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7th August 2013

Asda response to Department for Environment, Food and Rural Affairs (Defra) consultation on the Food Supply Chain Review

We welcome this review into the food supply chain and as a responsible retailer, we stand ready to work with industry groups and the Government to; strengthen our supply chain; encourage better enforcement of regulations across European supply chains; work with the Food Standards Agency to better increase the sharing of relevant and timely intelligence; reduce chances of criminal fraud and reassure our customers that they can have confidence in the products they purchase from us.

However, we are realistic that it is impossible for any retailer to check and remove every risk from the supply chain. Instead our consultation response focuses on the importance of having the correct systems and procedures in place to reduce, manage and eliminate risk, as far as we possibly can.

At Asda, we have a robust technical auditing system in place to ensure suppliers understand what we expect from them. However, recognising that this did not detect incidences of criminal fraud, we have been working with our industry partners and our own supply chain to ensure these incidences do not happen again. As part of this we have agreed and put in place strict new protocols across the business as well as establishing tighter specifications on all our beef products and with our suppliers to ensure they have full traceability of the raw materials used in Asda brand products. On top of this, we are the first retailer to implement independent, unannounced audits of our supply chain by the British Retail Consortium – in addition to our own third party unannounced audits. We have continued to regularly communicate these changes to our customers and colleagues and have enlisted the help of the Plain English Campaign to make sure what we're asking is easy to understand.

Although testing is an important element in establishing the authenticity of products, our response highlights that this should not be viewed as a silver bullet but instead as a verification tool. It should be the responsibility of each partner in the supply chain to guarantee the authenticity of its sources at each level and therefore additional testing should be carried out on raw materials, further up the supply chain, rather than wait until it reaches supermarket shelves. Regulators should work with retailers and manufacturers to identify areas of potential high risk and tackle them accordingly. In addition, the FSA and local authorities could work more collaboratively with retailer to share intelligence of suspected fraud.

It is essential that the Terms of Reference of the Elliott Review focus on improving consumer confidence, examining how better to enforce existing regulations and improving collaboration within realistic industry boundaries. The Review should be forward looking, examining those areas of the existing framework that can be improved through better enforcement and information sharing, or establishing consistent, pragmatic benchmarks that can be abided by, without unnecessary risks and / or costs to the consumer.

Asda's Consultation responses (*Please note, we have only answered the questions which are relevant to us.)*

Q4. What measures need to be taken by the UK food industry and government to increase consumers trust in the integrity of the food supply systems?

At Asda, we recognise our responsibility for ensuring traceability, food safety and consumer confidence. Trust is a key element of our business and at the foundation of our relationship with customers and we continuously strive to ensure that consumers have full confidence in the products they purchase from us. The recent incidences in the supply chain are regrettable and examples of criminal fraud in the system.

As a responsible retailer we continue to work closely with industry groups and Government to strengthen our supply chain processes. We also stand ready to help the Government encourage better enforcement of regulation across the wider European supply chain and to work with the Food Standards Agency to better increase the sharing of relevant and timely intelligence to further reduce the chances of criminal fraud.

The supply chain that provides food to UK customers is complex, stretching across a large number of jurisdictions, food enforcement agencies and businesses. The UK food industry is taking further steps to improve the integrity of the food supply chain, including the introduction of strict new protocols, enhanced testing regimes, increased local sourcing and improved intelligence sharing. We have in place a robust technical auditing framework that is designed to ensure our suppliers understand what we expect of them, meet our expectations and in turn ensures food authenticity and safety. We are the first retailer to agree to independent, unannounced audits of our supply chain by the British Retail Consortium. These will be in addition to our own third party unannounced audits of our suppliers. Our in-house technical teams audit all new suppliers and food manufacturers developing new lines for our own label ranges.

In addition to testing our suppliers and products for food safety and authenticity we also undertake a number of quality checks. This is to ensure that our products appear, taste and contain the ingredients that our customers expect. We undertake testing of finished products at our distribution centres, regular testing of our meat products and our Chosen By You range is also tested by customers.

We use product testing to verify that our high standards and technical specifications are being met by our suppliers. Integrity in the supply chain is best improved by working in collaboration with our suppliers, sharing our knowledge, expertise and best practice and ensuring they fully understand our expectations. We work closely with British suppliers of Pork, Lamb, Beef and Dairy products, working with them to improve their businesses and the quality of their produce. We have approved suppliers for processed meat products and have developed testing profiles to ensure the technical specifications of our products. We regularly visit food manufacturers to ensure they understand and implement our technical standards. To make sure we're being as clear as possible with our supply chain we have simplified and streamlined our policies and enlisted the help of the Plain English Campaign (an organisation that has been campaigning against misleading public information since 1979) to make sure that our requirements are easy to understand and implement.

