

Information on the EU organic regulation and action plan proposals

26/03/2014 - Initial analysis of documents published by the European Commission on 25 March 2014. More detailed analysis will follow.

Overview

Organic food and farming practices already provide the strictest EU legal standard for sustainable farming and high quality food production in the EU, representing the most developed and trusted model in the EU. Consumers are increasingly choosing organic because of the environmental, health and animal welfare benefits it delivers. Despite the ongoing financial crisis market share and demand currently outstrip supply and the European market has continued to grow, showing a growth rate of approximately 6-10 % in last five years. By introducing proposals for a new European Organic Action Plan and for a new Organic Regulation, the European Commission aims to strengthen the legal and political framework for organic.

The sector's perspective

The Commission's aims are admirable aims and there are a number of good ideas in the proposals. IFOAM EU supports a continuous development of organic production based on its principle. However, the means needed to achieve these goals still need to be allocated. An ambitious new regulation needs also an ambitious European Organic Action Plan, financially as well as politically supported by Commission and Member States. IFOAM EU stresses that more than nice words are needed. Real funding must be provided, for example through the EU Horizon 2020 research and innovation programme, and the Common Agriculture Policy.

Although demand for organic is steadily increasing in Europe, the percentage of farmers converting to organic is decreasing year-on-year. In some countries, we are facing a growing gap between demand for and production of organic foods. This is because organic farmers face extra costs and administrative burden that often outstrip the added value they receive for their products. A new European framework must provide the political and financial means that would make becoming an organic farmer more attractive. Otherwise, the European sector risks losing its competitiveness.

Furthermore, the EU institutions must make sure that no unnecessary bureaucratic regulative burden is created for farmers who want to become and stay organic, real improvements must be made to the implementation of production rules and control provisions in Member States and regions – one of the most significant problems with the existing regulation – and that the import regime is developed further. As well, these improvements must remain focused on ensuring organic products are produced according to organic principles.

The Commission decided to propose a complete new legislation with a new structure. The sector would have preferred to develop the current legislation further, as it is only in place since 2009/2010. A new regulation was not necessary and, as proven by the former revision, bears the risk of technical mistakes, unintended changes and the need for new legal interpretation of legislation. All this doesn't contribute to the stability of the sector. The comprehensive evaluation report by the von Thünen Institute and commissioned by the Commission recommended to improve the implementation, but not to make a total legislative overhaul.

About the political process

On 24 March 2014, the European Commission presented a legislative proposal for a new Organic Regulation and a European Organic Action plan to the Council. The Action plan will enter into force in April, whereas the

new Organic Regulation will go into trilogue discussions, with the key institutional players involved being the European Council and European Parliament.

This proposal for a new regulation is based on a process that started in 2012. In the documents and communications the Commission says that the main reasons for starting this process are meeting consumer expectations, preventing fraud and adapting the legislation to the fast-growing sector and market. IFOAM EU supports these aims and has contributed greatly by participating in stakeholder hearings, consultations and meetings, as well as by drafting concrete recommendations for how the regulation could be improved. Several of IFOAM EU's recommendations have been taken up in the Commission's proposal.

The European Council and European Parliament will now discuss and adapt the legal proposal, with the final legislation expected to enter into force in 2017. The major differences between the current legislation and the Commission's proposal will create unease in the sector as the final legal requirements will remain unclear until the Commission, Parliament and Council agree on a final legal text and the ensuing delegated acts have been approved. This unstable environment is very likely to halt investment in organic production over the coming years. If the scheduled timeline is followed, the new regulation would come into force in the middle of the 2015-2020 CAP period. This creates additional uncertainty for farmers as the new organic subsidy scheme must be applied for this autumn for the entire five year period, whereas production rules would change during this time.

Major changes

Organic farmers would have to pay the price for pesticide use by neighbours

- **Initial understanding of the change:** Farmers, processors and traders would be held accountable for not only their own conduct, but also that of others. This is because, regardless of the reason for the finding, if a product is found to have residues of non-permitted substances above a very low level, it will be decertified. It is a major concern is that the only food supply chain in the EU that prohibits the use of pesticides would be made to pay for harm done by the 95% of farming that permits the use of pesticides. This would turn the polluter pays principle upside down - when a neighbouring farmer uses pesticides, the organic farmer would have to pay!
- **Who is likely to be affected:** This would create a financial burden and risk possibilities so heavy many farms and other operators, especially small ones, would have to stop being organic.
- **First analysis:** Organic production is a complete system of farming and processing practices and much more than just a product without pesticides. Costs for additional laboratory testing and the risk of being contaminated by conventional neighbours hurt small farmers in particular. Costs for additional laboratory testing and the risk of being contaminated by conventional neighbours hurt small farmers in particular. Based on an initial reading, it seems that the proposal offers the possibility that Member States could compensate farmer's losses caused by contamination via payments through the CAP. However, farmers would likely have to engage in a very costly and lengthy process in order to prove that they were victims of pesticide use by others. Control bodies would also have to devote significant resources to the process. Using the CAP as an optional means to compensate for farmers' losses would also give rise to differing practices across the EU and would likely only cover costs in some Member States.

Improvements to controls negligible

- **Initial understanding of the change:** Despite the claims of the Commission that controls will be vastly improved, there are very few changes to the regulation. The main change is that the regulation of the organic control system would no longer be governed by the organic regulation, but by the regulation on official controls on food and feed which falls under the authority of DG SANCO. This would in effect split authority over organic and open up the possibility for diverging interpretations. Another relevant change is the removal of the minimum inspection frequency from the main regulation, meaning that annual inspection could be abandoned.
- **Who is likely to be affected:** The quality of the control system affects citizens and all actors in the supply chain.

