

European workshop for prevention of fraud held at FiBL, Frick (CH), October 2 & 3, 2007 – Summary of the presentations¹

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This is a summary of the presentations and discussions based on notes made by the author. Care has been taken to present what was said in a correct manner but mistakes or misunderstandings cannot be excluded. The document should not be used for extracting quotations of the speakers. Copying and publication of (parts) of this document is not allowed without the permission of the author. The programme committee appreciates to be contacted when this document is used for articles.

Welcome and Introduction of participants

Opening by Dr. Urs Niggli, director of FiBL

Dr. Niggli welcomes the participants to FiBL. He describes the activities of the institute. Discusses shortly various attacks on organic farming which threaten the credibility of OA. The research sector is active in addressing most of these attacks but cannot do very much about frauds. Applauds the cooperation between certifiers, authorities and the trade to address the issue of fraud in organic and wishes us success.

Opening notes by Beate Huber

She introduces the topic, the initiative of some individuals because of the sentiment in the market that frauds were becoming a problem, at the last Biofach. Refers to the multi sector round-table meeting in Bonn in May where it was concluded that more needs to be done about frauds by the trade, certifiers and authorities together. Particularly better communication and higher transparency were mentioned, the benefits of residue testing as a indication of irregularities and the possible need for an international complaints mechanism. Also in Bonn was a 1½ day workshop of certification bodies who discussed measures necessary for reducing the incidence of frauds. The focus of this workshop is on Middle and Western Europe but it is hoped that the initiative will spread to other parts of the world.

¹ Workshop documents can be downloaded from the workshop homepage at <http://www.fibl.org/english/training/course/2007/fraud-report.php>

This workshop is an initiative from Bo van Elzakker (Agro Eco/IOAS), Beate Huber (FiBL/IOAS), Jan Wicher Krol (SKAL/EOCC), Jochen Neuendorff (GfRS/IOAS) and Keith Ball (SACert/EOCC); the programme committee.

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Part 1. Warming up, typical fraud cases

1.a. Experience from a Dutch certifier

Jan Wicher Krol, SKAL, NL

There were rumours, analysis results of clients, and a tip. Skal went to visit with three persons for 1 day; two inspectors and an accountant (financial expert). It is a relatively old company with an important market share, different production locations, almost all their trade was in organic product. There are different legal entities, in the Netherlands and one in Belgium, all managed by one person. Conventional product was mixed in the organic batches. The company had 10% higher production in organic than plausible. It took a lot of time from the certifier (± 150 hours), of the fraud agency (> 400 hours), of the justice department. At a certain time the dossier had to be compiled quickly, otherwise the case would not be taken up; the justice department doesn't like to deal with old cases. The court case is postponed because the lawyer of the licensee wants to hear witnesses. The person still trades, under another company name. This company cannot be refused certification by Skal, but the company is followed with a close look.

Lessons learned from this particular case:

Certification bodies:

- Take a look at conventional in parallel operations, including the administration.
- It is almost impossible for an inspector to discover a fraud during a routine inspection.
- The CB needs to communicate well with its operators, that it is open to tips and will investigate, inviting licensees to come with real information.
- You need a policy of how to handle rumours and tips. Guarantee anonymity.
- It needs a strong commitment from the management, to send a team of experienced persons (an external financial expert) to investigate the suspicion.
- Such investigations need to be budgeted in the annual financial plan; that is also a warning to licensees that the CB is ready to do it.
- Suspension is an important tool, as a communication; it stops the trade which is the most threatening aspect for the operator, more than the outcome of a court case years later.
- You must develop a good personal contact (invest time) with the authorities that handle the case for them to deal with it as a priority. Know what information they need from you to act.

- Within the CB, one person should be made responsible for dealing with the publicity. Prepare a press statement. Be prepared for questions from the press.
- Trade:
 - There are too many rumours and few good leads. When you have a good lead, inform your CB, invest time in compiling a dossier, in communicating your findings.
- Authorities:
 - One scandal in organic is detrimental to the whole sector. Identify and approach the relevant agencies before a fraud case happens. Give priority to investigations into fraud in organics, at least some cases, to set an example.
 - Determine with the relevant agencies what kind of information they need, and the format, and what the time lines are.

