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# FOOD FRAUD- AN OUT OF CONTROL PHENOMENON

Case  
Study

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*Food fraud,*

*Food integrity,*

*The Department for Environment Food & Rural Affairs,*

*The Rapid Alert System for Food and Feed,*

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## Abstract

*This paper discusses a topical problem related to the issue of food integrity at the level of EU Member States. The method used to draw up the paper is the documentation based on the official websites of the EU Institutions (the European Commission, the European Parliament) and those at national level (MARD) presenting the approaches taken by them to remedy the situation regarding the double standard of food products marketed in different EU Member States. Furthermore, the articles used for the paper discuss concrete examples that show the difference in quality between the products marketed in Central and Eastern European countries as compared to those in the West. Thus, the paper addresses issues related to: the effects of the marketing of fraudulent products; concrete examples of non-authentic products encountered at national and international level, as well as the steps taken to combat food fraud. The final part of the paper presents some recommendations which could result in a reduced production/marketing of food products that do not comply with the „original recipes”.*

## INTRODUCTION

Counterfeiting of goods with a view to obtaining a financial gain is no novelty. The 2013 incident, caused by the substitution of beef with horse meet, was the triggering factor that brought the issue of food integrity to the attention of the public and EU officials, a notion that refers to *the perfect state of food, which ensures the participants in the agro-food chain that food is safe, of good quality and authentic* (Bulancea, M. and Râpeanu, G. 2009). If the issues related to food safety and the quality of agro-food products are regulated both by the European legislation (*Regulation 853/2004, Regulation 1151/2012, etc.*), as well as at national level (*Law 145/2014, MARD Order 724/2013, MARD Order 394/2014 etc.*), for the authenticity of agro-food products there is no regulated framework: *there is no validated definition, conditions, characteristics, procedures, contraventions, sanctions, etc.* (MARD). Food authenticity refers to an origin that is certain, undeniable and in compliance with the standards and rules in force specified on the label accompanying the food, the most important criteria being: the geographical origin, the botanical or animal origin (species/breed from which the raw material originates), the category of raw material (conventional, organic, ecological, genetically modified), the processing and preservation technology, the year of production. Inadequate and incomplete regulation has ensured an environment conducive to the production and marketing of non-authentic, falsified food products on the market, with negative effects on both health (allergies, various diseases, etc.), as well as the economy (tax evasion, unfair competition, etc.).

### FOOD FRAUD - DEFINITIONAL FRAMEWORK

According to Spink, J and Moyer D. (food safety researchers at Michigan State University's) food fraud is a *collective term used to encompass the deliberate and intentional substitution, addition, tampering, or misrepresentation of food, food ingredients, or food packaging; or false or misleading statements made about a product for economic gain* (Spink and Moyer, 2011).

The Commission developed four key operative criteria - *violation of EU law, intention, economic gain, deception of customers* - to distinguish whether a case should be considered as food fraud or non-compliance. If a case matches all four criteria, then it is considered a suspicion of food fraud (EC, 2016).

Most of the definitions found in the literature on food fraud generally address the following three issues (Johnson, 2014):

- *complete or partial change of a food ingredient with a less expensive one;*
- *adding small amounts of a non-genuine substance to mask the lower quality ingredient*
- *deliberate removal or omission of a genuine and valuable constituent in a food or food ingredient.*

### EFFECTS OF MARKETING NON-AUTHENTIC, FRAUDULENT AGRO-FOOD PRODUCTS

Marketing of fraudulent agro-food products generates a negative economic, financial, social, health and environmental impact due to the complexity and effects they produce (MARD, 2015):

- *Social and health aspects* – the lack of information on marketed products violates consumers' right to choose the desired product. According to MARD, *“the counterfeiting of agro-food products is all the more dangerous, as its effects is not limited to defrauding the consumers, but it also affects their health and life.”*

- *Social and environmental impact* – obtaining fraudulent products through the use of inappropriate ingredients/ technologies can lead to a much faster food spoilage, being necessary to discard/destroy them, which emphasizes the pollution phenomena, with negative effects on climate change.

- From an *economic and financial* perspective, the marketing of fraudulent products has direct effects on increasing tax evasion, unfair competition and lower consumer confidence in agro-food products, but also on exports and marketing.

The most common types of food frauds are: substitution, dilution, counterfeiting, concealment, incorrect labeling, unauthorized exaggeration, gray market (Table no.1).

### CONCRETE EXAMPLES ENCOUNTERED ON FOOD FRAUD...

#### ... at international level

As of the end of last year, several Eastern European countries, including the Czech Republic, Hungary, Slovakia, Poland and Bulgaria, have signaled differences in the quality of food products in the East compared to the ones in the West (Spridon, 2017).

