



European Organic Certifiers Council

Fraud in the organic sector : some questions/some answers

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- 3. Indicators**
- 4. Strategy & actions**
- 5. Responsibilities & means**
- 6. Lessons learned**
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1. Context¹

No definition of Food Fraud in EU law

1: cfr Draft Report on the food crisis, fraud in the food chain and the control thereof EP 2013/2091(INI) dd 8/10/2013

1. Context¹

A light blue pyramid diagram representing the elements of food fraud. The pyramid is divided into three horizontal sections. The top section is a small triangle containing the text 'FOOD FRAUD'. The middle section is a trapezoid containing the text 'Intent'. The bottom section is a larger trapezoid containing two lines of text: 'Non-compliance with Food law and/or misleading the consumer' on the left and 'Financial gain' on the right.

FOOD FRAUD

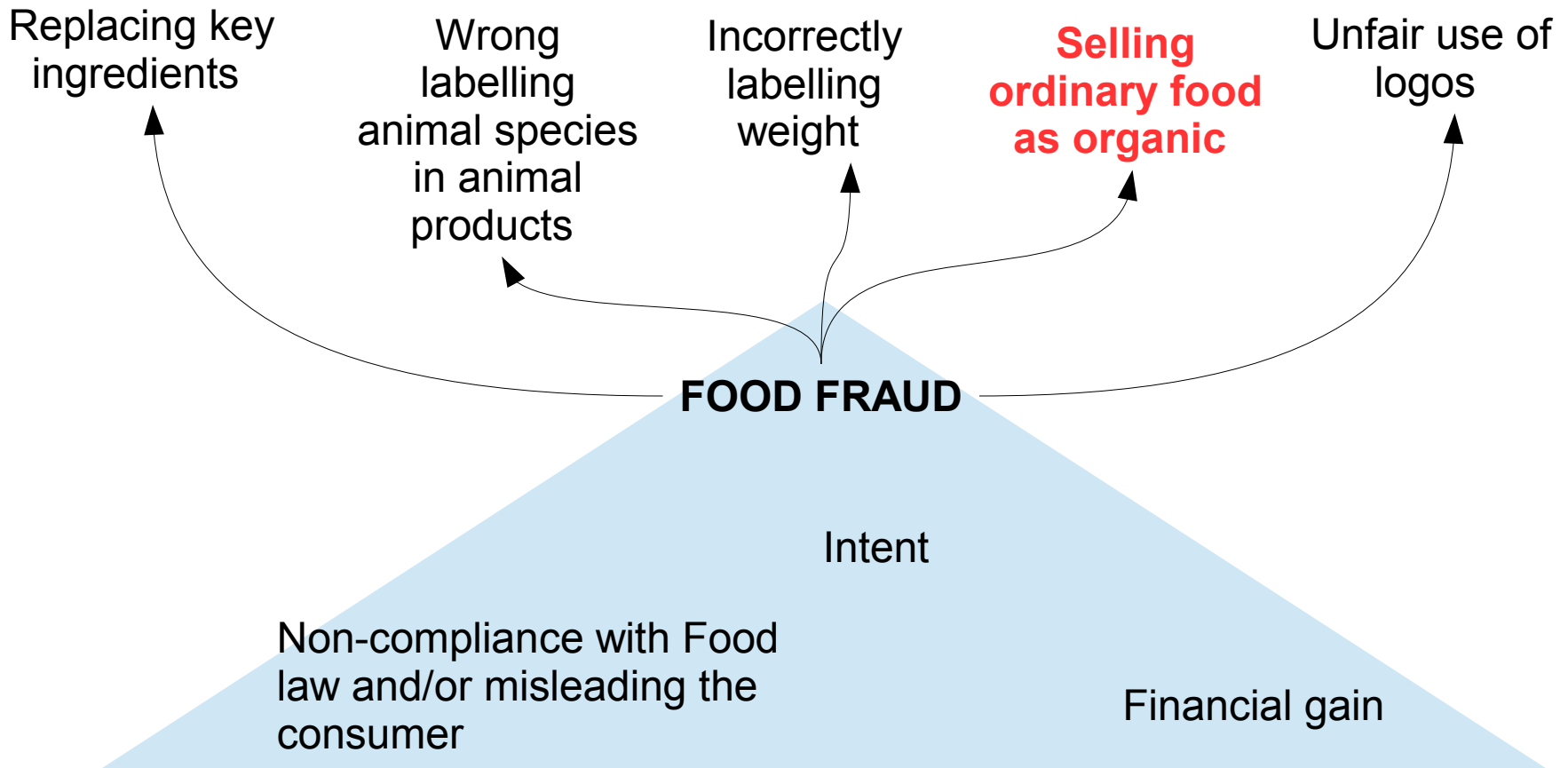
Intent

Non-compliance with Food
law and/or misleading the
consumer

Financial gain

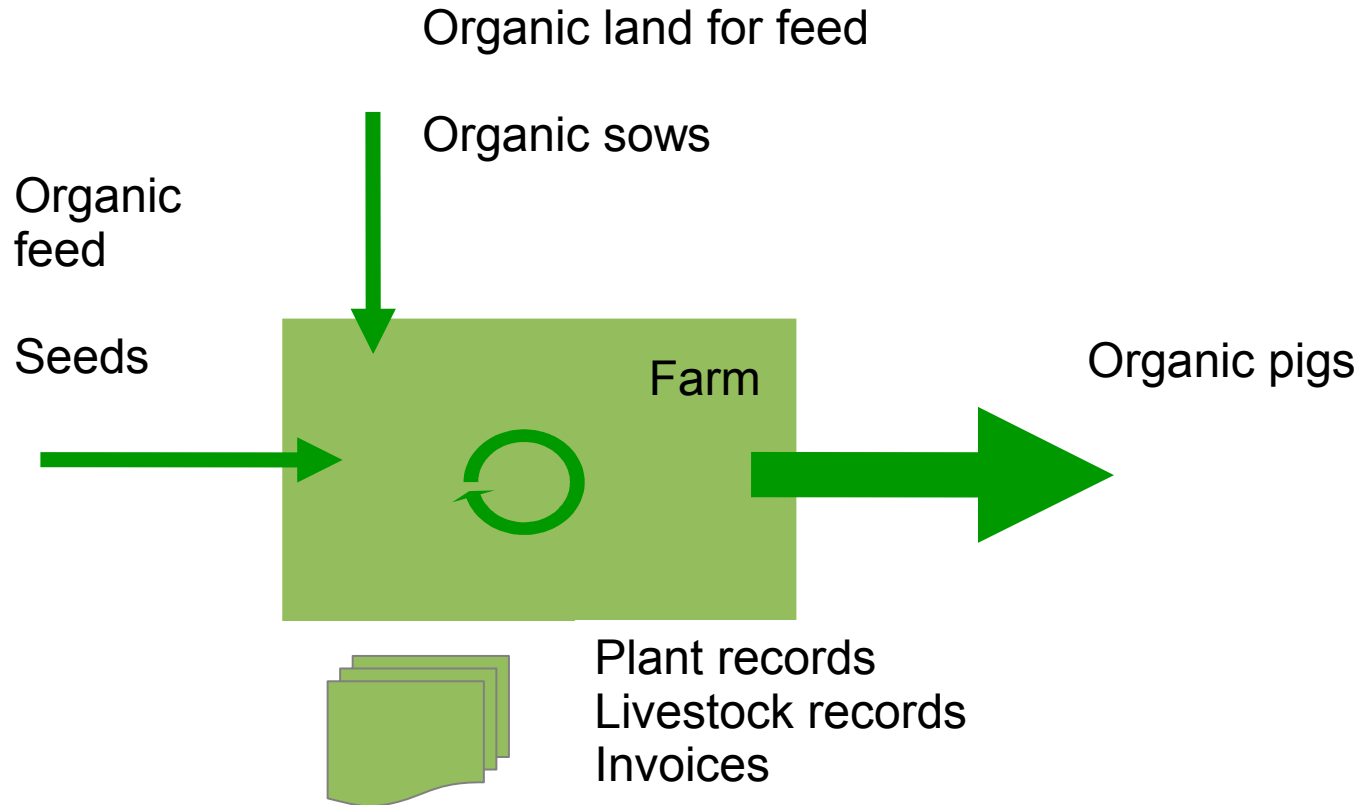
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1. Context¹

