruges operates 240 stores in France and 30 outside France, including in Vietnam, Dubai and Libya. Management intends to continue the chain's international expansion. The Australian MD of Jeff de Bruges, Pascale Margueritat, aims to establish five or six franchised stores in Sydney. The chain sells recipe books and cooking chocolate and powders, as well as up to 70 confectionery products

**Inside Retailing: 30 January 2006**

### **2.1.5 HARSH WARNING OVER FOOD SECTOR'S FUTURE**

The New Zealand food industry is the subject of a discussion paper, which aims to grow the sector further. The Food Beverage Taskforce is asking for input from industry groups and individuals. Taskforce co-chair and Griffins Foods MD Tony Nowell says the New Zealand industry must respond to changes in the global market, which present both opportunities and threats to the local sector. Food and beverage exports have doubled since 1995, and are worth \$NZ15 billion per year, or half of the country's total merchandise exports. Nowell says the food industry is the "lynchpin" of the national economy, and needs to continue to undertake research and development in order to remain ahead of competitors

**Food Industry Week: 11 January 2006**

### **2.1.6 FOREIGN TASTE AND PRICE LURE AMERICANS AWAY FROM CALIFORNIA WINES**

Australian wines are a growing presence in the US, especially noticeable in the California wine region. According to the Wine Market Council, the taste and price of wines from Australia and Italy, in particular, are popular with US consumers. Merrill Lynch has confirmed that in 2005 California's share of the US wine market retreated 0.7 per cent to 71.4 per cent, and even Napa Valley wineries believe that market share has slumped from 90 per cent to 74 per cent in 2005. By contrast, Australian wines rose 0.7 per cent to 7.7 per cent market share in 2005.

**The Age: 13 January 2006**

### **2.1.7 SUGAR-FEWER BUDGETS GETS \$18 MILLION SWEETENER**

Many Australians like to drink soft drinks with no sugar. Coca-Cola Australia has revealed that it will spend \$A18 million in 2006 to market its new product, Coca-Cola Zero. The product tastes like Coca-Cola but contains no sugar. PepsiCo, which uses the bottler Cadbury Schweppes, plans to spend \$A4 million in 2006 to market PepsiMax in Australia. This product also has no sugar. Coca-Cola is already giving away free samples of its new Coca-Cola Zero product

**The Australian Financial Review: 30 January 2006**

### **2.1.8 NOW IT'S MILK FROM CHINA**

Woolworth's supermarkets in South Australia are selling evaporated milk produced in China. The milk is priced slightly below the equivalent Australian product. Independent MP Bob Such warned on 11 January 2006 that this could herald a push by China into the Australian dairy market, affecting the domestic industry. A spokesperson for importer, Trang's Food, says the introduction of "Golden 1" evaporated milk will increase competition and benefit consumers

**The Advertiser: 12 January 2006**

### **2.1.9 CAFE CULTURE BOOSTS MILK SALES**

Milk consumption in Australia has risen for the second year in a row, reversing a decade of declines. This is being attributed to a significant increase in the coffeeshop trade. The number of coffeehouses rose by 100 per cent between 2001 and 2004. The consumption of breakfast cereals helped, while milk as a drink is back in favour. So-called "functional milk" is also gaining in popularity. Australians consumed more than 2,000 million litres of milk in 2004-05, an increase of 1.5 per cent on the previous year

**Food Australia: 10 January 2006**

### **2.1.10 BURNS PHILP SNACKS DIVISION MAY FETCH US\$899.3 MILLION**

The sale of Burns, Philp. & Co Ltd's snacks foods division could boost the company's almost A\$A2 billion (\$US1.5 billion) in cash reserves by a hefty A\$1.2 billion (US\$899.28 million), according to sources the possible sale of the assets, which includes the flagship Uncle Tobys and New Zealand

Bluebird brands, could fetch between A\$975 million and A\$1.17 billion.

**Asia Pulse: January 13, 2006**

#### **2.1.11 PRENZEL CUTS SUGAR CONTENT ACROSS RANGE**

Beverages group Prenzel Distilling is responding to changing consumer tastes by cutting the sugar content of its products by 20 per cent. Prenzel CEO says customers now have more "sophisticated and discerning palates" and are less interested in buying the "super sweet" drinks that were popular in the past. She notes that consumers are also considering the health implications of alcoholic drinks, particularly given the growing concern about diabetes. Steadman adds that the trend toward beverages with less sugar content is a worldwide phenomenon

**Food Industry Week: 10 January 2006**

#### **2.1.12 COCA-COLA HELLENIC BOTTLING COMPANY ACQUIRES SERBIAN FRUIT JUICES COMPANY FRESH & CO.**

Coca-Cola Hellenic Bottling Company agreed to acquire, jointly with The Coca-Cola Company, 100% of Fresh & Co, one of the leading producers of fruit juices in Serbia and Montenegro. The acquisition includes a production facility located at Subotica and the juice and nectar brands "Next" and "Su-Voca". The net consideration for the transaction is EURO 19.5m and is subject to the company's indebtedness at closing not exceeding EURO 23.1m. The transaction is subject to regulatory approval and is expected to be finalised by the end of February 2006.

**Signal G Digest: January 23, 2006**

#### **2.1.13 COCA-COLA AMATIL**

Australian soft-drink and packaged food company, Coca-Cola Amatil, will release its 2005 financial year results on 9 February 2006. Investors will be looking particularly at the performance of its South Korean and Indonesian operations. These are important markets for the company but have so far provided only a small share of its profits. Coca-Cola Amatil shares are trading well below the record price of \$A8.76 set in March 2005. If the results for South Korea and Indonesia show an improvement, then the price could rally

**The Age: 25 January 2006**

#### **2.1.14 TOP DROPS AND BEER BRING CHEER TO LIQUOR INDUSTRY**

Australians are spending more on premium liquor products. Australian Bureau of Statistics (ABS) figures, show the average household, spent \$A1,196 on alcohol in 2003-04, up from \$A884 in 1993-94. The ABS has attributed this increased consumption to a growing consumer preference for premium products

**The Age: 9 January 2006**

### 2.1.15 **FOSTER'S SAYS NO NEW PLANS TO SELL WINERIES OR BRANDS**

Foster's Group Ltd says it has no new plans to sell some of its secondary wine brands or offload wineries as it continues to review its wine operations in the wake of last year's \$3.7 billion acquisition of winemaker Southcorp. A media report today said the global beverages firm was working on a comprehensive review of its winery operations in rural Australia and could sell some second-tier brands. However no major brands would be sold. The report said the review could also lead to winery sell-offs. A Foster's spokesman said that at this stage the company had nothing to add to what it had already told investors at a strategy briefing in September 2005. Foster's said at the time that it would sell one Hunter Valley winery and one Coonawarra winery. Foster's chief executive Trevor O'Hoy said in the media report that the review would find ways to help Foster's capitalise on its increased scale in the wine sector following the Southcorp acquisition and ways to cut production costs.

**AAP Business and Financial News: January 18, 2006**

## 2.2 ***GREATER CHINA: HONK KONG, CHINA, TAIWAN, KOREA & JAPAN***

### 2.2.1 **US' CALCOL UNIT TO SELL SOFT DRINKS IN CHINA WAL-MART, CARREFOUR STORES**

CALCOL's China unit, Malibu-Cola Beverage Co Ltd, said it has won a contract to sell a variety of soft drinks at several hypermarket chains in China, the company's president said. The Chinese unit plans to market Malibu-branded carbonated beverages at Wal-Mart, Sam's Club, Tesco and Carrefour outlets across China, Malibu-Cola said in a statement. CALCOL currently manufactures and distributes in China, primarily to Chinese-owned supermarkets and through local distributors in 10 major cities in the northern province of Hebei as well as Beijing and Tianjin.

**AfxAsia: January 19, 2006**

### 2.2.2 **COCO-COLA TO ESTABLISH 400 RETAIL STORES IN CHINA**

Coco-Cola, the world's largest beverage maker, expects to operate around 400 retail stores in China. Sources at Coco-Cola in China, said Exclusive Retail Store is mainly in the business of daily necessities, including collectables, clothing, and home groceries, however, their business will not cover the sales of Coco-Cola beverage. According to an official of Shenzhen Keshang Trade Co., Ltd., which is the only franchiser of Coco-Cola retail store in China, Coco-Cola Exclusive Retail Store started to enter the Chinese market this May, currently operates 22 stores scattering in Beijing, Shanghai and Shenzhen.

