



## The smuggling of carcass meal

**The foodwatch report on the illegal export of meat-and-bone meal, unmonitored animal by-products and the complicity of the authorities responsible.**

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## Introduction

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Waste is generated at every stage in the production, processing and marketing of animal products. During the slaughtering of an animal, one-third of its carcass is already considered waste.<sup>1</sup>

### **14 million tonnes of waste are unmonitored**

Animal products destined for human consumption are subject to food laws and regulations which set standards for safety and hygiene, refrigeration, declaration, self-checking and government control. The strict retraceability of animal food products has been mandated by law throughout the European Union since 2005.

Every year some 14 million tonnes of animal waste are bought and sold in the European Union, either as unprocessed raw material or as meat-and-bone meal. The exact amount of animal waste produced is not documented. The authorities are hardly interested in what happens to these products.

Once an animal product does not meet, or no longer meets, government regulations, it becomes waste and must be excluded from the human food chain. The principle applies that once a product is declared waste, it must remain waste.

In theory, animal waste products were supposed to be classified simply as waste until July 2007 according to the 1993 EEC Waste Shipments Regulation.<sup>2</sup> But in practice, these waste products have long been dealt with in accordance with European Union Regulation 1774/2002, which does not define these products as waste, but exclusively as animal by-products. Provided there is no threat that these materials might spread epidemics or BSE ('mad cow' disease), Category 3 animal by-products<sup>3</sup> are classified as economic goods.

How much Category 3 waste is actually produced in the European Union and in Germany every year is not documented. This is because government regulations on waste management that apply to many other consumer goods do not apply to Category 3 materials and the meat industry. There is no obligation to supply authorities with relevant documentation on transportation or proper waste management.

It is estimated that every year, throughout Europe, some 14 million tonnes of Category 3 animal by-products are bought and sold, either as unprocessed raw material or as carcass (also called meat-and-bone) meal.<sup>4</sup>

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<sup>1</sup> For better readability, footnotes and references have been kept to a minimum in this executive summary. For complete information on sources, please refer to the comprehensive research document, "Die Tiermehl-Schmuggler. Die Recherche" [The smuggling of carcass meal. The research], posted as a PDF in German only at [www.foodwatch.de](http://www.foodwatch.de).

<sup>2</sup> A new EU waste shipments regulation will come into force on 12 July 2007, which will expressly not apply to animal by-products.

<sup>3</sup> For a definition of Category 3, please refer to section 3.1 Classification of raw material and animal meal in risk groups.

<sup>4</sup> Dr. Werner Schnappauf, minister of consumer affairs in Bavaria, addressed this commentary on 20 October 2005 to Jürgen Trittin, then Germany's minister for the environment. foodwatch has a copy of the letter.

## **What happened to 124,000 tonnes of Category 3 meat-and-bone meal?**

In its 2004 report “Everything – except control”,<sup>5</sup> foodwatch reported on the partially unregulated commerce in slaughterhouse waste processed into meat-and-bone meal in Germany and the European Union after the BSE crisis; some of this material is still unaccounted for.

In October of 2004, in response to allegations made by foodwatch regarding the unexplained whereabouts of 124,000 tonnes of carcass meal that were unaccounted for in 2003, a speaker at Germany's ministry for food, agriculture and consumer protection declared:

*“Absolutely nothing is missing. foodwatch has compiled irrelevant data.”<sup>6</sup>*

New research proves that foodwatch did not make erroneous allegations. In 2001, in the wake of the outbreak of the BSE crisis, a general ban on the use of meat-and-bone meal as feed for productive livestock was introduced following a great deal of debate. Nevertheless there is reason to believe that meat-and-bone meal could have re-entered the food chain. First, the supply to farmers of this type of meal as fertiliser increased, without its use being subject to any regulatory controls. Second, no one was able to give a plausible account of the whereabouts of 124,000 tonnes of Category 3 meat-and-bone meal reported to Germany's Statistical Office.

The German agricultural ministry offered a simple explanation: the meat-and-bone meal had simply been sold as fertiliser and pet food, and the rest had been incinerated and utilised for heating. But these statements were not substantiated in any way. They also blatantly contradicted the fact that, according to the Statistical Office, the 'missing' material had been traded at too high a price to make it economically worthwhile to incinerate it or use it as fertiliser.

## **Current foodwatch findings**

Since publishing its report “Everything – except control”, foodwatch has continued to pursue the whereabouts of meat-and-bone meal and slaughterhouse waste. Research was done using information acquired from federal and state statistical offices, the federal, state, and rural district authorities responsible, the European Union Commission as well as trade associations and businesses. Traces of these materials were found throughout Europe and all the way to Asia and the legal framework was analysed by consulting a legal expert.

