

Representative Steve Lebsack

HB 17-1234

JBS was initially established as a slaughtering business by rancher Jose Batista Sobrinho, a rancher in [Anápolis, Brazil](#), in 1953. (The company's name comes from the founder's initials.) Sobrinho's business began to expand when the establishment of Brazil's capital, Brasilia, brought a new market within reach of his ranch. Over the late 1960s Sobrinho expanded into owning slaughterhouses; then, in the 1980s, the company began expanding within Brazil and purchasing other meat processing companies. JBS became a publicly held company in 2007, and in the same year received a major investment from [BNDES](#) (Brazilian Development Bank).^[4]

In subsequent years, the company has grown to become the world's largest company in the beef sector with the acquisition of several stores and food companies in [Brazil](#) and the world, including the 2007 US\$225m acquisition of U.S. firm [Swift & Company](#),^[5] which was the third largest U.S. beef and pork processor, renamed as JBS USA. It leads the world in [slaughter](#) capacity, at 51.4 thousand head per day, and continues to focus on production operations, processing, and export plants, nationally and internationally.

With the new acquisition, JBS entered the pork market, featuring an impressive performance in this segment, to end the year as the third largest producer and processor of this type of meat in the United States. The acquisition expanded the company's portfolio to include rights to the worldwide use of the Swift brand.

The next year, JBS acquired [Smithfield Foods'](#) beef business. It was renamed JBS Packerland.

JBS's production structure is embedded in consumer markets worldwide, with plants installed in the world's four leading beef producing nations ([Brazil](#), [Argentina](#), United States, and Australia), serving 110 countries through exports.

On September 16, 2009, JBS announced that it had acquired the food operation of [Grupo Bertin](#), one of three Brazilian market leaders, consolidating its position as the largest beef producer in the world. The banks [JP Morgan Chase](#) and [Santander Brasil](#) assisted in the transaction. On the same day it was announced that the company had acquired 64% of [Pilgrim's Pride](#) for a bid of US\$800 million, establishing JBS's position in the chicken production industry, but currently the company owns 75.3% of Pilgrim's Pride.

In August 2010, it was reported that JBS is considering to sell some of the eight slaughterhouses it owned in Argentina because of "scarce livestock and export restrictions".^[6]

As of 2011, JBS had been trying to bid to gain control of [Sara Lee Corporation's](#) meat business. JBS has shown interest in the meats business but struggled to push forward with a bid for the entire company.^[7]

On May 27, 2014, Pilgrim's Pride Corporation, which is 75% owned by JBS SA, made an unsolicited \$5.6 billion bid for [Hillshire Brands](#) Co. (HSH).^[8]

On July 28, 2014, [Tyson Foods, Inc.](#) announced its intention to sell [Tyson de México](#) and [Tyson do Brasil](#), its Mexican and Brazilian poultry subsidiaries, to JBS SA for \$575 million in cash by the end of 2014, pending regulatory approval.^[9]

In March 2017, police investigators in Brazil announced a meat industry wide investigation of alleged bribery of government health inspectors. Dozens of producers, including JBS, are part of the investigation which is still ongoing. JBS has denied any wrongdoing and taken "applicable measures" against the one employee included in the investigation due to his alleged relationships with government inspectors. After initial trade disruptions, Brazilian meat companies have regained access to most international markets.^[1]



Print Close

Brazil police dismantle mafia that bribed inspectors to sell rancid meat

Published March 17, 2017

EFE

RIO DE JANEIRO – Brazil's Federal Police dismantled Friday a giant mafia that allegedly paid off inspectors to facilitate the sale of expired and adulterated meat, and which also bribed Brazil's ruling party, officials said

Close to 1,100 Federal Police agents took part in the raids in seven of Brazil's 27 states, where they arrested scores of suspected mafia collaborators including executives of companies like the multinationals BRF and JBF, among the world's largest meat exporters.

BRAZIL YELLOW FEVER CASES PASS 400; MORE THAN 130 DEAD

The mafia was led by business owners and executives in the meatpacking industry and inspectors in various states, who took bribes in exchange for looking the other way, Federal Police said in a statement.

