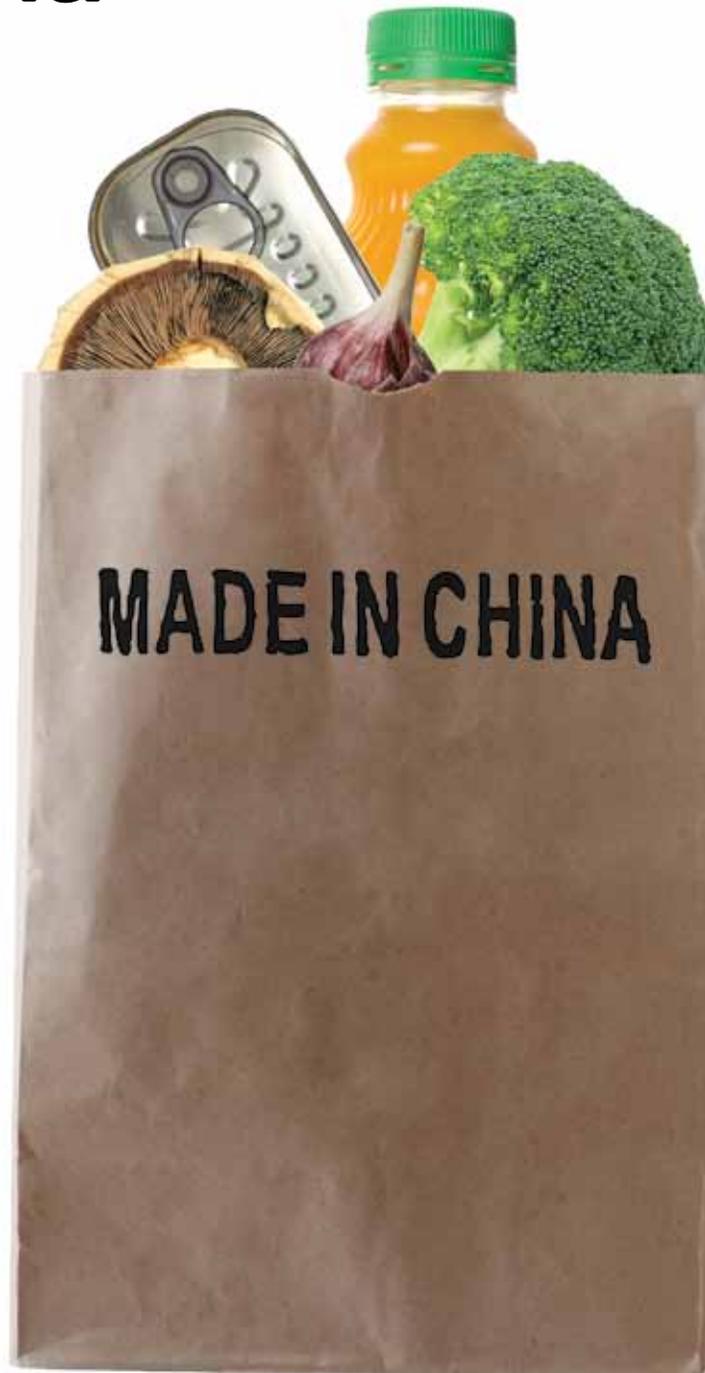


A Decade of **Dangerous**  
**Food Imports**  
from **China**



## About Food & Water Watch

Food & Water Watch is a non-profit organization working with grassroots organizations around the world to create an economically and environmentally viable future. Through research, public and policymaker education, media and lobbying, we advocate policies that guarantee safe, wholesome food produced in a humane and sustainable manner and public, rather than private, control of water resources including oceans, rivers and groundwater. For more information, visit [www.foodandwaterwatch.org](http://www.foodandwaterwatch.org).

### **Food & Water Watch**

1616 P St. NW, Suite 300  
Washington, DC 20036  
tel: (202) 683-2500  
fax: (202) 683-2501  
[info@fwwatch.org](mailto:info@fwwatch.org)  
[www.foodandwaterwatch.org](http://www.foodandwaterwatch.org)

*California Office*  
25 Stillman Street, Suite 200  
San Francisco, CA 94107  
tel: (415) 293-9900  
fax: (415) 293-9908  
[info-ca@fwwatch.org](mailto:info-ca@fwwatch.org)



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## Executive Summary

China has become an agricultural powerhouse and leading food exporter. Though supermarket labels may not always indicate it, a growing portion of the American diet is now made in China. In 2009, 70 percent of the apple juice, 43 percent of the processed mushrooms, 22 percent of the frozen spinach and 78 percent of the tilapia Americans ate came from China.

Unfortunately, it's not just China's food that's reaching American shores — it's also China's food safety problems.

The shortcomings in China's food safety system were highlighted when ingredients tainted with the chemical melamine entered the global food supply — including products from well-known brands like Mars, Heinz and Cadbury. Melamine-tainted milk products sickened hundreds of thousands of infants in China, and melamine contamination is believed to be responsible for thousands of pet deaths in the United States.

Melamine adulteration garnered the most headlines, but systemic food safety failures in China have allowed unsafe foods onto global grocery store shelves. The Wild West business environment in China encourages food manufacturers to cut costs and corners. Even Chinese officials have publicly acknowledged their inability to regulate the country's sprawling food production sector.

U.S. food safety inspectors have been overwhelmed by the surging food imports from China since the country joined the World Trade Organization (WTO) in 2001. These international business deals allow trade to trump food safety and encourage U.S. agribusinesses and food manufacturers to source food ingredients in China where environmental, food safety and labor laws are weaker and regulatory oversight is lax.

The Food and Drug Administration (FDA) has done little to address the growing tide of food imports from China, despite a well-documented pattern of chemical adulteration and unsafe drug residues. The FDA inspects less than 2 percent of imported food and barely visits Chinese food manufacturers. The FDA conducted only 13 food inspections in China between June 2009 and June 2010.

There is no indication that China's food safety situation is improving. Melamine continues to appear in food inside China despite a spate of new food safety legislation. Nonetheless, the U.S. Department of Agriculture (USDA) is considering allowing U.S. food retailers to import chicken from China. It is time for a common-sense approach to inspecting imported food and preventing the globalization of the food supply from sickening our citizens.

A new direction would include:

- Revisiting the current trade agenda to make public health, environmental standards and consumer safety the highest priorities.
- Removing agriculture from the WTO. The WTO has been a failure for U.S. farmers and has encouraged companies to offshore food manufacturing to places like China with low wages and weak regulatory standards, putting consumers around the world at risk.
- Restarting the assessment of China's poultry inspection system before considering allowing Chinese poultry products to be exported to the United States.
- Significantly increasing FDA and USDA funding to increase inspections of the growing volume of food imports from China and other countries. The FDA also needs the resources to conduct inspections in food facilities in China.
- Closing the loopholes in the current country-of-origin labeling rules on meats, seafood, fruits and vegetables, and expanding the labeling requirements to cover processed food.



