



2020 Annual Report

The EU Agri-Food Fraud Network

and the Administrative Assistance
and Cooperation System



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INTRODUCTION

Even though in 2020 the emergence of the COVID-19 pandemic and the deriving lockdown measures adopted by national governments to contain its spread have affected also the supply chain of food products, the European food system has shown exceptional resilience. The routine controls and audits have adapted to the new situation, including by addressing new challenges deriving from opportunities that the pandemic created for fraudsters across the EU.

Despite those circumstances, the EU Agri-Food Fraud Network vigilantly continued work and progress in the fight against food fraud, as reflected in the growing number of exchanges on the subject. A total of 349 notifications were sent by network members through the Commission's Administrative Assistance and Cooperation System for Food Fraud (AAC-FF) over the course of 2020. This represents a 20% increase compared to 2019, with the main categories notified being fats and oils, fish and meat products, as well non-compliances in movement of pet animals, with this last category being a direct effect of broadening the scope of the system.

In December 2019, the new Regulation on Official Controls (EU) 2017/625¹ (OCR) came into force updating agri-food chain control policies reinforcing protection of consumers against fraudulent practices. Under the OCR, if a Member State's competent authority becomes aware of a non-compliance, and if the case may have implications for another Member State, it must inform the other country and carry out investigations where necessary. In addition, Member States are required to perform official controls "regularly with appropriate frequencies determined on a risk basis, to identify possible intentional violations of the rules (...) perpetrated through fraudulent or deceptive practices" – Art. 9(2). Any successful action to tackle food fraud needs to be founded on a rapid and effective exchange of the relevant information, appropriate reporting and close cooperation and coordination between Member States and the Commission. Furthermore, Member States have an obligation to lay down rules on penalties that at least offset the economic advantage of fraudulent and deceptive practices. To improve the reporting and overall efficiency of controls, the OCR was supplemented with the Integrated Management System

for Official Controls (IMSOC) Regulation², which allows a better exchange of information in the EU systems. Accordingly, new categories of notifications were created, and as of 2020 non-compliances such as those on animal health and welfare, plant health and plant protection products started appearing in the AAC-FF system.

This annual report does not measure the number of agri-food fraud incidents in the EU. It presents the EU Agri-Food Fraud Network activities, highlighting certain requests for cooperation and voluntary exchange of information between Member States themselves and with the Commission on suspected cases of agri-food fraud and provides some valuable examples of EU coordinated actions.



1 Regulation (EU) 2017/625 of the European Parliament and of the Council of 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products (Official Controls Regulation). OJ L 95, 7.4.2017, p. 1

2 Commission Implementing Regulation (EU) 2019/1715 of 30 September 2019 laying down rules for the functioning of the information management system for official controls and its system components (the IMSOC Regulation). OJ L 261, 14.10.2019, p. 37

THE EU AGRI-FOOD FRAUD NETWORK

The EU Agri-Food Fraud Network (the FFN) is a dedicated network managed by the Directorate-General for Health and Food Safety (SANTE) of the European Commission. It links the Commission and each liaison body designated by Member States, Switzerland, Norway and Iceland.

In collaboration with the FFN, the EC Knowledge Centre for Food Fraud and Quality (in the Joint Research Centre) provides its expertise in food science, and the European Anti-Fraud Office (OLAF) carries out some investigations.

The FFN also works with the European Union Agency for Law Enforcement Cooperation (Europol) and participates in joint operations targeting counterfeit foodstuff. In 2020, the network was engaged in OPSON IX³ and operation LAKE⁴.

FRAUD

Fraudulent activities are characterised by their intentional nature, including the aim to make an economic gain, in violation of legal rules at the expense of the immediate or the final customer. These intentional fraudulent activities that breach EU agri-food chain legislation may also constitute a risk to human, animal or plant health, to animal welfare or to the environment. Four key criteria that help differentiating fraud from non-compliance guide Member States to exchange on suspicious non-compliances and potential intentional violations of the EU agri-food chain legislation:

1. Violation of EU rules codified in the EU agri-food chain legislation as referred to in Article 1(2) of Regulation (EU) No 2017/625.
2. Customer deception by hiding true quality of a product.
3. Direct or indirect economic gain for the perpetrator.
4. Intention: strong grounds to believe that the non-compliance is not coincidental.



**Violation of
EU rules**



**Deception of
customers**



**Economic
gain**



Intention

Figure 1 - Food Fraud criteria

³ <https://www.europol.europa.eu/publications-documents/operation-opson-ix-%E2%80%93-analysis-report>

⁴ <https://www.europol.europa.eu/newsroom/news/eels-shipped-air-found-in-operation-lake-v>

THE AAC-FF SYSTEM

The Administrative Assistance and Cooperation system – Food Fraud was launched at the end of 2015. The platform is managed by the Commission. It enables members of the network to exchange information on suspicious non-compliances and potential intentional violations of the EU agri-food chain legislation. For more information please visit our website⁵.

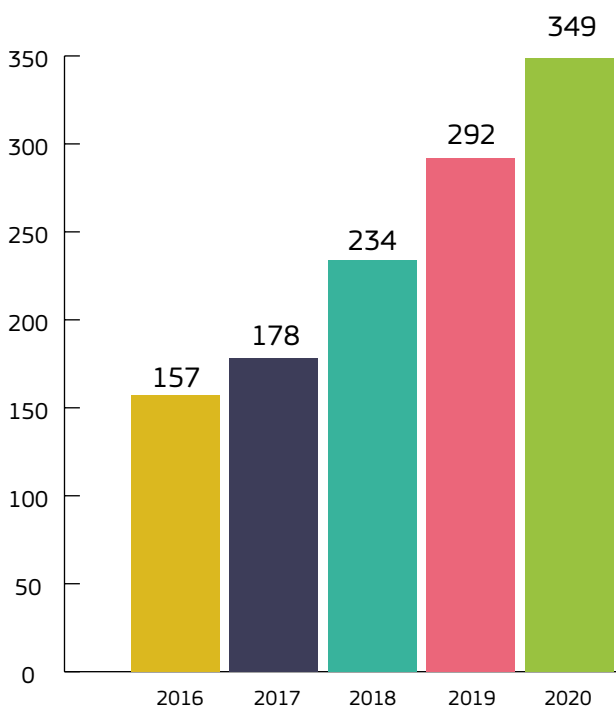


Fig. 2: Number of requests created in the system per year

A steady growth in the system's usage can be observed. In five years, the number of cases created per year has more than doubled, going from 157 in 2016 to 349 in 2020. Nevertheless, it must be stressed that those notifications do not represent all the suspicious non-compliances and potential intentional violations of the EU agri-food chain legislation, nor are they all confirmed as violations. The system serves to exchange information on cross-border issues, but the responsibility for following-up on that information lies with the Member States concerned. Additionally, this report does not cover all the activities that Member States carry out at national level.

