

# **Final Minutes of the Civil Dialogue Group on Organic Farming on 17<sup>th</sup> April 2015**

## **1) Approval of the agenda and the minutes of the 2/12/14**

The Chair asked the members if they approved the agenda. Additional point on the issue of a possible fast-track approval procedure for low risk substances and state of play of potassium phosphonates were requested and these items could be addressed during the item on the EGTOP. The agenda was then approved.

The Chair then asked the members if they approve the minutes. The minutes were then approved.

## **2) Adoption of the strategic agenda**

The Chair reminded the members of the procedure and asked the members if they could approve the strategic agenda.

EFFAT: asked to include a sentence on the issue of growth and employment and bio-economy in the strategic agenda. The Chair replied that these items were already covered in the strategic agenda given that the organic farmers and bio-economy will create work and jobs.

The strategic agenda was then approved.

## **3) State of play of the discussions of the review of the organic farming legislation**

The Commission reminded the members of the conclusions adopted in 2013 by the Council under the Irish presidency requesting an ambitious review. In March 2014, the Commission adopted a legislative proposal and the annexes as well as the action plan on organic farming. In June 2014, a negotiating mandate to negotiate the interests of EU organic producers in third countries was adopted.

As regards the Council, under the Greek and Italian Presidencies, a complete discussion of the text of the proposal was made. Under the Italian presidency political guidelines on a first set of articles were agreed. Under the Latvian presidency, the work has continued and the Council is aiming at adopting a general approach during the upcoming council meeting.

MEP Häusling from the Greens is the rapporteur of COMAGRI in the European Parliament. He was nominated in early autumn 2014 and it is expected that his draft report will be ready by the end of April/beginning of May. Vote in COMAGRI is expected in July 2015.

As regards the Council, Member states have agreed on a number of topics, but there are still divided camps in particular on the way to deal with non-authorised substances; the scope regarding control measures, the frequency of on-the-spot inspections.

IFOAM EU stressed that the political situation is that the Commission indicated that if there is no compromise the proposal will be withdrawn. What does the Commission consider as a good compromise, as the new Commissioner indicated a more open approach in view of achieving a compromise? In particular, since a group of Member States and the Rapporteur for the European Parliament shares the concerns of the sector regarding the decertification threshold, would the Commission be ready to drop Article 20?

Copa-Cogeca mentioned that maintaining annual control is important for the farmers. In addition, at present the system works with risk assessment and annual controls. However what really needs to be discussed is the method for risk assessment, because the way it is calculated varies between control bodies and member states.

The Commission replied that part of the delegations in the Council support the Commission whilst others do not. For now, the Commission cannot take sides. As regards the UK proposal for interpretation of analytical results of presence of pesticides in organic products, several Member States do not want contaminated products to be marketed as organic. As regards the Commission's position, to change it, the Commissioner needs to ask the college of commissioners beforehand.

EOCC: having different systems to analyse risks for non compliance at operators level can also be a good thing. However annual verification is needed.

Eurocommerce: as regards inspection, a risk based approach is much more appropriate. We want to see organic production increase, and too great a burden of certification may be a barrier to achieving this objective.

Copa-Cogeca: as regards thresholds, this cannot be managed in the same way in an open or closed ecosystem. This needs to be noted. Therefore before implementing such thresholds, there is a need to have a complete picture of the situation of the contamination, the preventive measures to be put in place and the compensation measures to be implemented.

Via Campesina : the risk of adventitious contamination cannot be ruled out, despite all precautionary measures taken by the sector and this needs to be explained to consumers. In addition, annual checks are needed. The representative also provided information on the system put in place in Belgium as regards thresholds.

IFOAM EU: annual inspection is a fundamental part of the control as it is also a basis of the risk based assessment. Regarding decertification threshold, there is no basis for the setting of the value of the threshold for decertification and the detection limit is not appropriate for this purpose. Finally, IFOAM EU asks the Commission to find a workable solution to solve the problem of thresholds, by protecting organic farmers from the actions of conventional farmers.

EFFAT: stringent controls are necessary, so that consumers can rely on it. This is why an annual inspection is needed.

