

**THE NEW EU IMPORT RULES:
OPPORTUNITIES AND CHALLENGES FOR MEDITERRANEAN ORGANIC AGRICULTURE**

Report of the 5th MOAN meeting, Tunisia, 7-9 June 2010

BACKGROUND

The new Council Regulation (EC) No 834/2007 that entered into force in 2009, and particularly the new Commission regulation 1235/2008 on imports, have drawn the attention of organic actors in both EU and non-EU Mediterranean countries. The export-oriented markets and the predominantly similar categories of organic products in most EU and non-EU Mediterranean countries, were driving elements for decision makers in this region to gather and exchange ideas and experiences, to assess the current and future likely consequences of the new EU import regime on the Mediterranean organic agriculture and its markets.

This was the focus of the 5th annual meeting of the Mediterranean Organic Agriculture Network (MOAN) held in Tunisia on June 7-9, 2010.

The event hosted a speaker from IFOAM-EU who illustrated the new EU import rules and introduced the discussion by referring to some challenges and opportunities for organic trade resulting from these import regulation changes. An international expert on organic certification and accreditation systems gave an outlook of the processes to be undertaken to meet the new EU imports requirements, exemplifying with real practical cases from the South-Eastern (S/E) Mediterranean countries.

A workshop session was dedicated to experiences exchange from different countries, with a collective and open discussion, where participants debated and interchanged point of views, information and knowledge related to the new EU import regime and its implications at national and regional (Mediterranean) level.

The outcomes of the workshop are drawn in the following report highlighting the most important findings of the joint debate. This report was written by MAIB and an executive round of comments and feedback on the contents was circulated amongst the workshop participants and was presented by the Italian country representative in MOAN Mr. Giuseppe Paesano, at the 4th IFOAM-EU Congress held in Rome on June 21-22, 2010 in the workshop session: 'The new EU Import regime and implications for third countries and the Mediterranean Area.

MAIN OUTCOMES

The Mediterranean organic patchwork

In the Euro-Mediterranean region different development approaches to the organic sector can be identified. One of the main differences concerns the existence and, when existent, the development stage of a national organic regulation and associated institutional setting.

1. EU regulatory and policy framework for organic farming is *de facto* the compulsory/main reference for EU Med countries.
2. Sound national institutional systems have been developed over time (more than 10 yrs) in Tunisia and Turkey which represent the most advanced models among MOAN non EU countries.
3. EU regulatory and policy framework is also an important driving force for the development of organic agriculture in South-Eastern Adriatic countries currently involved in the EU pre-accession process. Most of them have an organic national regulation and system in place as well as support incentives for the sector. In some cases, though, the implementation of the regulation is incomplete, its enforcement quite problematic and targeted beneficiaries of support policies appear to have problems or little interest in applying for incentives.
4. In other S/E Mediterranean countries (for instance, Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria), big market operators and international cooperation projects remain dominant actors in the field of organic agriculture. Still limited and slow, instead, are national governments' interventions. In some of these countries, though, things are crucially changing also thanks to local organic movements' efforts and a newly emerged ministerial commitment, both important factors which appear to be actively pushing towards the establishment of national regulatory and policy settings for the sector. This is, for example the case of Morocco, where a national umbrella association has been recently established, a national regulation is underway and a well funded action plan to develop the organic sector is going to be implemented soon.

List of Equivalent Third Countries vs. List of CBs/CAs for equivalence: alternative or complementary options?

EU markets are very important for the organic producers of most Mediterranean countries where the organic sector development heavily relies on export opportunities (with a few exceptions like for example Croatia, Slovenia where local markets appear to be dominant). Hence, especially for S/E Med countries with an export-oriented organic sector, any change in

EU regulatory framework, including import rules, may have important implications to be carefully considered.

At present, only Tunisia (amongst MOAN countries) has been recently included in the list of Equivalent Third Countries which implies that access of organic products from Tunisia to EU markets can take place without member states import authorizations. For all the other non-EU Med countries exports to EU are allowed through the member states authorizations (to be phased out between 2011 and 2013).

