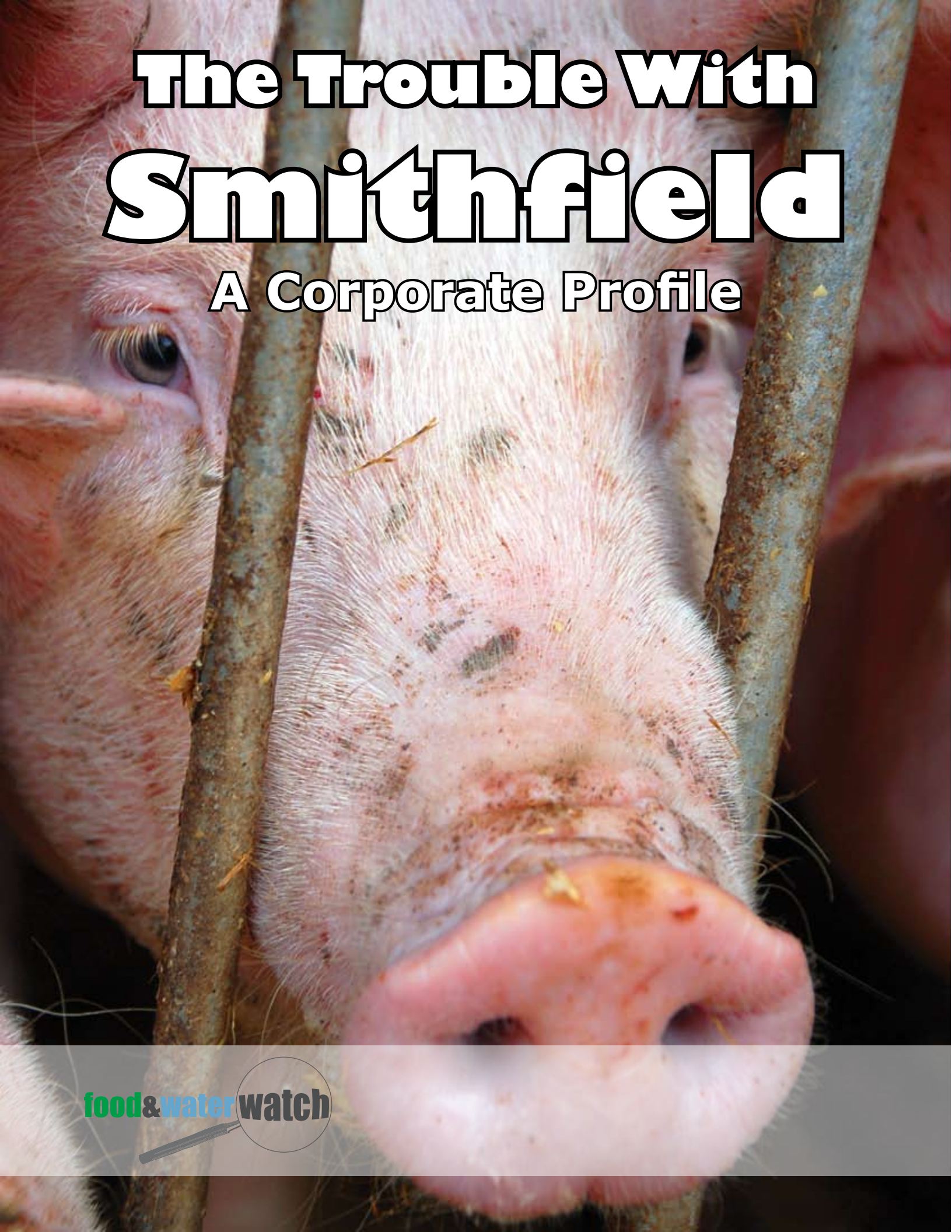
The Trouble With Smithfield

A Corporate Profile



food&water watch

About Food & Water Watch

Food & Water Watch is a nonprofit consumer organization that works to ensure clean water and safe food. We challenge the corporate control and abuse of our food and water resources by empowering people to take action and by transforming the public consciousness about what we eat and drink. Food & Water Watch works with grassroots organizations around the world to create an economically and environmentally viable future. Through research, public and policymaker education, media, and lobbying, we advocate policies that guarantee safe, wholesome food produced in a humane and sustainable manner and public, rather than private, control of water resources including oceans, rivers, and groundwater.

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Executive Summary

Four corporations control 66 percent of the U.S. hog market, as of 2007.[1] At the top of this list is Smithfield Foods, which slaughters 27 million hogs every year, making it the biggest hog producer and processor in the United States and worldwide.[2] For Smithfield, this means sales of $11 billion a year,[3] but for farmers, consumers, workers, and the environment, this concentration in agriculture has been anything but a success story.

