



Sysco has been implicated in an investigation over the use of forced labor from processors in China supplying seafood to the United States. Photo: Tada Images/Shutterstock.com

Sysco terminating contract with Chinese processor linked to forced-labor scandal

A US congressman said he would like to get to the bottom of Sysco's 'supply chain vetting and receive some clear answers.'

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By Rachel Sapin 

US broadline distribution giant Sysco is terminating its contract and relationship with China-based processing plant Shandong Haidu following a meeting with California Democratic lawmaker Jared Huffman's office.

Sysco's revenue for the 12 months ending September 30, 2023 was \$76.81 billion. Seafood accounted for 4 percent, or \$3 billion, of its sales in 2023, the company said in its annual report.

In the Dec. 14 letter, Huffman lauded the move by Sysco to cut ties with the processor, citing the processor's connections to a major investigation by the nonprofit Ocean Outlaw Project that found widespread use of forced labor at Chinese suppliers whose products are sold in the US market at leading retailers such as Costco, Albertsons and others.

In its investigation, the nonprofit implicated the Chishan Group, its fishing fleet and associated processing plants, including Rongcheng Haibo and Shandong Haidu, in the use of forced labor of Uyghurs and other ethnic minorities from Xinjiang, China.

In total, those companies handle 30 percent of China's squid production and contribute up to 17 percent of squid exports to the United States, Huffman's letter said.

"Because Sysco holds a large share of federal government contracts, I want to ensure that Sysco will demonstrate its commitment to upholding the law by severing ties with any entity that violates human rights standards, such as those laid out in the Uyghur Forced Labor Prevention Act," Huffman's letter said.

Huffman said his staff's "meeting with Sysco revealed further questions about the thoroughness and reliability of audits that Sysco relies on to claim they are committed to sourcing products free from forced labor and human trafficking."

"Further, the question of Sysco's commitment to fully addressing these issues remains to be seen, as the company has not addressed its relationship with Rongcheng Haibo or the eight other processing plants that can be linked to forced labor of workers from Xinjiang and human rights abuses," he said.

The Outlaw Ocean Project's extensive investigation identified 10 total processing plants that utilize workers from the Xinjiang Uyghur Autonomous Region.

Huffman asked if Sysco was also planning to cut ties with other plants cited in the investigation that include Rongcheng Haibo.

He also pointed to issues with Sysco's auditing process of its plants through the third-party independent auditor, Underwriter Laboratories (UL) following the investigation.

"It is concerning to us that following this request, UL engaged in multiple delay tactics, and as Sysco said during the meeting, UL ultimately said they were unwilling to audit because of what they are seeing with their 'auditors getting intense scrutiny,' implying that it was the Chinese government who had been applying the pressure," he said.

"Based on this, it appears to us that UL and other auditors are likely not checking for the presence of forced labor from regions like Xinjiang or North Korea."

In its investigation, Outlaw Ocean has connected Sysco to at least 20 vessels and 6six processors and at least three buyers connected to the alleged forced labor in China.

Huffman is one of several US lawmakers who are looking closely at seafood imports from China, pointing to what they say is a growing problem with forced labor as well as illegal fishing connected to products that are being sold in the the United States.

The investigation revealed evidence of forced labor of Uyghurs workers transferred from Xinjiang Uyghur Autonomous Region to seafood processing factories in the Shandong province of China that have supplied US companies as well as the US government.

The reasons behind the calls for trade action are varied, but generally focus on Alaska pollock and farmed shrimp imports from China. (Copyright)

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