EU and U.S. Agree to Historic New Partnership on Organic Trade

Reflections from Kathleen A. Merrigan, Deputy Secretary of Agriculture

“Every generation has the sacred duty of handing over unimpaired to the next generation the heritage of a fertile soil.” – Sir Albert Howard

As EU Commissioner Cioloş and I signed the U.S./EU organic trade partnership in Germany last month, I reflected on these prophetic and inspirational words. Bringing together the world’s two largest organic markets provides a unique opportunity to expand and collaboratively address issues facing organic agriculture around the world in the service of that sacred task expressed by Sir Albert.

The signing of this historic partnership was the result of a decade of negotiations and assessments between the U.S. and EU. This arrangement connects organic farmers, companies and communities on both sides of the Atlantic with a wide range of new market opportunities. In the U.S., almost half of the organic farmers and food companies surveyed in 2011 planned to create new positions. We expect that this partnership will continue to create opportunities for job growth in the U.S. and throughout the EU.

Additionally, consumers will have greater access to and awareness of organic foods through the increased organic food choices afforded by this partnership. The signing took place during BioFach, the world’s largest organic trade show. The announcement of the trade partnership contributed to a strong showing from U.S. exhibitors, with almost double the immediate 12-month projected sales compared to last year’s show.

Ten years have passed since USDA launched its National Organic Program (NOP). The program combines strict organic standards, a rigorous oversight system, and access to the U.S. market for conforming organic products. The integrity of this system has helped propel strong growth in consumer demand for certified organic products and the integrity and values they represent. And this growth has extended globally, creating significant opportunities for international trade (continued on page 2).
Previously, growers and companies wanting to trade products on both sides of the Atlantic had to obtain separate certifications to two standards, which meant a double set of fees, inspections, and paperwork. This partnership eliminates significant barriers, especially for small and medium-sized organic producers. Access to larger markets is a key incentive for developing organic and sustainable production systems, which provide fertile ground for family farmers, rural communities, cooperatives, and agricultural economies.

This partnership with the EU is our second venture into equivalence, our first being with Canada. We expect the benefits to organic producers and consumers will only increase as more agreements are reached. The challenge of equivalence is not just about comparing standards, but also about the ability of certifiers and governments to verify the integrity of organic products from farm to market. This assurance of integrity is critical to developing and maintaining the trust of consumers on both sides of the Atlantic.

To prepare for this arrangement, both parties conducted thorough on-site audits to ensure that each other’s programs’ regulations, quality control measures, certification requirements, and labeling practices were compatible while maintaining the integrity of our own systems. The U.S. and EU will continue to have regular discussions and will review each other’s programs periodically to affirm that the terms of the arrangement are being met.

The USDA remains committed to organic agriculture and effective regulation to ensure that consumers receive the values promised by the organic label. We are equally committed to harmonious international organic trade. Combining these goals supports the continual growth of the organic market and the economic well-being for organic farmers in the U.S., the EU and around the world.

I hope you will join me in celebrating this historic partnership, which wouldn’t have been possible without the USDA Foreign Agricultural Service and the U.S. Trade Representative. I’d also like to acknowledge our U.S. organic industry advisors and the Organic Trade Association, which provided important information on the significance of this partnership to the USDA organic community.

In closing, I return to the wisdom of Sir Albert Howard calling each of us to embrace our sacred obligation to future generations by paraphrasing Mohatmas Ghandi and calling on each of us to “Live like you’ll die tomorrow” and FARM LIKE YOU’LL LIVE FOREVER!

Kathleen A. Merrigan, Ph.D.
Deputy Secretary, U.S. Department of Agriculture
Beginning June 1, 2012, organic products certified in Europe or in the United States that meet the terms of the equivalency arrangement may be sold as organic in either region. This partnership between the two largest organic-markets 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.

Scope
Beginning June 1, 2012, the equivalence arrangement covers products exported from and certified in the United States or the European Union.

Requirements
The following limitations apply to organic agricultural products traded under the arrangement:

The following U.S. organic products may not be exported to the EU:
- Crops produced using antibiotics (e.g. streptomycin for fire blight control in apples and pears).

