

United States Senate Committee on
**AGRICULTURE
NUTRITION
& FORESTRY**

Opening Statement of Chairwoman Debbie Stabenow (D-Mich)

Smithfield and Beyond: Examining Foreign Purchases of American Food Companies

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From the very beginning of human history, we have seen civilizations rise and fall based on their ability to feed their people. That is why food security is absolutely central to national security, and it is why food and agriculture are such an important and unique part of our American economy. Not a day goes by that every one of us in this room is reminded of the importance of a safe, affordable, and abundant supply of food in our country. It can be easy for Americans to forget that food doesn't just show up in the grocery store – it's a process that requires risk taking, sound business practices and a lot of hard work from the 16 million people whose jobs rely on agriculture.

That is why the news of Shuanghui International's proposed purchase of Smithfield foods, the largest purchase of a U.S. company by a Chinese firm, raises so many questions. Smithfield might be the first acquisition of a major food and agricultural company, but I doubt it will be the last. That is why we must take a long-term view of what is happening. We need to be having this conversation and evaluating what is in the best interests of American families and our American economy because of the importance of our food supply, security, and safety.

First, is our approval process adequate to handle issues unique to food security and safety? This is a precedent-setting case and we owe it to consumers, producers and workers to ensure we are asking the right questions and evaluating the long-term implications.

Last week, Senator Cochran and I along with a number of members of this Committee - urged the Secretary of the Treasury to include the USDA and FDA in the review process of this transaction by the Committee on Foreign Investment in the United States. We also asked that this be the process in any future transactions that involve our food supply. I firmly believe that economic security is part of our national security, and that it should be considered when our government reviews foreign investment into the United States. Unlike other countries, the United States does not currently undertake such a review, and I believe that needs to change. That is why we will be meeting later today with officials from the Department of Treasury, in conjunction with the Banking Committee, so that Senators can get briefed on the CFIUS process.

Second, we need to evaluate how foreign purchases of our food supply will affect our economy broadly, and frankly, whether there is a level playing field when it comes to these kinds of business purchases. Could this sale happen, if it were the other way around? Could Smithfield

purchase Shuanghui? Based on what we've heard from many experts already, it sounds like the answer is "no." I hope we can get some clarification on this point from our panelists today.

We need to be evaluating the long-term market implications of this deal for American workers, pork producers, and the farmers who grow grain and feed ingredients. Despite the strength of America's pork sector, Smithfield has been struggling to make a profit -- and yet Shuanghui is offering to pay a 30 percent premium for the company. That, to me, raises questions about the economic motivations of the purchase. Is Shuanghui focused on acquiring Smithfield's technology, which was developed with considerable assistance by U.S. taxpayers? As with all of our food companies, Smithfield has benefitted from years of public investments improving feed rations, living conditions, environmental impact, food safety and efficiency.

Can we really expect increased access for our pork products in China, a country that already produces five times as many hogs as we do and that uses barriers to keep U.S. pork out of the country? Can we expect that after the company has adopted Smithfield's technology and practices, they will increase exports to Japan, our largest export market, in competition with US products? Most importantly, will we see volatility in prices and other long-term economic impacts?

In the short-term, I know this deal looks good for our producers. This also needs to be a good deal in the long-term. It's our responsibility to ask the right questions to make sure that we are thinking in the long-term about these issues. One pork company alone might not be enough to affect our national security, but it's our job to be thinking about the big picture and the long-term for American food security and economic security. Because as we all know on this committee, food security is part of our national security.