Smithfield controls virtually all aspects of pork production and processing.[4] Its hogs are raised on factory farms where hundreds or thousands of pigs are crammed into large warehouse-like barns.

Each hog produces three times more excrement than a human, creating serious environmental and human health issues. The 500,000 hogs at one Smithfield subsidiary in Utah create eight times more waste than the Salt Lake City metro area, the state's biggest city. The waste is stored in enormous lagoons that can overflow, polluting water and land. In North Carolina, millions of gallons of waste from Smithfield's lagoons have contaminated rivers and creeks.

Critics argue that Smithfield's labor practices are questionable. The National Labor Relation's board has ruled the company violated several labor laws.

In 1999, Smithfield took its consolidation appetite abroad when it began buying farms and slaughterhouses in Poland to exploit the country's cheap labor, good land, and diligent farmers. Economic, human health, and environmental problems followed.

The situation grew worse in 2004 when Smithfield expanded into Romania, a country where 75 percent of hogs are still raised on household farms. If Smithfield continues its typical business practices there, this will no longer be the case.

This report, *Smithfield: A Corporate Profile*, will make the case that Smithfield's size and power are causing economic, human health, and environmental problems in the United States and around the world.

In the 1950s, the United States was home to some 2.1 million hog farmers. The farms, where pigs were raised outdoors with access to bedded shelters, typically had about 31 hogs each.[5] The hogs usually roamed freely, foraged for some of their food, and could engage in their natural behaviors. Their manure was used as compost for other crops on the farm. When the hog reached market size, the farmer would sell the animal to a local processor at auction, which helped to ensure a fair price. These farmers participated in their community and local economy and could make their own decisions about farming practices.[6]

Today there are just 78,895 hog farmers left in the United States,[7] even though hog production and consumption has increased dramatically since the 1950s. Few hogs are raised outdoors now. Instead, hundreds or thousands of them are packed into large warehouse-like buildings and denied sunlight and room to turn around. The large number of animals concentrated in these facilities generate far too much manure to spread as fertilizer on cropland. Instead, millions of gallons of waste are pumped into cesspools, creating serious human health and environmental problems for the communities close to these operations.

This is the reality of present-day animal agriculture and the model used by the world's largest hog producer, Smithfield Foods. The company does not need to seek a processor when its hogs reach market size because it is the processor, the world's largest. As part of its model, Smithfield controls all aspects of production and processing, including feed manufacturing, transportation, packing, sales, and distribution.[8] This operating model generates sales exceeding $11 billion a year.[9]

But for farmers, consumers, workers, and the environment, Smithfield's growth has been anything but profitable. Smithfield's size and power has meant negative consequences for a wide range of players, causing economic harm to farmers, welfare concerns for animals, food safety threats to consumers, and environmental pollution for communities surrounding the facilities.

Unfortunately, dominating the U.S. hog market is not enough for Smithfield. In 1999, it began buying farms and slaughterhouses in Poland to bring them under the factory farm model used in the United States and to exploit the country's cheap labor, good land, and hard-working farmers.[10] As in the United States, economic, human health, and environmental problems ensued.

The situation grew worse in 2004 when Smithfield expanded into Romania, a country where 75 percent of hogs are still raised on household farms[11] like those that marked the landscape of the United States in the 1950s. But Smithfield is not concerned with the fact that thousands of Romanian farmers will be put out of work, or that the millions of gallons of waste that accumulates on the factory farms will likely end up in local waterways. A closer look into how exactly the corporation became the largest hog producer and processor in the world through continuous consolidation and factory farming proves just that.

Opportunistic Acquisitions

Joseph W. Luter and his son Joseph W. Luter Jr. opened the first Smithfield packing plant in the small town of Smithfield, Virginia in 1936. After Luter Jr. passed away in 1966, his son, Joseph W. Luter III, became president of the company.[13] Three years later, Luter III sold the firm to develop a ski resort in Virginia, but by the mid-1970s, Smithfield was failing, and management lured Luter to rejoin the company. [14] He remained as CEO until 2006.[15]

Under Luter, the company underwent what it called "a thorough business reorganization,"[16] which consisted of buying out other investors' shares, firing managers, and embarking on a growth plan centered on buying up other meat companies.[17]

In 1978, it purchased a plant in Kinston, North Carolina. In 1981, Smithfield doubled its size when it bought out local rival and long time competitor pork company Gwaltney of Smithfield. In 1984, Smithfield expanded beyond the east coast when it bought 80 percent of the Wisconsin-based company Patrick Cudahy. Two years later, Smithfield bought out Baltimore-based pork company, Esskay. [18,19,20]

