European Commission

The EU Food Fraud Network and the System for Administrative Assistance – Food Fraud

Annual Report 2018

Health and Food Safety

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INTRODUCTION

The complex nature of our globalized food supply chains and the economic motivation to provide cheaper food products have contributed to the prevalence of **food fraud**. The cost for the global food industry has been estimated at around EUR 30 billion every year, thereby hindering the proper functioning of the **internal market**. Fraudulent practices in the food sector may also lead to **public health risks**. Scandals such as the "rapeseed oil" fraud intended for industrial use (1981) affected about 20.000 people and led between 370 to 835 fatalities in Spain, dioxin in Belgium (1999), milk adulterated with melamine in China resulting in more than 50.000 sick babies and six fatalities (2008), and more recently methanol poisoning from the sale of illegal spirits causing around 59 casualties in Czechia and Poland (2012-2014), horse meat in beef products (2013) or fipronil in eggs (2017) have drawn worldwide attention. As a result, competent authorities are losing credibility, companies are losing money and consumers are losing trust in food. It creates a major paradox: EU food is safer than ever, yet consumer's trust is low.

In 2013 the European Parliament called on the Commission "to make the prevention and combating food fraud an integral part of an EU policy". The Italian Presidency Conference on Food Fraud (2014) and the Ministerial Conference on fipronil (2017) have reached similar conclusions. The EU has recently re-shaped its agri-food chain official control policies, developed with a view to both enhancing citizen's trust and increasing overall efficiency. As stated in its Communication "The Single Market in a changing world", the Commission highlighted that "The protection of consumers against fraudulent practices by unscrupulous businesses is a challenge that requires increased cross border cooperation among administrations"[1].

1 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: The Single Market in a changing world A unique asset in need of renewed political commitment (COM/2018/772 final) - https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:772:FIN

THE EU FOOD FRAUD NETWORK

The EU Food Fraud Network, created in 2013, now allows the EU Member States and some other European countries to work in matters where the national authorities are confronted with possible intentional violations of the EU agri-food chain legislation with a cross-border impact. The EU Food Fraud Network links the liaison bodies designated by each Member State in accordance with the rules laid down in the Official Controls Regulation. It allows assisting and coordinating communication between competent authorities and, in particular, transmitting and receiving requests for assistance. Liaisons bodies are required to exchange information that is necessary to enable the verification of EU legislation compliance with their counterparts in other Member States, and in certain cases, with the Commission, where the results of official controls require action in more than one Member State.

FOOD FRAUD – WHAT DOES IT MEAN?

Food fraud is about intentional actions taken by businesses or individuals for the purpose of deceiving purchasers and gaining an undue advantage therefrom, in violation of the EU agri-food chain legislation. These intentional infringements may also constitute a risk to human, animal or plant health, or to animal welfare or to the environment as regards GMOs and plant protection products.

The EU Food Fraud Network refers to four key operative criteria to distinguish whether a case should be reported as a suspicion of fraud or as a non-compliance:

1. **Violation of EU law** entails a violation of one or more rules codified in the EU agri-food chain legislation.
2. **Intention** can be verified through a number of factors which give strong grounds to believe that certain non-compliances are not happening by chance, such as the replacement of a high quality ingredient with a lower quality one, in big quantities. In fact, if a contamination due to production processes is possible, when an ingredient is mostly replaced with a lower quality one there is substitution, which often implies fraudulent intent.
3. **Economic gain** consists in the fact that the non-compliance must bring some form of economic advantage.
4. **Deception of Customers** is the last criteria and allows completing the circle. It entails some form of deception such as altered colouring or altered labels which mystify the true quality (or, in worse cases even the nature). Moreover, often the deceptive element may also come in the form of a public health risk, due to the fact that some real properties of the product are hidden (i.e. in the case of undeclared allergens).

REQUESTS FOR COOPERATION IN THE AAC-FF SUSPECTED FOOD FRAUD)

Members of the EU Food Fraud Network exchange information on potential intentional violations of the legislation within the Administrative Assistance and Cooperation System (AAC) an Information Technology system operational since the end 2015.

The AAC is a dedicated IT application known as the Administrative Assistance and Cooperation System (AAC) available to the Member States. For more information, we refer to the 2017 Annual Report: (https://ec.europa.eu/food/sites/food/files/safety/docs/food-fraud_network_activity_report_ 2017.pdf). The AAC is split into two instances, one dealing with non-compliances classified as fraudulent activities along the agri-food chain (AAC-FF) and the other dealing with any other non-compliance (AAC-AA). This annual report relates to the former category.

The number of exchanges continues to increase over the years and shows that, although there is no legal obligation to use the system, some competent authorities in Member States have extended the sharing of information regarding non-compliances and suspicions of food fraud with their counterparts in other Member States. A larger activity to deter food fraud can be seen with this increasing number of requests for cooperation.

The list of requests exchanged in the system **does not represent the entirety of food fraud incidents occurring in the EU.** In fact, there is a significant caveat in the statistics provided below: the AAC works on a voluntary basis (differently from the Rapid Alert System for Food and Feed, RASFF) and only for cross-border non-compliances. For instance, this report does not include the activities that Member States carry out at national level. Moreover, not all the requests relate to suspicions that are eventually confirmed as violations.

The responsibility for the follow-up actions in the AAC-FF lies with the Member States.

This annual report presents information for the year 2018 about the voluntary exchanges related to food fraud suspicions within the EU AAC System. A total of **234 requests for cooperation** were launched in the AAC-FF in 2018 by the EU Member States and Norway. In addition, the European Commission (EC) itself created 33 requests in the AAC-FF in 2018.