Soon after the Federal Police struck, the scandal widened to include politicians of the ruling Party of the Brazilian Democratic Movement (PMDB) of President Michel Temer, as well as of the Progressive Party (PP), who, Commissioner Mauricio Moscardi said, were also taking bribes.

As part of the investigation, Federal Police tapped phones and in one conversation, Justice Minister Osmar Serraglio was heard conversing with members of the mafia.

THE WEEK IN PICTURES

Nonetheless, Moscardi said "there was nothing" that could implicate the minister in that conversation, and gave assurances that "he is not among those under investigation."

"Public officials, using their power of inspection to demand bribes, facilitated the production of adulterated foodstuffs and issued health certificates without inspecting the foods," said the statement issued by the Federal Police, which accused officials of protecting corrupt businesses with no concern for the public interest.

Noteworthy among the irregularities detected in two years of investigations were the sale of meat no longer fit to eat, adulteration with chemical products, the sale of products containing an excess of water or that had been stored in conditions of inadequate refrigeration, and new packaging for old, expired products.

WEEKLONG POLICE STRIKE IN BRAZIL LEAVES 120 DEAD AMID INCREASING ANARCHY

Again and again, inspectors failed to do their duty, even in cases where cold cuts were mixed with cardboard.

Superintendents of agricultural inspection were also accused of allowing meat to be shipped to other states from ones where inspectors refused to take part in the criminal operations.

The mafia was discovered precisely because one inspector refused to accept bribes and reported to the Attorney General's Office that he had been relocated as a punishment for doing his duty.

The 14th Federal Court of the city of Curitiba ordered the arrest of 38 people, the forcible removal of another 77 to police stations, and searches in 194 companies and homes of the accused in the states of Sao Paulo, Brasilia, Parana, Santa Catarina, Rio Grande do Sul, Minas Gerais and Goias.

According to police, those under arrest include executives of BRF, producer of the meat brands Sadia and Perdigao, and JBS, which produces the Bribol, Swift and Seara brands.

The judge handling the case also ordered the seizure of some \$322.6 million (1 billion reais) in funds and assets of the accused.

Print Close

URL

<http://www.foxnews.com/world/2017/03/17/brazil-police-dismantle-mafia-that-bribed-inspectors-to-sell-rancid-meat.html>

USCA responds to Brazilian corruption

Brazilian meat inspectors bribed to approve meat not fit for consumption

Published on March 23rd, 2017

“USCA has remained opposed to the importation of Brazilian beef products to the U.S. for this very reason. The corruption and uncertainty within the Brazil government leaves the U.S. domestic industry at risk for FMD (foot and mouth disease) and suspect product.” (U.S. Department of Agriculture, Flickr/Creative Commons)

WASHINGTON — Following reports this week out of Brazil, the United States Cattlemen’s Association (USCA) has worked quickly to ensure the U.S. meat supply is protected from any shipments of tainted beef. Allegations have been raised that meat inspectors in multiple Brazilian meat processing facilities have been bribed to approve meat not fit for consumption. USCA has reached out to both the Administration and Congress to investigate the claims. USCA immediately reached out to U.S. Department of Agriculture’s Food Safety & Inspection Service (USDA FSIS) for [a report on the allegations and any assessments being conducted](#) by the Department.

USCA President Kenny Graner commented on Congressional response, “USCA appreciates the quick action taken by Senator Tester (D-MT) and Senator Heitkamp (D-ND); and Senate Ag Committee Ranking Member Debbie Stabenow (D-MI) on this issue.”

Senator Tester (D-MT) [introduced legislation this week](#) that would place a 120-day ban on the importation of Brazilian beef to the U.S. in order to allow the USDA to thoroughly investigate the matter while keeping the domestic supply safe.

[Senator Heitkamp](#) (D-ND) and [Ranking Member Stabenow](#) (D-MI) issued their own letters to the Administration calling for a halt on Brazil shipments and increased scrutiny. The letters ask the USDA-FSIS to report any shipments that have arrived in the U.S. and protocol taken to ensure the U.S. meat supply is safe moving forward.

