



August 27, 2015

Secretary Tom Vilsack
United States Department of Agriculture
Room 200, Jamie L. Whitten Building
12th Street & Jefferson Drive SW
Washington, DC 20250

Transmitted via facsimile: (202) 720-6314

Dear Secretary Vilsack:

I am writing regarding an article that appeared on WATTAgNet.com on August 13, 2015 entitled, "Cargill Anhui Cleared to Export Poultry Meat to U.S."¹ The article indicates that information has been leaked to a trade publication regarding a USDA decision to grant equivalency to the People's Republic of China (PRC) for the slaughter of its own poultry for export prior to a rule being proposed, and that a Chinese plant operated by a U.S.-based corporation has been certified for such export. We find this to be very disturbing.

As you know, the export of Chinese poultry products to the U.S. has been controversial ever since USDA's Food Safety and Inspection Service (FSIS) published a proposed rule in November 2005 to grant equivalency to the PRC poultry processing inspection system.² That rule was finalized on April 24, 2006.³ That rule permitted the PRC to export processed poultry under unusual conditions: the raw poultry had to come from "approved sources." At the time, the only "approved sources" were the U.S. and Canada.

We have yet to import any poultry products from the PRC, even under the conditions of the 2006 rule, for several reasons. First, the PRC failed in 2006 to certify any poultry plants to export. Second, the PRC has really wanted to export its own poultry and was waiting for the equivalency determination on its slaughter inspection system. Third, there were no North American plants interested in shipping raw poultry to the PRC for further processing. Fourth, Congress prohibited USDA from spending any funds in FY 2008 and FY 2009 to implement any rule that would permit the importation of poultry products from the PRC. While that prohibition was eventually lifted in FY 2010, primarily because of a successful World Trade Organization complaint filed by the PRC against the congressional

¹ See <http://www.wattagnet.com/articles/23859-cargill-anhui-cleared-to-export-poultry-meat-to-us>

² 70 FR 70746

³ 71 FR 20867

action, it took FSIS until August 2013⁴ to reaffirm its 2006 equivalency determination on poultry processing since food safety issues were raised in a 2010 FSIS audit of the Chinese food safety system. The slaughter system has still not received an equivalency determination.

In 2014, the PRC certified four poultry processing facilities⁵ that could technically export under the 2006 rule, but none has done so. One plant has since been delisted. All of the poultry plants are owned and operated by Chinese companies.

We are also aware that several U.S.-based poultry processing firms have located plants in the PRC. Among them is Cargill. We have been wary that, at some point, the PRC would certify one or more of the plants operated by U.S. companies to export poultry products to the U.S. – even under the 2006 rule. Since the cost of labor is so much lower in the PRC – according to some news reports poultry processing workers in China earn between \$300 and \$600 per month⁶ compared to the average \$1943 monthly salary paid to U.S. poultry processing workers⁷ – it could make economic sense for U.S. firms to outsource their processing to their Chinese facilities. So there is a plausible answer to the decades old question: Why did the American chicken cross the Pacific? The not-so-amusing punch line: to undercut the American poultry worker.

When we learned of the August 13, 2015 WattAgNet.com article, Food & Water Watch sent two e-mails to Deputy Undersecretary for Food Safety and Acting FSIS Administrator Al Almanza and to International Coordination Executive Jane Doherty on August 19 and 20 asking about the veracity of the article. We finally received a phone call from Ms. Doherty on August 20 who stated that the article was inaccurate. We asked why the article had not been retracted and she responded that she did not know. She confirmed that FSIS had completed an audit of Chinese poultry processing facilities in May 2015 and that the final report was still in clearance within the agency. She also confirmed that the Cargill poultry processing facility in Anhui was part of the audit visit. She reiterated that the PRC is responsible for certifying plants for export to the U.S., not FSIS, and that it would be up to the Chinese government to certify the Cargill plant. She also stated that FSIS is still not prepared to propose a slaughter rule that would permit the PRC to export its own poultry products.

