



EUROLAB Special Briefing

Food and Drink Counterfeiting – A NETNAMES Report

“Fake and dangerous food and drink threaten the health and safety of people around the world.”¹ According to a NETNAMES2 report: ‘The risks of the online counterfeit economy’, food fraud is on the rise globally, with the UK Food Standards Agency seeing more than a 30-fold increase in reports of counterfeiting within the past decade. In the EU, food and beverages made up 6.2% of all counterfeit items seized, but accounted for less than 1% of their total value.³ Unfortunately, this suggests that criminal gangs intend to generate revenues not through fake quality, but quantity: flooding markets with large numbers of everyday foodstuffs and putting consumers at increased risk. However, in many cases, the presence of counterfeit ingredients cannot be confirmed without laboratory tests, making the scale of this challenge even more nebulous.

Olive oil, alcohol, honey and seafood are the most targeted foodstuffs; recent estimates suggest that up to 80% of olive oil in the US is fake,⁴ along with 33% of its fish⁵, while a \$100m of counterfeit wine is circulating worldwide.⁶

In 2016, INTERPOL-EUROPOL Opson V operation led to its largest ever seizure of counterfeit food and drink. More than 10,000 tons and one million liters of hazardous fake food and drink were captured in coordinated raids across 57 countries. The final results from the joint INTERPOL-EUROPOL operation Opson V targeting counterfeit food and drink have shown condiments as the most faked or illicitly traded products, representing 66 per cent of all seizures. Fruit and vegetables appear as the second most counterfeited category, with alcohol remaining a high-risk product with more than 385,000 litres of fake drinks seized.

In total nearly 5.5 million units of food and drink – nearly 1.5 million litres and more than 11 tonnes – were seized at shops, markets, airports, seaports and industrial estates during the four-month (November 2015 - February 2016) Operation Opson V which ran across 57 countries.⁷

¹ Fortune, Largest Ever Bust of Counterfeit Foods Finds Gruesome Stuff, Including Monkey Meat, 2016:
<http://fortune.com/2016/04/08/counterfeit-fake-food-interpol/>

² NETNAMES, part of Corporation Service Company® (CSC®), is a privately-held company headquartered in Wilmington, Delaware, USA. CSC is a global provider of corporate domain management and online brand protection services. For more information about NETNAMES, please visit: <https://www.netnames.com/>

³ Cebr, Counterfeiting across the globe, 2016.

⁴ The Independent, US to challenge fake olive oil but counterfeit foods remain a worldwide problem, 2016:
<http://www.independent.co.uk/news/world/americas/us-challenge-fakeolive-oil-counterfeit-foods-remain-worldwideproblem-a7029246.html>

⁵ Forbes, Fake Fish On Shelves And Restaurant Tables Across USA, New Study Says, 2013:

<http://www.forbes.com/sites/larryolmsted/2013/02/21/fake-fish-on-shelvesand-restaurant-tables-across-usa-new-studysays/#7f7f494a5941>

⁶ Harpers.co.uk, \$100 million of counterfeit wine in circulation, 2016: <http://www.harpers.co.uk/news/100-million-of-counterfeit-wine-incirculation/536678.article>

⁷ The following countries took part in Opson V: Albania, Argentina, Australia, Austria, Belarus, Belgium, Bolivia, Bosnia and Herzegovina, Bulgaria, Burundi, Colombia, Comoros, Côte d’Ivoire, Croatia, Czech Republic, Denmark, Ecuador, Eritrea, Estonia, Fiji, Finland, France, Germany, Greece, Hungary, Iceland, Indonesia, Ireland, Italy, Jordan, Kenya, Latvia, Lithuania, Luxemburg, The Netherlands, Nigeria, Norway, Peru, Portugal, Romania, Russia, Rwanda, Seychelles, South Korea, South Sudan, Spain, Sudan, Sweden, Tanzania, Thailand, Togo, Turkey, United Kingdom, Uruguay, USA, Vietnam and Zambia.

“Today’s rising food prices and the global nature of the food chain offer the opportunity for criminals to sell counterfeit and substandard food in a multi-billion criminal industry which can pose serious potential health risks to unsuspecting customers,” said Chris Vansteenkiste, Cluster Manager of the Intellectual Property Crime Team at Europol.

According to the NETNAMES report, the counterfeited food products on the consumers can be devastating. More than 300 food recalls are reported every year, resulting in more than 75 million food-borne illnesses, 325,000 hospitalizations and 5,000 deaths.⁸ Clearly, when counterfeiters target goods designed for human consumption, the health risks are considerable. While some counterfeiting poses little danger, such as relabelling legitimate sparkling wine as Champagne, other fake foods can contain deadly ingredients – such as anti-freeze, cleaning products and nail polish remover in counterfeit alcohol. Additionally, unregulated counterfeit producers also increase the risk of food-borne illnesses reaching consumers.

Where do counterfeit items come from?

The NETNAMES report points out that with the globalization of food manufacturing and more complex supply chains that depend on millions of producers, food and drink fraud has evolved into a universal challenge involving almost every region of the world from Albania to Zimbabwe. While food and drink counterfeiting often has more to do with substituting cheaper ingredients or faking brand labels, origin fraud is also used. This includes activities such as renaming South American beef as European, Chinese wine as French, and American olive oil as Italian – all of which can hugely increase the prices commanded. Comparing food traceability regulations in 20 nations, all 13 European countries assessed were judged to have superior visibility into their supply chains, China’s was poor and the six deemed average included the US.⁹

In addition, with much food and drink fraud concerned with infiltrating legitimate business-to-business supply chains, the Internet has played a less direct role in facilitating counterfeit sales. However, with major grocers from Walmart to Tesco now heavily promoting online shopping, consumers are becoming increasingly used to making purchases via the Internet - around 11% of UK shoppers now do their weekly shop online.¹⁰

The global counterfeiting boom poses many risks, from endangering consumer safety and diverting funds to organized crime, to harming industry innovation and eroding customer trust.

Food traceability is high ranking on the agenda of the IFIA Food Committee, this is why the Committee has launched an annual survey on *Food Fraud & Traceability*: http://www.ifia-federation.org/content/wp-content/uploads/IFIA_Food_Committee_Survey_2015_.pdf

Sources:

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- <https://www.europol.europa.eu/newsroom/news/largest-ever-seizures-of-fake-food-and-drink-in-interpol-europol-operation>
- <http://fortune.com/2016/04/08/counterfeit-fake-food-interpol/>

Should you have any comments or questions do not hesitate to contact the EUROLAB General Secretariat at laura.martin@eurolab.org

⁸ Deloitte, The food value chain A challenge for the next century, 2013: https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Consumer-Business/dtl_cb_Food%20Value%20Chain_Global%20POV.pdf

⁹ Food Processing, Examining the Global Supply Chain, 2015: <http://www.foodprocessing.com/articles/2015/examining-the-global-supplychain/>

¹⁰ IDG, Pushing Online Shopping Growth Further, 2015: <http://www.igd.com/Research/Shopper-Insight/Pushing-online-shopping-growthfurther/>