

Better safe than sorry

Reasons for international fraud cases - results of the Anti Fraud Initiative

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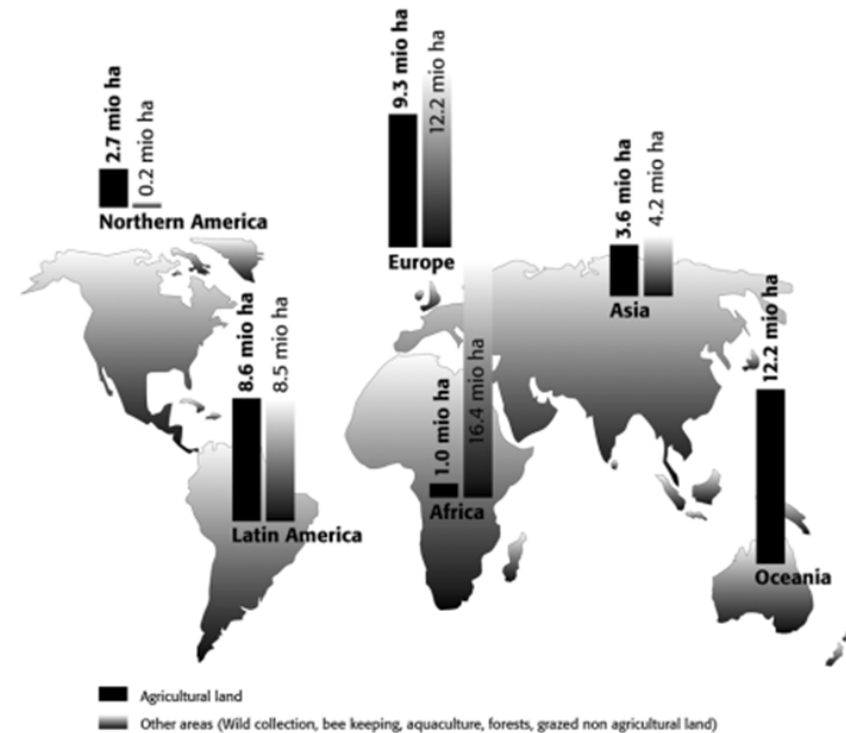
Anti Fraud Initiative

- › Platform for an open information exchange between traders, certification bodies and competent authorities
- › Workshops in Germany, Switzerland, Belgium, Italy and the USA

www.organic-integrity.org

The Organic Sector

- › Fast growing markets (5-15%/year)
- › Increasing complex international supply chains
- › Enhanced international trade exchange
- › High demand – supply fluctuations



Core messages from the AFI-meetings

More risk orientation in organic certification:

- › Put the focus on risky supply chains
- › Put the focus on risky operators instead on the compliant ones
- › There are enough rules for organic certification – but there are many gaps in its implementation
- › Facilitate organic certification for compliant operators

1. Risky supply chains

- › Cross-border sales / international trade exchange (missing cross-border orientation of organic inspection)
- › “Risk products” (high organic margin or fresh products with quick turnover - limited detection risk for fraud)

2. Risky operators

- › Not a matter of production system, but of mentality
- › Those who violate the regulation once, will do it again (Certcost) – they must be in the focus

How can we improve the certification system?

- › The responsibilities of the actors in the control chain needs to be strengthened
 - › Organic operators
 - › Certification bodies
 - › Accreditation bodies / competent authorities
- › Communication needs to improve

Foster implementation of the organic certification program: Operator's responsibility

Operator's responsibility

Approach:

- › An organic certificate does not replace organic advisory services and continuous quality control of organic critical points
- › Qualification of actors along the supply chain is a key factor



Operator's responsibility

- › Traders must pay a price covering the production costs
- › An organic certificate never replaces continuous technical advice and quality control
- › Fraud suspects shall not be kept internal - deliver information to CB and authorities



Foster implementation of the organic certification program: Certification body's responsibility

Certification body's responsibility

- › More use of unannounced audits and quick re-audits at risky supply chains and risky operators
- › Increased use of analytical tools in risky supply chains and risky operators (eg. Leaf analysis on **relevant** pesticides)
- › Increased use of cross-checks
 - › **Downstream supply chain**
 - › **Include Financial accounts**
 - › across borders

Note: The international exchange of cross checks actually does not work properly. Approx. 50% of information requests are never responded by the CB where they were addressed to.

Results of leaf analysis of bananas: are pesticide-free bananas qualified as organic?

