

HM Government

Review into the Integrity and Assurance of Food Supply Networks

Note of meeting with International Meat Traders Association (IMTA)

Date: 4 February 2014

Attendees:

Liz Murphy - IMTA

Katie Doherty - IMTA

Margaret Boanas – Trans Oceanic Meat Company

James Parsons – Lamex Foods

Tony Plant – Lamex Foods

Professor Chris Elliott –Review into the Integrity and Assurance of Food Supply Networks

Mike Steel – Review into the Integrity and Assurance of Food Supply Networks

Sarah Appleby – Review into the Integrity and Assurance of Food Supply Networks

Nick Hughes – Review into the Integrity and Assurance of Food Supply Networks

1. Chris Elliott introduction

CE thanked IMTA for taking the time to meet with him. He said he had received over 600 pages of evidence and held over 100 meetings ahead of publication of his interim report. He had also visited all of the devolved administrations and carried out site visits encompassing each stage of the food supply chain. He noted that his interim report had been based on this accumulated body of evidence and that he had received a lot of feedback from stakeholders following its publication.

IMTA expressed their regret that they had not been able to contribute to the initial stage of the review process as they would like to have had the opportunity to clarify some of the comments made about the role of traders and brokers in the interim report. They welcomed the fact that CE stressed it was an interim report and as such their comments would form part of the evidence base for his final report which is due to be published in the spring.

2. Discussion

A discussion took place around the definition of a trader with IMTA making the point that the definition was potentially extremely broad and could encompass long-established import/export businesses such as Lamex Foods as well as individuals trading informally via a mobile phone. It was agreed that there was a need to draw a clear distinction between legitimate trading, which accounts for the vast proportion of food imported into the UK from third countries, and criminal activity, which damages legitimate traders and consumers alike. It was also agreed that there was a need to isolate individuals engaged in criminal activity and make it harder for them to operate within the meat supply chain.

IMTA highlighted the difference between meat imported into the UK from third countries, which was subject to rigorous checks and controls at borders, and meat traded within the EU, which was not. CE welcomed IMTA's clarification on this point.

IMTA made the observation that meat imported from third countries was not implicated in the horsemeat fraud and that the problem appeared to be with meat traded within the EU community. IMTA said they met regularly with officials from Defra, AHVLA and port authorities and the reports they were getting back were that the amount of unapproved meat entering the country from non-EU countries was consistently falling and virtually all is in the form of personal imports rather than commercial volumes. The point was also made that legitimate traders would have their own systems in place to ensure the integrity of their products: the example was given by Lamex Foods of honey imported from the Far East which is analysed both before it leaves the third country and when it arrives in the UK.

CE said he believed the aim of all food operators should be to come up with deterrents to frauds, which do not add significant cost to the business. He said he believed these countermeasures should go beyond reliance on paper trails and certification, which did not in themselves present a strong enough barrier to sophisticated fraudsters. He gave the example of third party audits which currently did not set out to detect fraud and said in the future he would like to see audits make much greater use of forensic accountancy to guarantee their rigour. IMTA added that the problem with many third party audits was that they were burdensome to legitimate businesses whilst allowing less reputable businesses to get away with poor practice. CE said he had identified training in food fraud awareness and detection as an area that needed addressing, both with regards training of auditors and of enforcement officers. IMTA agreed with these observations.

CE spoke about his recommendation for the FSA to establish a food crime unit with the power to undertake major investigations. IMTA said it had been frustrated that nobody had been brought to account following the horsemeat fraud and agreed that that a food crime unit would be a good thing.

CE also highlighted his recommendation for the creation of a food industry intelligence hub into which information on food crime could be fed. The idea would be for this hub to be a safe haven with information sanitised before it was passed on to the relevant authorities. IMTA said they believed this was a sound idea but suggested that businesses would be cautious before feeding information into the hub

and that reassurance would be needed that the information would indeed be sanitised. They added that whoever took responsibility for running the intelligence hub would need considerable knowledge of the food industry. IMTA said they believed that at the very least a food intelligence hub should be trialled and its success reviewed after an agreed period.

IMTA said they would welcome a return to more random checks at borders for products traded between EU member states. They made the point that this element of surprise would act as a deterrent to would-be fraudsters. MS suggested that a lack of resources for enforcement meant it unlikely that there would be an appetite among regulators to put more feet on the ground. IMTA also suggested that HM Revenue and Customs' Authorised Economic Operator certification could have a greater role to play in ensuring the security and integrity of international supply chains.

IMTA raised the subject of vulnerabilities in the transportation of food as highlighted in CE's interim report. They made the point that seals on vehicles are not a fail-safe countermeasure to fraud and are also not appropriate for businesses that use groupage. They also noted that whilst they supported the recommendation to use tamper proof packaging how that was achieved should take into account the trend to reduce packaging and the likely additional significant cost burden to customers who have to pay for the removal and disposal of the packaging and suppliers who have to pay for the packaging. On the subject of transportation the point was also made that most legitimate traders would use tacographs which would track the exact journey taken by each vehicle.

3. Next steps

CE asked IMTA whether they would be interested in developing a model for meat traders which highlights where the vulnerabilities to fraud lie and suggests mitigating measures that can be taken to prevent the fraud occurring. This model would be along similar lines to Young's Seafood's 'Seven Sins of Fish' which was featured as a case study in the interim report. IMTA said they were happy to develop this model in principle and would put it to their membership whose buy-in would be necessary.

IMTA said they would express their support for the establishment of a food crime unit in an upcoming meeting with the FSA.

IMTA said they would put CE in touch with those responsible for checking non-EU imports at port.

IMTA said they would pass on information to CE on the HM Revenue and Customs' Authorised Economic Operator scheme.

CE suggested IMTA should remain in contact with him and his secretariat throughout the process of drafting the final report.

7 February 2014