Testimony before the
U.S. Congressional-Executive Commission on China

Pet Treats and Processed Chicken from China: Concerns for American Consumers and Pets

Patty Lovera
Assistant Director
Food & Water Watch

My name is Patty Lovera, and I am the assistant director of Food & Water Watch, a nonprofit consumer advocacy organization. Thank you for the opportunity to present testimony on this important topic.

Introduction

The United States is increasingly reliant on imported food. The U.S. Government Accountability Office (GAO) reports that from 2000 through 2011, the percentage of food consumed in the United States that was imported rose from 9 percent to over 16 percent, and food imports increased by an average of 10 percent each year for seven years.¹

China is a growing supplier of the United States’s food imports. China is the largest agricultural economy in the world and one of the biggest agricultural exporters.² It is the world’s leading producer of many foods Americans eat: apples, tomatoes, peaches, potatoes, garlic, sweet potatoes, pears, peas — the list goes on and on.³ It is also a leading producer of many of the inputs used to make processed food, for example ascorbic acid, or vitamin C, producing about 80 percent of the world supply.⁴

But the poorly controlled expansion of China’s economy has often been fueled by excess pollution, treacherous working conditions, and dangerous foods and products that pose significant risks to consumers in China and worldwide. China is often described as home to a Wild West business environment that allows food manufacturers and processors to cut corners, sell tainted food products and rely on adulteration to maximize their competitive advantage.

Food safety problems in China have been making headlines around the world for quite a while, especially after several rounds of publicity concerning contamination of foods with a chemical, normally used to make plastic, called melamine. The chemical has been intentionally added to different food products in China, usually to try to artificially increase the nitrogen content in attempt to pass tests for protein levels.
In 2007, the U.S. Food and Drug Administration (FDA) received reports of 17,000 pet illnesses, including 4,000 dog and cat deaths, believed to be the result of melamine contamination in imported Chinese gluten used to make pet food. Sixty million packages of pet food were recalled in the United States. The potential health impacts were not necessarily limited to pet food, however, because some of the melamine-contaminated pet food was redirected to hog farms. Thousands of hogs that ate the contaminated food were put to death in an effort to keep melamine-contaminated meat from entering the food supply. But the FDA and USDA still allowed 56,000 hogs that ate melamine-tainted pet food to be processed into pork, which was then sold at supermarkets.

By 2008, the FDA had identified melamine in imported wheat gluten and rice protein from China (used in pet food), prompting rejections of 44 percent and 32 percent of these products, respectively. While the FDA stopped these shipments, pet food imports from China continued to rise and reached 79 million pounds in 2010.

Pet food turned out to be only the tip of the melamine iceberg. Because melamine was widely used in China to adulterate dairy products such as milk powder, processed food products including candy, hot cocoa, flavored drinks and, most tragically, infant formula contained the chemical. An infant formula scandal erupted just before the 2008 Beijing Olympics and ultimately an estimated 300,000 infants and children in China were sickened by melamine; more than 12,000 were hospitalized. At least six children died.

While the melamine crisis may be the most widely covered Chinese food safety scandal, unfortunately it was not an isolated incident. International media sources routinely cover food safety problems originating in China, ranging from widespread smuggling of products like honey to avoid tariffs and food safety restrictions, mislabeled products “transshipped” through another country but produced in China, and importing countries discovering violations of pesticide or other food safety regulations.

A 2013 report by a food industry analyst found that among reported food violations in Chinese products, the most frequent cause was pesticides, followed by pathogen contamination. The report cited 32 pesticides found in laboratory testing of Chinese foods, mostly in produce, fruit and spices and noted that “economically motivated adulteration” is a persistent issue in food production in China.

U.S. Food Imports From China

After joining the World Trade Organization in 2001, China’s food exports to the United States tripled to 4.1 billion pounds of food in 2012. In addition to Chinese firms exporting to the United States, U.S. food and agribusiness companies have capitalized on China’s cheap labor costs and weak regulations, hoping to sell to a growing class of Chinese consumers and export to the United States.

