

Korea review of U.S.: Korea-US Equivalency Arrangement

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Dates of Onsite Review: October 17-26, 2017

Review Team:

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1. Overview

1.1. Summary

The NAQS of Republic of Korea has decided to perform on-site assessment to verify agenda agreed to execute in accordance with US's organic food act and regulation and to recognize US is carrying out the requirement of accredited certification bodies in the US Department of Agriculture(USDA), Agricultural Marketing Service(AMS), National Organic Program(NOP) after Korea-U.S Equivalence Recognition in organic processed food in July, 2014.

1.2. Activities of the on-site assessment

From October 17 to October 25, 2016, Korean review team reviewed U.S. accreditation and certification system under the U.S.'s organic system and current condition of products exported to Korea in Washington D.C, Pennsylvania, Maryland and California.

1.3. Korea's review team:

1.3.1. Mr. Jung Gyeong-Seok, director, Environmentally-friendly agriculture Division, The Ministry of Agriculture, Food and Rural Affairs (MAFRA)

1.3.2. Mr. Guk-Tak Han, Action officer, Agri-food Certification & Management Team, National Agricultural Products Quality Management Service (NAQS)

1.3.3. Mr. Lee Sang-Sin, Action officer, Agri-Food Certification & Management Team, National Agricultural Products Quality Management Service (NAQS)

1.3.4. Prof. Park Min-Gyu, Advisor, Inha University

※ Mr. Jung Gyeong-Seok and prof. Park Min-Gyu participated from October 17 to October 21.

2. Review Objectives

The objectives of the review is to evaluate that USA's organic program was being implemented and operated by verifying NOP, certification bodies, operation's activities, handling capabilities and control system.

2.1. To verify NOP's accreditation and oversight of the U.S. certification bodies

2.2. To verify certification bodies oversight

2.3. To verify NOP/certification bodies' activities under the terms of Korea-U.S. Equivalency Arrangement.

2.4. To verify certification bodies' control activity for operations exporting to Korea.

2.5. To verify the result of NOP's measures regarding the result of the 2014 on-site review.

3. Regal basis and review criteria, reference document

3.1. Korea

3.1.1. 『Enforcement decree and enforcement rule of enforcement decree of Act, on Promotion of Eco-friendly farming and fishing promotion and organic food management and support Act 』

3.1.2. 『Management guidelines and recognition of organic processed product equivalency arrangement』

3.1.3. 『Provisions of the 2014 Korea-U.S. Equivalency Arrangement』

3.1.4. 『2014 NAQS on-site review report』

3.2. USA

3.2.1. 『Organic Foods Production Act of 1990』

3.2.2. 『CFR Part 205 National Organic Program』

3.2.3. 『Instruction Guidance, Policy Memo』

3.3. Reference

3.3.1. 『ISO/IEC 17011:2004』

3.3.2. 『ISO/IEC 17065:2012』

4. Protocol

- 4.1. The NAQS review team visited USDA, AMS, NOP located in Washington D.C, two certification bodies in Pennsylvania and California and three certificated operations in Maryland and California. The two certification bodies and its processing operation located in different region were selected for diversity of review. The team visited two operations where had been exported to Korea under the Korea-U.S. Equivalency Arrangement and one certification body which manages the operations. Also, the team visited one certification body which manages mid-sized operations (100~150) and its one operation.
- 4.2. At the NOP, the reviewed were revisions of regulation since arrangement is made; accreditation process of certification body; complaints and appeal; and sampling. Also, the team identified U.S.'s organic system through questions for certification criteria. Additionally, the team verified that the production and handling, etc. are being properly proceeded. The team evaluated guarantee of product traceability and correspondence of international criteria through this review.
- 4.3. At the selected certification bodies, the review team verified qualification of organization and staff, propriety of certification, and current situation on surveillance on certified operations. Also, the team inspected the recent result of guidance and oversight conducted by NOP.
- 4.4. The review team visited Cava Foods in Maryland, and observed inspection process of certification body. The team also visited Fuchs North America in Maryland and Dosner and LLC in California to observe the process of NOP's witness audit. They verified the procedure of export to Korea and etc. in the Fochs North.
- 4.5. The team was accompanied by a person in charge of NOP throughout the visit of certification bodies and certified operations and the person in charge of NOP suggested opinions regarding questions raised during the interview of certification bodies and certified operations. A closing meeting was conducted by phone conference after the on-site review at the Embassy suits hotel located in California

Downey. Observations and findings of on-site review were brought up and Ms. Cheri Courtney, Mr. Robert Yang and advisor Jung Seong-A from the America State Embassy participated in the closing meeting.