The Commission replied that as regards the issue of the thresholds this is also an issue for farmers because they are currently not being treated in the same way and something has to be done. We need a solution that needs to be workable for everyone, on the broader picture. This is more of a long term issue, because now the organic farming sector represents only 5% of the whole UAA.

As regards rural development programmes, the Commission has strongly recommended Member States to introduce in their programmes to support organic farmers. In addition, in the legislative proposal, the Commission has proposed to have compensation in case of contamination, but Member States do not agree with this proposal.

SACAR : group certification is a good solution as it can reduce the administrative burden for producers.

EOCC : we need to be able to make quick decisions in case of presence of pesticides in organic products, as operators are very concerned. We need a way to proceed, staying in the middle is not a way forward.

SACAR : the current position is unworkable, harmonisation is an absolute requirement. A discussion at a more involved level is needed. We do not disagree that there is a problem, but we think that there different ways of dealing with it are necessary in order to get to a better degree of agreement.

Copa-Cogeca: we need a medium and long term strategy. If we want progress in the organic farming sector, we need involvement from the whole sector including the institutions.

Via Campesina : it is important to reduce certification costs, and we need to take another step to allow for participatory certification. We cannot accept the exclusion of organic farmers from certain zones in the EU, this is why the Commission needs to propose protection for farmers that are contaminated.

EEB : indicated that they want more organic farming and they support IFOAM EU position on this.

Commission agrees with the need for harmonisation on controls. The Commission noted all the positions and they are working together with other institutions to find the best approach for this solution, but for the moment the Commission's position cannot change.

### **- Application of the compliance regime for organic imports**

A Commission representative made a presentation on the compliance regime for organic imports.

As regards the imports of organic products, there were two systems in Regulation 834/2007. The first system is based on equivalency with 12 equivalent third countries and 63 control bodies recognised for the purpose of equivalence. The second system is based on compliance for control bodies but has not been activated yet. The import authorisation by Member States is being phased out: no more issuance of new authorisations from July 2014 and no more import authorisations valid beyond 1 July 2015.

As regards the Commission's proposal, the imports based on equivalence will remain for recognised third countries, however the recognition of third countries will be granted only through international agreements. Then the recognition of control bodies will shift from equivalence to compliance and equivalence will be phased-out.

As regards the other import regimes, Canada and USA have each five trade equivalence agreement and another import regime based on compliance certified by a recognised control

body. As regards the imports from equivalent control bodies, most of the products imported are unprocessed plant products (coffee, bananas, cacao), there is an increase in imports of feed, there are few imports of livestock products, mainly honey and few imports of processed products, mainly tea and coffee.

Currently 88% of all derogations granted by control bodies active in third countries are retroactive recognition of the conversion period and the use of non-organic seeds. Derogations are granted by control bodies according to their own criteria. Control bodies authorise substances that are not listed in the Annexes to Regulation 889/2008. There is a competition among control bodies to gain clients and the rules are watered-down. Hence, flexibility associated with the equivalence recognition leads to unfair competition between EU and third countries operators, risk of damaging consumer's confidence on EU organic logo and complex supervision increasing the risk of fraud.

Therefore moving towards compliance will ensure a level playing field for operators with clear rules for all in EU and in third countries and no decision-making at the level of control bodies. This will also ensure increased consumer's confidence as all products bearing EU organic logo will be produced according to EU rules or to equivalent third countries' rules. It is also expected to have a simplification of recognition process with a better response to control bodies and operators needs and a simplification of supervision with a reduced risk of fraud.

The Commission is aware of the concerns linked with the production of tropical products, however the EU production rules can apply everywhere in the EU where there is a big climate diversity (also in the French DOM-TOM). The organic farming rules are not product-specific as they apply to product categories. Moreover, the concerns from developing countries are taken on board in the Action Plan in action 14.

IFOAM EU: The current regulation allows the retroactive conversion and the use of conventional seeds under conditions. So, the non-compliances presented by the Commission come from a bad implementation of the EU rules, not from the equivalence regime. IFOAM EU also mentioned that there are problems of implementation of the EU regulation in the French DOM- TOM, for instance on the implementation of the seed database. IFOAM EU asked if the equivalence agreement between US and EU will be phased out with the new regulation.

EOCC: as regards the procedure to become a recognised control body under the regime of compliance, the deadline for introduction of dossiers for inclusion in the first list is currently set at 31st October 2015 (Art 4 of Reg 1235/2008 as amended by Reg 1287/2014). How to deal with a situation with no applications?