It should be noted however that testing should not be viewed as a silver bullet that can remove all of the potential risks from the food supply chain and must be used as a verification tool. It is unfortunately impossible to check every product on a supermarket shelf to ensure integrity; in the same way it is impossible for a business to eliminate all health and safety risks in a work place. In both cases, having in place the correct systems and procedures to reduce, manage or eliminate risk, verified by testing and assessment, is the only workable method of ensuring standards.

The key to maintaining a strong supply chain is to work collaboratively with our suppliers. We believe this principle is equally applicable to Government and enforcement bodies. Retailers were not a cause or driver of recent criminal fraud in the supply chain, but one of its many victims. It is therefore

essential that Government works with all those affected in such cases to seek solutions or proactively prevent them from arising again.

The Government could consider strengthening the existing intelligence sharing system across the EU, through the introduction of a list of unapproved suppliers or individuals. This could heighten transparency in the food supply chain and alert manufacturers and retailers to unscrupulous practices. This website could also be accessed by the public who could be further assured that the products they buy from their chosen outlet has been sourced legally. There could also be scope for government deterrence through a system of increased penalties for criminal activity.

The Government and Food Standards Agency must also share timely intelligence with retailers and their suppliers. For example, there are recent examples where we were informed of suspected fraud in our supply chain by the FSA, who refused to provide details of the suppliers involved, which we eventually learned through the media. Evidently, this prevents us from taking action and substantially increases risks to the consumer. It also forces retailers into reactive rather than proactive measures to improve food integrity and safety. We believe consumers would be better served by a collaborative approach between regulators and retailers.

EU regulations concerning pig welfare provide a timely example of EU member states failing to meet the high standards expected in the UK. Despite having more than a decade to prepare for the changes to sow stalls, a number of member states are not yet compliant, having failed to make the significant investments of UK producers. The UK Government must work with its EU and international partners to ensure that other countries rigorously enforce regulations in their own supply chains. In many cases UK retailers and producers go beyond the requirements of regulations; for example, we label country of origin those products, such as ready meals, which feature meat as a 'component' part, even though this is not required under EU regulations.

The Government should also provide realistic and honest information to consumers, working with retailers to manage their expectations. For example, cross contamination of DNA in processed meat products is impossible to eliminate from the food supply chain and this should be communicated openly to consumers. To this effect, the FSA works to a 1% tolerance. Furthermore, although it could be argued that shorter supply can, in some circumstances, improve transparency and therefore integrity in the supply chain, they are also likely to lead to substantially higher prices for consumers.

Q5. The Terms of Reference for the Review require an approach that is proportionate to the risks involved to the consumer. What does this mean in practice?

We welcome this review into the food supply chain but it is essential that the Terms of Reference focus on improving consumer confidence, examining how better to enforce existing regulations and improving collaboration within realistic industry boundaries. The Review should be forward looking, examining those areas of the existing framework that can be improved through better enforcement and information sharing, or establishing consistent, pragmatic benchmarks that can be abided by, without unnecessary risks to the consumer.

Effective government communication may also be necessary to reassure consumers that they can continue to purchase meat products throughout the Review and that the majority of the existing supply chain operates within legal and ethical and legislative boundaries.

It should also be noted that problems of food authenticity in the supply chain have so far not put consumer health at risk. The cross contamination of processed meat products above accepted levels is one of fraud and authenticity, which largely occurred further down the supply chain in continental Europe. As noted above, the UK food industry has in place a wide range of auditing and testing framework to ensure the quality, safety and authenticity of its products. But the food industry cannot alone enforce such frameworks in other jurisdictions. The Review should therefore place a clear focus on how the UK food industry and Government can work together to improve compliance in other states.

Q6. How can government, food businesses and regulators better identify new and emerging forms of food fraud?

Food businesses have already committed to increased and more rigorous audits as well as wide-scale testing of products for contamination of various meat substances. For example, we have strengthened our own audit procedures as a result of the recent incidences. These consist of regular inspections by our food technologist as well as inspections by independent experts and third party audits. This year, and every year thereafter, where necessary, third party auditors will undertake a full, unannounced assessment of all our suppliers. However, these can only act as a form of verification for the already robust technical standards we have in place. By its very nature, fraud is designed to be undetected and will continue to evolve to evade what ever systems are put in place by manufacturers and retailers.