Seizing the opportunity offered by the new EU import rules, a number of (foreign and national) CBs operating in non-EU Med countries have applied for inclusion in the List of CBs for equivalence (CBs/CAs list for compliance is not open yet).

The CBs list for equivalence is likely to be published in early 2011 and from then no member state authorization will be needed for organic products from non-EU Med countries certified by CBs recognized as 'equivalent'. A special case is Turkey. Like Tunisia, Turkey applied for the inclusion in the List of Equivalent Third Countries and its application is currently under evaluation. If Turkey is included in the list, both options (Equivalent Third Country list and CBs list for equivalence) will be available.

The List of Equivalent Third Countries and the CBs list for equivalence are deeply different options not only in terms of capacity building efforts, time and resources investments required to create the necessary conditions to submit application for inclusion but, more fundamentally, in terms of the underpinning approach to the development of the organic sector. The former option, mainly government-oriented, relies on the creation, continued updating and improvement of a sound and reliable organic national system; the latter, private sector-oriented, is, instead, mostly based on individual CBs' good performance and credibility.

Connected essential differences can be identified in terms of:

- ✓ **Good communication and working relations between ministerial competent authorities** dealing with organic farming issues **and CBs** operating in the country. At present, transparent and effective relations only exist in countries that have developed a sound national system framing the relationship between the national competent authority and CBs. Communication and effective relations are virtually non-existent, instead, where such a national system is not in place or where it is weak and incomplete.

Many experts rightly emphasize the problems of overregulation and the unnecessary administrative burden put on CBs operating in third countries with an export-oriented organic sector. During the discussion, however, it emerged that for some certifiers the

presence of a national regulation and system represents a very useful reference in their everyday activities and to more easily overcome any difficulty that may arise in the third country. At the same time, according to some analysts, intermediate lighter solutions to frame the relationship between public authorities and private operators could also be designed and implemented to fit each country 's context and needs.

In Turkey CBs need to be accredited by the national accreditation body and foreign CBs are required to establish a local legal entity (CBs liaison offices are not any more accepted). The presence of domestic CBs and the fact that CBs are under national supervision are both perceived as important components of an advanced national system for organic agriculture.

In some Eastern Adriatic countries, instead, where the organic national system is still not fully implemented and enforced, it has been reported that the relations with foreign CBs operating in the country are virtually non existent since they operate without notifying their activities to national authorities. Interestingly, for such countries the situation will become clearer and transparency improved, after the publication of the CBs list for equivalence since included CBs are required to communicate to the EU Commission the list of third countries in which they have their activities and for which they request recognition. CBs also need to prove that they have *notified its activities to the authorities of each of the third countries concerned and its undertaking to respect the legal requirements imposed on it by the authorities of each of the third countries concerned* (EC 1235/2008).

- ✓ **Availability of export statistics** which represents an issue of great interest for the EU also because concerns for fraudulent organic imports from Third Countries is increasing in EU and accurate data are scarcely available.

At present information about member states import authorizations are published in the OFIS (Organic Farming Information System) database ([://ec.europa.eu/agriculture/ofis_public/index.cfm](http://ec.europa.eu/agriculture/ofis_public/index.cfm)) on the basis of which, however, only estimates of quantities can be produced.

As reported during the meeting, some EU Med countries are trying to put in place specific procedures to go beyond such estimates and get more accurate information about quantities of imported products coming from non equivalent Third Countries. For instance, Italy requests importers to regularly notify quantities actually imported and Slovenia has recently established a link with the customs. During the meeting it became clear that interesting considerations could be made on the basis of the cross-checking of

such data with information internally gathered on their exports to specific EU countries by some S/E Med countries.

Estimates extracted from the OFIS database – in any case available only until the system of member states authorizations remains in place – are also incomplete since no data are available about imports from Third Countries entered into EU from one member state and subsequently traded within the EU (triangulations).

A special case is Tunisia which regularly gathers such information but because of its newly acquired status of equivalent third country (no import state authorizations required anymore) no data about its exports to EU could be extracted from the OFIS database anymore. Since 2010 only Tunisian national data will be collected but not necessarily made publicly available by Tunisian authorities.