SACAR: mentioned that they support compliance.

Copa-Cogeca: on the derogation on the retroactive recognition of the conversion period and seeds, there are also different approaches in the MS on how to deal with that.

Fair trade: the concerns regarding imports cover issues that already exist in the EU, so how can imports be a bigger threat? The main imports are not on unprocessed products, but on tropical products, so how can we mention unfair competition?

The Commission replied that when some stakeholders claim that the shift is a major challenge, on the basis on this graphic we can see that it not the case. It is good to remind that the basis of the discussion is the proposal from the Commission to get rid of control bodies decisions on derogations, because there are no clear criteria to grant these derogations and this is creating a situation where there is competition among control bodies. On the bases of the impact assessment, it was noted that in some cases, operators chose control bodies who grant derogations in an easier way. This is a risk for the consumer confidence and consumers are not aware of this. As regards the entering into force of the compliance regime for Control bodies, the date will be postponed and linked with the final date that will be decided during the review of the basic act. Some substances are needed for some products, however the new regulation could provide for enough margin to take into account some particular needs from these third countries.

About the phasing out of the equivalence, there is a 5 year period for phasing out of the current system and during this period there should be a shift to international agreement with mutual and reciprocal recognition.

WWF: inquired on the way the Commission analysed the number of derogations granted and on the requirements linked with the social and labour aspects.

IFOAM EU stated that the phasing out of the equivalence principle is unfair for the smaller countries that are likely to be excluded from the trade agreement.

Via Campesina: mentioned that the approach taken by organic farmers when choosing seed varieties is different and this needs to be taken into account.

SACAR: commented that the issue of availability of supply is important to consider because empty shelves is a bad way of marketing products.

Fair Trade: inquired on how the Commission collected the information provided and how many control bodies were involved in the impact assessment. Fraud is the biggest problem, a global problem and we need to deal with that together and it is not fair to focus on only one part of the world.

The Commission replied that they do not have the total number of derogations in third countries, but they have the percentage for each. The social aspects and other important elements are not part of the scope of the current regulation. All the information provided on the slides come from annual reports received from control bodies, however we also ask stakeholders to send more information on the implementation of the regulation in third countries.

#### **4) State of play of the implementation of the action plan**

A Commission representative presented the actions that have been implemented from the action plan. As regards the electronic certification system, this is being finalised. On research and innovation, organic farming will become more visible than in the previous work programmes. During the expo Milano, a conference on research and innovation is planned to debate the future priorities for the sector and to try to get the right feedback. In particular there will be 5 workshops on plant production, seeds, animal production, food and feed processing and ways to stimulate the transfer of knowledge. The results will fit into the H2020 work programme. A study on the distribution of the added value along the organic

food supply chain will be carried out and it should be completed by the end of 2016. A survey on consumer awareness is also planned by EUROSTAT. This year, the work done as regards the integration of organic production legislation in the TARIC database will be finalised. DG Environment has also started working on the revision of the green public procurement criteria where organic farming takes a big place.

Copa-Cogeca: mentioned that the work on the electronic certificate for imports linked with TRACES is interesting and asked if this could be included in the rapid alert system in order to obtain information on possible frauds and risks.

The Commission replied that this issue will be tackled under item 10.

## **5) Information on the analysis of the reactions on Ukrainian sunflower cake**

A Commission representative presented the issue relating to the import of 15 000 MT of Ukrainian sunflower cakes that entered into the EU market in several member states (Germany, Austria, Denmark, Belgium...). The detection of the irregularities took place at the level of a (German) livestock farmer, so only at a lower level of the supply chain (not at the level of the feed processor) and this is worrying. Another major concern is the fact that operators (feed processors and farmers) were treated differently in the different member states which created competitive advantages or disadvantages for them. This raises also an issue on transparency towards the consumer. The Commission assessed the situation and as regards the remedial action, there has been a tightening up of controls and supervision in Ukraine, the tighter controls at points of entry into the EU and the tightening up controls within EU.

