



European Association representing the trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply
Comité du commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures

Brussels, 23 October 2014

**Commission Proposal for a Regulation on organic production and labelling of organic products
COCERAL Position**

COCERAL is the European association representing the trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply. COCERAL is the voice of collectors, distributors, exporters, importers and agribulk storers of the above mentioned commodities.

Organic production is an increasingly relevant segment in the market. However, COCERAL considers it important to keep in mind that conventional agricultural production is still dominant and to be aware that conventional and organic agricultural production will remain to coexist. From a trade perspective it is therefore vital that not only sufficient supply of organically produced products is sustained but also that trade with both conventional and organic products is not jeopardized.

While the intention to simplify and streamline the rules for organic production is generally welcomed, COCERAL is concerned about the shift from a process-based to a product-based approach which shifts organic controls to end product analysis.

COCERAL believes

- that mixed organic and conventional farming should continue to be possible if adequate separation of processes and storage can be ensured;
- that the proposed requirement to implement an Environmental Management System is too vague in order to assess potential implications and especially in the light of the proposed scope which might need to be reconsidered;
- that annual control inspections should remain and be the minimum requirement of the organic control regime in order to sustain a high level of awareness towards the sensitivities of organic production, trade and processing;
- that organic-specific control provisions should remain within the framework of the organic legislation instead of regulating it within the official controls regulation.

COCERAL is concerned

- about setting an organic decertification threshold at levels of the baby foods directive which would be practicably unworkable, render organic food non-competitive in the market and likely increase food waste;
- about the feasibility of an increased regional origin percentage for feed unless "region" is defined sufficiently wide.
- about the impact of the tightening of rules on the availability and the price of organic seed;
- about the implications of the proposed switch in the import regime on trade in particular with less and least developed countries as too little time seems to be foreseen to adjust to the new framework.

In the light of the above, COCERAL would like to present its perspective on some of the changes proposed in the Commission proposal for a revised Regulation on organic production and labelling of organic products:

Production rules and role of exceptions/derogations

- **Phasing out of mixed farms**

The Commission envisages phasing out the existence of mixed farms.

Evidently, there can be a risk of cross-contamination if both conventional and organic farming are pursued at the same establishment. However, COCERAL believes that if clear separation of production plants and physical distance of conventional and organic processes and/or storage facilities can be ensured in order to avoid any mixing, mixed production should not be prohibited. For example, both organic livestock production and conventional cereal production could be pursued at the same establishment under the condition that e.g. feed for livestock is stored in clear separation from the conventionally produced cereal. Furthermore, COCERAL believes further discourse useful of what is understood to be a “mixed farm” as any farms under the influence of the same person constitutes a mixed farm.

COCERAL believes that mixed organic and conventional farming should continue to be possible if adequate separation of processes and storage can be ensured.

- **Environmental Management System**

Article 7.1.d foresees that any organic operator other than micro-enterprises, farmers and operators producing seaweed or aquaculture animals shall put in place an Environmental Management System (EMS) with a view to improving their environmental performance.

Since the criteria to which such an EMS needs to correspond shall be implemented via delegated acts, an assessment of implications remains impossible at this point. Furthermore, there is some concern about the scope of such a requirement which is understood to cover all stages of production, preparation and distribution. This might be reaching a bit too far - for example, if also applicable to professional storekeepers.

COCERAL believes that the proposed requirement to implement an EMS is too vague in order to assess potential implications and especially in the light of the proposed scope which might need to be reconsidered.
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- **Increased regional origin percentage for feed**

The proposal requires that a higher percentage of feed for livestock needs to be obtained from the farm where the animals are kept or from other organic holdings in the same region.

COCERAL is concerned about the feasibility of an increased regional origin percentage for feed unless “region” is defined sufficiently wide. Weather conditions may cause significant crop losses or quality issues which can make it impossible for

organic producers to source locally produced animal feed. Restricting region even to the European Union (EU) would be inappropriate for a number of feed materials imported from non-EU sources. Furthermore, even if it could be sourced from a more “local” supplier, the market will need to provide incentive to farmers to sell e.g. quality wheat for feed production if it can be sold at a better price to mills. These circumstances will make it necessary to keep some exceptions from this provision.