The millions of pounds of imports from China represent a considerable portion of the food eaten by U.S. consumers. For example, in 2011:
• Eighty percent of the tilapia Americans ate came from the 382.2 million pounds of imports from China.
• The United States imported 367 million gallons of apple juice from China, amounting to almost half (49.6 percent) of U.S. consumption.
• The 70.7 million pounds of cod imported from China amounted to just more than half (51 percent) of U.S. consumption.
• The 217.5 million pounds of imported garlic was 31.3 percent of U.S. consumption.
• The 39.3 million pounds of frozen spinach represented 11 percent of U.S. consumption.

Other Chinese exports include processed foods and food ingredients, products which most consumers purchase without considering where they came from. China is a leading supplier to the United States of ingredients like xylitol, used as a sweetener in candy, and sorbic acid, a preservative. China supplies around 85 percent of U.S. imports of artificial vanilla, as well as many vitamins that are frequently added to food products, like folic acid and thiamine. By 2007, 90 percent of America’s vitamin C supplements came from China, and by 2010, China supplied the United States with 88 million pounds of candy. The United States also imported 102 million pounds of sauces, including soy sauce; 81 million pounds of spices; 79 million pounds of dog and cat food; and 41 million pounds of pasta and baked goods from China in 2010.

China’s Food Safety System

Chinese officials have readily acknowledged the country’s food system as “grim.” The country’s decentralized and overlapping regulatory system has not been able to address China’s sprawling food-processing industry. Repeated government efforts to reform food safety rules have so far failed to stem the tide of adulterated food. After a major food safety law from 2009 went into effect, a professor at the Chinese Academy of Governance stated that poor coordination between agencies, lackluster enforcement and inadequate government oversight hindered the enforcement of food safety laws. It remains to be seen if an overhaul of the food safety system, announced in 2012, will manage to coordinate efforts government-wide and tighten food safety standards.

Reports on food safety problems since 2009 yield a long list of problems in both the domestic food supply and exported products. One persistent trend is “economically motivated adulteration,” or what has been described as a culture of adulteration in China’s agricultural sector. Melamine contamination in Chinese food continues to be a problem, with a crackdown on melamine in milk powder in 2010 resulting in 96 arrests and 26 public officials being fired and U.S. regulators finding high levels of melamine in a dog food shipment in January 2011. After increased attention to the problem of melamine, some Chinese dairy producers appear to have switched to a new protein adulterant that is even more difficult to detect — hydrolyzed leather protein made from scraps of animal skin.
Even veterinary drugs banned in China — such as clenbuterol, administered to animals to give them leaner meat and pinker skin — remain widely used in China despite years of documented consumer illnesses from residues in meat and organs,29 and controversies over athletes avoiding meat for fear of testing positive for the performance enhancing drug.

Since 2009, the Chinese government has made a point of making public displays of enforcing food safety rules, inspecting food facilities and punishing people connected with tainted food. News reports frequently reference millions of inspections of facilities and frequent “crackdowns” on particular products. A search of news reports reveals a variety of enforcement efforts:

• The scandal over melamine-contaminated infant formula led to the execution of two people and prison terms for dairy company executives. 30
• In 2011, industry and commerce authorities reported 62,000 cases of substandard food, leading to 43,000 unlicensed operations being shut down and 251 cases being sent to the judicial system. 31
• A 2011 crackdown on food safety violations resulted in 2,000 arrests and 4,900 businesses being closed.32
• The Chinese news agency Xinhua reported in June 2012 that authorities shut down 5,700 unlicensed food businesses and discovered 15,000 cases of “substandard food” so far that year.33
• In early May 2013, news reports described a Chinese government campaign to break up a fake meat operation, leading to arrests of more than 900 people accused of passing off more than $1 million of rat meat as mutton.34