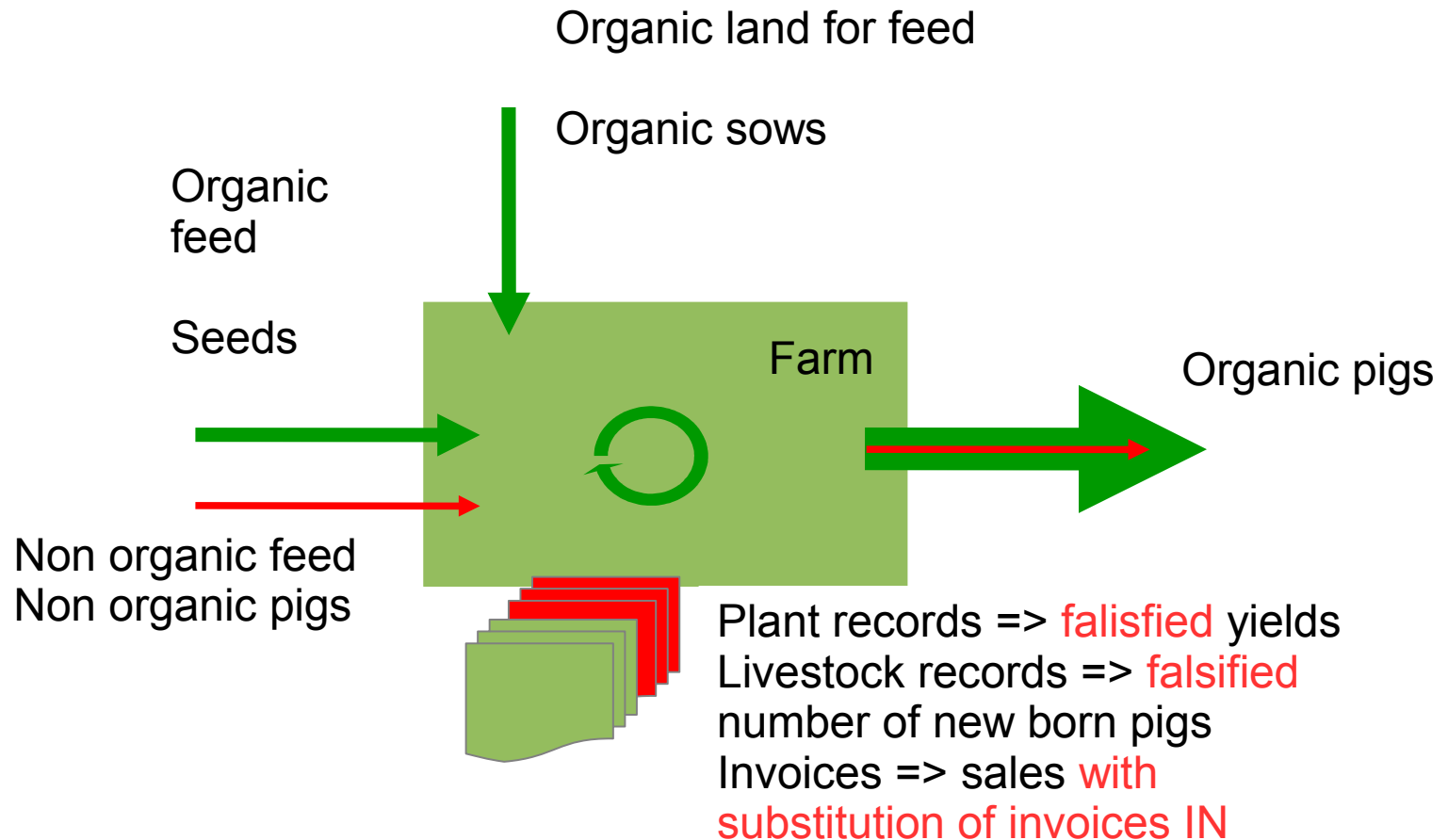


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