



INQUIRY

Cargill Meat Solutions Corporation and Millard Refrigerated Services

Export of Ineligible Beef to Japan

January 09, 2008

EXECUTIVE SUMMARY

A shipment to Japan from Millard Refrigerated Services, Establishment Number 3610M, 3501 East Trail Road, Dodge City, Kansas 67801 consisted of meat packed by Cargill Meat Solutions (CMS) Corporation, Establishment Number 86K, 3201 E. Highway 154, Dodge City, Kansas. Within this shipment from Millard were 225 boxes (approximately 3375 pounds) of Frozen Beef Leg Tendons. These 225 boxes did not bear the "J" code for Japan and were not eligible for export to Japan.

Millard Est. 3610M management has investigated this incident and concluded that the error was caused by their failure to scan each box prior to stamping it for export to Japan. An inquiry by USDA concluded that Millard Est. 3610M management controls failed to prevent inclusion of non-conforming product in shipments of products otherwise eligible for export to Japan. USDA agrees with Millard Est. 3610M that the root cause for inclusion of ineligible product in an export shipment to Japan was inadequate management controls that resulted in a failure to detect and verify the eligibility of all products in the shipment.

Corrective actions include new requirements at Millard Est. 3610M for scanning all boxes destined for Japan and to verify the "J" code is present; assignment of daily lot numbers to facilitate tracking; placard identification of products as "Japan Exports Only"; and a 100 percent verification check by plant management prior to loading containers for export to Japan.

PURPOSE

The United States Department of Agriculture (USDA) has conducted an inquiry into the operations of Millard Refrigerated Services, Establishment Number 3610M, in order to assess events surrounding inclusion in a shipment to Japan of 225 boxes of beef product that were not eligible for export to Japan.

BACKGROUND

The export of U.S. meat products to other countries is facilitated by the activities of three separate but interdependent entities: the U.S. meat and poultry industry, USDA's Food Safety and Inspection Service (FSIS), and 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 EV Programs 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 Millard Est. 3610M complied with U.S. export certification requirements and the import requirements of Japan. Results are as follows:

1. Inclusion of ineligible beef products

- Cargill Est. 86K is eligible for export of beef products to Japan and is included in the AMS EV program for Japan.
- Millard Est. 3610M is eligible for export of beef products to Japan.
- Cargill Est. 86K slaughters cattle, conducts boning and cutting operations, and boxes beef for U.S. domestic and international commerce.
- Cargill Est. 86K has limited storage facilities for boxed products and contracts with Millard Est. 3610M to store finished production.
- Export orders are sent from Cargill Est. 86K to Millard Est. 3610M.
- Millard Est. 3610M assembles export shipments from the Cargill 86K product on hand; prepares the export application; obtains the export certificate; and ships the product.
- Following this procedure, Millard Est. 3610M obtained USDA export certificate MPG-608625, dated August 27, 2007, for 1333 boxes, approximately 19,995 pounds, of Frozen Beef Leg Tendons Sheath-on to ship Japan.
- This export shipment contained 225 boxes (approximately 3375 pounds) of Frozen Beef Leg Tendons, produced at USDA Cargill Est. 86K, which were not eligible for export to Japan.
- These 225 boxes of product had a label showing product code 20575, which is not approved for export to Japan. The correct product code for Beef Leg Tendon for export to Japan is J20575.
- The label code J20575 also states "Sheath-On", whereas the 20575 product code does not state "Sheath-On".
- Evidence reveals that 224 boxes bearing product code 20575 were on three separate pallets and mistakenly loaded in the shipment to Japan. One box bearing product code 20575 (approximately 15 pounds) was inadvertently placed on a pallet with eligible product bearing product code J20575.
- Millard Est. 3610M did not confirm, by label review or other means that the 225 boxes of Frozen Beef Leg Tendons were eligible for export to Japan.
- FSIS inspection program employees conducted a reinspection of the shipment for export to Japan, but did not detect the ineligible boxes.
- When Cargill Est. 86K was notified that Millard Est. 3610M made a shipping error, Cargill Est. 86K instructed Millard Est. 3610M to immediately cease exports to Japan until the matter could be investigated and corrected.

2. Product traceability

- USDA trace-back analysis confirmed all boxes in the shipment bearing a “J” code were conforming product and were verified during the export approval process.
- Product in the 225 boxes was inspected and passed by USDA for sale and consumption in the United States.

3. Management Controls

- Millard Est. 3610M management controls failed to prevent inclusion of nonconforming product in a shipment of products otherwise eligible for export to Japan.
- Root cause of the failure of Millard's Est. 3610M export procedures was they were not scanning all boxes of beef product when assembling loads for export. Consequently, ineligible beef product was mistakenly shipped to Japan.

CORRECTIVE ACTIONS

Millard Est. 3610M, has conducted an internal review and has taken the following actions to correct conditions that caused or contributed to the export of ineligible product to Japan.

- New management controls have been developed and were implemented by Millard on October 1, 2007.
- All Cargill Est. 86K products that are eligible for export to Japan will bear a “J” prefix in the product code and will be marked with a unique lot number identifying them as Japan Product Only. This unique lot number will not be used for other 86K products or for products handled by Millard for other customers. The unique lot number in combination with the “J” prefix product code ensures Millard will follow 86K export orders for Japan correctly.
- Each case of 86K product will be scanned by Millard as shipments are assembled for export to Japan.
- The scanning of individual cases will be done by a trained scanning employee. If an ineligible product label is scanned, the scanner will alert the scanning employee. Employees cannot override the scanner.
- If the scanner detects an ineligible product, it will be removed from the shipment.
- Each pallet assembled for export to Japan will be marked with a Japan-specific placard reading “Japan Exports Only”. The case count for each pallet will also be entered on this placard.
- A supervisor will verify product eligibility through label checks and a manifest review before a shipment is cleared for export.

- Millard management has stated to USDA in a sworn statement that it will in the future do everything necessary to ensure that this error never happens again. Millard summarized its new management controls as follows: “It is our intent to be accurate and ship only eligible product for export” to Japan.

CONCLUSIONS

USDA conclusions from this inquiry are as follows:

- The 225 boxes of Frozen Beef Leg Tendons bearing product code 20575 were not eligible for export to Japan.
- The ineligible beef products were inspected and passed by USDA for human consumption and were at the time of export a safe and wholesome product fit for consumption in the United States and eligible for export to most international markets.
- All other products in the shipment were eligible for export to Japan.
- USDA agrees with Millard Est. 3610M that the root cause for inclusion of ineligible product in an export shipment to Japan was inadequate management controls that resulted in a failure to detect and verify product codes.
- USDA has reviewed the corrective actions implemented by Millard Est. 3610M and finds them sufficient to address and resolve the root cause of their shipping mistake.
- Millard Est. 3610M reports that all corrective actions listed above were implemented on October 01, 2007, and is prepared to resume exports to Japan.
- USDA further concludes that Cargill Est. 86K, had no role in the mistake made by Millard Est. 3610M and therefore, should immediately be relisted for export of beef products to Japan. All available evidence in the USDA inquiry supports this conclusion.
- In order to prevent future errors similar to this incident, FSIS has made an entry in the export library advising warehouses that problems have occurred and cautioning them to be extra vigilant in assembling shipments for export to Japan. The export library entry states that:
 - Cold storage facilities are cautioned to be constantly vigilant when assembling shipments of product for export to Japan. Export orders must be carefully carried out to ensure that all products loaded are Japan-eligible. Assembly and loading errors have in the past resulted in the suspension of cold storage and slaughter/cutting facility eligibility for export to Japan and must be avoided in the future.