⁵ https://ec.europa.eu/food/food/agri-food-fraud_en

The IMSOC Regulation sets the obligation for Member States to report all agri-food fraud suspicions of cross-border nature through the AAC-FF system, within the scope of Regulation (EU) No 2017/625, including for example plant and animal health matters. In 2020 approximately one fifth of the notifications concerned live animals or products other than food or feed. Among these, the first most notified category was related to suspicious movements of cats and dogs, while the second one concerned horse meat and horses' passports. Exchanges in the latter were linked to the OPSON IX, a targeted action launched by Europol to support national authorities in fighting the sale of illegal horse meat. The FFN participated in this action, led by Belgium, Ireland and the Netherlands.



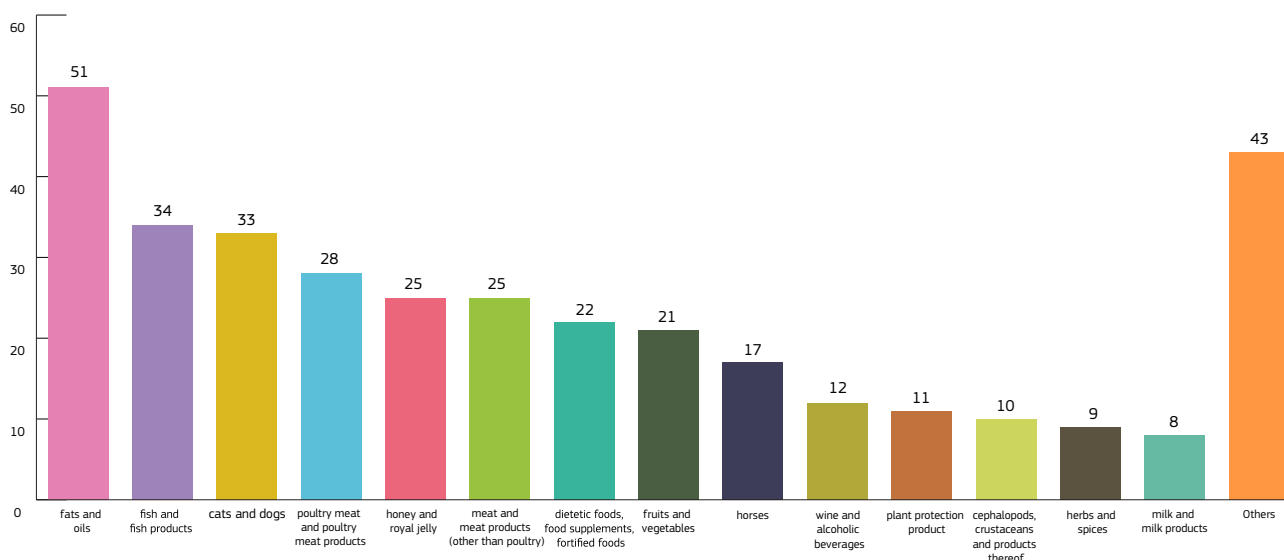


Fig. 3: Requests in the system by product categories notified

“Fats and oils” (51), where majority of cases concern olive oil, is the most notified product category in the system in 2020, similarly to 2019. Member States have to perform annual controls to ensure that the marketing standards for olive oil are respected. Non-compliances notified in the database may not systematically relate to frauds but to the fact that the intrinsic characteristics of extra virgin and virgin olive oil are not met. Olive oil degrades over time, especially if the storage and transportation conditions are not optimal. The notifications demand further investigations by Member States to distinguish between genuine non-compliance and fraud.

The category “Fats and oils” is followed by “Fish and fishery products” (34), which places second, as it was also seen in 2019. The majority of issues concerning fishery products relates to suspicions of illegal treatments i.e. with nitrates and carbon monoxide or undeclared water addition.

Illegal treatment with nitrates and nitrites usually concerns tuna that was initially destined for canning but, after being illegally treated with substances altering the colour, the fish is being sold as fresh. This process enhances the perceived quality by turning brownish colour of tuna frozen in brine to a bright red, which gives an impression of freshness and high quality. The addition of nitrites to fish is not authorised, while the use of vegetable extracts rich in nitrites (usually declared as aromas) is in breach of the specifications for food additives laid down in Commission Regulation (EC) No 231/2012.

A second often encountered non-compliance in fishery products is addition of water and water retention agents in frozen fish fillets (i.e., undeclared phosphates) which goes along with incorrect labelling declarations. If the quantification of water by analysis is straightforward, the malpractices are a difficult offence to prove in the absence of water content references for all kind of fishery products. On-site inspection in processing plants (process controls and machinery checks with measurements of water in fish before and after processing) are of benefit. The detection/quantification of retention agents like phosphates are easier to prove even if discussions on harmonized methodological approaches remain necessary. The EU Legal bases are: Regulation (EU) No 1169/2011 on the food information to consumers (the regulation provides the rules for

added water to be mentioned on the label if it exceeds 5% of the net weight and indication of additives) and Regulation (EC) No 1333/2008 on food additives (unauthorised uses).

The irregularities in the movement of cats and dogs (33) placed as the third-most notified category. Comparing to 2019, a slight increase of the number of notifications could be noted for “honey and royal jelly” (25) and “food supplements” (22). The majority of requests in the latter are related to the online sale of food supplements with health claims on COVID-19 prevention and treatment.



