

Response of Organic Farmers & Growers (OF&G) to the National Assembly for Wales “Inquiry into the organic production and labelling of organic products”



October 2014

About Organic Farmers & Growers Ltd

Organic Farmers & Growers (OF&G) provides inspection and certification services to the organic sector across the United Kingdom of Great Britain and Northern Ireland, as well as to the Channel Islands and the Isle of Man.

The company has its headquarters in Shrewsbury, Shropshire, and has been providing its services to the food and farming sector for more than 20 years. It was the first body accredited by the UK government to carry out inspection and certification in the sector, in 1992. OF&G began as a marketing cooperative for members' livestock and produce in 1973, before moving solely into certification services. In this time the organisation has made it part of its role, at the behest of licensees, to represent their interests with regard to policy and practice in, and related to, the sector.

1. Executive Summary of the Response

- 1.1 OF&G is supportive of a review of organic regulations, with a view to alterations and improvements where they are warranted.
- 1.2 The organisation believes that changes for the sake of change should be avoided.
- 1.3 There is concern at OF&G that many of the proposals currently tabled have not been tested for their real world outcomes and pose a distinct and significant risk to the sector.
- 1.4 It is OF&Gs' belief that much of the current plan is based on a now ageing survey, carried out at the beginning of 2013, of consumers and stakeholders which was criticised even at the time it was done for the flaws in its reasoning and often overly broad line of questioning.
- 1.5 OF&G has serious concerns that making changes to the regulation that are simply onerous and unrealistic without added benefit would risk stifling the early signs of recovery in the sector, to the detriment of both consumers and businesses.
- 1.6 Particular concerns relate to Articles 7, 25, 2 and 24 (jointly) and 26 of the newly proposed regulation.
- 1.7 OF&G has publicly said that without major revision/changes to the current proposal it cannot give its support. OF&Gs position has been to see continued improvements to the current regulation known as the 'Improved Status Quo' option for the purposes of this consultation.

2. Full Response

- 2.1 Organic Farmers & Growers is, and always has been, supportive of continuous improvement in the organic regulation. The robustness of the laws governing

organic food and farming should match the expectation of consumers and protect their trust that it is a system which provides benefits to the environment and welfare of animals which are not to be found in other systems to the same extent.

- 2.2 There are practical realities to meeting the principles of organic standards which are acknowledged in the legislation currently in force.
- 2.3 A review of the organic regulation that attempts to address some of the issues which most concern consumers is laudable and should be supported. OF&Gs' position is that this should be a process of managed, continual improvement which is based on realistic timescales to allow the sector to adjust without financial impediments or shocks to the continuity of supply of, or price of, raw materials.
- 2.4 The most prominent areas of concern for OF&G are outlined below. Some are broad concerns about a lack of clarity in the proposals as they stand. Others are quite specific where there are proposals which would be clearly detrimental to areas of the sector.
- 2.5 An overarching change between the existing regulation and the new proposals is in their construction. Our understanding is that changes to the Lisbon Treaty allows for many of the provisions of the proposed regulation to be enforced or applied through 'Delegated' and 'Implementing' Acts. The details of these Acts have not yet been revealed by the Commission, which leaves significant grey areas in how new regulations would be enacted. They also appear to provide for quite open-ended interpretation of how organic regulations should be understood and applied on an on-going basis.
- 2.6 It would be our concern therefore, which we understand to be widely shared among sector stakeholders, that too much important information has been left in the hands of those who would apply these Acts. We further understand that matters delegated to these Acts are able to be amended by the Commission without a requirement for such amendments to be scrutinised by (or even notified to) the Regulatory Committee on Organic Production (formerly known as the Standing Committee on Organic Farming) and that if no objections are made to proposed changes in a set timeframe, they are automatically enacted.
- 2.7 Article 7 (a) of the current proposals states that entire holdings shall be managed as organic. We understand this provision to have been introduced following audits of some member states by the Food and Veterinary Office in which some concerns were raised about adequate separation of organic and non-organic operations on combined sites. With regard to the UK, we are very clear that this would be a damaging and backward step. Under the current regulation, where there is organic and non-organic production on the same holding certifiers are obliged to inspect both. This allows for a clear view of the separation measures in use and makes any weak points immediately obvious. The proposed change to this regime would, as it stands, not allow for this level of control, potentially making fraudulent activity possible between holdings which are not linked for the purposes of certification, but may be connected through business, family or logistical relationships.
- 2.8 Article 7 (d) states that organic operators, other than those within the exception, must have in place an environmental management system. Whilst a number of operators will be exempt from this requirement the detail of the management system will be published by the Commission as a delegated act. We do not currently have the detail of these environmental management systems and are

concerned that this will create unnecessary work and expense for operators who may already have robust and fully acceptable plans in place but ones that do not match those required within the delegated Act.

