Topics

• Accomplishments
  • Organic Livestock and Poultry Practices Final Rule
  • 2016 Count of Certified Operations

• Organization Review: USDA, AMS, NOP

• NOP Strategic Goals and Activities

• Global Organic Control System

• AMS-NOP Priority Areas
Announcing the 2016 Count of Certified Organic Operations

• At the end of 2016:
  – 24,650 certified organic operations in the U.S.
  – 37,032 around the world
• 13% increase between the end of 2015 and 2016,
• Continues double digit growth of organic sector
• NOP supports growth through sound and sensible initiative, fact sheets, and interactive training
• The Organic Integrity Database allows us to announce the count much earlier than previously
Growth Over Time


Note: Foreign operations may also be certified to the USDA organic standards.
AMS Programs:

- Dairy
- Specialty Crops
- Cotton & Tobacco
- National Organic Program
- Livestock, Poultry & Seed
- Transportation & Marketing
- Compliance and Analysis
- Science and Technology
Example AMS Services:

- Standardization
- Grading
- Quality Verification
- Market News
- Commodity Procurement
- Research and Promotion
- Marketing Orders and Agreements
- National Organic Program
- Transportation Services
- Wholesale and Farmers Markets
The National Organic Program (NOP)

• **Mission:**
  Ensure the integrity of USDA organic products throughout the world

• **Vision:**
  Organic Integrity from Farm to Table, Consumers Trust the Organic Label

• **Core Role:**
  Implement the Organic Foods Production Act and the USDA organic regulations
NOP Organization and Activities

National Organic Standards Board
- National List recommendations

National Organic Program
Office of Deputy Administrator
- Communication
- FOIA requests
- Budget, Personnel

Standards Division
- Rules, Guidance, Instructions,
- National List

Accreditation & International Activities Division
- Accreditation
- Equivalency arrangements
- Recognition

Compliance & Enforcement Division
- Complaints
- Investigations
- Initiate enforcement actions
AMS National Organic Program

- AMS Acting Administrator Bruce Summers
  - AMS-NOP Deputy Administrator Miles McEvoy
- AMS-NOP Associate Deputy Administrator Dr. Jennifer Tucker – (8 staff)
  - NOP Standards Director
    Dr. Paul Lewis (9 staff)
  - NOP Accreditation and International Activities Director
    Cheri Courtney (8 staff)
  - NOP Compliance and Enforcement Director
    Betsy Rakola (9 staff)
  - FOIA office (2 staff and 3 contractors)
AMS-NOP Strategic Plan 2015-18

People and Process

Protect Organic Integrity

Market Access: Local, Regional, International

Clear Standards

Build Technology that Advances Organic Integrity
NOP Staffing: 36 employees in four Divisions

NOP Budget:
- FY 2012: $6.919 million
- FY 2013: $6.369 million
- FY 2014 - 2016: $9 million
- FY 2017: Funding through April 28 at FY 2016 level
- FY 2018: ?????

Oversight Responsibility:
- 82 certifying agents worldwide
- Certified organic operations in over 120 countries
Process Improvement

- Internal Audit
- Management Review
- Peer Review - ANSI
- Assessments by foreign governments
- Office of Inspector General: Audit on organic equivalency arrangements

Team Approach
- Internal communications team
- Import oversight team
Protecting Organic Integrity
## Compliance & Enforcement: FY 2017

### COMPLIANCE & ENFORCEMENT: OVERALL SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Q1 (Oct 2016 - Dec 2016)</th>
<th>Q2 (Jan 2017 - Mar 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming Complaints</td>
<td>64</td>
<td>121</td>
</tr>
<tr>
<td>Completed Complaint Reviews and Investigations</td>
<td>21</td>
<td>48</td>
</tr>
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</table>