Figure 1 *shows the number of requests created in the AAC-FF system per Member State (Member States), by the European Commission and by Norway during 2018.*

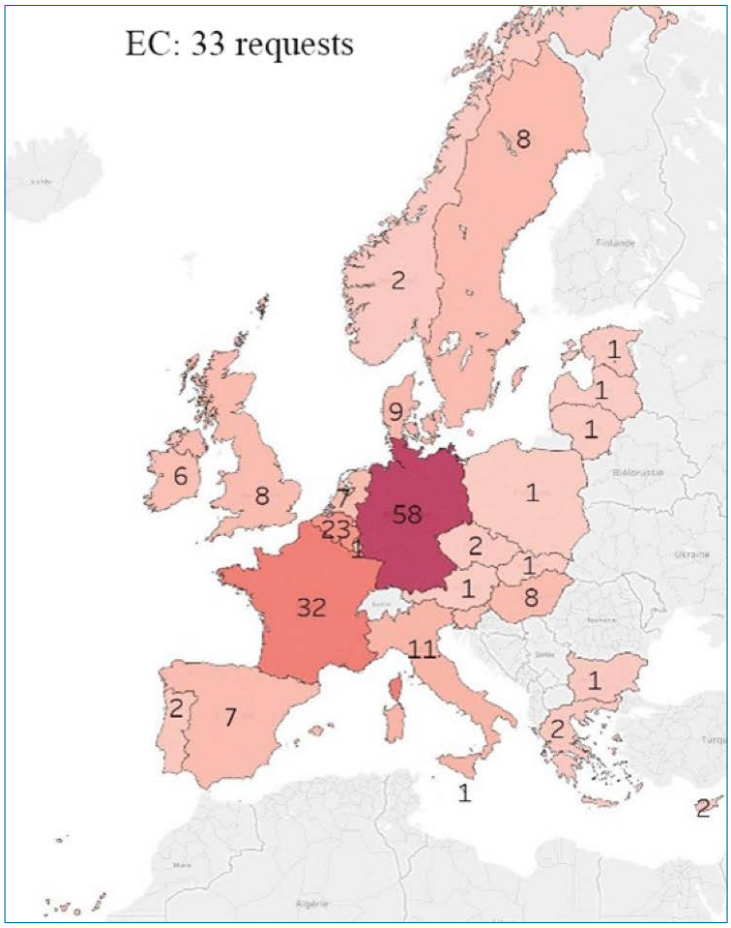


Figure 1 - AAC-FF **requests per Member States** and EC in 2018

Figure 2 - *Number of requests for administrative assistance concerning fraud suspicions in the AAC from 2016 to 2018.*