## Introduction

China is the world's largest agricultural economy and increasingly is feeding the world. A leading producer and exporter of items like fish, apple juice, and processed fruits and vegetables, China's food exports to the United States skyrocketed over the last two decades. But the Wild West capitalism propelling China's economy has often been fueled by excess pollution, treacherous sweatshops, and dangerous foods and products that pose significant risks to consumers in China and worldwide. China's food manufacturers often cut corners, substitute dangerous ingredients and compromise safety to boost sales.

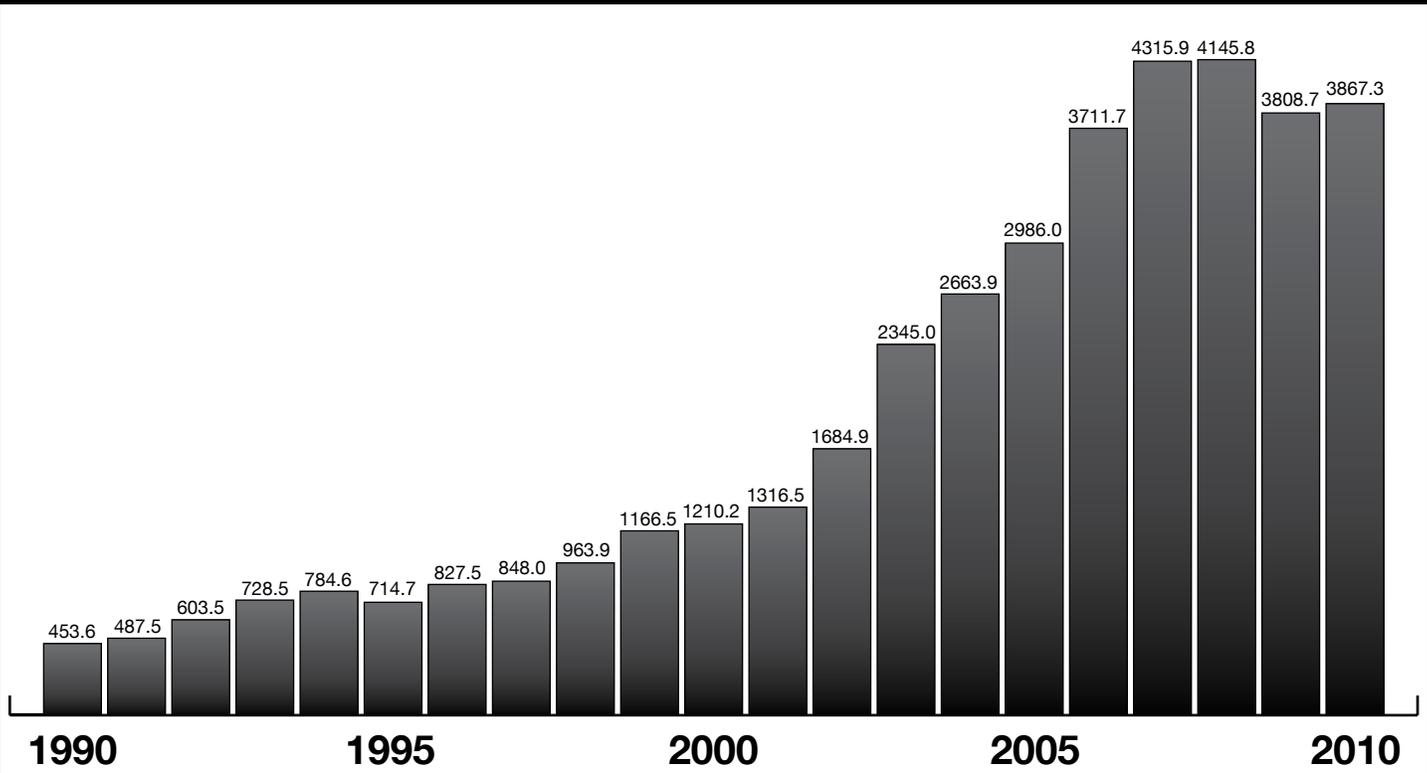
The anything-goes business model is systemic across China's manufacturing sector, leaving consumers, workers and the environment vulnerable to a host of risks. Workers in the industrial Pearl River Delta lose or break an estimated 40,000 fingers annually, and even iconic brands like Apple utilize toxic chemicals that injure workers.<sup>1</sup>

Industrial pollution has fouled China's water with more than 30 million tons of chemical discharges in 2007.<sup>2</sup> China is the world's biggest polluter, and the number of environmental accidents in the country doubled between 2009 and 2010.<sup>3</sup> Industrial pollution further compromises food safety because

effluent-tainted waterways irrigate crops and contaminate fish farms.<sup>4</sup>

Unsurprisingly, China's slipshod industrial model churns out dangerous food and consumer products. One provincial government survey found that less than half of food and consumer goods met basic hygiene standards, meaning more than half could be dangerous to consumers.<sup>5</sup> When China joined the World Trade Organization (WTO) in December 2001, these unsafe products began to circulate more widely in the global marketplace.

**Food Imports from China (in millions of pounds)**



Source: USDA FAS. Includes meat; fish and seafood; dairy; vegetables, fruits and nuts, coffee, tea and spices; cereals, flours, oil seeds; fats; meat and fish preparations; sugar and confectionery; cocoa; cereal and dairy preparations; vegetable and fruit preparations; and other edible preparations.

The World Trade Organization is a pact that promotes international trade and investment but also decides whether necessary food safety, environmental and workplace safeguards are illegal trade barriers. When China entered the WTO, the United States and China reduced their import barriers (mostly tariffs or import taxes) and eased restrictions on cross-border investment. Since joining the WTO, China's food exports to the United States have tripled to nearly 4 billion pounds of food in 2010, worth nearly \$5 billion.<sup>6</sup> U.S. food and agribusiness companies 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 WTO's structure promotes commerce at the expense of other goals like food safety. It limits the ability of member countries to establish health, safety or environmental rules that hamper global commerce. When stronger safety rules slow trade, the WTO acts as the final arbiter of disputes, usually ruling in favor of corporate interests.<sup>7</sup>

Joining the WTO has allowed China to pave billion-dollar inroads into American kitchens. These food imports both compete with American-grown crops and expose consumers to a host of food-borne hazards. Many Chinese crops are

undercutting U.S. farmers as Americans eat more Chinese imports — especially fruits and vegetables. As the world's largest apple producer, for example, China's apple juice concentrate exports supply two-thirds of the apple juice that Americans consume — more than 400 million gallons annually.<sup>8</sup> By 2007, half the garlic Americans ate was grown in China, although that figure fell to 23 percent in 2009 as the recession and falling dollar dampened import demand.<sup>9</sup> Before China entered the WTO, the United States produced about 70 percent of the garlic Americans consumed.<sup>10</sup> Over the past decade, imports of Chinese garlic more than quadrupled, while U.S. garlic cultivation dropped by a third.<sup>11</sup>

In addition to driving U.S. farmers off the land, Chinese imports have sent some American consumers to the hospital. Imports from China have escalated despite repeated discoveries of deadly contamination, intentional product adulteration and food-borne illness in Chinese products. Headlines of melamine-laced baby formula, salmonella-tainted seafood, carcinogenic honey, deadly blood-thinning drugs and poisonous food packaging from China appear almost daily in media outlets around the world.