This research proves that there have been some blatant lapses on the part of legislators and monitoring authorities, as well as massive illegal exports of meat-and-bone meal by well-known businesses in the meat industry.

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<sup>5</sup> A PDF of “Alles – außer Kontrolle. Sicherheitslücken der Tiermehl-Verwertung in Zeiten von BSE” [Everything – out of control. Safety gaps in the use of animal meal in times of the BSE crisis] (October 2004) is available in German only at [www.foodwatch.de](http://www.foodwatch.de).

<sup>6</sup> See the *Hamburger Abendblatt* of 22 October 2004: “Verfüttern Bauern illegal Tiermehl?” [Are farmers feeding their animals illegal fodder?], p. 2.

# 1 Summary

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The outbreak of BSE ('mad cow' disease) led to EU-wide legislation regarding the handling of slaughterhouse waste, intended to protect consumers. foodwatch research shows that this legislation is widely ignored and that serious legal loopholes exist.

Animal by-products classified in the BSE-risk category (Category 3), whether raw waste material or processed into meal, are only allowed to be used as feed for pets, fur animals, and animals in zoos, or as fertiliser. By no means may they be introduced to the human food chain as feed for productive livestock or as an ingredient in foods.

## **Exports of carcass meal**

Exports to non-EU countries of Category 3 materials that have been processed into meat-and-bone meal are only permitted if the material does not stem from ruminant animals, and only when a bilateral agreement with the recipient country exists which regulates the declared purpose of the meal. Such agreements between Germany and other countries are currently in place only with Israel and Thailand (February 2007). Nevertheless, there is evidence that material is sent to many countries without bilateral agreements, making these exports illegal.

Exports have been documented not only to countries where bilateral agreements do not exist, but even to countries where importing such materials is expressly banned, for example Vietnam. foodwatch research proves that in Vietnam, Category 3 materials are also used to feed productive livestock, thus entering the human food chain. This is possible because the European Union regulation requiring Category 3 meat-and-bone meal to be marked or made inedible for livestock, by use of dyes or smells, is not enforced in Germany.

## **Exports of raw material**

Exports of Category 3 raw material are not documented by authorities and their use is not monitored in the recipient country. Therefore, the processing of these materials into foods and their re-import to Germany cannot be ruled out by any means. In this way, dog food can be turned into sausage or ground meat.

## **Lucrative business practices – beyond the law's reach**

Trade in animal by-products is extremely profitable. According to Germany's Statistical Office, Category 3 meat-and-bone meal was sold in 2005 at an average price of 160 EUR per tonne. This price virtually eliminates its exclusive use as fertiliser or pet food.

The players in this market are leading businesses in the German and European food industry. foodwatch research has revealed that the PHW group (Wiesenhof) and Europe's largest meat group, Vion, exported processed Category 3 material to non-EU countries. Even though the mandatory bilateral agreements between Germany and recipient countries did not exist, these businesses maintain that they met government requirements.

Many local authorities, particularly in Lower Saxony, cover up these questionable practices and issue legal permits for exports.

## 2 foodwatch calls for change

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Regulations for disposing and using Category 3 materials (meat-and-bone meal and raw materials) must conform to the principles of European waste management legislation, which holds producers responsible not only for the manufacturing of their products, but also for the disposal and recycling of these products when they become waste.

This must be enforced by providing complete documentation and by monitoring all stages of disposal and recycling/use.

This includes:

- The obligation to appoint a personally liable individual who must take out insurance coverage.
- Proof of expertise and technical qualifications as well as the verification of the reliability of all agents, dealers, processors, waste managers, and exporters.
- Strict inspection procedures and complete documentation using data sheets, and recycling and disposal records, which must be signed by everyone involved, as well as identifying and physically marking all units of the material in question.
- A ban on exports to non-OECD countries and overseas territories, and restrictions on trade within the EU.

The EU Commission's proposal for modifying Regulation 1774/2002 does not suffice to guarantee animal by-products will be safely handled by the food industry in future.

### **Within the scope of its EU Presidency, the German government must see to the following:**

- All meat-and-bone meal exports and all Category 3 raw material exports to non-EU countries must be stopped until effective regulations are in force.
- In future, legislation should allow exports only to third countries that are OECD countries, as is already the case with hazardous waste.
- Analogous to waste management legislation, producers in the meat industry must assume full responsibility for properly disposing of and recycling/using all animal by-products.

### **The following must apply to carcass meal:**

- This material must be rendered inedible by marking it with smell, or it must be dyed to make it identifiable.
- Records of proper waste and recycling management, as prescribed for material in Categories 1 and 2, must be mandatory.