A turning point came in 1987, when Luter launched a 50-50 partnership with the country's then fifth-largest pork producer, Carroll's Foods.[21] Now Smithfield was no longer just slaughtering hogs, but raising them, too. By the 1990s, Smithfield began laying the foundation for much more of this. Luter wanted the company to have control over hogs from their birth all the way through processing, a form of consolidation called vertical integration.[22]

In fact, Luter even wanted control over the hogs' genetics. That came in the 1990s through an exclusive contract with the British firm National Pig Development Company to develop a "genetically perfect" pig that was lean and easy to process.[23] Today, Smithfield owns several specific genetic lines of hogs. Known as Smithfield Premium Genetics, the company markets it under the label Smithfield Lean Generation Pork. It processed more than 13.2 million of these hogs in 2007.[24]

Through the 1990s and beyond, Smithfield continued to devour competitors in both the production and processing industries, and even ventured outside of the pork market into other meats. Major acquisitions include Valleydale, John Morrell, Lykes Meat Group, North Side Foods, Moyer, Packerland, Stefano Foods, Farmland, Cumberland Gap, Cook's, Armour Eckrich, and the turkey company Butterball.[25] Additional acquisitions include Carroll's Foods, Murphy's Farms, Vall, Inc., Alliance Farms, MF Cattle Feeding, Five Rivers Cattle Ranch[26] (a cattle feeding business with a combined feeding capacity of 800,000 head of cattle),[27] and, until the merger, industry number two Premium Standard Farms.[28] This extreme market concentration did not come without protest from farmers, consumers, and government officials, who recognized the threat of such monopolistic acquisitions.

> *"Opportunistic acquisitions... are fundamentally part of how we do business."[12]*
>
> *– C. Larry Pope, Smithfield President and CEO*

In 2000, when Smithfield announced it was looking to buy out Murphy Farms, then the second largest hog producer in the United States, the attorney general of Iowa, Tom Miller, sued Smithfield for violating the state's Corporate Farming law. The law prevented meat processors from controlling producers in order to preserve free and private enterprise, prevent monopoly, and protect consumers, according to the attorney general.[29]

Rather than delaying the merger, Smithfield engaged in a sham transaction to acquire Murphy Farms despite the state's law, according to the attorney general. Murphy Farms sold its Iowa assets to former manager Randall Stoecker who in turn established a corporation called Stoecker Farms. Stoecker, the sole known officer and shareholder of the corporation, received a loan of more than $79 million from Murphy Farms to acquire the company's assets. The only payment by Stoecker was in the form of two promissory notes, which deferred most of the debt for 10 years.[30]

Immediately after, Murphy Farms transferred all of its remaining assets to Smithfield, including the financial documents of Murphy's loan to Stoecker, thereby putting Smithfield in complete control of Stoecker's finances.[31]

Smithfield then successfully challenged Iowa's Corporate Farming law in two lawsuits. In 2005, when the second lawsuit was on appeal, a settlement was reached between the state's attorney general and Smithfield. It stipulated that Miller would not enforce the law against Smithfield and its affiliates, and that Smithfield would commit $200,000 a year over 10 years to fund a program at Iowa State University and offer grants to promote innovative hog production.[32]

As part of its model, Smithfield controls all aspects of production and processing, including feed manufacturing, transportation, packing, sales, and distribution.

The family farm: going extinct?

The Murphy Farms acquisition made Smithfield the largest hog producer in the country, so it is no surprise that there was alarm in 2006 when Smithfield announced it was going to buy out the nation's second largest, Premium Standard Farms. Senator Chuck Grassley from Iowa was among those who expressed strong reservations about the sale.[33]

"I cannot fathom how Smithfield, which is the largest and fastest growing integrator, can continue to be allowed to purchase hog operations across the country," Grassley said. "Over the last several years Smithfield has made it perfectly clear that it intended to purchase its competitors to assert its dominance in the pork industry. This is alarming. I expect the Justice Department to take a serious look at this merger."[34]

However, in 2007, the Department of Justice Antitrust Division, the agency responsible for enforcing the nation's competition laws, announced it was closing its investigation of the merger.[35] "After a careful investigation of Smithfield's proposed acquisition of Premium Standard Farms, the Antitrust Division determined that the merged firm is not likely to harm competition, consumers or farmers," the agency said in its statement.