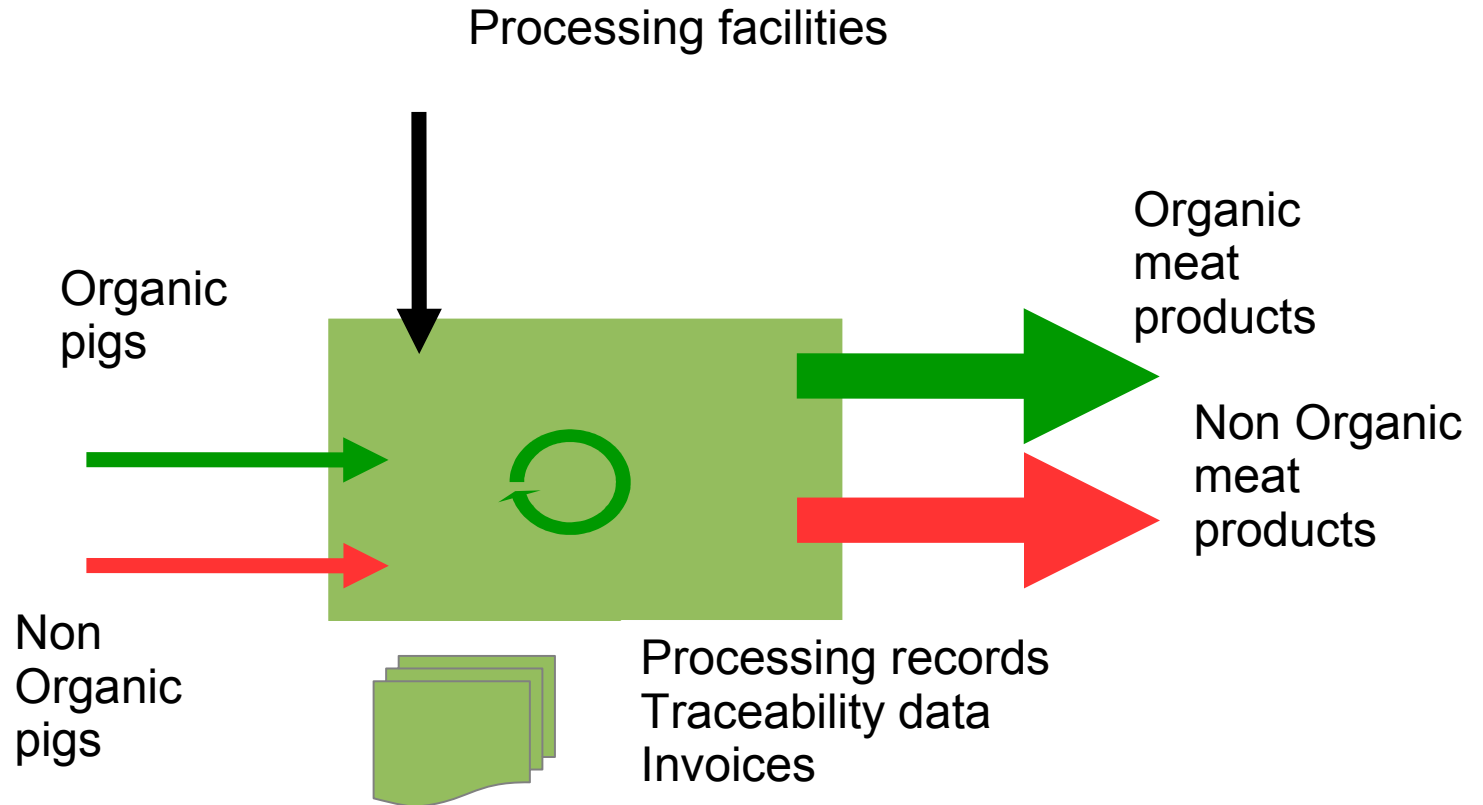
2. Case #1 (what we see)