Ironically, the discovery of thousands of dead pigs in the Huangpu River was actually described in some media reports as “an encouraging step forward in Chinese public health,” because it indicated that rather than sell diseased animals into the food supply, producers dumped them into the river instead.35

But despite the concerted effort to show that the government is tough on food safety violators, problems persist. A small sample of food safety problems:

• In 2010, a scandal erupted over the use of food coloring and bleach to plump up shriveled old peas so they would appear fresh.36
• Authorities detected plasticizers, chemicals linked to immune and reproductive system damage, in samples of a leading brand of distilled white liquor.37
• Testing by Greenpeace of 18 varieties of tea found that every sample contained at least three different kinds of pesticides. 12 of the samples showed traces of banned pesticides.38
• In September 2012, FDA refused 10 shipments of canned mushrooms from China due to pesticide contamination, resulting in the Chinese government halting exports of canned mushrooms to the United States.39
• China Central Television reported in 2012 that testing of preserved fruit from 16 different companies found excessive pigments, bleaching agents and preservatives, as well as incorrect expiration dates.  
• The Xinhua News Agency reported in 2012 that wholesale vegetable dealers in Shandong province were found spraying cabbages with formaldehyde, presumably to preserve them during transport without refrigeration.  
• A 2012 report noted that fish vendors in Beijing were using a chemical used for temporary dental fillings to tranquilize fish during transport.  
• In May 2013, officials in Guangdong Province, announced excessive levels of cadmium in over 100 batches of rice.  
• In December 2013, a Chinese government official announced that eight million acres of farmland in China was so polluted that it should not be used for growing crops.  
• Five strains of avian influenza have emerged in China in the last 17 years. In 2013, China had 115 human highly pathogenic avian flu cases in humans, including 25 deaths.

Chinese consumers are not confident about their domestic food supply. A 2011 survey found that food safety is a major concern for almost 70 percent of Chinese consumers, and there are regular reports of Chinese tourists emptying store shelves in other countries in search of infant formula not produced in China.

Another recurring theme is lack of transparency. China’s food safety enforcement system lacks the transparency necessary to warn the public about dangerous products or deter dangerous food-processing practices. The USDA reports that the Chinese government zealously guards the food safety data it collects, making it difficult to impartially evaluate China’s food safety performance. In 2010, some officials criticized regional authorities that publicized a widespread case of pesticide adulteration rather than obeying the “unspoken rule” of keeping food safety problems hidden from the public. The father of one child sickened by melamine-tainted milk powder was jailed, and eventually paroled, for his activism on the issue.

U.S. Regulation of Chinese Food Imports

U.S. oversight of Chinese food processors has not remotely kept pace with the growth in imports. Though the Food and Drug Administration prevented 9,000 unsafe Chinese products from entering the country between 2006 and 2010, it is not because of vigilant inspection at U.S borders and ports. The agency’s low inspection rate — less than 2 percent of imported produce, processed food and seafood — almost guarantees that unsafe Chinese products are making their way into American grocery stores.

Other importers of food from China have instituted more intensive testing regimes for Chinese imports. From 2004 to 2009, Japan tested between 15 and 18 percent of food products from China, and up to 38 percent of frozen vegetables.
In 2007, the FDA’s director of the Center for Food Safety and Applied Nutrition stated that the growing Chinese food exports have “outstretched and outgrown the regulatory system for imports in the U.S.” During the melamine-tainted pet food crisis, it took the FDA one month to even identify their regulatory counterparts in China.

In 2007, China consented to allow FDA inspectors to be stationed in China, and the FDA opened its first office in 2008. However, the few FDA inspectors in China were overwhelmed by the sheer size of the nation’s food production, including an estimated 1 million food-processing companies. Between 2001 and 2008, the FDA inspected 46 food firms in China — less than six a year. After the spate of import scandals, the FDA increased inspections, but still only conducted 13 food inspections in China from June 2009 to June 2010. In fiscal year 2012, FDA conducted 10 inspections of food facilities in China.

