

Quality from China!

a contradiction in terms?

Non-Food and Food from China - a rich history of product failures

- History
 - NonFood
 - Food
- Recent experience
- Who is to blame and what is needed

Nonfood and Food from China - a rich history of product failures

- Newspapers since over 30 years were and still are abundant with articles about faulty products from China: textiles, toys, consumer goods, kitchen utensils, foods of all kinds
- The bad reputation of Chinese goods has reached legendary character!
- What can/must/has been done to improve this situation? - and by whom?

Nonfood and Food from China - the political reactions in the last years

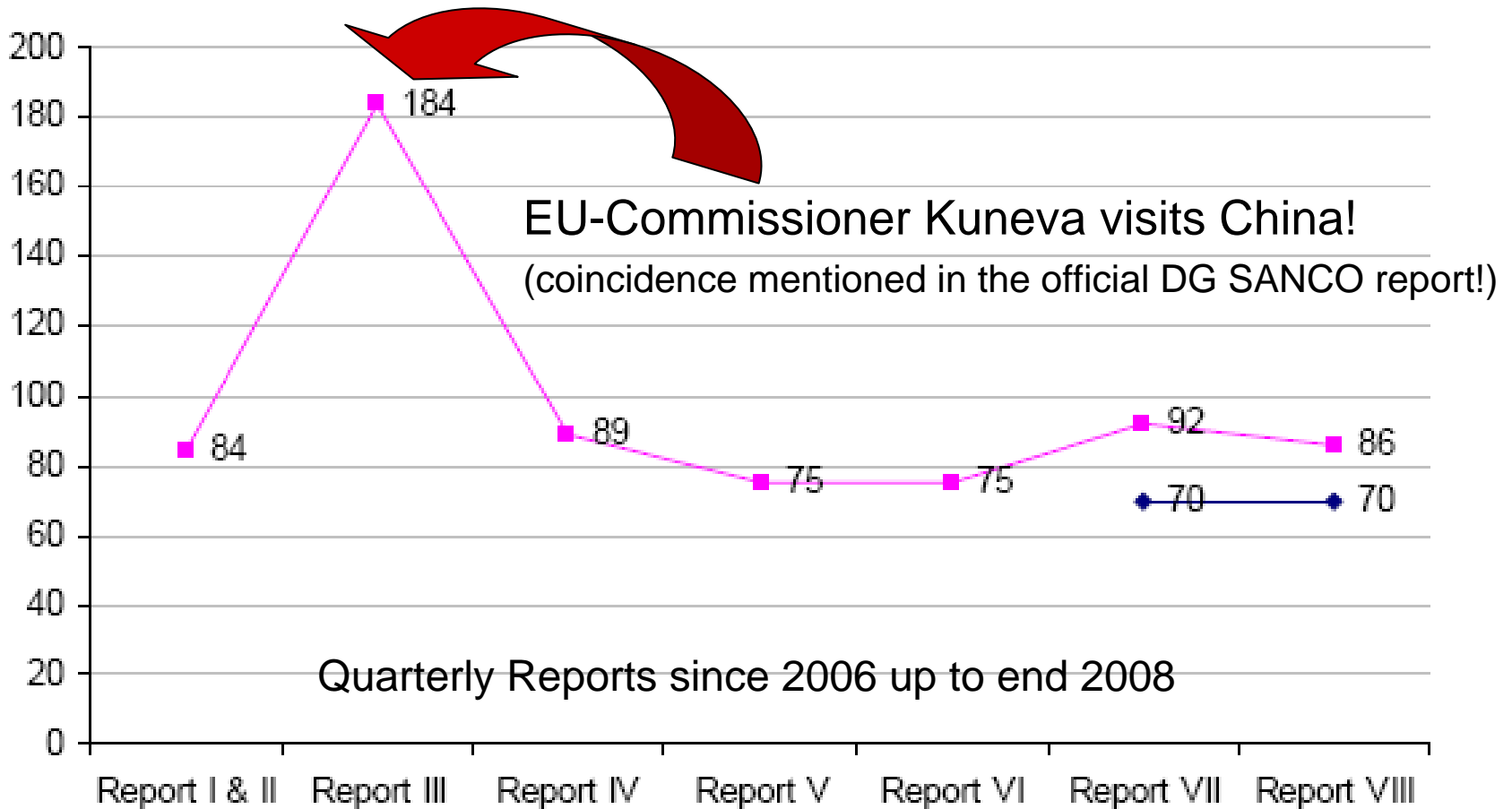
- **Regulatory agencies** in Europe and China have strengthened the **systematic requirements**
- **Political agreements** on mutual efforts have been achieved
- **Enforcement agencies** in Europe and China have increased **control efforts**