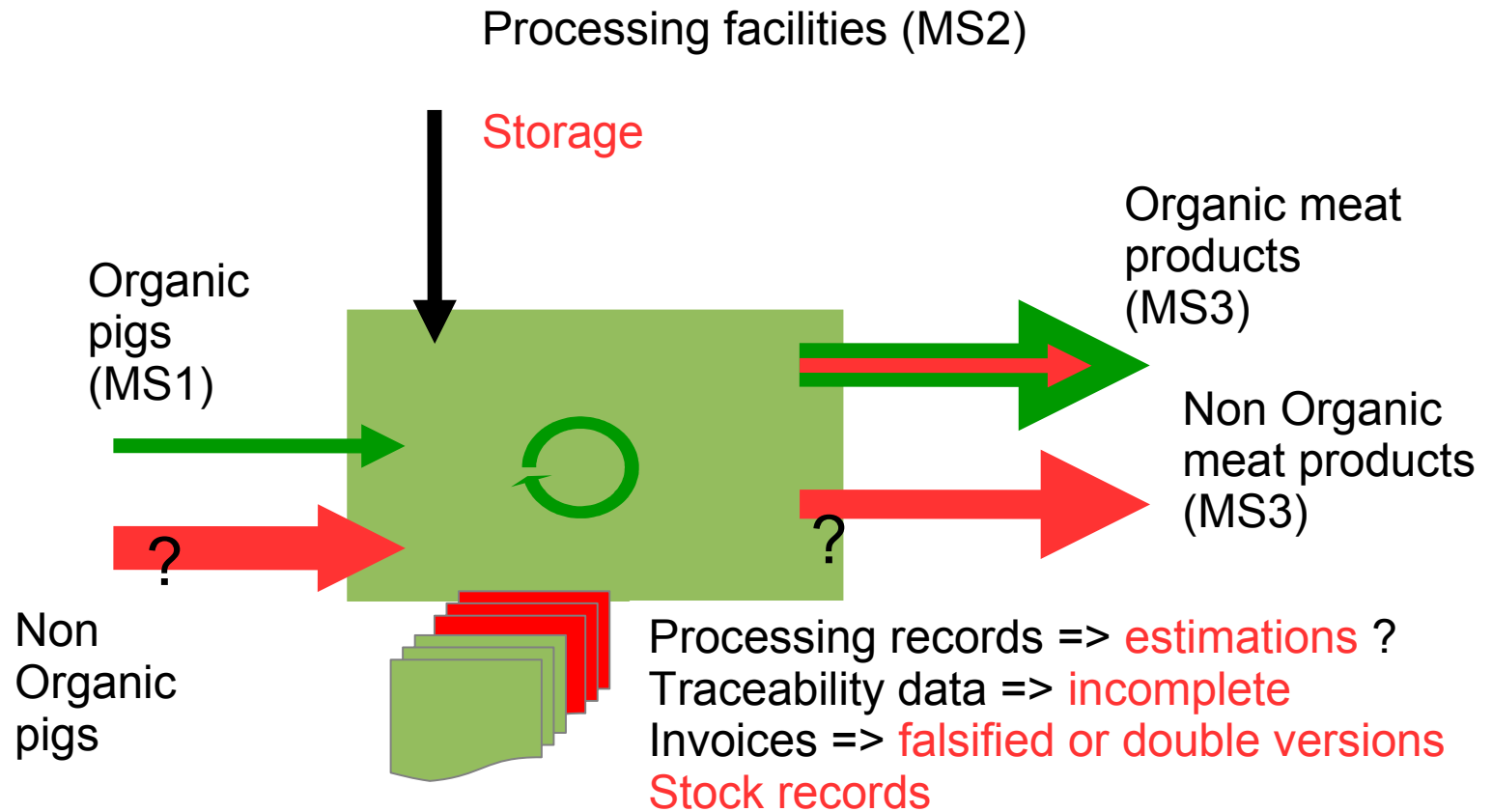
2. Case #2 (what is happening)