Meat and poultry imports are the responsibility of the U.S. Department of Agriculture. Until 2009, FSIS conducted in-depth annual on-site audits of countries eligible to export meat, poultry and egg products to the United States. The department recently announced that in 2009 it made a major change to this system by ending annual visits to exporting countries, and instead starting to rely on a “Self-Reporting Tool” for countries as a substitute to annual audit visits. With this change, USDA began conducting audit visits every three years instead of annually and the agency stopped the practice of publishing the audit results of individual foreign meat, poultry, egg plants that exported products to the United States.

Poultry

The USDA’s approach to China’s interest in exporting poultry products to the United States offers a telling example of how the pressure to increase trade can leave food safety concerns as a lower priority. Currently, the United States does not import poultry for human consumption from China. U.S. agribusinesses have invested heavily in Chinese chicken production and processing – both to feed Chinese consumers and as a future export platform to U.S. consumers – and they have been working to get USDA approval for Chinese poultry exports to the United States.

In 2006, the USDA rapidly finalized China’s request to begin exporting processed chicken to the United States the very same day as a visit from China’s president. This action apparently prompted China to resume negotiations over lifting its ban on American beef, instituted in 2003 after the discovery of mad cow disease in the state of Washington.

Despite the Bush Administration’s public blessing of Chinese chicken, the USDA’s internal inspection reports of Chinese poultry facilities showed egregious food safety problems, including mishandling raw chicken throughout the processing areas, failing to perform E. coli and Salmonella testing, and routinely using dirty tools and equipment. As these internal reports emerged, Congress refused to implement the Bush Administration proposal, effectively maintaining a ban on Chinese poultry imports.
China contended the U.S. prohibition against its chicken, produced in unsafe plants with insufficient inspection, was an illegal trade barrier. The World Trade Organization agreed in September 2010.\textsuperscript{64} The same month, China announced it would impose high tariffs on American chicken products for allegedly being priced too cheaply.\textsuperscript{65}

In January 2011, Chinese President Hu Jintao again visited the United States, cementing tens of billion of dollars in trade deals with the Obama Administration.\textsuperscript{66} Shortly after this visit, the USDA announced new steps it had taken to honor China’s request to export chicken to the United States.\textsuperscript{67}

Currently, the USDA’s Food Safety and Inspection Service is working through the steps to approve China as an exporter of poultry products to the United States. In August 2013, USDA declared that the Chinese government’s inspection system for poultry processing plants was equivalent to USDA inspection, thereby clearing the way for certain chicken processing facilities in China to be able to export poultry products to the United States.\textsuperscript{68} The Chinese government must certify plants that are eligible to export to the United States before shipments can begin.

In December 2013, USDA stated that China’s inspection system for poultry slaughter is not equivalent to USDA inspection.\textsuperscript{69} But it is widely believed that the ultimate goal of the poultry industry is to have this equivalence determination made so that products from Chinese-origin birds can be exported to the United States.

The processed poultry products that could eventually arrive in the United States are supposed to be made in Chinese plants from birds that have been sent from “approved” sources, including the United States or Canada, but not China. But without stationing USDA inspectors in Chinese processing plants, it will be virtually impossible to verify that these products are made from birds from approved sources rather than Chinese producers.

There are also concerns about the potential for processed poultry products from China to end up in school cafeterias. While the USDA’s National School Lunch Program does source domestic product, most schools also procure food from private vendors. These purchases are supposed to source domestic product “to the maximum extent possible.” In addition to cost pressure that could drive school systems to source Chinese processed poultry, the definition used to define U.S. product for school lunches also presents a pathway for Chinese processed poultry to end up in schools. Because the school lunch standard for a U.S. product is that at least 51 percent of the product must be domestic, a processed food item that contains chicken as well as other ingredients could contain Chinese-processed poultry and still meet the definition of a U.S. product.\textsuperscript{70}

The FY 2015 agriculture appropriations bill being considered by the House of Representatives currently includes a prohibition on purchase of Chinese-processed poultry products for any of the USDA’s nutrition programs. This follows widespread public opposition to the idea of importing poultry products from China, including a petition signed by over 300,000 people urging Congress to prevent chicken products from China from reaching U.S. supermarket shelves or school cafeterias.\textsuperscript{71}
Pet Treats

The FDA reports “from 2003, when China first approached the USDA about poultry exports, to 2011, the volume of pet food exports (regulated by the FDA) to the United States from China has grown 85-fold.”