### **The following must apply to raw materials:**

1. To prevent animal by-products from being sneaked into the production of foods,
2. it must be brightly dyed with food colouring, and
3. records of proper waste and recycling management, as prescribed for material in Categories 1 and 2, must be mandatory.

### 3 The European Union's legal framework – a patched-up job

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In reaction to the 'mad cow' disease crisis, there has been a ban within the European Union (EU) since 01 January 2001 on feeding carcass meal, and generally all protein derived from mammals, to productive livestock. This ban also includes the export of these by-products to third countries. But there are exceptions. According to EU Regulation 1774/2002 on "laying down health rules concerning animal by-products not intended for human consumption", which came into force on 01 May 2003, all animal waste (carcass meal and unprocessed raw material) is divided into three categories.

#### 3.1 Classification of raw material and animal meal in risk groups

**Category 1 material** stems from animals that have fallen, so to speak, from sicknesses, accidents or contagious diseases (swine fever, BSE, and so forth). This is some 13 to 15 percent of all farm animal stocks. This category also includes spoiled slaughter by-products, specified BSE-risk material such as brains, spinal cords, and eyes from cattle, sheep and goats that are more than 12 months old. Waste in this category must be incinerated or buried in line with certain requirements.

**Category 2 material** consists of digestive tract content from slaughtered animals; it is also from animals that have been killed as a precautionary measure to prevent the spread of contagious animal diseases. Although it can't be used as fodder in any case, it can be used as fertiliser.

**Category 3 material** consists of edible and inedible slaughter by-products such as horns, hoofs, hides and skins, offal, udders and bones with attached muscle fibre. Whether raw material or carcass meal, this material can in no case be used in food production.

#### 3.2 Ban on feeding Category 3 material to productive livestock

Using any of these slaughter by-products, including Category 3 material, to feed farm animals (animals used to provide food) is banned in the EU. This is so because risk material in Categories 1 and 2 in the past illegally became fodder again and again. Inspections are so insufficient that it is both safe and lucrative for producers with criminal intent to continue this practice since it is extremely difficult to analytically differentiate between various risk categories once materials have become meat-and-bone meal. More than one million tonnes of meal are produced in Germany every year.

At first glance, EU Regulation 1774/2002 clearly dictates how raw material should be treated. Carcasses and slaughter by-products are to be:

*"..collected, transported and identified without undue delay...and ...directly disposed of as waste by incineration."*<sup>7</sup>

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<sup>7</sup> See Regulation (EC) No 1774/2002 of the European Union and of the Council of 3 October 2002 laying down health rules concerning animal by-products not intended for human consumption, Articles 4, 5, 6 (2)a).

### 3.3 Risk – the use of carcass meal as fertiliser

But the EU regulation also allows animal meal in Categories 2 and 3 to be used as fertiliser. This widely opens the door to fraud, which the Bavarian state ministry for environment, health and consumer protection admitted to when, on 24 January 2005, it answered a parliamentary question posed by the Green Party's parliamentary group:

*“The use of meat and bone meal as fertiliser creates a problematic gap in combating BSE. First of all, animal meal is returned to agriculture in this way. In this situation, it is very difficult to control the abuse of this material as fodder as long as there are no regulations for identifying it. (...) Another difficulty is that later analysis to determine which category the animal meal belongs to is as ineffective as trying to differentiate between animal species. For this reason, the government of the State of Bavaria has repeatedly called for a ban on using animal meal as a fertiliser.”*

### 3.4 Risk – the requirement to mark material with smell is not enforced

Category 3 meat-and-bone meal can be fed to animals that do not play a role in food production, such as dogs, cats, fur animals and animals in zoos. Directly contradictory is the requirement that this material should be "marked with smell" since dogs, cats and minks wouldn't eat animal meal marked in this way. Although the regulation has been in force for four years, animal meal in Germany generally remains unmarked – an open invitation to fraud.

EU Regulation 1774/2002 says Category 3 material should be:

*“...processed in a processing plant..., in which case the resulting material shall be permanently marked, where technically possible, with smell...”<sup>8</sup>*

### 3.5 Risk – exports to non-EU countries

According to Article 20 of EU Regulation 1774/2002, there are practically no limitations on exporting Category 3 **raw material** to third countries as raw or processed pet food. The only requirements are that it is labelled as "exclusively for pets" and is in leak-proof packaging. Its use in recipient countries is not subject to EU legislation.

**Animal meal** derived from Category 3 raw material can only be exported to third countries when the recipient country has signed a bilateral agreement with the exporting country (see Section 4).

### 3.6 The EU Commission's proposal for modification is insufficient

The obvious regulatory deficit in the currently valid EU Regulation 1774/2002 has induced the EU Commission to submit a proposal for modification in the form of a working document (26 September 2006).<sup>9</sup>

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<sup>8</sup> Ibid., Articles 4, 5, 6 (2)b).