The following EU organic products may not be exported to the U.S.:
- Agricultural products derived from animals treated with antibiotics.
- Aquatic animals (e.g. fish, shellfish).

Documentation
A USDA-accredited certifying agent must complete an EU import certificate for all USDA organic products traded under the arrangement. List of NOP-accredited certifying agents: www.ams.usda.gov/NOPTradeEuropeanUnion.

An EU-authorized certifying agent must complete a U.S. import certificate for all EU organic products traded under the arrangement. List of EU-authorized certifying agents: www.ams.usda.gov/NOPTradeEuropeanUnion.

Labeling Requirements
For retail products, labels or stickers must state the name of the U.S. or EU certifying agent and may use the USDA organic seal or EU organic logo. Exported products must meet the labeling requirements in the destination country.

Oversight
The U.S. and EU will notify one another with any changes to their organic standards or certifying agent policies. They will also assess each other’s systems on a regular basis to ensure that the terms of the arrangement are being met. Any issues will be resolved by the Organic Working Group, which will have representatives from both governments.

Online Resources
Check out the video capturing U.S. organic exhibitors’ reactions to the trade partnership! http://bit.ly/eu-trade-video

Additionally, please visit www.ams.usda.gov/NOPTradeEuropeanUnion to access the following:
- Joint press release announcing the partnership
- Letters establishing the equivalency arrangement
- List of NOP-accredited and EU-authorized certifying agents
- Frequently asked questions
- Fact sheet on how to access the EU market
- Link to USDA and EU organic standards and labeling information
- Audit report of EU organic program
- U.S./EU February 2012 trade report

Want to become an organic insider?
Sign up to receive email updates from the NOP http://bit.ly/NOPOrganicInsider
On June 17, 2009, the USDA and Canada Food Inspection Agency entered into an organic equivalence arrangement. This means that as long as the terms of the arrangement are met, organic operations certified under the USDA organic regulations or the Canada Organic Regime may be labeled, represented, and sold as organic in both countries. To meet the terms of the arrangement, organic operations must meet additional requirements, referred to as “critical variances.”

For organic products being shipped to Canada, one critical variance specifies the amount of space that must be provided per animal, referred to as stocking rate, depending on species type. Under the USDA organic regulations, operations must provide adequate space and living conditions which accommodate the natural behavior of livestock, including year-round access to the outdoors. Additionally, since June 17, 2010, 30 percent all USDA organic ruminants’ dry matter intake must be from pasture during the grazing season. These requirements create a system in which all organic ruminant operations operating under the USDA National Organic Program meet or exceed the Canadian stocking rates. Information collected from a survey of NOP-accredited certifying agents has confirmed this.

On January 20, 2012, the Canada Food Inspection Agency approved USDA’s request to remove ruminant livestock from the stocking rate critical variance. As of this date, USDA organic ruminant livestock producers may sell and ship products to Canada without additional verification. This change reflects efforts by both countries to harmonize standards and move toward full equivalence. Products from non-ruminant livestock (e.g. swine and poultry) must still meet the Canadian stocking rates referenced below.

**Canada Requirements**
To be sold, labeled, or represented as organic in Canada, USDA organic products must meet the following additional requirements:

- Agricultural products produced with the use of sodium nitrate shall not be sold or marketed as organic in Canada.
- Agricultural products produced by hydroponic or aeroponic production methods shall not be sold or marketed as organic in Canada.
- Agricultural products derived from animals (with the exception of ruminants) must be produced according to livestock stocking rates as set out in CAN /CGSB32.310-2006.

**United States Requirements**
To be sold, labeled, or represented as organic in the United States, Canadian organic agricultural products derived from animals must be produced without antibiotic treatment.
The NOP published a final rule in the Federal Register to amend the use of materials in organic crop production and processing. These changes, reflected in the National List of Allowed and Prohibited Substances, became effective on March 15.

