

TESTIMONY FOR THE HOUSE COMMITTEE ON FOREIGN AFFAIRS

Subcommittee on Europe, Eurasia and Emerging Threats

The Threat of China's Unsafe Consumables

May 8, 2013

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Mr. Chairman and distinguished Members, thank you for the opportunity to appear here today.

Does China face a serious food safety crisis?

Inserting the words “China food safety” into the Internet leads to over 155 million hits, none of them laudatory so far as a brief examination can tell. As a Seattle Times reporter noted recently, “It’s no secret that China has a tainted food problem.”ⁱ And so it does. Therefore it is no wonder that Russia’s top health official this spring advised Russian citizens against visiting China and announced that he is considering restrictions on agricultural imports from China.ⁱⁱ A problem evolves into a crisis when major newspapers begin leading with, “Chinese pupils die after drinking yoghurt [yogurt] laced with rat poison”, as London’s *Guardian* headlined last week.ⁱⁱⁱ

How is China’s food safety crisis defined?

Adulteration-

This is essentially the tainted food aspect. Hundreds of cases of tainted or poisoned food originating in China had been reported even before the rat-meat-for-

mutton story hit the international headlines last week. Even as the Chinese Government was announcing the rat meat story it reminded readers some of the more notorious cases:

- *liquor made with industrial alcohol [five dead]
- *pork adulterated with clenbuterol
- *melamine-laced infant formula [six dead and 300,000 injured]
- *toxic gelatin for medicine capsules^{iv}

As a Chinese Supreme Court Judge was quoted, “The situation is really grave and has indeed caused great harm to the people.”^v

China’s deficient and dangerous health system-

On the deficiency side is the issue of the Chinese health system’s belated response to the current bird flu [H7N9] strain. At least 27 people have died through early May and there is no indication that China’s health authorities are any closer to getting it under control. The Center for Disease Control is very concerned about possible “mutations” that would give it a person-to-person threat^{vi} and there is additional concern that politics played a role in Chinese authorities holding back news of how widespread the epidemic really is^{vii}.

On a more dangerous note, it now appears that Chinese virus scientists are deliberately making new strains of the virus in the laboratory. Lord May of Oxford, a former top British scientist, has declared this practice “appalling irresponsibility” and accused the Chinese research team of being “driven by blind ambition”.^{viii} This may be a case where Hollywood’s disaster movie producers were ahead of the curve.

Pollution for thee but not for me.

In April public radio’s “Marketplace” did an excellent three-part series entitled, “China’s Toxic Farms”.^{ix} Soil, water and air pollution is taking an enormous toll on the Chinese people who eat, drink and breathe the results of China’s industrial practices. Looking at this and other reporting reveals the following:

*Many Chinese farms are so damaged from industrial pollution that the farmers won’t eat their own products. They ship it out to other provinces.^x

*The long-time system of secret organic farms just for Chinese Communist Party officials and the newly rich continues, in one case disguised as a “country club”.^{xi}

*Chinese Communist Party officials even have special air filters for their offices and residences so they won't breathe the foul air. ^{xii}

*China's newly rich are making plans to leave the country and they list "food safety" as one of the driving issues. ^{xiii}

*Those with enough money in China are increasingly turning to food imports from other countries because they don't trust the domestic product. ^{xiv}