Since 2007, thousands of American dogs have fallen ill or died after eating chicken jerky treats made in China. In August 2012, four months after visiting Chinese processing plants that export pet treats to the United States, the FDA published inspection reports that revealed that the factories refused to allow U.S. inspectors to collect samples for independent analysis. Ultimately, testing done by the New York Department of Agriculture and Markets found contamination of some of the treats with residues of an undisclosed antibiotic, triggering voluntary recalls of the products by the manufacturers.

Just last month, the FDA released an update on this continuing health threat to U.S. pets. As of May 16, 2014, the agency had received 4800 reports of illnesses, involving 5600 dogs, 24 cats, and three people, and over 1000 canine deaths linked to consumption of jerky pet treats from China. The most common problems reported were gastrointestinal illness and kidney problems.

Despite the long-running investigation and growing public awareness of this problem, the FDA has still not identified a cause for the illnesses and deaths. Recently, some observers of global food industry have urged the FDA to look not only at finished products, but also further up the supply chain of ingredients. In particular, they cited the possibility that leather-processing byproducts, often tainted with chromium, were being used to extract proteins that are added to poultry feed.

While two major producers of chicken jerky treats did announce a voluntary recall of their products in early 2013, both have resumed sales of these products. One of the companies has switched to American poultry for its product, while the other continues to produce jerky treats in China but has committed, through the settlement of a class action lawsuit by pet owners, to perform more testing of the ingredients and finished product it uses and to source poultry from just one supplier and one factory.

Victims of tainted pet treats have been working to draw attention to this problem and demand action to prevent any more pets from falling ill. They have organized several petitions urging major pet food manufacturers to recall their products and are currently targeting retailers to urge them to stop selling pet treats imported from China. Recently Petco and Petsmart announced their intention to stop selling pet treats from China over the course of the next year, and the Canadian pet food store chain, Global Pet Foods announced its intention to stop carrying pet treats made in China.

Inadequate Labeling Requirements

One tool that U.S. consumers have is labeling, but in the case of both processed poultry products and pet treats, inadequate labeling rules leave consumers without all the
information they need if they wish to avoid products from China.

Thanks to federal labeling requirements, country of origin labeling is required for beef, pork, lamb, chicken, goat meat, wild and farm-raised fish and shellfish, perishable agricultural commodities (fruits and vegetables), peanuts, pecans, ginseng, and macadamia nuts. But these labeling rules do not apply to processed forms of these foods, and the USDA’s definition of processing is far too broad, which excludes many foods from the labeling requirement. This exemption includes processed forms of poultry that could soon be coming from Chinese plants.

Pet food and treats are not covered by country of origin labeling requirements that apply to human food. This makes it very difficult for consumers to know if these products were produced in or contain ingredients from China. The Customs Department oversees country of origin claims on products and relies on a standard that the country where a “substantial transformation” of raw materials into a finished product takes place is the country of origin. In the case of pet treats, the substantial transformation could indeed be the United States, resulting in a U.S.-origin label even if the product contains ingredients from China. There is no requirement for manufacturers list the country of origin for ingredients in their products.81

The Federal Trade Commission does regulate use of “Made in USA” labeling claims and relies on a standard that “major components” of a product must be of U.S. origin for a product to bear a “Made in USA” label.82 But as the melamine-contamination of pet food illustrates, even minor ingredients that are adulterated can pose a health threat and, increasingly, these kinds of ingredients come from outside the United States.

