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China Goes Kosher as Exporters Use Rabbis to Reassure Consumers

By Mark Drajem

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Jan. 18 (Bloomberg) -- Chinese exporters, facing a U.S. backlash over tainted food products, are turning to an unlikely group of inspectors to help clean up their act: Jewish rabbis.

Kosher certifications by rabbis have doubled to more than 300 in China in the past two years, according to the Orthodox Union, a New York-based organization that does inspections. The group expects thousands more plants to get certified in the next few years, covering everything from spices and chemical additives to frozen berries, sliced garlic and beef.

Chinese exporters, eager to gain access to the \$11.5 billion U.S. kosher market, had already begun seeking the certifications before the uproar over contaminated seafood, toothpaste and pet food began last year. Now, after a rush of recalls, the rabbis say the companies are paying for the inspections to ease growing concern among U.S. consumers about imports from China.

“When we certify a product, consumers know there is another pair of eyes” on it, said Mordechai Grunberg, an American rabbi whose seven-member team examines Chinese factories, scans company books, and even drops in for surprise inspections to ensure the biblical dietary laws are followed.

The surge of kosher certifications hasn't come without hiccups. Many Chinese companies were unfamiliar with the concept: One furniture maker asked for kosher certification, drawing a polite rebuff. Another facility asked to get certified as kosher even though it was smoking eel on site, a kosher no-no. The company was turned down; it is now building a separate, kosher-only facility.

Jarred by Grilling

And many companies weren't ready for the grilling the rabbis gave them on their first visits to their plants, seeing it as a sign of distrust. “In China, everything works on relationships,” said Grunberg of the Orthodox Union, which certifies more than 400,000 products worldwide.

Grunberg first traveled to China in 1981 in what would have been the first kosher-certification there. It didn't work out. His translator failed to meet him at the airport and his hotel had rats. Grunberg didn't bother to examine the facility, instead returning to New York the next day.

“It was a trip wasted,” he said in a telephone interview from Israel, where he lives. When he returned two decades later, “it was a different China.”

Now, kosher “is part of the vernacular” as companies there try to take advantage of the U.S. market, he said.

Fully half the Chinese exports to the U.S. of \$2.5 billion a year in food ingredients, such as coloring agents and preservatives, are kosher, up 150 percent from two years ago, the Orthodox Union estimates.

‘Phenomenal’

“We are experiencing phenomenal growth,” said Rabbi Moshe Elefant, chief operating officer of the kosher-certification body.

While the rabbis see to it that the products adhere to such laws as prohibitions on pork and the mixing of meat and dairy, they don't perform scientific food-safety tests.

“There is definitely marketing power to have a kosher symbol on products,”

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said Mark Overland, who directs the kosher and organic department at Cargill Inc., the largest U.S. agricultural company. "But it would be a misnomer to equate kosher with food safety."

Many consumers disagree. Buyers of kosher products -- the majority of whom in the U.S. are non-Jews -- are seeking healthy and safe products, according to a 2005 survey by Lubicom, a marketing firm specializing in kosher products.

Plant Codes

And one of the kosher safety measures has already been seized on by Chinese regulators since the U.S. began cracking down on the imports. Since 2001, the Orthodox Union has required makers of products it certifies as kosher to place a code on their packages identifying the plant where it was made so the product can be traced in a recall. In September, Chinese regulators began requiring the same code on all food exports.

For Chinese companies, the benefits are clear amid increasing scrutiny from foreign consumers. More than two-thirds of Americans say food and product recalls have dimmed their view of Chinese-made products, according to a poll released last month.

For Nanjing Biotgether Co., certification is a prerequisite for selling fructose, salts and amino acids to U.S. makers of sports drinks, pharmaceuticals and food flavoring. Exports may soar to 450 million yuan (\$62 million) in the first year since it got the kosher stamp last June, more than 11 times the previous year's total, said sales manager Wu Yonghong.

'Vote of Confidence'

Zhoushan Genho Food Co., in eastern China's Zhejiang province, got its frozen tuna fillets certified as kosher last August. Its sales have picked up, too.

"At a time of renewed international scrutiny on quality and safety, any additional stamp of approval or certification is equivalent to a vote of confidence," said sales manager Chen Xing.

While food companies say they already use many comprehensive safety procedures, analysts say they have a lot to learn.

"If unsafe food is getting through, then someone has dropped the ball," said James Morehouse, a senior partner at A.T. Kearney in Chicago and lead author of a study on China's food-safety system. "The rabbis are an example of a working inspection system."

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