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# Smithfield Foods Defends China Takeover



Smithfield Foods CEO Larry Pope takes his seat on Capitol Hill in Washington, Wednesday, July 10, 2013, before the start of a Senate Agriculture Committee hearing on the pending sale of Smithfield to China's largest meat producer. (J. Scott Applewhite/AP)

Virginia-based Smithfield Foods, the world's largest pork processor and hog producer, may soon be owned by China's largest meat producer, Shuanghui International Holdings.

Yesterday, Smithfield CEO Larry Pope testified before the Senate agriculture committee about lauding the deal, saying "this is an opportunity for U.S. pork producers to grow."

Detractors say China's poor reputation for food safety and its opaque business practices could pose long-term harm for the United States.

### Guest:

» **Usha Haley**, professor of management and director of the Robbins Center for

### Meet the hosts



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Global Business and Strategy at West Virginia University. She tweets [@uhaley](#).

## Transcript

MEGHNA CHAKRABARTI, HOST:

And now to the United States pork industry, currently dominated by Virginia-based Smithfield Foods. Yesterday in Washington, congressional lawmakers examined a \$4.7 billion deal that would give Smithfield a new Chinese owner, Shuanghui International Holdings, currently China's largest meat producer.

Members of the Senate Agricultural Committee have concerns about China's questionable food safety record, but Smithfield CEO Larry Pope said hey, don't worry.

LARRY POPE: It will be the same old Smithfield, only better.

CHAKRABARTI: Well, Usha Haley is a professor of management at West Virginia University. She also testified before the Senate committee yesterday and said actually we do have reason to worry. She joins us now. Welcome to the show, Usha.

USHA HALEY: Glad to be on.

CHAKRABARTI: So first, give us some examples of Shuanghui's food safety violations in China.

HALEY: Well, the most recent one was having its pigs fed with the banned chemical clenbuterol. Others that have occurred in China, not closely associated with the Shuanghui, include bacteria-infused pork, cadmium-laced rice, rat meat sold as mutton, toxic milk formula, et cetera. And just, I think - sorry?

CHAKRABARTI: No, forgive me for interrupting, but I understand that I believe you testified yesterday that there was an incidence in which 16,000 pig corpses floated down a Chinese river, as well.

HALEY: Yes, bloated, diseased corpses floated down a river, which is in Shanghai, which provides about 25 percent of Shanghai's tap water.

CHAKRABARTI: And how were the people in the region, how did they react to seeing that?

HALEY: Well, that was the funny part. They didn't react as if it was anything extraordinary. And you'd expect that if 25,000 pigs were going down Long Island, or, you know, some - that people would be upset. But I understand that that's quite common in Shanghai, the smell, the stench of rotting pork going down. And of course that's very disturbing.

CHAKRABARTI: So give us some context here, though. How do Shuanghui's food safety violations compare to others in China? Are they better? Are they worse?

HALEY: You know, we don't really know, because the problem with the clenbuterol was immediately hushed up by the Chinese government. Shuanghui is very closely linked to the Chinese government and feels like it has a stake in it. So these food safety violations are not highlighted, or pinpointed or in any way compiled. We sometimes get anecdotal information on it, and that's because it has assumed such enormous proportions that it cannot be hid anymore.

CHAKRABARTI: Now all of these food safety violations that we've been discussing have happened in China, though.

HALEY: Yes.

CHAKRABARTI: And yesterday Smithfield's CEO Larry Pope told the Senate Agricultural Committee that food safety is going to remain a priority for Smithfield, you know, no matter who owns it, Chinese ownership or not. And here's what he told the Senate committee.

POPE: This transaction is about exporting meat from the U.S. to China to meet their growing demand. This combination will not result in any U.S. imports of food from China.

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### Beyond AC/DC — New Music Out Of Australia



KCRW in Santa Monica is well known for setting tastes in music and discovering unknown talent. Travis Holcombe,

who's a DJ there, has been hearing a lot of interesting music out of Australia.

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Thursday, July 11, 2013

### Illinois Gov. Suspends Lawmakers' Pay Over Pension Crisis



Governor Pat Quinn has suspended Illinois lawmakers' pay, following through on his warning of consequences if they

failed to come up with a solution to the state's nearly \$100 billion pension crisis.

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Wednesday, July 10, 2013

### 90 Cents: The Cost Of Safely-Made Jeans In Bangladesh



Bangladeshi factory owners say they can produce a pair of jeans under safer and more humane conditions for 90

cents. But buyers consistently ask them to do it for as little as 75 cents.

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Moreover, all food products imported into the U.S. are already subject to rigorous inspections and controls by America's regulators to ensure their integrity, safety and wholesomeness.

CHAKRABARTI: So Usha Haley, first off, do you believe that, that pork from China will not be imported into the U.S.?

HALEY: No, I think the goal of the Smithfield acquisition was in some way to get transfer of technology, and then to re-export products back to the United States, as well as to its export markets. Now, I do believe that there are going to be pork exports from the United States to China and that these will rise, as Mr. Pope pointed out.