But with Smithfield now owning more hogs than the next eight largest U.S. pork producers combined, [36]the merger did exactly that. Among the consequences is that Southeastern hog producers have just one processor to buy their hogs and they will therefore see lower prices for them.[37]

"I am perplexed at the Department of Justice's approval of a monopoly in the Southeast U.S. hog industry," said Keith Mudd, president of the Organization for Competitive Markets, an organization representing livestock producers. "Smithfield and Premium Standard are the only major packing plants in Virginia, South Carolina, and North Carolina. Thousands of southern hog farmers now have no ability to seek any competing bids for market hog sales, or for hog production contracts."[38]

Antitrust Enforcement?

In 2003, the Department of Justice charged that Smithfield violated anti-trust laws by failing to report its pre-merger investments in beef packing company IBP and, for the first time, fined Smithfield $5.4 million.[39] In 2004, the department and the company reached a settlement that Smithfield would pay $2 million.[40] But since this settlement, the Justice Department has taken no other antitrust action against the company.

"It looks like nobody's going to stand in the way of all this vertical integration until we've just got one meatpacker in the country. Maybe then the Justice Department will figure out we've got a problem," points out Senator Grassley.[41]

Stench, Sewage, and Sickness

Hog farming has always been an important part of North Carolina's agriculture. However, lenient environmental regulations and local zoning exemptions attracted corporations like Smithfield and Premium Standard Farms in the 1990s, and hog farming in the state has never been the same. The hog population soared from 2.6 million hogs in 1988 to more than 8 million hogs by 1997. This increase in hogs was accompanied by a rapid decline in the number of farms, as large confinement operations put traditional farms out of business. In 1986, there were 15,000 hog farms in the state, but by 2000 just 3,600 remained.[42] In 2000, Smithfield owned 274 farms in North Carolina, but had contracts with 1, 204 farms, making them responsible for 1,478, or 40 percent of all hog farms in the state.

Large, industrial hog farms such as those under contract with Smithfield are full of hundreds or thousands of pigs that generate tons of liquid and solid waste. This large quantity of waste presents health hazards to people living in close proximity to the facilities and degrades the surrounding environment.

The hog feces and urine produced at these operations fall through slatted floors and into a catchment pit under the pens. This waste contains toxins, including ammonia, methane, hydrogen sulfide, cyanide, phosphorus, nitrates, and heavy metals, as well as antibiotics and other drugs. The operations use exhaust fans to pump the toxic fumes out of the warehouse-like buildings, 24 hours a day, to prevent the hogs from dying.[43]

After the waste accumulates under the buildings, it is pumped into enormous lagoons, which can cover six to 7.5 acres and hold as much as 20 to 45 million gallons of wastewater. In one farm in North Carolina, 2,500 pigs produce 26 million gallons of liquid waste, one million gallons of sludge, and 21 million gallons of slurry per year.[44] This waste is then sprayed onto nearby agriculture fields, widening the area affected by the toxic chemicals.

These cesspools emit obnoxious odors into the surrounding communities. The stench has been known to nauseate pilots at 3,000 feet in the air.[45] The odor affects the quality of life for people living in the rural communities near these facilities. They can no longer hang their laundry out to dry, sit on their porches, or even open their windows.

Even worse, residents experience a wide range of health problems, including asthma, allergies, eye irritation, and depressed immune function, along with mood disorders such as heightened levels of depression, tension, anger, fatigue, and confusion.[46]

A study reports that in North Carolina, industrial hog operations are disproportionately located in communities of color, communities with higher rates of poverty, and communities dependent on well water.[47] These residents bear the burden of the effects of industrial hog production controlled by Smithfield.

Smithfield's Hog Operations Degrade the Environment

The millions of gallons of waste in the lagoons of the factory hog operations run by Smithfield do not always stay contained. Faulty lagoon liners, pump malfunctions, rain, or natural disasters like hurricanes cause them to overflow, sending large quantities of waste into nearby waterways and groundwater.

Over a four-year span, Smithfield's lagoons spilled two million gallons of waste into the Cape Fear River, 1.5 million gallons into its Persimmon Branch, one million gallons into the Trent River, and 200,000 gallons into Turkey Creek.[48]

The excessive levels of phosphorus and nitrogen in hog waste consume the oxygen in the waterways, which can result in algal blooms and fish kills. That is exactly what happened in 2003, when a Smithfield operation's runoff flowed into North Carolina's Neuse River and killed four million fish in a five-day span.[49]

In 1999 when Hurricane Floyd hit the state, the Tar, Neuse, Roanoke, Pamlico, New, and Cape Fear Rivers were deluged with 120 million gallons of hog waste. Nearly all of the aquatic life died. Many of the lagoons were several feet under water, turning the countryside into a cesspool of excrement and drowned hogs.[50]