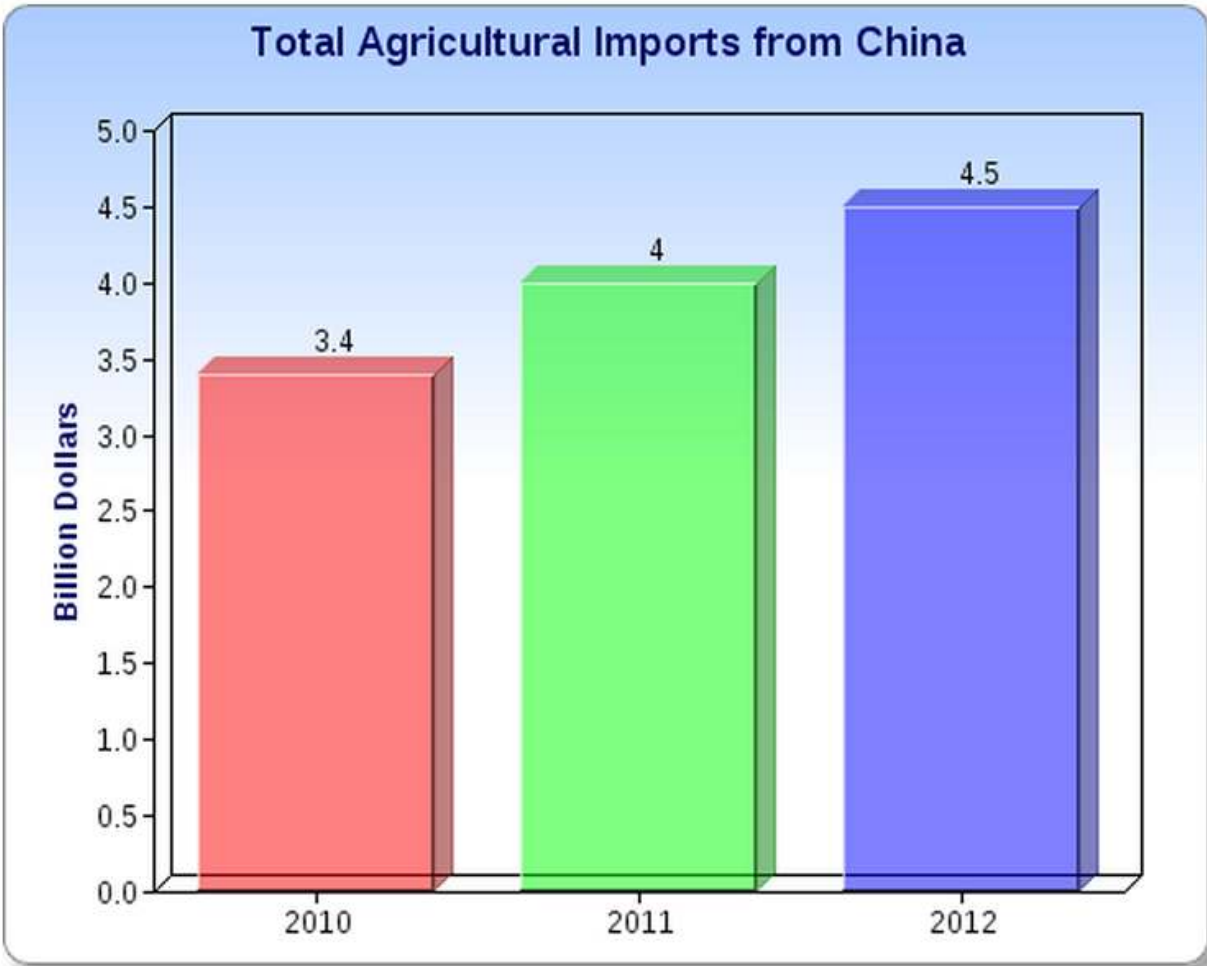
One amusing case is that of Dulwich College in Beijing, an international high school based on the British model. A visit to their website reveals a large mound on the left hand side. It's a climate-controlled dome which covers basketball courts and other outdoor recreational facilities. When the pollution in Beijing is too bad for the children to be out on their regular playgrounds, they can exercise here, a benefit denied the Chinese people for their children. ^{xv}

Is China's food safety crisis now becoming our problem?

In the summer of 1982 the Chinese began to show off their economic plans for South China to Americans. So, as Deputy Assistant United States Trade Representative in charge of China trade, I went to a little fishing village just across the border from Hong Kong. With the exception of bare-bulb electric lights, the little village looked like it had not changed in hundreds of years but the officials were very optimistic declaring that "such and such" will be built in this place and something else would be over there, and so on. I was polite but privately skeptical, pretty much a universal American view in those days.