<sup>9</sup> Expert opinion of Dr. Michele John, commissioned by foodwatch (unpublished manuscript dated 9 February 2007), and the EU Commission's working document (29 September 2006) proposing the modification of EU Regulation 1774/2002.

The reasons behind the proposal are:

- The Commission's investigations have revealed that more stringent regulations are needed, especially on the retraceability of animal by-products introduced anywhere in the whole chain of trade.
- The regulation should conform to other waste management legislation.
- The principles anchored in EU Regulation 178/2002 to prevent cross-contamination between food and animal by-products should be enforced.

The proposal intends to make sure manufacturers and traders will uphold a modified regulation as far as the handling of animal by-products is concerned. But it does not ban exporting Category 3 material to non-EU countries nor does it lay down stringent requirements for exporters.

In its present form, the proposal does not see to bringing the regulation into line with other waste management legislation. In particular, it does not see to setting up a uniform standard of controls in waste legislation and hygiene legislation for transporting Category 3 material.

The current proposal for modification, submitted by the European lawmaker for handling animal by-products, will not improve safety for European consumers.

## **4 A ban on exporting carcass meal – in theory and in practice**

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Within the EU, trade in animal meal processed from Category 3 material is unrestricted as long as the meal is incinerated, used as fertiliser, or processed into pet food in the recipient country.

Exports to non-EU countries of meat-and-bone meal from non-ruminant animal material is allowed provided a bilateral agreement between the exporting and importing countries has been signed. Germany currently (February 2007) has such agreements only with Thailand and Israel. These were signed in 2006.

According to EU regulations, such agreements must include an explicit declaration of consent on the part of the importing country, define the restrictions of use, and preclude exports to third countries. These agreements must be reported to the EU Commission and to other Member States.

In contrast, meat-and-bone meal from cattle and other ruminant animals is subject to a complete ban on exports to third countries.

### **4.1 Illegal carcass meal exports from Germany – official statistics**

Since Germany did not make such agreements with any third country in 2004 and 2005, there shouldn't have been any exports of processed Category 3 material from Germany to non-EU countries at that time. The ban went into force on 01 September 2003. Nevertheless, foreign trade statistics collected by the German Statistical Office for 2004 show that 34,113.3

tonnes of animal meal and pellets of inedible meat (commodity group 2301 10 00) were exported to non-EU countries that year; the figure for 2005 was 31,540.5 tonnes.

In response to a foodwatch enquiry on 11 January 2007, an employee at the Statistical Office, responsible for the classification of goods, confirmed that this commodity group refers to processed Category 3 raw material. Statisticians do not record Category 3 raw materials separately, but include them in the widely diverse commodity group 0511 99 90 (other commodities of animal origin, inedible).

At foodwatch's request, the Statistical Office reviewed Germany's export statistics for 2005 to rule out any mistakes that might have been made in declaring or classifying the goods. The office stated there was no reason to believe such mistakes had occurred. The businesses concerned had provided the relevant customs tariff number for all reported exports. Additionally, exports to non-EU countries had always been subject to preliminary inspection by customs officers.

The illegal carcass meal trade is therefore obviously endorsed by the authorities. Exports recorded by statisticians might just be the tip of the iceberg, as foodwatch investigations in Lower Saxony have revealed.

#### **4.2 Illegal carcass meal exports from Germany – ministries and authorities stand by and watch**

Several foodwatch enquiries at the German ministry for food, agriculture and consumer protection in 2006 disclosed that leading officials in positions of responsibility had known for years about the illegal trade with carcass meal.

A statement issued by Department 324 of the German ministry for food, agriculture and consumer protection says that not until 2006 were agreements reached regarding the export of Category 3 carcass meal, and then only with two states, Israel and Thailand.

Dr. Dietmar Jentsch, governmental director and author of the statement, wrote:

*“Agreements other than the two mentioned are unknown to me.”*

However, export statistics from the Statistical Office show that animal meal was exported to a total of 23 non-EU countries in 2005, including countries where importing such materials is explicitly banned, such as Indonesia and Vietnam.

Illegal exports continued in 2006: 42,567 tonnes were exported to non-EU countries between January and November, and of these, 186 tonnes were legally exported to Israel, and 18,649 tonnes to Thailand, thanks to the new bilateral agreements.

#### **Bans on imports are simply ignored**

The total amount of illegal exports to Vietnam in 2005 amounted to 4,988 tonnes, and in the 11 months from January to November of 2006, it was even more, amounting to 5,269 tonnes of carcass meal exported to Vietnam as 'dog food'.

A total of 1,797 tonnes were sold to Indonesia in 2005 in spite of its ban on such imports; in the first 11 months of 2006 this figure reached 1,280 tonnes.