Pollution problems from hog farms have led to several legislative initiatives in North Carolina over the years. In 1997, a moratorium on the construction of new and expanded hog operations was enacted[51] and was repeatedly extended for a decade.[52] Despite the moratorium, the industry added more than 500,000 hogs to its inventory and managed to use a loophole in the law to build nearly 100 new lagoons.[53] In 2007, the North Carolina House and Senate voted to phase out lagoons altogether and to replace them with more environmentally friendly systems to be paid for in part by taxpayers.[54] The governor signed the bill into law in August 2007.[55]

Smithfield Slaughterhouses' Effects on Consumers, Workers, and the Environment

Smithfield's slaughterhouses are no better for the environment than its factory farms. In 1997, the company received one of the largest Clean Water Act fines in U.S. history after officials found that Smithfield and two of its subsidiaries in Virginia failed to install decent pollution equipment and treat its waste, resulting in 5,000 violations of the company's permitted limits for phosphorus, fecal coliform and other pollutants. The pollutants flowed into the Pagan River, the James River, and the Chesapeake Bay for more than five years.[56]

Judge Rebecca Beech Smith stated that Smithfield's violations "had a significant impact on the environment and the public, and thus in total their violations of the effluent limits were extremely serious."[57] The company was fined $12.6 million,[58] which amounted to .035 percent of Smithfield's annual sales.[59]

Smithfield's slaughterhouse in Tar Heel, North Carolina is the second largest in the world, with 34,000 hogs slaughtered there each day.[60] It pulls two million gallons of water per day from the water aquifer and returns about three million gallons of wastewater to the Cape Fear River.[61] Like Smithfield's plants elsewhere, the plant has been cited for several environmental violations.[62] But it is not just the plant's environmental record that makes it so infamous, because some question Smithfield's labor practices at the Tar Heel plant.

Injustice on the Job?

According to "Packaged with Abuse: Safety and Health Conditions at Smithfield Packing's Tar Heel Plant," a Research Associates of America report done for the United Food and Commercial Workers union, Smithfield has engaged in abusive labor practices in several ways. The report alleges that Smithfield employee Vanessa McCloud's job for seven years was to cut the skin off of frozen pork as it came down the line at breakneck speeds at Smithfield's Tar Heel packing plant. One day, Vanessa slipped a disc in her back while on the job. She was not able to return to work immediately and was fired, according to the report. She received no worker's compensation and has since applied to Medicaid in hopes of paying her medical bills. She has no idea how she will support herself and her children because of her debilitating injury.[63]

The Research Associates report alleges that Vanessa's experience is typical of workers at the plant. To meet production goals, the processing lines at the plant move extremely fast. Workers who fall behind have reported being verbally abused or even fired. Others do their best to keep up, but very few work in the plant for more than a few months before experiencing an injury from the grueling work.[64]

The list of injuries reported at the plant is lengthy, according to the "Packaged with Abuse" report. It claims that repetitive motion disorders, such as carpal tunnel syndrome, contusions, and blunt traumas from slipping and falling on wet floors, cuts and punctures, infections causing the fingernail to separate from the finger, fractures, amputations, burns, hernias, rashes, and swelling are all potential dangers to workers – and injuries are on the rise. From January to July of 2006, 463 injuries were reported at the Tar Heel plant, which surpassed a total of 421 in the previous year.[65]

The report goes on to say that, instead of helping the wounded workers, Smithfield uses intimidation to prevent them from reporting their injuries. Even when they do report injuries, they are often denied workers' compensation. And then because of their disabilities they frequently cannot find gainful employment again.[66]

All of the allegations made in the report are the subject of a lawsuit that Smithfield has brought against UFCW, Research Associates of America, and others. It argues that "as part of the Defendants' ongoing scheme to extort money and property from Smithfield, Defendants' intentionally and maliciously caused to be published in the Report false, misleading and baseless information about the working conditions at Smithfield's Tar Heel plant."[67] In regards to what the report says about Vanessa and other employees,

Smithfield's violations "had a significant impact on the environment and the public, and thus in total their violations of the effluent limits were extremely serious."