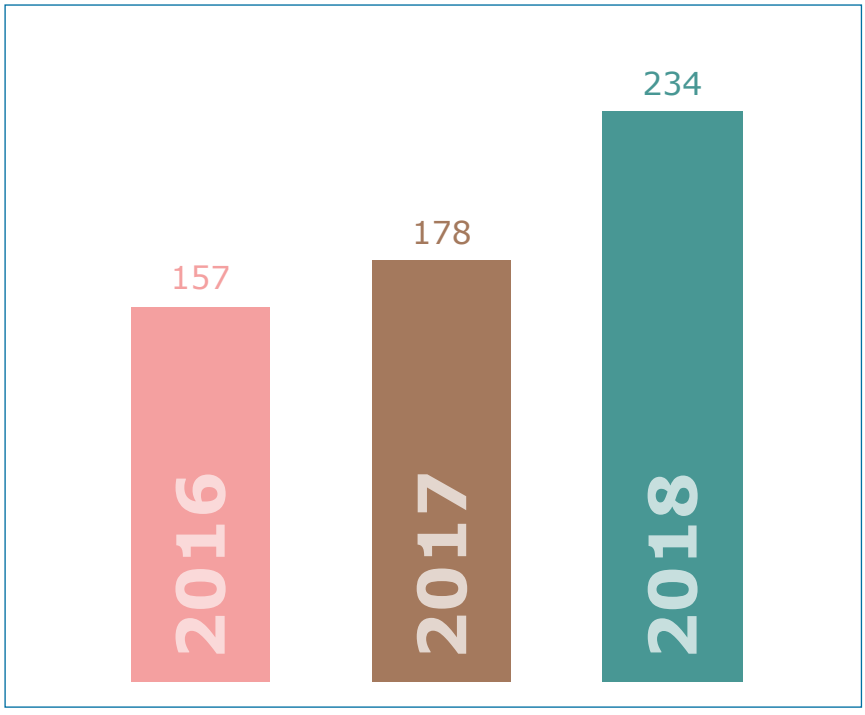


Figure 2 – AAC-FF **requests created per year**

Figure 3 – *Requests per number of contacts* in the AAC-FF in 2018*

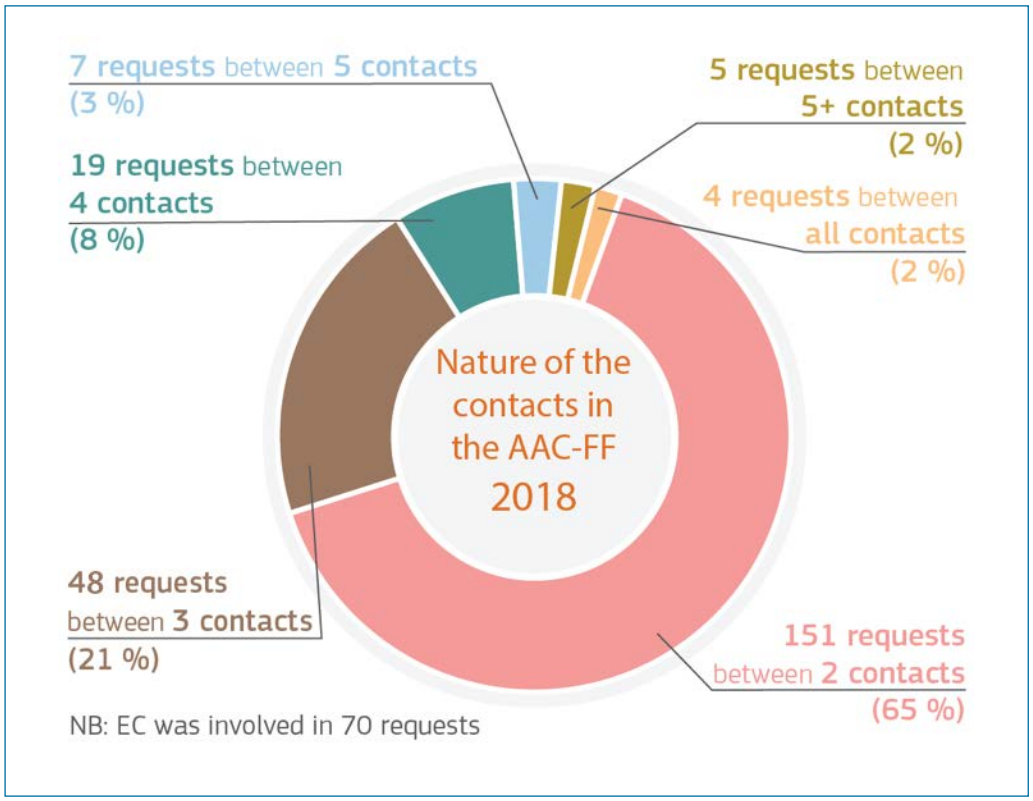


Figure 3 – Requests per **number of contacts** in the AAC-FF in 2018

Figure 4 - *Shows the top 10 product categories (number of requests) in the AAC-FF in 2018*

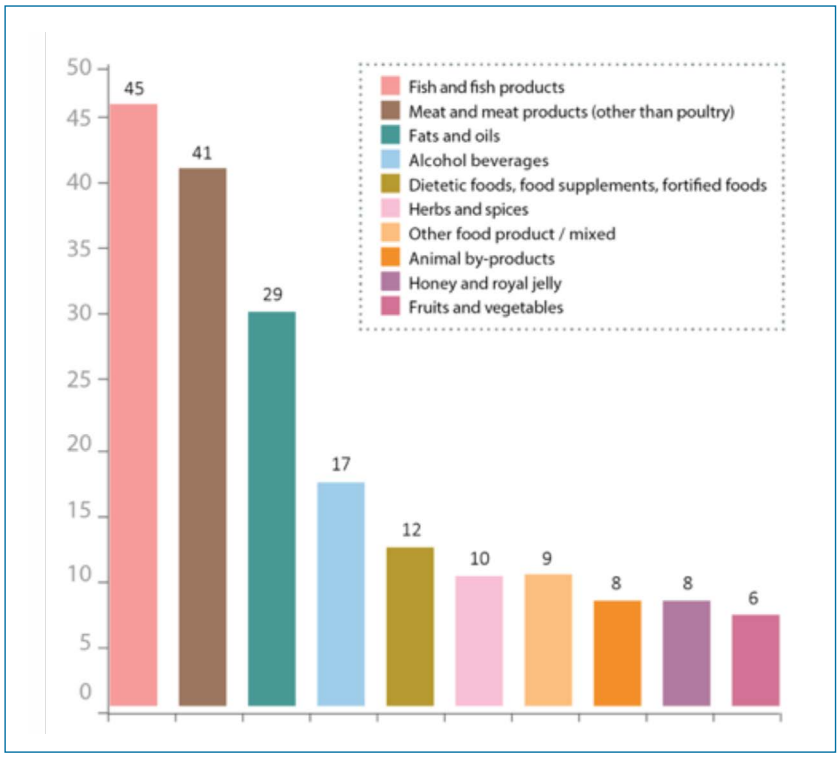


Figure 4 – Top 10 categories in the AAC-FF in 2018

* "Contact" means either one of the 28 national contact points in the Member States, the contact point in Norway or in the European Commission.

Figure 5 - *Shows the type of suspected violations reported in the AAC-FF in 2018*

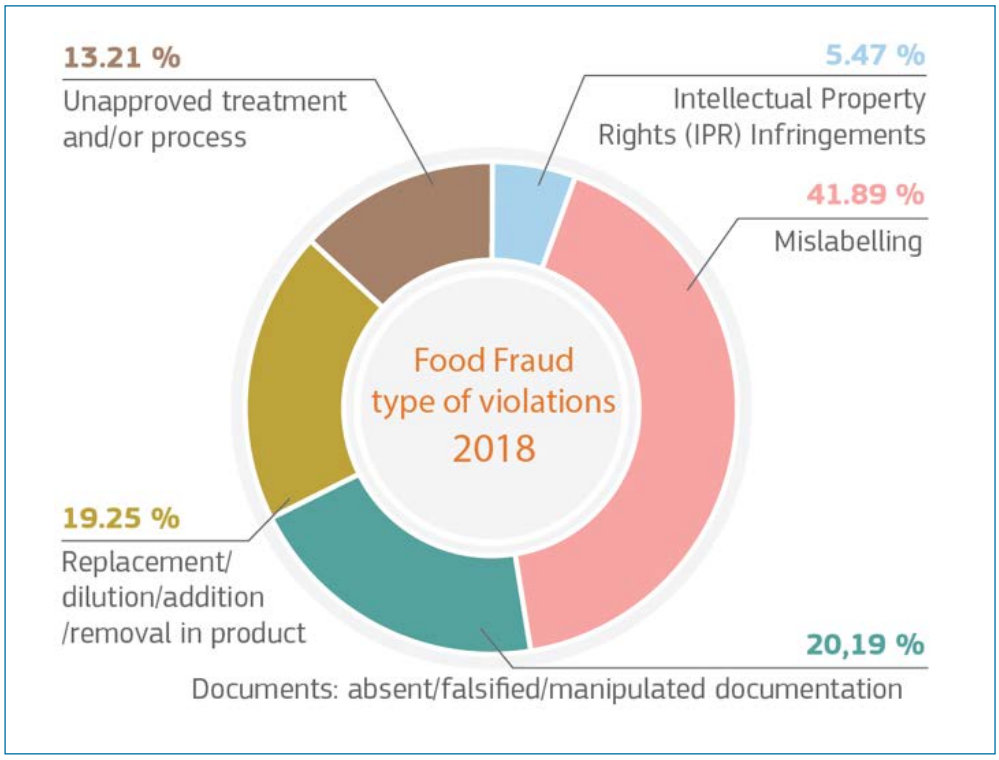


Figure 5 – Type of **suspected violations** in the AAC-FF in 2018

Bearing in mind that each request often relates to more than one violation, the following classification has been created by taking into account the main alleged food law violations reported by Member States. Moreover, Member States can further specify the violations outside the categories provided in the system.

