

Narrative Summary of Un-announcement inspections

Members: Rizhao Huasai Foodstuffs Co. Ltd. (2 farms and 1 Processing facility)
Report date: August 17, 2006
Inspector: Yutaka Maruyama (8109I003-98)

1. Background

This un-announcement inspection is to investigate the response given to the Dallas Morning News by Rizhao Huasai Foodstuffs Co. sales official Cui Min who said "workers sometimes use a fertilizer mix that includes human waste on their crops". It is a matter that needs to be looked into to protect the integrity of the Organic system.

The inspection was conducted from August 14 to August 17, 2006. Certificate coordinator Mr. Li Zhendong and sales Manager Mr. Cui Min fully attended the inspections. The difficulty of this inspection was because of the limited time and in the holiday week in China, a document controlling person was day off at the processing facility inspection. But finally I thought we achieved the purpose.

This is a quick report of the inspection result. The detail report will be reported later on by using the normal inspection report format.

2. Inspectors

Yutaka Mauyama (Independent inspector, 8109I003-98), Wen-Peng You (OCIA China), and Wenqin Zheng (OCIA China) as translator of Maruyama

3. Schedule (of Maruyama)

Aug. 13(Sun) Stay at Narita Airport

Aug. 14(Mon)

7:00 Leave Hotel at Narita Airport

9:35 - 12:00 From Narita Airport to Qingdao Airport (1 hour time difference)

12:30 - 15:15 Move to Rizhao city by car, Hotel check in

15:45 -18:15 Processing inspection - Rizhao Huasai Foodstuffs Co., Ltd. (42384)

Aug. 15(Tue)

6:30 Leave Hotel at Rizhao city, move to Qingdao Airport by car

9:35 - 11:30 From Qingdao Airport to Harbin Airport

11:30 - 19:30 Move to Mishan city by car, Hotel check in at 20:30

Aug.16(Wed)

7:00 Leave Hotel

7:30 -10:30 Farm inspection - Rizhao zhiyi Organic Farm (42796)

10:00 - 14:30 Move to another farm

14:30 - 17:30 Farm inspection - Rizhao Huanan Organic Farm (42395)

17:30 - 19:00 Move to Jiamusi train station

21:22 Departure Jiamusi train station, overnight train

Aug. 17(Thu)

6:00 Train arrival at Harbin station move to the airport

7:15 - 8:15 Exit Interview at the Harbin Airport

9:10 - 11:10 From Harbin Airport to Qingdao Airport

13:00 - 17:00 From Quinddao Airport to Narita Airport

20:30 Arrived at home

4. Summary of the inspection

(1) Processing plant

a. Company Profile

Rizhao Huasai Foodstuffs Co., Ltd was established in 1996, their business is processing and bagging several types of seeds and beans. They export products to USA, EU and other countries (for 40 countries).

Their main products are conventional products. According to their explanation, they handle total 18,000-20,000 tons of products. Among them, around 2,000 – 3,000 tons are organic. The facility was constructed 10 years ago.

Last year they were firstly certified and started to export organic products from 2005 crop products. At this moment, all organic products are supplied from their two contact farmers, which were also inspected this time.

They handle many products, but products types are considered in 3 areas, which are A) Seed kernels and beans, B) Oils and meals, C) Roasted seeds. All cleaning, bagging, oil pressing, and roasting facility is in the same site.

So far their handling result was mainly A) type products. About other products, they only once shipped soybean meals to Denmark as a feed. They don't have shipping result of organic oil and roasted products so far.

Rizhao Husai is now constructing new processing facility for this year's crop processing. This autumn, they will finish constructing. The new facility is located in the same area and will have 10 times capacity as the current one. Mr. Cui Min said that if the organic business continuously exists, they will use current facility for organic dedicated purpose, and all conventional handling will shift to the new facility. But if organic quantity is small, they may continue parallel production at the current plant.

b. Labeling

Deleted portions not related to the claims made by Dallas News to protect the business practices of our Operators – Jeff See

c. Audit Trail

They keep Receiving record, Processing record, and Shipping record for quantity tracing. Also they keep cleaning log, pest monitoring record, etc., required by organic standard.

They issue zero value TC from farm (They submitted the two TCAs of the latest shipments) as instructed last year by OCIA. They also issue Out-going TC. I confirm the one example of TC but I couldn't check all TC's files due to the office staff absence.

Due to the office staff absence, it was difficult to find financially supported documents like incoming transport slip, B/L and invoice for export etc, so I asked to send them after the inspection. (Incoming transport slip was submitted at the farm inspection.)

As a result of this audit trail, they keep necessary records, but I found some mistakes on receiving records and processing records. But it was just simple mistake, not a major non-compliance. This is verified by checking the farm records.

d. Other aspects

They segregate products. They keep organic ingredients and finished products together with cardboard which shows organic lot number. For the conventional storage, they don't use lot number. About other topics see normal inspection report.

(2) Zhiyi Farm

a. Samplings

I took sampling as follows:

- 3 soil samples of the organic fields (Field No. ZY-2, ZY-1-20 and 21)
- 1 compost sample, which is under maturing, delivered from pig farm several months ago.
- 1 pig manure at the pig farm, which is very raw.

I asked OCIA China staff to bring them back to their office. I would like to ask OCIA International to indicate to OCIA China what substances they should test.

b. Compost ingredients

Ingredients of compost are slightly different depend on each farmer because each farm use family animal manure for compost. According to the compost records, the followings are typical ingredients.