## 5 The example of Vietnam

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One of the largest exporters of Category 3 material to Vietnam is the Beckmann Produktions company, headquartered in Beckeln in the German state of Lower Saxony.

According to information from the Oldenburg rural district office,<sup>10</sup> the Beckmann Produktions company in 2005 delivered around 2,526 tonnes of Category 3 meat-and-bone meal, officially designated as pet food, in spite of Vietnam's express ban on such imports.

However, local research has revealed that the Vietnamese recipients of these products, among them Asia Nutrition Technologies Co. Ltd. and Rural Technology Development Joint Stock Co, are manufacturers of feed for productive livestock.

In the meantime, Vietnamese customs authorities have begun investigating the illegal import of animal meal and have also requested foodwatch to pass on any information it obtains.

## 6 Stronghold Lower Saxony

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Lower Saxony is a stronghold for manufacturing and marketing Category 3 material.

In 2005, the Lower Saxony state office for statistics registered the production of 163,771 tonnes in its state. The figure for production in all of Germany was 259,163 tonnes, which meant that Lower Saxony cornered 63 percent of the market. The statistics office reported that more than 59,000 tonnes of Category 3 animal meal were officially exported from Lower Saxony in 2005.

foodwatch has taken a closer look at several of the businesses in Lower Saxony active in this market.

### 6.1 SNP – Vion's landfill

The SNP group is a good example of the entanglement of the food industry with the animal waste industry.

SNP operates its own carcass disposal plants in Lower Saxony and Schleswig-Holstein. These facilities deal with inedible slaughter by-products and also with material at risk for BSE contagion.

SNP belongs to the Dutch meat group Vion Food Group, which now controls a considerable share of the German meat market after managing some spectacular business takeovers (Moksel, Dumeco, Norddeutsche Fleischzentrale, Hendrix Meat Group, Südfleisch Holding, among others). The SNP Handels- und Beteiligungsgesellschaft subsidiary, headquartered in Belm-Icker, operates four carcass disposal plants in Belm-Icker (Osnabrück rural district), Lingen (Emsland), Rotenburg and Jagel (both in Schleswig-Holstein), as well as three intermediate handling operations in Lower Saxony, and a blood processing and utilisation

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<sup>10</sup> In a telefax dated 26 February 2007, the Oldenburg rural district office confirmed to Beckmann that it “is not a producer of processed animal protein”. On the same day, the Oldenburg rural district office also expressed its opinion that “for us, the Beckmann company [is] responsible because it stores/repacks Category 3 material, and exports leave from Oldenburg rural district (as the last place within the EU/Member State).”

plant in Hamminkeln in North Rhine/Westphalia.

The Emsland rural district authority provided information revealing that in 2005 more than 12,000 tonnes of Category 3 animal meal were exported to non-EU countries from Emsland alone. This was five times more than in the previous year. Exports were traded without the bilateral agreements required by law.

foodwatch believes the rural district's monitoring authority illegally granted permission to SNP for exporting material declared as pet food.

According to information from Dr. Heinrich Lübbers, head of the veterinary office in Vechta rural district, SNP in 2005 exported from Vechta, where it has an intermediate handling operation, 1,420 tonnes of Category 3 material as feed to Belarus and Russia, both non-EU countries. Here too trading occurred without the legally required bilateral agreements.

SNP replied to foodwatch's enquiry and confirmed that it had exported Category 3 animal meal to non-EU countries, although these transactions required bilateral agreements.

## **6.2 GePro – Wiesenhof's dustbin**

Another business that processes animal by-products is GePro in Diepholz, which belongs to a leading food group. It is a fully-owned subsidiary of the PHW group (their best-known brand is Wiesenhof), whose turnover in the 2004/2005 business year reached 1.26 billion EUR, making PHW the largest German business in the poultry industry by far.

GePro's own advertising claims that it trades Category 3 material as feed for aquafarming. It has maintained a sales office in Thailand since the end of 2005. A bilateral agreement between Germany and Thailand allowing legal exports went into force on 23 May 2006.

One of Thailand's most important branches of industry is commercial farming in poultry, fish and shrimp. GePro's website alludes specifically to fish feed. foodwatch has a written statement from the European Union which states that feeding Category 3 animal feed to fish is banned.

According to information from GePro and foodwatch's own estimates, GePro supplied at least 3,800 tonnes of animal meal to non-EU countries in 2005. foodwatch researchers found out from customs authorities in Vietnam that these supplies had been sent to that country as well.

GePro replied to foodwatch's enquiry and confirmed that it had exported Category 3 animal meal to non-EU countries. Although these exports called for bilateral agreements, GePro insisted it had met all legal requirements.