Figures 6(a) to 6(e) - *Show a classification per type of suspected violation reported for the first five categories of figure 4.*

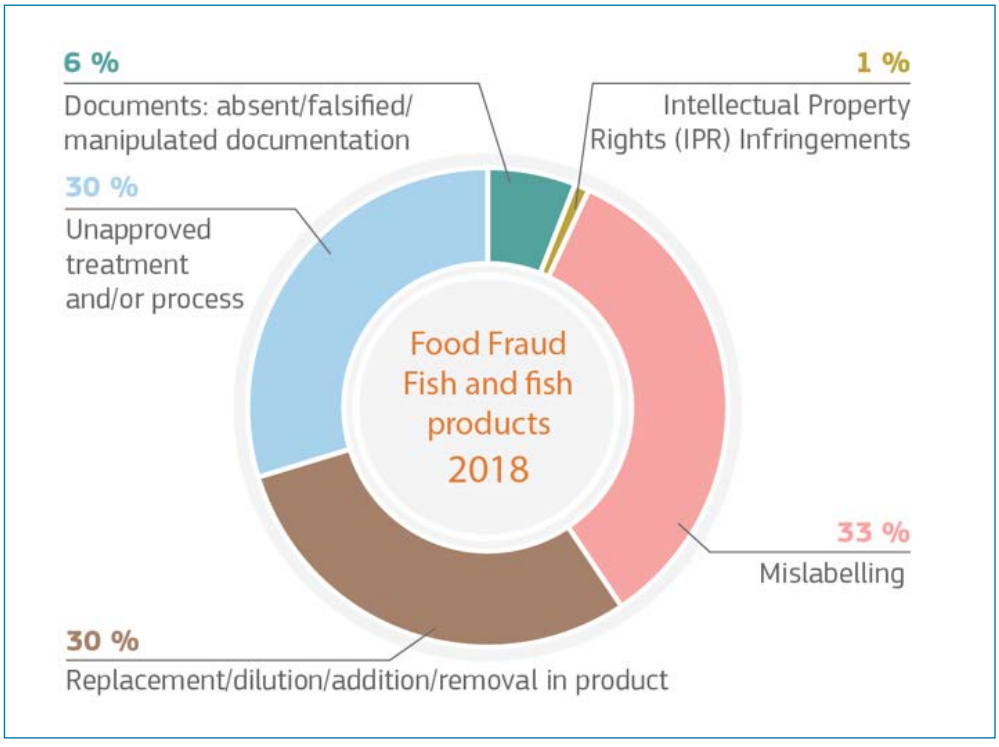


Figure 6(a) – Types of suspected violations relating to **fish and fish products**

Figure 6(b) – *Types of suspected violations relating to meat and meat products (other than poultry)*