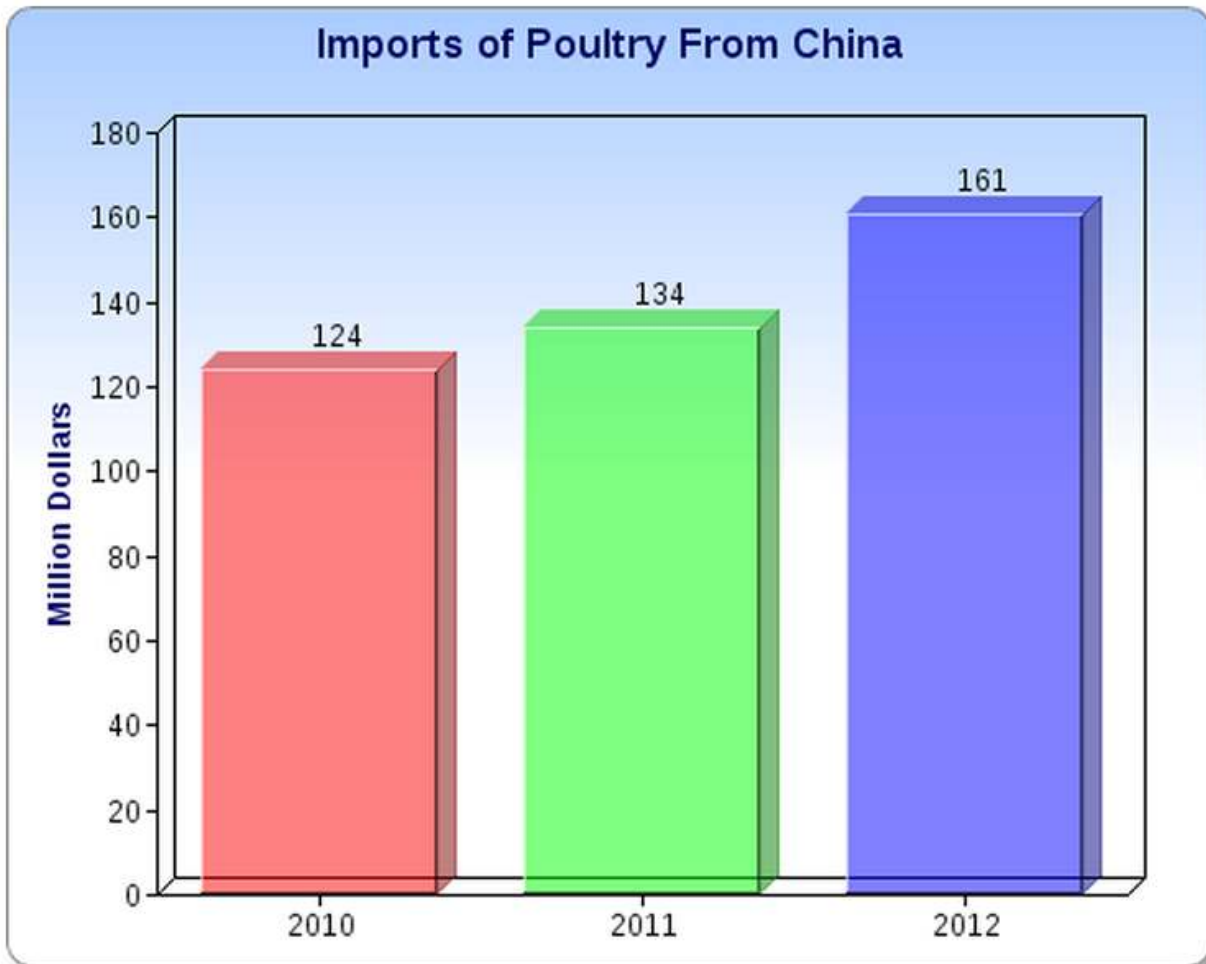
The little fishing village turned out to be the boom-town exporting zone known as Shenzhen and the Chinese have replicated that success in many parts of the country. In 1982 China's trade with the non-socialist world was in the neighborhood of \$40 billion. Now, it's well over a trillion dollars.

This graph based on USDA figures shows Total Agricultural Imports from China for the past three years:



Even in recent difficult economic times, agriculture imports from China are rising about half a billion dollars per year.

And this graph shows US poultry imports from China, again based on USDA figures:



Here we are looking at an increasing rate of increase as poultry imports went up by \$10 million from 2010 to 2011 and \$27 million from 2011 to 2012.

In 2011, “Food and Water Watch” produced an excellent monograph entitled “A Decade of Dangerous Food Imports from China”. Two years later, it appears the problem is worse rather than better. Last fall thousands of German children fell

ill after eating Chinese strawberries served to them in their school cafeterias.^{xvi} And just last month the FDA revealed that thanks to toxic battery recycling operations, rice imported from China showed lead levels 60 times above the recommended safe levels for children.^{xvii}

One of the particular problems of dealing with toxic food imports from China is illustrated by the honey case. The FDA and others got onto the Chinese honey issue quite a while ago. The Department of Justice even raided some facilities but the consensus is that through a sophisticated international smuggling network, the Chinese honey producers have pretty well defeated all efforts to control them.^{xviii}

So the short answer, is “Yes, the Chinese food safety crisis is about to become our problem as well.”