As regards the lessons learned, prevention should be and is the first essential action, with preventive controls in third countries and in the EU. Then detection should lead to notifications and tangible action immediately and without any delay. Finally harmonised follow up actions are needed. The findings underpin the need to focus controls on risks, harmonise follow up action, e.g. building triggers that automatically lead to uniform action.

IFOAM EU highlighted that the main issue was the communication between the certification bodies and the competent authorities, but even though the farmers and processors knew that it was risky. In order to avoid these cases of fraud the EU should find better ways to enforce common measures. In addition, IFOAM EU asked, beside the residues of non-authorized substances that were found, do we have the certainty that it is a fraud?

Copa-Cogeca: asked a question on the country of production of these cakes and on the country of the accreditation body who gave the certificate. In addition, the representative asked why so much of this product was imported as beforehand it was manufactured in Germany.

Fair Trade: there is a lack of credibility with third country, fraud it is not only linked with imports.

The Commission replied that speed is essential. Prevention needs to be a priority and we need to find the root cause. Further supervision is needed to guarantee that the standards of organic farming are respected. The Commission also answered that they are not 100% sure that this case is a fraud.

## **6) Update on the EGTOP's activities**

A Commission representative made a presentation on the ongoing mandates. The first one is on fertilisers and soil amendments II. The mandate requires an assessment of 6 substances (e.g. struvite, xylite, amino-acids), an evaluation of fertiliser production processes compatible with organic farming, an evaluation of need for limits for heavy metals in annex I products and an evaluation of the need for a fast-track procedure for less problematic substances. The sub-group met on 10-12 March 2015 and agreed on a draft report that is going to be discussed during the meeting in June of the EGTOP permanent group.

The second ongoing mandate is on wine. This mandate focuses on the review of the use of heat treatment, ion exchange resins and reverse osmosis in wine production (article 29d(4) R. 889/2008), re-assessment of certain substances already evaluated in previous EGTOP reports (e.g. ammonium bisulfite, ammonium sulphate, chitosan, wood fibres, etc.), re-assessment of substances in Annex VIIIa to Regulation 889/2008 and assessment of compatibility with organic farming with practices introduced after 01/08/2010 in the horizontal legislation on wine. However the mandate is still in discussion. The meeting of the sub-group will take place on 5-7 May 2015 and the meeting of the Permanent group in June 2015.

The last mandate covers the topic of cleaning and disinfection. It will address the review of products listed in Annex VII to R. 889/2008, the evaluation of caustic soda for beekeeping, the issue of a possible list of cleaning and disinfection products useful in plant production and the assessment of disinfection technologies (e.g. UV, ozone, plasma gas). The mandate is not finalised and it is under discussion. The meeting of the sub-group will take place in

As regards the question raised during the adoption of the agenda on the fast track authorisation procedure for basic substances, the mandate on fertilisers and soil conditioners covers this. However, this is a political issue. As regards the issue of potassium phosphonate, EGTOP has considered it not compatible with the principles of organic farming in its second report on pesticides. It will be up to the Commission to take a final decision on that however until now, the Commission has not taken any decision against the EGTOP opinion.

IFOAM: on the issue of phosphonate it is a problem that is coming from the horizontal regulation and should be analysed alongside the use of copper, with the aim to reduce the use of both products in general. IFOAM EU mentioned a proposal that was sent from the wine growers from all over EU to the Commission. On the fast track issue, IFOAM EU stressed that some substances are necessary in order not to block innovation and ask if it is not possible to circumvent the existing regulation. As regards the greenhouse report, which is available, why has the Commission's proposal not taken anything from this report?.

Copa-Cogeca: as regards the mandate on wine, on sulphite, are the limits going to be revised?

The Commission replied that on sulphites, the substances that were allowed need to be put again under review to see if there would be new considerations. As regards the Commission proposal to review the current legislative framework (COM(2014) 180), the recommendations on poultry from EGTOP were integrated in the proposal, but not those on greenhouse. The priority is now given to the review process for the Commission. Nevertheless, the Commission mentioned that they will use the results of the EGTOP reports to draft the delegated and implementing acts of the new regulation.

