



**MINISTERO DELLE POLITICHE AGRICOLE  
ALIMENTARI E FORESTALI**



**ANTI FRAUD INITIATIVE 3  
BOLOGNA, 14 SEPTEMBER 2009**

**Opening session**

The meeting is opened by Luigi Guarrera from IAMB/InterBio who gives the introduction, the purpose and context of the meeting.

Welcome from Teresa DeMatthaeis (MIPAAF). She says that there is an increase in organic consumption (+5%) in Italy despite the economic crisis. At the same time, in 2008, the organic area decreased with 10%. There are some shifts. The acreage of cereals decreased but that of olives increased. Imports from outside the EU, for example of wheat, increased. Whereas Italy was mainly a producer and exporting country it increasingly becomes an importing and consuming country.

Paolo Carnemolla presents Federbio which is a federation of 34 organisations in all the organic sectors in all types of organic products. There are 10 producer and 4 distributor organisations, the control bodies and service providers. Cooperation is essential, among themselves, with the ministries and with IAMB. Two years ago a extra, voluntary protocol was started on fruits and vegetables. This might be a model for other crops, like wheat. Some of the issues on the table could have been solved earlier had the procedures been harmonised earlier. This work on harmonisation and transparency in Italy is useful for the European level.

Antonio Compagnoni (IFOAM EU) explains the position of the IFOAM EU group. There is a new European regulation. The same rules should apply for all. Stresses that we need clever and innovative practices, not bureaucracy.

Beate Huber of FIBL, on behalf of the organisers explains the purpose of the meeting. She states that there is a good regulation, enough rules, that we need to implement it consistently, and we need a more effective exchange of information. It is important to improve transparency by merging and using the information that is available. The sector has some problems with frauds and irregularities and we should address these together. In earlier AFI meetings there was agreement on codes of conduct for control bodies and traders to reduce frauds. There should be more communication not only among the control bodies, authorities and traders, but also between them and across borders. This Italian meeting is a model case how the sector discusses and solves the issues on the national level. Thanks to the MIPAAF and the sector for the invitation to do it in Italy. This may be an example for other countries.

Regarding confidentiality; in earlier AFI meetings it was very valuable that participants were open, wanted to share information. The information that is shared during this meeting should be handled with responsibility. There will be a message to the media, to inform the world outside what the results of this meeting are.

## **The current situation** (of most presentations a pdf is available)

Paolo Steccanella of Brio spa. Brio is a EU trader in fresh produce. There should be a guarantee for the producers and the consumers that organic practices are applied correctly. For the producers so that there is no false competition; for the consumers to be sure that what they buy is genuinely organic. Brio has an intensive system of guiding and visiting its producers. It regularly takes samples for residue testing. To be effective this should be done at the right time of the season, certainly not only of the end product. The agronomists of Brio find 7x more residues in the field than later in the warehouse. A second issue is the one of acreage and yield estimates. What is sold is not always consistent with what possibly could be produced. When fraudulent practices are found, Brio no longer buys from those producers. That does not mean however that those producers are excluded from the market.

Jochen Neuendorff, GfRS starts with some (well published) fraud cases in Germany. A better exchange between control bodies is needed because the information to go through the authorities is too slow. As some residue cases are about fresh products; quick reaction is needed. A positive test result needs investigation. It raises a suspicion; it is not enough proof to condemn a producer or trader. The exchange between control bodies should also cover volumes traded.

Katrin Rösner from BNN reports on the results of the BNN monitoring service. Member companies exchange results of a coordinated and risk based sampling that, in case of a finding, is followed by an investigation by the control body. When confirmed, none of the participating companies will trade in the product. BNN has its own orientation value is lower than the MRL. 4 cases are given that demonstrate the variety of circumstances. This varies from that a certificate has already been withdrawn but the product is still on the market, a product with residues exceeding the MRL being recalled from the market while the CB can not find any non-conformity or source of contamination, to a change in control body that increased the level of residues, and one case where product with residues was sold out because there was a lack of communication between the control bodies.

Jan Wicher Krol of the EOCC presents experiences of some EOCC members with Italian bio products. Italy has a relatively high share of residue cases. The cooperation between the foreign and Italian CBs is improving. CBs (everywhere) need staff that can communicate in English. There should be competence and a budget to investigate irregularities. The foreign CB should provide good information to the Italian CBs so that they can follow up. There are already websites where the results can be shared among CBs. Only 4 Italian CBs are member of EOCC.