Graner commented on the letters’ content, “Senators Heitkamp and Stabenow have asked the USDA-FSIS to relay what steps will be taken to review the current food safety and health protocols in Brazil and what steps will be taken if the alleged corruption is confirmed.”

“USCA has remained opposed to the importation of Brazilian beef products to the U.S. for this very reason. The corruption and uncertainty within the Brazil government leaves the U.S. domestic industry at risk for FMD (foot and mouth disease) and suspect product.”

“U.S. cattle producers follow stringent health and safety measures to ensure consumers are confident in the product at the meat counter. Cases like this place all U.S. producers at risk, and is yet another example for the need of prescriptive labeling of beef products in the U.S. Consumers must be confident in the meat they purchase; origin labeling would allow consumers to choose U.S. born, raised, and processed products versus those originating from Brazil in this scenario.”

Graner concluded, “USCA appreciates the swift action from our elected officials and calls on the Administration to respond to the questions and concerns that have been raised.”

—United States Cattlemen’s Association

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Brazil Moves to Calm Beef Crisis, Temer Heads to Steakhouse

EU seeking information from Brazil and may schedule meeting
President calls emergency meeting in Brasilia for diplomats

by Fabiola Moura and Rachel Gamarski, Bloomberg
March 20, 2017

Brazil's government moved to head off a crisis over allegations that meat exporters had bribed inspectors to approve tainted beef for sale and export by summoning ambassadors to reassure them they have nothing to worry about.

President Michel Temer and his agriculture minister met with top diplomats of the European Union, Sweden, Canada and other countries to say slaughterhouses were being properly audited and that Brazilian meat is safe to eat. Temer said he was headed out for a steak afterward and encouraged others to do the same. Separately, China was said to have [temporarily suspended](#) beef imports from Brazil.

"This is an urgent issue since it has repercussions for us internally and abroad," Temer told reporters. "We spoke with embassies so that they could pass the word onto their governments in regards to any concern from the previous days. I invite everyone to go out to a Brazilian steakhouse now."

Temer then dined with 19 ambassadors at a 119 reais (\$39) per person all-you-can-eat steakhouse, sitting between the Chinese and Angolan diplomats.

Federal authorities said that an investigation unveiled Friday showed about 40 companies, including JBS SA and BRF SA, had been involved in illicit activities such as bribing inspectors to approve the sale and export of spoiled meat and adding chemical substances to mask the poor quality. While the companies have denied the allegations, including through full-page ads in Brazil's newspapers and spots on TV, their shares have tumbled at a time when both JBS and BRF are trying to access capital markets again.

Explanations Sought

The European Committee for Health and Food Safety is aware of the investigation and is seeking additional information, according to an emailed statement Sunday. The committee said it hasn't found any irregularities with health certificates related to meat from Brazil since 2015. China and the U.S. have also requested explanations, O Estado de S. Paulo newspaper reported, without saying how it obtained the information.

China temporarily suspended imports from Brazil, according to people who received notice from the country's quarantine authority. Goods currently at sea or at port will not be able to clear customs, according to one of the people. The China Meat Association is collecting information from individual companies about their purchases from Brazil and any potential losses they may have, Zhao Anli, an official at the group's import and export sub-branch, said Monday.

Agriculture Minister Blairo Maggi said after the meeting Sunday that the issues unearthed by the investigations are not generalized or widespread in the industry, and that authorities are working to ensure the highest quality hygiene and transparency.

"Brazil's industry is robust and strong but it isn't infallible," he said. "We're making sure that what's being produced now is getting the proper inspection."

The presidency said in a statement that of more than 4,000 plants in the country only 21 are being probed, and that 33 of a total 11,000 employees in the industry are under investigation.