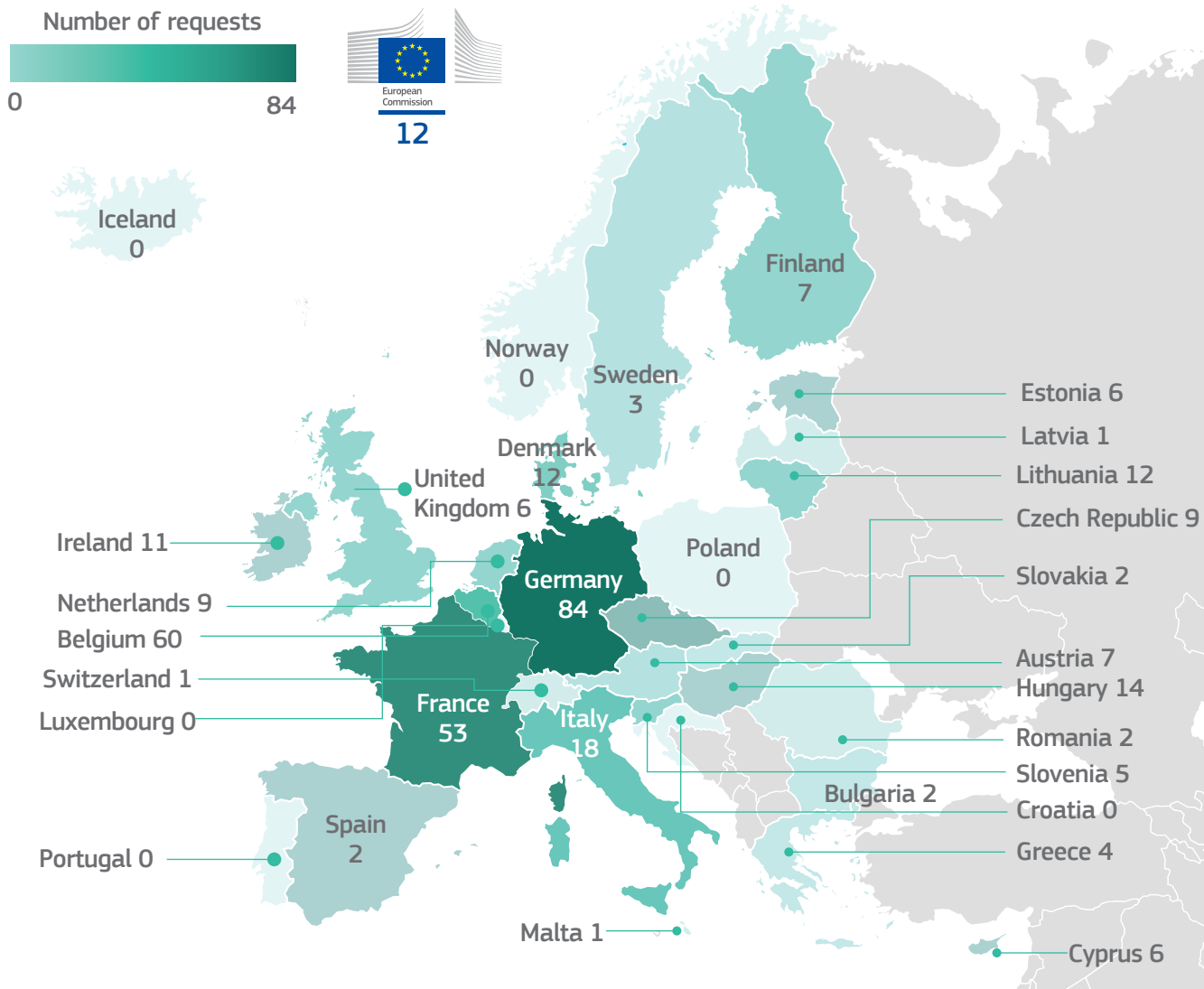


Fig. 4: Number of requests by EU Member States calling on other countries to investigate/follow-up suspicious non-compliances and potential intentional violations of the EU agri-food chain legislation

Germany created the highest number of requests (84), followed by Belgium (60) and France (53). Additionally, the Commission created 13 requests in the system, including one on behalf of Switzerland. Furthermore, 2020 was the final year during which the United Kingdom could still create notifications in the AAC-FF system.

The suspected violations are split in the following categories (1) documents issues, (2) unapproved treatment and/or process, (3) replacement/dilution/addition/removal in product, (4) mislabelling and (5) intellectual property rights infringement.

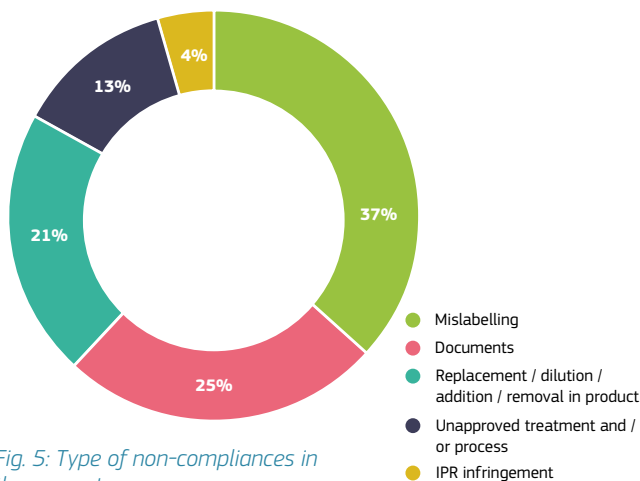


Fig. 5: Type of non-compliances in the requests

When creating a request in the system, as more than one category of non-compliance can be relevant and thus chosen, the overall number in 2020 reaches 472, while it concerns 349 requests in reality. As in previous years, the most commonly reported category in 2020 was “mislabelling”, i.e. when the information on the label misleads consumers, for instance when non-extra virgin olive oil is presented as extra virgin. The second most chosen non-compliance type (25%) was ‘documents’, which encompasses issues of falsified documents and traceability. Replacement and dilution (21%) refers to the process of mixing or replacing an ingredient of high value with one of low value, like watering wine for instance. Unapproved treatment, which refers to actions like treating tuna with nitrites, was notified 13% of the times. Lastly, IPR infringement, which was notified 4% of the times, refers to counterfeited products.