**China Industry Daily News: January 04, 2006**

### 2.2.3 **GLOBAL RETAILERS INVADE CHINA'S REGIONAL CITIES**

Attracted by the promise of record sales and growing household consumption, Western retailers are flocking to China provincial cities? But what success will they have? China has long been a Mecca for

competition-weary global companies, but only now are supermarket chains confident enough to move out of major economic centres, such as Shanghai, and venture into unknown territory. News that French-owned Carrefour, China's number one hypermarket chain, is expecting another 25 per cent sales growth in 2006 following a similarly spectacular performance last year comes as little surprise to many in the sector. Encouraged by this phenomenal growth the company plans to swell its base to cover little-known cities around the country, marking a trend in global retail expansion in the region.

**Novis Food Beverage News: January 12, 2006**

#### **2.2.4 I-MEI FOODS EYEING OVERSEAS MARKET**

Impacted by declining consumers in domestic market, I-Mei Foods Co., Taiwan's leading confectioner, has decided to lay more emphasis on contracted food manufacturing than producing own brand products and to actively explore overseas markets. The Company indicated that Taiwan's food industry has in recent years been gradually shrinking, forcing I-Mei to actively promote its products to overseas market this year. Boasting advanced manufacturing technologies and comprehensive confectionary products, I-Mei plans to reinforce its overseas markets, particularly for its specially developed items, such as coffee chocolate products, well-decorated cakes available in a wide variety of tastes, and vegetarian foods. The company's operations in Taiwan are estimated to export US\$30 million worth of confectionary products this year, a projected whopping growth of 150% from last year's US\$12 million. Over the past three years Taiwan's consumer market saw an average annual fall of 1.5 million consumers, whose purchasing power is estimated to reach NT\$450 billion (US\$13.24 billion at US\$1 = NT\$34). Some attributed the shrinking market to an increasing number of domestic consumers traveling to the other side of Taiwan Strait.

**The Taiwan Economic News: January 24, 2006**

#### **2.2.5 SOUTH KOREA'S LOTTE SHOPPING TO INVEST 6 TRILLION WON IN 5 YEARS**

Lotte Shopping Co., South Korea's largest department store chain, plans to invest 6 trillion won (US\$6.15 billion) in expanding its stores over the next five years, industry sources said. Lotte Shopping will invest about 3 trillion won between 2006 and 2007, earmarking 70 percent of the money for its discount unit Lottemart, the sources said. Lottemart is expected to open 12 new stores this year and add 16 more next year, raising the number of its outlets to 70. The remaining 3 trillion won will be spent between 2008 and 2010, they said.

**Yonhap News: January 24, 2006**

### **2.3 SOUTH ASIA: INDIA, SRI LANKA, BANGLADESH & NEPAL**

#### **2.3.1 PERFETTI MAY GO FOR RS.20-CRORE EXPANSION OF CHENNAI PLANT**

Perfetti Van Melle is poised for the biggest expansion plan in India this year. The Italian confectionery major, which has a 30% share of the market, has earmarked Rs.20-crore for expansion of its Chennai plant. The Company is also evaluating the possibility of setting up a new facility in Uttaranchal. Perfetti

plans to expand its existing capacity of 40,000 tonne by about 20%-25%. For now, Perfetti is high on local formulations and plans to foray into new segments in '06. The company is looking at launching new products and brands to enter into and consolidate its position in the local candy, eclairs and sugar-free confectionery markets.

**Economic Times: January 28, 2006**

### **2.3.2 INDIAN WINE MAJOR DIVERSIFIES INTO HIMALAYAN BERRY PRODUCTS**

India's wine major Champagne Indage is diversifying into production of a range of products like jams, cosmetics and medicines using the energy and nutrient packed Himalayan berry, seabuckthorn. The first product to be launched by a subsidiary company, Seabuckthorn Indage Limited, will be the Leh-berry brand of juices using technology developed by the government's Defence Research and Development Organisation (DRDO). Though not a new product in the Indian market, the Leh-berry juice brand and technology have been acquired by the diversified Rs.2 billion (\$45 million) turnover Indage Group of Companies for re-launch under a new brand and packaging.

**Hindustan Times: January 19, 2006**

### **2.3.3 PARLE AGRO ENTERS CONFECTIONERY MARKET WITH SIMPLY IMLEE**

The Rs600-crore Parle Agro has entered the confectionery market with its first brand — Simply Imlee. Floating a separate confectionery division within the company, the Mumbai-based beverage company has launched its first confectionery brand in Pune; the brand will also be rolled out to the rest of Maharashtra, Gujarat, and subsequently at a national level.

**Business Line: January 18, 2006**

### **2.3.4 FOOD AND BEVERAGE SECTOR CLOCKS 50% RETURNS**

The Indian food and beverages sector is showing signs of turnaround, after a period of sluggish growth for four years, giving returns of 50% in 2005. The growth can be attributed to rising urban demand and well-designed market strategies of food and beverage companies, the Associated Chambers of Commerce and Industry of India (Assocham), said. The sector clocked 63% returns in financial year 2004 and 50% in 2005, the chamber's Eco Pulse study said. The sector's market capitalization, too, showed an increase of 44% on March 2004-05

**Asia Times Online: January 25, 2006**

## **2.4 SOUTHEAST ASIA: SINGAPORE, MALAYSIA, THAILAND, INDONESIA, VIETNAM & PHILIPPINES**

### **2.4.1 TIGARAKSA EYES 20% MARKET SHARE OF HIGH-CALCIUM MILK**

PT Tigaraksa Satria Tbk set the target to control 20% market share of the domestic high-calcium milk market of 10,000 tons this year. Sources at PT Tigaraksa Satria Tbk, said that the market opportunity of

high calcium milk in Indonesia is still high as the domestic milk consumption is still low.

**Bisnis Indonesia Daily News: January 28, 2006**

#### **2.4.2 INDONESIA PREDICTS 10PCT INCREASE IN TEA EXPORTS**

The Indonesia Tea Association (ATI) has predicted that the country's tea exports will rise 10% from last year to 110,000 tons valued at US\$121 million this year. The signals for the rise after being in the doldrums for the past three years come with a brisk auction held by the Joint Marketing Office of the state-owned plantation company PTPN. In the first auction for this year last week 92% or 790,320 tons of 858,900 kg of tea offered were sold at a price of US\$806,145.

Asia Pulse: January 16, 2006

#### **2.4.3 DUTCH LADY AIMS TO CAPTURE 70 PCT SHARE OF UHT MILK MARKET**

Dutch Lady Milk Industries Bhd expects to capture a 70 percent share of the UHT milk market with the introduction of its newly formulated and enhanced UHT milk. The company's managing director, said that last year the company enjoyed a 60 percent share of the market and it expected to see further growth based on the growing trend for people to consume milk. A leader in the supply of quality dairy products in Malaysia, the company's another major product, Dutch Lady 123 Growing up Milk, which has been also further fortified, has a share of 30 percent in the growing up milk segment.

**Bernama Newswire: January 18, 2006**

#### **2.4.4 MOFAZ DAGANG TO PENETRATE ASIAN MARKET WITH 'CARABAO'**

Mofaz Dagang Sdn Bhd, a subsidiary of the Mofaz group of companies, wants to penetrate the Asian market including Brunei, Singapore and Indonesia with Carabao, a premium energy drink from Thailand. As the sole Carabao distributor, Mofaz Dagang is adding another premium brand into its product line-up. Being one of the pioneer companies in Malaysia distributing fast-moving consumer goods (FMCG) within the country and abroad, the joint venture will be an opportunity for Mofaz Dagang to expand its business. Carabao has been placed on the shelves of the 7-Eleven convenience stores throughout Malaysia from mid-December last year. Mofaz Dagang has 30,000 outlets to market the product.

**Bernama Newswire: January 25, 2006**

#### **2.4.5 BEER TO COST MORE DUE TO SECURITY INK**

Beer prices are set to rise in the first half of 2006 as brewers pass on to consumers the cost of adding security ink markings on beer bottles and cans. The Government wants the country's two brewers, Carlsberg Brewery Malaysia Bhd and Guinness Anchor Bhd, to introduce security ink markings on the packaging of locally-produced beer to help curb the problem of products on which duties had not been paid. These illegal products, which constitute about a fifth of the entire beer market in Malaysia, result in a loss of revenue to the Government.

