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Food

FDA Lacks Resources to Police Food Fraud; Food Companies Must Play Larger Role

That expensive red snapper? May be tilapia. Pure honey? Saturated with artificial flavors. And extra virgin olive oil may be neither. Now tests show some grated Parmesan and Romano are only partially made of real cheese.

Products that defraud consumers for economic gain arrive on store shelves in many forms, including foods and ingredients that are substituted, mislabeled or diluted, or that do not meet federal standards of identity for a particular item. Food fraud largely goes undetected, and while the full scale is unknown, the food and beverage industry estimates it affects about 10 percent of all commercially sold products in the U.S. and worldwide, costing between \$10 billion and \$15 billion a year.

“The intent of food fraud is one where no one will notice, to keep it under the radar screen,” said David Acheson, a former top Food and Drug Administration official who now serves as chief executive officer of The Acheson Group, a consulting firm that works with food companies.

For that reason, economically motivated adulteration usually doesn’t threaten public health and is a lower priority for federal regulators in charge of food safety. The FDA oversees roughly 80 percent of the food supply, including the burgeoning imports that now represent almost 17 percent of food consumed in the U.S., compared with 11 percent two decades ago.

In addition to the FDA’s electronic screening of imports for a variety of risks, the agency physically examines about 2 percent all shipments. The Agriculture Department oversees meat, poultry and processed eggs, and the Department of Homeland Security also conducts border inspections of products entering the U.S.

“The FDA’s fundamental mission is protecting public health, so given their lack of resources, that’s where they’re going to put their dollar,” Acheson told Bloomberg BNA. “And clearly that’s what we all want them to do first.”

Acheson added that while the FDA is tasked with ensuring labels are truthful, the regulatory energy for randomly checking them is slim. If food manufacturers, retailers or importers say a product meets a certain standard of identity, and it doesn’t, the chances of getting away with it are high and consumers don’t get what they pay for.

A spokeswoman for the FDA said the agency doesn’t discuss its enforcement strategy, but does take action

when it determines that a violation has occurred based on available resources and public health priorities.

Melamine ‘Fuel to the Fire.’ While food fraud has vexed the industry throughout history, the issue gained prominence in 2007 after impacting public health.

That year, pet food imported from China was contaminated with the chemical melamine, which was used as a protein substitute because of its high concentration of nitrogen, and killed a large number of dogs and cats in the U.S. In 2008, Chinese officials determined that powdered baby formula was adulterated with melamine and sold throughout China, sickening at least 294,000 infants, six of whom died (180 DER A-6, 9/17/08).

“Melamine was the fuel to the fire,” said John Spink, director of the Food Fraud Initiative at Michigan State University. “The impact on companies was intense and it demonstrated global vulnerability as products move farther and faster around the world. Something made in Michigan today could be consumed in Beijing in 36 hours.”

Honey, Seafood Mislabeled. Since the melamine incident, high-profile food fraud cases include honey transshipments from China to the U.S. and the 2013 horse meat scandal in Europe.

Seafood also is particularly susceptible to fraud, when lower-quality species are substituted for premium ones. A study conducted between 2010 and 2012 by the conservation group Oceana found 33 percent of seafood sold at the retail level was mislabeled. Tilefish and tilapia were commonly sold as red snapper and farmed Atlantic salmon as wild Alaskan salmon, scenarios that pose global threats beyond fraud (185 DER A-37, 9/24/14), such as undermining sustainability efforts.

Beginning in 2006, Chinese-origin honey was shipped through other countries and labeled as produced in those nations to circumvent U.S. antidumping duties. Some of that honey was adulterated with rice sugar, molasses or fructose syrup. A two-part investigation led by DHS resulted in criminal indictments in 2008 and 2013 (35 DER A-22, 2/21/13).

Tim Tucker, president of the American Beekeeping Federation, said consumers continue to be duped by products labeled as honey when the main ingredient is, for example, high fructose corn syrup. For years, the industry has called on the FDA to establish a federal standard of identity for honey, which would outline what a food product must contain to be sold under a certain name. The FDA in 2011 denied a petition by a coalition of industry groups, contending existing law is sufficient to protect the integrity of honey.