Incorporating feedback from public comments, the rule allows the use of four new substances in the production or processing of USDA organic products:

- Microcrystalline cheesewax, used to hold moisture in logs growing organic mushrooms.
- Acidified sodium chlorite, used to sanitize food and food contact surfaces.
- Non-organic dried orange pulp (in multi-ingredient organic products), if organic orange pulp is not commercially available.
- Non-organic Pacific kombu seaweed (in multi-ingredient organic products), if organic Pacific kombu seaweed is not commercially available.

The rule also prohibits the use of bleached non-organic lecithin, a component of vegetable oils. Lecithin is often used as a natural mixing agent (emulsifier) or lubricant in commercial food production. The rule clarifies an allowance for de-oiled non-organic lecithin in organic food processing if the organic form is not commercially available.

National List Sunset Dates

Trying to find out when a National List substance is up for Sunset review or is going to expire? For easy reference, the NOP has published NOP 5611, National List Sunset Dates, a table of the sunset or expiration dates for all substances included on the National List of Allowed and Prohibited Substances (National List).

Under the Organic Foods Production Act of 1990, the National Organic Standards Board must review all substances on the National List every five years and recommend renewing, removing, or changing each listing. This process is commonly referred to as “Sunset review.” NOP 5611 is intended to provide the public an easy way to identify the Sunset or expiration date for all substances included on the National List. It has been incorporated as part of the NOP Program Handbook. View the list at http://1.usa.gov/sunset-dates.

Petitions and Technical Report Update

National List Petitions
The following petitions to amend the National List were sent to the National Organic Standards Board for review:

- 1,3-Dibromo-5,5-dimethylhydantoin (DBDMH), petitioned to 205.605(b)
- L-Carnitine, petitioned to 205.605(b)
- Pet food amino acids, petitioned to 205.603
- Biodegradable plastic mulch, petitioned to 205.601

Technical Reports
Technical reports are available for the following substances:

- Agar-agar, listed on 205.605(a)
- Carrageenan, listed on 205.605(a)
- Dextrin, petitioned to 205.605
- Vaccines, 205.105(e) and 205.603

Access all petitions and technical reports at www.ams.usda.gov/NOPNationalList
On February 29, 2012, the USDA Office of Inspector General (OIG) published an audit report about the NOP. This report focused on the oversight and monitoring activities of the NOP and its certifying agents with respect to organic milk.

The report includes four findings with recommendations for each. Key recommendations include:

- Conduct an analysis of genetically modified (GM) detection methods and protocols. Based on analysis results, determine whether guidance for certifying agents is needed to identify potential violations of the USDA organic regulations;
- Improve the online listing of certified organic operations, including more real-time information about newly certified and recently suspended/revoked operators;
- Ensure certifying agents have adequate oversight over the transportation of bulk raw organic milk and that milk transportation is addressed in organic system plans;
- Issue guidance related to unannounced inspections of USDA organic milk operations.

The OIG has accepted all of NOP’s proposed actions in response to the report. The NOP already has several activities underway in these areas and plans to complete all corrective actions by February 2013. Access the full report at http://1.usa.gov/oig-milk.

California Fertilizer Manufacturer Pleads Guilty

Peter Townsley, former president of the fertilizer company California Liquid Fertilizer, pleaded guilty to fraud in connection with selling synthetic fertilizer for use on organic farms. The United States Attorney’s Office of the Northern District of California announced in February that Mr. Townsley admitted to falsely representing his fertilizer as suitable for use on USDA organic operations. This fertilizer contains ammonium chloride—a synthetic substance that has not been specifically allowed on the National List—and is therefore prohibited in organic crop production.

The NOP appreciates the efforts of the U.S. Attorney’s Office, USDA’s Office of Inspector General, and the California Department of Food and Agriculture for their investigative work to bring about the conviction of Mr. Townsley’s fraudulent activities. NOP recognizes the vital roles that the state organic program and certified agents play to support its mission to ensure the integrity of USDA organic products in the U.S. and throughout the world.

