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US senators query Shuanghui-Smithfield deal

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The New York Times in Washington

Questions raised about economic and national security implications of proposed acquisition

Members of the Senate Agriculture Committee raised questions on Wednesday about the economic and national security implications of a Chinese company's proposed acquisition of Smithfield Foods, the largest pork producer in the United States.

While the chief executive of Smithfield, C. Larry Pope, said the US\$4.7 billion acquisition would have "no impact on the US food supply and, therefore, no impact on food security", several senators said they feared that promises by the Chinese company, Shuanghui International, would not be honoured over the long term.



Americans are eating less pork than they once did, while meat consumption has soared in China as the country's economy has boomed. Photo: EPA

[1]That could result, they said, in China eventually exporting pork to the US that did not meet US safety standards or taking away sales by US companies in other overseas markets, like Japan.

Other senators raised questions about whether the acquisition would harm US interests by transferring food production technologies, including high-value genetic strains of pigs, advanced meat processing technology and manure management techniques, that were developed with the support of US taxpayers.

It is far from clear whether the concerns expressed by the senators will carry enough weight to affect that review.

Senator Debbie Stabenow, who is the chairwoman of the Agriculture Committee, and 15 other committee members signed a letter asking the Department of the Treasury to include the Department of Agriculture and the Food and Drug Administration on their review panel to consider food safety and security.

While the treasury department responded to the letter, it did not address the request, but instead cited restrictions on the confidentiality of the review.

Both Smithfield, based in Virginia, and Shuanghui have emphasised the mutual benefits of the deal. With Americans eating less pork than they once did, Smithfield is eager to increase its exports to China, where meat consumption has soared as the country's economy has boomed. But Chinese producers have had trouble keeping up with that rapidly growing appetite.

Pope told the senators that the benefits of the acquisition would flow not only to Smithfield but also to other US pork producers and their employees.

"This means increased capacity for producers, more jobs in processing and more exports for the US economy," he said. "Shuanghui is committed to investing in Smithfield to produce more food, more jobs and more value in the US."

Two witnesses called by the committee - Usha Haley, an expert on Chinese business strategy at West Virginia University, and Daniel Slane, a member of the US-China Economic and Security Review Commission, a group appointed by Congress - expressed doubts about the deal.

Haley said that pork was a "strategically important industry for China" as the growing ranks of the middle class demand more sources of high-quality protein. "The same patterns that occurred in other strategically important industries," like paper, steel and glass, she said, "will repeat in this sector and the United States will lose its competitive edge in food, becoming dependent on China."

Topics: Smithfield Foods
Shuanghui International Holdings

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