Executive Arrested

Federal police served hundreds of court orders related to the investigation on Friday, including more than 30 detention [warrants](#), in what local media said was the largest police operation in the country's history. Roney Nogueira dos Santos, a BRF executive, was arrested at Sao Paulo's international airport on Saturday after arriving from South Africa. BRF said in an emailed statement that he surrendered to the authorities and is available to give all clarifications needed.

China and Hong Kong, which together are the biggest export market for Brazilian meat, were the destination for about a third of the \$5.5 billion of beef shipped from Latin America's largest economy last year, according to the meat exporters group Abiec.

The European Union is the second-largest market, with 13 percent of the exports. China and Hong Kong are also the biggest Brazilian market for chicken, while the European Union ranks third, according to the Brazilian Association of Animal Protein Abpa.

Retail Chains

Some of the tainted meat was sold domestically for school meals or to retail chains including Wal-Mart Stores Inc., according to police and Brazil's Federal Revenue agency. Some was exported – police allege three BRF cargoes tainted with salmonella are still en route to Europe. Wal-Mart said in a statement that it has requested explanations from the suppliers cited by the police, and that its internal procedures on food safety are reliable.

The U.S. bought \$297.8 million of red meat from Brazil in 2016, according to government data. That's a fraction of the roughly \$200 billion of meat Americans consume annually, the bulk of it from domestic sources, according to the North American Meat Institute.

While prosecutors of the so-called "Weak Flesh" probe said the practice was widespread in the industry, there have been no cases of individuals getting sick from consuming the products, and Brazilians over the weekend were mostly buying meat as usual. It was alleged that some of the meat, including sausages and cold cuts, was adulterated with [ingredients](#) including pig heads, and that suspect smells were masked by applying acid.

Brazil's Federal Inspection Service is one of the most efficient and rigorous worldwide, the Brazilian Ministry of Agriculture said Saturday in a statement. On Friday, it said that while the scandal revealed only isolated cases, it may more broadly harm the country's global trade reputation.

Salmonella Strain ...

Expansion Plans ...

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<https://www.bloomberg.com/news/articles/2017-03-19/brazil-tainted-meat-probe-widens-as-trade-partners-study-impact>

Brazil's Latest Scandal: Bribes, Acid and Tainted Meat Exports

Affected food allegedly sold in Brazil to schools, Wal-Mart
JBS, BRF [stocks and bonds](#) plunge after police search plants

by Gerson Freitas Jr, Tatiana Freitas, and Fabiana Batista, Bloomberg
March 17, 2017

Brazilians are used to scandal and allegations of corruption, but the latest headline-grabbing police investigation has the country entering new realms that are both stomach-turning and slightly surreal.

Federal authorities announced Friday they're investigating evidence that companies including JBS SA and BRF SA, the nation's largest meat producers, bribed government officials to approve the sale and export of soiled meat. Federal police served hundreds of court orders, including more than 30 detention warrants, in what local media says is the largest police operation in the country's history.

Police released transcripts of recorded conversations showing how agricultural inspectors were bribed, sometimes in the form of prime cuts of beef. It's alleged that some of the meat, including sausages and cold cuts, was adulterated with ingredients including pig heads, and that suspect

smells were masked by applying acid. Inspectors who refused to comply, it's alleged, were reassigned elsewhere by the meat companies.

"It seems like magic realism," Marcos Josegrei da Silva, the judge responsible for overseeing the so-called Weak Flesh investigation, said in a court order. "Unfortunately, it is not."

School Meals

Some of the tainted meat was sold as school meals and to retail chains including Wal-Mart Stores Inc., according to police and Brazil's Federal Revenue agency. Some was exported -- police allege three BRF cargoes tainted with salmonella are still en route to Europe.

Wal-Mart said in a statement it has requested explanations from the suppliers cited by the police and that its internal procedures on food safety are reliable.

Brazil's Agriculture Ministry said that while the scandal revealed isolated cases, it may harm the country's reputation in global trade. Eumar Novacki, a secretary at the ministry, told journalists in Brasilia that repercussions of the case were "concerning" as some importers may question Brazil's food security system. The country is the world's largest beef and chicken exporter, accounting for almost a fifth of global exports.

