

Lessons from overseas

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Intro speaker

- Started as international inspector/advisor in 1984
- Did FVO programme evaluation the US in 1985
- Introduced inspection forms in Europe
- First fraud cases in those years
- Had to choose, continued as consultant
- Participated in standard setting, inspection, certification, accreditation, Codex, group certification, IFOAM accreditation
- Participated in EU funded research, Organic HACCP
- Build 50+ supply chains in Mediterranean, Eastern Europe and developing countries
- Merged with LBI, AFI is seen as a quality issue

Frauds in organic

- Integrity of organic claim has always been contested
- Always rumours
- Used to compete, self inflicting damage
- 2006 Rome conference, EU: responsibility of private sector
- In 2007 too much – AFI initiated
- Bring f out of obscurity, except it, deal with it
- Communication, coordination, cooperation
- Among and between stakeholders
- Dealing with frauds: sign of a mature industry

Some of self statements

- In a non-specific residue-testing program involving 46,216 producers, 7,625 packers and 10 CBs, 5,223 analyses of fresh produce were made in a year. In 25.2% irregularities were found and 2.5% fraud. 1.8% of producer/produce was taken off the market.
- Importer: in 32% of all samples (multiple) residues are found that question the integrity of the chain. And in 61% of pre-shipment samples.
- Retailer: about every month a product is stopped from entering the shelf/recalled because of integrity risks.
- Produce trader: one farm certified by different CBs sold 3x potential production to different markets under different names.

Some self statements

- A supplier commenting about residue findings: all product is certified organic. The produce of the different farmers is tested for residues. Only when they are within the limit, it is exported as organic.
- In a (limited) test in the US, 70% of CBs reported discovery of irregularities or fraud during targeted unannounced visits.

Realizations 1

- While 90% of the problem cases may be caused by bad quality management, 10% is some sort of fraud.
- Most of it is intercepted or mitigated before reaching the shelves.
- Less problems in case of private labels.
- It is easy to suspect a fraud; it is very difficult to catch someone red handed; it is even more difficult to build a case that can stand in court.
- Products, countries, seasons, even exporters well known.
- Companies have no interest to communicate results of own investigation to CBs or authorities.

Realizations 2

- Accusing a company of fraud is a serious risk.
- It is a sizeable investment to unearth a fraud, CBs do not have the budget nor enough competent people to do it.
- Authorities have limited capacity to address frauds, and do not act quickly enough to prevent market entry.
- Trade contracts often do not contain a procedure of how to deal in case of problems.
- It is better to prevent fraud than to address existing ones.
- Fraudulent products can be refused by one company, but stay on the market, and compete.