5. Observations

5.1. The U.S Department of Agriculture Marketing National Organic Program (USDA AMS NOP) – Washington D.C.

The team reviewed revision of regulation since arrangement is signed, management and process of accreditation of certification body, complaint handling, current status of surveillance, issuance record of NAQS import certificate for operations exporting products to Korea, compliance of assignment discussed at the time of signing arrangement, etc.

5.1.1. **(law • regulation)** National organic Standards Board(NOSB) reviews the national list within 5 years and NOPs reassign or delete them. The necessity of producing organic products and other alternative uses were reviewed. since the Korea-U.S. Equivalency Arrangement. NOSB removed three substances including Lignin sulfonate in §205.601(synthetic substances allowed for use in organic crop production), nine substances including Lecithin in §205.605(b) (synthetics allowed in processed products), and two substances including Masala in §205.606(non-organically produced agricultural products in processed products). NOSB particularly removed antibiotics(Streptomycin, Tetracycline) and Tetrasodium pyrophosphate from the permitted substances list, which were restricted at the time of conclusion of arrangement.

5.1.2. **(Current status of accreditation and certification)** Since 2014 NAQS on-site assessment, certification bodies in U.S. are changed and currently the number of certification bodies are 80 (five certification bodies that voluntary gave up, one certification body that validity date is expired, two certification bodies newly accredited) Certified operations are 21,781 in U.S. and 31,160 in overseas. This information can be found in the Organic integrity database. NOP induces certification bodies to upload certified operation's information to system in real time. However, U.S. organic regulation states that certified operation's information shall be uploaded on the basis of January 2.

- 5.1.3. **(organization and personnel)** For the purpose of organic product management, NOP operates standards Division, Accreditation and International Activities Division, Compliance and Enforcement Division. 6 staffs of Accreditation and International Activities Division are responsible accreditation activities and 6 staffs of Quality Assessment Division within Livestock and Seed Program are working as auditor. Certification Commission is organized with 6 staffs of NOP and makes accreditation decision. Also, 2 staffs of NOP are responsible for handling complaint.
- 5.1.4. **(Personnel management)** It is necessary to provide qualification and training for personnel involved in the accreditation as per NOP 2500(Auditor Criteria). Auditor in NOP must complete a training for international standard (ISO 19011, ISO 9001, ISO 17065, ISO 17011) and shall pass the witness assessment of the senior auditor on the on-site assessment. Also, auditor has to complete training over 80 hours for 3 years.
- 5.1.5. **(Handling conflicts of interests)** Vocational ethics training must be provided to all staff of USDA before hiring them. AMS staff should comply with avoidance rule with associating a regulation of ‘public official’s responsibility and action’ and in every year, personnel evaluation reconfirms if staffs comply with this regulation.
- 5.1.6. **(Certification body surveillance)** When NOP found nonconformity in the inspection of certification body or process of surveillance, notification of nonconformity is issued to certification body. Certification body reports corrective action plan and result of the nonconformity to NOP. NOP review the noncompliance and verifies corrective action to be complied. NOP includes witness audit in the certification body evaluation items. NOP conducts witness audit to certification body in each certification field(agriculture, livestock and handler).
- 5.1.7. **(Complaints and appeals)** 8 staffs of Compliance and Enforcement Division investigate complaints when consumers complain concerning organic product. Compliance and Enforcement Division receives consumer’s complaints through complaint in box and call. In 2016, the number of received complaints reports

was 500, which is consisted of sale uncertified products with organic label (86%), use of prohibited substances and methods, regulation violation of pasture of certified farm and etc (14%). Most violations were small operation, which are advertising uncertified products as certified product in web site. Compliance and Enforcement Division gives order of prohibition of sale of relevant product and take warning after corrective action. If the same violation is occurred, it is judged to be intentional action and the one is fined and accused. Appeals that raised during the process of business shall be coordinated by the compliance and enforcement division and appeal response team under NOP associate duty administrator. In 2016, raised appeal made 15 compliance contract and \$ 397,250 is fined.