– Judge Rebecca Beech Smith

Smithfield argues in its lawsuit that "the entire basis for the Report was to facilitate the Defendants' collective desire to portray Smithfield's Tar Heel plant as an unsafe workplace in which safety laws and standards were habitually and intentionally violated, as part of their effort to damage Smithfield's business reputation."[68]

Smithfield also argues that: "The Report contained numerous blatant misrepresentations of fact. For example, Smithfield's workers compensation program is administered by Gallagher-Bassett, a third party claims administrator... [T]he Report falsely accused Smithfield of routinely and illegally denying, or causing to be denied, the workers compensation claims of its injured employees."[69]

Both UFCW and Research Associates have denied these allegations and motioned the court to dismiss Smithfield's complaint.[70]

Separately from "Packaged with Abuse," UFCW claims that Smithfield operates a clinic and primary care facility on the premises of the Tar Heel plant, where workers are sent after an injury. These clinics are responsible for approving time off and compensation claims. Numerous employees have reported that they are given cursory exams and sent back to work.[71] A 2005 report by Human Rights Watch about workers' rights in U.S. slaughterhouses found that "workers at Smithfield... often described [the company clinic] as a disciplinary arm of management, denying claims and benefits and often failing to report injuries."[72]

From 2003 to 2006, Smithfield's Tar Heel, North Carolina plant has been forced to pay $550,000 worth of workers' compensation claims against the company, alleges the Research Associates report. It claims that workers were forced to hire attorneys to recover their medical costs and lost wages due to being injured on the job. Nearly all of these workers were fired at some point after they were injured.[73]

The report also claimed that, in 2003, a 25-year old employee climbed into a tank to clean it and was quickly overcome with toxic fumes and died. The North Carolina Department of Labor Occupational Safety and Health Administration's investigation found that the young man had been improperly trained and supervised and that the tanker was not properly labeled as a dangerous confined space. The agency fined Smithfield just $4,323.[74]

The safety issues continued after this incident. In March of 2005, the Occupational Safety and Health Administration conducted a walk-through and safety inspection of the plant and found more than 50 violations of safety and health laws, with most of them categorized as "serious." These included a lack of safety training, unguarded blades, missing

guardrails, blocked exits, illegible signage, and improper safety procedures.[75]

As stated earlier, Smithfield has challenged such assertions in its lawsuit against the union.

UCFW and Research Associates counter that Smithfield's "allegations...pick up in the middle of the story that began in the early 1990s. As it happens, the first part of that story is on public record in the decisions of the National Labor Relations Board...and the United States Court of Appeals for the District of Columbia.... Those decisions detail the mass of illegal conduct committed by Smithfield in two NLRB elections, in 1994 and 1997...."[76]

Workers at the Tar Heel plant had attempted to form a union through the United Food and Commercial Workers in both 1994 and 1997. The elections were initially lost, but the results were overturned in a decision by a National Labor Relations Board judge, who charged Smithfield with several violations of federal labor law that inhibited a free and fair union election.[77]

The National Labor Relations Board ruled that the violations included threatening employees with plant closure or job loss because of their union activities, unlawfully interrogating employees about union activities, offering to remedy employee grievances and promising improved benefits in

attempts to dissuade employees from selecting the union, and even firing employees because of union activities.[78]

In December 2004, the NLRB upheld the order for a new union election at the plant, but the appeals process continues in the courts.[79]

Meanwhile, UFCW has alleged that Smithfield has exploited racial divides as a tactic to prevent workers from organizing at the company. The majority of workers at the plant are African-American and Latinos. The UFCW claims that Smithfield keeps these workers at separate stations and made every attempt to turn them against one another during the 1997 union elections. The company held separate meetings for the two groups, telling the Latinos that if they voted for the union they would be deported and telling African-Americans that if they voted for the union the Latinos would replace them.[80]

Since the election, the number of Latino workers has increased dramatically compared to the number of African-Americans at the plant. Former supervisor Sherri Buffkin testified to the U.S. Senate that Smithfield liked immigrant workers because they were "easy targets for manipulation."[81]

From 2000 to 2005, Smithfield took advantage of a special state law to maintain its own private police force to patrol the plant and intimidate workers from standing up for their rights, according to the UFCW. The force carried concealed weapons on and off duty, and arrested workers and detained them in an on-site jail cell. Since its founding in 2000, the force arrested at least 90 workers and charged them with a variety of crimes. Ultimately, many of the charges were dropped by the county court, but the arrested employees were stuck with the court costs and attorney fees.[82]

In 2004, the NLRB issued a complaint against Smithfield, its company police, and Smithfield's sanitation subcontractor, QSI, for violations of labor law. The charges included physically assaulting employees, falsely arresting employees, firing workers for union activity, threatening employees with arrest by federal immigration authorities, and threatening employees with bodily harm.[83]

As of the fall of 2007, after more than a decade of fighting for fair treatment and better conditions, workers still await a union election. Masses of human and civil rights advocates, churches, consumers, city governments, and laborers continue to support them in their struggle for basic rights in the workplace. But while the battles rages on in the United States, Smithfield has found a new group of people to exploit in Eastern Europe.

