

# Fonterra Selling “Aluminum-Enhanced” (Contaminated) Cheese in U.S.

by Pete Hardin

In recent months, Fonterra – New Zealand’s dairy trading powerhouse – has been trying to sell off-grade Cheddar, contaminated with aluminum shavings, in the U.S. But buyers are skeptical.

The product was produced in Fonterra’s massive Whareroa Cheddar plant in New Zealand between August 2008 and May 2009. Even though Fonterra claims to have confirmed aluminum shavings in only “a total of 12 cartonless cheese blocks have been found to be affected in the U.S.” ... in fact, a few million pounds of New Zealand-produced Cheddar is being offered at discounts far below normal market prices for Cheddar.

The product is contaminated with aluminum metal shavings, ranging in size from two to 40 millimeters, according to a “Metal Contamination Resolution Report” dated October 7, 2009 and issued by the (hopeful) seller.

The document blames the aluminum shavings contamination on maintenance issues – drilling holes in ocean-going containers filled with this product. That report detailed: “Loose packaging (exposed bottom cardboard pallet cap flaps) has allowed the aluminum contamination to enter the inside of the stretched wrapped pallet. Some of the larger pieces have then been pushed through the cheese bag during transport and handling.” According to the Fonterra document, that explanation is “the **most likely** source of aluminum ...” (Editor’s note: Bold emphasis added) “**Most likely????**” Some U.S. sources discount Fonterra’s formal explanation. They say that an aluminum joint in the press used to press curds in to blocks at the cheese plant was grinding metal-on-metal. These sources say the problem continued for about nine months before the problem was discovered.

## “Don’t worry ...”

The Fonterra document detailing the aluminum-contaminated Cheddar being offered for off-grade sale in the U.S. claims that: “Once the cheese has been visually inspected and declared free of contamination, it is suitable for use in processed cheese manufacture.” “Visual inspection????” How can “visual inspection of millions of pounds of potentially-contaminated Cheddar take place, when some of the aluminum shavings are only two millimeters long??? Maybe “Superman” with his x-ray vision is now working in quality control for Fonterra!

Word in the cheese trade is that both Dairy Farmers of America and Kraft Foods turned down a large number of loads of Fonterra’s cheese from batches made at the plant where the aluminum shavings contamination took place. No wonder that Kraft Foods buys a lot of Cheddar from New Zealand. But DFA’s Plymouth, Wisconsin plant regularly buying Cheddar from New Zealand’s Fonterra??? Nice to know that DFA has some standards on product quality. Still, somebody better warn “Elsie the Cow” before she gets too much “Vitamin A.”

Imagine what would happen if a U.S. firm tried to dump cheese contaminated with metal shavings for consumer sale in New Zealand!

Interested persons may contact Carrigan Trower, Cheese Technical Manager of the Fonterra Group. His e-mail address is:  
carrigan.trower@fonterra.com

Tell our friend you read it in *The Milkweed*.

## NZ “Spies” Posed as Hill Staffers at U.S. Congressional Trade Strategy Briefings

New Zealand officials in Washington, D.C. are fighting dirty – and illegally – in their zeal to push a dairy “Free Trade” agreement through Congress. According to Capitol Hill sources, New Zealand Embassy employees recently posed as congressional aides at closed legislative briefings to gather sensitive information on the proposed Trans-Pacific Partnership (TPP) regional trade pact.

The purpose of the briefings, according to one source, is to have American industry panelists “make recommendations for how the U.S. can protect these industries (dairy, sugar, textile and catfish) as the talks (Trans-Pacific Partnership Negotiations) advance.”

The subterfuge provided New Zealand with illegal access to highly sensitive U.S. negotiating strategies and confidential dairy industry information. New Zealand is among several nations involved in the TPP negotiations. The scheme is part of the NZ Embassy’s broader effort to influence the TPP talks and neutralize strong grassroots American opposition to any dairy deal involving New Zealand.

Citing the following federal statute, sources note it is illegal to impersonate federal employees, including congressional staff, as the New Zealanders have done.

*TITLE 18, PART I, CHAPTER 43, § 912 Officer or employee of the United States:*

*Whoever falsely assumes or pretends to be an officer or employee acting under the authority of the United States or any department, agency or officer thereof, and acts as such, or in such pretended character demands or obtains any money, paper, document, or thing of value, shall be fined under this title or imprisoned not more than three years, or both.*

The individuals, who do not identify themselves as New Zealand agents, blend into the congressional staff crowd, take careful notes, and pepper the panelists with questions tailored to suit NZ interests.

“Any American who tried to enter the NZ Embassy in Washington to ‘listen-in’ on the Ambassador’s trade briefings by his staff and lobbyists would be dealt with severely. Yet, the Kiwis can waltz into the congressional briefing bold as thieves and obtain strategic information at the peril of American industries,” a source said.