Fraud can be best prevented through horizon scanning, risk assessment and information sharing. For example, changes in regulations in other states, sudden spikes in consumer demand for a particular cut of meat and crop failures, are all potential drivers of fraud and adulteration. A sharp increase in feed prices due to crop failures around the globe may encourage unscrupulous suppliers to seek to substitute more expensive meats for much cheaper cuts, increasing their profit margins. Regulators, Governments, retailers and food manufacturers across Europe must work in collaboration to identify potential drivers of criminal activity, putting in place intelligence and early warning systems that enable information to be shared quickly and risks identified.

In circumstances where preventative action has not identified a problem, Government and food regulators could facilitate better intelligence sharing through an official channel which records and verifies concerns. This could increase transparency throughout the entire supply chain, deter any potential unlawful activity and where it does occur, enable retailers and manufacturers to react quickly to protect consumers.

The UK Government should continue to work closely with the European Parliament and relevant Committees, including the Agriculture Council to share best-practice and ensure that effective legislation is in place, and existing legislation is fully enforced, to deter the minority of people who attempt to break the law.

Q7. Food supply chains have variable economic factors impacting on price at every stage. Which factors in relation to risks of potential fraud are most influential and are there trends developing?

The price and availability of commodities is a significant factor in the likelihood of fraud in the food supply chain. Food inflation is expected to continue rising as global temperature changes affect crop yields and increased demand for protein, particularly from emerging economies, pushes up the price of raw meat. The development of biofuels and the trading of commodities on financial markets has also led to increased short-term volatility in commodity prices. In such circumstances, unscrupulous suppliers and criminals are likely to be encouraged to commit fraud by the increased financial rewards of passing off cheaper meat as more expensive cuts, or as a short-term solution to the challenges of increased input costs. The Government and its European counterparts should take a risk based approach to ensure that opportunities for fraud are indentified and communicated to all relevant parties as soon as possible.

Criminal activity is also shaped by the likelihood and risks of being caught. If a food manufacturer is minded to commit fraud they are more likely to do so if they believe there is little chance of, or repercussions, if they are caught. This may be particularly true of unscrupulous suppliers further down some of the more complex supply chains. It is therefore vital that the UK Government encourages its overseas counterparts to ensure that they are properly enforcing food safety and authenticity regulation in their respective industries.

Q8. Do consumers fully understand the way industry describes the composition and quality of the products on sale?

Consumers rightfully expect the products they buy to include what it says on the packaging. Accurate food labelling helps ensure consumers' right to know about issues that may affect them; where their food comes from, inform them about methods of production and outline the ingredients included in that product; all raising consumer trust and promoting informed decision making in food purchasing.

The recent incidences in the supply chain were not caused by incorrect labelling, but criminal activity - a factor that could not have been avoided by greater consumer understanding of the legal composition of products. For example, there appears to be little benefit to consumers in terms of preventing fraud by labelling our processed meat products that they may contain some trace amounts of DNA contamination. Processed meat products have always been likely to contain trace amounts of DNA from other species, regardless of whether fraud was occurring.

All of our products are labelled in accordance with, and often beyond, appropriate legislation. For example, we support voluntary initiatives such as the industry agreement on country of origin labelling. Easy to use quality marks such as Red Tractor help our customers understand the products they are purchasing, as do other labels such as Scottish Beef or Welsh Lamb.

Q9. Has the consumer developed unrealistic expectations of the food industry and if so, what role is there for the food industry and government in doing something about it?

The consumer rightly wants to know what is in the products they buy and have confidence that what it says on the label corresponds to what is in the product. A YouGov / Sunday Times poll earlier this year showed that almost three quarters of people blame food manufacturers (26%) or meat processors (46%) for the horsemeat scandal, compared to retailers (11%) or the government (6%). In addition, 68% of people did not think there was any actual health risk from horsemeat getting into the food chain and 37% said that, if it was properly sourced, they would be prepared to eat horsemeat.

Relatively few people said that they would substantially change their behaviour as a result of the horsemeat scandal with only 5% saying they might change which supermarket they use to buy their groceries. This shows that whilst consumers understandably expect to purchase legally sourced and correctly labelled products, they accept that retailers and the Government have implemented necessary changes to deal with the minority of unlawful suppliers and understand that trace contamination may occur. In addition to the YouGov polling, our own customer insight data showed that the majority of our shoppers recognise these incidences were caused by criminals in the supply chain.

Nevertheless, the food industry and the Government should continue to work together to stamp out incidences of fraud in the supply chain through increased audits, and tougher sanctions for those who break the law. This could act as a deterrent to those who may be tempted to commit fraud.

