



INQUIRY

Smithfield Beef Group, Establishment 267
Export of Ineligible Beef to Japan

April 1, 2008

EXECUTIVE SUMMARY

A shipment from Smithfield Beef Group, Establishment 267, 651 South 91st Avenue, Tolleson, AZ to Japan included twenty-five boxes of beef that cannot be verified as originating from cattle 20 months of age or younger as is presently required for export to Japan. An inquiry by USDA verified that the extra twenty-five boxes were unloaded from a truck in error and mistakenly included in the otherwise eligible shipment to Japan made under USDA Export Certificate of Wholesomeness Number MPG-835961. This unloading/reloading error occurred at Konoike-Pacific of California, Inc. (KPAC), 1420 Coil Avenue, Wilmington, CA, a USDA inspected cold storage facility operating as Establishment 19146M.

The root causes of this error have been identified as (1) failure of KPAC to confirm correct box count and (2) transportation by Smithfield of mixed loads containing both Japan-eligible and Japan-ineligible beef products. As corrective actions, all KPAC employees responsible for verifying box counts for export to Japan have been counseled and retrained. Additionally, Smithfield will no longer distribute product for export to Japan in trucks that contain product produced for other markets.

PURPOSE

The United States Department of Agriculture (USDA) has conducted an inquiry into the operations of Smithfield Beef Group, Establishment 267, and KPAC, Establishment 19146M, in order to assess events surrounding inclusion in a shipment to Japan of twenty-five boxes of beef that cannot be verified as originating from cattle 20 months of age or younger.

BACKGROUND

The export of U.S. meat products to other countries is facilitated by the activities of three separate but interdependent entities:

- 1) the U.S. meat and poultry industry,
- 2) USDA's Food Safety and Inspection Service (FSIS), and
- 3) USDA's Agricultural Marketing Service (AMS).

The U.S. meat industry is responsible for the slaughter of healthy animals and preparation of food products that are wholesome, properly labeled, and not adulterated. In addition to meeting U.S. food safety standards, the industry must meet all requirements imposed by importing countries. Both U.S. food safety requirements and the trade requirements of importing countries must be met before a product can be certified by USDA for export from the United States.

FSIS is responsible for the inspection of meat and poultry products and the certification of products for export to other countries. FSIS Directive 9000.1, Revision 1, "Export Certification," published March 1, 2006, provides an in-depth description of these responsibilities. The primary regulatory role of FSIS is to make critical determinations that meat and poultry products are not adulterated and meet all U.S. food safety standards for sale in domestic or international commerce. This regulatory activity is complete when FSIS applies the USDA mark of inspection. However, additional verifications are necessary after inspection is complete in order for FSIS officials to execute certifications of product for export.

AMS is responsible for developing Export Verification (EV) Program standards to ensure that establishments certified for export can meet the additional requirements of importing countries. These programs are approved and monitored by AMS for a fee, which is paid by participating establishments.

The combination of a USDA mark of inspection and an AMS EV Program provide assurance that U.S. meat and poultry products offered for export may be certified as meeting all U.S. food safety standards and importing country trade requirements.

RESULTS OF INQUIRY

USDA conducted an inquiry to determine whether the procedures and actions of Smithfield Fresh Meats Inc., Establishment 267, and KPAC, Establishment 19146M, complied with U.S. export certification requirements and the import requirements of Japan.

Results are as follows:

1. Inclusion of ineligible beef products

- KPAC management controls failed to prevent the inclusion of nonconforming boxed product in a shipment of products otherwise eligible for export to Japan

- KPAC employees were responsible for unloading boxes of beef transported from Smithfield Est. 267, and reloading them correctly for export to Japan.
- The KPAC employee responsible for maintaining correct box count failed to do so, resulting in twenty-five extra boxes of beef being unloaded from the truck and reloaded for export to Japan. This employee was terminated

2. Product traceability

- USDA trace-back analysis confirmed all boxes in the shipment—with exception of the twenty-five ineligible boxes—were conforming product and were verified during the export approval process.
- The twenty-five extra boxes cannot be verified as originating from cattle less than 20 months of age, and must therefore be assumed to be ineligible for export to Japan.

CORRECTIVE ACTIONS

Smithfield Beef Group, Establishment 267, and KPAC, Establishment 19146M have taken actions to correct conditions that caused or contributed to the export of ineligible product to Japan.

- Smithfield has identified the root cause of this shipping mistake as human error that occurred in distribution after USDA certification of the conforming product for export to Japan.
- KPAC has admitted that the misloading error occurred at its establishment during receipt of products prepared by Smithfield.
- New management controls have been developed and implemented by Smithfield and by KPAC.
- Smithfield will no longer distribute Japan-eligible product in trucks that also contain Japan-ineligible product.
- KPAC chose to terminate one employee involved in the misloading error and has reinforced with other employees the necessity for maintaining correct box counts when assembling shipments for export to Japan.

CONCLUSIONS

USDA conclusions from this inquiry are as follows:

- The twenty-five boxes of ineligible beef were not intended for export to Japan and could not be verified as complying with Japan's current import requirements as defined in the Export Verification Program for Japan.
- The ineligible product was inspected and passed by USDA for human consumption and was at the time of export a safe and wholesome product fit for consumption in the United States.

- All other boxes in the shipment contained meat that complies with the Specified Product Requirements under the EV Program for beef to Japan, including being from age-verified animals.
- USDA agrees with Smithfield and KPAC that the root cause for inclusion of ineligible product in an export shipment to Japan was a plant-specific employee error that resulted in a loss of box count.
- USDA has reviewed the corrective actions taken by Smithfield and KPAC and finds them sufficient to address and resolve the root cause of this shipping mistake.
- USDA is prepared to resume the certification of Smithfield Est. 267 products for export to Japan immediately upon acknowledgement this report is accepted by the GOJ.