U.S. Department of Justice – are you listening?


*The Milkweed* reprints in full the report detailing the cheese contaminated with metal shavings that Fonterra has been trying to dump in the U.S. since last fall. In total, several million pounds of product are contaminated.

Questions:

How can “visual inspection” detect aluminum particles as small as 2 mm in millions of pounds of cheese?

Is the phrase “most likely source” an escape-hatch for potential liability?

Fonterra has made billions in the U.S. in recent years. Is dumping a few million pounds of contaminated cheese so important that Fonterra is willing to risk its reputation?



Fonterra Co-operative Group Limited  
Private Bag 92032 Auckland  
Fonterra Centre 9 Princes Street  
Auckland, New Zealand  
www.fonterra.com

**METAL CONTAMINATION RESOLUTION REPORT**

7 October 2009

**Subject: Metal Contamination - Whareroa Cartonless Cheese**

**1. Summary of Incident:**

Pieces of metal (aluminum) have been found in cartonless cheese produced at Fonterra’s Whareroa plant in New Zealand in the following circumstances:

- The aluminum has been found on the outside of the cartonless cheese and pushed into the surface of cheese blocks through the sealed cheese bag.
- A total of 12 cartonless cheese blocks manufactured between August 2008 and May 2008 have been found to be affected in the U.S.
- The pieces of metal are aluminum shavings ranging in size from 2mm to 40mm.
- All of the contamination discovered has been identified by visual inspection.

**2. Summary of Investigation:**

The Fonterra Technical Team has carried out an investigation of each part of the supply chain and concluded that the source of the contamination is from the existence of aluminum pieces in the refrigerated shipping container. Loose packaging (exposed bottom cardboard pallet cap flaps) has allowed the aluminum contamination to enter the inside of the stretch wrapped pallet. Some of the larger pieces have then been pushed through the cheese bag during transport and handling.

The most likely source of the aluminum is drilling shavings from container maintenance being blown around the pallets during transport. Exposed pallet caps at the bottom of the pallet and the configuration of top pallet caps then allow entry of the foreign matter into the pallet. This is supported by:

- Identification of regular occurrences of pallets with loose packaging (bottom pallet cap flaps).
- Confirmation that foreign material can slide under the stretch wrap from on the top pallet cap.
- Aluminum particles found in containers after maintenance.
- Laboratory analysis of contamination samples which match the container particles

Page 1 of 3      A member of the Fonterra Co-operative Group.

---

Container trials which have confirmed that aluminum pieces get blown onto the pallets by the cooling unit fan in the refrigerated container.

The investigation to date has confirmed that contamination has occurred after manufacture of the block, and that the contamination is isolated to the external surfaces of the cheese block. All incidents of contamination have been discovered by visual inspection of the cheese blocks.

**3. Aluminum Testing**

Pieces of the aluminum returned from customers along with samples of potential contamination sources were tested to identify the type of aluminum. This was done to match the contamination to potential sources.

**4. Corrective Actions:**

**Containment Controls (Product in Warehouse):**

- Cartonless cheese in Fonterra warehouses will be visually inspected to ensure it is free from contamination before release to customers.
- For cartonless cheese in customer warehouses Fonterra will work with the customer to agree on the best way to complete inspections of product before use.
- For cartonless cheese still in New Zealand, all product manufactured before 26th September 2009 will be 100% visually inspected before loading into containers for shipment. Corrective actions are in place to prevent contamination during transport and Fonterra will carry out in market checks to validate the effectiveness of the corrective actions and ensure product remains contamination free.
- For cartonless cheese manufactured after 26th September 2009, corrective action has been taken.
- Once the cheese has been visually inspected and declared free of contamination it is suitable for use in processed cheese manufacture.


**Preventive Controls (New Product Manufacture):**

The following changes have been made to (i) container maintenance and inspection procedures and (ii) pallet stretch wrap configuration. These changes are to ensure containers are free from foreign material and packing integrity is sufficient to prevent entry of foreign material during transport.

- Stretch wrap configuration has been changed (from 26th September)
- Two additional layers of stretch wrap have been applied to the bottom of the pallet to prevent cardboard pallet caps coming loose.
- Stretch wrap has been applied both inside and outside the top pallet cap to prevent entry of foreign material from the top of the pallet.
- Cardboard pallet cap flaps will also be extended by 100mm (4 inches) to prevent the flaps coming loose.

We apologize for any impact this issue has on your business, and appreciate your patience as we work through the remainder of this issue.

Sincerely,



Carrigan Trower  
Cheese Technical Manager  
Fonterra Group  
carrigan.trower@fonterra.com