

China's Meat and Poultry Safety System: Current Trade Disputes and Can the U.S. Be the Model?

Tony Corbo, Sr. Lobbyist

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The Case of China and Imported Processed Poultry

- December 23, 2003, the first diagnosed cow with Bovine Spongiform Encephalopathy (BSE) discovered in U.S.
- Export markets closed to beef from U.S. including China.
- In 2004, USDA began the process to reopen export markets.
- When China was approached, China requested that it be permitted to export processed poultry to the U.S. in exchange.
- USDA conducted audits of the Chinese poultry inspection system in December 2004 and in July – August, 2005.

Why Did the Chicken Cross the Pacific?

- On November 23, 2005, FSIS proposed a rule that would grant China equivalency status to export processed poultry to the U.S. provided that the raw poultry came from an “approved source.” Public comment period closed January 23, 2006. Most comments filed were opposed to the rule.
- Because there had been outbreaks of H5N1 highly pathogenic avian influenza in China – some of which had not been disclosed – USDA’s Animal and Plant Health Inspection Service (APHIS) would not permit the importation of poultry meat processed from Chinese poultry. APHIS also insisted the processed poultry needed to be cooked.
- Final rule received one day review at White House Office of Management and Budget on April 18, 2006. Chinese President Hu Jintao visited President George W. Bush on April 20, 2006 and final rule is presented.

Congress and the WTO

- China never certified any poultry plants under the April 2006 final rule because it was only interested in exporting its own poultry to the U.S.
- Congress became concerned about the specter of Chinese poultry exports to the U.S. In 2006, the U.S. House of Representatives passed a provision that precluded USDA from spending any money that would implement any regulations that would permit Chinese poultry imports. Because the Senate did not complete the appropriations process in 2006, the provision died. However, in 2007 and 2008, the Congress did pass that prohibition.
- China filed a WTO complaint that it eventually won in September 2010 (see WT/DS392/R, September 29, 2010).

Still No Poultry Imports

- In December 2010, FSIS returned to China to conduct new audits of poultry processing and slaughter facilities.
- Deficiencies were found in both audits including the lack of government inspection personnel in the plants and plants not consistently implementing their HACCP plans.
- FSIS returned to China in March 2013 to conduct new audits of poultry processing and slaughter facilities.
- On August 31, 2013, FSIS announced that it had reaffirmed its April 2006 equivalency determination for processing facilities, but was not prepared to propose a rule that would permit China to export its own poultry to the U.S. China has still not certified any poultry processing plants. And, no U.S. beef has been exported to China.

U.S. Poultry Processors Set Up Plants in China

- Tyson Foods is operating three poultry processing facilities in China. It recently announced that it acquired a Chinese hatchery business so that it can establish a fully-integrated poultry operation in China.
- Cargill recently opened a \$250 million state-of-the-art poultry processing facility in Lai'an Anhui.
- OSI opened its tenth poultry processing facility in China in October 2013.
- McKey Food Services, a subsidiary of Keystone Foods, has facilities in China.

Chinese Chicken Jerky Pet Treats Killing U.S. Pets

- Since 2007, the U.S. Food and Drug Administration (FDA) has been investigating the deaths and illnesses of U.S. dogs that have consumed chicken jerky treats manufactured in China.
- At the urging of members of Congress, FDA investigators visited five Chinese pet treats manufacturing facilities in 2012. Chinese food safety officials would not permit the FDA investigators to take samples of products so that the agency could conduct its own testing. One pet treats facility was prohibited from exporting any more of its products to the U.S. because of a falsification of its ingredients records.

Pet Treats Recalled, but the Mystery Continues

- In January 2013, Nestle/Purina and Del Monte Foods recalled their pet treats manufactured in China because the New York Department of Agriculture and Markets found traces of antibiotics in their pet treats that are not approved for use in raising poultry in the U.S.
- In October 2013, FDA posted its most recent update on pet deaths and illnesses associated with imported pet treats from China: 580 dog deaths; 3600 pet illnesses since 2007. FDA continues to investigate the matter.
- In the meantime, Nestle/Purina has started to sell pet treats imported from China again. Del Monte has announced that it has stopped importing pet treats from China.

U.S. Consumers Take Action

- There is an on-line petition initiated by three mothers of school-aged children who are asking key congressional leaders, USDA Secretary Tom Vilsack, and President Obama to prevent any processed poultry products from being served in any of the school nutrition programs administered by USDA. They are citing China's poor food safety record as the reason. That petition has collected 307,000 signatures *so far*.
- A group called Animal Parents Against Pet Treats and Food Made in China, composed of pet owners who have had pets get ill from Chinese pet treats, has initiated several petitions on the issue. Their latest petition was delivered last week to the FDA urging the agency to implement Section 211 of the Food Safety Modernization Act that would require grocery stores to post warning notices to consumers that would inform them of dangerous human and pet food.

Is the U.S. Model to Emulate?

The four largest companies in the U.S. control:

- 82 percent of the beef packing
- 63 percent of the pork packing
- 53 percent of the broiler chicken packing

Many farmers and ranchers are forced into unfair take it-or-leave it contracts with the large meatpackers that keep prices low because of the lack of competition.

(Source: *The Economic Cost of Food Monopolies*, Food & Water Watch, November 2012)

The Trend Towards Deregulation

- Up until 1996, USDA administered a command-and-control system for meat and poultry inspection. The regulations were very prescriptive and USDA inspectors conducted “hands-on” inspection in slaughter and processing facilities.
- In 1993, there was a food borne illness outbreak associated with hamburger patties contaminated with *E.coli* 0157:H7 sold by the Jack-in-the Box fast food chain. There were four deaths and 600 illnesses. In response to the outbreak, the Clinton Administration decided to propose regulations that would change the manner in which meat and poultry facilities were inspected. The basis for the changes came from a citizens petition filed by the American Meat Institute (AMI).

HAACP-PR Rule (cont'd)

- In July 1996, USDA finalized a rule that would transfer the responsibility for the safety of meat and poultry products to the industry. It was called the Hazard Analysis Critical Control Points – Pathogen Reduction Rule (61 Fed. Reg. 38806-38989).
- Each plant was required to develop a Hazard Analysis and Critical Control Points (HACCP) plan that would identify any point in production where possible contamination was likely to occur and what measures would be taken to deal with the contamination. The full impact of the rule was confined to processing facilities.
- The USDA inspectors' primary responsibility was to verify whether the plant was following its HAACP plan.

Implementation of HACCP Has Encountered Problems

- USDA inspectors were never fully trained as to their roles under the new inspection regime.
- USDA did not evaluate the efficacy of the company HACCP plans before they were implemented. Inspectors called the new system **Have A Cup of Coffee and Pray** because their inspection roles were severely reduced and they were being asked to verify plant's food safety procedures based on food safety plans that had questionable scientific validity.
- USDA has proposed deregulating inspection in meat and poultry slaughter facilities and plans to export that model abroad.

What Should We Encourage China to Do?

- China should be encouraged to develop a robust food safety regulatory system that is based on a strong, government-administered inspection program.
- Transparency needs to be part of the food safety culture to build consumer confidence both domestically and abroad.
- China needs to encourage the development of smaller meat and poultry processors and not rely on oligopolies.
- Beware of the U.S. companies setting up shop in your country because they are behind the deregulatory effort in the U.S.

Thank You for Your Attention

Questions?