→ **A systematic (also systemic?) approach**

Actions taken by the EU and China: Nonfood

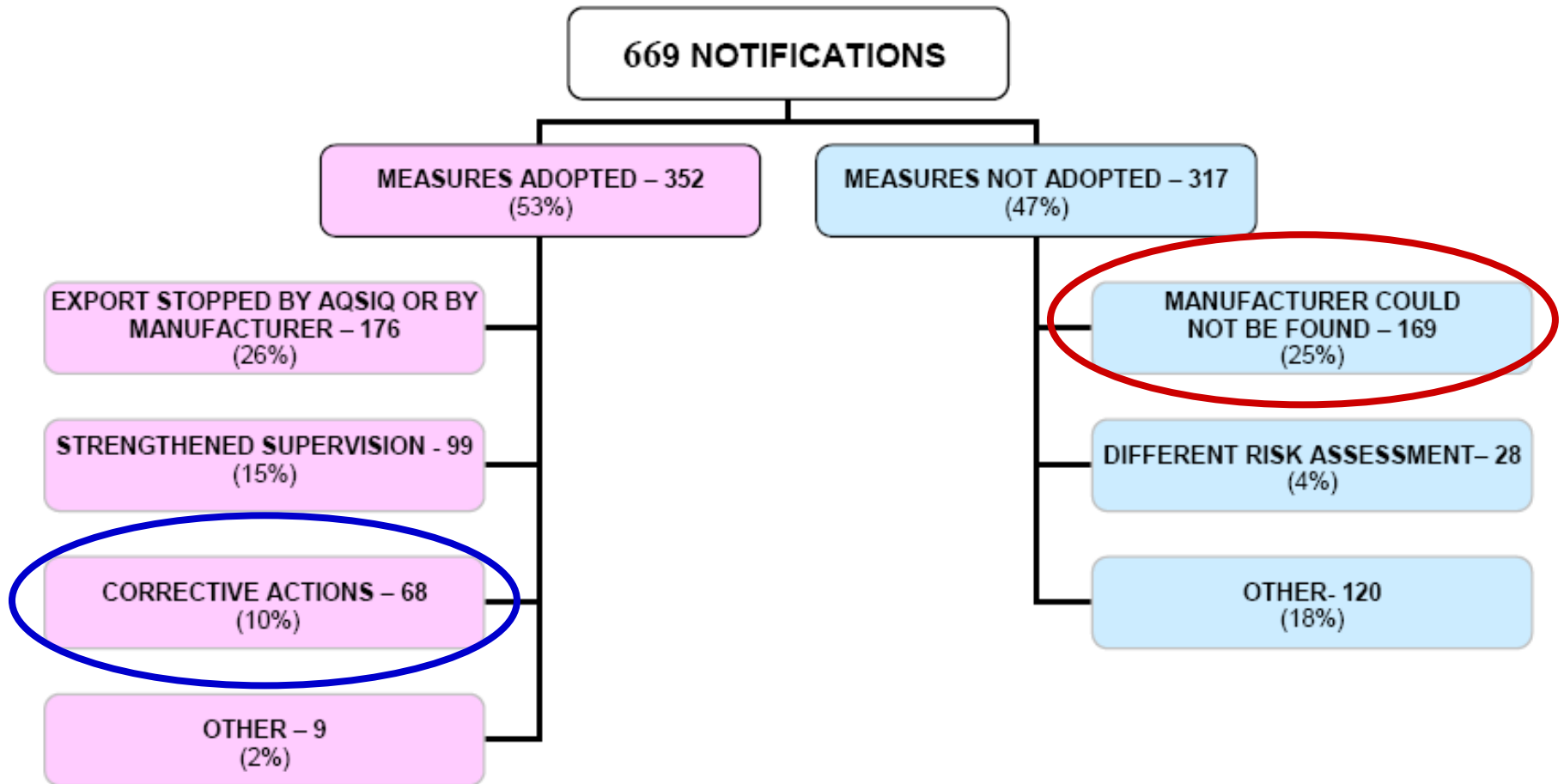
- The "RAPEX-CHINA" system: Memorandum of Understanding signed in 2004 between DG SANCO and the General Administration of Quality Supervision, Inspection and Quarantine of China (AQSIQ) is the "RAPEX-CHINA" system. The "RAPEX-CHINA" on-line system exists for regular and rapid transmission of data between the EU and China product safety administration.
- AQSIQ – *General Administration of Quality Supervision, Inspection and Quarantine* is responsible for market surveillance activities taken in relation to consumer products.
- AQSIQ investigates all the notifications it receives
- AQSIQ provides the Commission with a detailed report on the results of the investigations

Notifications investigated by AQSIQ



(86 notifications: Investigations started in the period of reference; 70 notifications: Investigations started and completed in the period of reference)

Actions taken by AQSIQ (total figures)



Analyses show that the identification of the Chinese companies responsible for the manufacturing and/or exporting of dangerous products still remains the biggest challenge for AQSIQ in carrying out follow-up activities...

Improvements?!