Trade response

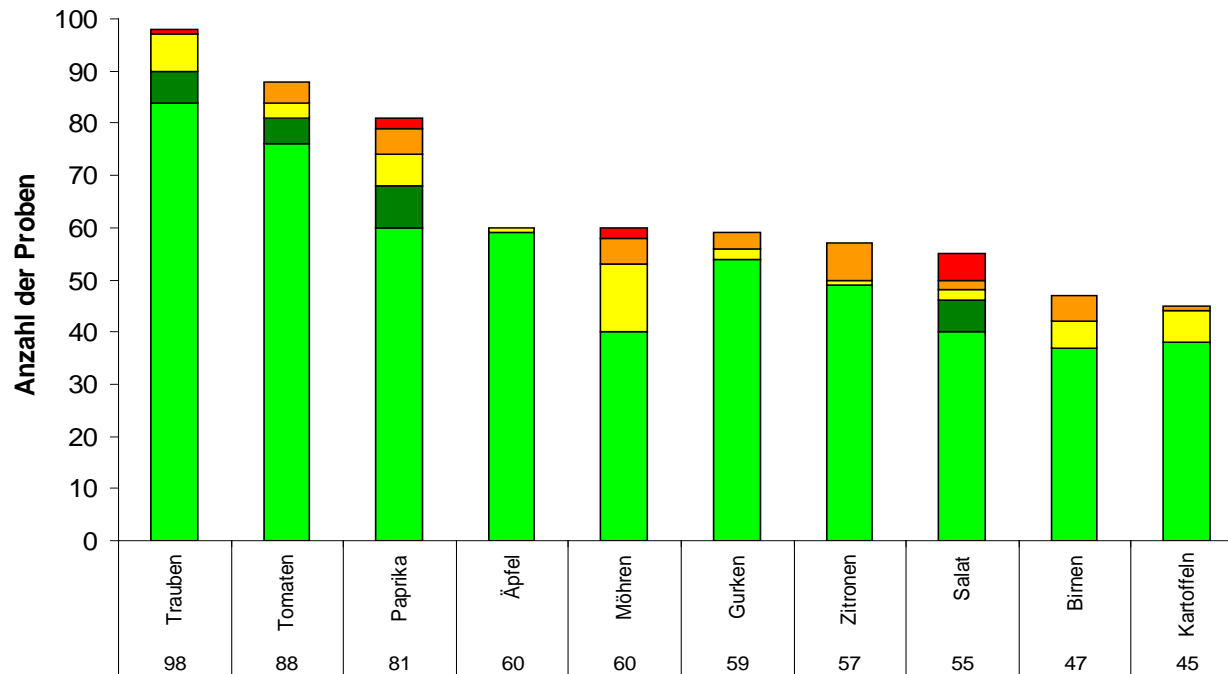
- Trade with trusted partners
 - That have a QMS, answer questions
 - Vertical integration
 - Member of trade association, peer pressure
 - Participates in exchange of information
- Working with serious certifiers
 - Member of CoC?
 - That investigates, answers questions
 - Exchanges information with fellow CBs
 - Risk based inspections

Trade response

- Residue analyses
 - Sharing of results
- Trader's self assessment
 - Example scoring
- The 10-10-60-10-10% rule
 - More attention to the 10%
- Transparency
- Complaints system
 - Internal blacklisting