In some cases, risky Chinese foods or ingredients have entered the global food supply wrapped in the familiar labels of international food companies. In 2008, the chemical melamine contaminated Chinese dairy products, sickening 300,000 children and infants in China, six of whom died.<sup>12</sup> Melamine was then found in the food supplies of multinational agribusinesses, including Mars, Unilever, Heinz, Cadbury and Pizza Hut (owned by YUM! Brands, Inc.).<sup>13</sup>

Food safety regulators in China and the United States have turned a blind eye to the growing risk of hazardous foods. U.S. food safety oversight of Chinese food processors has not remotely kept pace with the growth in imports. Though the U.S. Food and Drug Administration prevented 9,000 unsafe Chinese products from entering the country between 2006 and 2010,<sup>14</sup> 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<sup>15</sup> — almost guarantees that unsafe Chinese products are making their way into American grocery stores.

Chinese officials have readily acknowledged the country's dangerously unregulated food system as "grim."<sup>16</sup> The country's decentralized and overlapping regulatory system cannot address China's sprawling food-processing industry. Tension between promoting new businesses and ensuring food safety is compounded by widespread corruption.<sup>17</sup> Recent attempts in China to tighten food safety have failed to cure the problem, evident in the perpetual discovery of melamine in Chinese imports.<sup>18</sup>

Recent polling found that consumers in America and China are overwhelmingly concerned with the safety of Chinese food. A 2010 Reuters poll found that three-quarters of American consumers avoided purchasing Chinese food imports.<sup>19</sup> The situation for Chinese consumers can be more dire. China usually exports the highest-quality food the country produces, leaving Chinese consumers vulnerable to the lower-quality products that remain.<sup>20</sup> A 2008 IBM Global Business survey found that 84 percent of Chinese consumers had become increasingly concerned about the safety of their food.<sup>21</sup>

Troublingly, the WTO actually allowed China's dangerously unregulated food production to reach new export markets. The WTO limits the United States from restricting unsafe Chinese imports, creating a vicious cycle where the United States is pressured to accept more imports that may endanger consumers. Clearly there is a role for governments to play in ensuring that consumers have access to safe, affordable food, and it is time that U.S. lawmakers stood up to protect American consumers and farmers from China's dangerously unregulated food-production system.

## China: Agricultural Powerhouse

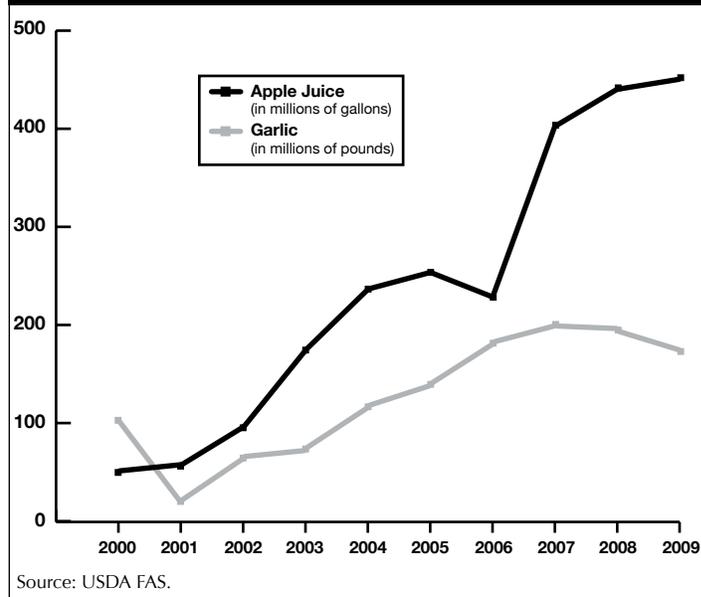
China is the largest agricultural economy in the world and one of the biggest agricultural exporters.<sup>22</sup> Today, it is the world's leading producer of many foods Americans eat: apples, tomatoes, peaches, potatoes, garlic, sweet potatoes, pears, peas, mushrooms — the list goes on and on.<sup>23</sup>

When China joined the WTO, it found new markets for this massive agricultural production. Much of this exported food went to the United States.<sup>24</sup> Between 2001 and 2004, U.S. food imports from China doubled; by 2008, China was exporting more than three times as much food to the United States as just a decade earlier.<sup>25</sup>

Most Chinese exports to the United States are fruits and vegetables that can be harvested and processed with lower labor costs in China than elsewhere.<sup>26</sup> Other exports include processed foods and food ingredients, products which most consumers purchase without considering where they came from. 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.<sup>27</sup>

In 2010, China was the second-largest source of U.S. processed fruit and vegetable imports, shipping in more than a billion pounds.<sup>28</sup> China was the third-largest source of imported fresh vegetables.<sup>29</sup> 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.<sup>30</sup>

### Garlic and Apple Juice Imports from China



The millions of pounds of imports from China represent a considerable portion of the food eaten by U.S. consumers. For example, in 2009:

- More than three-quarters (77.8 percent) of the tilapia Americans ate came from the 287.5 million pounds of imports from China.<sup>31</sup>
- The United States imported 451.4 million gallons of apple juice from China, amounting to two-thirds (70.0 percent) of U.S. consumption.
- The 64.1 million pounds of cod imported from China amounted half (50.0 percent) of U.S. consumption.
- The 149.7 million pounds of imported processed mushrooms constituted 42.7 percent of consumption.
- The 173.2 million pounds of imported garlic was 22.8 percent of U.S. consumption.
- The 46.1 million pounds of frozen spinach represented 21.5 percent of U.S. consumption.<sup>32</sup> (See Appendix I)

China is also the world's leading seafood producer and leading exporter to the United States, supplying nearly a quarter of all U.S. imports.<sup>33</sup> In 2010, the United States imported more than 1 billion pounds of seafood from China, including 723 million pounds of frozen fish fillets, 33 million pounds of shrimp and 109 million pounds of mollusks, such as scallops.<sup>34</sup> Chinese seafood exports totaled more than \$2 billion in 2009, accounting for 19 percent of the seafood Americans eat.<sup>35</sup>