- 5.1.8. **(Audit program)** NOP Compliance and Enforcement Division(C&E) investigates compliance with certification standards for certified operations and certified products by complaint of consumers. NOP established a sampling plan for corn and bean in certified operation of large-scale production from 2016 to 2017, and this plan is conducted by grain department of AMS. Sampling is tested for prohibited pesticides and GMO and the result will be released.
- 5.1.9. **(Residue testing)** NOP, state government's organic program and certification bodies can test the prohibited substances in agricultural products and certification bodies must inspect at least 5% in its certified operators annually. NOP established a sampling process(NOP 2610)and the handling process for result of residue test(NOP 2613). In fact, most NOP and certification bodies test certified operations for residues.
- 5.1.10. **(Nonconformity handling)** NOP established a regulation(NOP 4002) which is for handling nonconformity of certified operations of certification body. If the violation of certified operator have no problems with organic systems and can be improved without corrective action, the certification body shall be notified of minor. Also, if there is no systemic failure but corrective action is required, certification body issues NONC to certified operator. In case of minor violation, the certification body must verify that corrective action is taken in the next inspection. When certification body issues NONC, The certification body shall inform the operator of the period of corrective action in case of nonconformity

notification, and the operator shall complete the corrective action within that period. If certification body issues notification of nonconformity, it should be reported to NOP.

Person in charge of NOP explained that they are giving a training the procedures of handling for notification of nonconformity to certification bodies in every year. NAQS review team requested the content of training and NOP decided to send the contents to NAQS.

5.1.11. **(Internal Audit)** NOP is audited by the USDA OIG. And ISO internal auditor(quality manager commonly responsible for livestock and poultry) in another division of AMS conducts audit in every year under the regulation of annual internal audit. Additionally, American National Standard Institute, an external organization, has established procedures and policy regulation (NOP 1031) to enable assessment on NOP.

(Management Review) NOP established policy and procedure for management review(NOP 1040) and deputy administrator and directors of NOP participate and conduct management review annually.

5.1.12. **(current status of trade)** 24 certification bodies issued 642 NAQS import certificate to 129 certified operators to export organic products from U.S to Korea. The certification body QAI issued 342 NAQS import certificate and CCOF issued 104 NAQS import certificate. QAI issued the highest number of import certificates(49) to Nature's Sungrown Foods. NOP posted Q&A, export and import procedure, regulations, etc concerning Equivalency Recognition Agreement with Korea in the web site(www.ams.usada.gov) and certification bodies are using the posted information.

5.2. **Certification body A(Pennsylvania Certified Organic, PCO) – Pennsylvania Spring Mills**

PCO controls certified operators exporting organic processed product to Korea. NAQS review team verified operation system of certification body, which is included certification process, surveillance (random inspection), inspector's compatibility, conflict investigation and prevention conflict of interests, etc. The team verified matters to be inspected and process of certification bodies when

certification body's operation exports product to Korea. NAQS review team conducted witness audit to review an inspection of PCO's inspector.

- 5.2.1. **(Interviewer)** Director Leslie Euck, Certification director Kyla Smith, Quality Manager Angela Morgan
- 5.2.2. **(Overview)** PCO is a nonprofit organization established in 1997 and performs organic certification service such as processing, handling, distribution, and etc. PCO had certified over 1,100 operators in Pennsylvania, Ohio, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina and Washington D.C. Certified operations of PCO is consisted of 31% of agriculture, 32% of livestock, and 17% of handler(processing). Also, PCO certifies 100% grazing certification, forest certification and gluten free certification without organic certification.
- 5.2.3. **(Organization and Personnel)** PCO consists of 27 full-time employees, including certification team, administrator team, quality management team and Training team. Certification team is consisted of 8 certification exports, one person in reserve, 15~20 contract inspector and 3 agricultural material experts.
- 5.2.4. **(Certification inspection)** NOP has a provision that certified operator whose certification has been revoked will not be certified again for 5 years. PCO asks the applicant to complete the certification cancellation and refusal cases themselves, and PCO verifies violation in precious certification body. Also, PCO verifies contents of revocation of certification in NOP integrity date and reviewed corrective action.