**New Straits Times: January 6, 2006**

**2.4.6 HACO TO INVEST RM10 MLN TO EXPAND PRODUCTION LINE**

Swiss-based premium coffee maker Haco Group, which has made Malaysia its production hub in Asia, now plans to invest another RM10 million to expand its food condiment, soup and bullions business. For a start, the group is expected to allocate around RM2 million to set up a blending plant to produce condiments, soup and bullions at its Shah Alam plant. The plant is to come on line by end of March this year.

**Bernama Newswire: January 10, 2006**

**2.4.7 GOKONGWEI FOOD FIRM ALLOTS \$100 MILLION FOR EXPANSION**

Universal Robina Corp., one of the largest food companies in the Philippines, will spend \$100 million for expansion, the bulk of which will go to its branded consumer foods division. Company sources said \$60 million will be allotted for the expansion of the firm's beverage lines in the Philippines and Vietnam. The company is aiming for a "first mover" advantage for ready-to-drink beverages in these countries following the success of C2, its green tea-based drinks. It will invest \$25 million to \$30 million in the expansion of its sugar milling and refining capacity to support the growth of the beverage business while the balance will be used for maintenance expense.

**Business World: January 24, 2006**

**2.4.8 SAN MIGUEL MULLS GROUPING FOOD BIZ UNDER NATIONAL FOODS**

Philippine conglomerate San Miguel Corp (SMC) wants to consolidate its food business under the umbrella of recently acquired Australian subsidiary, National Foods Ltd. Sources at SMC said that following its acquisition of Australian juice maker Berri Ltd., the company was now studying ways to consolidate its domestic and regional food business.

**Asia Pulse : January 6, 2006**

**2.4.9 NUTRIASIA GETS 84.5% OF DEL MONTE PACIFIC**

NutriAsia Pacific Ltd., a joint venture of Philippine beverage and food conglomerate San Miguel Corp. and Filipino condiments magnate Jose Campos Jr., had obtained control of 84.52 percent of Singapore-listed Del Monte Pacific Ltd. at the close of its offer recently.

**CIBI News: January 24, 2006**

**2.4.10 NESTLÉ POSTS RECORD EXPORTS OF \$100M**

Nestlé Philippines Inc. is investing another P2.5 billion in its facilities in the country this year, its chairman, president and chief executive officer reported. The Philippines is Nestlé's supply center for export of breakfast cereals and infant formula and filled milk powder in Asia. These products are produced at their factories in Lipa, Cabuyao and Cagayan de Oro, respectively. The P2.5 billion would be used to modernize and expand capacity on all the plants. Its latest investment involves a P350-million state-of-the-art fluidized bed boiler that burns spent coffee to generate fuel for its facility in Cagayan de Oro City. Nestle produces and markets products under the brands Nescafé, Nido, Milo, Nestle Maggi,

Bear Brand, Nestle Alpo, among others with products ranging from coffee, milk, infant nutrition, infant food, beverages, non-dairy creamer, food, ice cream and chilled dairy, breakfast cereals, confectionery and petcare. In launching the Nescafe Classic First Pick limited edition coffee, sources said the objective is to expose consumers to how Filipino coffee could taste. Nandkishore said this coffee blend is made from coffee cherries that are handpicked and specially processed. Coffee currently accounts for 25 percent of Nestle Philippines' total business.

**CIBI News: January 21, 2006**

#### **2.4.11 SINGAPORE'S PETRA FOODS TO BUY NESTLE'S PHILIPPINE CHOCOLATE MANUFACTURING OPS**

Petra Foods Ltd said it has agreed to buy the chocolate manufacturing and distribution assets of Nestle Philippines Inc and its unit Goya Inc for 5.0 mln usd. The acquisition, done through Petra Foods' subsidiary Delfi Foods Inc, comes with the popular key brands "Knick Knacks" and "Goya."

**AfxAsia Newswire - Global: January 23, 2006**

#### **2.4.12 HIGHER SUGAR PRICES MAY CAUSE SOFT DRINK MANUFACTURERS TO RAISE PRICES OF THEIR PRODUCTS.**

Soft drink manufacturers may have no choice but to raise retail prices if the government floats the price of sugar, the industry's main raw material, and the Bangkok Post reports. A soft drink executive said prices had been steady for seven years despite rising costs for raw materials, including plastic pellets, and rising oil prices, which have affected packaging and transport costs.

**Thai News Service: January 9, 2006**

#### **2.4.13 JAPAN'S KIRIN BEVERAGE TO LAUNCH SOFT DRINK SALES IN THAILAND**

Kirin Beverage Corp. will launch sales of non-alcoholic drinks in Thailand with a local partner this year as part of its broader plans to expand into the South East Asian market. The company will also consider exporting to Malaysia another nation in the region. It plans to outsource beverage production in Thailand to a plant being built there by major Philippine food supplier San Miguel Corp., in which parent firm Kirin Brewery Co. has a 20 per cent stake. Kirin Beverage already has footholds in China and Taiwan, but the partnership in Thailand will be its first operational base in South East Asia. Teaming up with Thai food manufacturer Osotsapa Co., Kirin Beverage will establish a joint venture specializing in product promotion and advertising with roughly 160 million yen (US\$1.4 million) in capital. Kirin Beverage will invest 49.5 per cent and Osotsapa and others will pick up the rest.

**Asia Pulse: January 17, 2006**

#### **2.4.14 THAI PURE DRINKS AND HAAD THIP REVAMP OPERATIONS**

Must slash costs due to price controls Thai Pure Drinks Ltd and Haad Thip Plc, local distributors of Coca-Cola soft-drink products, on January 18 announced a major revamp of their bottling facilities and distribution network, to improve efficiency and relieve expense pressures in an attempt to cope with

nearly a decade's worth of price controls and a stagnant soda market, The Nation reports.

**Thai News Service: January 23, 2006**

#### **2.4.15 HAI HA CONFECTIONERY COMPANY RAISES CAPACITY**

The Hai Ha Confectionery Company hopes to produce 16,500 tonnes of confectionery and export 138 tonnes this year, the company's director Tran Hong Thanh said. With increased output, the company hopes to record US\$27 million in turnover, six per cent higher than last year's figure. To meet the target, the company plans to expand and upgrade its existing production lines, reduce its reliance on manual labour and diversify its product lines.

**Thai News Service: January 17, 2006**

#### **2.4.16 KINH DO CONFECTIONARY SWEETENS TET**

The Kinh Do Confectionery Joint-stock Company reported it sold 3,000 tonnes of confectionery in the prelude to this year's Tet Festival, 10 per cent higher than its target. The company expects demand for its sweets will continue to rise by 5-10 per cent between now and the beginning of the Tet holiday.

**Thai News Service: January 23, 2006**

#### **2.4.17 THAI BEVERAGE PLC TO LAUNCH CHANG LIGHT BEER**

Thai Beverage Plc plans to further penetrate the lucrative beer market by launching at least three new brands next year, including Chang Light, The Nation reports. Chang Beer, which has positioned itself as an economy beer, now controls about 60 per cent of the total market in terms of volume sales. The launch of new beer products is part of Thai Beverage's multi-brand strategy to expand its product portfolio from economy to standard and premium segments said sources.

**Thai News Service: January 5, 2006**

#### **2.4.18 CARABAO DANG TO ENTER MALAYSIA MARKET**

Having established its presence in Vietnam, Cambodia and Laos, the maker of Carabao Dang energy drinks is expanding into Malaysia this year and aims to be in Brunei, Singapore and Indonesia at some point in the future, the Bangkok Post reports.

**Thai News Service: January 31, 2006**

#### **2.4.19 CAMPINA STARTS JOINT VENTURE IN THAILAND WITH THAI DAIRY INDUSTRIES**

A New Alliance for Local Production Strengthens Campina's Position in Thailand The international co-operative dairy company Campina closed a 50/50-joint venture deal with Thai Dairy Industries for the local production of fresh and long-life consumer dairy products in Thailand. This joint venture with one of the largest dairy companies in Thailand is an important expansion of Campina's existing activities in Thailand.