On August 24, we asked editors at WATT Publishing whether anyone from Cargill or FSIS had contacted them about correcting or retracting the August 13 story. They responded

⁴ United States Department of Agriculture Food Safety and Inspection Service. “FSIS Reaffirms Equivalence of China Poultry Processing System,” August 30, 2013 (<http://www.fsis.usda.gov/wps/portal/fsis/newsroom/news-releases-statements-transcripts/news-release-archives-by-year/archive/2013/nr-08302013-01>)

⁵ See http://www.fsis.usda.gov/wps/wcm/connect/21458caf-2efc-4bc3-9f30-8c9adb3cbb97/China_establishments.pdf?MOD=AJPERES&ContentCache=NONE

⁶ See <http://www.nytimes.com/2013/06/05/world/asia/chinese-poultry-factory-was-considered-a-model.html>

⁷ See <http://www.bls.gov/oes/current/oes513022.htm>

that they had received no such request from either.

Finally, we have just started to receive documents from the Office of the U.S. Trade Representative (USTR) in response to a five-year old Freedom of Information Act request we filed on the USTR's role in the deliberations over granting the PRC equivalency status for its poultry inspection system. Some of the documents contain minutes of past meetings with PRC officials who urged the U.S. to expedite the process for granting full equivalency for poultry slaughter and processing. U.S. officials repeatedly had to inform the Chinese officials that there would be no effort to truncate the process. As you know, Ms. Doherty worked at USTR prior to joining the FSIS staff. Her name appears on some of the documents we received as part of our FOIA response. Consequently, she must be well aware of how sensitive this issue is here in the U.S. and how careful everyone needs to be in handling this matter.

In light of this information, I have the following questions:

1. Did anyone from USDA promise Cargill or work out an arrangement with the PRC that the Cargill Anhui plant would be certified as being eligible to export poultry products to the U.S.? If so, would that plant operate under the 2006 rule or was its slaughter process also approved for export?
2. Who from USDA has visited the Cargill plant in Anhui since its opening in 2013? When did the visits take place and for what purpose?
3. When will the audit report for the May 2015 audit of the Chinese poultry processing inspection system be posted on the FSIS website?
4. When will the audit report for the May 2015 audit of Chinese poultry slaughter inspection system be posted on the FSIS website?
5. Is USDA contemplating any measures to truncate the equivalency determination process for the poultry inspection system in the PRC? If so, how?
6. When will the proposed slaughter rule to allow the PRC to export its own poultry products to the U.S. be published?
7. Was anyone from USDA responsible for divulging the information that was reported in the August 13 WATT AgNet.com story? If so, who?
8. Will anyone from USDA contact WATT Publishing to have the August 13 story either corrected or retracted?

In an August 24, 2015 article that appeared in WATTAgNet.com entitled, "China's Broiler Producers Challenged to be Transparent," Christopher Langholtz, President of Cargill Animal Protein China, urged poultry processors and producers in China to be open about their food safety and animal husbandry practices as a way to foster consumer confidence in light of the recent food safety scandals in China involving poultry products. The same advice could be given to USDA in its dealings with the PRC over the equivalency determination process.

I have one final thought. It is truly a shame that some of the poultry industry trade associations have sought to have poultry removed from coverage under the country-of-origin labeling requirements even though the recent ruling from the World Trade

Organization did not affect the labeling requirements for their products. If there were ever a situation where consumers would want to know where their poultry came from, the importation of products from the PRC would top the list.

I look forward to your response. Please include Tony Corbo in your correspondence to Food & Water Watch.

Sincerely,



Wenonah Hauter
Executive Director

cc: Senator Pat Roberts
Senator Debbie Stabenow
Senator Ben Sasse
Senator Kirsten Gillibrand
Senator Thad Cochran
Senator Barbara Mikulski
Senator Jerry Moran
Senator Jeff Merkley
Senator Sherrod Brown
Representative Michael Conaway
Representative Collin Peterson
Representative David Rouzer
Representative Jim Costa
Representative Harold Rogers
Representative Nita Lowey
Representative Robert Aderholt
Representative Sam Farr
Representative Rosa DeLauro
Representative Chris Smith