Certified operation can obtain dual certification (over 2 certification body). However, if one certification body revokes certified operation, rest of certification from another certification body will be revoked. Certification body conducts renewal certification in the same manner of new certification. If nonconformity found is minor matter during the inspection process, certification body gives period to correct nonconformity and verifies conducted corrective action. In case of nonconformity is significant, the new applicant's certification can be rejected and the certification of renew applicant can be suspended. If certified operator complaints for administrative measure, NOP investigates the complaints.

5.2.5. **(Surveillance)** Certification body is not operating investigation program of distribution on certified product. The certification body investigates products which produced by certified products in the exposition, exhibition, and etc.

Director of certification and certification manager in PCO applies risk assessment such as consumer's complaint and etc in every January, and 5% of certified operations are selected for non-information inspection.

5.2.6. **(Prohibited substance inspection)** PCO conducts pesticide residue analysis on more than 5% of certified operations in every year. PCO conducts simultaneous analysis on 188 pesticides proposed by NOP 2611-1, and if the pesticide is detected, single analysis is conducted for the relevant substance. Sample is analyzed at the State laboratory(North Carolina USDA) which acquired international laboratory certification(ISO 17025). When pesticide is detected in the organic product, take action according to NOP 2613. If pesticide is detected below 0.01ppm, the organic product is able to be sold. If pesticides are detected over 0.01 ppm in organic product, the product is compared with EPA tolerance for pesticide. If the detection level is above 5% of the EPA tolerance, it can not be sold as organic, but if it is below 5% of the EPA tolerance, it can be sold as an organic product if the pesticide is not used intentionally. The certification body should investigate the cause of the detection of pesticides in organic products.

5.2.7. **(Management of Violations)** PCO issued 600 nonconformity notification(NONC) in 2015. 300 cases were delay of renewal inspection and delay of fee payment and etc, 150 cases were incomplete maintenance of document regarding certification, and the rest 150 cases were incomplete agreement on the use of pesticides by the surrounding farms.

5.2.8. **(Capability of Inspector)** Inspector of PCO contacts and recruits people who have completed IOIA training in each field (agriculture, livestock and processing), and the recruited people must go through experienced inspector's shadow inspection to become an inspector. Certification body does not have mandatory training hours for supplement training. However, when NOP regulation and certification body's guidelines are amended, the training is often carried out accordingly.

NOP provides training such as amended regulation, IT operation, handling the result of certification body's surveillance and etc. to certification bodies annually and PCO conveys the training contents to its inspectors. Person who in charge of NOP said that it was encouraged to apply task handling equally between certification bodies and inspectors through this activity.

PCO replied that they do not conduct task assessment for its inspectors in certification body, but task performance assessment is conducted through senior inspector's shadow inspection.

5.2.9. **(Conflict of Interests)** PCO requires all inspectors to document the list of conflicts of interests at the time of initial employment. Certification body trains the inspectors to recreate a list of conflicts of interest regularly or frequently on annual changes. Also, inspectors should submit the pledge that operator is not a stakeholder. Certification decision must be conducted by a staff who did not participate in certification inspection.

5.2.10. **(Complaint Investigation)** PCO established complaint investigation process and manages the records. When a complaint is received by a certification body, the certification body conducts non-announce inspection. The certification body shall take samples as necessary. The certification body decides whether or not to issue a NONC according to the result of the investigation, and informs the complainant of the result. Recently, PCO received a complaint regarding organic label. They conducted non-announce inspection, but there was no violation.

5.2.11. **(Imports management)** Since the Korea-U.S. Equivalency Recognition Arrangement was signed in July 2014, two certified operations asked for issuing 8 NAQS import certificates, and PCO issued 6 NAQS import certificates.(2 cases were canceled due to a typo in the NAQS import certificates.)