"I think long and hard before buying meat now," Police Chief Mauricio Moscardi said in a press conference in Curitiba. "All 40 companies we investigated had issues."

Another Scandal ...

'Weak Flesh' ...

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<https://www.bloomberg.com/news/articles/2017-03-17/brazil-meat-producers-jbs-brf-probed-in-alleged-bribery-scheme>

Brazilian beef and poultry industry plunged into major scandal

Jim Breen, AgriLand (Ireland, UK)
March 18, 2017

Authorities in Brazil have suspended over 30 government officials in response to allegations that some of the country's biggest meat processors have been "selling rotten beef and poultry for years", according to the reports from the BBC this morning.

The BBC has said that "three meat processing plants have been closed and another 21 are under scrutiny". While some of the meat produced by the factories is consumed domestically, much of it is exported here to Europe. Brazil is currently the world's largest exporter of red meat.

Meanwhile, it is believed that Brazil's Agriculture Minister Blairo Maggi is hurriedly arranging to meet foreign ambassadors over the coming days in a bid to prevent sanctions being imposed on Brazil's beef and poultry exports.

The so-called Operation Weak Flesh was launched by Brazilian authorities early yesterday, Friday, March 17 across multiple Brazilian states. This followed an apparent two-year investigation.

Raids were carried out by federal police, according to the BBC, in almost 200 locations. Over 1,000 officers and officials were involved in the large-scale operation.

Among the allegations is a charge that politicians and official health inspectors were, in some instances, bribed by plant managers.

'Potato, Water And Cardboard Mixed With Chicken'

Police sources have claimed that some of the processing plants used acid and other chemicals – some of which were said to be carcinogenic – to mask or alter products. It is alleged that potato, water and cardboard were mixed with chicken meat to boost profits.

According to the BBC, more than 30 companies were involved in the raids, including JBS – reputed to be the world's largest beef exporter. BRF – one of the world's biggest poultry producers – was also targeted. Both companies deny the allegations.

According to reports from the New York Times, the alleged 'scheme' involved bribery allowing rotten meat to be served in Brazil's public schools and salmonella-contaminated meat to be exported to Europe...

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<http://www.agriland.ie/farming-news/brazilian-meat-industry-plunged-into-major-scandal/>

Brazil's BRF, JBS shares slump after China suspends meat imports

Reporting by Bruno Federowski; Editing by Lisa Von Ahn, Reuters
Mar 20, 2017

Shares of meatpackers BRF SA and JBS SA slumped on Monday after China and other countries temporarily suspended imports of Brazilian meat following a scandal over alleged bribery of inspectors.

Common shares in BRF and JBS dropped as much as 10 percent early on Monday, making them the biggest decliners by far on Brazil's benchmark Bovespa stock index.

A source told Reuters China's temporary imports ban is a "precautionary measure."

Earlier in the day, Bloomberg News had reported that Brazilian beef products currently on the way to China would not get clearance at customs, citing a source who was notified of the decision.

Credit Suisse Securities analyst Victor Saragiotto wrote in a Monday note to clients that the scandal "could be enough to compromise temporarily Brazilian protein's acceptance worldwide."

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<http://www.reuters.com/article/us-brazil-corruption-food-stocks-idUSKBN16R1GB>

Down But Not Out, Brazil's Lula Mulls an Unlikely Return

Former president currently leads polls for 2018 election
Lula faces five corruption charges and high rejection ratings

by Samy Adghirni, Bloomberg
March 17, 2017

Luiz Inacio Lula da Silva remains such a towering figure in Brazilian politics that even his absence casts a shadow.

When President Michel Temer last week inaugurated a long-awaited irrigation project in Monteiro, a dusty town in Brazil's arid northeast, much of the praise from locals and visiting dignitaries went to Lula for launching the much-needed infrastructure over a decade ago.

"I thank God for the works," said Joao Bezerra, a grizzled 51-year old farmer. "But I also thank the man who started it: Lula."