The Federal Food, Drug, and Cosmetic Act requires that foods labels be truthful and not misleading. If a

product doesn't meet certain definitions, standards or safety requirements, the FDA can issue warning letters, import alerts, seizures and injunctions. These tools are mainly utilized in the face of a public health threat, however.

Italian Cheese Standards. Makers of Parmesan and Romano cheese have detected fraud in grated products, where the addition of cellulose, potato starch and imitation cheeses exceed levels outlined in standards of identity. It has been difficult to attract federal and industry-wide action on the largely unknown problem that is typically the result of adulteration by U.S. processors, according to Arthur Schuman Inc., an importer and producer of Italian hard cheeses.

In a recent sampling, Arthur Schuman found about 20 percent of dry grated cheeses mislabeled at retail. Some Parmesan canisters had more than 25 percent cellulose in them, when that percentage should be between 2 percent and 4 percent, Neal Schuman, CEO of the company, told Bloomberg BNA.

"If it was represented as 'Italian style cheese', then it wouldn't be fraud," said Bob Wheatley, CEO of Emergent Healthy Living, which manages communications for Arthur Schuman. "But there's value attached to Parmesan and Romano."

"Unfortunately, in world where budgets are tight, it's difficult for the [FDA] to monitor labeling and food fraud. They just don't have resources to do it, and we're sensitive to that," he said.

Instead, Arthur Schuman is working on educating the public as consumers demand more detailed information on the source of their food, and has collaborated with national groups representing the dairy industry.

Food Safety Law. The FDA in December 2014 addressed economically motivated adulteration in a proposed rule under the Food Safety Modernization Act. The law was enacted to shift the FDA's focus from responding to food-borne illness outbreaks to preventing them, and may help combat food fraud.

The preventive control rule would require food manufacturers to identify hazards and outline steps to minimize or prevent them, as well as monitor and record results. The agency requested comments on whether companies should include economically motivated adulteration in their preventive controls strategies, noting that intentional hazards may require separate action.

The FDA said it would expect facilities to focus on circumstances where there has been a pattern of such adulteration in the past, even though those occurrences

may not be associated with the specific supplier or food product, according to the proposed regulation that must be finalized by Aug. 30.

The FDA also has expanded authority under the law to monitor foreign food facilities, which comes with its own set of challenges. The Government Accountability Office in March reported that the FDA isn't inspecting facilities abroad at the pace mandated by the food safety law because of budget shortfalls (41 DER A-12, 3/3/15).

"This has to be an industry-driven solution," said Karen Everstine, a research associate at the University of Minnesota's National Center for Food Protection and Defense. "The FDA's theory is food companies will take on more responsibility, like verifying transactions along the supply chain. Manufacturers are already starting to do vulnerability assessments and prioritize what products may be susceptible."

Industry-Driven Strategies. Industry-driven action and policing is becoming increasingly effective at mitigating some cases of food fraud.

Some honey producers and importers pay into to a defense fund so products suspected of being adulterated with a cheaper sweetener can be tested. True Source Honey, a group of companies and importers, established a voluntary traceability program that certifies sourcing practices are in full compliance with U.S. and international trade laws. The California Olive Oil Council certifies a similar seal.

The Global Food Safety Initiative (GFSI), which was organized in 2000 following a number of food safety incidents, created a guidance document that grades manufacturer's management strategies. Companies meeting GFSI requirements include the Coca-Cola Co., Mondelez International Inc. and Nestle SA.

GFSI will issue new rules in 2016, and is expected to include food fraud mitigation, such as vulnerability assessments and control measures.

"The conceptually simple answer is know your suppliers," Acheson told Bloomberg BNA. "It really does come down to the supplier of your products. If you buy stuff through brokers without good visibility, that's a risk. Like with everything, though, it's not one size fits all solution."

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