1.b. Experience from a wholesale company

Richard Lawrey, Community Foods, UK

Does not present a particular case but voices the concerns that there are in the UK. The highest profile fraud case, uncovered by Trading Standards Officers, reported in 2005 in the Observer, was about two independent retailers selling conventional meat and produce as organic. Although this was a case in the UK, there is more mistrust in the integrity of organic foods from continental Europe, like the grains in France in Germany, and rice in Italy. Regularly residues and traces of GMOs are found, sometimes there are doubts about the certification, and there is often inconsistent documentation to prove that products are genuinely organic. However, there are very few fraud cases in the UK. Perhaps it is the system that deters traders to commit fraud; perhaps there are no frauds because no one looks for them. Frauds are possible; the control is not very good. CBs are controlled by DEFRA. Trade takes place based on the presence of a master certificate, there are no transaction certificates, very rarely residue analyses are done, there is no strong trade body. The cost of an adverse result of residue testing is considerable, companies are afraid of the short time market disadvantage. For the majority, it does not pay to detect frauds.

What to do:

- There should be tighter certification contracts for importers, to make sure that there is sufficient control in third countries. The SA has made a start.
- Perhaps change in trading practice; that the product comes from a source that has a master certificate is not good enough.
- Change in DEFRA approach away from focus on own farmers and processors to the trade, imports.
- There should be more consistency, harmonisation among CBs. They work in very different ways.

- There could be a database, that problems are shared.

1.c Addressing the unauthorized use of pesticides

Riccardo Cozzo, BioAgriCert, and the certifiers group in FederBio, Italy

In Italy there are two main types of non-conformities

- Quantities input-output (mainly found by CB)
- Pesticides (often found by traders)

Within the standard EU control system, very few residue analyses are done. Buyers complain about residues in the certified product. The private sector has agreed to a protocol over and above the EU regulation for pesticide analyses. The buyer can ask the CB to carry out additional control measures. Samples can be taken from the supplier but also the buyer. Sampling is done by a trained person, it can be an inspector from the CB, when not available, one from the national inspector's list. Samples out to be taken within 48 hours. There is a protocol for sample taking and storage of duplicates. There is a close link between the certifier, the lab and the buyer to address irregularities. The CB decides on corrective actions: suspension of certificate, product on hold, call back, this is also in a precautionary way, before a second sample is analysed to confirm the findings. The supplier must refund the cost in case residues are found, the buyer pays when no residues are found.

The CBs have developed a detailed document that lays down the critical periods for the crops, the best time to do sampling, how to do the sampling. Sampling must be done at the right time, in the right way; otherwise it is useless as a confirmation of absence of pesticide treatments.

1.d. Experiences of a Dutch trader

Arjon Kalter, Tradin, NL

Tradin is a major trading company in about all organic products, in Europe but also the US, with various local offices. They have an elaborate system of residues testing, pre-shipment and at opening/receipt of containers. They find it necessary to test 100% of the goods. Arjon presents a number of bad experiences with imports from third countries, some of which are on the EU list of third countries (§11.1).

Regularly no residues are found in the pre-shipment samples but there are in the sample taken at arrival. It means that the method of sample taking is not representative of the goods.

Some of the chemicals are easily detectable (DDT, parathion-methyl). In one case 12 different pesticides were found in one sample of certified organic product.

Tradin questions all residues found, even when they are below the BNN norm. Decertification of products leads to important additional costs. In the worst case, when the level of residues for a

certain substance is above the legal maximum residue limit (MRL), the goods need to be destroyed.

The reactions from the suppliers vary from 'it cannot be', via 'we are not responsible for this' to 'pesticides are used on the organic farms but we send only produce that has tested clean'. Suppliers sometimes react angry when Tradin informs its CB.

Reactions from CBs to residue findings are also diverse, from 'we will investigate' to 'it is not possible' or 'you tested the wrong goods', via 'it is not too bad' to 'no need to investigate'. There is often no information provided how it could have happened. In one case Tradin received the inspection report, which showed no evidence of separation in a parallel operation, which could have caused the problem.

Tradin fears that because of the competition, prices are driven down and CBs do/can do only the minimum. There is disappointment about the performance of CBs operating in third countries, including the European CB's. There are doubts whether the farmers understand what organic farming means, about the rigour of the inspection and the quality of certification, about the mentality of the CBs. However, it is of little use to blame each other. Tradin supports the process to improve the quality of certification together, in cooperation rather than competition.