Ergebnisse/results

Top Ten der Produkte

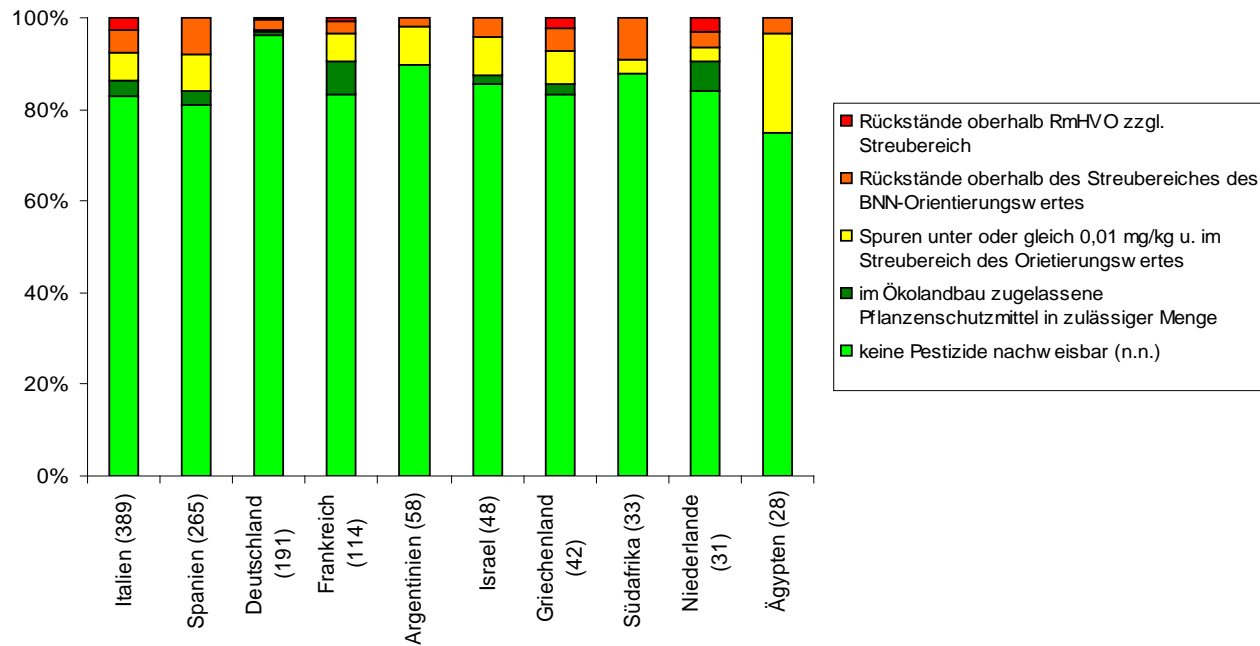


- Rückstände oberhalb der Rückstands-Höchstmengenverordnung
- Rückstände oberhalb Streubereich des BNN-Orientierungswertes
- Spuren unter oder gleich 0,01 mg/kg
- im Ökolandbau zugelassene Pflanzenschutzmittel in zulässiger Menge
- keine Pestizide nachweisbar

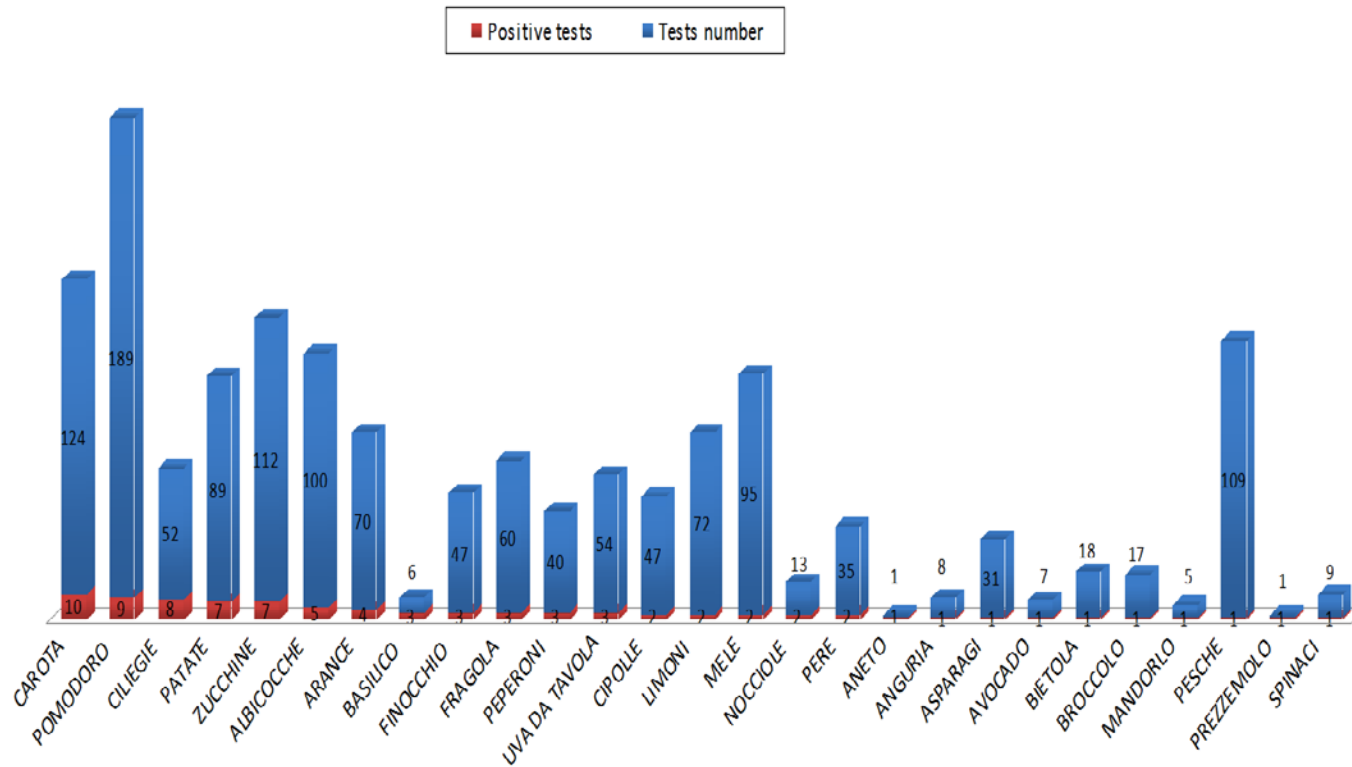
Anzahl der Top10-Produkte: 650
 Untersuchungszeitraum:
 Juli 2003 - Januar 2007