The 71-year old former metal worker, trade union leader and two-time president retains the devotion of many Brazilians, particularly in the northeast. Despite a devastating corruption scandal, much of which originated on his watch, and the catastrophic unraveling of the economy under his hand-picked successor, Dilma Rousseff, Lula is considering a comeback. Facing no fewer than five separate criminal charges against him -- three linked to Operation Carwash -- the leftwing leader is still the most popular in opinion polls only 18 months ahead of the next presidential race...

Lula's Legacy ...

Rejection Ratings ...

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<https://www.bloomberg.com/politics/articles/2017-03-17/down-but-not-out-brazil-s-lula-mulls-an-unlikely-return>

HOW BRAZIL'S MEAT SCANDAL COULD IMPACT EXPORTS

The meat industry is one of the cornerstones of the Brazilian economy

By plus55 > Brazil Business
Mar 19, 2017

It took Brazil's meat industry decades to convince the world that their products were quality. In fact, even Oscar-winning actor Robert de Niro appeared on commercials vouching for Brazil's processed meat. The country is now the world's second-largest meat exporter, shipping beef, pork, and poultry to over 150 countries. Every year, exports brought \$14.5 billion to Brazil. However, chances are those numbers will go down very soon. Way down.

Brazil's Federal Police unveiled a scheme that bribed federal auditors in exchange for sanitary permits to rotten beef and poultry containing cardboard fragments. That episode is capable of

destroying the image of the entire sector. While JBS and BRF, the industry's leaders, lost almost \$2 billion in one day, other players who are not in the scandal suffered multi-million losses as well.

"In other countries, consumers don't know the multitude of Brazil's meat brands. For them, it's all Brazilian meat," says Blenda Lara, a lawyer specialized in foreign trade.

She continues: "Things get even bleaker when we analyze that JBS and BRF, which are at the center of the scandal, are present in other sectors of the food industry, like dairy products. Consumers could boycott not only their meat but their entire production."

Less than one year ago, Brazil had pulled an amazing deal to allow its beef into the U.S. market after 17 years of negotiations. American safety standards for foreign products are among the world's strictest, and many countries could follow the U.S. in opening their markets to Brazilian beef.

Following the scandal, it would be a surprise if the U.S. didn't back down from the deal.

Other countries might force prices down or even forbid imports from Brazil altogether, as the European Union has threatened. The bloc's ambassador to Brazil, João Gomes Cravinho, told O Globo that the EU will suspend imports unless Brazil offers sufficient explanations to the problem. Today, Brazil is the EU's biggest poultry supplier.

News couldn't be worse for a country highly dependent on the agribusiness.

Understand Brazil's meat scandal ...


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<http://plus55.com/brazil-business/news/2017/03/brazils-meat-scandal-impact-exports>

HB 17-1234 – FACT SHEET

Colorado Retailers to Display Country of Origin of Beef

Consumers – HB 17-1234 allows Colorado consumers to choose between U.S. beef and foreign beef.


 “U.S.A. Beef” on a placard shall be beef “exclusively from animals born, raised, and slaughtered in the United States or born and raised in Alaska or Hawaii and transported for a period of not more than sixty days through Canada to the United States and slaughtered in the United States.”

- “Imported” on a placard shall be beef “from any animal born, raised, or slaughtered in any foreign country,” indicating “each country.”

Restaurants – HB 17-1234 applies to Colorado retailers selling beef “at retail” to the public. It does not apply to restaurants. Although, restaurants would have the information they need to inform their patrons of the country of origin of their prepared beef if it was purchased from a Colorado retailer.


Food Safety – HB 17-1234 creates the opportunity for Colorado retailers to immediately remove beef from their shelves when reports of rancid meat occur (e.g., March 17, 2017, Brazil) or when there is a meat-borne illness outbreak in a country that imports beef to the United States (e.g., Sept. 28, 2012, Public Health Alert: 2.5 million pounds of imported Canadian beef adulterated with E. coli 0157:H7).