PCO verifies information concerning Korea-U.S Equivalency Recognition Arrangement in NOP web site. Also, PCO prepares documentation for the export to Korea in the internal manual. In order to export, the certification operator shall list the name of the exporting country in the organic production plan, and inspector of certification body inspects whether the requested product is suitable for the terms of arrangement of exporting country. Once certified operation applies for issuance of NAQS import certificate, certification director(Kyla Smith)

reviews the application and issues NAQS import certificate. NOP provides training to certification concerning NAQS import certificate issuance and utilizes the instructions on the back of NAQS import certificate.

On the other hand, PCO does not have a check list for import certificate issuance. PCO responded that they check the labelling on package of products exporting to Korea at the time of inspection, and they verify again where there is any change.

PCO did not have record of residue testing on product exporting to Korea.

5.2.12. **(Inspection process observation)** NAQS assessment team observed inspection process of PCO's operation, Cava Foods, to assess activity of PCO. Mr. Christopher Warren Smith who is an inspector in certification body is a contract inspector in PCO and has 7 years of experience in inspector in NOP organic certification and Non-GMO inspector. The inspector is working in 5 certification bodies besides PCO. He completed 2~3 training in each year, including IOIA, pest management, sampling, association of organic product improvement and etc.

The inspector conducts inspection based on organic production plan and product profile which certified operator submitted. Organic production plan includes basic information, the person in charge, information of certification program, affirmation and product profile describes certification classification, materials, use of organic and non organic ingredients, labelling, intended exporting country and etc. In the case of processing operation, the operator shall fill information regarding the processing process such as ingredients and processing aid, equipment, organic control point, cleaning and sanitization, pest management, packaging and labelling, conveyance method, waste product handling and etc. to the organic production plan for processing, and submit the plan to inspector.

The inspector reviewed implementation based on organic production plan and verified main check items in assessment report which were taken over by other inspector. The inspector introduced operator's certification record and proceeded factory tour and exit interview. The main inspection was calculation of demand and supply of materials, interview with staff, display on package, cleaning process, and etc. and this inspection was proceeded by check list. In the final meeting, the inspector pointed out an omission of record on material similar to

the previous year's inspection.

The PCO did not have a circulation cycle rule for the same inspector for the operators, but the PCO replied that the inspector was replaced approximately every two years.

5.3. Certification body B(Primus Lab) – California Santamaria

NAQS assessment team visited Primus Lab to assess the activities of certification body with a small and medium number of certified operations. NAQS assessment team progressed inspection same manner as PCO.

5.3.1. **(Interviewer)** Representative of Javier Sollozo, NOP manager (Scheme manager) Josie Quevedo, Courtney Cox who administers Quality guarantee and ISO/IEC 17065.

5.3.2. **(Overview)** Primus Lab was established in 1994 for food safety management service, and after starting GAP certification, it expanded to GMP certification, processing plant, storage, packaging facility, distributor and etc. Afterwards Primus Lab began organic certification in 2006 in response to distributors' requests for organic products.

In August 2016, today, Primus Lab hold 181 certification cases (handling 96, Crop 85, overlapping is possible) and the cases were rapidly increased in 2016.

5.3.3. **(organization and personnel)** Primus Lab has 19 staffs in U.S. and has branches in Costa Rican and Mexico. In addition Primus Lab conducts certification in Guatemala, Peru and Nicaragua. Primus Lab's organization is classified into inspector, reviewer and audit administrator for the purpose of certification audit. Inspector and reviewer carry out technical review and peer review is available, but the audit administrator only assesses the reviews and do not conduct inspection or technical review.

5.3.4. **(Certification audit)** Certification body provides application form, organic system plan and inspection check list form to certified operator before applying for application. The certified operator completes relevant fields in the form and submits to certification body. Audit administrator judges propriety of submitted document, and conveys to the reviewer team. The reviewer team assesses whether the OSP submitted by certified operator meets the certification standards,

and if nonconformity is found, certification body issues NONC. If nonconformity is not completely resolved, certification audit can be suspended.