The Slovak Prime Minister noted the existence of quality differences both in food and non-food products (examples: the same brand of fish fingers contains more fish at the Austrian neighbours; furthermore, an inferior quality was found in some coffee brands sold in Slovakia compared to the same brands of coffee marketed in Western countries, etc.). The Czech Agriculture Minister has complained that a brand of ice tea has 40% more tea

extract in Germany than in the Czech Republic. Moreover, the Hungarian food safety authority has found that a chocolate spread is of superior quality in Austria compared to that in Hungary (Stan, 2017). Boyko Borissov argued that: *“The EU unity means one single standard”* (Stan, 2017) being very irritated when it was discovered that instead of milk, palm oil was sold to Bulgarians” ... *“Who is that smart guy in Europe who decided that Bulgarian babies prefer palm oil instead of milk”*, Other examples of food fraud *“... the sale of horse meat as beef, and the sale of horse meat treated with phenylbutazone as edible horse meat, the sale of common flour as organic flour, eggs from hens reared in batteries as organic eggs, of road salt as food grade salt, of alcohol containing methanol in spirits, the use of dioxin-contaminated fats in the production of feed and the misleading labelling of fish species and of seafood”* (MARD, 2015).

Based on studies conducted by Spink et. Al apud MADR, 2015, the top 10 products running the highest risk of fraud in the food sector were established at EU level (Table no. 2).

#### **... in Romania**

At the level of Romania, the following examples illustrate the severity and magnitude of the situation (MARD, 2015):

- the issues identified in the bread making field *“... there are many who really make brown bread out of white flour, with various dyes, which are natural, which do not harm the health of the population, but mislead the consumer,”* said Aurel Popescu, ROMPAN President. Employers’ organizations claim that 25% of the brown bread on the market is counterfeit. Nevertheless, bakery specialists estimate that 70% of the brown bread on the consumer market is made of white coloured flour;
- issues identified in the milk and dairy sector – the non-compliant milk balance has caused losses of nearly 20 million Euros. The President of the Agrostar Federation, Ștefan Niculae, considered that the scandal emerged on the milk market was one fabricated by certain interest groups that practice tax evasion.

The analysis conducted at Ministry of Agriculture and Rural Development (MARD) level in Romania, showed that there is a high vulnerability of meat products, milk and dairy products, certain types of bread, honey, olive oil, wine and alcoholic beverages, organic and traditional products.

### **ENDEAVOURS TO COMBAT FOOD FRAUD...**

#### **... at international level**

The European Commission (EC) has finally settled the “Food for the East” issue, which refers to the fact that Eastern Europeans get lower quality products

than Westerners. In particular, the EC has put in place a regulation that severely penalizes manufacturers who provide the same products, but of different qualities in different markets of the European Union. Such companies will be fined by at least 4 percent of their annual turnover (Bolocan, 2018). In addition, the governments of countries affected by this type of scam will have the freedom to increase the level of fines above such percentage (Dan, 2018).

According to the Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs, Elzbieta Bienkowska, *“All European consumers have the right to a fair treatment within the Single Market.”* This idea is also shared by Vera Jourova, (Commissioner for Justice, Consumers and Gender Equality) who states that *“All EU citizens must feel that they are treated in the same way and that they are given accurate and clear information on the products they buy”*. Also, Tibor Navracsics (Commissioner for Education, Culture, Youth and Sport and responsible for the Joint Research Centre) states that *“European consumers have the right to be protected against misleading marketing practices as regards the foods they consume ..”*(EC, 2018).

Thus, the Joint Research Centre (JRC), the science and knowledge service of the European Commission, has developed a common methodology that will enable national consumer authorities to conduct tests to compare the composition and characteristics of the food products sold in similar packaging in the EU. The testing methodology will help authorities determine whether food products are marketed in accordance with the European legislation, based on the following key principles: *transparency, comparability, selection of similar samples and product testing*. Under the coordination of the Joint Research Centre, laboratories in several EU Member States will apply this methodology in a pan-European testing campaign with a view to collecting data on the extent of the issue regarding the double quality standard of products. The first results would be available at the end of 2018. In addition to the methodology, the European Commission has also adopted other measures, including (EC, June 14, 2018):

- a set of guidelines on the implementation of EU law on food and consumer protection for double quality products;
- a proposal to amend the Unfair Commercial Practices Directive on the basis of the “New Benefits for Consumers” initiative adopted by the Commission on 11 April 2018, in order to provide legal clarity in the evaluation of potential cases of double quality standards.