Andrea Bertoldi of AssoBio presents the association of 20 bigger traders and processors in Italy. It developed a voluntary protocol which was introduced in 2007. This protocol goes beyond what is required by law. Protocol is about voluntary exchange of information among companies to marginalize those committing fraud. The control bodies are involved in these investigations. Information is shared in case of CB-hopping. Similar protocols could be adopted by other countries. It is essential that the trade association is strongly committed to prevent fraud. It is important that inspections are effective for all producers. In Italy, supervision is delegated to the regional level and not implemented with the same effectiveness.

Gerini Oreste ICQ explains the role of his agency. Control of the entire food sector, there is a specific system for the regulated/labelled quality systems. Control is based on sampling, starting on production level. Another activity is verification of proper labeling of products. Third is the traceability between raw material and final product. There is direct control of imported products. Most frequently one finds wrong labelling, meaning conventional product is labelled as organic. There is a particular problem with the supply of organic food to schools due to lack of awareness of the school staff. Third comes the presence of residues. In 2009 they plan to visit 1600 organic

farms and will take 400 samples. A second role is to approve and do surveillance of the Italian control bodies. One CB has lost its authorization in 2008.

Fabrizio Piva of FederBio is chair of the CB section. He gives a detailed overview of the sector in Italy. There are +/- 40.000 farmers, 5000 processors, 50 importers and 3000 'other' players. He presents the statistics on the number of inspections per type of operator (average 1,3), residue testing (>5.000/yr) and the incidence of positive results (5-7%), the number of irregularities and how many of these are infringements, and how often products are decertified and operators sanctioned. This shows that there is a close monitoring of the situation. An extra, voluntary protocol is agreed in the horticulture sector between a number of companies and control bodies. He gives the incidence of residues per region, the type of pesticide found, the part of the plant tested, and the % positive results. This information is shared between the participating control bodies and companies.

There is one market in the EU and not individual national markets. More cooperation is needed, and is possible once there is harmonisation on aspects like sampling methods, analytical techniques, threshold levels, confirmation of results and traceability of the product to the origin. Common procedures are needed so that control bodies, companies and authorities can act.

## **Results workshops per stakeholder**

### **Traders**

Two broad groups of fraud are identified: farmers using non-approved inputs and companies who buy conventional product and sell it as organic. A frequent source of irregularities is contamination in the warehouse. There is limited trust in 'the certificate'. Most Italian exporters have a close relation with their suppliers. The buyer must visit farmers and do residue analyses during the season to be sure of the product. Testing for residue in the final product is too late: it takes time for the results to come through, to confirm the results, to make a decision; it takes two weeks which is too long for fresh products. Communication about problems should be improved for which an internet platform is needed. It is very painful that product refused by one is bought by another buyer. As an honest trader you end up with higher prices, fewer suppliers and court cases.

### **Control Bodies**

There is an increase in the number of notifications. Presently, 10-20% of notifications only lead to a sanction. Some cases are groundless. Notifications are often worded in general terms and relate to an exporter. It is critical to identify the producer or batch number. Another issue is that it is not clear where and how the sampling was done. Sampling and analytical methods need to be harmonised. Direct communication between CBs is needed, it should not go through authorities as that causes delays and response time should be shortened, especially in the case of fresh products. Authorities need to be informed. Notifications should not come from importers, as they are not neutral.

### **Authorities**

The difference between irregularities and fraud is that in the case of fraud there is a clear intention and financial gain. Conventional products labelled as organic do not necessarily show residues. The residue cases may be the top of the iceberg.

The European Commission states that the use of OFIS is mandatory. Response time is within 4 weeks. Sanctioning of CB who do not perform well enough is required. In case of residues, increase of inspection frequency is required. Authorities should supervise that control bodies implement these risk-orientated procedures correspondingly. Product from Italy is not always Italian. The acreage in cereals is reducing while imports and re-exports of cereals from Romania, Ukraine and Kazakhstan are increasing. Volume control is another issue. It is not good when the

serious operators face unfair competition and increasing bureaucracy. There should be enough funding for better monitoring.