### SUMMARY OF INITIAL ACTIONS TAKEN

<table>
<thead>
<tr>
<th>Action</th>
<th>Q1 (Oct 2016 - Dec 2016)</th>
<th>Q2 (Jan 2017 - Mar 2017)</th>
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</thead>
<tbody>
<tr>
<td>Cease &amp; Desist Orders</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Notices of Warning</td>
<td>4</td>
<td>25</td>
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<tr>
<td>Investigation Referrals</td>
<td>3</td>
<td>15</td>
</tr>
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</table>

### SUMMARY OF DISPOSITIONS (ALL NOP)

<table>
<thead>
<tr>
<th>Disposition</th>
<th>Q1 (Oct 2016 - Dec 2016)</th>
<th>Q2 (Jan 2017 - Mar 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of Settlement Agreements</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Total # of Consent Decisions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Amount Civil Penalties Levied</td>
<td>$45,000</td>
<td>$38,250</td>
</tr>
</tbody>
</table>
Adverse Action Appeals

Expedited appeals process within AMS
Certifier Actions -
  – Proposed Suspension/Revocation of Certification
  – Denial of Certification
NOP Actions
  – Cease and Desist Notice
  – Denial of Reinstatement
  – Proposed Suspension or Revocation of Accreditation
Objective is to maintain average days of closure at less than 120 days.

<table>
<thead>
<tr>
<th>APPEALS: OVERALL SUMMARY</th>
<th>(Refer to NOP 4011: Adverse Action Appeal Process for more information)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Incoming</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Appeals by Disposition</td>
<td>Q1 (Oct 2016 - Dec 2016)</td>
</tr>
<tr>
<td></td>
<td>Q2 (Jan 2017 - Mar 2017)</td>
</tr>
<tr>
<td>Decisions</td>
<td>1</td>
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<tr>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Dismissals</td>
<td>0</td>
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<td></td>
<td>0</td>
</tr>
<tr>
<td>Referrals</td>
<td>0</td>
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<td></td>
<td>1</td>
</tr>
<tr>
<td>Closures</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>
Administrative Proceedings

- AMS may sustain or deny appeal, dismiss, or settle
- When AMS denies the appeal
  - Operation has right to request hearing with Administrative Law Judge
  - If operation requests hearing then USDA must file complaint against operation and prepare for hearing
  - Lengthy process: May lead to Consent Order or administrative hearing
  - NOP has a number of complaints/hearings in process
Freedom of Information Act (FOIA)

Federal agencies are required to disclose any information requested under the FOIA unless it falls under one of nine exemptions which protect interests such as personal privacy and law enforcement.

- FOIA requests are processed within 20 business days.
- NOP staff responsible for identifying responsive records.
- Records must be reviewed to:
  - Ensure they are responsive records
  - Redact information that falls under the 9 FOIA exemptions
- Some FOIA requests are straightforward, many involve hundreds or thousands of pages, and years of records.
- 2 NOP FTE staff members and 3 full-time contractors are dedicated to FOIA. Additional staff support assists as needed.
- Currently 12 open FOIA requests, 2 appeals, and 7 under litigation
- Go to AMS FOIA reading room to see released records
NOP Accreditation of Certifiers

- 5-year renewal audits, mid-term audits, compliance audits
- Witness inspections, review audits
- 82 NOP accredited certifiers
- 2017 Foreign audits – Brazil, Australia, Vanuatu, Haiti, Ukraine, Bolivia, Peru, Turkey, Germany, Holland, Canada, Mexico, Greece
Recognition and Equivalency

Recognition of foreign government accreditation
• India and Israel assessment in 2016
• New Zealand assessment in 2017

Equivalency of foreign government standards, accreditation, certification and enforcement
• Established arrangements with Canada, the European Union, Japan, Korea and Switzerland
• Equivalency discussions underway with Mexico and Taiwan
• Argentina has applied for equivalency
Build Technology that Enhances Organic Integrity
The Organic INTEGRITY Database

Modernized certified organic operations database:

- Contains up-to-date accurate information
- Increases supply chain transparency
- Enhances integrity of organic control system
Sample Certificate

Certifier Name
Phone — Email
Website
Street 1
Street 2
City, State/Province ZIP/Postal Code
certifies that