China's largest role in the American diet may come through the myriad ingredients it exports for processed foods that reach U.S. consumers every day. China had supplied up to 90 percent of U.S. imports of citric acid, a flavor enhancer and preservative that is used in soft drinks, cheese, and baked goods, although these imports dropped off in 2009.<sup>36</sup> China is also a leading supplier to the United States of other ingredients like xylitol, used as a sweetener in candy, and sorbic acid, a preservative.<sup>37</sup> China also 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.<sup>38</sup>

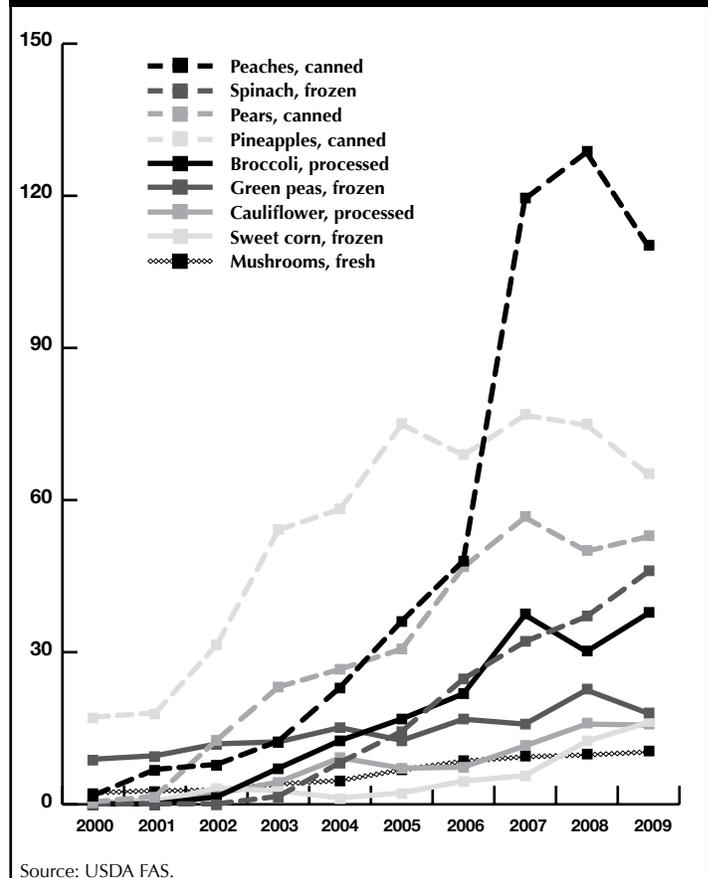
Today, many food manufacturers and distributors in the United States have become dependent on Chinese food and ingredient supplies. In 2007, as one food scandal after another plagued China's reputation, a few American food processors attempted to reduce their use of these Chinese ingredients, but found that China was far too important a source to abandon.<sup>39</sup>

## More Imports, More Risks, More Chemicals

China's largely unregulated food supply in many ways mirrors the United States at the turn of the 20th century. In his book, *The Jungle*, Upton Sinclair's harrowing descriptions of blatant product adulteration, filthy slaughterhouses and perilous working conditions awoke the nation to the dangers of the country's meat supply, quickly bringing sweeping changes to how food is produced in America. But countless, high profile incidents of poison in China — toothpaste laced with antifreeze and milk products contaminated with melamine — have failed to usher in similar food safety reforms in China.

China's food supply is polluted with agrochemicals, veterinary medicines and intentional chemical adulteration in food-processing factories. China's farmers and fish farmers often use dangerous levels of pesticides, herbicides and fungicides — including banned chemicals. These chemicals can remain on foods long after harvesting and processing.

### Selected Fruit and Vegetable Imports from China, in millions of pounds





In 2009, China's Ministry of Health reported that the number of food poisoning cases from pesticides and food-borne illnesses rose steeply in the second quarter of 2009 — up 40 percent from the previous year.<sup>40</sup>

This cutthroat food-processing industry encourages manufacturers to cut costs and corners. The FDA reported in 2009 that a leading problem with Chinese imports is contamination with chemicals, dyes and poisonous ingredients.<sup>41</sup> In 2007, China demolished nearly 3,000 food-processing plants after a nationwide inspection found widespread use of illegal industrial chemical ingredients such as dyes, mineral oils and formaldehyde in foods including flour, candy, crackers and seafood.<sup>42</sup>

A U.S. Department of Agriculture (USDA) analysis found that nearly a quarter of rejected Chinese imports during 2007 and 2008 were found to have unsafe additives, including colorings or dyes.<sup>43</sup> Unsafe additives were also the main reason for FDA refusal of fruit products from China.<sup>44</sup> Despite years of high-profile cases, this problem appears to be getting worse, not better. The FDA reports that unsafe additives represent an increasing percentage of import refusals.<sup>45</sup>

## Melamine

China's dangerous culture of chemical adulteration and counterfeit food products came into focus for American consumers in 2007, when China exported pet food ingredients tainted with the industrial chemical melamine.

A byproduct of coal processing that is used frequently in plastics, melamine has attracted the interest of unscrupulous Chinese food processors and animal producers because of its high nitrogen content and low price. The high nitrogen of melamine-contaminated food, like milk, artificially raises measurements of protein content in common laboratory tests, leading to higher prices in the market.<sup>46</sup> But the use of melamine has meant that consumers — and their pets — get nutritionally inferior food laced with a deadly chemical.

In 2007, the FDA received reports of 17,000 pet illnesses, including 4,000 dog and cat deaths, believed to be the result of melamine contamination in the imported Chinese gluten ingredients used to make pet food.<sup>47</sup> Sixty million packages of pet food were recalled in the United States, the largest in history.<sup>48</sup> 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.<sup>49</sup> 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.<sup>50</sup>

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.<sup>51</sup> While the FDA stopped these shipments, pet food imports from China continued to rise and reached 79 million pounds in 2010.<sup>52</sup>

Pet food was only the tip of the melamine iceberg. Because melamine was widely used to adulterate dairy products, which are pervasive in processed food, melamine ended up in countless products, including candy, hot cocoa, flavored drinks and, most tragically, infant formula.<sup>53</sup>

An infant formula scandal erupted just before the 2008 Beijing Olympics. China waited five weeks after discovering melamine in baby formula to issue a recall.<sup>54</sup> Many observers speculated that the government was too concerned about negative publicity during the Olympic games to take the steps necessary, including a recall, to protect its citizens.<sup>55</sup> An estimated 300,000 infants and children were sickened by melamine; more than 12,000 were hospitalized.<sup>56</sup> At least six children died.<sup>57</sup>

Melamine-tainted milk has also been exported worldwide in the form of dairy powder, an ingredient in processed foods. The New Zealand-based food company Fonterra became caught up in the melamine scandal through a joint venture with the Chinese dairy company Sanlu that was implicated in the melamine crisis.<sup>58</sup> The melamine scandal played out across the globe, ending up in the food supplies of corporate producers including Mars, Unilever, Heinz, Cadbury and YUM! Brands, Inc. (which owns Pizza Hut, Subway and other fast food chains).<sup>59</sup>

