

AREPO POSITION PAPER ON COMMISSION PROPOSAL FOR A REGULATION ON ORGANIC PRODUCTION AND LABELLING OF ORGANIC PRODUCTS

ANALYSIS OF COMMISSION PROPOSAL

The **review of the Regulation 834/2007** on organic farming is currently underway and the European Commission has published a new proposal for a new organic Regulation, based on the **principle-driven option**. This option aims at re-focussing organic production on its basic principles and objectives of contributing to the integration of environmental protection requirements into the CAP, and promoting sustainable agricultural production. In addition, particular attention has been paid to simplification during the whole process. The Commission proposes in particular:

- to **strengthen and harmonize rules**, both in the European Union and for imported products, by **removing many of the current exceptions** in terms of production and controls;
- to reinforce **controls** by making them risk-based;
- to make it easier for **small farmers** to join organic farming by introducing the possibility for them to sign up to a **group certification** system;
- to better address the international dimension of **trade in organic products** with the addition of new provisions on exports; and finally
- to **simplify the legislation** to reduce administrative costs for farmers and improve transparency.

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**.

CRITICAL POINTS OF COMMISSION PROPOSAL

I. STRUCTURE AND DELEGATED ACT

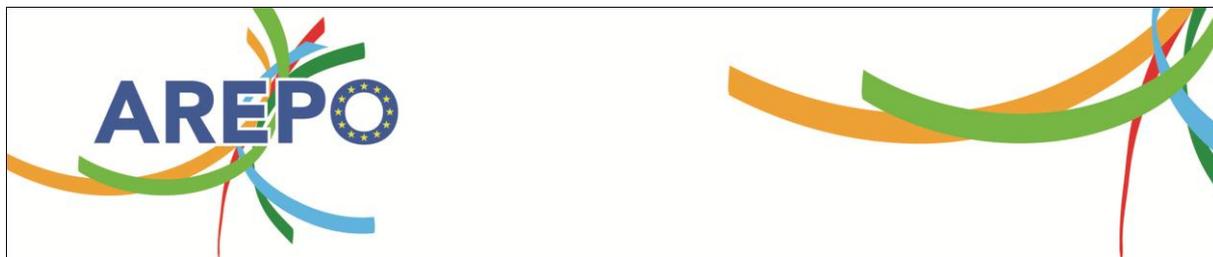
Description of the change: The current proposal reintroduces the structure of the first organic regulation (2092/91) with a single regulation plus annexes that contain specific production rules (current structure: one basic regulation and 2 implementing regulations).

Analysis: It is excessive to change again the structure after only 5 years. Moreover, the proposed structure could **decrease the stability** of the sector as many key parts are in the **annexes**, which can be modified by delegated acts.

Furthermore, in the regulation the EC does an **excessive use of delegated acts** and most of them could include **essential elements**. This could have the effect to increase the **uncertainty** of the proposal with a high risk of fragmentation and uncertainty of the rules, increase of administrative burden and decrease of investment in the sector.

II. PRINCIPLE DRIVEN OPTION/ EXCEPTIONAL RULES

Description of the change: In line with the impact assessment, the European Commission has chosen the **principle-driven option** which aims at re-focussing organic production on its basic principles and objectives of contributing to the integration of environmental protection requirements into the CAP, and promoting sustainable agricultural production. From the Commission point of view this has been translated in the **end of exceptional rules**.



Analysis: The Commission proposal could expose the sector to some serious risks that are underestimated in the **impact assessment** which is biased since it **lacks of reliable data at European level**. From this point of view, the negative impact on the organic sector, caused by the elimination of all the exceptions and flexibility and the consequent tightening of the rules, could not be just temporary, as sustained by the EC. In the long run, it could exceed the expected benefits, with a consequent reduction in the supply of organic agricultural products produced in Europe.

Even if we share the commitment of European Commission to refocus the organic production toward its principles, a more pragmatic approach with a **step by step development** would be preferable, as in the case of the approach proposing the status quo improvement.

III. GENERAL PRODUCTION RULES

CHAPTER II

Description of the change: Production rules will be strengthened and harmonised by removing various derogations and exceptions (except temporary in the case of **catastrophic circumstances**, see Article 17).

Transitional arrangements will be provided so that farmers can adapt to the new rules (ex. genetic input transitional measures relating to seeds, livestock and fish juveniles, Article 40).

Analysis: Even if it is important to improve the implementation of the exception, their elimination is not the solution. Exceptions are important for small producers, for the new MS and for the countries where organic production is not developed, because they permit a gradual conversion. It would be important to **improve the exceptions definition and include them directly in the main regulation**, avoiding the uncertainty linked to the Commission delegated acts in order to assure the stability of the sector.

1. Organic agricultural holdings have to be **entirely managed in compliance with the requirements applicable to organic production.** **Art 7.1(a)**

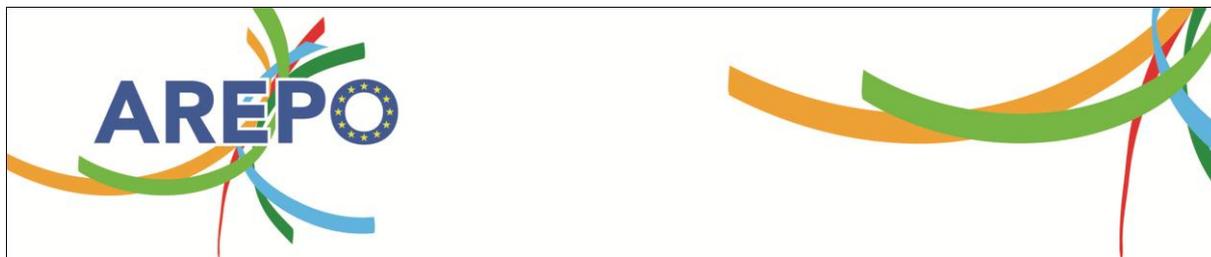
Analysis: Ideally it's positive because it would simplify the control and there would be less contamination and more guaranties. Nevertheless, it could create practical problems, since a great number of organic farms have mixed production and the cost of a complete conversion presents a high **risk of losing a large part of organic farms**.