Greater government communication may be necessary to fully educate consumers between the difference of *traces* of unwanted meat in products and actual unwanted meat. Traces of meat are of molecular size (the Government and the FSA have agreed a threshold of no larger than 1% of the total size of the product) and very difficult to completely eliminate from the process. Even with extensive cleaning processes, traces of DNA could still make their way into products, from the transportation and / or storage process. Any attempt to completely remove traces of DNA of any kind would be hugely costly and nigh on impossible to achieve. For example, it is likely that human DNA would be identified In those supply chains where products are handled. In some pre-packed fresh produce, such as carrots, it is likely that traces of other produce such as parsnip would be found.

Q10. Do government decisions about regulation and inspection get the balance right between producer, processor, retailer and consumer when it comes to food? Do further measures need to be taken by the EU or by the UK government to increase consumer trust?

The Government could consider strengthening the existing intelligence sharing system across the EU, through the introduction of a register of unapproved suppliers. This could heighten transparency in

the food supply chain and alert manufacturers and retailers to unscrupulous practices. This website could also be accessed by the public who could be further assured that the products they buy from their chosen outlet has been sourced legally. There could also be scope for government deterrence through a system of increased penalties for criminal activity.

Whilst shorter supply chains have been suggested as an effective alternative to reducing fraud in the supply chain, we would urge caution over the impact such a policy could have on the price of products. For many of our customers who are on middle, low or fixed incomes, price is a crucial element in their weekly shop. Any move towards a shorter supply chain is likely to increase the cost of products. At a time when our Asda Income Tracker shows that the average household had £160 of discretionary income in June, £5 a week lower than the figure in February 2010, we are committed to keeping the costs as low as possible, something that would become increasingly difficult with a shorter supply chain.

Confidence could also be improved if consumers believed that all relevant stakeholders, including Government, regulators and the food industry, were working cooperatively to reduce and eliminate the risk of fraud. At present, the current approach is somewhat adversarial and the food industry may be viewed as a part of, rather than a solution, to the problem of fraud and adulteration. Consumers know and trust retailers to ensure the safety and quality of the food they sell, as noted in our answer to question 9, above. Therefore all other stakeholders should assist them in proactively reducing and eliminating the risk of fraud and make clear publicly that their primary aim is to ensure food safety for consumers, rather than apportion blame.

It would also be beneficial if regulation and enforcement was complementary and joined up. For example, as part of the Love Food Hate Waste campaign DEFRA is encouraging retailers to remove 'best before' dates from our products, to reduce food waste. However we are also being encouraged by the EU to add dates for when fish were frozen, sending mixed messages to consumers.

Q11. What impact could fraud have on the safety of food consumed in the UK?

The majority of the supply chain works effectively, efficiently and within the boundaries of the law. We ensure that we have in place appropriate controls on production at every level of the supply chain. These controls are enforced consistently, regardless of where our processor is located. The process involves clearly setting out the product specifications that processors need to follow, including hygiene, food safety and inspections.

However any form of fraud in the UK food chain will undoubtedly have a negative affect on consumer perspectives, trust and authenticity of our products. Substituting required products for inferior or cheaper alternatives could also have an impact on the safety of food consumed in the UK, depending on the scale and substance of the fraud. It must be assumed that if a supplier or manufacturer is willing to commit fraud and substitute products, they will not share the same regard for food safety as reputable elements of the food supply chain. Therefore any fraud must be considered to present a risk to food safety.

Q13. What control systems do food businesses have in place for assuring themselves that the food they supply is of the nature and quality they expect? How have these systems been tightened since the horsemeat fraud was identified?

We have strengthened our existing protocols and enhanced our testing regimes to reduce further the risk of any future incidences of food fraud and ensure the quality of our finished products. We have introduced full, unannounced audits of our suppliers, we are the first retailer to sign up to the BRC's unannounced audit programme and we continue to audit all new suppliers. However, our testing and auditing regime is only one element of ensuring the integrity of our food supply chain and it is beyond our powers to ensure that overseas suppliers are meeting the requirements set down by their own Governments or the European Commission.

Like supply chains in other industries the food industry is reliant upon trust that those further down the supply chain are undertaking the necessary procedures to ensure integrity and safety of produce. We

conduct audits of the suppliers with which we have a direct relationship. However, to take a ready made Chosen By You Thai Green Curry as an example, the curry paste alone contains ingredients from up to 33 indirect suppliers from across the world, who may also have their own indirect suppliers. In such circumstances we must place our trust in each of our suppliers that they will audit and guarantee the authenticity of their sources. If each of our supplier partners does this we can, through successive validation of each component, authenticate the final product purchased by consumers.

We continue to work closely with our suppliers to ensure that they are fully aware of the technical standards we expect them to meet. For example, we have developed a list of approved meat suppliers for processed meat products and introduced testing profiles so that suppliers understand the technical specifications we expect them to meet.