RAPEX week 21 (18 - 23 May 2009, published 5 June):

- 16 Nonfood items noted.
- All in contradiction/conflict with defined legal requirements; some severe (mortal danger).
- And the latest: Mattel gets \$2.3 mln fine for lead-tainted toys (Fri Jun 5, 2009)
- **NOT very encouraging!**

Food from China - just as bad as Nonfood?

RASFF 2007, Country report: China

The number of RASFF notifications on Chinese products has increased significantly over the years and the share of Chinese products in the RASFF notifications has never been as high as in 2007. **As many as 12% of the total of notifications received in 2007 concern products of Chinese origin** (355, not including products originating from Hong Kong [50]).

The Chinese food industry

(Global Agric. Info. Network report 2008)

- In 2007, China exported food for \$32.3 billion
- Growth rate in the food processing sector has averaged almost 30% from 2003 to 2007
- It is believed that China has up to 500'000 food processing firms, if small processors are included

Food from China - cases from the recent past

- animal drug residues in chicken, shrimps, fish, honey
- Sudan red (chili pepper)
- pesticides on fruits, tea
- melamine in dairy products
- glass pieces in fruit, mushroom and vegetable preserves
- heavy metal contamination
- mycotoxins
- migrants from food contact materials (can lacquers, packaging films, kitchen utensils, ...)
- unauthorized GMOs

WHY?

- There are fundamental differences in the reasons for food incidents:
 - **Negligence, sloppiness**
 - Glass in food
 - **Ignorance and incompetence**
 - Animal drug and pesticide residues, contamination
 - **Criminal energy**
 - Sudan Red, melamine

**Overarching reason:
no proper food safety management!**

... and another reason:

- "Bad food from China" tends to get more attention than from any other source, because a Chinese official state agency (CIQ) gives a guarantee of compliance for every export shipment. **The state therefore assumes responsibility - and the state therefore gets the punishment!**
- in the Western world, the individual has to take responsibility - **the state is not held liable for the misdeeds of its citizens!**
- **This is a fundamental difference in the approach to trading practices. It will not change in the foreseeable future.**

Efforts of the traders towards improvement

- CIES, the Food Business Forum, launched the **Global Food Safety Initiative (GFSI)** in May 2000
- This resulted in a series of food safety standards (e.g. **BRC, IFS**), owned by retailer's associations
- Most retailers request all their suppliers to be certified by accredited certification bodies
- **Implementation in China started in 2003**
- **There has been a notable improvement in the systematic approach to food safety management in over 100 food-exporting Chinese factories**

Food Safety Standards: mission accomplished?

- RAFFS reports in week 22 (25 - 30 May 2009):
 - migration of substances from kitchenware (5 items)
 - insects in tea
 - expired health-certificates
 - GMO rice
 - benzo-a-pyrene in oil
 - off-flavour in kidney-beans
 - aflatoxins in peanuts
 - irradiated noodle soup (dry)

NO WAY!!!

Food Safety Standards: an important step forward, but

- Food safety management is **not only an effort of the processor**
- Food safety management: from farm to fork - from stable to table!
- **The buyers play a central role in this chain**
- Relying on the certificate alone is not good enough
- **The buyers need training in food safety as well as the processors!**

Buyers' priorities are different

- **Price first: the easiest choice!**
 - a supplier can always be found if you don't ask too many questions
- **Consumer quality appeal first: the most expensive choice!**
 - high quality suppliers have their price, but need intensive training, coaching and controlling
- **Defined quality level first: the sustainable choice!**
 - hard negotiations to insist on implementation of food safety standards
 - sourcing may be difficult and time-consuming
 - implementing q.c. creates additional costs

The Chinese food industry

(Global Agric. Info. Network report 2008)

- For a buyer, there is a lot - too much? - to choose from!
- There are over 16'000 food factories in China with an annual turnover > 600'000 US\$ (5 Mio. RMB)
- Many big international food players have built factories in China, including Coca Cola, Pepsi, Danone, Cadbury, Cargill, Hormell, Purdue, Nestle, Kraft, etc.
- Temptation to buy quick and cheap!
- **BUT: "Despite 30 years of development, China's food processing industry is still immature" (GAIN report)**

China is concerned and has again tightened food safety laws

- May 12, 2009, Xinhua: China's food export back to growth in March; however...
- The country's **food export had been falling** since October 2008, affected by the global financial crisis and the **baby milk scandal** that left six infants dead and almost 300,000 ill, ...
- **The situation improved as governmental and industry efforts to strengthen food safety supervision...**
- **However**, the shadow of the global economic downturn and **concerns over food safety could still be felt**, reflected in the year-on-year drop of the food exported such as vegetable and fruit juice, canned mushrooms, meat products and live poultry, according to the administration.

Quality form China: Yes, if...

- ... a buyer gives **quality assurance** and control a high priority
- ... a buyer has agricultural and technological **knowledge of the food chain**
- ... a buyer is prepared to develop a **relationship of trust and fairness** with the supplier
- ... a buyer listens to specialists who are experienced in **audits, inspections and controls** in China

Quality from China!

YES, but not by coincidence.