

POLICY SUMMARY: TRADE ARRANGEMENTS FOR ORGANIC PRODUCTS



OVERVIEW

This policy summary provides recommendations on whether, why and how to pursue trade arrangements for organic products with trade partners. It outlines options for providing this support to the organic sector, followed by examples from various countries.

among a group of countries in a region.

- Use of IFOAM - Organics International's instruments for recognizing the equivalence of other standards and certification requirements.

SUMMARY OF POLICY OPTIONS

Options include:

- Bilateral equivalency arrangements or agreements between countries with fully implemented organic regulations;
- Unilateral recognition by one country, of the equivalence of organic regulations and control systems (accreditation, certification and enforcement) of another country;
- Inclusion of organic equivalency in general trade agreements;
- Recognition by one country of another country's capacity to provide domestic controls for compliance to the recognizing country's organic regulation;
- Harmonization and recognition of organic standards and control systems

RATIONALE

Facilitating foreign market access for the domestic organic sector can be a significant support. Although characterized by complexity and uncertainty, this policy measure can spur organic sector development and grow export revenues. Trade arrangements will lower transaction costs for the country's producers and exports, sometimes significantly if it can spare operators from having to obtain multiple certifications. For a country that has a full organic regulation and which has reached a significant amount of organic exports, equivalence granted by its main importing market means that producers will need to be certified only once, to the domestic regulation.

SCOPE

This measure will be most appropriate for countries where a full organic regulation is in place and well-functioning, and thus also in countries where an organic sector (at least production) is well-developed.



Additionally, it will be most relevant for countries where policy objectives include earning foreign currency through trade. Some options for this measure may be possible even if the country is not fully regulating organic agriculture, as will be described under policy options.

POLICY OPTIONS

Bilateral Equivalency Arrangements

Bilateral equivalence negotiations will be the main modality to obtain new organic market access for most countries in the coming years. This avenue is available only to countries with full, well-functioning organic regulations. One would nevertheless expect that, given the time and resources that such negotiations take, there will be only a limited number of new agreements signed in the coming years under this format. Typically, negotiations take several years as they include detailed technical assessments and exchange visits of the countries' delegations to build knowledge and trust of the other system and its actors. Furthermore, there must be bilateral political will and potential gains on the part of both countries. These arrangements are characterized by periodic reviews of the arrangement, including in-person meetings and audits.

Unilateral Equivalency Arrangements

Another approach to market access is when an importing country unilaterally recognizes the organic scheme, or part of a scheme of an exporting country as equivalent. There are various configurations of this option. A longstanding one has been unilateral recognition by the EU of the schemes of exporting countries. Some of these countries, such as Israel, have a fully implemented regulation for domestic and export markets. Other countries, such as Australia and India, have developed organic schemes including standards and controls that apply only to exports, which have been recognized as equivalent by the EU.

Inclusion of Organic Equivalency in General Trade Agreements

Equivalency of organic regulations can also be achieved through inclusion in general trade agreements between/among countries. However, this option is rarely implemented. The only such provision is the inclusion of equivalency provisions for organic product trade in an agricultural trade agreement implemented between Switzerland and the European Union in 2002.

Recognition of Control System

Countries with organic regulations may facilitate imports by recognizing a foreign government's control system (accreditation, certification, enforcement) to implement controls



on compliance with the organic regulation of the importing country. Although this approach does not relieve exporting operations from compliance to a foreign market's standards, it can enable producers and other operators to use domestic certification and inspection services for exports. The only current example of this option is recognition by the United States of control systems of several countries to oversee compliance to the requirements of the USDA National Organic Program.

Regional Harmonization and Recognition

The option of regional harmonization can be a simpler and more powerful tool than one-to-one equivalence negotiations. This option is most feasible where there is a general economic and trade regionalization process such as the one that characterized the formation of the European Economic Community and its common market in 1957 and which evolved to become the European Union. Other groups of countries that have harmonized their regional organic guarantee systems (although not in a regulatory context) include the East African Community and the Pacific Community.

Use of IFOAM - Organics International Instruments

An option to streamline a government's approval of imports is offered in the private sector. IFOAM

– Organics International assesses private and government organic standards for equivalence and lists them in its Family of Standards. Use of the IFOAM Family of Standards enables governments to recognize multiple organic standards using a single instrument. A few countries have adopted this approach. The same principle is also applied for organic control systems, whereby IFOAM-Organics International publishes a list of recognized conformity assessment systems.

Countries that intend to pursue equivalence recognitions, or more generally to increase the international credibility of their organic guarantee system, may consider having their organic standard approved in the IFOAM Family of Standards, and having their control system requirements evaluated by IFOAM-Organics International.



COUNTRY EXAMPLES

Costa Rica: Costa Rica's organic regulation is unilaterally recognized by the EU as equivalent. It also entered into a bilateral equivalence arrangement with Canada in 2013.

India/Israel/New Zealand: The United States recognizes official government control systems in India, Israel, and New Zealand to oversee certification and enforcement to the requirements of the USDA National Organic Program (NOP). These countries have formal regulations or programs to facilitate the export of organic products, which are the basis for their arrangements with the United States. Operators in those countries are mostly controlled by local control bodies. These schemes are periodically audited by the USDA.

South East Asian Nations: The Association of South East Asian Nations (ASEAN: including Brunei, Cambodia, Lao, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam), is in a process of economic regionalization. Organic standards harmonization and control system recognition are in the scope of this process.

Pacific Community and East Africa: In two cases, governments and private sector/civil society

stakeholders in a region have jointly developed non-regulatory approaches to regionally harmonized organic standards, control systems, and marks of conformity. In East Africa, the standard (East African Organic Products Standard) is owned by the East African Community, which is an intergovernmental body. Certification services and the East African Organic Mark is administered by organizations in the private sector. In the Pacific, the Pacific Organic and Ethical Community (POETCom), operates under the auspices of the Secretariat of the Pacific Community, an intergovernmental development organization. POETCom's governing committee includes members from governments and the private sector. POETCom administers a full organic standards scheme, including the Pacific Organic Standard, arrangements for third party or PGS certification, and a certification mark. In both cases, the regional standard was developed through an intense process of public/private cooperation. In both cases, the standards systems facilitate local and regional trade.