Can the Chinese solve the problem on their own?

Last Friday the Chinese Ministry of Public Safety and the Chinese press announced a major crackdown on food safety issues. Numbers were rolled out to show a big increase in criminal cases and successful prosecutions. They threw out the rat meat story to gain public and international attention.

But how real was this?

Dr. June Teufel Dreyer teaches Chinese Politics at the University of Miami and her textbook, The Chinese Political System, now in its eighth printing, is the standard in the area. When asked about this, she responded, “Corruption is the glue of China’s state-sponsored and state-dependent capitalism.”^{xix}

After looking at the Chinese Communist Party for over four decades, I conclude that the system is just too corrupt to institute any real reform that would impact the Chinese people or us in any meaningful way.

Here is just one example: Levels of soil pollution in China, critical to any discussion of food safety, are a state secret and people who reveal state secrets go to jail^{xx}.

As another example, on the very day last week that one arm of the Chinese Communist Party was patting itself on the back for its efforts to control food safety issues, another arm was blocking a series of sensitive words on pollution from the Chinese internet.^{xxi}

What can be done?

First and foremost, the Chairman is to be commended for shining the light on this obviously emerging threat to the American people. Without this hearing, the issue would fall away until the real crisis comes. In fact, I hope the Committee can expand the scope of its consideration to include pharmaceuticals and perhaps cosmetics.

Second, as a practical matter, the only long term solution to this or any other China-related problem is for China to become a democratic country. A free press and officials accountable to the people will ensure that safe food, water and air are basic human rights and not just for the rich. If Chinese food is safe at home, we can have some confidence that what they send us will also be safe. I know the Chairman has been deeply engaged in promoting democracy and human rights in China for a long time and hope that others will join him.

Third, we lack some basic data. In the case of Chinese arms sales to rogue regimes, we've known the cast of characters for decades but in the case of food safety, we don't really know who in China prospers from having the system continue as it is. The Committee could task the relevant agencies to name some names and thus create a data base.

Fourth, it's time to change the terms of reference. The FDA inspects perhaps 1-2% of Chinese food exports to the United States. Given the experience of the honey case, I don't think there is anywhere near enough taxpayer's money to play whack-a-mole with the Chinese toxic exporters around the Pacific that would make any real difference. Nor should we. Why should the taxpayers have to pay for Chinese companies to make lucrative exports to us? Shouldn't the Chinese Government be guaranteeing the fitness of its very profitable exports? We could be in the absurd position of borrowing money from China to protect ourselves from Chinese poisoned food.

Fifth, the Congress should be prepared to enforce draconian punishments in the event of a major food safety event. Twenty-five years ago the Japanese

industrial firm, Toshiba, thought restrictions on sensitive military technology exports to the then-Soviet Union didn't apply to them. Congress stepped in, it cost the company half a billion dollars in lost trade with the United States but the problem was solved. Japan greatly upgraded its export regulations and is no longer a conduit for military technology to the wrong hands. The Congress has already in place the International Emergency Economic Powers Act, legislation which is under the jurisdiction of this Committee. President Obama used IEEPA in 2010 to fine a major British bank \$300 million for trading with Iran^{xxii}. Certainly we can do as much with our children's health.

Sixth, I would like to recommend that the "strategic policy framework for U. S. relations with the People's Republic of China" be re-considered. It circulated in the previous Congress but did not advance due to the press of time. It offers a comprehensive way forward to deal with the problems we now face dealing with China on an ad hoc basis. I have attached a copy of the original proposal.

Finally, this thought. Two Nobel Peace Prize winners were born within the borders of what is now the People's Republic of China. One is in exile and the other one is in jail. Ours is President of the United States. It is this dichotomy that explains the fundamental problem of dealing with Beijing on food safety, Tibet, arms smuggling to rogue regimes or any of the other US-China issues. It also points to the difficulties we will have resolving them in the era before China becomes a democratic country.