Organic Operation Name
Phone — Email
Website
Street 1
Street 2
City, State/Province ZIP/Postal Code
Country

is certified to the USDA organic regulations, 7 CFR Part 205, for the categories of
Crops, Wild Crops, Livestock, Handling/Processing

Once certified, a production or handling operation’s organic certification continues in effect until surrendered, suspended, or revoked. Status of this certification and specific certified organic products covered may be verified at

Certifier Client ID: 5358
Certificate Number(s): C005, WC007, L013, HP009
NOP Operation ID: 0000005358
Effective Date: October 18, 2007
Anniversary Date: October 18, 2016
Issue Date: September 26, 2016
Clear Standards
Rules

• Organic Livestock and Poultry Practices – Effective date delayed until May 19, 2017
• Sunset 2017 Proposed Rule – Proposed to remove 11 substances from National List – Comment period closes April 19

Guidance

• Calculating the Percentage of Organic Ingredients in Multi-Ingredient Products – Comment period closed April 7
Instructions

• Organic Import Instructions

• Organic Integrity in the Supply Chain – Short Video

• Grower Group Instructions
  – NOSB recommendations from 2002 and 2008
Background

- Organic trade expanding
- U.S. and EU organic market over $80 billion
- Many governments have established organic standards and control systems
- Fraudulent certificates continue to be identified
- Alleged violations in foreign countries can be complex and challenging to investigate and enforce.
Organic Control System

- Organic standards
- Certifiers verify that organic farmers and handlers comply with organic standards
- Accreditation body ensures that certifiers are conducting thorough and complete inspections, have qualified personnel, and are meeting all aspects of their responsibilities as certifiers
- Certifiers enforce the standards under their authority (Notice of Noncompliance, Notices of Suspension/Revocation)
- Competent authorities (governments) provide oversight and enforcement.
Inspecting an Organic Grain and Rice Operation
Certifiers Are Central to Organic Control

What certifiers do:

Ensure compliance of existing regulations
Core Certifier Activities

**Review Operation Organic System Plans**
- Inputs, Materials
- Recordkeeping Systems
- Practices

**Conduct Annual Inspections**
- Verify effective implementation of OSP
- Review and audit records to ensure traceability

**Issue Certificates**
- Annual Certificates
- Transaction/Import Certificates
- Attestation Statements
Product Movement
Recordkeeping

A certified operation must maintain records concerning the production, harvesting, and handling of agricultural products that are sold, labeled, or represented as organic.

Such records must:

- (1) Be adapted to the particular business
- (2) fully disclose all activities and transactions of the certified operation in sufficient detail as to be readily understood and audited
Examples of Records: Reported in OSP, Checked During Inspections

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Records verifying that incoming product is organic, with amounts</td>
<td>Organic certificate for all incoming organic products, ingredients</td>
</tr>
<tr>
<td>Handler organic certificates and contracts</td>
<td>Invoices, purchase orders, bills of lading, scale tickets</td>
</tr>
<tr>
<td>Certificates of Analyses; Product Specification Sheets</td>
<td>Raw product inventory reports and records</td>
</tr>
<tr>
<td>Weigh tickets, receipts, and tags</td>
<td>Clean truck affidavits for bulk product</td>
</tr>
</tbody>
</table>
Records for Non-Certified Operations

• Who keeps records for organic products, if the supplier is not certified?

• The **records must be kept by the certified operations** responsible for the product (buyer or seller)
  • Records must have enough detail
  • Records must maintain traceability, demonstrated through an audit trail
  • Records must document prevention of contamination and commingling
  • Records must be available for inspection
Interactive Training for Certifiers

- The Path to Sound and Sensible Organic Inspections
Priorities

• Organic Integrity in the Supply Chain
• Training certifiers and handlers
• Implementing better oversight system for imports
• Auditing certifiers and ensuring adequate controls for long supply chains, especially those involving imports
Agricultural Marketing Service
Creating Opportunities for American Farmers and Businesses

www.ams.usda.gov/nop