- Pig manure from pig farm in this area. (I visited 200 size pig farmer and take the above sample), from pig farm they received the affidavit that explain the source is manure only.
- Several types of animal manures like cattle, poultry, sheep, goat, etc. from small farmers.
- Soil, water, weed, and crop residue

Each farmer made a compost making record and ingredients are clear in it. Material names they used (name of animals) are slightly different by each farmer, that seems to be trustworthy.

Regarding the way of making compost, they wrote down that temperature keeping between 55-75 degree centigrade, but they said it was not the result of measurement by thermometer but based on their experience, they know it by looking vapor, in the winter and spring season – it is very cold in this province.

Also regarding C/N ratio, they don't measure but by their experience they wrote it down. I told them that periodically they should measure it, especially when they change the manure source.

According to the interview, I think they know that they will use completely fermented compost only.

c. Overall consideration of the possibility to use Human waste

- In the Handling manual, it is mentioned that they prohibit using human waste.
- In the 2006 Fertilization plan, it is mentioned that they prohibit using human waste.
- On April 1st, they have an internal meeting with farmers. According to the minute, it was discussed that human waste was prohibited material. So all attendee were informed it.
- On the compost making record as explained the above b), on the ingredient column, there was not mentioned the name of human waste.
- When we visit pig farm, the pit of manure was segregated that of the human waste, so no contamination will seen.
- At farmer's residence, toilet is isolated. Not mixed with poultry or other animal manure.
- At the compost storage place, there are not the marks of mixture human waste.

Considering the above phenomena, I didn't find the definitive evidence of usage of human waste, they understand the standard well.

However Sales manager Cui Min said that for the family garden field at the residence place, farmers, as a custom, uses human manure, but he insisted that it is clearly separated.

d. Out sourcing material for fertilization

They told us that they didn't use any out sourcing material for fertilization. According to the record, they didn't use such material.

e. Audit trail

They made several record formats and filled out them. The following records and documents I verified.

Field activity record, Compost making record, Compost application record, Seed application record, Pest/disease/weed control record, Machine and equipment cleaning record, Harvest record, Warehouse storage record, and Shipping record.

Also I checked the quantity audit. The shipped quantity of each field is within the harvest quantity of each field. So about quantity, I didn't find any problem. As a conclusion they have enough audit trail record keeping system.

But for the better control, I told them to improve seed application record, which they should add the column of supply source and so on.

About the lot numbering system, they can trace products back to the field number, but I told them to add shipment number because they ship same lot number's products several times.

f. Other aspects

Due to the limited time, I concentrate the sampling and compost information, audit trail only, I didn't check deeply for other inspection points. See normal inspection report.

(3) Huanan Farm

a. Samplings

I took sampling as follows:

- 3 soil samples of the organic fields (Field No. CF-1, CF-2, and CF-5)
- 1 compost sample, which is under maturing, cattle manure from small farmers

Also I asked OCIA China staff to bring them back to their office.

b. Compost ingredients

The operation system is the same as Zhiyi Farm. See explanation of Zhiyi farm.

c. Overall consideration of the Possibility to use Human manure

The operation system is the same as Zhiyi Farm. See explanation of Zhiyi farm.

d. Out sourcing material for fertilization

The operation system is the same as Zhiyi Farm. See explanation of Zhiyi farm.

e. Audit trail

The operation system is the same as Zhiyi Farm. See explanation of Zhiyi farm.

f. Other aspects

The operation system is the same as Zhiyi Farm. See explanation of Zhiyi farm.

5. Exit interview and regarding the Dallas Morning News Interview

(1) Exit Interview

Like a normal inspection, we held an exit interview. I didn't find a major non-compliance, and I told them to some improvement action for better operation like I explained in this report. Those improvement actions will be described in the normal inspection report too.

(2) Mr. Cui Min's comment about the Dallas Morning News Interview.

After finished all inspection procedure, I asked about this theme. The followings are explanation by Mr. Cui Min.

About two months ago, around 14:00 he received a telephone call form Chinese women who is a correspondent of this publish. On that day, they took a big lunch and drank beer too much, so he was just going to taking a nap. Generally speaking he is a sales person and he is not in charge of organic operation, so it should be answered by Li Zhendong, who is an organic certification coordinator, but at that time he was absent so Cui Min replied to her.

The correspondent had strong Hong Kong dialect and a little bit difficult to understand her questions. The telephone interview continued so long for 15 – 20 minutes and the number of the questions was more than 20.

Because of this situation, he thought troublesome and replied in a slapdash manner. At this moment he doesn't remember what kind of questions he was asked, and he doesn't remember the exact statement he told about human waste, what kind question was, and what he replied.

At this exit interview, he explained that in this area people use human waste as compost but for family garden use in residential place. Like a commercial farming field, the area is so large and volume of compost should be so large. So they need not to use such a small amount human waste. For conventional farming, there is such company that gathers

human waste and sells as compost. But Rizhao Huasai does not purchase any fertilizer from out source.

He is very angry that his comment was distorted by its article.

(This is my guess so here is not a settled idea, but that he may have confused a certified organic and a traditional natural farming (like using human waste). He knows that it is not a certified organic but traditional way of growing. And he uses the term of “organic” for this growing way too.)