COCERAL is concerned about the feasibility of an increased regional origin percentage for feed unless “region” is defined sufficiently wide and believes that some derogation will remain to be necessary in order to meet the demands of the market.

- **Decertification threshold at levels of the baby foods**
Article 20 proposes that products in which the presence of products or substances that have not been authorised according to the regulation is detected beyond the levels established taking account in particular of Directive 2006/125/EC (baby foods directive), shall not be marketed as organic.

Setting an organic decertification threshold at levels of the baby foods directive would be practicably unworkable, render organic food non-competitive in the market and likely increase food waste. Not only would the production of organic goods become very difficult, also trading and collecting of organic goods would not be profitable any more as possible margins will not be able to match the costs for managing the risk of cross-contamination. Traders and collectors will be particularly at risk for being liable when collecting harvest from different farms from regional storages, where cross-contamination with products from conventional neighbouring farms can never fully be precluded. Furthermore, increasingly sophisticated laboratory sampling techniques allow for the detection of ever smaller amounts of substances. The regulation of thresholds should therefore not only meet consumers’ expectations but must also take into account the practical circumstances of operations.

COCERAL believes that setting an organic decertification threshold at levels of the baby foods directive would be practicably unworkable, render organic food non-competitive in the market and likely increase food waste. The regulation of thresholds should therefore not only meet consumers’ expectations but must also take into account the practical circumstances of operations.

- **100% organic seeds**
The proposal suggests a phasing out of derogations in order to achieve 100% organically produced plant protection material by 2021. The plant intended for the reproductive material production (and where relevant the mother plant) shall have been produced according to the Regulation for at least one generation, or in the case of perennial crops, for at least one generation during two growing seasons.

COCERAL is concerned that any tightening of the existing rules will impact on the availability and the price of organic seed. Considering that the availability of organically produced plant reproductive material varies greatly for different types of plants, COCERAL believes that certain derogations need to remain even after 2021.

Trade with third countries

- Rules for imports of organic products

The proposal introduces a shift from equivalence to a compliance-based import regime for products from Third countries that do not have a trade arrangement with the European Union.

COCERAL believes that the proposed full compliance requirement for imports would represent a disproportionate measure to the value added which puts at risk trade with organic products, especially imports from less and least developed countries. There will not be enough time for the Commission to negotiate bilateral equivalency arrangements on time with all the respective countries, and at the same time also not for the Third countries to produce in line with EU legislation.

COCERAL is concerned about the impacts of the proposed switch in the import regime on trade in particular with less and least developed countries as too little time seems to be foreseen to adjust to the new framework in order to alleviate potential trade disruptions.

Certification and control regime

- Risk-based approach without annual controls

The Commission proposes a fully risk-based approach to controls and to abolish annual physical inspection of operators regardless of their risk profile.

Annual inspections represent a very important instrument to introduce and maintain high sensibility towards the rules of organic production, trade and processing. The absence of annual inspection irrespective of the risk profile seems to run against the general tightening of the rules characteristic to the rest of the Commission proposal.

While COCERAL supports the principle of pursuing a risk-based approach with controls, we believe that annual control inspections should remain and be the minimum requirement of the organic control regime in order to sustain a high level of awareness towards the sensitivities of organic production, trade and processing.

- Regulating organic controls

Organic control provisions are intended to be under the single legislative framework of the proposed official controls regulation (COM (2013)265).

COCERAL would prefer keeping organic-specific control provisions within the framework of the organic legislation instead of regulating it within the official controls regulation.

COCERAL suggests providing as currently the case, a specific regulation on organic controls instead of including control provisions in the official controls regulation.

COCERAL is the European association of cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply trade. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above mentioned agricultural products. COCERAL's full members are **30 national associations in 19 countries** [Austria, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxemburg, Poland, Romania, Slovenia, Spain, Sweden, the Netherlands and the UK] and **1** European association [Unistock] With about **2700 companies** as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. COCERAL has two associated members in Switzerland and Serbia.