Exploitation Abroad

Having stirred so much anger from environmentalists, farmers, and consumers at home, in the 1990s, Smithfield began looking overseas.[84] In 1999, it bought out Poland's leading processing company, Animex, and began exploiting the country's lax environmental regulations and cheap labor. The takeover was supported by a $100 million loan from the European Bank for Reconstruction and Development and its partners.[85] Not too bad for Smithfield, considering it acquired Animex for just $55 million when then CEO Joseph Luter valued the company at $500 million. "Just ten cents on the dollar," he boasted.[86]

In 2001, two Polish businessmen representing a company called Prima Foods started buying out hog farms in Poland and signing deals with small-scale farmers. Sure enough, it turned out that Smithfield was using Prima as a kind of front company, providing the funds to buy the farms in order to avoid a Polish law that restricted foreign companies from acquiring more of the country's farmland.[87]

It was not long before Smithfield began throwing its political power around. In 2001, Smithfield lobbyists were victorious in amending the country's Fertilizer Act to ensure that liquid animal feces would be reclassified under the country's water pollution statutes from "sewage" to "fertilizer," which was exempt from regulation.[88, 89]

Other times, Smithfield simply paid off officials. The mayor of the Western Pomeranian village of Wierzchowo gave Smithfield permits for two mega-farms after the company paid his wife approximately $4,000 to perform the environmental impact assessment.[90]

As in the United States, Smithfield's presence in Poland came with a slew of environmental catastrophes. In Byszkowo, near one of Smithfield's largest plants, a vast pool of pig effluent that was pumped into a lagoon in the winter melted and contaminated two neighboring lakes. The lake water turned brown and residents in nearby villages got skin rashes and eye infections.[91]

A 2004 report to the U.S. Helsinki Commission (an independent U.S. government agency also known as the Com-

Smithfield's presence in Poland came with a slew of environmental catastrophes.

mission on Security and Cooperation in Europe) found that Smithfield's pollution was damaging Poland's ecosystems, and that farmers working under contract with Smithfield were, without permits, pumping liquid pig waste directly into watersheds that fed into the Baltic Sea.[92,93]

Because of deplorable conditions like those on Smithfield's U.S. operations, dead hogs are a common problem, as well. Dumpsters often overflow with the reeking carcasses of hogs that could not survive while crammed into the filthy warehouses. In 2006, United Kingdom-based Compassion in World Farming performed an undercover investigation of two Smithfield Polish operations and found hundreds of injured and sick animals squeezed into the barns and dead animals left to rot on the ground.[94]

The investigation also found that the pigs were administered a powerful cocktail of drugs in attempts to keep them alive and stimulate their growth. Many of the chemicals included controversial antibiotics banned as growth promoters in other countries.[95]

In 2005, Smithfield had to shut down one of its Polish packing plants in the town of Starachowice after a local television channel's hidden cameras caught workers scraping mold off sausages to be sent back to retailers.[96]

Smithfield's assault on Poland has done more than just cause environmental and human health problems. As expected with the influx of corporate agriculture, the economic impact has crippled local communities and markets. Before Smithfield took over Animex, its three most important farms near Goldap employed 60 workers. After the conversion of the farms into animal factories, only seven workers remained.[97] At an operation in Wieckowice, just five workers are employed in the 17,000-hog facility. This many animals raised traditionally would support at least 50 families.[98] In addition, the fact that Smithfield imports both its pigs and their feed only adds to the economic damage the company has inflicted upon Polish farmers.[99]

Worst of all, Smithfield's expansion into Poland resulted in a rapid overproduction of pork. The prices offered for meat were below the cost of production for independent hog farmers. During 2001 and 2002, street protest shook the country when main roads were blocked by protesting farmers. In response, the Polish government had to purchase pork and place surcharges on exports.[100]

Unfortunately, in 2004, Smithfield moved into Romania to do more of the same. After all, it was the perfect place to produce cheap meat that could be exported to foreign locations for big profits. Never mind that 75 percent of Romania's hogs are still produced on family farms.[101] Smith-

Smithfield Brands and Products

Pork

- Smithfield Packing Company
- Smithfield Specialty Foods Group
- Armour-Eckrich Meats, LLC
- Curly's Foods, Inc.
- Cumberland Gap Provision
- Gwaltney
- Lykes
- Smithfield Premium
- Peyton's
- Jamestown
- Farmland Foods, Inc.
- Cook's Ham, Inc.
- Patrick Cudahy, Inc.
- North Side Foods
- Stefano Foods, Inc.
- Smithfield RMH Foods Group
- Smithfield Innovation Group
- Smithfield Foodservice Group
- Smithfield Deli Group

Hog Production

- Murphy-Brown

Beef

- Smithfield Beef Group
- Five Rivers Ranch Cattle Feeding 1

Turkey

- Butterball, LLC

International

- Europe
- Animex (Poland)
- Groupe Smithfield
- Smithfield PROD (Romania)
- Comtim Group (Romania)
- Smithfield Foods, Ltd. (U.K.)
- Campofrio (Spain) 2

Other

- Maverick Food Co. Ltd. (China)
- Norson (Mexico)

Next on Smithfield's list?

field has proven time and time again that it doesn't let such matters stand in the way of its own financial gain.

