

Local

Smithfield CEO: chinese purchase of pork firm is "good for america"

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By Philip Walzer

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The head of **Smithfield** Foods Inc., seeking to blunt fears of the proposed takeover of **Smithfield** by a Chinese company, told U.S. senators Wednesday that the deal would be "good for America."

"I think this is the opportunity that America has been looking for to import jobs," C. Larry Pope, **Smithfield's** president and CEO, said during a hearing of the Senate Agriculture Committee in Washington.

Pope said the acquisition would spur pork exports to China, benefiting U.S. farmers, with no imports from the other direction. He also reiterated assurances that the buyer, Shuanghui International Holdings Ltd., would retain **Smithfield** executives, honor agreements with unions and not close plants or lay off workers.

Yet two of the three other witnesses and a few senators voiced skepticism and worry about China gaining a toehold in the U.S. business world.

"I think the end game is to ultimately dominate our domestic pork market," said Daniel Slane, a commissioner of the U.S.-China Economic and Security Review Commission, which monitors trade between the two nations. Slane predicted that this would be "the first of many forays into rural America" and that it could lead to a "reverse flow" of pork from China to the United States.

Shuanghui agreed to purchase **Smithfield**, the world's largest pork producer and processor, for \$7.1 billion pending approval from shareholders and U.S. regulators. The transaction, which **Smithfield** has said could take effect later this year, would be the largest acquisition of a U.S. business by a Chinese company.

The hearing Wednesday was the first held by a congressional committee on the proposal. Congress can't block the deal, but a federal panel called the Committee on Foreign Investment in the United States can. **Smithfield** has submitted the proposed merger to that panel for its review.

In addition to Pope, a business professor from Dartmouth College spoke in favor of the deal at the Senate hearing.

"We need to create approximately 20 million new jobs in America," said the professor, Matthew Slaughter, "and a lot of those jobs are going to be created by connecting American workers to opportunities in the global market."

He added that "there is nothing worrisome" about "the Chinese aspect" or "the food aspect" of the acquisition.

Under the agreement, **Smithfield** would no longer be a publicly traded company and would provide far less information about its operations. It would be "as inscrutable as any other Chinese company," complained another witness, **Usha Haley**, a business professor at West Virginia University.

She also said Shuanghui's intent was not to acquire more pork, but "to assuage the horrible reputation that China has for food safety."

Sen. Heidi Heitkamp, D-N.D., said there is "a fair amount of cynicism and concern about this transaction." She pushed Pope for guarantees that Shuanghui's promises would last.

He said he was confident they would, but had no proof. "I've known these folks for several years, and they've always lived up to their commitments to us," Pope said.

When asked by Sen. John Thune, R-S.D., whether Shuang-hui is a "state-controlled company," Pope said, "I would not agree with that."

But Slane said its chairman, Wan Long, "is a high-ranking member of the Chinese Communist Party and a 15-year veteran of the National People's Congress. ... By any definition, this is a state- controlled company."

Sen. Debbie Stabenow, D-Mich., who chairs the panel, said China could increase U.S. imports simply by loosening its regulations. "I want to see us export our products," she said. "But it seems to me, removing unfair burdens from China would be a lot more efficient or quicker than to say the only way to get in is if they own one of our companies."

Pope did not address that point, but he predicted that the deal would not raise U.S. pork prices or weaken food-safety standards. "We're going to protect these brands and this business," he said. "If we don't, U.S. inspectors are going to do it, anyway."

Vowing that the company would be the "same old **Smithfield**," Pope said, "There should be no noticeable impact on how we do business operationally in America and around the world as a result of this transaction, except that we will do more of it."

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Caption: C. Larry Pope of **Smithfield** Foods said at a Senate hearing that selling the company would boost exports.

J. Scott Applewhite | the associated press

CEO C. Larry Pope assured senators that his firm would be the "same old **Smithfield**" if its sale to China's largest meat producer is approved. Matthew Slaughter, business professor at Dartmouth College, right, said the deal could create many jobs.

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