**PR Newswire: January 26, 2006**

**2.4.20 NESTLE STILL SEES ROOM FOR COFFEE SALES TO GROW**

Thailand's instant coffee market expanded by 5% last year and sales of Nestle's market-leading Nescafe brand were even better, according to sources at Nestle (Thai) Co. The number of consumers who drink coffee regularly has increased from 46% to 51% in the same period, they added.

**The Bangkok Post: January 20, 2006**

**2.4.21 PUTTING FIZZ BACK INTO SOFT DRINK DISTRIBUTION**

Thai Pure Drink Co, the local bottler of Coca-Cola, Fanta and Sprite, plans to spend about 900 million baht to expand its soft drink business this year. The funds would be used to upgrade its facilities, install new machines, increase the number of its trucks and open new warehouses.

**The Bangkok Post: January 19, 2006**

**2.4.22 DUTCH MILL'S NEW BRAND TO GIVE YAKULT A RUN FOR MONEY**

Dutch Mill Co, a distributor of Dutch Mill dairy products, has launched new cultured yoghurt to take on Yakult, the long-standing sales leader, in the 10-billion-baht market. Pornchai Sawadsuksobchai, the Dutch Mill managing director, said the company has recently introduced Casei culture yoghurt, pasteurised milk mixed with lactobacillus. The product is available through modern trade channels and hypermarkets.

**The Bangkok Post: January 12, 2006**

**2.4.23 JELLY BELLY LOOKS FOR GROWTH IN NEW MARKETS**

US confectioner Jelly Belly plans to expand its international markets by constructing a new plant in Thailand. The company currently distributes in 25 international markets and believes a new factory in Asia dedicated to international sales will boost growth worldwide. Construction of the plant based in Rayong, Thailand is expected to begin within six months and products should be distributed within eighteen months. The Thai facility, which will be approximately 50,000 square feet with room for expansion, will be the confectioner's third manufacturing base. All products manufactured in Thailand will be distributed amongst Jelly Belly's overseas markets. Jelly Belly currently produces over 100 confections from plants in Illinois and its headquarters in California. The family owned business' most famous product is the Jelly Bean, which is made in 50 different flavours.

**Novis Food Beverage News: January 19, 2006**

**2.4.24 THAI BEVERAGE PLANS TO MAINTAIN LEAD IN BEER MARKET WITH NEW BRANDS**

Thai Beverage Plc is confident of maintaining its market lead for the tenth consecutive year in 2006 and plans to launch three new beer brands to raise its portfolio, the Bangkok Post reports. The company currently controls about two-thirds of the mass market with market leader Chang and Archa. The total beer market is worth 80 billion baht at present, and low-cost beer represents about 85% of the total.

**Thai News Service: January 10, 2006**

**2.4.25 MILLER, VINAMILK ENTER JOINT VENTURE**

Miller, Vinamilk enter joint venture SAB Miller Group, one of the world's largest beer producers, announced it would partner with the Vietnam Dairy Products Joint Stock Company (Vinamilk) to establish a brewery in southern Binh Duong province. Under the terms of agreement, SAB Miller and Vinamilk would each hold a 50 percent stake in the joint venture, with a total investment capital of 45 million USD. The breweries, expected to be operational by 2007, will have an initial capacity of 50 million litres per year with potential to expand production to 100 million litres.

**Thai News Service: January 19, 2006**

**2.4.26 CONFECTIONERY MARKET BUSIER ON STRONGER IMPORT FLOW**

The confectionery market in Ho Chi Minh City is bustling these days as the flow of imports from regional countries are swelling due to lower taxes, sources said. Binh Tay Market in District 6, which is a wholesale market to supply cakes and candy to the Mekong Delta, is seeing a surging influx of both home-made and imported confectionery items, increasing by an estimated 65-70% year-on-year, the market management said. The surge in supply is attributed to the reduction of the tax on ASEAN-made items to 5% from the previous 20% in line with the Common Effective Preferential Tariff (CEPT) scheme under the ASEAN Free Trade Area (AFTA). Confectioneries from Malaysia, Thailand, Singapore, and Indonesia have seen the biggest increase, with Malaysian imports making up 40% of the total number of imported items. With the increase in the number of those imported goods, even sellers have difficulty remembering all the new product names like Topmix, Happy Hour, Dortune, Gongxi, and Fatai, among numerous others. According to market research results, there are about 30 large-scale factories in Vietnam that produce confectionaries of similar quality to those of other Southeast Asian countries. The results also estimate that the total value of confectionaries in the Vietnamese market last year reached VND5,300 billion (\$333 million); and has an average growth of 7-8% per year.

**Vietnam Panorama: January 25, 2006**

**2.4.27 BOSCA LAUNCHES VERDI IN VIETNAM**

The Italian sparkling wine producer said yesterday January 17 that Verdi would be launched in Vietnam through sole importer Thien Kim Trading & Distribution. The distributor also represents brands including Remy Martin, Cutty Sark, and Jack Daniel's in the country.

**Intellasia: January 19, 2006**

**TEA BREAK: -**

- Approximately 40% of the nation's fluid intake today will be tea
- Tea without milk has no calories. Using semi-skimmed milk adds around 13 calories per cup, but you also benefit from valuable minerals and calcium
- Tea with milk provides 16% of daily calcium requirement in 4 cups
- The average cup of tea contains less than half the level of caffeine than coffee. One cup contains only 50mg per 190ml cup
- Tea is a natural source of fluoride and drinking four cups makes a significant contribution to your daily intake

### **3. CIGARETTE /TOBACCO PRODUCTS**

#### ***3.1 PACIFIC: AUSTRALIA & NEW ZEALAND:***

##### **3.1.1 BIG TOBACCO'S FILTER PLOY TO BEAT BANS**

It has been revealed that a global tobacco company tried to discourage smoking bans through the installation of filter systems. British American Tobacco encouraged hotels to install ventilation air filtration systems, to stop the introduction of indoor smoking bans. However, internal company documents reveal that, in 1993, tests of an air filtration system found that it was only 34 per cent effective in removing harmful smoke particles from the air. The system reduced "haze", which gave the appearance of clearing the air

**The Australian: 30 January 2006**

##### **3.1.2 CIGARETTES STILL SMOKIN' IN LEAGUE OF BEST-SELLERS**

Australia's long-running public awareness campaign against smoking has failed to dent sales of brand-name cigarettes. ACNielsen's Top 100 brands report released on 17 January 2006 ranks cigarettes at the top of the table. They filled five of the first six spots. The figures are based on dollar-value sales and may be slightly misleading, because cigarettes attract a 60 per cent tax while other grocery items are only taxed at ten per cent. The leading brand overall was Coca-Cola, which claimed first place for the 13th year in a row. Smokers leave mark on Perth streets

**The Sydney Morning Herald: 18 January 2006**

##### **3.1.3 SMOKERS LEAVE MARK ON PERTH STREETS**

The City of Perth may join a scheme aimed at eliminating cigarette butt litter, funded in part by the tobacco industry. The Stirling City Council and Rottnest Island Authority in Western Australia have already signed on to the "Butt Free City" campaign, which is organised by the Butt Littering Trust. It receives \$A2.4m in financial support from cigarette manufacturer British American Tobacco. Perth City Council would have to approve a project plan and \$A6,000 in funding to receive a grant of \$A9,000 from the Trust, which is chaired by Victorian Government recycling official Ian Coles

**The West Australian: 30 January 2006**

#### ***3.2 SOUTHEAST ASIA: SINGAPORE, MALAYSIA, THAILAND, INDONESIA, VIETNAM & PHILIPPINES***

##### **3.2.1 BRISTOL-MYERS EYES DOUBLE DIGITS GROWTH**

PT Bristol-Myers Squibb Indonesia Tbk set the target of double digit growth this year, after booking negative growth in 2005. The Company has booked negative growth last year as it could not win the

market competition, especially with the ones having competitiveness on generic medicine products. The company, meanwhile, has no license to produce generic medicines and over the counter ones. Sources at Bristol-Myers Squibb Indonesia, said the growth will be supported by the production of new medicines for certain illness that has not been well exploited by other pharmaceutical companies.

