

# FOOD PROCESSING

## China Meat Scandal Underscores Need for One-Two Punch of Inspections and Audits

By Kevin T. Higgins | July 24, 2014

China's food processing industry continues to resemble the Wild West in terms of food safety and outright fraud, as this week's shut down of OSI Group's plant in China's Hebei province illustrates. China's food safety office shut down the Shanghai Hushi Food Co. facility July 20 when inspectors discovered workers were blending out-of-code meat with fresh product bound for foodservice establishments owned by major U.S. companies and operating in China.

The adulteration occurred despite audits to customer quality standards, and reactions varied. Yum Brands, the No. 1 fast-food operator in China, issued a statement saying it would no longer source OSI products for its KFC, Pizza Hut and Taco Bell units in either China or the U.S. Starbucks also announced it would sever relations with OSI. McDonald's Corp. says it no longer will accept product from the Shanghai facility but will continue to work with OSI and its new state-of-the-art processing plant in Henan, China. The new operation also supports McDonald's outlets in Japan.



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Sebastien Breteau  
*AsiaInspection CEO*

Originally known as Otto & Sons, OSI grew up with McDonald's and continues a close relationship with the restaurateur. Both companies are based in the Chicago area. OSI has enjoyed significant growth in recent years. Forbes magazine ranks OSI among the largest privately held companies, with 2013 revenues of \$5.9 billion, almost double 2011 revenues of \$3 billion.

Third party inspections of food plants in China and other Asian markets also are booming. Hong Kong-based AsiaInspection reports global food inspections increased 55 percent in 2014's second quarter compared to Q1, with China's 500,000 food production facilities accounting for the bulk of the inspections. Bringing those plants up to Western food-safety standards will require a combination of audits and inspections, company officials say, and the process remains in the early stages. More than half of the country's facilities continue to fail inspections by China's health authorities, according to a company executive.

**“The recent scandal in Shanghai....illustrates the difficulty in ensuring transparency and traceability in supply chains,” AsiaInspection CEO Sebastien Breteau said in a prepared statement. “In this case, the factory lied to inspectors about the use of expired meats.” He recommends GMP audits every six months, coupled with announced and unannounced inspections to verify actual practices. “The more frequently audits are performed, the more clearly actual practices of the factory can be observed.”**

Fraudulent practices aren't the only challenge; in many cases, food professionals in China simply need to be educated about U.S. and European safety strategies and concepts. **“Many QA managers do not have a comprehensive understanding of food safety standards, and inspectors in this case may have been lenient if the controls in place were not sufficiently developed,” Breteau concluded.**