Ergebnisse/results

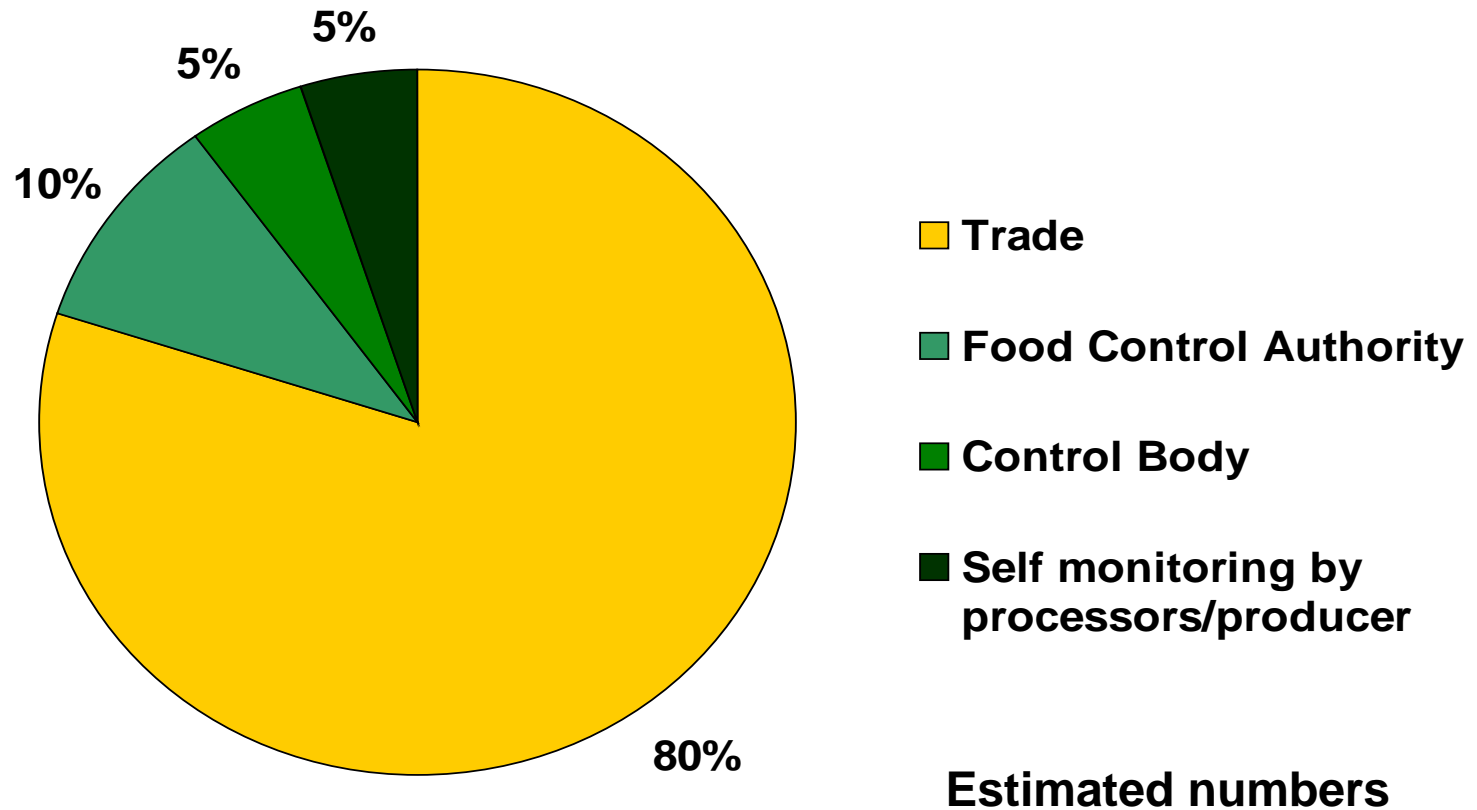
Rückstände in den Top 10 Ländern



Tests for each product and positives



Notification of Residue Cases to Bio Suisse



Self- Assessment of Risks in Organic Business Supplies to Use at One's Own Discretion (Version 13 Feb 09 CT)		Risk		
		high	medium	low
A) Product Level				
Country & Product	Name the country and the product and check at www.bioc.info for risk level	□	□	□
	Multi-ingredient product: documentation provided+ checked for all ingredients? Multi-ingredient product: recipe convincingly organic + strictly followed?	□	□	□
Supply Status	Scarce	□	□	□
	Normal Supply	□	□	□
	Unusual Oversupply	□	□	□
Sampling	No Sampling	□	□	□
	Scarce Sampling	□	□	□
	Regular Sampling	□	□	□
Traceability	Not Sufficient	□	□	□
	Normal	□	□	□
	Good	□	□	□
Product Specifications	Extremely strict product specifications	□	□	□
	Rather loose specifications with considerable tolerance	□	□	□
	Strict specifications but allowing reasonable tolerance	□	□	□
Prices	We have to pay very low prices	□	□	□
	We require low prices but accept reasonable margin for supplier	□	□	□
	We are willing to pay higher (sustainable) prices	□	□	□
B Supply Chain Level				
Quality Schemes	Are you working according to the Code of Good Organic Practice? No/so/yes	□	□	□
	Are you working according to BRC, IFS, BNN, GlobalGAP, HACCP? N/s/y	□	□	□