For the company, residue analyses and communication of the results is a good tool to reduce the incidence of frauds, but it is an expensive exercise.

1.e Being the subject of a fraud investigation

Franz Rivetti, Well Being Trade, Italy

Since many years Franz has been involved in the trade in organic rice and the rotation crops. He bought from his own supply base of (at that time) about 60 rice farmers. The fraud was committed by the French importer, who appeared very committed, serious and trustworthy. They visited the farms, etc. There was a complication with an exclusivity that needed to be circumvented. The fraud took place in France, where BioAgriCert certificates of cereals delivered by Franz were falsified. The French CB never asked, never checked back with BAC whether the quantities were correct.

One day Franz had an invasion in his office of Italian and French police, the same happened with BAC. Administration was seized. It took 3 years to convict the Frenchman; finally he was put in prison. Only then Franz could clear his name. All the time there was a suspicion that he was involved. It was a horrible experience from the business point of view but also as a person. To be accused of fraud, to be implicated in one, is not nice. There is a lot of false information going around, rumours, talks about small quantities being produced and gigantic quantities being sold, etc. It is better when such rumours are investigated and cleared up. The false information is perhaps worse than the fraud itself.

Part 2. Background to fraud

2.a. Experience with assessment of residues and analysis of frauds²

Gabriela Wyss, FiBL, CH

The presentation only covers results from the cooperation with Bio Suisse. About 80% of cases are notified by the trade, 10% by the Food Control Authority, 5% by certification bodies and 5% by operators. From the Swiss perspective, most residues detected are on products from Italy and Turkey, only 1% is detected on Swiss products. Due to higher sensitivity in analytical methods, the limits of detection decrease and more pesticide residues are found. The presence of a pesticide residue does not automatically mean that there has been a fraud. In any case, pesticide residues on organic foods demand a proper investigation. The presence of a pesticide needs to be explained, in the case of a fraud you need to be absolutely (legally) sure of your argumentation. Only 9% of the residue cases assessed were an obvious case of fraud, in 91% of the cases it should rather be called an irregularity, a breach of duty of care, like drift. One extreme example is that a residue in organic lettuce could be traced back to the latex gloves used for packing the lettuce in transparent bags.

Once a residue is detected a series of questions need to be answered. Is it a pesticide that is normally used as seed treatment, in the production, during packing, in the storage, or during transport? What is the persistence of the pesticide? A contamination with persistent pesticides can be from previous use, a historical contamination. FiBL and Bio Suisse have developed procedures how residue cases shall be evaluated (individual assessment of each case, plausibility assessments, no consideration of organic threshold limits, consideration of data on background contamination). Depending on the level of contamination products may not be labelled with the Bio Suisse logo. Contamination cases are fed into a database, which serves as an important reference tool.

The organic movement is against setting threshold limits for pesticide contamination. Each case is individual and needs to be investigated. Cases are known where traders blend contaminated lots with clean ones, just to remain under the residue limit. Fraudulent traders do residue testing too.

For further reference, see the paper prepared by the IFOAM EU group

http://www.ifoam.org/about_ifoam/around_world/eu_group/pdfs/IFOAMEUGroup_Position_pesticides_residues-1.pdf

² See separate document at http://www.fibl.org/english/training/course/2007/documents/wyss-nowack-2007-fibl-experience_000.pdf

2.b. Food surveillance & the organic control system³

Stefan Schönenberger, Federal Department of Economic Affairs, CH

The organic food regulation is with his department, which plays a main role in shaping Swiss agricultural policy and rural development. It is implemented in cooperation with the cantonal food inspection agencies and various third parties.

11.2% of farms in Switzerland are organic and 10.5% of the agricultural land. The market share is 6.4%. There is a strong private label, die Knospe ('bud'). In the early days it was important to remove misleading labels from the market. There is a certain competition from other standards (like IP).

Reducing fraud is not only in the interest of the consumer, of market development, but also in the direct interest of the trade (false competition).

In his experience the use of the EU regulation on food and feed helps to avoid fraud.

There could still be better communication between the certifier, the cantonal food inspection agency and the competent authority. Cooperation/communication in the international context, both between authorities and certification bodies could be improved.

Implementing the measures that are possible in the existing regulation is already an important step, he is not sure that more measures are needed. There is already quite a burden on the organic operators, on the certification bodies; fraud prevention can be done when there is increased efficiency.