The *New York Times* reported that melamine use is part of a culture of adulteration in China's agricultural sector as companies seek to cheaply boost profits.<sup>60</sup> Melamine contamination in Chinese food continues to be a problem, with U.S. regulators finding high levels of melamine in a dog food shipment in January 2011.<sup>61</sup> However, unscrupulous Chinese dairy producers increasingly are switching from melamine to a new protein adulterant that is even more difficult to detect — hydrolyzed leather protein made from scraps of animal skin.<sup>62</sup>

## Beyond Intentional Adulteration: Commonplace Drug and Chemical Residues in Food

The widespread overuse of agrochemical and veterinary drugs introduces additional hazards into foods exported from China. Fish, hog and poultry growers use antibiotics and veterinary drugs to increase yields. Between 2007 and 2008, 14 percent of all FDA refusals of Chinese imports were due to dangerous levels of veterinary drug residues on fish and seafood products, according to the USDA.<sup>63</sup> The illegal use of antibiotics to promote livestock growth is rampant in China.<sup>64</sup> Even veterinary drugs that the Chinese government has banned — 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 poisonous residues.<sup>65</sup>

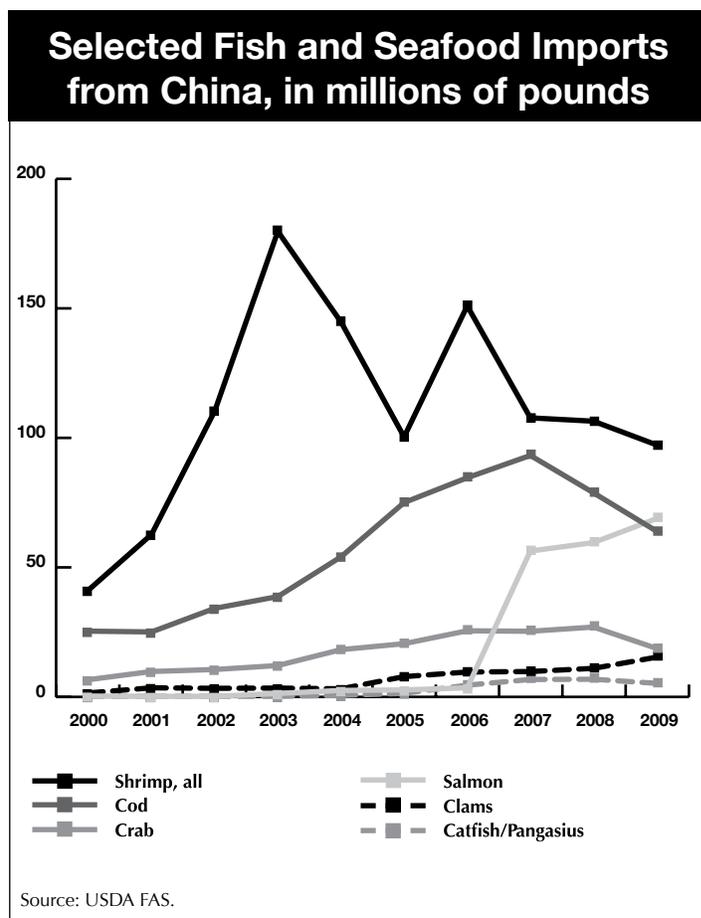
For example, illegal antibiotics are commonly found in Chinese honey imports. China dominates the international honey market and became the largest U.S. honey source after joining the WTO, supplying more than 70 million pounds by 2006.<sup>66</sup> For years, regulators had closely scrutinized Chinese honey for drug residues, including one that can be fatal.<sup>67</sup> In 2010, the FDA seized large amounts of Chinese honey after finding illegal antibiotics.<sup>68</sup>

Veterinary drugs and fungicides are widely used in China's sprawling aquaculture industry to combat diseases common in overcrowded fish farms. China is by far the world's largest producer of farmed fish, accounting for more than 60 percent of world production.<sup>69</sup> Many Chinese operations grow fish

in fetid water, requiring great quantities of veterinary drugs, like antibiotics, to keep fish alive.<sup>70</sup> This leaves dangerous residues on seafood and could spur antibiotic resistance, a growing public health problem.<sup>71</sup>

During an eight-month period between 2006 and 2007, a quarter of seafood imports from China tested by the FDA were rejected for illegal residues and other reasons.<sup>72</sup> In 2007, the FDA banned the import of shrimp, eel, catfish, basa (a kind of catfish) and dace (a carp) from China after continually finding high levels of illegal antibiotics, veterinary drugs and chemicals in Chinese seafood.<sup>73</sup> The misuse of veterinary drugs has been so rampant by some firms that the FDA issued a ban on all farmed fish from more than a dozen Chinese exporters.<sup>74</sup>

China's agriculture relies on intensive agrochemical use and China is one of the world's largest pesticide producers, consumers and exporters.<sup>75</sup> Between 2000 and 2007, China's total fertilizer and pesticide use rose by nearly 25 percent.<sup>76</sup> Overuse of fertilizers and pesticides can leave poisonous residues, and some of these chemicals can cause cancer.<sup>77</sup> Many farmers use low-cost or counterfeit agrochemicals. Banned pesticides can sell for as little as one-third of the price of legal ones in China.<sup>78</sup> Counterfeit, adulterated and



low-quality agro-chemicals and veterinary medicines are also widely available, posing additional hazards.<sup>79</sup>

The residues of these pesticides remain on fruit, vegetables and processed foods when they enter the global food supply. In 2008, dumplings from China tainted with pesticides sickened 175 Japanese consumers.<sup>80</sup> In 2010, Chinese authorities found a banned, highly toxic pesticide in cowpeas, a legume similar to black-eyed peas.<sup>81</sup> Even “certified organic” beans and berries imported from China have been rejected by the FDA for high pesticide levels, despite the fact that synthetic pesticides are not allowed under the USDA organic label.<sup>82</sup>

China has largely failed to address illegal or dangerous chemical residues on food, evident in its weak maximum residue levels. The United States has established maximum residue levels (MRLs) for 77 pesticides used in garlic production and 112 pesticides used in apples orchards; of these, China has only 2 and 23 MRLs, respectively.<sup>83</sup>

## Asleep at the Switch: Regulatory Failure in the United States and China

China and U.S. food safety regulators have failed to protect consumers from dangerous foods. China’s labyrinthine food safety system lacks the capacity, authority and will to ensure the safety of food for Chinese or American consumers. Regulatory responsibility is divided between central, provincial and local authorities, as well as between various departments at every governmental level, crippling enforcement.<sup>84</sup> In 2008, the United Nations’ coordinator in China stated that the country’s food safety oversight system needed “urgent review and revision.”<sup>85</sup> Although food safety laws had been on the books for years, uneven enforcement and corruption hampered the ability of the government to root out systemic safety problems.<sup>86</sup> In a 2007 crackdown on fake medicine, China executed its chief pharmaceutical regulator for taking more than \$850,000 in bribes.<sup>87</sup>