**Bisnis: January 18, 2006**

### 3.2.2 **LARGE AMOUNT OF CIGARETTES SMUGGLED INTO VIETNAM ANNUALLY**

Between 50 and 100 million packs of cigarettes are illegally imported into Vietnam annually, said a report jointly conducted by the Canadian NGO, the Path Canada and an Economics Group under the Vietnam Institute of Economics. The report, which was released on January 18, also revealed that the cigarettes make up 10% of Vietnam's market, adding that between 5-10% of cigarettes seized yearly are illegal.

**Vietnam Panorama: January 20, 2006**

### 3.2.3 **'SIN' TAX FAILS TO BOOST REVENUE**

The sin tax law failed to deliver by a significant margin the government's expected additional revenues from the imposition of higher taxes on cigarettes and alcoholic products. Documents from the Department of Finance showed that the Bureau of Internal Revenue collected only P2.09 billion in net additional revenues from the implementation of RA 9334, or the Sin Tax Law, which was implemented in January last year. The DOF had expected P15 billion in additional revenues from the fiscal reform measure, of which P7.5 billion should come from the BIR and the rest from the Bureau of Customs. DOF documents explained that the BIR's failure to collect the P7.5 billion in incremental revenues from the Sin Tax law was due to the decline in the volume of cigarettes and alcoholic beverages covered by the tax.

**Philippine Daily Inquirer: January 25, 2006**

### 3.2.4 **RAISING CIGARETTE PRICES NOT AS EFFECTIVE IN CURBING SMOKING AS EXPECTED**

Skyrocketing cigarette prices are no way to beat nicotine addiction while tobacco in other guises is ignored, The Nation reports. Thailand's anti-smoking lobby may have won major victories in curbing cigarette smoking over the past decade, as evidenced by declining sales of packet cigarettes, but startling new information has come to light that means it cannot rest on its laurels. The latest figures from the Thailand Tobacco Monopoly (TTM) show that packet cigarettes currently account for just 47.5 per cent of total tobacco consumption in the country - the rest is in the form of loose-leaf tobacco, other non-tailor-made cigarettes, and cigars.

**Thai News Service: January 25, 2006**

#### **SMOKER'S ZONE:-**

Two to four cigarettes in a row increase blood fats 200 to 400%. The average smoker (30 cigarettes per day) has 4 to 6 times the chance of having heart disease if he's in the 45-54 year age group.

## **4. HOUSEHOLD CARE/OTHER PRODUCTS**

### **4.1 *GREATER CHINA: HONK KONG, CHINA, TAIWAN, KOREA & JAPAN***

#### **4.1.1 JAPANESE PAPER BAG MANUFACTURER TO MOVE INTO CHINA**

The Pack Corp. is entering the Chinese market to capitalize on growing demand for its products there. By next summer, the manufacturer of paper bags, plastic bags and other packaging products will establish a wholly owned sales subsidiary in China. This new firm will be capitalized at \$US500,000 and will start out with a staff of four or five. The plan is to have it procure and sell products from local subcontracting plants and some plastic bags from subcontracting plants in Thailand and the Philippines. Product designs will be strengthened in China through a partnership with a local design firm. The moves come in response to growing demand for high-quality packaging products from Japanese department stores, specialty stores, cosmetics producers, electrical equipment manufacturers and other companies doing business in China.

**Asia Pulse: January 23, 2006**

### **4.2 *SOUTH ASIA: INDIA, SRI LANKA, BANGLADESH & NEPAL***

#### **4.2.1 HENKEL SPIC EYES RS.430-CRORE TURNOVER**

HENKEL Spic India Ltd, a subsidiary of Henkel KgaA of Germany, is hoping to clock a turnover of Rs 420-430 crore for the year ended December 2005. The Company achieved a turnover of Rs.330-crore in the same period of the earlier year. Growing business volume is an indication that there is enough opportunity for all companies to grow in the FMCG space, its Managing Director, said that the growth possibilities could be both - organic and possible acquisition. The company has established its presence in the southern and eastern regions. It is now exploring the scope for strengthening its reach in the northern and western parts of the country. The Company would look at possible options in the cleanser, hair care and skin care space in the North and West said Company sources. Henkel Spic operates in two basic business areas, namely, technology and branded products. It has in recent years widened its branded product portfolio by acquiring new brands in related product segments.

**Business Line: January 04, 2006**

#### **4.2.2 EVEREADY FORAYS INTO HOME CARE WITH RANGE OF PRODUCTS**

Eveready Industries India Ltd, the battery and packet tea major, has plunged into the home-care market, taking on the likes of Godrej Sara Lee, Reckitt & Benckiser and Hindustan Lever. Leveraging its brand name Eveready, currently used for its range of dry cell batteries and brass torches, and a strong nationwide distribution network, the BM Khaitan flagship expects to make its presence felt in the home

care segment characterised by low entry barriers and little capital investment. A mosquito repellent coil branded Eveready Poweron has just been soft launched and aerosol repellents, room freshners and liquid home cleaners are in the offing, sources at Eveready said. The entire product range would be outsourced and would carry the Eveready brandname and logo. For the mosquito coils, Eveready has tied up with the Kolkata-based Manaksia Ltd. The Company has plans to introduce a whole range of mosquito repellent products. According to him, the mosquito coil market is growing at a CAGR of 15 per cent. Company sources put the size of the total mosquito repellent market at Rs.1,600-crore.

**Financial Express: January 04, 2006**

### **4.3 *SOUTHEAST ASIA: SINGAPORE, MALAYSIA, THAILAND, INDONESIA, VIETNAM & PHILIPPINES***

#### **4.3.1 COLGATE SELLS DETERGENT BUSINESS**

Colgate-Palmolive Co has sold its Southeast Asian heavy-duty laundry detergent brands to Procter & Gamble Co. The Procter & Gamble transaction, touching brands marketed in Thailand, Malaysia, Singapore and Hong Kong, includes the sale of Fab, Trojan, Dynamo and Paic. Because of the sale, two detergent dedicated factories will be closed or modified as Colgate said. It expects the one-time net gain resulting from the Dec 31 transaction will be fully offset by fourth-quarter restructuring charges under the company's 2004 plan. Further financial terms were not disclosed. Reuben Mark, Colgate's Chairman and Chief Executive said that this sale is part of Colgate's ongoing strategy to de-emphasize and eliminate low-margin portions of the business while focusing on our high-margin, fast-growing oral, personal and pet care businesses. Simplifying the company's portfolio will increase gross profit margin in the Asia/African division and will enable increased focus on the other businesses.

**CIBI News: January 25, 2006**

#### **4.3.2 NEW LISTERINE PLANT MEETS RISING DEMAND**

Pfizer's consumer health-care unit has entered into a joint venture with IDS Manufacturing Co to establish a new factory in Pathum Thani to produce Listerine products for both local and overseas markets. The 160-million-baht factory has an initial production capacity of 50 million bottles of Listerine per year and could rise to 80 million bottles to tap growing demand in the future. The old Listerine factory in Bangkok, which produced around 20 million bottles of the mouthwash products a year, has already closed. the mouthwash market in Thailand had grown significantly over the past few years with Listerine holding a 77% share of total sales that were estimated at 850 million baht last year. Sources said that lifestyle changes and growing emphasis on personal and oral health care had driven the growth of mouthwash products by 24%, for a 9% share of the entire oral-care market. Currently, 40% of the company's Listerine output is exported to Singapore, Malaysia, Hong Kong, the Philippines, China, Indonesia, South Korea and Japan. Local sales make up the remainder.

**The Bangkok Post: January 28, 2006**

**IN THE BUCKET:-**

In Germany, laundry detergents and cleansing agents must be registered with the Federal Environmental Agency (FEA). The target of the Washing and Cleansing Agents Act of 1987 is to keep environmental pollution from these products as low as possible.

**5. MEDIA NEWS****5.1 *PACIFIC: AUSTRALIA & NEW ZEALAND:*****5.1.1 WATERSHED YEAR FOR LIQUOR SECTOR AS LAWS REVIEWED**

The New Zealand Government has announced that it will review liquor-advertising rules in 2006. There are reports that the legal age for alcohol consumption might again be raised to 20. As well, the impact of sponsorships, promotions and advertising will be examined, which could have serious consequences for sporting groups as well as the industry. The liquor sector presently operates under a system of self-regulation. This could be replaced by mandatory rules and regulations

**Food Industry Week: 30 January 2006**

**5.2 *SOUTHEAST ASIA: SINGAPORE, MALAYSIA, THAILAND, INDONESIA, VIETNAM & PHILIPPINES*****5.2.1 BAN HURTS THAI AD-INDUSTRY FORECAST**

Ban hurts Thai ad-industry forecast Revenue growth is revised downward by Phatra Securities Phatra Securities has revised downward its 2006 television advertising growth forecast to 6.5 per cent, from 9.3 per cent previously, based on the government's plan to ban all alcoholic-beverage advertisements. The liquor category, which previously represented 3-5 per cent of the television ad market prior to 2003, had declined to 2-3 per cent last year.