2.c Fraud in organics: Risk analysis⁴

Jochen Neuendorff, GfRS, D

Definition of fraud: it must be a deliberate act and must lead to monetary advantage.

To call a case a fraud it must be proven beyond doubt. He also distinguishes two major types of fraud: use of prohibited substances or practices, and commingling with or labelling conventional product as organic.

There is a lot of talk about plant products and residues; there is little talk about animal husbandry and its products. In animal husbandry there are problems with the conversion period for brought in animals, use of conventional feed, and aspects like inadequate housing, access to

³ See separate document at http://www.fibl.org/english/training/course/2007/documents/Schoenenberger-2007-agriculture-switzerland_000.pdf

⁴ See separate document at http://www.fibl.org/english/training/course/2007/documents/neuendorff-riskanalysis_000.pdf

pasture, and marketing of (parts of) conventional animals as organic. This area should not be forgotten.

He mentions that commingling with conventional product is fairly easy as long as input-output consolidations are not linked with cross checks in the supply chain.

He mentions three strategies against fraud: strengthen operators' self-responsibility, more risk orientation and improved market transparency.

The sense of responsibility of the operators for the organic integrity needs to be strengthened. Operators who do not sufficiently know the requirements of organic production and trade should not be certified. Documentation should be complete to allow trace backs and stock consolidation. Suppliers should be audited too. There should be in-house residue testing and evaluation of the reasons for contamination.

Inspection should be based on better risk orientation. There should be more focus on trade and processing. There should be a higher inspection frequency and unannounced visits in case of 'risky' operations. And up and downstream cross checking in the supply chain to validate results.

The organic market needs to become more transparent. When a certification body becomes suspicious and starts asking questions, the operator simply changes certification body. CBs should be obliged to exchange information in case of CB hopping, also in third countries. One can work on more standardised certificates, possibly on centralised databases for electronic certificates. There can be a better communication of results; like putting data on a website as in www.bioc.info.

Part 3. Current weaknesses

The participants were split in four working groups, one with the representatives of the authorities, one with the trade representatives and two with the certification bodies. Each participant sat in his/her own sector working group to allow open discussions. The task was to come to a common understanding of the problems and the weaknesses in the current system, so that one could concentrate the next day on solutions.

3.a. Results of the Certification Body Group 1

The group saw the following problems/issues when it comes to reducing fraud:

1. Lack of communication between CBs in and outside Europe

The group acknowledged that there are (perceived) legal restrictions to exchanging information. Liability is a problem when a VB expose sensitive information, even from CB to CB. Others say that this is covered in EU regulation; you must exchange information. The lack of communication allows for double certification, mainly outside Europe. It makes it also easy to switch certifier, which is happening especially in the case of processors. Reports should follow operators. A standard format for notification of problems between certifiers is needed. There should be a standard response time

2. Complexity of operators

It takes an effort to track the commodity flow. Made difficult because Transaction Certificates are not mandatory everywhere (US, Japan). Operators can have complex operations with sub-units or different companies. There is also a difficulty in the identification of fields and storages in large (parallel) farms.

3. Certificates

It is difficult to interpret (esp. master) certificates; are they up to date, what is the scope, does it include sub-units. Faking of certificates happens.

4. Quality of inspection

There is a need for better training of inspectors, e.g. estimation of yields and average yields, both for farms and processors, identification of reasonable losses. It is recognised that good training is expensive! There is a certain cost of additional un-announced or investigative inspections. There are limits to raise the number of un-announced inspections, as, depending on the purpose, unannounced visits are not always possible, (e.g. processing inspections for product flow control must to be prepared and responsible persons available). The cost of a thorough investigation is important. Inspectors do not always dare to address non-compliances due to “mentality” reasons

5. Residue analysis (pesticides, GMO, isotopes)

There is no legal requirement to analyse. There is an important cost. CBs are not necessarily experts in how to interpret results; expert opinion is needed. It is difficult to draw a conclusion on the presence of traces of pesticides alone. Some residue is often not sufficient for investigation by the responsible CB. Analysis in EU is sometimes seen as an alternative to improving inspection in the country of origin but that is not true.

6. Reaction to notification

It increases certification costs. Therefore there is a “weak” reaction by CBs. There is competition between CBs, price-wise but also in being easy.