China’s food safety enforcement 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.<sup>88</sup> In 2010, some officials criticized the 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.<sup>89</sup> In 2010, one provincial propaganda department prohibited journalists from reporting new cases of melamine in food.<sup>90</sup>

Repeated government efforts and new laws in recent years to reform food safety rules failed to stem the torrent of

hazardous and adulterated food. Six months 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.<sup>91</sup> China’s Vice Premier Li Keqiang stated that “the foundation for the country’s food safety is still weak and the situation is grave.”<sup>92</sup>

While China’s regulators have allowed dangerous foods out of the factory gate, U.S. regulators have let them onto American supermarket shelves. China’s soaring food exports have exposed major weaknesses in the U.S. government’s import inspection capacity. 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.”<sup>93</sup> During the melamine-tainted pet food crisis, it took the FDA one month to even identify their regulatory counterparts in China.<sup>94</sup>

The FDA has barely attempted to ensure that Chinese food imports are safe to eat. FDA inspectors, who are responsible for 80 percent of the food supply,<sup>95</sup> are unable to catch most unsafe food before it enters the U.S. food chain because they inspect so little of it. The FDA manages to inspect less than 2 percent of imported produce, processed food, seafood and manufactured food ingredients each year.<sup>96</sup>

The FDA has even more limited capacity and authority within China. Inspections of food processing plants by the FDA are pitifully infrequent and require the consent of the manufacturer and the Chinese government. In 2007, China consented to allow FDA inspectors to be stationed in China, and the FDA opened its first office in 2008.<sup>97</sup> 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.<sup>98</sup> Between 2001 and 2008, the FDA inspected 46 food firms in China — less than six a year.<sup>99</sup> 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.<sup>100</sup>

The FDA’s ability to ensure the safety of imported food is limited by the power of Congress’ purse. For decades Congress has weakened the FDA by allowing its regulatory responsibilities to far outstrip its resources. Increasingly, the FDA is developing programs that trust the private sector — at home and abroad — to regulate itself, a recipe for disaster. The Food Safety Modernization Act of 2010 promises to make small but significant improvements in the FDA’s power to regulate, but it is unlikely that the new law alone can address increasing U.S. imports of China’s dangerously unregulated food.



This creates a perilous situation for consumers who lack the benefit of basic labels indicating the origin of their food. Country-of-origin labeling (COOL), delayed and weakened by years of corporate opposition, was enacted in 2008 but did not include processed foods — including much of the food that China ships to the United States, like frozen vegetable mixes and canned fruit.<sup>101</sup> Food ingredients such as preservatives and vitamins were not included under mandatory COOL requirements either.<sup>102</sup> New pressure from U.S. trade partners threatens to further weaken COOL. Canada, joined by China and other countries, has formally complained to the WTO that COOL violates U.S. trade obligations.<sup>103</sup> The WTO is expected to release its preliminary ruling on the COOL dispute by mid-2011.<sup>104</sup>

### **Trade Trumps Food Safety**

Commercial and international trade interests deter U.S. leaders from being tough on imported food standards. The billions of dollars of U.S.-China trade can apparently outweigh sound public health safeguards. As one former U.S. trade official noted, the extensive corporate relationships and investment in China have created business pressure to “allow imports to come in as quickly and as smoothly as possible.”<sup>105</sup> Both Democrats and Republicans in the White House have been reluctant to compromise potential exports by laying down the law on food or product safety issues.

U.S. poultry companies have been at the crux of two recent examples where trade concerns overruled consumer safety. In 2007, the U.S. recalled nearly half a million dangerously defective Chinese tires implicated in multiple driving accidents, resulting in at least two deaths.<sup>106</sup> After the tire recall, the United States considered placing further restrictions on the flood of low-priced imported Chinese tires, but American agribusiness, including the world’s largest chicken producer, Tyson, worried that China would retaliate against U.S. food and agricultural exports to China.<sup>107</sup> For Tyson and other corporations, \$677 million in poultry exports were at stake.<sup>108</sup> The United States ultimately imposed a safeguard against Chinese tire imports,<sup>109</sup> but the poultry companies’ focus on these exports could have exposed consumers to potential safety hazards posed by cheap Chinese tires.

But the big prize for U.S. poultry companies would be opening the American market to imported Chinese chicken. The United States does not permit poultry imports from China because of its unacceptably weak government meat inspection system and an unsafe poultry processing industry. Since 2005, U.S. poultry companies and the Chinese government have tried to get Chinese poultry exports to the United States approved, but the U.S. Congress has prevented the USDA from weakening the prohibition.<sup>110</sup>

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. Tyson Foods has invested hundreds of millions of dollars into

chicken operations in China, including a 60 percent stake in one of China's largest poultry operations that produces 3 million chickens every week.<sup>111</sup> Tyson has also invested in a processing unit and a breeding facility that will expand into a large-scale broiler production operation in 2011.<sup>112</sup> Goldman Sachs purchased 10 poultry farms in China for as much as \$300 million in 2008.<sup>113</sup> Keystone foods, a major supplier of food products to fast food restaurants, including McDonald's, operates a sprawling chicken processing plant in China.<sup>114</sup>

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.<sup>115</sup> 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 Washington state.<sup>116</sup>

Despite the George W. 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.<sup>117</sup> As these internal reports emerged, Congress refused to implement the Bush administration proposal, effectively maintaining the ban.<sup>118</sup> Not surprisingly, corporate food producers and their trade associations — such as Tyson, Pilgrim's Pride, Cargill, Keystone, Monsanto, Kraft Foods, the National Pork Producers Council and American Meat Institute — lined up to pressure the government to open trade channels.<sup>119</sup>

China contended the U.S. prohibition against chicken, produced in unsafe plants with insufficient inspection, was an illegal trade barrier. The WTO agreed in September 2010.<sup>120</sup> The same month, China announced it would impose high tariffs on American chicken products for allegedly being priced too cheaply.<sup>121</sup> The tariffs, some as high as 105.4 percent, threatened U.S. poultry exports.<sup>122</sup> The value of U.S. chicken exports plummeted 75 percent to \$172 million in 2010.<sup>123</sup> U.S. poultry companies could still reach Chinese consumers through their facilities in China, however, so the duties were not immediately considered a threat.<sup>124</sup>

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.<sup>125</sup> Shortly after this visit, the USDA announced new steps it had taken to honor China's request to export chicken to the United States.<sup>126</sup> This diplomacy could expose consumers to unnecessary risks to protect corporate export revenues. The United States is forced to choose between protecting poultry exports to China or protecting consumers from risky chicken imports from China, and so far, both U.S. and Chinese officials want to put consumers are coming in second.