AN EXAMPLE OF SUCCESSFUL COOPERATION WITHIN THE NETWORK: MILK SPECIES SUBSTITUTION IN CLAIMED TO BE BUFFALO MOZZARELLA

A good example of a successful cooperation is the case of cheese claimed to be “Buffalo mozzarella” produced in Spain and advertised as “100% Buffalo milk mozzarella”. The investigation began following a tip-off by the ‘Consortium for the protection of buffalo mozzarella from Campania’ to the Italian authorities, which in turn reported the case in the AAC-FF system and alerted the Spanish authorities that a holding was producing mozzarella cheese advertised as 100% buffalo and furthermore presented as a substitute for cow’s milk-intolerant consumers. Based on the request made by the Italian authorities, agents of the SEPRONA Unit of the Spanish Civil Guard collected and analysed samples of the cheese and determined that in some cases up to 22% of the milk used in its production derived from cow’s milk instead of buffalo’s milk as fraudulently advertised. The Spanish authorities thus decided to take legal proceedings against the producer for the alleged crimes of food fraud, crimes against public health and misleading advertising.

The deliberate addition of cow’s milk, cheaper than buffalo’s milk, during production of cheese advertised as only made with buffalo milk, could have increased profits by up to 14%.



SUSPICION OF FRAUD IN NON-COMPLIANCES (AA) AND RASFF NOTIFICATIONS

The Commission reviews all the notifications and requests created in AAC-FF and iRASFF on a weekly basis. When necessary the Commission contacts network members for clarification purposes. The objective is to identify a potential intentional violation of the EU agri-food chain legislation, which may have remained unnoticed, or which requires coordination and follow-up at EU level.

In 2020, this regular screening of the information shared via the different EU-level databases allowed the Commission to

identify potential suspicion of fraud in 253 non-compliance notifications and 269 RASFF notifications. Member States and non-EU countries were informed and requested to investigate each of them. "Fruits and vegetables" ranked first both for non-compliance (37.3%) and RASFF (35.7%) among those notifications. In the majority of non-compliances with possible fraud aspect, products notified came from within the EU (56.4%), whereas in the vast majority of RASFF notifications the products had a non-EU origin (81.8%).

- Unapproved treatment and/or process
- of which: unauthorised pesticide
- Replacement/dilution/addition/removal in product
- Mislabelling
- of which: unauthorised additive
- Documents: absent/falsified/manipulated documentation

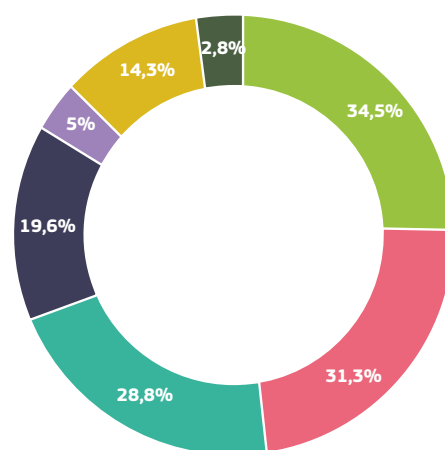


Fig. 6: Type of non-compliances in the AA requests with potential suspicion of fraud

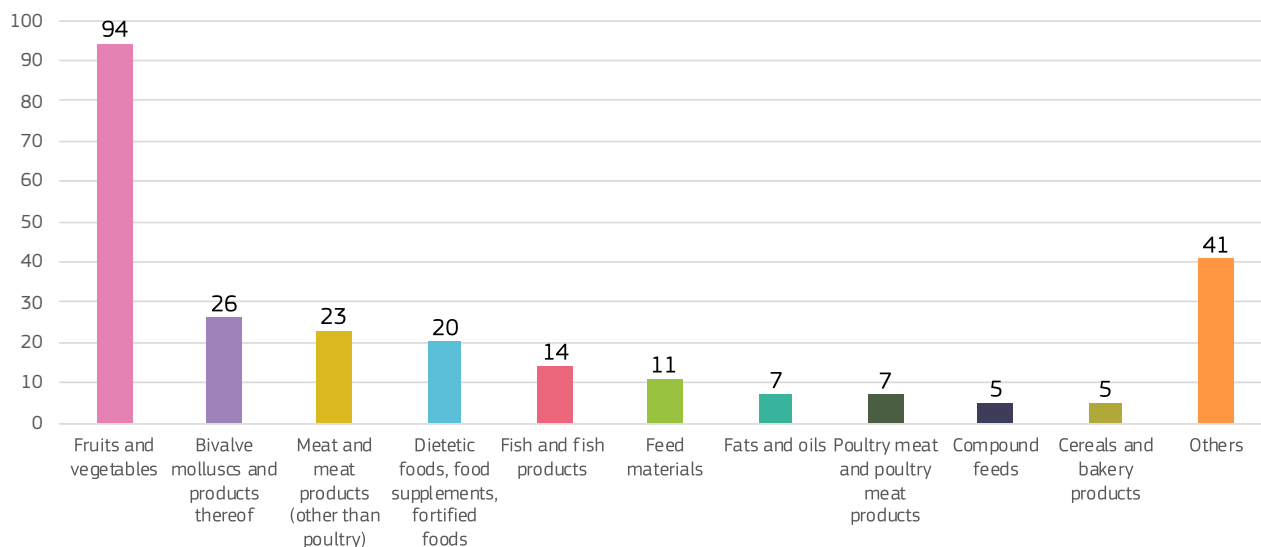


Fig. 7: AA requests with potential suspicion of fraud by product categories notified

- Unapproved treatment and/or process
- of which: unauthorised pesticide
- Replacement/dilution/addition/removal in product
- Mislabelling
- of which: unauthorised additive
- Documents: absent/falsified/manipulated documentation