**The Nation: January 21, 2006**

**5.2.2 ADVERTISING INDUSTRY GROWTH RATE REVISED DOWNWARD**

Revenue growth is revised downward by Phatra Securities, The Nation reports. Phatra Securities has revised downward its 2006 television advertising growth forecast to 6.5 per cent, from 9.3 per cent previously, based on the government's plan to ban all alcoholic-beverage advertisements. The liquor category, which previously represented 3-5 per cent of the television ad market prior to 2003, had declined to 2-3 per cent last year.

**Thai News Service January 24, 2006**

**THE REPORTER:-**

Psychologists urge limits on advertising to kids. Children under age 8 tend to assume advertising is truthful and unbiased, the group said in a report that blamed youth obesity on eating habits spurred by advertising.

## **6. GOVERNMENT POLICY /REGULATIONS**

### **6.1 *PACIFIC: AUSTRALIA & NEW ZEALAND:***

#### **6.1.1 CAN DO, LIQUOR SHOPS SAY TO SKY WORKS PLAN**

Western Australian (WA) police have asked liquor stores to only sell cans of alcohol, not glass bottles, in South Perth. The measure on Australia Day, 26 January 2006, is designed to minimise disruptions at the Skyworks fireworks display, at which a man in 2004 had a bottle broken on his face. Some 300,000 people are expected to attend the event on the Swan River, and Assistant Police Commissioner John McRoberts says underage drinkers will face a "zero tolerance" policy. The Liquor Stores Association of WA says it has no problems complying with the police request

**The West Australian: 25 January 2006**

#### **6.1.2 HAIR CARE COMPANY THREATENS LEGAL ACTION OVER FAKES**

An Australian hair-care company is threatening legal action against anyone caught producing fakes of its products in Africa. The threat came from Melbourne-based company The Ward Group after reports that bottles of its Restoria hair-colouring and skin-care products were being peddled in the East African countries of Uganda, Kenya and Tanzania. The Ward Group began in the 1950s in Melbourne as a family-owned-and-operated business producing Restoria Hair Creme, which claimed to help restore natural colour to hair turning grey. According to a Tanzania Bureau of Standards official, Francis Mwajja, several people have been arrested selling fake Restoria products.

**AAP General News: January 16, 2006**

#### **6.1.3 SPIRITED BATTLE OVER A RUSSIAN BRAND**

A dispute over who owns the rights to the Stolichnaya brand of vodka may be settled in a Sydney court. Sojuzplodoimport, a Russian Government-owned company, is disputing Spirits International's (SI) claims that it holds the right to the trademark. Russian authorities claim the trademarks to six Stolichnaya-related products were stolen during the collapse of the Soviet Union and subsequently passed on to SI. The trademarks are worth an estimated \$A400 million. A directions hearing will be staged in Sydney on 3 March 2006, but there is speculation the case may be so large it may not be heard until 2007

**The Australian: 27 January 2006**

## **6.2 GREATER CHINA: HONK KONG, CHINA, TAIWAN, KOREA & JAPAN**

### **6.2.1 NEW REGULATION TO KEEP CHINESE YOUTHS AWAY FROM ALCOHOLIC DRINKS**

On January 1, 2006, China implemented the alcohol circulation management regulation, which explicitly forbids alcohol vendors from selling alcoholic drinks to minors. Chinese drinks outlets and shops are not permitted to sell alcoholic beverages to minors under the age of 18. The aim of this first alcohol management regulation is to keep Chinese minors away from alcoholic beverages. Chinese government officials would like young people to turn their backs on alcoholic drinks in 2006.

**China Economic Information Service: January 5, 2006**

### **6.2.2 VICTORY IN CHINA IS SWEET FOR FERRERO ROCHER**

Pyramids of counterfeit Ferrero Rocher chocolates will not find their way quite so easily into glittering diplomatic receptions after a Chinese court ruling yesterday that gives greater protection to the Italian brand. Ferrero, a privately-held confectionery company founded in 1946, won a significant ruling in the Tianjin High Court against a local competitor it accused of copying its flagship brand of gold-wrapped chocolates. Ferrero perhaps best known for advertising its round hazelnut flavoured confections as the ideal end to an ambassadorial dinner claims to have had many of its products counterfeited in China, including its Kinder chocolate eggs, forcing it to spend \$800,000 in recent years in defence of its rights there. The Chinese chocolates carry slightly different logos, but have the same appearance and almost identical wrapping. The ruling by the Tianjin High Court shows western companies are making progress in their battle to prevent often highly sophisticated and large-scale counterfeiting in China. Ferrero said the court ordered its Chinese rival, Montresor (Zhangjiagang) Food, to stop producing its copycat chocolates immediately, as well as paying Rmb700,000 (\$87,000) in compensation to Ferrero. The Italian company said the decision was particularly welcome given that it comes ahead of the Chinese New Year, a peak season for chocolate sales.

**Financial Times: January 11, 2006**

### **6.2.3 FOOD INDUSTRY TO HAVE QUALITY AUTHENTICATION SYSTEM**

China will introduce an overall quality authentication system in food industry, with the brewery industry to be the first sector subject to quality authentication, according to president of China Brewery Industry Association. He pointed out that on the one hand, fake wine cases have caused panic among customers, leading to the decline in the wine market. On the other hand, some breweries are blindly pursuing market share at the expense of quality.

**CEInet Policy: January 26, 2006**

### **6.3 *SOUTH ASIA: INDIA, SRI LANKA, BANGLADESH & NEPAL***

#### **6.3.1 *CANDY COS IN TWIST ON NEW FOOD PROCESSING NORMS***

The new legislation draft proposed by the food processing industry hasn't gone down well with confectionery majors. The industry, which includes majors like ITC, Wrigley, Perfetti VanMelle, Lotte and Candico, is sore at several points in the draft, which it claims could stifle growth prospects and investment in the sector. Almost all the players feel that the industry, still being under the purview of inspector raj, is a big deterrent in the growth process. A highly-placed industry source said that if implemented in its present form, the proposed 'Food Safety and Standard Bill, '05' will vest almost unlimited powers with the food safety officer (formerly the food inspector), to the extent of seizing any article of food or getting the same destroyed without any authorisation. This is sure to perpetuate corruption, they say. At the same time, a vexation conduct of proceeding by the officer will attract a fine of only Rs 25,000 as proposed in the bill. Such a sanction, the industry feels, should be much higher and also include the suspension of the erring official so as to have a 'ripple effect'. The industry has demanded alterations on the issue through various forums such as CII and ICMA.

**Economic Times: January 28, 2006**

#### **6.3.2 *DIRECT SELLING COS WANT LEGAL FRAMEWORK***

Indian direct selling industry's long pending demand for legislation hasn't cut much ice with the government. The government, which has avoided pushing any new legislation through the last decade, is yet to relent despite several representations from the Indian Direct Selling Association (IDSA). Now, with many global players in the direct selling space eyeing India as a potential destination, IDSA member companies believe, there's an urgent need for regulation in the industry.

**Economic Times: January 17, 2006**

### **6.4 *SOUTHEAST ASIA: SINGAPORE, MALAYSIA, THAILAND, INDONESIA, VIETNAM & PHILIPPINES***

#### **6.4.1 *INDONESIAN COSMETIC PRODUCERS URGED TO SEEK TOLL MANUFACTURING***

The Drug and Food Supervisory Board (BPOM) advises local cosmetic producers that cannot meet the Asean Cosmetic Director (ACD) standards to seek toll manufacturing. Asean has reached an agreement toward harmonization in cosmetic categories, labeling basic material, exports, imports and good manufacturing practices, a BPOM executive said. The agreement on Asean Cosmetic Directive is aimed at guaranteeing security for consumers and quality of cosmetics sold in Asean market. Small producers that could not meet the standard could seek toll-manufacturing cooperation with large producers, he suggested.