We are working to establish tighter specifications on all our beef products and with our suppliers to ensure they have better traceability of the raw materials used in Asda brand products. On top of this third party auditors will undertake a full, unannounced assessment of all our suppliers this year, and every year thereafter where necessary. We have tight specifications for our meat based on advice from scientists and industry professionals, ensuring we have the best packaging and processes. For example, we followed the ten points from the EBLEX (English Beef and Lamb Executive) chief scientist when designing our specifications and as a result, all our primal beef is now matured to a minimum of 21 days. In addition, we have our own inspectors at meat packing sites to ensure the product is the best quality before it even arrives at our depots. Additional checks are then put in place at depots to ensure the quality is maintained.

Every year we launch around 2,000 new products and carry out between 500 and 1,000 improvements on our existing products. Our dedicated team of product managers ensure that everything we develop meets the highest standards set out in our policies. All our products are tested by customers or by experts. All Chosen by You products (our mid-tier range) then go through our dedicated independently run customer testing programme.

We also test products in our Chilled Distribution Centres (CDC) to ensure they meet our technical specifications. Each CDC has a quality manager and inspectors whose role is to scrutinise incoming fresh food deliveries from suppliers against agreed specifications. On average, we also carry out over 100,000 product inspections each year within our Distribution Centres, totalling over 3.5 million cases of fresh produce per annum. Through verifying quality of product at our depots, we're driving an improvement in standards and reducing customer complaints. The depot teams have developed collaborative relationships with suppliers and these have been key to our success in driving quality standards forward.

Q14. How can large corporations relying on complex supply chains improve both information and evidence as to the traceability of food?

We have in a place a robust framework of technical standards and audits to ensure traceability of food in our supply chain. However, there are limits to this in that for some of our component products our suppliers may have a global network of their own suppliers. Many of today's food products contain many ingredients from across the globe, as outlined in the Thai Green Curry example provided in our answer to Question 13. Sources of raw material can also change based on availability in the market and in order to ensure we keep prices low for consumers we often have to quickly change our suppliers (for example, where crop failure prevents sourcing from one part of the world). Supply Chain mapping also indicates that there can be many layers of the supply chain from the "primary raw material" (i.e. a product that has been grown or extracted from natural sources) to the finished consumer product. We think that the only practical way to run these complex supply chains is for each partner in the supply chain to guarantee the authenticity of its sources at each level and therefore through successive validation of each component the final product can be authenticated.

Creating a full end to end supply chain traceability mechanism would require almost prohibitive investment by the industry and would have to be undertaken at European or global level to ensure it included sourcing of raw materials from across Europe (e.g. fruit and vegetables). It would also

require a set of new data standards and protocols to accommodate the exchange of information for the products and ingredients moving through the supply chain.

Traceability and information regarding the sourcing of food could be improved if regulators, such as the Food Standards Agency and their European counterparts, shared intelligence as early as possible. This would enable us to identify high risk areas of the supply chain and take preventative action. Furthermore, if the overseas governments, such as other European Member States, were implementing the full range of food safety regulation at their disposal, traceability could also be improve by increasing transparency of overseas food chains.

Q15. Should there be legislative requirements for tamper proof labelling, and/or to advise competent authorities of mislabeling if it is discovered in the supply chain?

Food labeling is already strictly regulated by EU law. Article 8 of Regulation 178/2002/EC specifies that EU food laws must aim to protect the interests of consumers and provide a basis for consumers to make informed choices by preventing "fraudulent or deceptive practices", any "adulteration of food" and any other practices which may mislead. In addition, Article 16 of the same regulation specifies that "the labeling, advertising and presentation of food or feed, including their shape, appearance or packaging, the packaging materials used, the manner in which they are arranged and the setting in which they are displayed, and the information which is made available about them through whatever medium, shall not mislead consumers." These standards are monitored by the European Commission and by all the relevant national authorities.

In addition, safety requirements exist in food legislation on top of the above labelling rules. It is essential that all relevant authorities are robust in their approach to both monitoring and testing to ensure these standards are being adhered to.

The presence of illegal meat in any product is unacceptable and an issue we take extremely seriously. Customers have the right to expect that, whatever their budget, the food they buy is produced to the highest standards and is labelled correctly. As a retailer it is our responsibility to deliver against these standards without compromise and regardless of price.

Q16. What additional information does the public need to be offered about food content and processing techniques? How can this information be conveyed in an easy to understand manner?

We recognise the importance for our customers of knowing where the products come from that they purchase from us. We are therefore producing a document which sets out clearly, in one place, the approach we take to sourcing the food we sell.

Q17. Whose responsibility is it to give the public assurances about the safety and quality of food?