## U.S. Exports: Agribusinesses, Industrial Farming and Fast Food

China's food system has not been helped by U.S. corporate influence. In 2009, U.S. companies had more than \$2.8 billion invested in Chinese food-processing and manufacturing operations alone.<sup>127</sup> U.S. investments and exports fostered by the WTO have delivered fast food, factory-farmed livestock and agribusiness. While China is increasingly feeding Americans, America is feeding China's animals. Soybeans comprise almost the entire volume of U.S. food exports to China, which feed Chinese livestock and fuel the growth of factory farms.<sup>128</sup> Although pasturing livestock is common in the developing world, China has shifted rapidly to factory-farm practices that rely on intensive confined feeding practices rather than grazing. China's use of animal feed nearly tripled between 1980 and 2005.<sup>129</sup> This feed — including U.S. soybeans — has increased meat production in China. Between 1999 and 2009, chicken meat production in China rose 40 percent to 25 million pounds, and pork production grew 25 percent to 110 million pounds.<sup>130</sup>

Urban consumers in China are increasingly embracing American-style diets. Eating out is the fastest-growing segment of Chinese consumer food spending.<sup>131</sup> Much of this spending ends up at KFC, owned by Yum! Brands. KFC opens a new restaurant in China every 18 hours and purchases one-quarter of all chicken thighs produced in China — literally billions of pieces of meat.<sup>132</sup> In 2010, Yum! Brands earned 36 percent of its profits from its 3,200 KFC and 500 Pizza Hut restaurants in China — more than it made from the 19,000 KFC, Taco Bell, Pizza Hut and other company restaurants in the United States.<sup>133</sup> China now faces a new "era of obesity," mirroring U.S. overconsumption of fatty foods.<sup>134</sup>

A wide range of agribusiness and food companies operate in China. The U.S. agribusiness giant Cargill operates 34 facilities in China with 4,400 workers in agriculture and food industries.<sup>135</sup> Wal-Mart has 279 stores and facilities in China, quadrupling their presence between 2007 and 2010.<sup>136</sup> Nestlé owns or has a majority stake in more than a dozen Chinese companies and operates at least 21 factories, including the world's largest bouillon-manufacturing plant.<sup>137</sup> Kraft Foods has a dozen operations in China and in 2010 acquired Cadbury, which makes candy in China.<sup>138</sup> Mars also makes candy in China.<sup>139</sup>

General Mills operates three production facilities and maintains a half-dozen other operations in China.<sup>140</sup> In 2010, PepsiCo committed to invest an additional \$2.5 billion to bring its total operations in China to at least 26 beverage and food plants and 10 farms.<sup>141</sup> PepsiCo is one of the largest potato growers in China, to manufacture its Lays brand potato chips.<sup>142</sup>

### Conclusion

China's WTO entry brought a flood of unsafe food to the United States, inundating the American diet with risky seafood, processed fruits and vegetables, and fresh produce. Although U.S. agribusiness promised the trade deal would be good for America and expand U.S. farm exports, it has only benefited corporate exporters of a few products like soybeans and poultry.

Corporate-driven trade deals under the WTO prioritize investments and commerce above all other goals. This model threatens consumers who could be sickened or killed by unsafe food, and it exposes Chinese sweatshop workers to agricultural toxins and other dangers. Meanwhile, U.S. employers are offshoring American jobs and U.S. farmers are losing their land and livelihoods to benefit corporate-controlled food manufacturers. The environment also suffers from overuse of agricultural chemicals and pollutants.

Food production today is a global enterprise, undergirded by investors who see agriculture in terms of dividends and derivatives, not nutrition, health or access to food. Regulators in the United States and China have allowed risky foods

to infiltrate American supermarkets. Clearly the answer to China's food safety problem is not greater corporate influence or expanding food trade with the United States. A decade of free trade policies has produced a culture of poisonous product adulteration and food-borne illness that sickens millions of consumers each year. The president and Congress must stand up to the WTO and put consumer health ahead of free trade.

### Recommendations:

1. WTO negotiators should remove agriculture from the Doha Round WTO negotiations. The WTO'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.
2. 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.

### Consumer Products

China's exports of unsafe products are by no means limited to food products. Forty percent of imported consumer goods come from China. This astonishing number is accompanied by a similarly large quantity of government alerts, warnings and recalls in response to these dangerous imports, at times because of serious injury or death.<sup>143</sup> Between 2002 and 2010, the U.S. Consumer Product Safety Commission recalled more than 1,500 Chinese products, representing 40 percent of all recalls. Some of the recalled products caused death and injury to children.<sup>144</sup>

**Blood-Thinner Heparin:** China produces more than half of the world's heparin, an additive derived from hog intestines and used by major pharmaceutical companies in blood-thinning drugs.<sup>145</sup> Poisonous heparin from China has been linked to at least 81 deaths in the United States alone.<sup>146</sup>

**Antifreeze in Toothpaste:** In 2006 and 2007, 365 Panamanians died after using cold medicine and toothpaste from China containing the chemical adulterant diethylene glycol used in antifreeze.<sup>147</sup> The FDA has repeatedly found poisonous Chinese toothpaste entering the United States and has issued bans on several importers.<sup>148</sup>

**Toxic Toys:** In 2007, Chinese inspectors found that 20 percent of domestic toys were unsafe and had injured 10,000 children.<sup>149</sup> During 2007, the United States recalled 45 million lead-tainted toys, mostly made in China, including 9 million from Mattel alone.<sup>150</sup> After the United States banned the use of lead in toys, Chinese manufacturers switched to dangerous cadmium-based paints, prompting more recalls.<sup>151</sup>

**Lead-Tainted Grocery Bags:** Reusable shopping bags from China, increasingly popular with environmentally conscious consumers for their groceries, have been found to contain lead.<sup>152</sup>

**Toxic Drywall:** Millions of sheets of Chinese drywall were installed during the recent U.S. housing boom and in the reconstruction after hurricane Katrina. This drywall contained high levels of hydrogen sulfide that caused illnesses in thousands of unsuspecting homeowners and causing enormous corrosion-related property damage to tens of thousands of homes.<sup>153</sup> Owners gutted thousands of homes after discovering the toxic emissions and filed lawsuits against the construction companies and drywall manufacturers.<sup>154</sup>



3. 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.
4. The USDA needs the resources to increase current levels of inspection of imported meat and poultry. If Chinese poultry products are approved for export to the United States, the USDA should permanently assign inspection personnel to China so that the exporting plants receive regular visits by USDA inspectors.
5. 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.
6. 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 certification used for organic products, and this type of system should not be used as a substitute for inspection by U.S. government inspectors.
7. The USDA should close the loopholes in the current country-of-origin labeling rules and expand them to processed meats, fruits and vegetables. Congress should also 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.