## **6.3 Badenhop Fleischwerke – optimal creation of value**

The Günter Badenhop Fleischwerke company is well-positioned for adding value to its products. It is licensed for meat-carving and meat-processing as well as for the intermediate handling of Category 3 material. Badenhop sells Category 3 raw material, and its business is booming. According to the Verden rural district authorities, 69,890 tonnes were sold abroad in 2005 for processing into pet food. (In 2004, this figure was 49,520 tonnes.) The figure for 2005 included some 10,200 tonnes sold to Russia and nearly 700 tonnes to Ukraine.

## **7 Limited inspection rights and ridiculous fines**

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In Germany, the Animal By-Products Disposal Act regulates the handling of carcasses and slaughter by-products in Categories 1 to 3.

### **7.1 On-site inspection**

Legislation dictates that on-site inspections are the responsibility of rural district and city administrations. Comprehensive inspection rights extend to all businesses dealing with slaughter by-products, in other words, operations that process and store material, and produce pet food, as well as biogas and composting plants. All businesses must have special permits and are obliged to document their handling of animal by-products.

However, the disposal act dictates that inspections at times outside of regular business and operating hours can be done only when "considerable and urgent moments of suspicion" arise. Added to that, violations of the law are merely treated as irregularities. The authorities responsible can levy fines of up to 20,000 EUR, in special cases up to 50,000 EUR.

### **7.2 Dog food becomes hamburger meat**

It is rare that those responsible must account for their activities. The situation at a slaughter and processing plant in Bad Buchau came to light in March 2006. Food inspectors late in 2005 had already discovered pieces of bone and cartilage in the plant's salami product.

foodwatch research revealed that the Josi Fleisch company had re-imported Category 3 raw material originally exported as dog food, processed the material into ground meat and sold it to Romanian buyers, among others. In the meantime, charges against the owner and manager of the company have been filed at the Biberach district court.

## **8 Ready helpers in the animal by-products business**

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The experience foodwatch researchers had in some rural districts of Lower Saxony makes it easy to conclude that the veterinary offices responsible either ignore existing bans on exports or even consciously help local animal meal dealers to hush up questionable exports.

### **8.1 EU regulations are ignored – Diepholz rural district**

The veterinary office in Diepholz rural district, where GePro is headquartered, responded to an enquiry from foodwatch from 20 April 2006 only after Wolfram von Lessen, the chief district councillor, was notified by foodwatch of the query. Initially, Dr. Nicolin Niebuhr, head veterinarian, refused to provide any information on carcass meal transports and exports, in spite of the existence of a clear legal basis (environmental information law) for doing so. Even after the district council had instructed her to comply, she was not very communicative.

She wrote:

*"Unfortunately, I can't specifically answer the question on Category 3 exports to non-EU countries because my office doesn't have enough information on recipient countries and on the amount exported in 2004 and 2005."*

Her reason:

*"As already explained, there is no legal obligation to maintain statistics or to file reports."*

But this is not in line with the legal situation. The relevant EU regulation clearly says:

*"The Member States that allow such exports will report to the Commission and to the other Member States on all conditions and details agreed upon with the third country concerned in order to effectively enforce this regulation."*

## **8.2 Hot connection to animal meal profiteers – Emsland rural district**

SNP, among others, runs a carcass disposal plant in Emsland rural district, as well as a storage facility. Here too, the veterinary authorities responsible, headed by Dr. Haiko de Buhr, let a lot of time go by before responding to foodwatch's questions on the transportation and export of carcass meal. The reply contained a list of recipient countries. It said that all exports had been accepted as pet food. foodwatch requests for the names and addresses of recipients in Hungary, Thailand and Russia, made to investigate whether the exported animal meal had been used for the declared purpose, were ignored.

One letter from Dr. de Buhr said:

*"The parties concerned have in the meantime written to me that they can't agree to releasing the addresses of their trading partners abroad because this might incur considerable financial damage due to stiff competition in the market for Category 3 material."*

## **8.3 Obstruction, suppression, concealment**

Even in other rural districts, foodwatch researchers bumped up against minimal interest in cooperation. Information was often not provided until several months had passed and only after superior offices intervened, and it was often incomplete.

The only veterinary office that immediately provided foodwatch with the data requested on exports of carcass meal from its rural district in 2004 and 2005 was in the Oldenburg rural district, which is responsible for monitoring the Beckmann Produktions company. When asked, one employee gave foodwatch the addresses of the Vietnamese importers.

This is the way it should be. Nevertheless, even for this rural district it must be said that the authorities responsible, whether out of ignorance of the law or for other reasons, were not interested enough in the possibly criminal business practices of local businesses. If inspectors are not themselves inspected, if federal authorities don't fulfil their duties, and if lawmakers in the European Union and the Bundestag don't repair the loopholes in their regulations and legislation, animal by-products will continue to end up on tables and plates unnoticed.