As the World Health Organisation has previously suggested, food safety is a shared responsibility from farm to fork. In recent years we have seen rapid advances in food technology, processing and packaging techniques to ensure the safety and convenience of the food supply chain. However, as recent incidences reveal, contamination can sometimes occur.

Ultimately the quality and safety of food depends on the efforts of everyone in the supply chain, including agriculture production, processing, transport, marketing and consumption. Each has a responsibility to meet official standards. A similar situation occurs in almost every other large supply chain. Publically available documents from BMW highlight the global range of their supply chain. The figures state that BMW purchase 47% of production material from Germany, 21% from the rest of Western Europe, 12% from Central and Eastern Europe as well as 3% from Africa, among others. In order to meet and satisfy consumer demand for their product, every successful business and their supply chain partners must take responsibility for ensuring the authenticity of their sources.

The presence of adulterated or substituted meat in any product is unacceptable and, as a responsible retailer, it is an issue we take extremely seriously. Our customers have the right to expect that, whatever their budget, the food they buy is produced to the highest standards and is labelled correctly.

Throughout the horsemeat incidences we moved swiftly to remove products from sale as a precaution, even when there was no direct evidence that one of our own products was affected. We continually communicated our position to our customers through a variety of channels outlining the steps we had taken to ensure the highest quality and safety of the food we sell, including more robust checks and unannounced audits in our supply chain.

However, as recent incidences have revealed, the best legislation, protocols and control systems cannot fully protect against those with criminal intentions.

Q18. How should information about traceability be presented to the public? What level of public understanding is there about traceability and food adulteration?

As mentioned in answer to question 17 above**,** food safety is a shared responsibility from farm to fork and each partner in the supply chain should be able to guarantee the authenticity of its sources at each level. This in itself will provide consumers with confidence that the industry is working together to tackle any corruption in the supply chain. However, as with the example of the Chosen By You Thai curry in answer to question 13, retailers must place trust in each of our suppliers that they will audit and guarantee the authenticity of their sources. If each of our supplier partners does this we can, through successive validation of each component, authenticate the final product purchased by consumers.

Q19. Where multiple ingredients are used in food processing to create a dish, should country of origin information be made available for them all? What do the public care most about?

The Food Standards Agency commissioned a package of research in 2010 to find out how people understood and used labels, including 'country of origin'. A range of methods were used to investigate consumer attitudes, including questionnaires, group discussions and eye-tracking technology. The key findings revealed that whilst customers are aware of 'origin labeling', it was not a main concern for them when they were shopping. Instead, price and food safety information on labels were considered by consumers to be, on the whole, more important than country of origin labeling. Although this research pre-dated the contamination of some beef products in 2013, these are the latest figures available on customer engagement with origin labeling.

The food industry and retailers have already developed voluntary principles to improve the level and clarity of country-of-origin labeling in areas where consumers demanded further information, including unprocessed meat and some dairy products. In addition, and all our products are labeled in line with Defra country of origin principles.

Existing EU Food legislation will deliver significant improvements in labeling standards by introducing country of origin labeling for fresh meat. However, it is important that any additional regulation achieves the right balance between protecting consumers and burdens on businesses. For example, we use chicken from Thailand in many of our ready meals, which is clearly labeled. However if we were to source chicken from elsewhere, perhaps where prices were lower, we would have to adjust our product labeling to reflect this, potentially adding cost into the supply chain.

We would have concerns about the introduction of a multiple ingredient country of origin system as this could cause confusion among our consumers and would need to be accompanied by a consistent, Government-led, UK-wide communication of the changes. Any such developments should only occur after a comprehensive impact assessment has been carried out, outlining evidence on practicalities, costs, unintended consequences and most importantly, consumer demand. As outlined above, extensive labeling carries with it a number of additional costs which can in turn increase prices for consumers, who may see little benefit in additional country of origin labeling.

Q20. Should caterers/restaurants and those providing food ready to eat direct to the consumer be required to provide more information? For example, should an item such as 'Fish and Chips' on a menu always state which fish has been used?

Yes. As stated above, all elements of the food industry are responsible for ensuring the integrity, safety and quality of food in the supply chain. This principle should include those selling readymade food.

Q21. Are there shortcomings in the inspection and enforcement tools available to the FSA and local authorities?

No. Both the FSA and local authorities already have the ability to carry out testing of manufacturers goods or retailers finished goods. The FSA has acted as an effective and independent verification agency, working alongside retailers and other food industry representatives to collate, feedback and publish testing results in an appropriate and timely manner. Each local authority continues to carry out a substantial amount of food sampling to ensure that meat species in meat products matches the expectations on the label.