### Appendix 1

	China Imports (millions of pounds)		China Share of U.S. Imports 2009	China Share of U.S. Consumption		Odds of Eating Product from China
	2008	2009		2008	2009	
Tilapia	263.7	287.5	71%	73.2%	77.8%	3 of 4
Apple juice (mil. gallons)	441.1	451.4	83%	69.0%	70.0%	2 of 3
Cod	79.1	64.1	67%	59.4%	50.0%	1 of 2
Mushrooms, processed	193.8	149.7	61%	53.7%	42.7%	2 in 5
Garlic, all uses	194.9	173.2	39%	23.1%	22.8%	1 in 5
Spinach, frozen	37.2	46.1	67%	16.0%	21.5%	1 in 5
Cauliflower, processed	16.1	15.9	17%	12.0%	14.6%	1 in 7
Clams	11.4	16.0	42%	9.0%	12.7%	1 in 8
Asparagus, frozen	3.0	2.6	16%	10.7%	12.2%	1 in 8
Salmon	60.0	69.4	14%	10.8%	11.1%	1 in 9
Crab	27.6	19.0	8%	15.0%	10.4%	1 in 10
Peaches, canned	128.7	110.2	78%	11.8%	9.1%	1 in 11
Pineapples, canned	75.0	65.2	9%	9.7%	8.7%	1 in 12
Shrimp, all	106.4	97.2	8%	8.6%	7.8%	1 in 13
Pears, canned	50.1	53.0	84%	7.3%	7.0%	1 in 14
Onions, dried	27.2	30.1	25%	5.9%	5.1%	1 in 20
Broccoli, processed	30.3	37.9	5%	3.7%	4.9%	1 in 20
Canned Fish	51.3	46.3	5%	4.3%	4.1%	1 in 24
Canned Salmon	3.0	2.2	10%	9.9%	3.6%	1 in 28
Green peas, frozen	22.8	18.1	25%	4.2%	3.5%	1 in 29
Apples, canned	27.8	32.4	31%	2.5%	3.0%	1 in 33
Canned Sardines	0.3	1.8	3%	0.5%	2.9%	1 in 35
Fresh and Frozen Fish	106.4	99.1	13%	3.0%	2.7%	1 in 36
Pears, fresh	26.4	24.3	18%	2.8%	2.5%	1 in 41
Artichokes, all uses	7.6	9.0	2%	1.6%	1.9%	1 in 52
Cherries, canned sweet	0.0	0.1	11%	0.0%	1.9%	1 in 53
Canned Tuna	12.3	13.4	3%	1.5%	1.8%	1 in 57
Catfish/Pangasius	7.5	5.7	4%	2.7%	1.6%	1 in 64
Mushrooms, fresh	10.0	10.6	14%	1.3%	1.4%	1 in 69
Strawberries, frozen	7.4	7.1	4%	1.2%	1.3%	1 in 76

Sources: USDA Economic Research Service. Vegetable and Melon Yearbook 2010 and Fruit and Tree Nut Outlook 2010; U.S. National Marine Fisheries Service. "Fisheries of the United States 2009." September 2010; National Fisheries Institute. "Top 10 Consumed Seafoods." 2009; USDA Foreign Agriculture Service. Global Agriculture Trade System.

## Appendix 2

### Largest Imports of Foods from China (in millions of pounds)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Growth 2000-2009
Apple juice (mil. gallons)	50.3	56.7	95.7	174.6	236.6	253.6	228.4	403.1	441.1	451.4	797%
Tilapia	0.1	0.4	1.9	1.9	0.0	0.0	0.0	265.5	263.7	287.5	219,462%
Garlic, all uses	103.3	20.8	64.9	74.1	117.0	139.8	181.6	200.7	194.9	173.2	68%
Mushrooms, processed	53.7	59.9	66.4	119.1	164.5	155.7	130.8	191.2	193.8	149.7	179%
Peaches, canned	1.7	6.8	7.8	12.4	23.0	36.1	48.0	119.5	128.7	110.2	6,371%
Fresh and Frozen Fish	35.0	33.6	59.2	83.7	93.9	100.5	127.0	107.9	106.4	99.1	183%
Shrimp, all	40.9	62.5	110.3	180.0	144.9	100.3	151.1	107.7	106.4	97.2	138%
Salmon	0.1	0.0	0.0	1.1	2.3	2.5	3.3	56.7	60.0	69.4	53,683%
Pineapples, canned	17.1	17.9	31.5	54.2	58.3	75.1	69.0	76.9	75.0	65.2	281%
Cod	25.1	24.8	34.0	38.6	54.1	75.3	85.0	93.7	79.1	64.1	155%
Pears, canned	0.4	1.5	12.7	23.2	26.7	30.7	46.9	56.8	50.1	53.0	13,781%
Canned Fish	10.0	23.2	32.3	30.2	28.7	34.5	41.4	53.6	51.3	46.3	364%
Spinach, frozen*	0.0	0.0	0.0	1.5	8.2	14.4	24.8	32.2	37.2	46.1	120,728%
Broccoli, processed*	0.0	0.0	1.4	7.1	12.6	16.9	21.9	37.6	30.3	37.9	2,681%
Apples, canned	1.8	3.8	5.2	17.8	15.7	15.7	15.5	17.1	27.8	32.4	1,664%
Onions, dried	2.8	7.7	24.2	17.4	24.2	31.7	37.4	23.3	27.2	30.1	957%
Pears, fresh	11.6	14.5	12.8	15.7	0.2	0.1	17.2	33.2	26.4	24.3	109%
Crab	6.4	9.7	10.5	12.1	18.5	20.9	26.1	25.9	27.6	19.0	196%
Green peas, frozen	8.8	9.5	11.9	12.3	15.2	12.6	16.9	15.9	22.8	18.1	106%
Sweet corn, frozen	0.1	0.4	3.2	2.6	1.2	2.2	4.6	5.7	12.6	16.4	12,437%
Clams	1.3	3.4	3.2	3.3	3.0	8.0	9.9	10.1	11.4	16.0	1085%
Cauliflower, processed	0.2	0.6	2.1	4.4	9.3	7.2	7.4	11.7	16.1	15.9	9,528%
Tomatoes, processed	20.1	92.1	76.0	14.1	3.7	19.7	118.2	145.9	25.4	15.8	-21%
Canned Tuna*	0.0	0.1	0.8	1.4	1.5	3.2	12.7	17.5	12.3	13.4	33,266%
Mushrooms, fresh	2.2	2.6	2.7	4.0	4.7	6.9	8.7	9.6	10.0	10.6	380%

Source: USDA Foreign Agriculture Service. Global Agriculture Trade System. Import growth of products marked with an "\*" is measured from first year of imports.

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**Food & Water Watch***Main Office*

1616 P St. NW, Suite 300

Washington, DC 20036

tel: (202) 683-2500

fax: (202) 683-2501

info@fwwatch.org

www.foodandwaterwatch.org

*California Office*

25 Stillman Street, Suite 200

San Francisco, CA 94107

tel: (415) 293-9900

fax: (415) 293-9941

info-ca@fwwatch.org