ⁱ "Questions Remain About Organic Foods Grown in China", *Seattle Times*, January 10, 2011

ⁱⁱ "Russians should not visit China-Top Public Health Official", *RIA Novosti*, May 3, 2013

ⁱⁱⁱ "Chinese Pupils Die after drinking Yoghurt Laced with Rat Poison", *Guardian*, May 3, 2013

^{iv} China Vows Harsher Punishment of food-related crimes", *Xinhua*, May 3, 2013

^v "Rat Meat Sold as Lamb in Latest China Food Scandal", *AP*, May 3, 2013

^{vi} "New Bird Flu Well-adapted to Infect People", *CNN*, April 12, 2013

^{vii} "China's Actions in Flu Cases Draw Critics", *The New York Times*, April 10, 2013

^{viii} "Appalling Irresponsibility", *The Independent* [London], May 2, 2013

^{ix} <http://www.marketplace.org/world/china's-toxic-harvest>

^x *ibid*

^{xi} "In China, What you Eat Tells Who You Are", *Los Angeles Times*, September 16, 2011

^{xii} "The Privileges of China's Elite Include Purified Air", *New York Times*, November 4, 2011

^{xiii} "Why China's Rich Want to Leave", *The Atlantic*, April 11, 2013

^{xiv} Marketplace op. cit

^{xv} "Why Leave Job in Beijing? To Breathe", *Wall Street Journal*, April 13, 2013

^{xvi} "'You get what you pay for', The Hidden Price of Food from China", *Spiegel*, October 17, 2012

^{xvii} "Thanks to Recycled Batteries", *Daily Mail* [London], April 11, 2013

^{xviii} "Asian Honey, Banned in Europe, is Flooding U. S. Grocery Shelves", *Food Safety News*, August 15, 2011

^{xix} With permission

^{xx} "Report on Mainland China's Soil pollution a 'state secret'", *South China Morning Post* [Hong Kong], February 26, 2013

^{xxi} Withheld to protect source

^{xxii} Press Release, US Department of Justice, August 18, 2010

H.Res. _____ U.S. RELATIONS WITH CHINA

Setting forth a strategic policy framework for U.S. relations with the People's Republic of China to guide matters before the House of Representatives.

Whereas

Relations between the United States and China will be key to Americans' peace and prosperity for decades to come, but successive U.S. administrations have failed to provide a guiding strategy or framework for U.S. policy toward China, inviting conflicting and internally contradictory policy pursuits;

There is a time-honored bond of friendship between the American and Chinese peoples, but the Government of China has continued to oppress the people of China by denying basic human rights, such as freedom of speech and religion, and suppressing minority groups;

The PRC has become a formidable economic power and a significant trading partner to the betterment of American consumers and businesses who enjoy access to decent quality, low-cost Chinese goods, but the PRC has repeatedly violated WTO rules and U.S. export controls laws, engaged in industrial and cyber espionage, and infringed U.S. patent and other intellectual property rights;

The U.S. has a historic commitment to freedom of the seas, strategic partnerships with Japan and Taiwan, strong defense alliances and cooperation with regional allies, but the PRC is pursuing a rapid military buildup that challenges U.S. defense capabilities and the stability and security of friends and allies in East Asia and the Pacific.

Successive U.S. administrations have worked to achieve more transparency and confidence in China's relationship with the U.S. and Chinese activities worldwide, but China continues to regard the United States as its principal strategic adversary and to expand its military, intelligence and economic reach globally, including a significant intelligence presence within the United States.

Therefore be it Resolved, that House of Representatives shall measure such bills and resolutions as may be considered by this Body or its Committees of jurisdiction concerning or affecting U.S. relations with China against these guiding strategic U.S. objectives:

To sustain and deploy clear and unambiguous defense and intelligence capabilities to resist any resort to force or other forms of coercion that would jeopardize the peace and stability of the Asia/Pacific region or the security of U.S. friends and allies;

To exert internal pressure on the Chinese government to support liberalization, transparency, democratization and human rights;

To engage with the Chinese government to eliminate, on the basis of strict reciprocity, outstanding disagreements;

To convey clearly to Beijing that responsible behavior on their part will create the possibility for a genuine partnership to our mutual advantage, while any unacceptable behavior will incur costs that would outweigh any gains;

To prevent the transfer of technology, intellectual property or equipment that would make a substantial contribution to Chinese military capability; and

To ensure a robust economy and self-sufficiency at home as the surest means of providing leverage to deal with China on all fronts.

Resolved further, that any and all Authorization or Appropriations Bills reported to the Full House for consideration shall be accompanied by a Report setting forth their compliance with these principles.