How the Horsemeat Sneaked Into the Lasagna

By Carol Matlack on February 11, 2013

http://www.businessweek.com/articles/2013-02-11/how-the-horsemeat-sneaked-into-the-lasagna

It's considered one of the European Union's great successes: the establishment of a single market in which 27 countries trade freely among themselves in everything from steel to meat. The meat, however, appears to include some horsemeat labeled as beef.

Merchants in Britain, France, Ireland, and Sweden are pulling frozen meals and hamburger patties off their shelves after tests showed the presence of horse DNA in what was supposed to be beef. While regulators say there's no risk to human health, the case underscores the challenge of monitoring the supply of food to the EU's 500 million consumers.

Horsemeat found in frozen lasagna in Britain, for example, apparently came from Romania and passed through intermediaries in four other countries before reaching the shelves of stores owned by Tesco (TESO), Wal-Mart's (WMT) Asda, and other chains. In a separate case, Burger King's (BKW) British unit recently found traces of horse DNA in burgers supplied by an Irish company that had imported the meat from Poland.

The suspicion is that unscrupulous suppliers have substituted horsemeat, which costs slightly less than beef. But the large number of intermediaries makes it hard to figure out who was responsible. "We need to get out of this fog," French Agriculture Minister Stéphane Le Foll said in an interview

today on RTL radio. “That way, we can establish traceability.”

French authorities say that frozen “beef” meals supplied to supermarkets in Britain, France, and Sweden were prepared in a Luxembourg factory owned by a French company, which bought the meat from another French supplier. That supplier, in turn, says it bought the meat from a Cypriot trader, who had subcontracted the order to a Dutch trader, who obtained the meat from a Romanian slaughterhouse. So far, none of the suppliers has admitted knowingly selling horsemeat.

Adding to the difficulty of untangling the supply chain is the fact that food-safety regulations in the EU are established and enforced by national governments. “For processed foods, there is no global overview on where the food comes from,” says Monique Goyens, director general of the European Consumer Organization in Brussels.

What’s more, Goyens says, Europe’s financial crisis has led to “a cut in financial resources and human resources” devoted to food inspection and sampling. With vast quantities of foodstuffs passing freely across national borders, “if there is one weak link in supervision, it can go wrong,” she says. The horsemeat scandal “was a problem waiting to happen.”

EU officials, though, contend that the system works pretty well. “The simple fact that within a few hours or 48 hours we can already have a first idea of what happened, that shows that the European traceability works,” Fréderic Vincent, the EU spokesman for health and consumers, said at a press conference in Brussels today. “We can trace who has done what. If in the whole process there has been some fraud, the

member states will have to take measures at the legal level."

Goyens of the European Consumer Organization says the response has been far from speedy. "The first elements of the scandal were known in mid-January in Ireland," when horsemeat was found in meat that local suppliers had obtained from Poland, she says. "If this had been a public health issue, it would have been a catastrophe."

Although many consumers in Britain and Ireland are repelled by the idea, eating horsemeat is relatively common on the Continent. The EU's agriculture directorate estimates that Europeans consume 80,000 metric tons of horsemeat annually, about one-third of which is imported from outside the bloc.

With reporting by Rudy Ruitenberg of Bloomberg News