The outcome of the case validates the fact that USDA organic certification is backed by clear standards and protected by serious measures to enforce them. The NOP is committed not only to its oversight role, but also its responsibility to support those who help enforce the organic regulations.
Open for Public Comment

Draft Guidance: Handling Bulk Unpackaged Organic Products
This draft guidance clarifies the certification requirements for handlers of unpackaged organic bulk commodities, such as grain, soybeans, hay, milk, and livestock. The draft guidance specifies that handlers of these bulk organic products must be certified or be covered under another operation's organic certification.
Comment Deadline: 4/3/2012

Proposed Rule: Methionine in Organic Poultry Production
The National Organic Program published a proposed rule to revise the annotation for methionine, an allowed substance in organic poultry production. This action would reduce the maximum levels currently allowed in organic poultry production after October 1, 2012.
Comment Deadline: 4/6/2012


2012 NOSB Meeting Preview

The National Organic Standards Board (NOSB) is designed by law to advise the NOP on which substances should be allowed or prohibited. Since this citizen advisory board represents all key sectors of the organic community, its recommendations provide the NOP with valuable insight. The NOSB typically meets twice per year to discuss its agenda items in light of public comments and vote in a public forum.

The NOP will publish the meeting agenda and committee proposals with a request for public comment approximately six weeks before each meeting. A Federal Register notice and NOP Organic Insider message will both provide instructions for accessing these documents and submitting public comments. All NOSB meetings are free and open to the public.

Fall 2012 in Rhode Island
October 16-19, 2012
Providence Biltmore
11 Dorrance Street
Providence, RI 02903

Spring 2012 in Albuquerque
May 21-24, 2012
Hotel Albuquerque at Old Town
800 Rio Grande Boulevard, NW | Albuquerque, NM 87104

At the end of 2011, 17,673 organic farms and processing facilities in the United States were certified to the USDA organic standards. As the figure below shows, that’s 478 more operators than at the end of 2010, and a 240% increase since NOP’s tracking began in 2002. Worldwide, there are now 28,779 certified organic operators across 133 countries. The slight decrease in the number of international operations from 2010 reflects the lack of operations based in Canada due to the U.S./Canada Organic Equivalency Arrangement. Since products certified by one country may be sold as organic in the other, Canadian operations no longer need to maintain certification to the USDA organic standards in order to sell organic products in the U.S. Beginning June 1, 2012, this will also be true for operations in EU member states.

Certified organic operations complete a rigorous process to become certified to sell organic products in the U.S. Organic farmers are committed to practices that foster the cycling of resources, promote ecological balance, and conserve biodiversity. They continuously work to adapt their farming and production practices to site-specific conditions. Organic operators create and maintain detailed Organic System Plans that describe production and handling practices in depth, and undergo annual inspections by NOP-accredited certifyng agents to confirm the organic integrity of their practices.

As promised, the NOP has worked with certifying agents to improve the consistency of the database. The NOP’s list of certified operations is currently updated once a year; however, the NOP is working to develop a system that will allow more frequent updates. Ultimately, the program hopes to provide a system with real time standardized information about organic operations to help identify and connect organic stakeholders across the supply chain, support the real-time transparency of the organic system, and streamline and standardize current information management and reporting processes for USDA certifying agents.
USDA’s Natural Resources Conservation Service is charged with helping people help the land. As an integral component of this mission, the agency’s Environmental Quality Incentives Program (EQIP) Organic Initiative helps producers implement conservation practices that address significant natural resource concerns.

The EQIP program provides technical and financial assistance to help organic producers develop and implement conservation plans. Eligible applicants include producers who meet one of these criteria:

- Certified organic.
- Transitioning to organic.
- Selling less than $5,000 worth of organic products (therefore exempt from organic certification requirements).

In 2011, the EQIP Organic Initiative provided technical and financial assistance to 1,667 farms, which represented 83 percent of eligible applicants. This was a significant increase from 1,384 farms served in 2010. These efforts not only helped producers meet their resource concerns, but also supported them in meeting the requirements of their organic systems plans.

Working with each state, the EQIP program helped to implement a broad set of conservation practices, including:

- Establishing boundaries and buffer zones
- Enhancing soil quality and organic matter while minimizing erosion
- Improving pest management.
- Developing grazing and organic production transition plans
- Improve waste utilization, composting, and irrigation efficiency
- Enhance cropping systems and nutrient management.