**Asia Pulse: January 11, 2006**

#### **6.4.2 MUI CONCERNED AS ONLY 15 PCT OF PRODUCTS HAVE HALAL CERTIFICATES**

The Indonesian Ulemas Council (MUI) has expressed concern about the fact that up to now only 15 percent of Indonesian products had a halal (allowed in Islam) certificates issued by authorized Islamic organisations. Deputy Chairman of MUI Dien Syamsudin told ANTARA that he had requested all pharmaceutical, cosmetic, food and beverage industries to apply for halal certificates to the MUI. According to Dien, up to now MUI has issued as many as 3,742 halal certificates to 12,000 products or about 15 percent of the pharmaceutical, cosmetic, food and beverages products in Indonesia.

**Antara: January 30, 2006**

#### **6.4.3 FAKE GOODS SPOIL BEAUTY INDUSTRY**

Police warned consumers Tuesday that knockoff cosmetic products containing mercury had made their way into the marketplace. The Jakarta Police announced they had seized 200 boxes of cosmetic products containing the hazardous substance mercury from a small manufacturing company in the Peta Indah Selatan shop-house complex in Kalideres, West Jakarta. Employing 12 workers, the company produced fake Unilver products such as Dove skin lotion, and imitation Procter&Gamble products like Olay skin moisturizer and Head&Shoulders shampoo. Police said the company had been in operation for a year and its products had been sold in small shops around the city for some time.

**The Jakarta Post: January 25, 2006**

#### **6.4.4 THAILAND FEARS SUGAR SHORTAGE; THAKSIN SAYS PRICES COULD BE DEREGULATED**

Thailand, the world's third-largest exporter of sugar, fears a shortage at home because of market distortions from government price controls and a drought-hit harvest, officials said. Prime Minister said sugar prices could be deregulated because the controlled price in Thailand has led to smuggling to neighboring countries where the commodity sells for up to 50 pct more than here. Meanwhile, last year's drought weakened Thailand's sugar crop, reducing supply, he added.

**AfxAsia: January 5, 2006**

#### **6.4.5 PAKISTAN EXEMPTS CUSTOM DUTY ON 125 ITEMS FROM MALAYSIA**

The Central Board of Revenue (CBR) has reduced customs duty on 125 items from Malaysia from January 1, 2006. As per notification, no duty will be charged on the import of different kinds of machinery and equipment belonging to various industrial sectors from Malaysia. This is subject to the condition that import should be made in conformity with the Rules of Origin for the Malaysia Pakistan Free Trade Area (FTA) as notified by the Ministry of Commerce. According to the notification, zero-percent customs duty is applicable on the import certain items from Malaysia including washing machines; bleaching machines; bakery machinery and machinery for the manufacture of macaroni, spaghetti or similar products; machinery for the manufacture of confectionery, cocoa or chocolate; machinery for the preparation of fruits, nuts or vegetables; mercerising machine; dressing and finishing

machine; grinding, sanding or polishing machines; toner cartridges and ink cartridges for computer printers, excluding refills; cleaning disks for computer drives; extruders; moulds for mineral materials; indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes (LED) and cards incorporating an electronic integrated circuit (smart cards monolithic integrated circuits).

**Asia Pulse: January 4, 2006**

**IN THE COURT ROOM:-**

On January 1, 2006, China implemented the alcohol circulation management regulation, which explicitly forbids alcohol vendors from selling alcoholic drinks to minors. Chinese drinks outlets and shops are not permitted to sell alcoholic beverages to minors under the age of 18.

## **7. TURF ABROAD**

### **7.1 HAND SANITIZER MAY HELP FIGHT BIRD FLU**

Responding to recent research questioning the efficacy of hand sanitizers, a US skin care specialist is claiming that its hand sanitizer can be used to cut the risk of spreading bird flu through skin contact. Skinvisible, based in Las Vegas, Nevada, says that a virology study carried out by research scientists at Queen Mary College, University of London, proves that the company's chlorohexidine hand sanitizer has a greater than 99 per cent kill on the bird flu virus. Accordingly, in vitro study results showed that the active ingredient demonstrated a sustained release that lasted over a six hour period – results that was emphasized during a presentation by Skinvisible at the up coming Retroscreen Virology Conference, at St. Bartholemew's Hospital in London. The company's claims follow the publication of a study last year initiated by the FDA that concluded under normal domestic conditions, hand sanitizers were only a viable alternative if regular soap and water was not available. But with the global threat of bird flue still looming, Skinvisible might be on to something. It says that the active ingredient in its formula is Chlorohexidine, an antiseptic that is known to kill or inhibit the growth of a host of disease-causing bacteria, viruses and other microorganisms. The substance is incorporated as part of the Invisicare formula for which a patent is now pending.

[www.cosmeticsdesign.com](http://www.cosmeticsdesign.com)

### **7.2 GILLETTE MERGER SPELLS BOOST FOR PANDG**

The first full quarter financial results following the merger with Gillette spell a big success for P&G. Results were well ahead of expectations after the world's largest consumer goods company more than tripled revenue growth, the fastest rate in more than ten years. P&G finalised the \$57 billion (€47.16bn) to merge with Gillette in the fall of last year and has not looked back. The company said that its unit volume grew 27 per cent, while net sales also grew by 27 per cent to reach \$18.34 billion, supported by strong increases in the figures for both the Gillette and P&G divisions. Likewise, net earnings increased 29 per cent to reach £2.55 billion, which the company said was driven largely by the addition of Gillette. The news was well received by the financial world, forcing shares to edge up 0.92 cents to \$59.74 when

New York trading finished on Friday. The news also encouraged the company to raise its outlook.

[www.Noviscosmetic.com](http://www.Noviscosmetic.com)

### 7.3 **REPORT STRESSES POTENTIAL HAZARDS IN NATURAL INGREDIENTS**

A new report is due to be published highlighting the potential safety issues relating to natural ingredients. The report adds to a growth in information stressing the potential toxic compounds that exist in this still relatively unregulated segment. Over the years criticism has been directed at the potential hazards associated with synthetic chemicals leading to a tightening of EU regulations aimed at ensuring maximum safety. The news comes in the face of record growth in the market for organic-, botanical- and natural-based worldwide. In the course of 2005, one of the most noticeable trends has been the increase in the number of cosmetics ingredients that being labelled to stress natural ingredients, as part of the growing trend towards health and wellness-orientated products. While the cosmetics and toiletries sectors is expected to grow by only around 1 percent a year through 2009, Euromonitor draws on figures from TNS Media Intelligence/CRM, which predicts that the annual growth rate for natural organic skin care, hair care and color cosmetics markets in the US to be around 9 percent between 2003 and 2008, increasing in value from \$3.9 billion to \$5.8 billion.

**Novis cosmetics news: January 27, 2006**

### 7.4 **PERSONAL CARE SECTOR LOOKS FAVOURABLE**

A rash of strong financial results from some of the biggest US-based global personal care company is causing a number of analysts to upgrade their expectations for the sector. With Colgate, Revlon, Alberto-Culver and Estee Lauder all releasing strong quarterly results and Avon increasing its quarterly dividend in the space of the last week, the outlook is starting to look a little brighter for an industry that has recently struggled in the face of a hugely competitive retail conditions in the US and slack European economies. With many of the major personal care players now benefitting from comprehensive restructuring programmes and international sales still picking up, the indications are that 2006 should see a better performance from the sector as a whole.

**NOVIS Cosmetics News: January 27, 2006**

### 7.5 **GLOBAL DEMAND FOR FOAMING SOAP TAKES OFF**

Demand for foaming soap is increasing rapidly according to recent market research, something that is also spurning big developments in packaging solutions designed specifically for this purpose. According to market information provider IRI, instant foaming hand soap global sales have increased 35 per cent in the last 12 months, increasing the market share from of 14 per cent in 2004 to 19 per cent in 2005. Behind the increase is the constant search by consumers to find personal care products that are quick and easy to use, are effective and that are not wasteful. Many consumers feel that foaming soap meets these requirements, which is why it is increasingly being incorporated into hygiene routines. One of the leading providers of packaging solutions for foaming soaps is Netherlands-based Airspray. Major markets for the technology have included the US, Europe and Pacific Rim. Innovative products such as

this are usually picked up in on these markets because of the more mature state of the market and higher levels of spending power. Colgate, currently the leading liquid hand soap maker in the US, last year broadened its use of Airspray dispensing technologies with the launch of its first adult anti-bacterial instant foam soap.