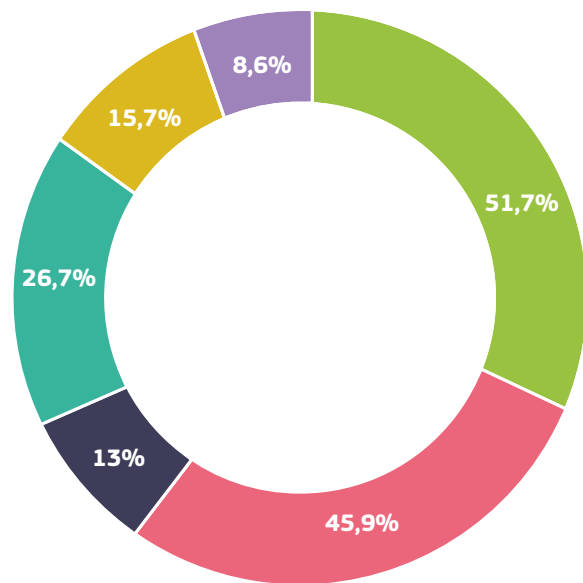


Fig. 8: Type of non-compliances in RASFF notifications with potential suspicion of fraud

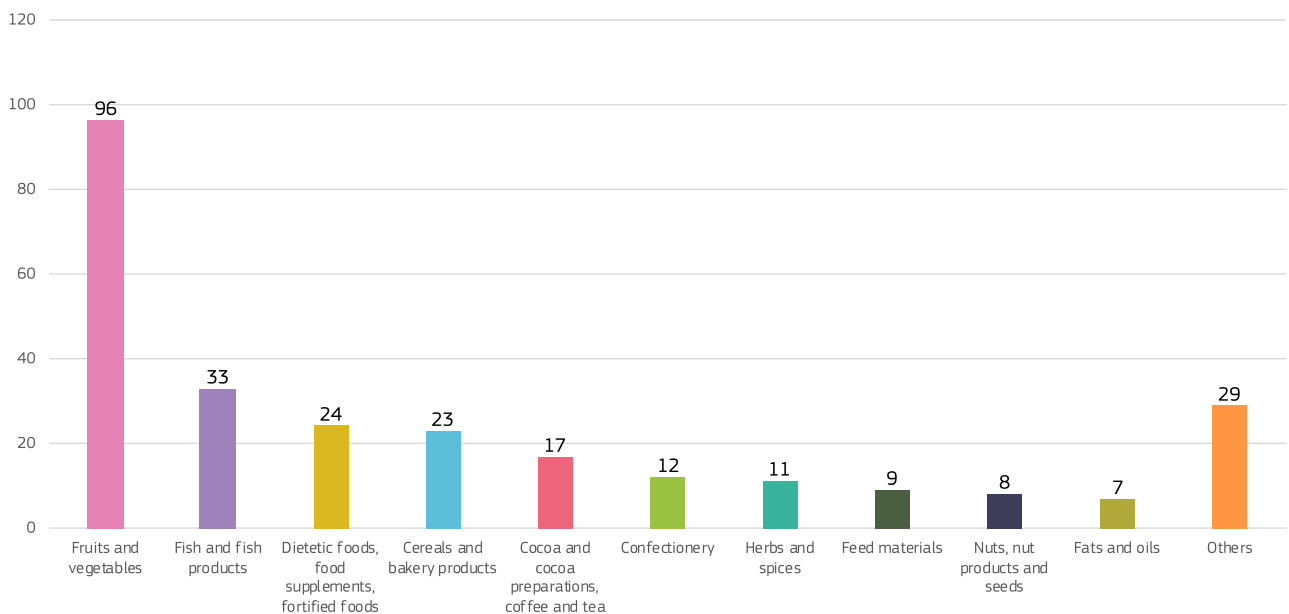


Fig. 9: RASFF notifications with potential suspicion of fraud by product categories

EU COORDINATED ACTION

Having privileged access to synoptic EU data on traceability and alerts, the Commission provides members of the network with intelligence, data analysis and coordinates activities to follow-up suspicious cases of cross-border fraud as well as requests investigations or additional information from the competent authorities of non-EU countries, when the potential fraud relates to imports.

Out of 349 AAC-FF requests created in 2020, 98 concerned products that were of non-EU origin, 199 requests concerned products of EU origin and, in 52 requests, the origin was not specified. In 2020, following suspicions of fraud in the notifications, the Commission sent around 100 requests to the competent authorities in non-EU countries, requiring additional information, corrective actions or investigations at the premises of establishments.

Within the EU, coordination of cases is often performed in collaboration with relevant Commissions' policy units from different services (such as agriculture or maritime and fisheries) and OLAF (the European Anti-Fraud Office). The main coordinated actions carried out in 2020 focused on horse passports' falsification, illegal trade of bivalve molluscs, adulteration of herbs and spices, unauthorised use of ethylene oxide and non-compliances in the movements of pets. A specific action on e-commerce, targeting food supplements claiming to cure and/or prevent COVID-19 infection, was also organised. Collaboration with OLAF takes the form of pilot cases and joint investigative teams to gather expertise, knowledge as well as criminal intelligence on current food fraud cases. Having started with first exchanges in 2019, the interactions became frequent and this translates into an increasing number of cases involving mutual collaboration with OLAF in the field of food fraud, in various fields of the agri-food chain. Cases investigated by OLAF included illegal import of pork from Third Countries without sanitary certificates, illegal trading of protected fish (CITES listed) species as well as various cases on counterfeited alcoholic beverages, especially spirits, with breaches of intellectual property rights and/or adulteration.



AN EXAMPLE OF AN EU COORDINATED CASE ON ILLEGAL TRADE OF LIVE BIVALVE MOLLUSCS

As an increasing number of notifications have been reported in iRASFF over the last three years, the network continued looking into the illegal trade of bivalve molluscs. What started as a foodborne outbreak in 2018 in Spain, caused by the consumption of contaminated clams, that were suspected to be harvested in not authorised areas, proved to be more widespread than initially thought, involving similar patterns and recurrent operators in other EU countries.

Since the start of the exchanges in mid-2018 in the AAC system, 39 non-compliance notifications regarding bivalves were submitted, most of which by Spain to Portugal. The Commission was requested for assistance in the coordination of the case and supported Member States with data analysis. A joint action between the competent authorities of Portugal and Spain resulted in the seizure and withdrawal from the food chain of almost 40 tons of clams. Eleven companies were inspected and forty-three people were arrested. Raising awareness of this issue resulted in more countries increasing their checks and identifying similar problems within their borders.