Accounting for all of these efforts, a total of 102 conservation practices were offered nationwide, representing a 20 percent increase in the number of projects supported under the Organic Initiative. Over 60 percent of the funding went to seven critical practices: seasonal high tunnels, cover crops, fences, nutrient management, conservation crop rotation, pest management, and mulching.

This year, the Organic Initiative features some changes to invite more participants. In addition to expanding the list of conservation activity plans, a revised environmental ranking process promotes consistency among states, as does the implementation of nationally required practices. The ranking periods have also been lengthened to provide more opportunities for organic and transitioning farms to participate.

The next application submission deadline is March 30. Learn more and apply: http://1.usa.gov/nrcs-eqip-apply.
Other NRCS Programs and Services

In addition to the EQIP Organic Initiative, the USDA Natural Resources Conservation Service administers several additional programs to enhance conservation efforts. For learn more about these opportunities and to see if your farm qualifies, please contact your regional NRCS field office. Find your regional field office: www.nrcs.usda.gov.

NRCS Landscape Initiatives
To address the unique needs of specific regions, NRCS offers targeted programs to help conserve areas such as the Chesapeake Bay, Gulf of Mexico, and the Great Lakes Restoration.

Eligible land: Focus areas, see link below.


Conservation Stewardship Program
The Conservation Stewardship Program is a voluntary conservation program that encourages producers to address resource concerns in a comprehensive manner by undertaking additional conservation activities or improving, maintaining, and managing existing conservation activities.

Eligible land: Tribal and private agricultural lands and non-industrial private forest land in all 50 States and the Caribbean and Pacific Islands Areas.


Agricultural Management Assistance Program
The Agricultural Management Assistance program provides financial and technical assistance to agricultural producers to voluntarily address issues such as water management, water quality, and erosion control by incorporating conservation into their farming operations.

Eligible land: CT, DE, HI, ME, MD, MA, NV, NH, NJ, NY, PA, RI, UT, VT, WV, WY

Reimbursement: Up to 75 percent of related costs, up to $50,000. http://1.usa.gov/nrcs-ama

Conservation Easements
NRCS offers various voluntary easement programs to landowners who want to maintain or enhance their land in a way beneficial to agriculture and/or the environment. NRCS provides technical help and financial assistance in support of these efforts.

Eligible land: farm and ranch lands, grasslands, healthy forests, and wetlands.

Working Lands for Wildlife
Working Lands for Wildlife is a new partnership between NRCS and the U.S. Fish and Wildlife Service (FWS) to use agency technical expertise combined with $33 million in financial assistance from the Wildlife Habitat Incentive Program to combat the decline of seven specific wildlife species whose decline can be reversed and will benefit other species with similar habitat needs.

*Eligible land:* Species focus areas, see link below.
*Reimbursement:* Up to 75 percent of related costs.
http://1.usa.gov/nrcs-wlfw

Socially Disadvantaged, Limited Resource, and Beginning Farmers and Ranchers
NRCS offers services to address the unique circumstances and concerns of socially disadvantaged farmers and ranchers, as well as beginning and limited resource farmers and ranchers. To focus on equity in accessing its programs and services, NRCS offers streamlined delivery of technical and financial assistance, improved programs and services, and flexibility in decision making (with most decisions made at the Tribal, State, or local level).

*Eligible land:* Land operated by socially disadvantaged, limited resource, and beginning farmers/ranchers, see link below.

Recap: 2012 Certifying Agent Training
In January, the NOP team headed to San Antonio, Texas to offer training for certifying agents. Coordinated to complement the Accredited Certifiers Association, Inc. (ACA) and the National Association of State Organic Programs (NASOP) annual meeting, the training delivered updates to certifying agents and focused on topic areas needing a training refresh. Key training topics included:

- **Organic Product Labeling.** Approximately half of the complaints received by the NOP Compliance and Enforcement Division relate to organic product labeling. While many of these complaints relate to uncertified operators using the organic seal illegally, other complaints involve product mislabeling by certified operations. Using actual labels received via complaints for training exercises, this training module reaffirmed the important role certifiers play in checking the correctness of labels used by their certified operations.

