

Profits above all: world's largest pork company propagates global pandemics

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A few weeks ago, on March 24th, the top executives of China's WH Group held an earnings conference call. The world's biggest pig farming and processing company had made an astounding US\$1.4 billion in profits the previous year, and the executives were eager to assure concerned Wall Street investors that the Covid-19 pandemic would not stop the money from flowing.¹

"We are operating all our plants at 100% and we are producing as quickly as we can," said Ken Sullivan, the CEO of WH Group's US subsidiary, Smithfield Foods. "I think our employees, while some of them are afraid, I think they are grateful to have jobs and a pay check while so many in the US are afraid of losing their jobs or already have."

Two days after the call, news broke that a worker at Smithfield's massive pork processing plant in Sioux Falls, South Dakota had tested positive for Covid-19. Smithfield was unmoved: it kept the plant running at full capacity, and offered its workers, most of whom are immigrants, a US\$500 bonus if they didn't call in sick.²



Nancy Reynoza, director of Que Pasa Sioux Falls, who organized a protest in solidarity with Smithfield Food, Inc. employees after many workers complained of unsafe working conditions due to the COVID-19 outbreak in Sioux Falls, S.D.; credit : Erin Bormett/The Argus Leader via AP

But by April 9th, the number of reported cases of Covid-19 at the plant had shot up to over 80 and Smithfield's workers and the people of Sioux Falls were more than a little afraid. A drive-by protest was organised outside the plant to support the workers after many of them had complained about unsafe working conditions, such as not being provided with masks and being forced to work in close proximity to other workers.³ Under pressure, Smithfield agreed to a three-day closure for "cleaning" over the weekend.

"Not operating is not an option. People need to eat," said Sullivan.⁴

The number of infected workers at the plant continued to climb in the ensuing days, hitting a staggering 350 cases by April 13th. Smithfield's meat plant now accounted for 40% of the Covid-19 cases in the state and had become one of the worst coronavirus clusters in the country, with workers

now transmitting Covid-19 to their families and their communities, and potentially much further afield through the company's extensive supply chains.⁵ Only after the mayor of Sioux Falls sent a letter to Smithfield CEO Ken Sullivan, co-signed by the Governor, urging the company to close the plant for a minimum of 14 days, did Smithfield relent, agreeing to shut the plant down for an "indefinite" period.⁶

Smithfield justified the harm done to the health of its workers by saying it was protecting the food needs of people in the US. "We have continued to run our facilities for one reason: to sustain our nation's food supply during this pandemic," Sullivan told Bloomberg News.

But the reality is that Smithfield's overwhelming concern over the past year has been its exports to China, where pork prices are four to six times higher than in the US. In June 2019, Smithfield began retooling its US operations to supply China with pig carcasses, which are then processed in China by the WH Group's meat plants.⁷ Over the next months, the company's shipments to China tripled-- as did Smithfield's profits.⁸

Smithfield maintained its exports to China through March and into April, even after US government agencies moved to put a national lock-down into effect and after the company became aware of Covid-19 cases among its workers.⁹

"Do we have some obligation to produce for domestic customers before we produce for export customers?" asked Sullivan on the March 24 earnings call. "My answer to that is we can service both markets. We have abundant supplies. We have a lot of pork in the US."



Workers this week at Smithfield Foods plant in North Carolina, USA; largest pork processing plant in the world; credit: abc11.com

Pork prices are unusually high in China because of another lesser known global virus pandemic that is lethal to pigs, but not humans. African Swine Fever (ASF), a virus spread mainly via contaminated meat and animal feed, has wiped out a quarter of the world's pig population over the past few years. China has been hit particularly hard by the disease, and Smithfield's owner, the WH Group, played a key role in its propagation.¹⁰

One of the first major outbreaks of ASF in China was at a WH Group slaughterhouse in Zhengzhou in August 2018. Three months after the outbreak, infected sausages produced by the company were still being seized at international airports.¹¹ Last week, the WH Group's Polish farms became the first to be infected with ASF in the western part of the country, one of Europe's most important pork producing regions.¹²

For millions of pig farmers across Europe and Asia, ASF is a disaster that they may never recover from; for the WH Group, it's been a tremendous opportunity for profit. The WH Group quickly pivoted to imports from its US and European operations to fill the supply gap in China and to take advantage of soaring prices. And now, with thousands of small slaughterhouses having gone bust during the ASF and Covid-19 pandemics, there's little competition left to hold back its sales.

WH Group could use these gigantic profits to increase the paltry wages it pays to its frontline workers or to make its farms and production lines safer. It could also spend the cash cutting its massive carbon footprint, which is roughly the size of the world's 7th largest city, Mumbai.¹³ Instead, WH Group plans to hand this money over to its shareholders through a \$500 million dividend payout that will line the pockets of its executives and financial players, like BlackRock and Mondrian, which own big chunks of the company.¹⁴ Last year, WH Group recorded paying Ken Sullivan US\$16 million in wages and share-based payments, while the group's, CEO Wan Long, pocketed \$291 million, making him the highest paid CEO in Asia.¹⁵

It would be wrong to suggest that Smithfield and the WH Group are exceptions in the global meat industry.¹⁶ All the major meat companies-- JBS, Tyson and Cargill-- have been cashing in on meat exports to China, while showing equal disregard for the health and safety of their workers in the US and around the world during the Covid-19 pandemic.¹⁷

When workers at a Brazilian meat plant owned by JBS, the world's largest meat company, walked off the job on March 19 to protest the lack of adequate protection against the spread of Covid-19, they were violently attacked by police acting under the command of the company. JBS argued that keeping its plant operating at full steam is essential to the protein needs of the Brazilian population, but at least 80 percent of what the plant produces is for export.¹⁸ Workers at JBS's meat plant in Northern Ireland also walked off the job on March 25 for similar reasons and at least three workers have reportedly died from Covid-19 at JBS meat plants in the US.¹⁹

Smithfield, however, has a particularly sordid history with pandemic pathogens. The company's factory farms are suspected to be the origin of the last global pandemic-- the H1N1 swine flu that erupted in Mexico in 2009. In the months preceding the official recognition of the pandemic, Mexican health authorities had identified a strange respiratory disease afflicting over 60% of the residents of La Gloria, a Mexican village where Smithfield's farms were located. The villagers were convinced that the disease was caused by the horrible pollution emanating from the farms. Only one sample was ever taken from the sick villagers of La Gloria and sent to a laboratory with the capacity to diagnose swine flu. While Smithfield has always denied any role in the origins of the pandemic, that sample, of a 5-year-old boy, proved to be the first recorded case of H1N1 swine flu in the country.²⁰

The WH Group and the other big meat companies have imposed a model of meat production on the planet that is making us all sick. Their farms and production chains are the perfect breeding grounds and vectors for pandemic pathogens. If we are going to effectively deal with Covid-19 and the pandemics to come, we need to shut these companies down and build a better way to produce and supply healthy foods to everyone.

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