"Politically, it is acceptable and we've got people in Western Europe who make 20 euro an hour when you've got people in Eastern Europe who make one and two euro an hour," said current Smithfield CEO C. Larry Pope. "You've got land in Western Europe, very hot place. Land in Eastern Europe they will virtually give you. Plants in Western Europe are very expensive. Plants in eastern Europe, they will virtually give to you for small dollars."[102]

Those small dollars bought Smithfield the Romanian meat processor Contim Group in 2004. Smithfield now owns 33 Communist-era farms in the country.[103] In 2007, Smithfield's operations received negative attention when an outbreak of swine fever killed 20,000 hogs in southwest Romania. A few days later, a second outbreak occurred at a Smithfield operation close to the Romanian-Hungarian border. About 16,000 hogs had to be slaughtered.[104]

Officials had asked Smithfield to stop breeding pigs and transferring them from one farm to another, but Smithfield paid no attention.[105]

The plague revealed an embarrassing situation for the company. Of its 33 farms, 11 were never authorized by sanitary authorities and were closed down. Smithfield is not known for working well with authorities. When veterinary doctors attempted to inspect the operations, guards with bulldogs refused them.[106]

"Our doctors have not had access to the American farms to effect routine inspections," said Csaba Daroczi, assistant director at the Timisoara Hygiene and Veterinary Authority. "Every time they tried, they were pushed away by the guards. Smithfield proposed that we sign an agreement that obliged us to warn them three days before each inspection. These people have never known how to communicate with the public authorities."

It turns out Smithfield's communication with the public is not much better. Its response to the plague that ultimately halted the country's pork exports to the European Union was arrogant at best:

"We have nothing to say to the press; the swine plague is under control; journalists can just publish our communiqués," said director of Smithfield's operation located in Timisoara after receiving orders from Smithfield's headquarters to refuse all contact with journalists.[107]

Citizens of Romania are shocked by Smithfield's methods. In one incident, in the town of Cenei, hundreds of carcasses of hogs killed by a heat wave at a Smithfield operation in 2007 were left lying around for about 10 days.[108]

"We couldn't breathe anymore," said an advisor at the Cenei town hall. "I live a kilometer away from the farm, and at night I had to close the windows to sleep. The Americans have made our village a hotbed of infection."[109]

Smithfield shows no sign of slowing down its destruction anytime soon. If anything, the hotbed of infection will only spread if action is not taken immediately. CEO C. Larry Pope recently said that the company's long-term strategy is to become a bigger player in the beef industry. Smithfield is already the fifth-largest beef processor in the United States.[110] A company with such blatant disregard for farmers, consumers, workers, animals and the environment is not one that should control another critical sector of the agricultural market.

Conclusion

Smithfield is a threat to the future of agriculture both in the United States and in Eastern Europe. Its continuous consolidation hurts farmers and consumers, and its factory farms put the environment, public health, and animal welfare at risk. Its treatment of its workers is inexcusable. It is time for the government and consumers to take action against Smithfield's wide range of injustices.

Recommendations

In order to prevent Smithfield's further harm to farmers, consumers, workers, animals, and the environment, Food & Water Watch recommends the following:

- Congress should pass legislation that bans packer ownership of livestock and that ensures competition in the marketplace.
- The Department of Justice should enforce anti-trust laws that prevent Smithfield's continual acquisitions from harming competition, farmers, and consumers.
- All Smithfield employees in all of its plants, joint ventures, and subsidiary operations must be allowed to organize collectively and have union representation.
- State and federal environmental agencies must properly regulate Smithfield's factory farms to prevent the further destruction the company has imposed on the environment. Smithfield should pay for its environmental violations, not the public.
- State legislatures must allow local governments to retain authority to impose strict health and zoning regulations on factory farms like Smithfield's in order to protect the environment and public health.
- Meatpacking plants such as Smithfield's Tar Heel, North Carolina facility should have more OSHA oversight. Safety and health inspectors should visit the plant on a regular basis, production line speeds must be slowed, and new ergonomic standards should be adopted to reduce repetitive stress injuries.
- Consumers should opt out of Smithfield's model of pork production. They can learn how to buy sustainably produced meat at www.eatwellguide.org.

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