7. Grower Groups

Identification of the members of the groups is not always easy. There are multiple certifications. There is often a lack of training of the group’s members; some farmers hardly know that they are organic.

3.b Results of the Certification Body Group 2

This group saw the following problems and the measures needed to reduce frauds:

There must be one inspection and certification system based on the regulation. CBs have to cooperate. Certification must be based on the production system, not the product. Analyses cannot be used as a confirmation of organic quality but isotope and residue analyses can be extras besides process inspection.

Three levels of problems:

- Harmonisation is needed in the area of interpretation of residue analyses, in the risk oriented approach, in the qualification of personnel, the quality of certification and in what certifiers charge in order to regulate competition.
- There should be more transparency and communication between CBs, notably to avoid CB switching once a CB makes problems.
- There are differences in how CBs treat fraud. Some do, some don't. There is the financial dependence on larger operators. Investigation is a question of money and therefore competition. There is a lack of technical knowledge, of training. Special inspection protocols may be needed for special/difficult areas.

A start was made with possible measures:

- We have enough tools but they are not used. Within the sector there are possibilities of peer review, joint inspections, a court of arbitration dealing with complaints, the development of common guidelines.
- The experience is in the sector, not with the authorities. The sector should be more involved by the authorities in finding solutions. Accreditation is of different qualities, especially in third countries.
- The CBs have to commit themselves to communicate with each other, for example to allow trace backs and cross checks.
- Within a CB there should be more emphasis on traceability, more effort on training, one should remain conscious about the total quality.

3.c. Results of the Trade Group

The group evaluated the performance of the three sectors.

About the trade itself:

- It is a responsibility of the trade to properly inform new suppliers about the requirements of the organic trade. Especially those who add a 5% organic sideline to the conventional business.
- One should develop closer links with the partners upstream and downstream in the supply chain.
- However, for the organic integrity, it must rely on the CBs.
- The trade has a lot of information, should share it with CBs and authorities
- The trade has a lot of influence on which CBs are used.
- The trade can request more from the CBs, like fraud investigation in case of suspicion. To this end, it can make additional contracts with the CBs.

About the CBs

- There is a feeling of poor certification, lack of knowledge, a 'checklist' attitude among the CBs. The CBs can and should do a more professional job.
- CBs should (better) follow up on allegations and suspicions.
- Should check the flow of conventional goods besides the organic one.
- Should do traceability and cross checks to detect irregularities.
- When they do a proper job themselves, should impose similar contractual obligations to its subcontractors (upstream CBs).
- Must inspect/score the knowledge of practical organic requirements among parties inspected (like storage pest control).
- It is better to have a good reputation than to be cheap.
- Don't try to be the cheapest.

About authorities

- In general there is little belief that the authorities can and want to do more than what they do now.
- The authorities work through the accreditation body; it is possible that these can do more (like complaints investigation).

3.d. Results of the group with authorities and accreditation bodies

Accreditation

- In the supervision of CBs by the authorities, accreditation is a key element.
- There is insufficient communication between the accreditation body, the competent authority and other government agencies.
- There is insufficient cross border communication between accreditation bodies and approval authorities. There should be ways of cooperation between e.g. the Swiss authority and the French accreditation body.
- The only supervision from CBs abroad is through the accreditation bodies.
- The scope of accreditation can be unclear: geographical scope, expertise.
- Do accreditation bodies have to prove that they dispose of the necessary expertise? Who supervises accreditation bodies, how can we influence the supervision of CBs by accreditation bodies?
- When a CB is accredited for or by a country, it is not automatically approved for other countries.

Communication

- Lack of contact between technical experts on European Level. For example supervision accreditation body, sanctions, import authorisations.
- It is difficult to get in touch, to work with a colleague from another member state when you do not know this person.
- Possible solution: EU training program, like there is one for food inspectors.
- We do not seem to profit from the expertise from traders. We would like to get more information from them

Bureaucracy

- We put too much trust in documentary evidence
- We should distinguish between the formal obligation to communicate and the informal exchange of information.

Information

- Pesticide residues: we talk about it, but do not know how big the problem is.
- We should create an EU- sample plan on imported products.
- OFIS is the website where, amongst others, all import authorisations are posted
http://ec.europa.eu/agriculture/ofis_public/index.cfm
- It is always well after an event has taken place that notifications are uploaded.