When the reviewer completes document review, inspector conducts on-site assessment. Reviewer and inspector may be same. The reviewer provides inspector with data such as assessment report of the previous year, nonconformity list in process, document evaluation report, key point for inspection, and updated OSP. Inspector submits report to audit administrator within 10 days after carrying out on-site assessment. Another inspector who did not conduct relevant inspection reviews the report and decides certification and sends certification decision to the certified operators.

If certification body found minor nonconformity of a certified operation in the inspection result, it induces the operation to correct nonconformity and issues certificate.

- 5.3.5. **(Surveillance)** Primus Lab establishes non-announce inspection and residue testing in the beginning of the year (January). Certification body selects operators by consumer's complaint reports based on risk evaluation or randomly for the investigation.
- 5.3.6. **(Prohibited substances inspection)** Primus Lab carries out residue testing on products of its operators and analyzes 5 cases in 95 operations in 2015. Analysis institution were Primus Lab which is the affiliates of international official recognition institution(ISO/IEC 17025). During the analysis, small amount of pesticide is detected in one of the sampling. Therefore, the certification body issued corrective action and NONC, and conducted non-announce inspection. This data is informed to NOP. Detected sampling is handled by NOP handling standard.
- 5.3.7. **(Violation Management)** Primus Lab issued 5 nonconformity notification (NONC) in 2015. NOP prepared NOP 4002(Penalty matrix) to handle nonconformity of certified operator. Certification body classifies nonconformity to 'minor' or 'major', and measures the nonconformity according to procedure of guideline. Primus Lab responded that decision of nonconformity may be different depending on some cases, but major nonconformity is decided by whether the organic purity is damaged. when the certification inspector is determined to be

nonconformity, the certification body shall be confirmed by other inspectors. Also, certification body answered that NOP provides a training on nonconformity cases annually to certification bodies to resolve differences between inspectors' nonconformity application, and certification bodies provide same training to belonged inspectors.

5.3.8. **(Compatibility Of Inspector)** Primus Lab recruited people who completed IOIA education or equal education, and the recruited people carry out formal inspection after passing shadow inspection. Certification body frequently provides training amended law and regulation to inspectors by face to face or internet. Primus Lab provides a training on fees to administrative staff one month ago, and another training is provided to three staff who did not receive the training. Certification body responded that the contents of Korea-U.S Equivalence Recognition Agreement is not included in the training.

Quality Guarantee team in Certification body reviews on-site assessment reports of inspectors and assesses inspectors. Also, it said that they conduct witness inspection once in a year and in case of oversea branches, people who administers QA conduct witness audit.

5.3.9. **(Conflict Of Interests)** Every year, all inspectors fill out the conflict of interests declaration and Primus Lab maintains the declaration. Inspectors record consultation contents and etc. through self-description and audit administrator and quality guarantee team verifies them.

5.3.10. **(Complaint Investigation)** Primus Lab handled 20 complaints of operator and consumers in 2016. The operator was dissatisfied with work process of inspectors and the result of inspection during the inspection, and consumer reported on the labelling of 'organic' on 'non organic' product. Certification body posts 'report' form in the web-site for operators and always records and manages the handling contents.

5.3.11. **(Export Management)** There is no certified operation belonging to Primus Lab exporting product to Korea.

5.3.12. **(NOP audit inspection observation)** NOP conducts witness audit and monitors inspectors of certification bodies to assess certification bodies. NAQS

assessment team observed NOP's witness audit process. Primus Lab conducts non-announce inspection because Dosner LLC which is located in Commerce, California delayed report of operation change in last year and carried out witness audit for this inspection process. Inspector (Ms. Carol Cripe, part-time) of Primus Lab received the result report of document review from another inspector(Heidi Jimenez Padilla) on October 9, 2016 and referred it for audit. Document review includes the types of inspection, nonconformity or additional on-site assessment verification, and etc. Inspector verified labelling(organic label), requirement of document review, previous organic production plan and changes, water quality analysis report, material purchase and yield calculation, material supplier, question to staff in charge, method of pest and disease prevention and etc. The inspector also circulated the production plant, storage facilities, and external factories and confirmed that the production process and the requirements for each step were met. Auditor and person in charge of certified operations(Ms. Ivett Nun) held a closing meeting and conveyed findings, and finished the audit.