- 2.9 Further, the ability to maintain both organic and non-organic operations on the same holding provides a degree of financial safety net for some producers. They can avoid committing all of their operation to one sector or the other, while still maintaining perfectly acceptable separation of the two, as our experience of the sector has demonstrated over the course of more than two decades. The ability to maintain a mixed holding can be the deciding factor for a producer to remain in organic production or not. 25 per cent of OF&G operators run a mix of organic and non-organic production. All holdings certified by OF&G are properly managed and OF&G is fully confident that separation of organic and non-organic is fully compliant with the regulation as it stands.
- 2.10 Article 25 of the proposals states that operators will not be allowed to be dual certified (i.e. inspected and certified by two or more control bodies concurrently). Demands of the supply chain sometimes results in a need for operators to hold certification from, most commonly, two control bodies for the same group of products. OF&G has a number of licensees who are currently dual certified. The way this proposal would be implemented is currently unclear. We cannot ascertain currently, for instance, whether this would be applied through vertically integrated supply chains. We would certainly not see dual certification as an area of concern, though an unclear application of a blanket ban could create major disturbances in the supply chain and a distortion of the certification provision if one part of the chain (often the retailer) is able to dictate the choice of control body to those through the chain.
- 2.11 Articles 2 and 24 deal with the scope of organic certification. As it stands this provision appears to suggest that retailers will no longer be exempt from the regulation if they are only selling pre-packaged products. However, if this is to be the case, the extent to which they would be subject to certification is unclear. Possibilities are that they would require full inspection and certification or that a regime of 'light touch' evaluation, as is currently the case with storage facilities, would be appropriate. In either case, we hold serious concerns that a variety of retailers would take a view that certification becomes a barrier to their ability to stock organic produce. This would be particularly relevant to smaller retailers and significantly reduce the opportunity for smaller producers to sell organic products locally.
- 2.12 Article 26 of the new proposals relates to the principle of 'group certification'. While OF&G agrees with the concept of making certification more simple and more cost-effective through collaboration and collective working across smaller organisations, it has yet to be demonstrated how this could be applied in a practical way which would not threaten the integrity of the inspection and certification regime. Having examined the practicalities of group certification on a number of occasions through the years (due to a genuine desire to make it a workable route to the organic market for smaller farmers and growers) we have not been able to marry the need for inspection of each operator, for the sake of integrity, with the need to reduce costs for those involved. Inspection is a fixed cost, based on the time input and experience of the inspector and the need for inspectors to be trained and monitored. Even a single holding with multiple crops being grown in a, for example, 5Ha area would prove complicated to inspect, extending the time requirement and therefore the cost of the service.

The provisions of the proposed regulation in this area do not sit well with us at all.

- 2.13 Turning to Article 20, for the first time the current proposal introduces contamination thresholds for non-permitted products. If these thresholds are exceeded that product can no longer be marketed as organic. Whilst at first glance this may look to be a positive step, this approach is a fundamental shift in the way organic production and certification has worked. Having a threshold level effectively says that it is acceptable to have some level of prohibited products in organic food and moves away from the core principles of organic production.
- 2.14 Organic production is a method of producing food that avoids the use of artificial chemicals and fertilisers within the production system and restricts the use of additives and processing aids within the processing of organic food.
- 2.15 OF&G also has serious concern regarding the apparent removal of the requirement for an annual inspection of all operators. This is not specifically dealt with in these proposals, but emerges from the wording of parallel legislation called the Official Controls Regulation (a move to take the governance of control bodies out of the organic regulations themselves). Inspection would become based on risk. We are not against risk based inspections but we do not have all of the detail of what is proposed and without that we are not comfortable with this potentially significant change. As with most of these things, the devil is in the detail.
- 2.16 Under Article 40, the allowance for introducing non-organic plant reproduction material (seeds) and non-organic nulliparous breeding animals has been removed from the text of the Annexes, meaning that only organic seeds and breeding animals can be introduced onto an organic farm. Article 40 provides for a transitional measure to the end of December 2021. As we stand at present there are not enough organic seed and breeding animals to be able to develop the sector. A second concern for seed is that the regulation does not specify at what point the need for parent stock to be organic ends, meaning it would be extremely difficult to develop new varieties for the sector to use.
- 2.17 Now considering Annex 2.1.2 (d) and 2.4.3 (a). Under current proposals there is a need for feed to be produced in the region. For ruminants this is 90% of the total annual dry matter intake and for pigs/poultry this is 60% of the annual dry matter intake. This is a significant increase from the existing regulation (ruminants 60% and pigs/poultry 20%). The UK is approximately 45% self sufficient in feed grains and a significant increase in demand will reduce this self sufficiency even further. We have been told that the Commission is minded not to define a region and will leave that to member states. Whilst this means we can theoretically define the region as widely as possible, it is not a situation we wish to be in, particularly should such a decision be challenged at a later date.