## **7) State of play on the rural development implementation in organic farming**

A Commission's representative made a presentation on the state of the rural development implementation. All Member States except one have the measure on organic farming in their rural development programmes. However the member state who does not include it in its rural development programme supports the sector via state aid. The total public spending (EAFRD+MS) for the measure is 9.2 billion euros for all rural development programmes. Public spending for the organic farming measure therefore accounts for 6% of the total projected public spending for rural development programmes. The target indicators are 6.9 million ha under maintenance and 3,2 million ha under conversion in total in all member states. Organic farming is also supported with other measures such as knowledge transfer, advisory services, quality schemes, investment, farm and business development and cooperation. The total EAFRD amount for 2014-2020 is €84,936 M.

IFOAM EU: if the public spending for the organic farming measure represent 6% of the total projected public spending for rural development programmes, does the Commission have the percentage for each Member States?

The Commission answer that they have these data but they are still finalising them.

Copa-Cogeca: asked about the way member states were handling the granting of these measures and the greening requirements.

The Commission replied that they asked members to take care of this and to avoid double funding.

## **8) Discussion on fraud in the organic sector**

EOCC made a presentation on a case of fraud in the organic sector in order to provide the participants with some questions and some answers. As for the context, there is no definition of "food fraud" in the EU law. The first case presented addressed a case of fraud in an organic farm with organic pig production. In this case, there were plant records with falsified yields, the livestock records were falsified and there were sales of number of new-born pigs with substitution of invoices. It was possible to detect the falsified livestock records only after involving the Veterinary service from the Food Safety authority. As regards the invoices, an expert in bookkeeping detected the substitution of invoices that helped with discovering the fraud. This demonstrates that the exchange of information between competent authorities and control bodies is important to detect fraud cases.

A second case of fraud was presented. It concerns fraud at the level of a meat processor. For this case too, it is also possible to say that exchange of information between control bodies with cross check of data is essential, as well as investigation and exchange of information between competent authorities and control bodies.

As regards the lessons learned, the effectiveness of verification of compliance depends on the accessibility and timing of verification of documents. This allows the comparison of the content of documents with relevant productions and products. This should be done during the weekends and nights when necessary, with an appropriate frequency (at least 1 per year) on the targeted IN/OUT balance (1 product during short time period). In addition, the effectiveness of verification of compliance depends on authenticity of verified documents and where possible, the official documents should be cross checked or double checked by others.

The effectiveness of verification of compliance depends on completeness and correctness of verified information: with a particular attention for stock records, for the coherence/reliability between records and the capacity of the production unit and for the yields in processing units. As a conclusion, to prevent, detect and eliminate fraud in organic, there is a need for a strategy, capacity and availability at EU level. To be effective, verification of compliance requires verification of coherence between documentary evidence and the affected products.

### **9) Downgrading of products and follow-up by CBs: how to ensure a more effective approach**

A representative from EOCC made a presentation on this item. He gave several examples of cases of downgrading from organic to non-organic after investigation for vegetable oil, cereals for feed, cocoa beans and cereals for flour.

On the next steps, there should be a listing of information about practices of blocking, downgrading and suspension of organic certificates under different competent authorities. In addition, further efforts to improve exchange of information at control body level should be encouraged and with different competent authorities to be more complete and faster.

### **10) Electronic certification for imported organic products: state of play**

A Commission representative made a presentation on the state of play of the electronic certification for imported organic products. As a background there is the European Court of Auditors' Special Report No 9/2012 and the Action No 12 of the Action Plan for the Future of Organic Production in the EU which states that *"The Commission will develop a system of electronic certification for import, as a module integrated into the TRACES system (future information Management System for Official Controls –IMSOC) by 2015"*

The expected benefits for this electronic certification are better traceability, reduced fraud, less administrative burden for operators and authorities and available statistical data on organic imports

TRACES is the trans-European network that started in 2004 for trade in animals and animal products, then extended to trade in plants and plant products. It is a web-based network accessible to all actors involved in generation, issuing and endorsing of electronic certificates. It is permanently accessible with a secure and protected password.

As regards the timeline, the prototype is ready and it is being tested until May 2015. During the second half of 2015, there will be discussions with member states in the Regulatory Committee on Organic Production (RCOP) for system improvements and amendments to Regulation No 1235/2008. The objective is to have the system in place in 2016. Information and training for all operators and stakeholders concerned will follow as appropriate.

The Chair concluded the meeting and indicated to the participants that the following meeting will take place in December 2015.

### **Disclaimer**

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