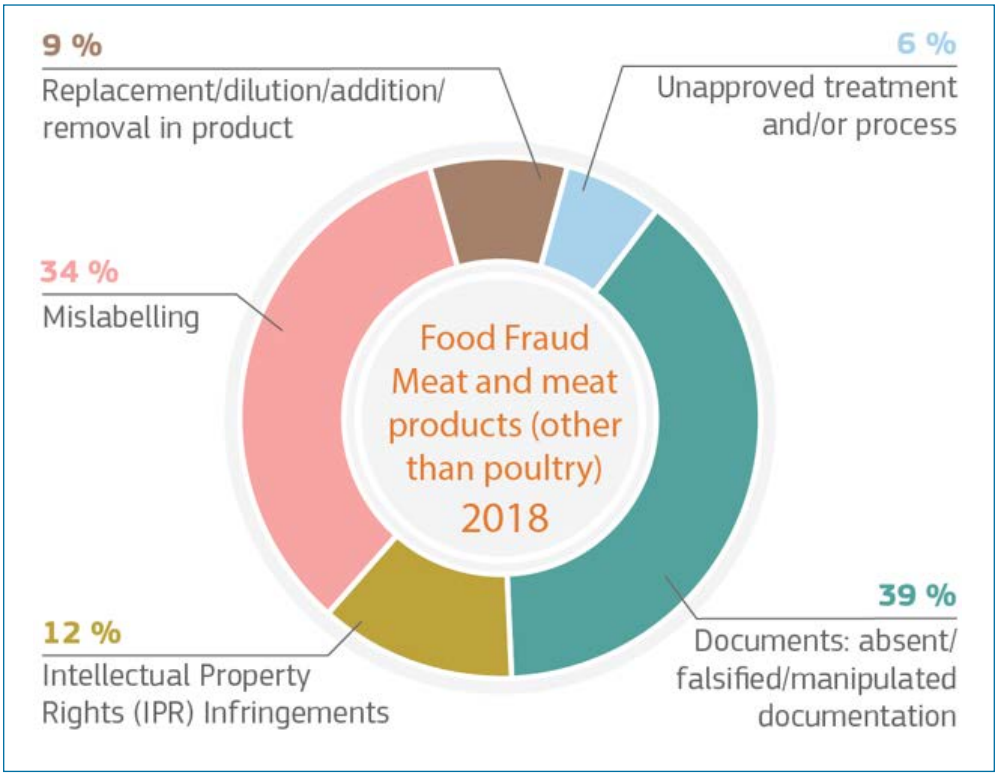


Figure 6(c) – *Types of suspected violations relating to* ***fats and oils***

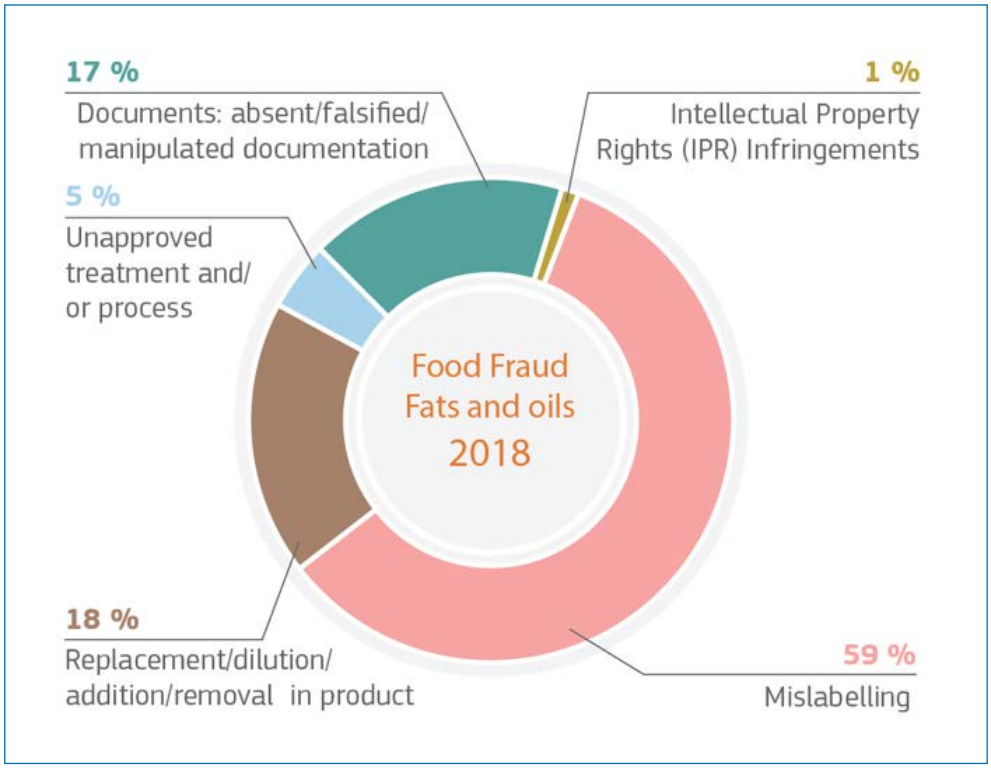


Figure 6(d) – *Types of suspected violations relating to* ***alcoholic beverages***

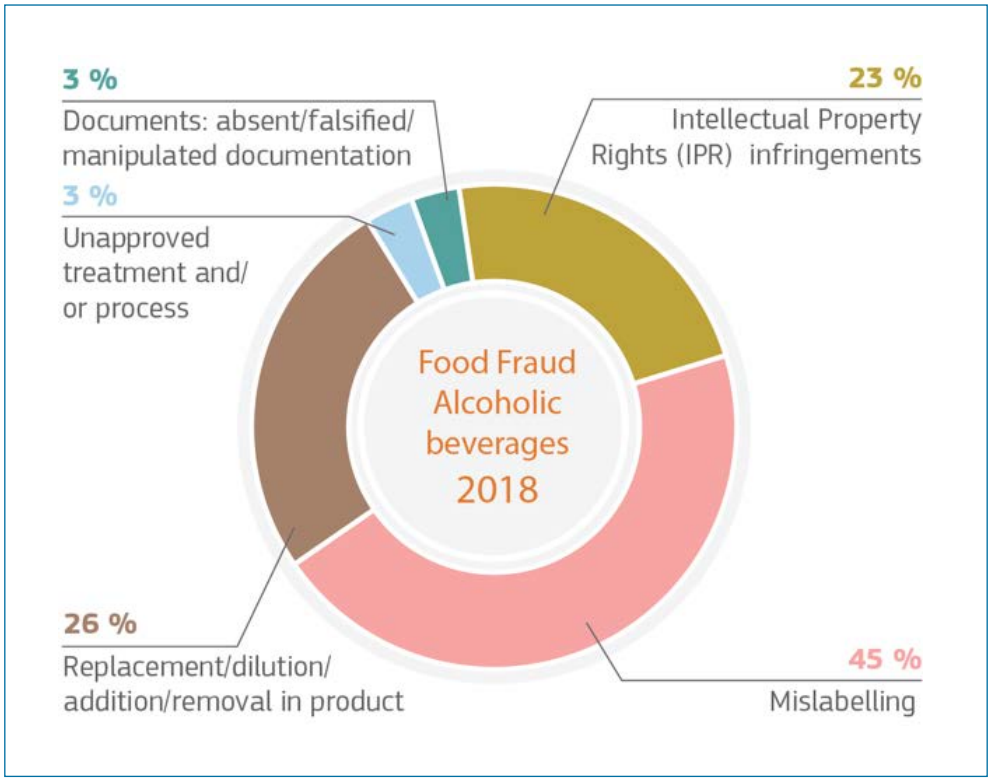
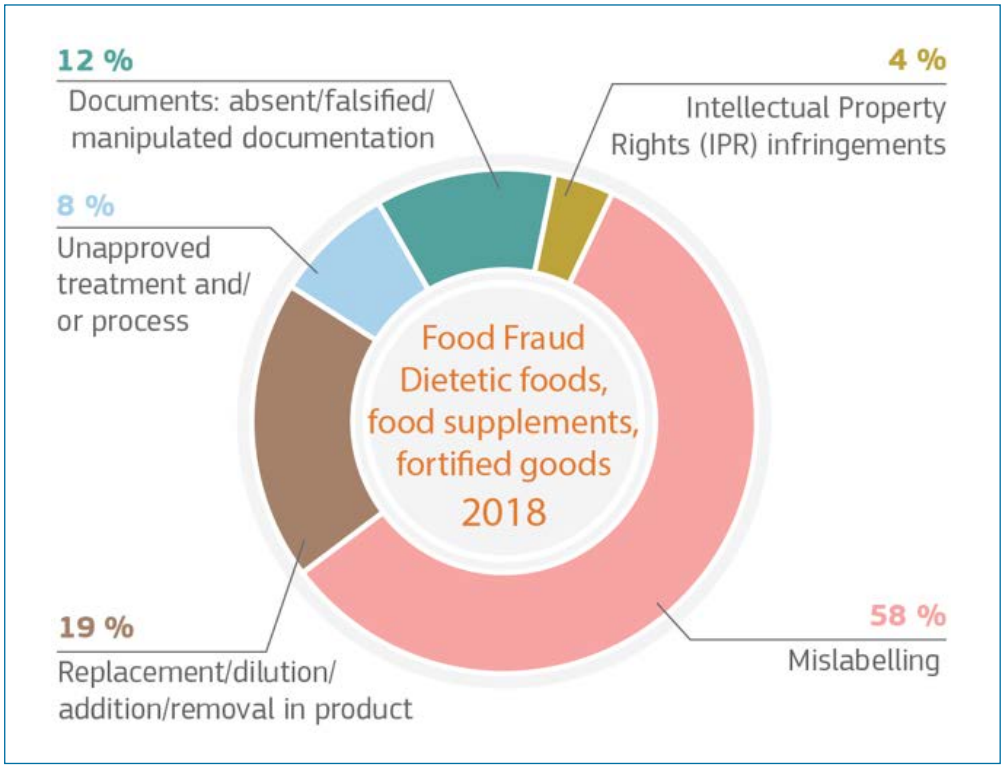