2. Case #2 (what we see)



2. Case #2 (what is happening)



2. Case#1 (how we caught them)

-Livestock records :

- Organic version : verified by CB and stamped
- Official version : verified by Veterinary service from Food Safety authority and stamped (no CB stamp)

=> Falsified organic livestock records.

-Invoices :

- Analysis of “Grand livre” by an expert in bookkeeping and detection of substitution of invoices : Several purchases of “services” but declared VAT code corresponds to products

=> Falsification of invoices IN

=> Exchange of information between Competent Authorities and CB.

2. Case#2 (What are the issues?)

-Records :

Processing and outgoing : lots of different products => yields and wastes?

Number of incoming pigs : no unique identification => easy to manipulate

Stock records : correspondance declaration (€) vs real stock (kg & type) ?

-Invoices :

Outgoing : « organic version » and « non organic version » : how to distinguish ?

Incoming : suspicion of cooperation with fraudulent supplier (cfr case #1)

Reliability of authenticity of invoices if supplier and client are also fraudulent ?

=> Exchange of information between CBs (cross check of data)

2. Case#2 (What are the issues?)

-Other :

Traceability : batch identification : made difficult to trace back to farmers

DNA monitoring (ears) : impossible because no obligation to collect and store DNA material

Balance IN/OUT : difficult to obtain sufficient data

Inspections made difficult (waiting, limited acces, incomplete data, ...)

**=> Investigation and Exchange of information between
Competent Authorities and Cbs**

3. Indicators

Informations and doubts

Non compliances in combination with « bad attitude »

- Unannounced inspections practically impossible
- Refusal of inspection
- Upgrading of yields and livestock records
- 2 versions of livestock records
- Substitution of invoices (same number different content)
- Complaint against CB inspector and director
- OP summoned CB to court

4. Strategy & actions

Investigate to find out how the mechanism works

Plan actions to collect proof

5. Responsibilities & means

Prevention

By Comp Authority:

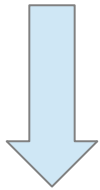
⇔ Capacity,
transparency and
availability

By CB/CA:

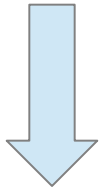
⇔ Exchange of
information

5. Responsibilities & means

Detection



Investigation



Elimination

By Comp Authority:

Own info, OFIS,
RASFF, FVO,
Europol

By CB/CA:

during verification
of compliance

Criminal
investigation

Blocking,
downgrading
and/or
suspension of
organic
certification
where applicable

Suspension of
certification
where applicable

Court of Justice

6. Lesson learned #1:

- Effectiveness of verification of compliance depends on **accessibility and timing** of verification of documents
 - => comparison of the content of documents with relevant productions and products
- Weekends and nights when necessary
- Appropriate frequency (at least 1/y)
- Targeted balance IN/OUT (1 product during short time period)

6. Lesson learned #2 :

- Effectiveness of verification of compliance depends on **authenticity** of verified documents
=> where possible, verify official documents which can be **cross or double checked** by others
 - Transport documents
 - Official livestock records

6. Lesson learned #3 :

- Effectiveness of verification of compliance depends on **completeness and correctness** of verified information :
 - => attention for stock records
 - => coherence/reliability between records and the capacity of the production unit
 - => yields in processing units

7. Conclusions

To prevent, detect and eliminate fraud in organic, there is a need for a strategy, capacity and availability at EU level.

To be effective, verification of compliance requires verification of coherence between documentary evidence and the affected products.

Thank you for your kind attention