This feedback set the stage for the solution oriented workshops the next day.

Part 4. Communication and transparency across sectors

The participants were asked to split in three groups, one to discuss cross-sector communication from the point of view of the trade and one to do the same from the point of view of the authorities. The third group was to discuss a possible complaints mechanism.

Summary Report Working Group “Communication from the traders’ perspective”

- Some certifiers communicate with each other, others don't (50-50%).
- There are enough platforms for the certifiers to exchange information among themselves (EOCC, ACB, OCF).
- Perhaps there is a need for a standardised form for data exchange, perhaps replying to inquiries should be better institutionalised (and budgeted) within the CBs.
- When traders find fraudulent product, they want to know the origin of contamination. CBs cannot tell details because of data protection laws unless (should be obligation) they include a clause in the contracts they have with their operators, that they can. Being an organic operator means that you are willing to be fairly transparent.
- The information exchange with third countries is not working at all.
- In general, traders want to push CBs for more information exchange.

Summary Report Working Group “Communication from the authorities’ perspective”

- In general, the enforcement agencies do not receive enough information; it looks like information is hidden. There is an obligation for formal communication, as foreseen by the regulation, and there is informal communication.

Formal

- In some countries there is a good system of information exchange (e.g. meeting between all CBs and authorities 4x/yr in UK).
- There is often a total lack of information exchange in the case of third countries. The competent authorities are not even known.
- Even among EU approved control bodies, the past CB does not inform the new CB of its outstanding conditions with an operator when the operator switches CB.
- In general there are enough provisions/obligations in the EU regulation for information exchange but it is not done enough and/or not fast enough. Is time consuming, and information often comes too late.
- Current rules need to be better known, certifiers need to communicate more, within the regulation. Just do it. Authorities are open to receive information; internally they have to see how to deal with it.
- There is a perception that nothing happens with information send to authorities, especially when it concerns cross-border supply chains.
- Authorities are challenged to withdraw import authorisations when CBs do not provide sufficient information about operators in third countries.

Informal

- There is a problem of data protection, that for example allows the CB to give the name of the operator but not what the production is. This is a strong issue in some countries, not in others. You also make yourself liable when you voice a suspicion but are not sure about the information. There needs to be some trust when you provide information, that what you say is not used against you. Personal contacts are best; it makes it easier. There are different platforms where it is possible to exchange informal information, national meetings, meetings during Bio-fach.
- Exchange of data needs to be better regulated, allowed in contracts between certifiers and operators.
- It should also be enforced with certification bodies outside Europe.
- There are big differences in the EU countries when it comes to information exchange between CBs and authorities (and trade). In Belgium, Holland and the UK it goes very well, there is a good, direct contact between certifiers and authorities, formal and informal. How is it in other member states? The authorities hardly know how the regulation is implemented in the other member states, let be third countries.

Summary Report Working Group “International complaints mechanism”

- Traders need fast action, they need a quick decision to (trust) buy or not to buy a container load. Investigations of complaints take too much time.
- Suspicions/allegations are not taken serious by many CBs; they should become more investigative.
- A CB needs a good relation with the competent authority and other agencies to have sufficient power for investigation.
- Operators need to know how and to whom to complain. The regular procedure would be first to the CB and when this is not sufficient, to the competent authority of the CB.
- There is no authority to address, in case of complaints addressing activities outside of the EU.
- One could complain about a CB to the accreditation body of the CB. There is no public list of who is accredited by whom for what. National Accreditation Bodies have a limited scope and are not always willing or able to do an investigation, especially outside the home country (they assess the performance of a CB but not necessarily for fraud cases if deficiencies of the CB are not obvious). There is one case where a complaints investigation was done well by an accreditation body (D). However, not all CBs are accredited, or by a (good) AB. There is little confidence that is a solution.
- IFOAM accreditation has an international complaints mechanism that works well. IOAS could open up its system to non-IFOAM accredited certifiers but traders are not aware of the IOAS.
- There appears to be a need for an international complaints mechanism for the whole sector, a reference point. It would build confidence in the organic sector. Public summaries of complaints resolutions.
- There is a sensitivity towards the press. On one side exposure puts pressure on the system to work better, but it is often used in an unnecessarily damaging way.
- There are different levels of complaints: it starts with rumours, persistent rumours, insider tips, it can be an irregularity, a fraud, or a failure of the CB.
- More transparency (database of certifiers and operators certified, suspended and decertified) would remove a lot of rumours. Complaints investigations would surely clean up the system.
- It is not clear how this can be organised and financed. Can only members lodge a complaint? Commodity traders may demand that CBs are member. Should it be a private initiative, financing through the CBs and traders? It needs to be an independent body. Support and cooperation is needed from and with competent authorities and EU Commission.
- EOCC is willing to start a website for its members where they can post information.
- Proposal is that the complaints mechanism is organised through IFOAM, with a kind of ombudsman, or some sort of arbitration process. Persons respected by the sector. The complaints body could subcontract investigations to experts.