The modus operandi observed in those cases includes the harvest of live bivalve molluscs in areas either closed by competent authorities for hygienic reasons or not classified according to the EU rules and from which the harvest is prohibited. Such operations were carried out by non-registered harvesters, the molluscs were stored and transported under poor sanitary conditions without any traceability. The transport documents (registration document) were counterfeited and in some cases falsified. Illegally harvested shellfish was mixed with other bivalve molluscs fit for human consumption in purification and dispatch centres. The investigators identified a scheme involving criminal organised groups with high turnovers.

There is no precise economic gain assessment but based on findings it can be fairly assume that the unregistered harvesters who collect molluscs may receive 1 euro per kilogram paid by traders operating as legal or illegal businesses. They collect and store clams and move them to the purification centres. Considering that the price paid in the legal circuit is 5 euros/kg to the registered harvesters, traders in the first part of the chain may earn 4 euros per kilogram. From the purifying centres clams are moved to dispatch centres where the normal price could be potentially 11-12 euros. In the last part of the chain, the legal market price can reach 20-25 euros/kg. Sometimes, harvesters or traders sell clams directly to HORECA channel, without purification.

In order to fight against this fraud the Commission prepared a modification of the current EU rules on the registration document. The new registration document will ensure a more strict traceability, clearly identifying all the operators involved in all the steps of the trade, and will be in an electronic format making these type of frauds much more difficult to commit. The proposal made by the Commission received a favourable opinion by the Member States and will be published in August 2021.



Harvesting



1 Live bivalve molluscs are harvested in the estuaries of rivers by registered and non-registered harvesters in non-classified (prohibited) or closed areas.

Illegal transport



2 Clams are sold to traders who illegally store and transport them to purification or dispatch centres, or are directly placed on the market for immediate consumption.

ILLEGAL TRADE OF LIVE BIVALVE MOLLUSCS

Lack of Traceability



3 The consignments are accompanied by counterfeit registration documents, declaring false information e.g. operators, fishing area, dates, quantities, destination etc.

Purification centres



4 Authorised establishments are mixing the legally and illegally harvested clams in the purification centres and dispatch centres.

Serious health risk



5 When entering the food chain, illegally harvested clams may cause intoxications (i.e. marine biotoxins, Norovirus, E.Coli, Salmonella).

NON-COMPLIANCES IN MOVEMENTS OF CATS AND DOGS

Around 10% of the requests for cooperation in 2020 concerned the non-compliances in commercial and non-commercial movements of cats and dogs. Among the 33 notifications in this category, the most frequent irregularities encountered by Member States concerned forged documents (animal passports) and falsified certificates (health, vaccination, rabies antibody titration).

The majority of the notifications referred in fact to animals coming from outside the EU, mainly from Eastern Europe (i.e. Ukraine, Belarus). In most cases, they involved commercial movement of such animals disguised as non-commercial through the abuse of the EU's pet movement legislation (Regulation (EU) No 576/2013⁶), intended for non-commercial transport of pet animals which allows travelling of up to five pets with their owners. In practice, the "owner" would travel with several very young animals and, after arriving to their destination, transfer the ownership of the animal to the buyer. Most of the parties responsible, identified in the cases reported, are breeders, veterinarians but also "handlers", who are taking care of transporting the animals through the borders. Those animals are often accompanied by illegally

issued EU passports or falsified rabies anti-body laboratory results, which is a concern particularly for animals coming from countries where rabies continues to exist. Finally, from the customer perspective, the animal bought may come with further unknown and unwanted issues (invalid vaccines, forged documents, young animals more prone to health issues or behavioral difficulties further to too early separation from its mother).

This relatively high number of notifications might be associated with an increased demand for pets observed in 2020 due to the Covid-19 pandemic and the resulting lockdowns. This high demand increased the risk of illicit supply practices. During the 2020 lockdown, the price of puppies and kittens indeed increased significantly, encouraging smuggling. Pets are more and more advertised through popular online platforms and social media, offered even for "worldwide delivery".

The illegal movement of pets has an impact on animal health, welfare and public health but the exact economic gain is difficult to assess. Considering the very high demand of the EU puppies market, governments are assumed to lose large amounts of money in tax evasion and undeclared revenues stemming from such an illegal trade. The EU Agri-Food Fraud Network is making efforts to raise awareness on this topic as well as promoting better communication and exchanges between the member countries.

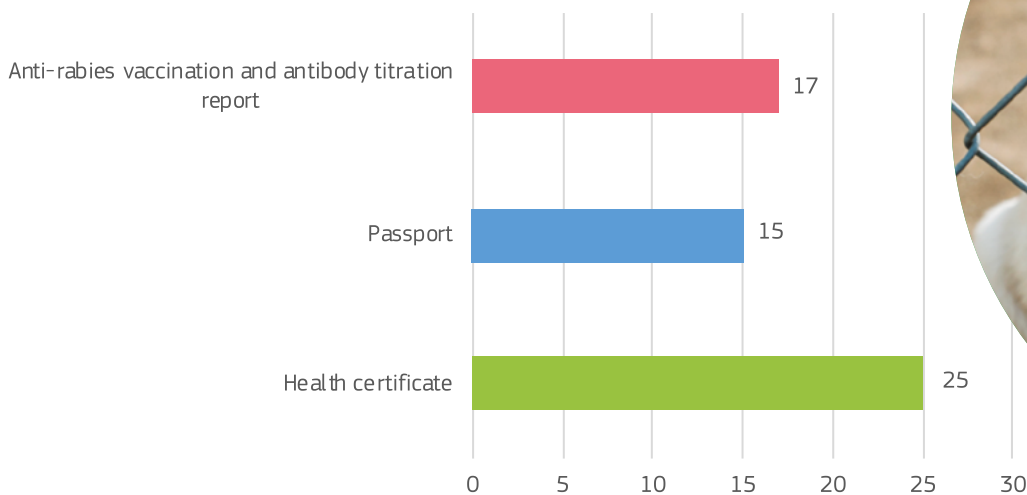


Fig. 10: Main irregularities reported in 33 cases concerning movement of cats and dogs involved mainly falsification or absence of documents