And Category 3 carcass meal will still be exported to countries that are not supposed to receive it or that have expressly banned such imports – from Germany with love.

## An overview of the facts

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Some 14 million tonnes of animal by-products are traded in the European Union every year, either as **raw material** or as **carcass meal**. Where these wastes remain and how they are used is obviously out of control.

### Legal framework

All Category 3 animal by-products (raw material and carcass meal) can be fed only to pets, fur animals or animals in zoos. In no case may they reach the human food chain, whether as feed for productive livestock or as an ingredient in foods.

The following legal regulations are valid for exports to non-EU countries.

For material processed into **Category 3 carcass meal**:

Animal meal generated from ruminants cannot be exported.

- Animal meal from non-ruminants (processed animal protein) can be exported only if
  - a) the material is not fed to farm animals (productive livestock) but only to pets (dogs and cats), and
  - b) a bilateral agreement between countries exists which guarantees the recipient country will use the meal only for its declared purpose.
- Exports of non-ruminant carcass meal in Category 3 are illegal if there is no bilateral agreement between countries.

For **raw material** (animal by-products that have not been processed into meal):

- Category 3 raw material can be exported as pet food without a bilateral agreement.
- Processed pet food can be exported without a bilateral agreement and for the purpose of feeding pets.

### Buying and selling Category 3 animal meal

Buying and selling Category 3 animal meal is a **lucrative business** in Germany:

- According to the German Statistical Office, some 259,000 tonnes of Category 3 carcass meal were traded in 2005. Another 254,000 tonnes were traded from January to September 2006 alone, at an average price of about 160 EUR per tonne.
- The German trade association of processors of animal by-products stated that the following was sold in 2005:
  - a) 73,000 tonnes of Category 3 animal meal to the pet food industry, and
  - b) 217,000 tonnes of Category 3 animal meal as fertiliser to farmers (in 2003, this figure was 170,000 tonnes). In spite of currently valid EU legislation, animal meal fertiliser is still not marked with smell and could be fed by irresponsible farmers to productive livestock.

Altogether this adds up to 290,000 tonnes, which is about 30,000 tonnes more than the

figure given by the Statistical Office. Experts say this difference can be explained by the fact that most of the animal meal fertiliser is not traded but delivered at cost price.

### **Every year tens of thousands of tonnes of carcass meal are illegally exported to non-EU countries**

- Recipients of carcass meal include businesses in Russia, Belarus, Thailand, Indonesia, Bangladesh, Egypt and Vietnam.
- The four largest recipients in 2005 were Russia (8,900 tonnes), Thailand (6,200 tonnes), Vietnam (5,000 tonnes) and Bangladesh (3,200 tonnes).
- These exports are illegal because there are no bilateral agreements for them that guarantee the products will be used for their declared purpose as pet food in the recipient countries. Germany did not make such bilateral agreements with Israel and Thailand until 2006.
- There is evidence that thousands of tonnes of carcass meal have been used in Vietnam, for example, to feed productive livestock; this is banned by EU legislation.

### **foodwatch has found that major meat groups evade legal regulations and export carcass meal to non-EU countries. The authorities responsible simply let this happen.**

- SNP, one of the biggest dealers in carcass meal, belongs to Vion Food Group, Europe's largest meat group. Vion has taken over Moksel, Norddeutscher Fleischzentrale and Südfleisch, making it one of the largest businesses in the German meat market. Its subsidiary SNP processes animal carcasses (into Category 1 meal) and inedible animal by-products (into Category 3 meal) at several locations in Germany.
- Another major carcass meal exporter, GePro in Diepholz, is a fully-owned subsidiary of Germany's market leader in poultry meat, the PHW group (its best-known brand is Wiesenhof).
- The Beckmann Produktions company in Beckeln, is registered as a producer of fertilisers and feed.
- Administrations in the Lower Saxony rural districts of Diepholz, Emsland, Vechta and Oldenburg allow these questionable practices to continue instead of hindering them.
- Goods that have been officially stamped are even exported to countries like Vietnam and Indonesia, which have expressly banned the import of carcass meal from Germany (and other EU countries with cases of BSE and/or other contagious animal diseases such as foot-and-mouth disease).

### **Trade in Category 3 raw material**

It is possible to legally transport Category 3 raw material to non-EU countries without a special agreement, where it may be used in ways not allowed in the European Union.

- Exports of unprocessed Category 3 animal by-products to non-EU countries are barely subject to restrictions.
- This means that these unprocessed slaughter by-products in Category 3 can be processed into food in these countries and imported back into the EU.