- **Adverse Action Letter Review.** When a certified operation falls out of compliance with the organic standards, certifiers must provide feedback quickly and accurately. Notices of Noncompliance, Proposed Suspension, and even Proposed Revocation are important tools for letting operations know where they stand, and what is to happen next. In this module, training participants reviewed actual sample adverse action notices for completeness and accuracy, with the NOP reviewing the most common areas of improvement needed across certifying agents.

- **Accreditation and International Activities (AIA) Procedures.** Effective communication between the NOP and certifying agents is a critical element of organic integrity. As such, in this training module, the NOP reviewed the different ways that certifying agents should provide information to the AIA team including: the annual report, the annual list of certified operations, responses to notices of accreditation non-compliance, notifications, and questions for the NOP. The AIA presenters also presented highlights of a revised auditor checklist.

- **GMO Policy Review.** In this segment, Miles McEvoy covered an overview and fielded questions about the NOP’s policy related to the use of GMOs in organic production and handling. GMO’s are considered to be an excluded method, and organic operations must have verifiable practices in place to avoid contact with GMOs. The NOP relies on organic certifiers and producers to determine preventative practices that most effectively prevent contact with GMOs on an organic operation, and the presence of detectable GMO residues alone does not mean that the regulations have been violated.
Certifying Agent Training (continued from page 11)

Feedback about these training modules was generally positive; participants appreciated the hands-on exercises and discussions during the question and answer period. Some noted wanting more discussion on standards where there are sometimes differences in interpretation between certifying agents. This presents a challenge for NOP, because in previous training sessions, discussion points have been sometimes interpreted as statement of NOP policy. This complicates policy development in the long run. Given this, NOP encouraged certifying agents to send their questions to the program through their Accreditation Manager, so the NOP can provide the best answers to all certifiers at the same time.

Finishing up the trip, Betsy Rakola, the NOP Cost Share Program Manager gave an update on the organic certification cost share programs as part of the ACA/NASOP conference on January 25. Feedback from the group about NOP’s management of the cost share program during fiscal year 2011 was enthusiastically supportive – NOP will continue to work closely with the States to maximize the impact of this financial tool.

The NOP team’s trip to San Antonio gave us the chance to talk directly with certifying agents and others from the organic community, and learn about both the successes and challenges experienced in implementing the program. We left grateful for these insights, and for the work being done every day by certifiers to uphold both the principles and practices of organic integrity.

Staff Update: Welcome to the NOP!

Michelle Arsenault
Michelle joined the NOP team in early March as the Special Assistant for the National Organic Standards Board. She comes to the NOP after a diverse set of experiences, including time as a geologist, program assistant, teacher, and park ranger. For the past five years, Michelle has served both the National Science Foundation and the National Oceanic and Atmospheric Administration as a program assistant for Science and Education grant programs. She is also currently teaching a geology class at NOVA Annandale. With a strong interest in environmental issues, Michelle has served as a National Park Service Ranger, and in a variety of volunteer roles related to the environment. She holds a B.A. in Geology from Smith College, and an M.S in Geology/Glacial Geomorphology and Neo-Tectonics from Oregon State University.

Matthew Michael
In mid-February, Matthew joined the NOP as the Division Director for the Compliance and Enforcement Division. Matthew has served as the Director of the USDA Food Safety and Inspection Service (FSIS) Program Evaluation and Improvement Staff since 2005. In this capacity, he oversaw numerous quantitative and qualitative evaluations of FSIS program areas, including the inspection of meat and poultry slaughter and processing, inspector training and investigations concerning adulterated meat and poultry products in commerce. He also served as the FSIS liaison to USDA Office of Inspector General and Government Accountability Office. In these roles, he was responsible for facilitating audits while lessening their burden on FSIS inspection, as well as resolving and closing audit recommendations. Matthew became interested in organic agriculture through his involvement in USDA’s Know Your Farmer, Know Your Food initiative.