## **Results stakeholder cross over workshops**

### **Communication between stakeholders**

- Traders must be contractually obliged to communicate their residue findings to their CB. The CB of the trader shall first investigate whether something went wrong with the operator notifying the residue finding. After confirming that it is a true case, the CB must inform the supplier's CB directly based on the EU-RASFF format for OFIS. The authorities involved shall receive copies of the information submitted. The CB of the supplier needs to clarify with the notifying CB if certain issues described are not clear enough; information might be sometimes not complete due to the urgency of the matter. The supplier CB shall investigate its operator and report the results to the notifying CB and its authorities.
- Authorities shall evaluate the effectiveness of the inspection measures applied by the CBs.
- Crosschecks need to be used cross border to compare sales documentation (e.g. delivery notes, invoices, sales volume) between Italian sellers and buyers in other European member states. The AFI initiative could provide a corresponding format.
- An international database on certification status of operators needs to be set up. [www.bioc.info](http://www.bioc.info) is an option. FederBio is interested to use the system, requested and received further information.
- Risky supply chains (e.g. carrots, broccoli) should be investigated by control bodies and competent authorities internationally as a model approach.

### **Responsibilities of each stakeholder**

Extra attention is required in the following areas:

- More and better communication between traders and control bodies
- More support from (local) authorities when control bodies are trying to sanction or decertify (larger) operators. Control bodies are too often left alone with heavy and costly legal processes.
- Training of (new staff) control bodies, operators and competent authorities
- To create a more efficient and effective control system with less bureaucracy
- More collaboration between the stakeholders to preserve integrity of the organic quality system

### **Residue testing and other inspection tools**

- Residue testing should be risk based and during a critical period for the crop, not afterwards, not in the point of sales.
- In case of irregularities/fraud, not only that batch should be decertified but the whole operation must be investigated.
- There is competition among CBs but all CBs should enforce the regulation in an equal way
- Sales must be compared with potential production

### **Plenary session**

Following the results from the workshops, the organisers drew up the following conclusions.

#### **All three types of stakeholders:**

- Meetings where operators, control bodies and authorities to exchange information are useful. They allow a better cooperation in the future.

### Traders:

- Should improve their in-house QMS, to avoid but also to manage (what happens in the case of) irregularities and frauds.
- Are obliged to notify irregularities, e.g. residue findings, and complaints to their control body.
- Staff need to have appropriate training in the rules for organic production and product handling.

### Certification bodies

- The system of notification needs to be improved; the quality of the information
- There should be a better and faster follow-up of notifications
- A public database is to be developed of certified, suspended and decertified operators
- Plan inspections and do sampling based on a risk assessment
- Verify product volumes sold and purchased through cross-checks
- In case of irregularities, the root cause should be determined, and addressed.
- In case of decertification, not the one batch of a farmer should be decertified but all same product.

### Competent authorities

- Focus on a simple effective certification system (no unnecessary bureaucratic burden)
- Better harmonisation of the system, nationally and on the European level. For example sampling and analytical methods, threshold levels
- Effective follow-up of CB investigations in case of notifications. Be much faster.

It was agreed that 'the Italian sector' would report on the progress made regarding these points at the AFI 4 meeting, coming 2-3 December in Brussels. It is acknowledged that most of these points are relevant for all organic stakeholders, all over Europe (and beyond).

The meeting ended with an evaluation by Dorte Hougaard (Urtekram-DK) and Fabrizio Piva (FederBio-I). Dorte found it a good workshop, a lot of good organic work was done. As in international buyer her company cannot work with own supply chains only. Traders should inform their CB; the number of notifications should increase. Fabrizio acknowledges the sincerity shown to improve the system. Everybody should be more responsible for his/her part. He suggests another meeting during Biofach.

This meeting was organised by Bo van Elzakker (Agro Eco LBI), Beate Huber (FiBL), Jochen Neuendorff (GfRS), Luigi Guarrera (IAMB), Paolo Carnemolla (FederBio) and Antonio Compagnoni (IFOAM EU), and was made possible thanks to financial support from the Italian Ministry of Agriculture, Food and Forestry Policies (MIPAAF), Istituto Agricoltura Mediterraneo-Bari, Regione Emilia-Romagna, FederBio, Brio spa, Assobio, the European Organic Certifiers Council (EOCC), the International Organic Accreditation Service (IOAS) and the Assoziation ökologischer Lebensmittel Hersteller (AOEL).