- EU import inspections do not pose genuine protection to consumers.
- The EU Commission's proposal for modifying Regulation 1774/2002 does not offer additional safety to consumers.

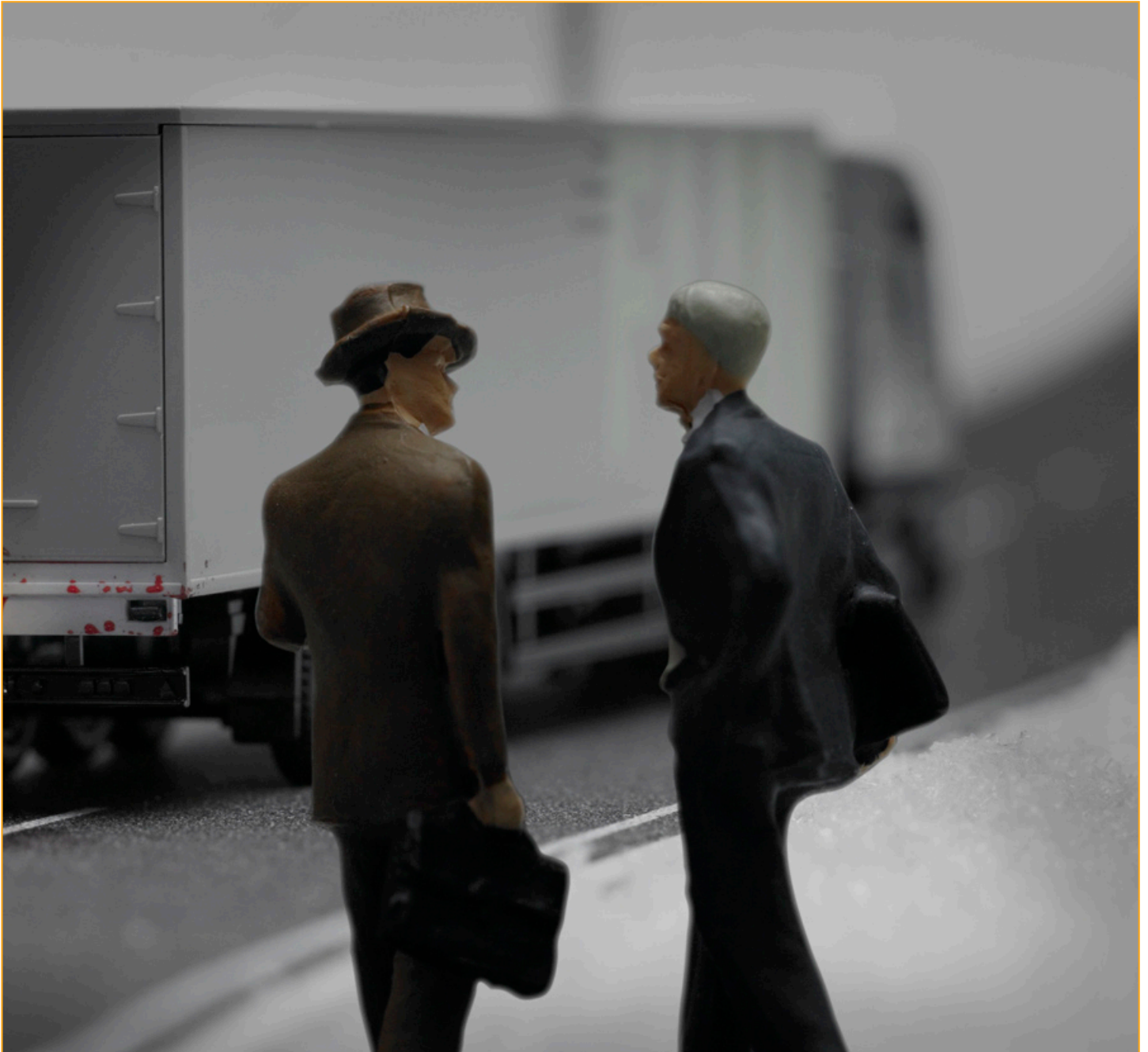
### **Meat groups are irresponsible – and authorities tolerate this**

Animal by-products are a good source of business. Currently valid legislation has loopholes or is ignored, with the consent of authorities.

Although car manufacturers are obliged to take back old cars, and computer manufacturers are obliged to properly dispose of scrap computers, the meat industry is ignoring its responsibility as a producer for the waste generated by the production, processing and marketing of meat.

Germany's ministry for consumer protection and the authorities responsible in each of the German states have known for years that carcass meal is being illegally exported – and they are allowing this to happen.

# foodwatch<sup>®</sup>



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Supported by the Gregor Louisoder Umweltstiftung and the Mahle Foundation.