- **First analysis:** The question is open as to whether the proposal delivers real improvements to the implementation of controls in Member States and regions – one of the most significant problems with the existing regulation. This is unfortunate as IFOAM EUⁱ and the comprehensive report to the Commission from the von Thünen Institute have provided concrete suggestions in this area. Annual inspection is a main driver of consumer confidence, and we therefore propose that it be maintained.

Applying rules developed for European weather conditions in the tropics

- **Initial understanding of the change:** The equivalency concept for control bodies acting in third countries has been deleted. This means that producers in many developing countries with completely different meteorological, environmental and structural conditions would have to comply with the rules made for European conditions and their ability to export to the EU will significantly decrease.
- **Who is likely to be affected:** From an agricultural perspective this would set back organic production in many developing countries, especially as the EU-28 represents the second biggest market for organic after the USA. As well, the decrease in imports would exacerbate the gap between supply and demand of organic produce and products in Europe.
- **First analysis:** Instead of forcing farmers in the tropics and other regions to apply European rules specifically developed for European climatic and geographical conditions, control bodies in the regions of the world with similar conditions should be encouraged to use a common regional standard for organic products exported to the EU. This would avoid application of different standards in same regions and reduce the burden on the EU Commission which would have to evaluate them.

Improving the environmental performance of organic companies

- **Initial understanding of the change:** Organic processors and traders – other than micro-enterprises – will be obliged to put in place measures to monitor and improve the impact of their activities on the environment, if they have not done so yet.
- **Who is likely to be affected:** Citizens will benefit as the environmental benefit of organic products will be more clearly defined and visible, which benefits manufacturers too.
- **First analysis:** This is a positive development based on an IFOAM EU position provided in 2012, yet there is some fine-tuning to be done regarding the application to operators.

Moving towards 100% organic ingredients

- **Initial understanding of the change:** At the start of organic manufacturing, it was necessary to employ some non-organic ingredients as they were not available as organic. With the development of the organic sector and market this is less and less necessary. The Commission proposal would cut the list of non-organic ingredients as recommended by IFOAM EU. However, it would no longer allow Member States to temporarily authorize specific non-organic ingredients in case of non-availability in the relevant Member State.
- **Who is likely to be affected:** Organic processors in new Member States and Member States with less developed organic manufacturing facilities could face difficulties sourcing required materials and the diversity of organic foods on the shelves will decrease.
- **First analysis:** A set list of conventional ingredients established on European level has never worked. This concept needs to be replaced with a flexible and frequently updated, yet strict market-driven requirements for transitional permissions of non-organic ingredients currently not available in organic quality are needed, and a measure should be introduced in the Action Plan and this system established.

Making feed more regional

- **Initial understanding of the change:** It appears that up to 90% (now 60%) of feed in the case of herbivores and 60% (now 20%) for other animals would have to come from the same farm or the same region by 2017.
- **Who is likely to be affected:** In some regions of Europe and for some species, this is achievable. However, farms in less developed organic areas and sectors, including those requiring special feedstuffs, would have great difficulty sourcing organic feed in their areas due to the general small size of farms in the region and the low percentage of organic cultivation.

- **First analysis:** IFOAM EU fully agrees with the objective to increase the use of regional feedstuffs, but the practicality of doing so must be taken into account. A step-by-step approach that follows an achievable timeline is needed for success. Without such an approach the percentage, farmers facing sourcing difficulties could be forced to leave the organic system. Furthermore, “region” is not defined in the proposal, creating the potential for a discrepancy in interpretation.

Group certification for small farmers

- **Initial understanding of the change and who is likely to be affected:** Previously restricted to farmers in third countries, small farmers may now qualify for certification as a group.
- **First analysis:** This opens up the possibility of organic certification to farmers who could not previously access it due to cost and administrative burden. This move reflects the IFOAM EU position and IFOAM EU is very pleased the Commission decided to include it.

Increasing the economic burden of becoming organic

- **Initial understanding of the change:** Farmers would be required to operate their entire holding organically.
- **Who is likely to be affected:** All farmers currently raising some varieties as organic and others not – even if one is crops and the other is animals – would be required to get everything certified or stop being organic altogether.

First analysis: The conversion of entire farms is the ideal and provides the best basis for fulfilling the organic principles. However, allowing for some parts of a farm to not be certified allows farmers to spread the risks and challenges associated with conversion over time, easing access to becoming organic. Many farmers would simply not be able to make the investments and/or comply with the risk involved in converting in one go. Allowing for conversion of different farm activities over time is essential to bring in new farmers. On the other hand, restricting organic certification to farms that are only 100% organic would cause some farms to leave organic and deter others from entering. The new European Organic Action plan should be used to help fund research and innovation to help make conversion.

Improving organic production – the case of seed

- **Initial understanding of the change:** With the aim of further improving the percentage of organic seed in use, measures to increase the availability of organic seed would be put in place and the Commission would be required to issue a report on this development in 2021.
- **Who is likely to be affected:** Organic farmers, seed companies, research institutes and certification bodies will be affected by the new transitional rule.
- **First analysis:** IFOAM EU supports the initiative to help increase the availability of organic seed. Decisions must be based on reliable data – the availability of organic seed in each Member State – and the new European Organic Action plan should be used to help fund research and innovation to help increase the production and availability of organic seed and plant reproductive material. Market circumstances must also be taken into account as the goal of increasing organic seed production could be seriously undercut by the requirement that holdings must be entirely organic, if it applies to seed companies.

ⁱ http://www.ifoam-eu.org/sites/default/files/page/files/ifoameu_reg_imports_position_201210.pdf & http://www.ifoam-eu.org/sites/default/files/page/files/ifoameu_reg_control_position_201210.pdf