CBs applying for the inclusion in the CBs list for compliance are required to communicate to the Commission, among other things, *the expected nature and quantities of agricultural products and foodstuffs intended for export* in the third countries for which they have requested the inclusion in the CBs list for equivalence (EC 1235/2008).

- ✓ **Attention paid to the development (and the regulation) of domestic market.** The preference for the establishment of a national regulation (including labeling rules, a national logo, import requirements) and a sound national organic system is a pre-requisite also for the development of domestic markets as well as an indicator of a political will to support the growth of the organic sector beyond the export opportunities, adopting a broader approach based on organic agriculture's original philosophy and principles and paying specific attention to what organic agriculture can do to improve the livelihoods of small organic producers that cannot easily access export markets. Exclusive reliance on the 'CBs list for equivalence' option may delay the emergence of such local processes and of associated opportunities in terms of market and institutions development.

STRATEGIC RECOMMENDATIONS

A sustainable organic sector is the one in which all components (state, market and civil society) play their role and engage in constructive interaction between each other and with the mainstream settings. Unbalanced development pathways, with (a more than transitional) dominance of one component over the others and limited integration into mainstream arenas can hamper large scale diffusion of organic agriculture systems, restrict their capacity to deliver

societal - environmental, social and economic - benefits and to produce effective 'change from within' the system. Under such circumstances organic agriculture's potential for revitalization of rural economies and stabilization of rural populations remains substantially unexpressed and unexplored.

On the basis of the ideas and experiences presented by speakers and the exchange among participants during the debate the following recommendations have been formulated.

1. CBs/CAs list for equivalence, on one hand, and inclusion in the list of Equivalent Third Countries, on the other hand, are to be considered complementary tools and processes for the development of national organic sectors in S/E Mediterranean countries.
2. For S/E Med countries still without national regulation (and action plans) for organic food and farming, **CBs/CAs list for equivalence** may represent an important **intermediate step** for the development of national organic systems. Countries with a missing or still weak national system should resist the temptation to consider CBs/CAs list for equivalence a **fast and easy tool** to seize export opportunities on EU markets and pursue a development path for the organic sector exclusively relying on it, a hazardous strategy drifting away from the holistic approach and the fundamental spirit of organic agriculture. With the member state authorizations being phased out, rather than alternative the two main options (list of equivalent third countries and CBs list for equivalence) can be considered as parallel complementary steps in a transition to a sustainable organic sector and the emergence of mature and inclusive development patterns.
3. Investments of time and resources in capacity building and **development of organic national regulations (and systems)** are crucial for a balanced growth of organic agriculture in S/E Med countries. Working along these lines, with a **long-term vision** for the sector, produces important advantages in terms of:
 - ✓ upper political level attention drawn to the sector over time
 - ✓ learning process of involved institutions responsible for the establishment and continued updating of the regulatory setting for organic farming as well as for the design and implementation of effective support policies for the sector. If an adequate knowledge of organic farming is not developed at the institutional/ministerial level (also through specific on-the-job training and exchange with other countries) no capacities will be available to formulate regulations and policies will not address correctly the issues and the needs of the national sector.
 - ✓ improved communication, transparency and international credibility of national organic agriculture

- ✓ establishment of national identity and feeling of ownership in the field of organic agriculture, with multiple beneficial effects also on: relations with national and international organic operators; the development of domestic markets; access opportunities to the sector for various stakeholders, including smallholders

4. Specific attention should be paid in the near future to the following issues :

- ✓ establishment (or continued development) of efficient and trustworthy national organic systems
- ✓ enhance communication and collaborative practices between public and private organic actors through effective and inclusive procedures of stakeholder consultation
- ✓ gathering and dissemination of statistical data on organic trade (i.e. systems are already in place in Tunisia and Turkey, interesting practices/procedures applied in Italy and Slovenia)
- ✓ development of domestic organic markets
- ✓ sharing of organic agriculture environmental and socio-economic benefits with smallholders operating in marginal rural areas
- ✓ scope and opportunities associated to the development of Mediterranean sub-regional standards
- ✓ opportunities and barriers in organic trade within the Euro-Mediterranean region as compared to conventional agri-food trade