As expected, the discussion resulted in a lot of open questions, the interest is there but it needs a lot of good thinking. It is proposed to come back to this topic during the next Biofach.

Part 5. Solutions; what the sectors can do

5.a. The IOAS retail supply chain program⁵

Ken Commins, IOAS, USA

The IOAS, in collaboration with the National Cooperative Grocers Association (NCGA), an association of 110 consumer owned food cooperatives in the US, has initiated a field study to develop a fraud protection programme for retailer supply chains. Because of new and powerful entrants in the marketplace there is an imbalance in demand and supply, and retailers need to protect themselves against fraud. Suppliers within the supply chain of the retailer need to subscribe to the quality assurance scheme under which they may be subjected to specific auditing measures. The nature of these auditing measures are the subject of the study together with systems to identify those suppliers providing not only the final products, but also the ingredients. Some of the measures being considered are realistic yield estimates, input-output reconciliation and trace back with cross checks. Other elements are CB-CB cooperation, use of fraud proof transaction certificates and enhanced inspector training. A central complaints register is also being considered. The proposed system will not involve any new certification or accreditation and will make use of existing resources such as the retailer's own quality assurance scheme, certification bodies, and an oversight body and inform the competent authority of its findings. Once parties are used to it, it is a fairly low cost-low burden assurance scheme. The outcome of the field study will be public and any resultant programme will be open for the participation of other retailers and possibly to brand owners and wholesale traders. See also <http://www.ncga.coop/node/3053>

The previous day, three papers had been distributed with suggestions what each sector can do to reduce the incidence of fraud. These were used by the groups during the morning working sessions.

5.b. Report from the Trade group

The Trade group had drafted a Code of Good Practice for the trade.

The Code states that the primary responsibility for the organic integrity of the product lies with the trader. Each trader has the obligation to implement a quality control system that addresses organic integrity and excludes irregularities. Traders are to build trust in the supply chain, also make sure that their suppliers know and implement the requirements of organic trade. Traders can demand the certifiers to do a better job. It is understood that the cheaper CBs are not always the better. Ideally traders are member in a trade association; together they can work on the organic quality (like a joint testing scheme). Communication with the certifiers and authori-

⁵ See separate document at <http://www.fibl.org/english/training/course/2007/documents/commins-2007-fraud-protection.pdf>

ties could be channelled through such a group. There is a lot to learn from experiences of others, about suppliers, certifiers, authorities.

Toni Sellers, Arjon Kalter, Richard Lawrey, Carol Haest and Bo van Elzakker are to finalise the language of the CoGP; it will then be circulated among the workshop participants. Publicly and informally, the serious trade will be asked to sign on to this document. It is a living document; it is a start. In time it can become stricter, it may become the code of a specific trade body that works on the detection and prevention of fraud. There is more work to do on this topic.

The group has shortly discussed the Warnings\Complaints website but this idea needs more thought. Should come back during a next meeting.

The trade identified the need for middle management staff training, in Europe but more so in third countries. The control manual of the Soil Association is helpful, particularly for processors. Discussions/training can be organised at trade fairs.

The Code of Good Practice for Traders will be published after finalization on the FiBL website www.fibl.org.

5.c. Report from the Certifiers group

The two earlier working groups of certifiers had been pooled in order to come with one common paper on what they should do.

