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*Ms Loreta GRAUŽINIENĖ
President of the Seimas
Gedimino pr. 53
LT-01109 Vilnius*

Dear President,

The Commission would like to thank the Seimas for its Opinion concerning the proposal for a Regulation on organic production and labelling of organic products, amending Regulation (EU) No XXX/XXX of the European Parliament and of the Council [Official controls Regulation] and repealing Council Regulation (EC) No 834/2007 {COM(2014) 180 final}.

As a preliminary comment, the Commission wishes to recall that the proposal is listed among the proposed withdrawals or modifications in the Commission Work Programme for 2015 {COM(2014) 910 final – Annex 2}. The Commission decided to withdraw the proposal and to replace it with a new initiative, if no agreement is reached in six months after the adoption of the Work Programme.

The proposal on organic production and labelling of organic products comes in a context where the challenges for the sustainable development of the organic sector are increasing. In the last decade the market for organic products in the EU has quadrupled. However the internal EU production only doubled. This shows that the increase of the market is based mostly on imports. More needs to be done in order to increase the EU organic production capacity.

Increasing production at a high pace risks putting pressure on the standards of organic production and consequently on the credibility of the system. Moreover, an extended public consultation with over 45 000 replies, which is one of the elements that supported the proposal, has clearly shown that citizens have high expectations as regards the standards and the integrity of organic production. Currently there are many possibilities for derogations from the rules, which are applied differently across Member States and also for imported products. The resulting absence of a level playing field and of transparency spills over into the control system, which as the European Court of Auditors underlined in its 2012 report¹, needs serious improvement. In addition to simplification and clarification of the legal

¹ Special Report No 9 from 2012 of the European Court of Auditors on Audit of the Control System Governing the Production, Processing, Distribution and Imports of Organic Products.

framework, these were the grounds at the basis of the Commission's proposal for the organic sector.

The Commission has taken note of the variety of observations and questions from the Seimas in its Opinion, including on the use of delegated acts. On the more general questions the Commission would like to make the following remarks.

The Seimas expresses its concerns as to the proposal's significant and potentially negative impact on organic production in Lithuania. In that regard the Commission wishes to stress that the overall objective of the proposal is to support the sustainable development of organic production, and to that end, the Commission has proposed to remove obstacles to the development of organic production in order to guarantee fair competition for farmers and producers to improve the functioning of the internal market and to maintain and improve consumer confidence in organic products.

It should be noted that the Commission has foreseen several provisions to ensure a smooth transition to the new legal framework for farmers in conversion, for the use of plant reproductive material, animals for breeding purposes and young stock of aquaculture animals, for control authorities and control bodies and for stocks of organic products produced under the current rules. Furthermore, to allow some time for operators to adapt to the new Regulation, the proposal provides that conformity will be required only six months after the adoption of the Regulation.

The Commission has taken note of the concern of the Seimas that stringent conditions for organic farming could trigger abandonment of the organic production. In that regard, the Commission considers that more uniform conditions for organic farming would improve consumer confidence and fair competition among organic farmers. The Commission would also like to recall that, in some cases, the long-term abuse of exceptions under the current legislation has led to unfair competition within the Union and in relation to imported products, to complexity in the application of the legislation, to control difficulties and to a heavy administrative burden. Furthermore, the Commission finds that it would not be in line with the principles of organic production to keep the exceptions and derogations in the current legislation.

The Seimas also criticises the proposal for no longer allowing organic and non-organic agriculture on the same farm. Currently, Article 11 of Council Regulation (EC) No 834/2007 lays down the requirement for an organic farm to be managed entirely organically. Parallel production is not allowed, but a limited exception to this rule may be authorised in certain cases. As a result, some organic farmers manage their entire farm according to organic rules and others have the possibility to carry out in parallel organic and conventional agriculture. This situation does not ensure fair competition and also causes control problems: audit reports show that it is difficult to check the integrity of organic products on farms combining the two types of agriculture. Furthermore it involves a heavier administrative burden and higher inspection fees. The Court of Auditors has recommended the Commission to address

control weaknesses. These are the main reasons why the Commission has chosen not to extend the possibility to have mixed organic/non-organic farms.

The Commission hopes that these clarifications address the issues raised by the Seimas and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Phil Hogan
Member of the Commission*