However, simply testing products is a blunt tool; testing is not a silver bullet solution for improving food safety and food integrity but a means of verification of good practices by retailers and manufacturers. The FSA and local authorities should seek to work more collaboratively with retailers and manufacturers, particularly to share intelligence of suspected fraud, reducing the risk of unsafe food reaching consumers. The sharing of intelligence would enable retailers to take action to remedy problems in their supply chain. Sharing audit results with the FSA and local authorities would better enable them to investigate and enforce appropriate action on those who attempt to commit criminal activity.

Where testing is most effective is in verifying the raw ingredients that manufacturers use and activity should be focused in this higher risk area. Testing raw ingredients enables retailers and regulators to address any problems at source, before the raw material has progressed through the supply chain. This is more appropriate than testing finished products because it enables preventative action and minimises any risk of unsafe products reaching consumers.

Q22. Can substitution or adulteration ever be considered 'harmless'?

No. Substitution and adulteration can never be harmless because this would change the makeup of the product and represent a breach of contract and trust between suppliers and manufacturers; the formulation of the products having already have been agreed between the suppliers, manufacturers and retailers. There are rules governing the labeling of food products which would be contravened if any substitution or adulteration took place.

In addition, any substitution or adulteration in a product could change the taste and / or texture of a product and therefore not provide consistency to the consumer. This in turn would therefore reduce levels of trust and consumer confidence which responsible retailers continuously strive to avoid.

However, it should be noted that substitution and adulteration is wholly distinct from trace levels of cross-contamination, which are an unavoidable, safe and accepted consequence of modern manufacturing processes.

Q23. Is it appropriate to base inspection and enforcement action on perceptions of risk, or should a zero tolerance approach be taken to all food fraud?

Inspections and enforcement action should continue on a risk-based approach to ensure the most effective use of time and resources and to ensure that any illegal or unscrupulous action is quickly discovered. However, as noted in our answers above risk assessment tools must take account of the full spectrum of factors driving risk, including supply and demand, availability of commodities and the balance between the risks and rewards of those committing fraud.

In addition to the existing risk-based approach, inspections are also carried out based on intelligence at a national level. The Government could strengthen this system by establishing and facilitating a coherent intelligence sharing system, where retailers and manufacturers can anonymously publish concerns resulting from independent audits of suppliers. This website should be available to the FSA, local authorities and other relevant food authorities, who could then investigate individual incidences in more detail.

Q24. Does current intelligence make best use of the evidence available, and take adequate account of risk factors such as commercial reputation and public confidence?

No. At present the full range of social and economic factors that increase the risk of fraud are not adequately accounted for by regulators in the UK or EU. For example, the 2012 drought in North America and subsequent increase in feed prices and therefore raw meat (at a time of increased consumer demand from China and other emerging economies for raw meat and protein), should have raised concerns. In such a situation, the benefits to the perpetrators of fraud may outweigh the penalties, increasing the risk and likelihood of adulteration taking place.

A more collaborative approach between retailers and manufacturers would help address such problems. For example, if retailers experienced a sudden increase in demand for a specific product, which could in turn lead to shortages of the raw ingredients and sudden increases in their price, they could provide this intelligence to regulators to assess the risk of adulteration. Customer demand for a specific product, which is sometimes driven by pressure group campaigns or media activity, moves more quickly than our supply chain can react, increasing the risk that fraud could occur, in order to meet unfilled demand.

Q25. Does the Five Point Plan proposed by Commissioner Borg contain the necessary levers to achieve effective change? What further actions might be needed?

The majority of Commissioner Borg's proposals are sensible and constructive and will act as deterrents to those wishing to commit criminal activity. We support mandatory origin labeling of meat. We support the exchanging of information amongst relevant authorities and businesses, however, the EU Commission could consider going one step further and publicly listing those suppliers who do not adhere to legislation. Our parent company Walmart has recently implemented a similar system for apparel factories in Bangladesh. On the first day the website went live, three other retailers contacted Walmart with information on factories who were operating under poor fire and safety conditions. This transparency and publicity could make a real difference in changing attitudes and actions among those who do not operate within the legally required boundaries.

Equally, we support additional checks and balances in implementing financial penalties on those who commit fraud. If these penalties are benchmarked at an appropriate level, it will hopefully de-incentivize those who wish to commit illegal practices. However, it is essential that any increase in financial penalties is borne solely by the illegal supplier and is not passed on to law-abiding consumers.

Although horse passports are outside the terms of reference of this Review, Commissioner Borg's suggestion to create a national database is a welcome addition.

Q26. Is there evidence that the machinery of Government changes in 2010 for England (which led to Defra taking over responsibility for authenticity and compositional policy) have made food supply networks more vulnerable to fraud?

It would be difficult to measure the extent of cause and effect of the Government changes in 2010, as the UK was not aware of the types of fraud that have recently come to light, and was therefore not testing or inspecting premises for horse meat contamination.