⁶ Regulation (EU) no 576/2013 of the European Parliament and of the Council of 12 June 2013 on the non-commercial movement of pet animals and repealing Regulation (EC) no 998/2003. OJ L 178, 28.6.2013, p. 1–26

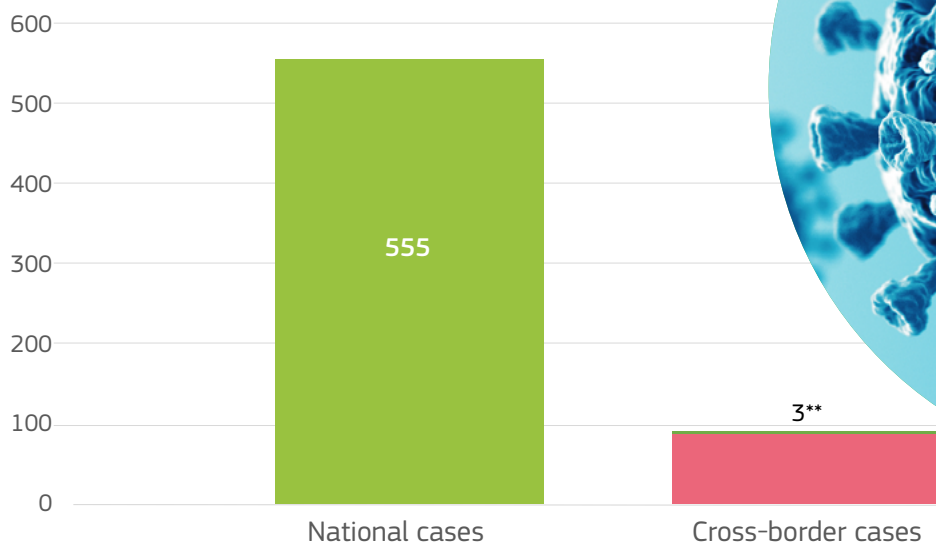
ACTION PLAN ON ONLINE OFFERS AND ADVERTISING OF FOOD RELATED TO COVID-19

While the EU legislation on food safety, animal health and animal welfare applies also, when relevant, to e-commerce activities, specific challenges arise from this new way of placing goods on the market. Business operators engaged in e-commerce may indeed act from other jurisdictions, change identity easily and their business models may make it difficult to establish clear responsibilities for compliance with EU legislation.

Consumers, but also fair operators, as well as Member States, increasingly call for stronger actions to ensure the integrity of the food chain with respect to e-commerce. Consequently, the Commission organised meetings of Member States dedicated to e-commerce for more topical discussions, reinforced

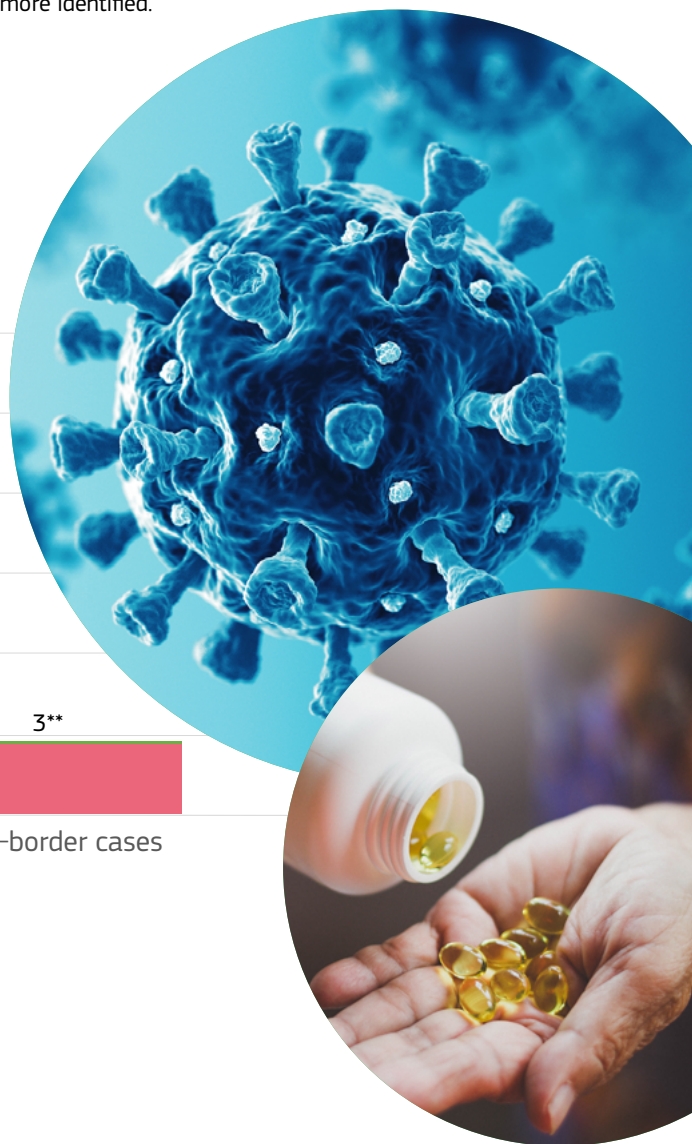
connexions between services concerned at national level, and easier exchange of information between the members.

The 2020 coronavirus pandemic caused widespread fear and anxiety among people. This climate of fear offered an opportunity to abuse consumers by offering online food or food supplements claiming, falsely, to prevent or cure the virus. A coordinated action on COVID-19 targeting such opportunistic offers was immediately launched, in April 2020. The Commission addressed the main marketplaces regarding this surge of coronavirus-related products and dedicated channels of communication with them were provided to Member States for rapid exchange and follow-up action by e-platforms to withdraw misleading online offers or false advertisements. 19 countries joined this action leading to the reporting of 646 cases of food products claiming to prevent, treat or cure COVID-19. For 88 of them, their cross-border dimension led to their reporting through the Administrative Assistance and Cooperation System or the Rapid Alert System for Food and Feed (iRASFF), as in three cases, a risk to human health was furthermore identified.