U.S. Policies to Address Unsafe Imports

The World Trade Organization’s Agreement on Agriculture has been a failure for farmers in the United States and has encouraged the growth of export platforms in places like China that benefit from low wages and weak regulatory standards, putting consumers around the world at risk. Congress and the Obama administration must revisit the current trade agenda to make public health, environmental standards and consumer safety the highest priorities when making decisions about trade policy. Specifically:

- The USDA should restart the process of determining if China’s poultry inspection system is equivalent to the U.S. system and conduct an entirely new investigation before allowing Chinese poultry products to be exported to the United States.

- The USDA needs the resources to increase current levels of inspection of imported meat and poultry. If China is ever able to export processed poultry products from approved sources, USDA inspectors should be stationed in Chinese plants to ensure that Chinese-origin birds are not being processed into products destined for the United States.
• The FDA needs the resources to effectively inspect the growing volume of food imports from China and other countries. Congress and the Obama Administration must instruct and provide adequate funding for the FDA to increase import inspections, and to increase the rigor of those inspections to include testing for pathogens and chemical, pesticide and drug residues, and to increase inspection of processed food ingredients.

• The FDA needs the resources to conduct inspections in food facilities in China, rather than relying on third-party certifications of the safety practices used by exporting firms. The use of third-party certifications in China has already been shown to be questionable in the certifications used for organic products and in pilot projects on aquaculture conducted by the FDA. This type of system should not be used as a substitute for safety inspection by U.S. government inspectors.

• FDA should block the import of jerky pet treats from China until a cause of illnesses and deaths has been identified.

• FDA should require that any results that show contamination or adulteration of pet treats or ingredients from testing conducted by manufacturers be reported to the agency’s Reportable Food Registry, as required by the FDA Food Safety Modernization Act.

• The USDA should close the loopholes in the current country of origin labeling rules and expand them to processed meats, fruits and vegetables. This labeling could be modeled on existing regulations for ground beef, which allow a “shotgun” label for products that may contain covered commodities from multiple sources.

• Congress should require mandatory country of origin labeling for foods not currently covered by existing law, to require basic manufacturing information about where, and by what company, processed foods were produced.

• For pet food and treats, FDA should work with the Customs Department and the Federal Trade Commission to develop labeling requirements that not only require disclosure of the country where the product was made, but also the origin of major ingredients, similar to how juice labeling provides the source of juice concentrate even if the product is reconstituted in the United States.

“Mix of chemicals may be key to pet-food deaths.” CNN. May 1, 2007; U.S. Government Accountability Office. “Food and Drug Administration Overseas Offices have Taken Steps to Help Ensure Import Safety, but More Long-Term Planning is Needed.” GAO-10-960. September 2010 at 1.


“Mix of chemicals may be key to pet-food deaths.” CNN. May 1, 2007.


10 U.S. Department of Agriculture Foreign Agricultural Service (USDA FAS). Global Agricultural Trade System (HS-10: 230100090, 2309100010.)


17 USDA FAS. Global Agricultural Trade System. Available at www.fas.usda.gov/gats/. (Food includes consumption imports of meat; fish & seafood; dairy; vegetables, fruits & nuts, coffee, tea & spices; cereals, oil seeds; fats; meat & fish preparations; sugar & confectionery; cocoa; cereal & dairy preparations; vegetable & fruit preparations; and miscellaneous edible preparations contained in two-digit harmonized codes: HS-2: 02, 03, 04, 07, 08, 09, 10, 11, 12, 15, 16, 17, 18, 19, 20, 21, 22.)


19 USDA FAS. Global Agricultural Trade System. (HS-10: 2912410000); Lee (2007).


21 USDA FAS. (HS-4, 1902 and 1905; HS-4, 2103; HS-10, 2309100090, 2039100010.)


Gale and Buzby (2009) at 4.


GAO (2010) at 12.


GAO. (2010) at 17.


Pub. L. 110-161. Title VII. §733.


Ibid.