**NOVIS Cosmetics News: January 07, 2006**

## 7.6

### **L'OREAL TO MAKE FRAGRANCE FOR DIESEL FASHION HOUSE**

L'Oreal says that an agreement with the Italian fashion house Diesel will cover the launch of a line of fragrances aimed at the youth market, in a move that puts further pressure on the increasingly competitive luxuries fragrance market. Diesel, which has forged a name as a cult brand amongst the 18-35 age group to give it sales in excess of €1 billion, has caught the attention of the apparel-buying public with its powerful advertising campaign. Over the years the collection has grown to include designer wear for children, as well as accessories including bags, sunglasses and watches. However, with the increasing strength of the brand, the company now believes the time is right to add fragrances to the portfolio. L'Oreal is hoping that this kind of success can be emulated by its association with Diesel, but the ride is not going to be an easy one. There has been considerable movement in the global fragrance market of late, especially after Unilever, P&G's biggest consumer goods rival, sold its fragrance business to Coty, which in turn made it the world's largest fragrance player. But in the fine and luxuries end of the market the recent signings by both L'Oreal and P&G suggest that the competition could really start to hot up over branded fragrance in 2006.

**Novis Cosmetics News: January 19, 2006**

## 7.7

### **BTG COSMETICS CHANGES NAME TO STRESS COSMEUTICALS FOCUS**

Reflecting its increasing diversification into the pharmaceutical and biotechnology fields and increasing presence in the cosmeceutical segment, BTG Cosmetics, says it is changing its name to Biophametics from the beginning of February. Although the company stresses it is still very much involved in the cosmetic and cosmeuticals business, it says that the broadening of its business portfolio in recent years means that the company name no longer reflected its full activities, prompting the change. However, the company did add that it would continue to trade under the same acronym, BCSM, to avoid any further confusion. Currently the company markets and retails its product portfolio in North America and Canada, together with 16 other countries throughout the world. In August last year the company achieved OTC listing through its subsidiary Future Tech Capital. At the time it said that the move formed part of its plans to significantly grow the company over the course of two years.

**[www.cosmeticsdesign.com](http://www.cosmeticsdesign.com)**

## 7.8

### **WILL FRAGRANCE MAKERS BE TEMPTED BY WHALE VOMIT?**

Reports in a number of Australian newspapers suggest that because of its exceptional size and rarity, the 14.7 kg lump could be worth up to AUD\$1 million (\$750,000). Found by Leon Wright and his wife, it evidently took the couple two weeks after they first spotted on the beach before they finally got round to

salvaging it, purely out of curiosity. They then took it to a marine expert where they got the surprising identification. Ambergris, or grey amber, is actually bile secreted by sperm whales to help them digest food. Once discharged it can float on water until it is either pulled in by fishermen or washed up on land. The substance, which is one of the rarest fragrance ingredients in the world, is at its optimum following several years of exposure to the elements, after which time it dries out and forms a smooth outer surface that contains a dung-like substance. Newly deposited Ambergris is said to smell absolutely foul. But following a few years of exposure to salt water and sun, the lump eventually boasts a sweet, musky and alluring smell that many leading fragrance makers says adds a distinct and highly appealing character. Although it is found all over the world, Antipodean Ambergris is particularly sought after as the waters and environmental conditions are said to produce a purer substance. Leading supplier Ambergris.co.nz currently markets Ambergris at \$20 a gram. The Company emphasizes that beachcombers collect all of its Ambergris by hand and that no harm comes to the whales. Currently trading of Ambergris is banned in the US under legislation to protect endangered species. For fragrance production, the ingredient is used as a fixative, and high quality formulations that contain it currently include Amouage, Miss Dior, Parure, Vol de Nuit and Black for Him by Kenneth Cole.

[www.cosmeticsdesign.com](http://www.cosmeticsdesign.com)

## 7.9

### **DECLÉOR LAUNCHES HYDRA FLORAL**

Spa brand Decléor (Shiseido) has developed a line of facial skin care products to maximise hydration in the skin and minimise pollution. The Hydra Floral Anti Pollution range follows research by the brand which revealed that hydrating treatments are the second most sought after products, after anti-ageing preparations, in the facial skin care sector. The range is built around four fundamental ingredients. First floral waters of mint, orange blossom and original orange combined with marine algae provide a "drip-feed" system, which the company claims helps to restore the skin's moisture balances. Second is wild pansy extract, which is claimed to promote the production of aquaporins and hyaluronic acid – the skin's natural irrigation system. The line-up includes five products, Hydra Floral Anti-Pollution Flower Nectar Moisturising Cream for dry skin, Fresh Flower Moisturising Emulsion for oily or combination skin, Flower Dew Moisturising Gel - Cream for Eyes, Flower Essence Moisturising Mask and Flower Petals Eye and Lip Moisturising Mask. The products will be launched in the UK in March.

[www.cosmeticsbusiness.com](http://www.cosmeticsbusiness.com)

## 7.10

### **REXAM ACQUIRES CHINA'S FANGXIN PACKAGING**

Global packaging group Rexam has acquired China-based FangXin Limited's beauty packaging business for \$74m (£42m) including borrows assumed. FangXin, which has been enjoying a sales growth rate of approximately 30% per annum over the last four years, manufactures lipstick cases, compacts, pumps and mascara cases. The company has also invested heavily in new facilities since 2003 and is said to have the capacity to further increase sales. Sales were estimated to have broken even on sales of \$33m (£19m) in 2005 and at year end had operating assets of \$69m (£39m). Rexam, which has been present in

China since 1998, will have nine plastic packaging plants in the country following the acquisition. The deal is expected to complete within the first quarter of 2006.

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#### **7.11 AMCOR TO DEVELOP FLEXIBLE, BIODEGRADABLE PACKAGING**

Amcor has teamed up with Plantic Technologies to develop a biodegradable, flexible plastic packaging for confectionary. The Amcor and Plantic alliance would provide another biodegradable packaging alternative in a growing market for environmentally friendly products. Many analysts believe that biodegradable packaging has a bright future. Growing environmental awareness and consumer power coupled with the rise in pre-packaged disposable meals means that food manufacturers and packagers are increasingly being targeted to reduce their products' impact on the environment. In addition, a combination of pricing and retail uptake has led more and more processors to look at biodegradable natural polymer products as an alternative to polyethylene terephthalate (PET). The sharp rise in the prices for petroleum, a major component of PET, has made PLA a competitive alternative. Amcor and Plantic say they will spend and estimated two years in developing the new biodegradable material.

**Novis Food Beverage News: January 17, 2006**

#### **7.12 REVLON TAPS INTO GRAYING BABY BOOMERS**

The launch of a new make-up line from Revlon aimed at the 50+ market targets one of the biggest growth areas of the moment – skin care for the first of the baby boomer generation to slip into the mature category. Vital Radiance has been formulated for the specific skin concerns of older women, providing what the company terms as ‘a complete make-up solution’, and forms part of a growing number of makeup lines aimed specifically at older women. As many analysts have pointed out, the first of the baby boomer generation are now entering the ‘mature’ category. The fact is that this new generation of mature consumers has more spending power and more of an interest in maintaining a youthful appearance. As a result expenditure on a broad range of cosmetics products - including skin care and makeup ranges - that is specifically aimed at the requirements of older skins is growing significantly creating a host of opportunities for cosmetics players. The preparation lines include a range of products to conceal imperfections, including primers, concealers and correctors that have all been formulated using moisture-rich ingredients. Meanwhile the color range includes palettes for face, eyes, and lips using foundation, eye shadow and lip colors. North America has been the most active market, representing 53 per cent of all new products in the category during 2004.

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#### **7.13 DERMAGEN LAUNCHES HIGH-END SKIN CARE LINE**

California-based Dermagen says it is about to unveil a new high-end anti-aging skin care line called M<sup>o</sup>ntage Paris. The Company says it is going into direct competition with leading French skin care products currently being marketed by companies such as Chanel and Lanc<sup>o</sup>me. The range, which will eventually be expanded to include up to 25 different products, is described as high potency and

according to the company 'will compare favorably with products that are already on the market and it could considerably add to the company's bottom line'.

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