Figure 6(e) – *Types of suspected violations relating to* ***dietetic foods, food supplements and fortified foods***



EU COORDINATED ACTIONS

At the request of one or more Member States or on its own initiative, the Commission can coordinate cases of suspicion of food fraud within the framework of Article 40 of Regulation 882/2004 on official controls. The key criteria applied to determine whether there should be a coordinated action are whether several Member States are involved, the involvement of third countries and whether the case presents either a public health risk and/or a significant socio-economic risk (including consumer confidence). Other criteria taken into account include the seriousness of the risks, media attention/public sensitivity to the issue, reliability of the information available and similarity to previous occurrences.

Relying on the AAC system for this task, the Commission has taken EU coordinated action with respect to 5 suspicions of food fraud in 2018. The Commission acts as an intelligence hub for Member States, which actively participate and are regularly consulted on each case. The results of EU Coordinated Actions are one of the many examples of how the European Commission can positively affect the life of EU citizens.

The Commission is also engaged in OPSON, a Europol/Interpol joint initiative targeting fake and substandard food and beverages, since 2013. During OPSON VII[2], an EU coordinated action was run with the support of the EU Food Fraud Network across 11 European countries in order to detect fraudulent practices pertaining to tuna fish. This was the first time that such a harmonised action was carried out on a specific product within the OPSON operation.

Where a threat to public, animal or plant health is identified, the Commission may take immediate actions ranging from a complete prohibition of trade (or imports) to the imposition of so-called special import conditions (e.g. compulsory pre-export testing and/or testing at the Union's borders to verify compliance with EU requirements) or delisting of establishments and revoking the non-EU country's permission to prelist its establishments.

Where less immediate but nonetheless significant deficiencies and risks are identified, a number of actions, supplementary to those outlined above, are available (e.g. request for an action plan, strong letters or high-level meetings with competent authorities of the country in question).

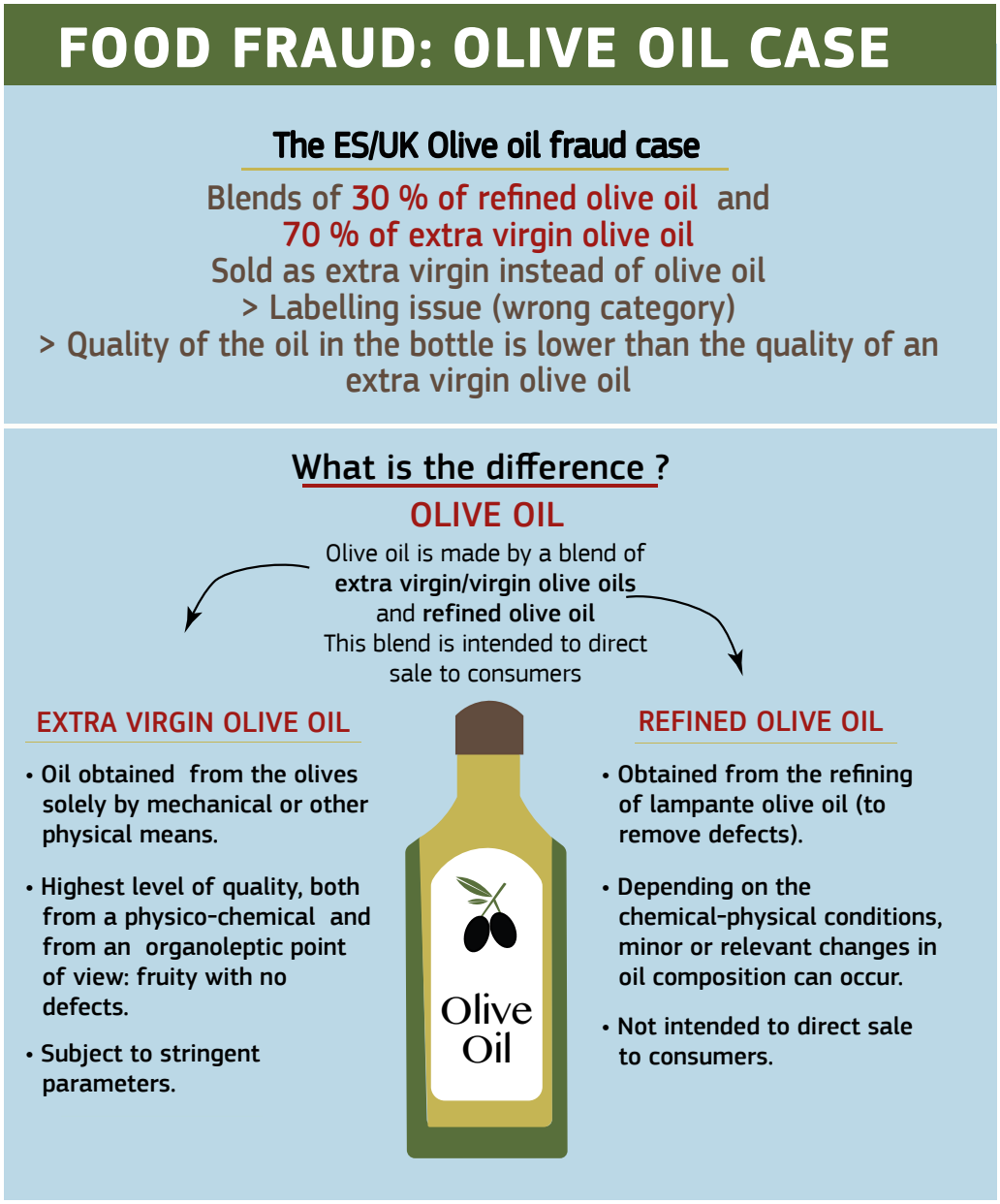
In 2018, thanks to a close monitoring of the RASFF and the AAC, several targeted actions resulted in DG SANTE contacting the non-EU countries concerned asking to carry out investigations at the premises of suspicious establishments or announcing reinforced checks or even the withdrawal of the establishments of origin of the products from the list of establishments from which imports into the EU Member States are authorised. These actions related mainly to unauthorized pesticides and additives in food of non-animal origin and unauthorized substances in fishery products.