There seems to be little available evidence that the changes in 2010 have made food supply networks more vulnerable to fraud. There was perhaps some confusion initially over Departmental / Agency responses to the contamination of meat products, however the structure in place has enabled retailers, government and food industry experts to join forces and tackle the EU-wide fraud in the supply chain.

Interestingly, during an oral evidence session of the Environment, Food and Rural Affairs Select Committee, Mr. Mehboob Khan, Chair of the Local Government Association (LGA) Stronger Communities Board stated that since 2010, the FSA and Local Associations had increased the sharing of test results and highlighted the close an effective working relationship between the two organisations. Mr Khan reiterated the increased levels of efficiency, partnership and information sharing that has been achieved to deliver improved services and value for money.

Q27. Are there gaps in analytical approaches to support food testing, to verify authenticity and to enforce food law? Which areas in food authenticity should be prioritised for method development and validation to support testing?

The Government should provide leadership in this area; bringing together experts from the retail, manufacturing and scientific communities to assess effective method development and validation processes. It is essential that any agreed changes have the full backing of all parties concerned and are rigorous, feasible and cost-effective.

Q28. What are the cost burdens and financial benefits to food businesses of current approaches to assurance, information and regulation? What have been the financial and other impacts of recent food frauds?

Incidents of food fraud across the globe can have an impact on our sales. We recalled a large number of product lines this year over fears they could have been contaminated with horse meat. Even though the overwhelming majority of our products were unaffected, for a short period customers were unable to buy a number of our products, reducing our sales.

We continue to experience high demand for our infant's powder milk. This high demand is in part driven by a lack of confidence amongst Chinese consumers of powder milk manufactured domestically. As a result, powder milk sold in the UK is purchased and sent to China, reducing its availability here. This is one example of how fraud can have a significant impact on global supply chains.

Q29. What impact does increased sourcing of locally produced foods have on food authenticity and food prices? Is a shortening of supply chains likely to improve traceability?

Consumers in the UK consume, and expect to see on our shelves, a wide variety of produce from across the globe. For example, our customers expect bananas, which cannot be sustainably grown in the UK, on our shelves all year round. Of the produce that can be sourced in the UK, we source 80% domestically.

Based on the volume of sales at which we operate we do not believe the UK would be able to supply all of the meat we use in our fresh ranges and ready meals, without incurring substantial increases in costs that many of our consumers cannot afford. Furthermore, flexibility in the supply chain enables us to source produce from across the globe based on where we can obtain the best price, or where it is available. For example, we source fresh New Zealand lamb when it is unavailable in the UK. Local sourcing can only therefore be one element of the supply chain.

As a retailer we are ultimately driven by consumer demand; we offer a range of locally sourced products in each of our stores. Should demand for locally sourced products increase we would do all we can to meet this demand.

A supply chain that is shorter in terms of process, rather than geography, could lead to improved traceability. This would entail fewer stages in a supply chain that may still involve sourcing raw

materials from across the globe. However, our ability to introduce such chains is limited by the flexibility we require to continue sourcing products at prices our customers can afford.

Q30. If additional testing of food products for authenticity is required across a wide range of commodities, can this be kept proportionate, relevant and timely?

Testing should be focused on raw materials further up the supply chain, rather than taking place on finished products on supermarket shelves, which substantially increases the risk of it being consumed by consumers. Regulators should work closely with retailers and manufacturers to identify and focus their activity on high risk areas of the food supply chain. Closer collaboration may also enable retailers, who have their own product testing budgets, to work with their competitors and regulators to share the cost and benefits of inspections and testing.

Q31. Additional testing for food authenticity across a wide range of commodities will have a significant cost. Who should be responsible for absorbing these costs?

Volume retailers such as Asda work with very small margins on their products. Additional testing within the supply chain, which is not targeted and based on an assessment of risk, will add significant costs to the food production process. Ultimately, consumers will bear the cost of increased testing.

Q32. Other than for allergens, how significant are the issues raised by trace contamination from carry-over from equipment previously used for other food types? What can be done to reduce the level of carry-over while ensuring that the response is proportionate? At what level of trace contamination is there a need to require separate production lines for different products?

The FSA has recognised that trace levels of cross-contamination below 1% are acceptable and safe. As cross-contamination at trace levels is an inevitable consequence of the modern food supply chain we believe this strikes a proportionate balance between safety and authenticity. Introducing separate production lines for different products would incur substantial costs across the supply chain and lead to significant price increases for consumers. Any attempt to introduce greater segregation would have to be supported by robust scientific evidence and/or a clear demand from consumers.

For further information

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