... some concrete initiatives (MARD, 2015):

- In June 2013, the Department for Environment Food & Rural Affairs (DEFRA) has allocated over £130,000, for the development of a comprehensive

analysis of food integrity – the resulting study, known as the *Elliott Report*, reported that the data/information required in order to determine the magnitude of the problem does not exist and proposed 8 pillars/directions of action. In addition, DEFRA has also set up a Food Fraud Unit, based on models existing in the Netherlands and Denmark.

- Supporting events dedicated to the issue of food fraud: on 23-24 October 2014, the Conference entitled ‘*A Joint Effort to Ensure the Safety and Integrity of Our Food*’ took place in Rome;
- A special “Food Fraud Team” and an action plan with 5 points were organized at the level of DG SANCO (Health and Consumers Directorate-General).
- The European Commission is currently developing a computerized system to combat food fraud, inspired by the Rapid Alert System for Food and Feed (RASFF), which will form the basis of the recently established EU Food Fraud Network. This information system will provide a platform for cross-border administrative cooperation between national authorities to rapidly exchange information on fraudulent and misleading activities in the food sector and to be able to pursue such activities at cross-border level.
- The European Parliament resolution on food crisis, the fraud in the food chain and its control – (2013/2091 (INI))
- In the UK, the Food and Environment Research Agency (FERA) implements the Food Integrity project, supported by European funds from the framework program 7.

#### ... in Romania

The National Institute of Research and Development for Food Bioresources Bucharest conducts actions for the detection of food frauds (IBA Bucharest). The Criminal Code of Romania, Art. 357, stipulates that: “Preparing, offering or displaying food, beverages or other fake or substituted products with a view to the marketing thereof, if such products are harmful to health, shall be punishable by imprisonment from 3 months to 3 years, or by a fine, and the prohibition to exercise certain rights.” (Art.357)

### INSTEAD OF CONCLUSIONS... RECOMMENDATIONS AND FURTHER STEPS

Some of the proposed measures to reduce food fraud include (European Parliament, 2018; Şulea, C., 2016):

- improving traceability of ingredients and products throughout the food chain;
- raising awareness of the importance of clear and transparent product labelling;

- introducing electronic certification systems in the food chain;
- creating a centralized database for DNA testing in order to identify the species, especially in case of meat products;
- invites consumer organisations to play an active role in the public debate and in informing consumers
- creating appropriate conditions to enable consumers/producers to denounce malicious practices in an anonymous and safe manner;
- the results of controls should be made public in a manner accessible and understandable for consumers;
- harsher sanctions, in order to neutralize at least the forecasted economic advantage targeted by violating the law;
- calls on the Commission to extend the mandate given to the Joint Research Centre to work on a harmonised methodology for comparing characteristics of non-food products in the near future;

These measures will have a positive effect only if producers will become more aware of the effects of food fraud on their business, and consumers will be much more critical and more cautious of the products they consume.

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## ANNEXES

Table no.1  
*Types of food frauds*

Type of food frauds	Definition
Substitution	replacing an ingredient or a part of the high value product with another ingredient or a part of the lower value product
Dilution	mixing a high value liquid with another low value
Counterfeiting	brand name copying, packaging concept, recipe, processing method food, etc., in order to obtain economic gains
Concealment	hiding the low quality of a product or food ingredient
Incorrect labeling	entering false claims on the packaging for economic gain
Unauthorized exaggeration	the sale of food with the mention of miraculous healing powers
Gray market	buying food from markets, fairs, with very low prices, indicating stealing from established manufacturers

Source: summarised by the author based on the information provided by Şulea, C. (2016:2), Retrieved from <http://www.srac.ro/files/documente/Art.%20CORNELIA%20SULEA.pdf>

Table no.2  
*Top 10 products exposed to the highest risk of fraud in the food sector*

Products exposed to the highest risk of fraud in the food sector
1. Olive oil
2. The fish
3. Organic foods
4. Milk
5. Cereals
6. Honey and maple syrup
7. Tea and coffee
8. Spices (such as saffron and pepper powder)
9. Wine
10. Certain fruit juices

Source: MADR, 2015:7, based on the information provided by Spink et al. Retrieved from [http://sgg.gov.ro/docs/File/UPP/doc/analiza\\_impact/Analiza%20privind%20integritatea%20alimentelor%20in%20Romania.pdf](http://sgg.gov.ro/docs/File/UPP/doc/analiza_impact/Analiza%20privind%20integritatea%20alimentelor%20in%20Romania.pdf)