ORGANIC TRADE HARMONIZATION

Presented to
American Origin Products
May 19, 2014

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The Organic Specialists

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AGENDA

A. Trade Arrangements – What, Why
B. Negotiation and Equivalence
C. EU/US as a case study
Our mission is to deliver the strategic expertise to help organic, socially and environmentally responsible products and projects reach their full potential and flourish.
Organic Rules & Values
Similar Worldwide

- 3rd Party Certification
- Audit Trails
- Annual Independent Inspections
- Accreditation of Certifiers
- Materials Lists
PURPOSE OF ORGANIC TRADE HARMONIZATION

It can be a frustrating journey through all the standards and regulations of the global organic marketplace.

Now there’s an opportunity to create a clearer path.
High Priority at Highest Levels

- White House: Double U.S. agriculture exports in 5 years (2010-2015)
- National Export Initiative (NEI) – includes organic
- Trans-Pacific Partnership (TPP) – includes organic
- Codex Committee on Food Labeling (CCFL) – International Guidelines for Organic Production, Labeling and Marketing – 1995 to present
- Implementation of foreign regulations – 88 in 2012
- IFOAM/FAO/UNCTAD – 2 projects
Types of Trade Arrangements

1. Recognition = Compliance to NOP
2. Equivalence = Objectives are equal
3. Export Arrangements = Negotiated conditions for export of organic products
What is equivalence?

- Organic programs meet the same objectives
- Rigor of accreditation, oversight, compliance equivalent
- One certification
- Organic seals/logos can be used both markets
Benefits of Equivalence

- Reduced certification burden on producers
- Improved access to foreign markets
- Build consumer confidence
- Improved coordination between partners
Equivalence Arrangements

Bi-lateral arrangements: Canada, European Union, Japan

Active Negotiations: Switzerland, South Korea
Equivalence Arrangements

Negotiating Team

- USTR – leads negotiations
- AMS/National Organic Program – technical expertise
- FAS – trade perspective, industry coordination/advocacy, logistics, foreign government contacts
- OTA - advisors
Canada: First Equivalence – June 2009

- Canada’s organic market grew from $2 billion in 2009, to $3.7 billion in 2012.

- U.S. organic exports to Canada estimated at $724 million, by far the largest export market for U.S. organic products.

- Regular Steering Committee Meetings
Japan Equivalence – Sept. 2013

- Technical talks since 2003
- Formal negotiations October 2012
- Peer Review Audits – May 2013
- Final Negotiation – July 2013

Successes:
- Eliminated zero residues issue
- JAS organic labeling process in place
Equivalence Arrangements

Switzerland in play

- Negotiations Began in November 2012
- Adopt EU regulations—for most part
- NOP Peer Review September 2013
- Finalize late-2014?
South Korea in play

• New Organic Law in 2010; enable negotiations to begin but threatened trade
• Exchange of information/meetings begun
• Multiple farm and processing tours
• Revisions in 2013; Effective July 1, 2014
• Peer review audits completed
• Finalize – end of 2014?
EU Equivalence – June 2012

- Signed by USDA Deputy Under Secretary, USTR
  Ambassador, EU Commission
- Established Organic Working Group
- Wine negotiations ongoing
- $25 billion market
- 44% increase in exports to EU
Beginning June 1, 2012, certified organic products of the United States (U.S.) and the European Union (EU) can be represented as organic in each other’s market. This partnership between the two largest organic-producers in the world will establish a strong foundation from which to promote organic agriculture, benefiting the growing organic industry and supporting jobs and businesses on a global scale.
EU/US Trade Arrangement

Terms of EU/US Arrangement:

• Critical Variances
  • *East* > *Antibiotics; Apples and Pears*
  • *West* > *Antibiotics; Livestock Products*

• Final Processing or Labeling must be US/EU

• No Aquaculture

• Arrangement will be revisited in 2015

• NOP and EU will be conducting Joint Audits
EU/US Trade Arrangement

Documentation

• NOP Exports > Certificate of Import (COI)
  • No more Import Authorization Application
  • Does not need to ship from a US Port
  • Hard Copy, not Electronic

• EU Imports > NOP Import Certificate
  • Completed by the Exporter’s CB
  • Not required to clear Customs
### Certificate of Inspection for Import of Products from Organic Production into the European Community

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Issuing body or authority (name and address)</td>
</tr>
<tr>
<td>3.</td>
<td>Serial number of the certificate of inspection</td>
</tr>
<tr>
<td>4.</td>
<td>Reference No. under Article 19</td>
</tr>
<tr>
<td>5.</td>
<td>Exporter (name and address)</td>
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<td>6.</td>
<td>Control body or control authority (name and address)</td>
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<tr>
<td>7.</td>
<td>Producer or preparer of the product (name and address)</td>
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<tr>
<td>8.</td>
<td>Country of dispatch</td>
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<td>9.</td>
<td>Country of destination</td>
</tr>
<tr>
<td>10.</td>
<td>First consignee in the Community (name and address)</td>
</tr>
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<td>11.</td>
<td>Name and address of the importer</td>
</tr>
<tr>
<td>12.</td>
<td>Marks and numbers. Container No.(s), Number and kind, Trade name of the product</td>
</tr>
<tr>
<td>13.</td>
<td>CN codes</td>
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<tr>
<td>14.</td>
<td>Declared quantity</td>
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<tr>
<td>15.</td>
<td>Declaration of body or authority issuing the certificate referred to in box 1.</td>
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This is to certify that this certificate has been issued on the basis of the checks required under Article 13(4) of Regulation (EC) No 1224/2009 and that the products designated above have been obtained in accordance with the rules of production and inspection of the organic production method which are considered equivalent in accordance with the provisions of Regulation (EC) No 854/2007.

Date

Name and signature of authorised person

Stamp of issuing authority or body
EU/US Trade Arrangement

Bumps in the Road

- Poor communication about arrangement
- Lack of understanding about equivalence
- EU Importers slow to change: Import Authorization forms; certification compliance language, expiry dated certificates
- Changes in regulations after arrangement
Checklist

- Is there a need? Are there market/trade barriers?
- Are the regulations similar/adaptable – public or private?
- Are there international guidelines – public or private?
- Is there interest/support in U.S. government agencies?
- Is there interest/support from foreign government/industry?
- Is there a unified position/group to represent the sector?
- What are the positive vs negative outcomes?
Trade Resource Guide

GlobalOrganicTrade.com

- Site prepared primarily for US businesses interested in selling their organic agricultural products around the world.
- The information is provided for each country or region, and includes links to the organic regulations or standards, contact information for government agencies, special requirements for imported organic products, information about certification, and more.
- Information about organic-specific trade agreements with the US.
- Export Tools: resources for exporters in the United States. Location-based resources are found in the State resources section, and resources available to all US businesses are in the Federal section.
Resources

• Foreign Agricultural Service
  www.fas.usda.gov

• Codex Committee on Food Labeling/
  U.S. Delegation
  www.fsis.usda.gov