Moreover, this rule may even result in the increase of administrative burden for the competent authorities, because some enterprises could try to avoid the complete conversion, splitting the company in different conventional and organic units. It is important to avoid the split of organic-conventional holding: until now in mixed production the control body has the power to control both the conventional and organic unit. An administrative division would **endanger the transparency of the production** (the conventional unit would not be under the control body competence) and **increase the administrative burden**.

Finally, the goal of increasing organic seed production **could be seriously undercut by the requirement that holding must be entirely organic, if it applies to seed companies**.

2. Organic operators other than farmers or operators producing seaweed or aquaculture animals are required to develop a **system to measure their environmental performance** (exception: micro-enterprises exempted to reduce their regulatory burden). **Art 7.1(d)**

Analysis: It's not clear how the environmental management system should be put in place (by whom? How should it be controlled?). The definition of these criteria through an EC delegated act could increase uncertainty



on the issue. As a consequence, the criteria for environmental certification should be included directly in the regulation. It would be fundamental to maintain the proposed exception for the micro-enterprises and to focus the request on big organic companies.

Finally, it would be appropriate to extend the requirement of the environmental management system to organic processors and importers. In this way not just the primary production but the whole organic chain would apply the principles of environmental sustainability.

3. **Regional Feeds** : 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.

Analysis: 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.

A step by step approach would be preferable. In any case, a definition of the term “region” is necessary in order to evaluate in impact of this measure.

IV. CONTROL SYSTEM

CHAPTER V

1. Provision on organic control system are integrated in a single legislative text under the **Commission proposal for a Regulation on official controls** and other official activities in food and feed.

[Official
Control
Regulation](#)

Analysis: The regulation of the organic control system would no longer be governed by the organic regulation but by the Official Control Regulation which falls under the authority of DG SANCO. This would in effect split authority over organic and would open up the possibility for diverging interpretation. Since control in the organic sector has specific characteristics, it would be important to keep at least control implementation under organic Regulation.

2. The **risk-based approach to official controls is reinforced** by removing the requirement for a mandatory annual physical verification of compliance of all operators.

[Official
Control
Regulation](#)

Article 23

Analysis: Annual inspection is actually very important for consumer confidence and it should be maintained.

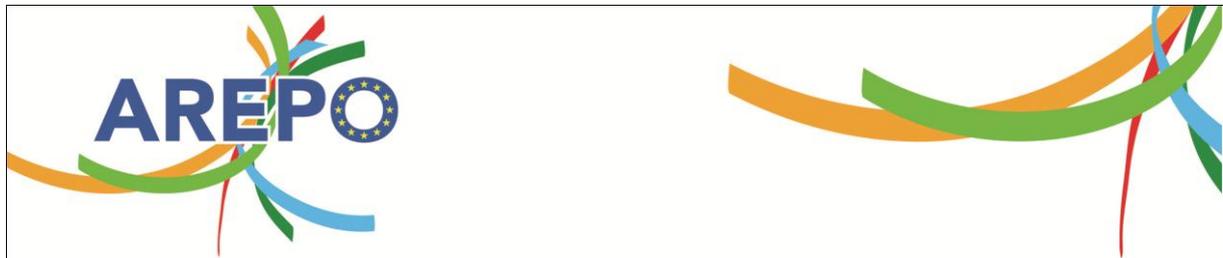
3. The proposal requires all operators along the organic chain to be submitted to the control system. Currently it is possible for certain retailers to be exempted from controls. This exemption is used very widely.

**Article 24,
paragraph 1**

Analysis: In the current state of development of the distribution of organic products, it would be unnecessarily burdensome for the sector to submit to the control system even the retailers selling prepackaged food. These operators do not present a high risk of commercial fraud and this provision increases the overall costs and discourages the development of the sector. To regulate the use of this exemption it would be sufficient to detail its terms in the new regulation.

4. A system of **group certification** is introduced for small-scale farmers in the Union with a view to reducing the inspection and certification costs and the associated

Article 3.7



administrative burden, strengthening local networks, contributing to better market outlets, and ensuring a level playing field with operators in Third Countries.

Article 26

Analysis: This measure should open the possibility of organic certification to farmers who could not previously access it due to cost and administrative burden. Nevertheless, it would be important to define the condition directly in the regulation.

Moreover, the definition of “group of operators” introduces a **limit of 5 ha** to define the small-scale farmers that can apply for a group certification. This limit is not appropriate, since the dimension depends from the type of exploitation: in the case of greenhouse production and horticulture, 5 ha would be a big and remunerative exploitation whereas it would be a too restrictive limit in the production of cereals and it would exclude a great number of small producers that could benefit from the measure.

As a consequence, it would be necessary to **modify the definition**, using a more appropriate criterion, like the **turnover**, to define the small-scale producers.