**Cases presenting a health risk

Fig. 11: Notified cases of online offers and advertising of food claiming to prevent and/or cure COVID-19



Sanctions such as fines, injunctions to change or to remove offers were taken on offers and advertisements. For each product found, Member State could take more than one action. To date⁷, 178 offers have been removed, 16 injunctions and 87 administrative fines have been issued, and 225 unauthorised health claims have been removed or changed. Furthermore, this triggered contacts and increased collaboration with major e-platforms through Commission or competent authorities' arrangements.

602 products found belonged to the category "dietetic foods, food supplements, fortified foods"; 22 were identified as "cocoa and cocoa preparations, coffee and tea", 11 as "herbs

and spices", four as "honey and royal jelly", and four to the category "fats and oil". Eight offers were classified as "others" as each one belonged to a different group of products. At times, Member States notified more than one product offered on the same website, therefore notifications could present more than one product category.

The results were published on DG SANTE's website⁸ and many Member States communicated on the action at national level.

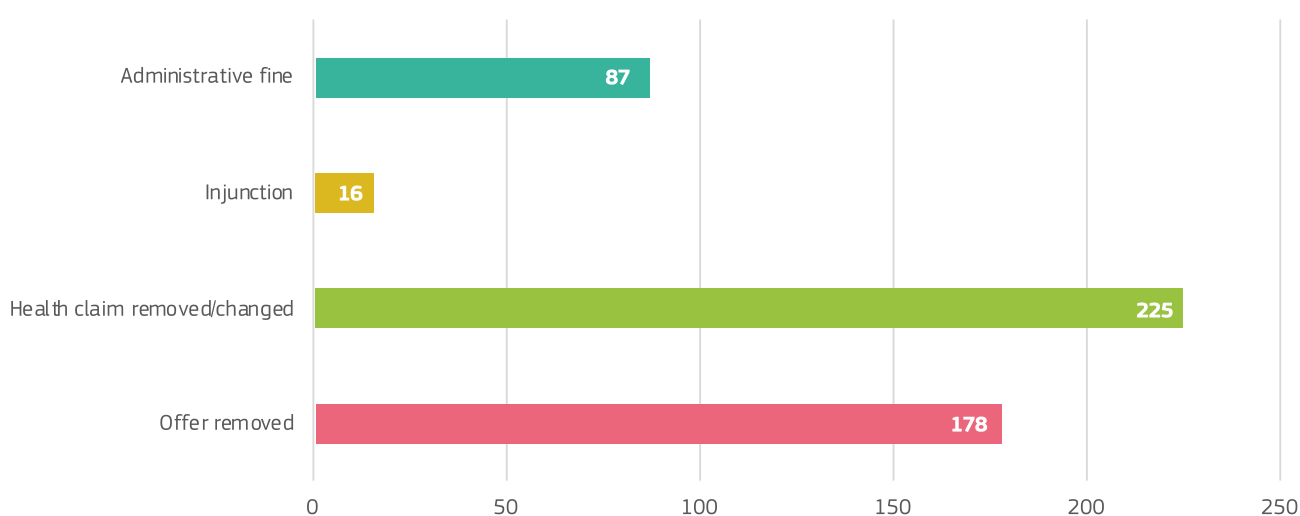


Fig. 12: Types of actions taken on offers and advertisements

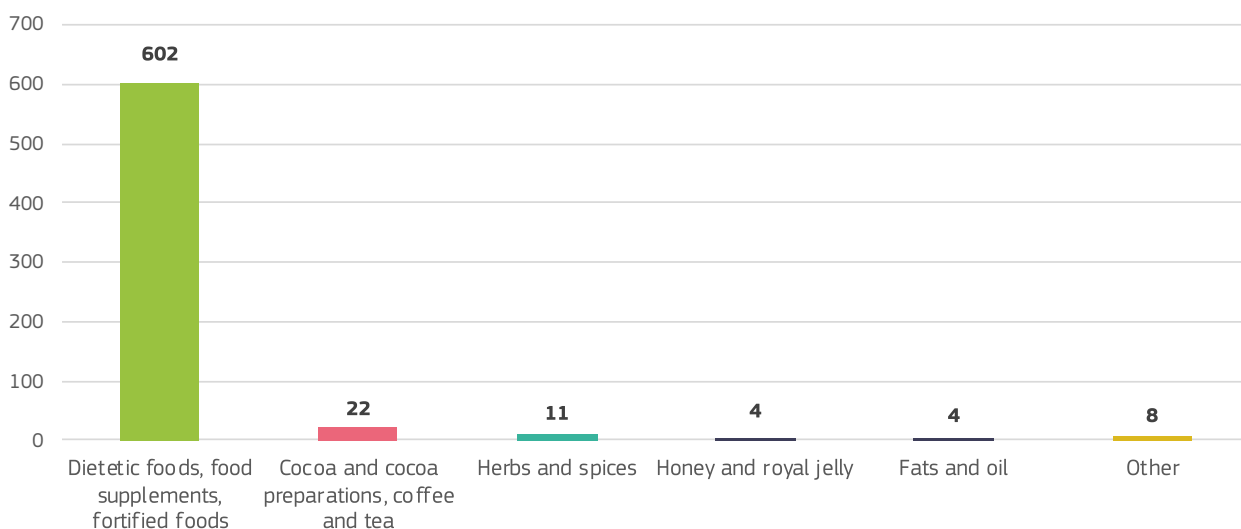


Fig. 13: Requests by product categories notified

⁷ Last update: 30.06.2021

⁸ https://ec.europa.eu/food/food/agri-food-fraud/eu-coordinated-actions/coordinated-control-plans/action-plan-online-offers-and_en

CONCLUSIONS

Figures presented in this report show a steady increase in the use of the Administrative Assistance and Cooperation system and interaction between Member States within the EU Agri-Food Fraud Network. Sharing information on suspected cross-border fraud violations has proven to be essential in better identifying, investigating and protecting EU customers against illegal practices.

The Commission will continue to work with Member States, Europol and other parties to use EU data on traceability and alerts to improve coordination on food fraud, as well as to propose stricter dissuasive measures such as specific import controls.