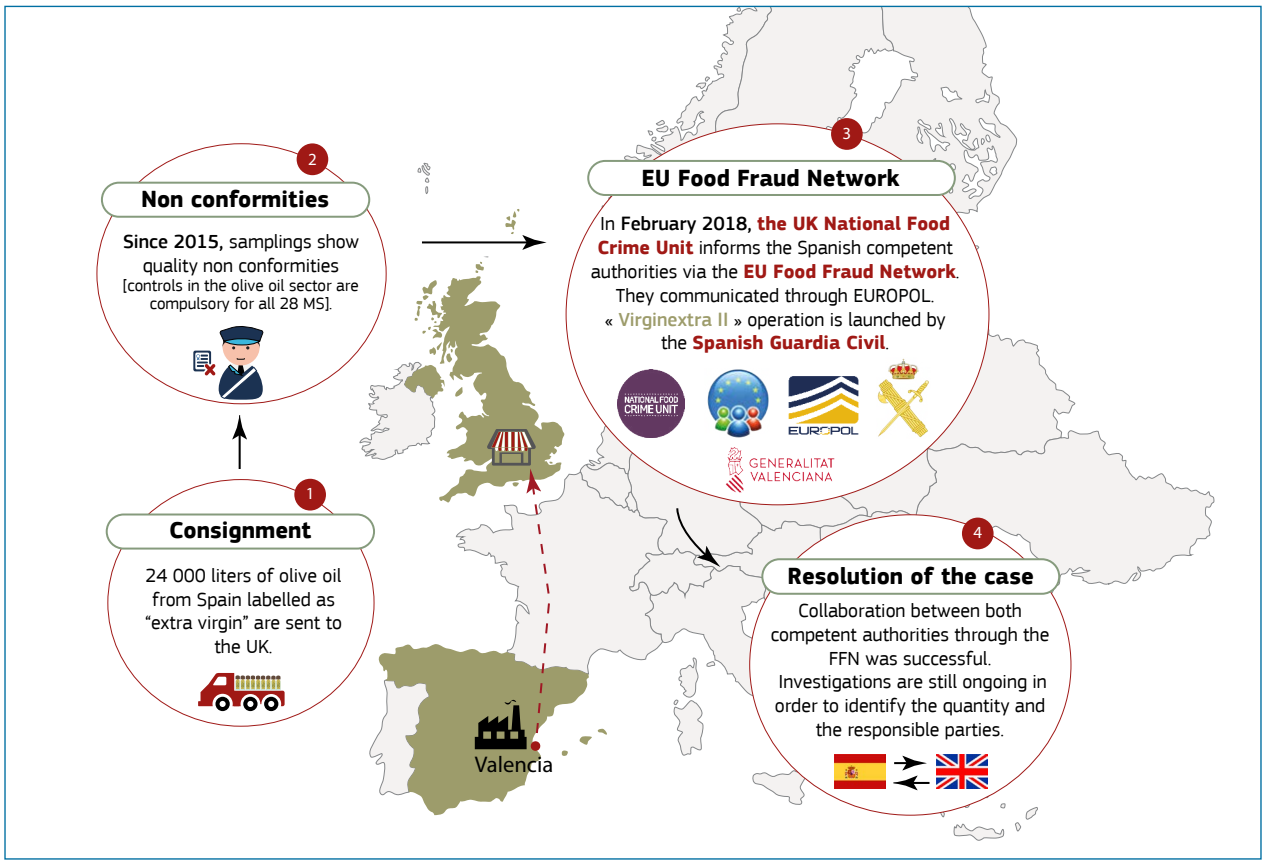
2 https://www.europol.europa.eu/newsroom/news/fraud-plate-over-3-600-tonnes-of-dangerous-food-removed-consumer-market

EXAMPLES OF EU-COOPERATION IN 2018

a) OLIVE OIL

Products sold as Extra Virgin Olive Oil but which did not meet EU standards and were of inferior quality were being distributed to the restaurants and retail trade in the United Kingdom. The products were imported from Spain. Following a request from the United Kingdom addressed to Spain in the AAC-FF, actions were initiated by the Spanish competent authorities against the food business operator for a possible fraud.