NOP's auditor(Mr. Robert Yang), observer of Primus Lab(Josie Quevedo) and inspector moved from the operation and exchanged opinions for witness audit. NOP auditor explained for inspector's omission during the inspection process. NOP explained that they will confirm official position of certification body for comment, and reflect this to assessment report of certification body.

5.4. Certified Operation Exporting to Korea (Fuchs North America) - Owing Mills, Maryland

5.4.1 NAQS assessment team reviewed accreditation body, certification body and activities of operators in U.S. in relation to exporting operation under the Korea-U.S Equivalency Recognition Arrangement.

5.4.2 **(Interviewer)** NOP inspector(Penny Zuck) of Accreditation body (NOP AIA), Agriculture division of Maryland(2 people including William Rawlings) of Certification body, quality manager from Fuchs North America (2 people including Mark Richarolser) of certified operators.

5.4.3 **(export overview)** Fuchs North America is an operation which manufactures 150 kinds of source, and exporting Barbecue source, sweet taste onion source and

onion source to Korea. Certified operation has exported sources as the bulk packaging form for raw materials of laver to manufacture (Gwangcheonkim) of Korea.

5.4.4 **(export process)** Certified operator(Fuchs North America) fills out NAQS import certificate and submits to certification body(Maryland Department of Agriculture). Person who is responsible for quality management in certification body verifies the NAQS import certificate and issues the certificate. For such products, Kimnori, a trading company in Korea and the United States, requests the issuance of export related documents and sends the certificate to Guangcheno-kim in Korea as Fedex.

5.4.5 **(Inspection process observation)** The inspection process of certification body is similar to other certification body. The certification body puts two inspectors to verify the certification of raw materials and the amount of the supply of raw materials because there are many items to be inspected. To calculate certified product's transference number, inspector selected 20% of certified products (150 items) including products exported to Korea.

Inspector of certification body verified content verification according to product labelling, confirmation of organic purity according to product production process, the process of product receipt, disease and pest prevention, cleaning procedure, current status of material and products storage and etc.

Before the audit, auditor of NOP(Penny Zuck) explained logical basis of witness audit and role of observation assessment, and informed that questions for some parts to relevant operation is available. Sometimes NOP auditor asks questions to certified operation during the inspection. NOP auditor has separate closing meeting with certification body after completing inspection.

6. Findings

6.1. Verification of previous review findings

6.1.1. NAQS assessment team verified issues discussed in the previous onsite assessment conducted in January 2014 and at the time of signing arrangement. An issue expressed as "cleared", indicates that NAQS verified the response. "Accepted" indicates that NAQS is in process of implementing its response. "Outstanding" indicates that the auditor could not verify implementation of the response.

6.1.2. **Finding 1.** (Cleared) Article 36 in 「Enforcement rule of the act on promotion of environmentally-friendly agriculture and fisheries and management of and support for organic food, etc.」 states that NAQS conducts periodic and occasional surveillance and special surveillance of certified products and certified operators. Also, 7 CFR § 205.660(a) states “The National organic program’s program manager, on behalf of the secretary, may inspect and review certified production and handling operations and accredited certifying agents for compliance with the Act of regulations in this part.”

Verification: NOP may inspect certified products and certified operations to verify the compliance with regulation on organic certified products and certified operations. Nevertheless, NOP only conducts inspection when the complaints are received. NOP conducts special inspection for product which is reported a lot by consumers. In 2016, NOP responded that, they are carrying out inspection for production and distribution of bean and corn products. NAQS team verified that inspection conducted by NOP for certified products and certified operations are similar to Korea. NOP conducts special surveillance inspection of certified products and certified operators’ compliance with the regulation by cooperating U.S. government organization.

6.1.3. **Finding 2.** (Cleared) NOP established ‘Penalty Matrix(NOP 4002)’ to apply unified standards between certification bodies and inspectors, when nonconformity is found in certified operation.

Verification: An interview with NOP and certification body’s staff indicated that NOP provides a training regarding nonconformity cases once in a year, and certification bodies deliver the same training to their inspectors.