	Does your supplier work acc. to the Code of Good Organic Practice? N/s/y	□	□	□
	Does your supplier work acc. BRC, IFS, BNN, GlobalGAP, HACCP? N/s/y	□	□	□
Relationship with Supplier	Supplier unknown / Spot Purchase	□	□	□
	Regular business with supplier	□	□	□
	Do you have a long standing relationship with your supplier?	□	□	□
	Have you never met the supplier in person?	□	□	□
Supplier Reputation	Did you sometimes inspect the farm or received copies of inspection reports?	□	□	□
	Have you regularly seen or heard from the farm and seen inspection reports?	□	□	□
	Has the supplier a 'risky' reputation in the business?	□	□	□
	Has the supplier received inspections from competitors?	□	□	□
Further Points	Are irregularities known to control bodies?	□	□	□
	Status of technical documentation on supplier (bad/medium/good)	□	□	□
	Is there a protocol in case of pesticide residues found or organic origin in doubt	□	□	□
	Does the supplier also deal conventional products + keep organics separate?	□	□	□
	Has the control body specifically checked for not mixing conventional-organic?	□	□	□
	How is the communication of your supplier (bad/medium/good)	□	□	□
How is the image and communication with the relevant control body (b/m/g)	□	□	□	
Do you know the details about the suppliers of your supplier?	□	□	□	
Work in progress by the AntiFraud-Initiative; please propose improvements to AFI@bioc.info				