FOOD FRAUD CRITERIA

Violation of EU Law

Breach of marketing standards for olive oil

1. **Mislabelling** [Reg (EC) 29/2012, Reg (EEC) 2568/91]
2. **Oil quality requirements not corresponding to extra virgin olive oil** [Reg (EC) 29/2012, Reg (EU) 1308/2013]
3. **Provision on food information to consumers** [Reg (EU) 1169/2011]
4. **General food law** [Reg (EC) 178/2002]

Intention

24.000 liters of « *olive oil* » were **intentionally** mislabeled as « *extra virgin olive oil* »

Economic gain

Difference between the price of extra virgin olive oil (EVOO) and the price of olive oil (OO) multiplied by **30%** (percentage of adulteration)

€ EVOO - € OO
[market price]
x 30%

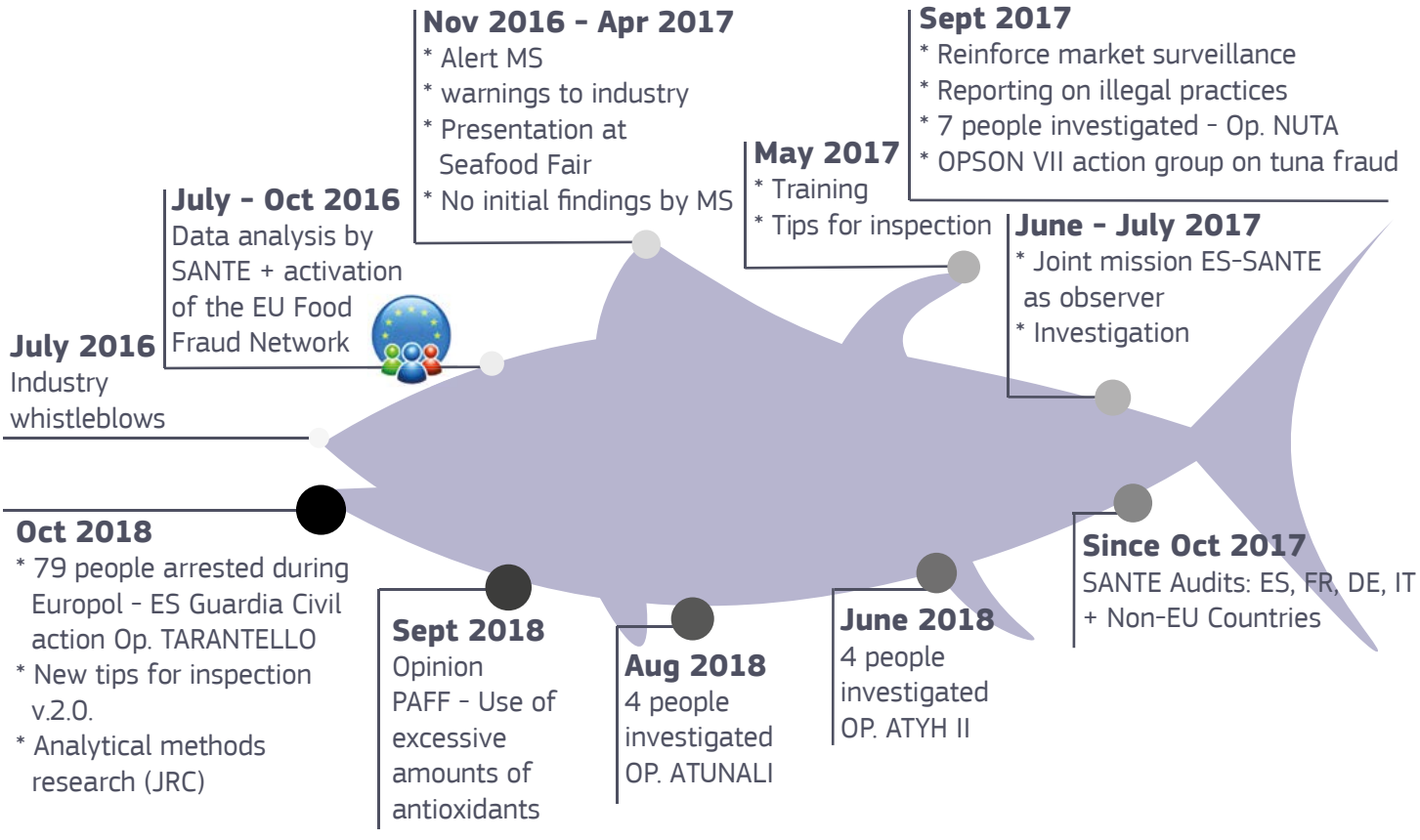
Deception of customer

« Olive oil » sold as « extra virgin olive oil » misleading consumers

b) TUNA

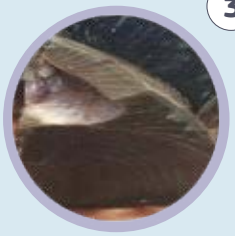
During Europol OPSON VII, an EU coordinated action was run with the support of the EU Food Fraud Network across 11 European countries. The illicit practices included species substitution and fraudulently selling tuna intended for canning as fresh. In this case, the tuna intended for canning was illegally treated with chemical substances that altered its color to give the misleading impression of its freshness. In total, **more than 51 tons of tuna were seized** and more than 380 samples were taken. According to recent information, there are still suspicions relating to tuna on the market that has been treated to change its color.

FOOD FRAUD: ILLEGAL TREATMENT OF TUNA FROM CANNING TO THE FRESH MARKET



1 **FRESH**
Tuna has a red pigmentation

2 **AVERAGE**
Over time pigmentation turns brown



3 **OXIDATION**
Histamine levels also increase

4 **TREATMENT**
Using injection techniques or immersion in the nitrite solution to reverse brown colour

5 **LOOKS RED** and **FRESH!**... but it's not!

FOOD FRAUD CRITERIA

Violation of EU Food Law

1. **Tuna frozen** in brine sold as fresh instead of being canned. *(Reg 853/2004)
2. **Treatment of the fish** (unautorised/authorised additives) to promote a colour change. *(Reg 1333/2008)
3. **Provision of food** information to consumers. *(Reg 1169/2011)

Intention

1. **Intentional use of authorised** (antioxidant not in concord ance with good manufactoring practices), **unauthorised additives** (nitrates/nitrites) and **carbon monoxide** to promote colour change.
2. **EC warned industry** several times to stop this practice.

Economic gain

Potentially > 200 millions €/year

Deception of customer

1. **Poor quality tuna sold as high quality**.
2. **Public health issues**: a high level of histamine can lead to allergic syndrom and nitrites may lead to formation of nitrosamines (carcinogenic).

More information on food fraud is available on the webpage of DG Health and Food Safety[3].

3 https://ec.europa.eu/food/safety/food-fraud_en