Waren-Spezifikation: Bio
Zusätzliche Identifikation: Mischmuster aus 44015025, 44015023, 44015033, 44015029
Untersuchungsbeginn: 19.03.2010
Untersuchungsende: 22.03.2010

Untersuchung auf Pestizide

Beauftragter Prüfumfang

EX-QuLC-00-01-24-OUG	SX911	QuEChERS-Multimethode nach DIN EN 15662:2009
EX-QuGC-00-01-24-OUG	SX902	QuEChERS-Multimethode nach DIN EN 15662:2009

Prüfergebnis:

Parameter	Messsystem	Einheit	Ergebnis	HG	BG
Bitertanol	LC-MS/MS	mg/kg	0,03		0,01
Difenoconazole	LC-MS/MS	mg/kg	0,17		0,01
Epoxiconazol	LC-MS/MS	mg/kg	0,02		0,01
Fenpropimorph	LC-MS/MS	mg/kg	0,06		0,01
Propiconazol	LC-MS/MS	mg/kg	0,09		0,01
Pyraclostrobin	LC-MS/MS	mg/kg	0,12		0,01
Pyrimethanil	LC-MS/MS	mg/kg	0,03		0,01
Tebuconazol	LC-MS/MS	mg/kg	0,03		0,01
Tridemorph	LC-MS/MS	mg/kg	0,28		0,01

Es sind keine weiteren Wirkstoffe/Parameter aus dem beauftragten Prüfumfang nachweisbar.

BG = Bestimmungsgrenze

HG = Höchstgehalt nach VO(EG)396/2005

Certification body's responsibility

- › Establish good practices for harvest estimation and control of flow of product
- › Deal with residue cases found in a reasonable manner
Note: The international exchange of information concerning residue cases has improved, but is not working adequately. CB partly do not work with residue cases found by their clients. Approx. 30% of information requests are never responded by the CB where they were addressed to.
- › More transparency: Inform on suspended or decertified operators
- › Continuously train staff and inspectors in best practices

Foster implementation of the organic certification program: Competent authority's and accreditation body's level

Competent authority's and accreditation bodies responsibility

- › Objective: Creating a framework in which the certification system works best
 - › Provide equal level competition between certification bodies (define minimum requirements for expensive control instruments, e.g. unannounced inspections)
 - › Observe data protection requirements
- › Supervise the certification system
 - › Supervise the effectiveness of the certification bodies
 - › Result-orientated working instead of micro-management of the organic inspection system

Supervising the certification system – but how?

- › Give up detailed implementation instructions and micro-management
- › Risk-orientation of surveillance activities



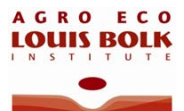
Monitoring the certification system – but how?

- › Result-oriented evaluations of certification bodies
 - › Witness audits
 - › Review of operator files
 - › Review of cross checks, input-output balances, reaction times...
- › Qualification of supervising personnel must be at least the same as for the staff of certification bodies



Improved transparency

The Anti-Fraud Initiative



Common online certification platforms – e.g. www.bioc.info

- › Common initiative of 18 CB from Austria, Germany, Italy and Luxemburg
- › Electronic certificates, free of charge
- › Changes of the certification scope
- › Changes of the certification body
- › Electronic and automatic information for traders and other users – for cost service

The screenshot displays the bioC website interface. At the top, the bioC logo is visible next to the title 'Verzeichnis der kontrollierten Unternehmen des Ökologischen Landbaus'. Below this, a navigation menu includes 'Suche', 'Login', 'Recherche', 'Information', 'Kontrollstellen', 'Nutzung & Haftung', 'Links', and 'Impressum'. The main content area is divided into two sections. The first section, titled '1. Name, PLZ', contains input fields for 'Name:' (with a note 'Name oder Namensbestandteil (mind. 4 Zeichen)'), 'Postleitzahl:' (with a note 'Postleitzahl oder PLZ-Bereich (mind. die ersten drei Stellen)'), and 'Land:' with radio buttons for 'Deutschland' (selected), 'Italien', and 'Österreich'. A 'Suchen' button is located to the right. The second section, titled '1. Nummer', shows a form for 'Deutsche EG-Kontrollnummer' with dropdown menus for 'DE', 'BW', '006', and 'A', followed by a 'Suchen' button. Below these sections are two informational boxes: 'Für alle Abnehmer von Bio-Produkten' and 'Neue Nutzungsbedingungen'.

We need a certification system ...

- › ...that is flexible, dynamic and is able to react on changing market conditions.
- › ... that is a self-learning system.
- › ...which is able to adjust itself to external influences.
- › ...where each element is related to the other and able to interact.



Thank you very much!