6.1.4. **Findings 3.** (Cleared) NOP removed ‘tetracyclin, streptomycin, tetra sodium phosphate’ which are not allowed in organic product of Korea from the National List.

Verification: The NAQS assessment team confirmed that it was deleted through the NOSB guidelines.

6.2. Findings of this assessment

6.2.1. **Finding 1. (Cleared)** The terms of the Korea-U.S. Equivalency Arrangement in Appendix 1, Paragraph B states, “A U.S. product covered under Paragraph A

above for import into Korea as an organic processed food (hereinafter "U.S. organic processed food") must be labeled according to Korea's Ministry of Agriculture, Food and Rural Affairs(MAFRA) organic labelling requirements...."

Comments: Certification bodies responded that their inspectors conduct inspection of labelling on products exported to Korea, but they did not provide actual evidential material. Also, person in charge of certification body does not know the Korea-U.S. Equivalency Arrangement such as labelling on products exported to Korea specifically.

NOP response: NOP responded that they remind all accredited certifiers are responsible for ensuring that all labeling of products exported to Korea. Additionally, the NOP also said they plan to provide all accredited certifiers with refresher training on the labeling requirements during the next annual accredited certifier training.

6.2.2. **발견사항2. (Cleared)** IISO/IEC 17065 7.4.4. states, "The certification body shall carry out the evaluation activities that it undertakes with its internal resources (see 6.2.1.) and shall manage outsourced resources (see 6.2.2.) in accordance with the evaluation plan (see 7.4.1.). The products shall be evaluated against the requirements covered by the scope of certification and other requirements specified in the certification scheme.

Comments: While NAQS assessment team is observing NOP witness audit process, some inspectors did not bring OSP, factory drawing and, etc. in the onsite audit process. The evaluation team confirmed that the process of checking the pest control, the inspection of the stock of the raw materials and the products, and the process of checking the contamination of the parallel production process were not clear during the inspection process of the certification body. Also, certified inspector could not verify exactly the followings. Certified operation's factory production line was divided into organic and non-organic, but the product produced organic in the non-organic production line. NOP auditor verified and pointed out those relevant contents through the review of certified inspectors.

NOP response: The NOP responded that the NOP auditor appropriately informed the inspector of deficiencies in the inspector's performance. Also, the NOP said that if NOP auditor observed deficiencies during the witness audit, they will issue

a notification of noncompliance to the certifier, and require submission of corrective actions taken by the certifier and preventive actions.

- 6.2.3. **발견사항3. (Cleared)** If an inspector inspects the identical applicant for 3 years consecutively, certification body shall not designate the inspector as an inspector according to Annex 2 of NAQS Public Notice No. 2016-42.

Comments: NAQS assessment team identified the absence of regulation for restricting inspector's continuous inspection for same applicant in the NOP regulation. NOP also responded that they do not have regulation for restriction of continuous inspection in organic product regulation.

NOP response: The NOP responded that the USDA organic regulations do not limit the number of consecutive inspections an inspector may conduct per operation.

7. General comment

- 7.1. The on-site assessment was smoothly carried out by cooperation and understanding of NOP, the certification body, and the certified operations who participated in the on-site assessment. In particular, the NOP staff accompanied the Korean assessment team throughout the on-site assessment process and provided a lot of help for the assessment process. Also, the opinion exchange with the NOP staff helped for understanding U.S. organic system.
- 7.2. NAQS team verified that U.S. certification system is operated to corespond with the Korea-U.S. Equivalency Recognition Arrangement through this on-site assessment. The NOP revised laws and regulations since the signing of the agreement and improved the system through information exchange with US certification bodies. The findings of NAQS team are regarded to be improved with cooperation of certification bodies and both countries are supposed to review and resolve some cases internally.
- 7.3. NAQS team and staff of NOP recognized that frequent information exchange is necessary between each country by the trade is increasing after signing Korea-U.S. Equivalency Recognition Arrangement.

8. Conclusion

- 8.1. The implementation of NAQS's response to any observation or finding noted as

“Cleared” will be verified by USDA AMS NOP during its next onsite review.