There's going to be a steady little stream of pigs going on to China. But Smithfield's entire production is about three percent of China's production of pork. China is the largest producer of pork in the world, and it's half the world's pigs. So what China's trying to do with the Smithfield acquisition is get into higher value-added manufacturing, that is take Smithfield's patents - and it has plenty, despite what Mr. Pope said yesterday - and then also rely on laws, indigenous innovation being one of them, within China and policy frameworks to continue to boost China's food processing power and then re-export not only some of Smithfield's pork but the other pork that's manufactured in China, including those that are bacteria-infused and glowing in the dark and that float down Shanghai's rivers back into processed food that comes back to the United States.

CHAKRABARTI: Well, let me ask you, regarding that, Mr. Pope also said that food, any food coming into the United States is, you know, examined by agricultural regulators. How rigorous are U.S. controls of imported pork, for example?

HALEY: Well, the Department of Agriculture and FDA are understaffed. So for example, the FDA I think inspects about two percent of all food imports into the United States, and despite the memorandums of understanding that we have with China, the - there were only about 10 on-site inspections, 10 Chinese facilities inspected last year.

And again, despite what Mr. Pope says, China is a huge exporter of agricultural products into the United States.

CHAKRABARTI: And just briefly, in a couple seconds if you may, is this a taste of what's to come regarding, you know, mergers between Chinese and U.S. food companies?

HALEY: I'm afraid so because this is one of the industries in which the Chinese have given a green light to go ahead and acquire farmland, processed foodmakers, et cetera. That's the kind of the technology they want, and they want access to clean land and clean water that they don't have in China. So yes, this is the first of many acquisitions of agricultural farmland and manufacturing companies in the United States.

CHAKRABARTI: Well, Usha Haley has studied Chinese business strategy for almost 15 years. She is a professor of management and director of the Robbins Center for Global Business and Strategy at West Virginia University. Thank you so much.

HALEY: Thanks.

JEREMY HOBSON, HOST:

And I just can't get that image of dead pigs floating down a river out of my head.

CHAKRABARTI: Disturbing.

HOBSON: Just unimaginable. We're back in a minute, HERE AND NOW. Transcript provided by NPR, Copyright NPR.

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**Martha Wofford Taylor**

I won't be buying pork products that come from China. I don't buy their food products now, but certainly not meats. I like Smithville ham but I can live without it.

1 day ago 3 Likes

[Like](#) [Reply](#)



**Katjoy**

It's SmithFIELD, not Smithville - it's important you get the name correctly so you know who NOT to buy from.

8 hours ago in reply to Martha Wofford Taylor

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**Concerned**

We have more hogs in Iowa than people, thanks to Smithfield. In Iowa, there were 17.9 million hogs, 1.18 million beef cattle and 53.5 million chickens on the largest operations in

2007, according to the U.S. Department of Agriculture's Census of Agriculture. Iowa ranks first in factory-farmed egg-laying hens, first in factory-farmed hogs and fourth in large cattle feedlots. That's a number I could find from 2007, we have exploded in factory farming since then. We have more polluted waterways than any other state. Many of our state park lakes cannot be used for recreation due to heavy pollution. Many people I know cannot open their windows, garden, hang out their wash or even entertain in their yards due to manure spread up to the property line feet away from their house. They even have had dead hogs sitting in waste bins on the country roads in front of their farms/acreages. This is not right. Factory farm lobbyists have taken over the state. It's all about the money.

1 day ago

Like Reply



**Nekaty**

Where is Talk of the Nation. Neil would have had someone on each side of the issue discussing this. I heard this woman this morning on All Things Considered stating the exact same issues. Which is OK but I would have wanted to hear the other side of the story. Actually I am not too keen on China buying up this company and I don't believe that they want it for more pork for their citizens. Something just does not seem "Kosher" about this. But I would have enjoyed more of a debate on the issue

1 day ago

Like Reply



**Nutrientstrong**

Maybe next week you could talk to someone who reviews all the health related issues to eating pork? Or what about interviewing someone who worked undercover at Smithfield or how about at a plant in China? If I am mistaken and it is not mistreatment that happens daily, then have tours during regular processing days. Smithfield cannot that. The compartmentalized the buildings, in part, so few number of people are traumatized by the killing and getting the animals to the killing area. The very statement complaining about a woman talking about pigs floating down the river could not bring out his compassion for the animals. That's what we would be exporting, ill health and lack of compassion.

ill health <http://nutritionfacts.org/index...>

Just an image search on hogs floating in river and you will see it is not uncommon for people to lose their humanity and discount the horrific mistreatments of hogs. The good news there are people who care and are making a difference.

1 day ago

Like Reply



**Katjoy**

Your comments are all over the place and it's hard to decide whether you're for or against certain issues, such as whether it would be good for China to purchase or not? This seems to be a prevalent issue in comments made by people on the internet. Take a look at what you're saying before you post. Please!

8 hours ago in reply to Nutrientstrong

Like Reply



**Ghanes2**

What shameful journalism. This report featured one quote from the Smithfield side of the issue, with no live representative, and devoted the entire "conversation" to one hysterical woman telling stories of pigs floating down a river. Do some real reporting, display balance, and discuss the real issue.

1 day ago

Like Reply



**Nancy Jo**

I'm another LEAP towards becoming a vegetarian!

1 day ago

Like Reply

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