Immediate measures

- A list of responsible people in each certification body is needed so that other CBs will know who to contact in case of fraud or residue detection. All CBs agreed to send contact details to Jan Wicher Krol, EOCC coordinator. The list will be published on the EOCC website.
- Certifiers should publish a list of certified operators as minimum requirement. Additionally they may disclose lists of certified products and/or product categories Ideally this should be on a database or the CB's website, with a copy of the certificate. This should be completed by End 2008.
- Communication code of conduct. CBs should respond within 5 days of notification of a pesticide residue or fraud case indicating the proposal for investigation. This should be followed with the results of investigation as soon as possible.
- Certifiers should use the "Rapid Alert" (RASO) document to notify other certifiers of concerns⁶.
- CBs agreed to use existing platforms such as the EOCC as a pre-alert system on fraud. This will act as a means of sharing information on a general basis such as: "we got several cases of xy residues in xy products from xy country"
- Harmonisation of certificates. Elements such as contents, layout, and "protection elements" against changing the document should be included. A proposal will be worked out by Jochen Neuendorff of GFRS and Rainer Bächli of IMO

Longer-term measures

⁶ see separate document at <http://www.fibl.org/english/training/course/2007/fraud-report.php>

- Develop a code of conduct. A working group to include Rainer Bächli (IMO), Jan Wicher Krol (SKAL), Jochen Neuendorff (GFRS), Keith Ball (Soil Association) will work on developing a detailed code of conduct for certifiers.
- Topics with high impact on fraud detection that require further discussion / investigation within the organic sector and particularly among CBs:
 - risk assessment of operators
 - grower group certification
 - exchange on effective methods of inspection/detection of fraud (harvest reviews, get evidence of “entity of documents”)
 - complaint mechanisms process
 - training of inspectors
 - a common platform with traders for alert systems

Those topics should be introduced by all CBs in their existing platforms for further discussion

5.d. Report from the Authorities

The working group discussed the draft paper “What authorities and supervisory bodies can do”. This paper will be revised (Lianne Kersbergen, Beate Huber) and agreed by email communication among the working group participants. The following measures have been discussed and are to be amended and/or added to the draft measures paper:

- Exchange of information should specifically be intensified on the executive level. E.g. meetings among authorities could be linked to international events like ANUGA and BioFach. Different meetings are needed for the different levels of authorities. It needs to be considered how such meetings become more attractive for authorities to participate. EU could assign a Member State to coordinate such meetings.
- Follow-up on suspicion of fraud respectively detected fraud: A guideline for a procedure should be developed on how authorities should deal with respective notifications and what information needs to be provided by the notifying certification body to insure proper follow-up.
- A Rapid Alert system specifically on suspected or detected fraud in organic production is necessary.
- On the national level the competent authorities are the body to address in case of suspicion of fraud. These addresses must be publicly known. Furthermore these addresses must be published on the European level to be accessible for all interested parties in the EU (data could be extracted from the annual reports and published on the EU website).
- It should be considered to require publication of de-certified and suspended operators by certification bodies in the new implementation rules of the Regulation.
- Special EU training programme should be provided for auditors of the supervising bodies similar to the EU HACCP Training Plan of EU-Commission.

Some participants expressed disappointment that authorities do not make clear statements and do not enforce; like withdrawal of import authorisations, while authorities have the mandate to be more effective.

Part 6. Next steps

The participants agreed that the workshop was urgently needed and very useful. It is important to continue with this exchange within the sector groups but also between the sector groups. The following next steps have been agreed:

- Press release and article on the results of the workshop (Programme Committee)
- Distribution of the report on the workshop (Programme Committee)
- Meeting with the Commission in Brussels to discuss the results so far (Programme Committee)
- Finalization and publication of the Code of Good Practices for the Trade (Toni Sellers, Arjon Kalter, Richard Lawrey, Carol Haest and Bo van Elzaker in consultation with the participants of the trade working group)
- Finalization of the paper for authorities and supervising bodies and broad distribution among authorities and accreditation bodies (Lianne Kersbergen, Beate Huber in consultation with the authorities working group)
- Follow up on the proposed measures for certification bodies as outlined in 5.c.
- Development of a code of conduct for certification bodies (Rainer Bächli, Jan Wicher Krol, Jochen Neuendorff, Keith Ball)
- A presentation of the results of the workshop respectively the elaborated code of conducts at BioFach 2008
- The progress and next steps like a complaints mechanism is to come back during a next cross-sector meeting, likely in autumn 2008.

The programme committee will monitor the progress with the other papers.

Bo van Elzaker
11 November 2007