Capitalism – HB 17-1234 allows U.S. beef to compete with foreign beef in Colorado. This would create an opportunity for U.S. producers to promote and advertise “U.S.A. Beef” in Colorado. A competitive market does not exist when country of origin information is concealed by the packers.

 U.S. farmers and ranchers would have the opportunity to benefit from the fact that they produce their cattle under more stringent health and environmental standards. For example, the new federal Veterinary Feed Directive (VFD) does not apply outside of the United States.

Cattle Industry – HB 17-1234 takes a step in the right direction to slow the decline of U.S. beef cow operations. According to the 2012 *Census of Agriculture*, there were 729,000 beef cow operations in the United States in 2012, a five percent decline from 2007.

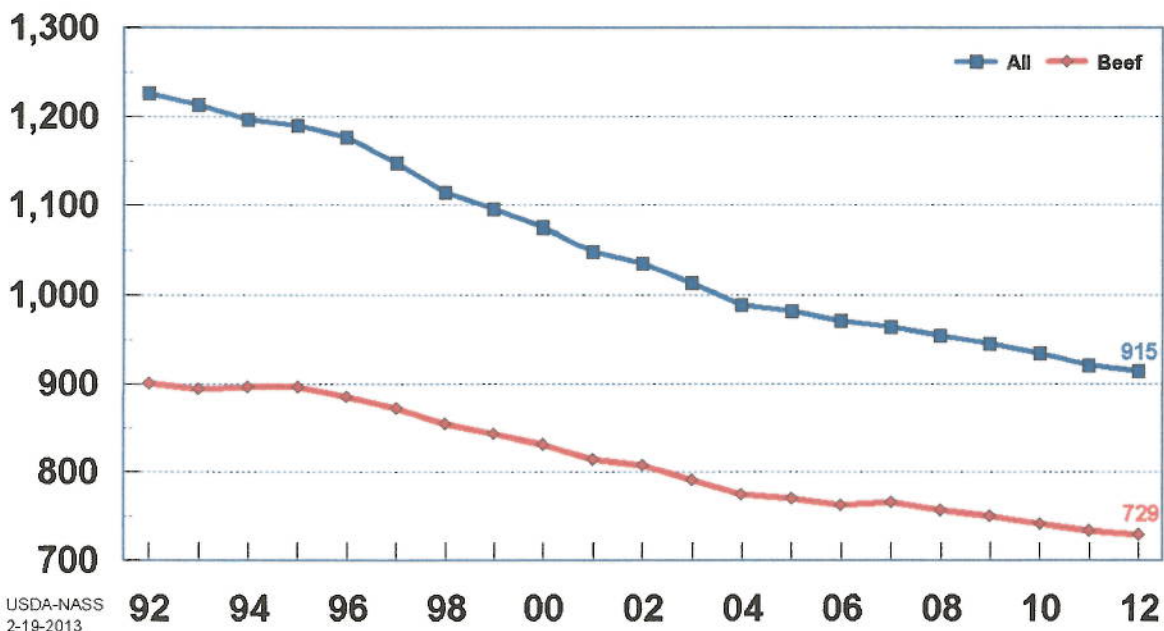
- The USDA National Agricultural Statistics Service reported that U.S. beef cow operations declined by over 170,000 operations between 1992 and 2012.
- The depressed state of the U.S. cattle industry is largely attributed to the concentration of the packing industry. Four multinational companies control over eighty percent of the market, giving them power to drive down U.S. cattle prices by importing foreign beef and cattle.

 An increased demand for “U.S.A Beef” would cause the packers to purchase more U.S. cattle and would allow *competition* to influence U.S. cattle prices, which would partially inhibit the packers’ current ability to sell beef at record prices while depressing producer prices.

Colorado – HB 17-1234 recognizes the importance of food safety and food choice to Coloradans, and the importance of cow/calf producers to Colorado’s economy. These issues have been on a more than twenty-year roller coaster at the federal level. It’s time for Colorado to take the reins!

Number of All Cattle and Beef Cow Operations, United States, 1992-2012

Thousand operations



USDA-NASS
2-19-2013