Organic production and labelling of organic products

2014/0100(COD) - 24/03/2014 - Legislative proposal

PURPOSE: to ensure fair competition and a proper functioning of the internal market in organic products, and maintaining and justifying consumer confidence in products labelled as organic.

PROPOSED ACT: Regulation of the European Parliament and the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the overall objective of the legislative framework, which is the sustainable development of organic production, is currently not fully met. It leads to lost opportunities for farmers and operators in the Union (the organic land area in the Union has only doubled in the last 10 years, while the market has increased fourfold), a risk of limitation to the organic market expansion and a risk of limitation to the environmental benefits associated with organic production.

The main drivers are:

- regulatory and non-regulatory obstacles to the development of organic production in the Union;
- a risk of erosion of consumer confidence, notably because of the many exceptions that are watering down organic production rules and because of the fraud cases that have developed in connection with shortcomings in the control system and in the import regime;
- complicated labelling rules;
- unfair competition among operators in the Union and in Third Countries.

When adopting Council Regulation (EC) No 834/2007 on organic production and labelling of organic products, the Council earmarked a series of issues on which the Commission was required to submit a report to the European Parliament and the Council, after having reviewed the experience gained from the application of Regulation (EC) No 834/2007.

The Council adopted conclusions on the Commission's report at its Agriculture and Fisheries meeting of 13-14 May 20133 and called on the Member States and on the Commission to develop the organic production sector at an ambitious level by reviewing the current legal framework, with a view to improving its usability while providing for a period of stability and certainty, aiming at further clarification and simplification.

IMPACT ASSESSMENT: the preferred option was the principle-driven option which aims at re-focusing organic production on its principles, which would be better reflected in the production rules. Exceptional rules would be ended.

CONTENT: the Commission proposes to replace Regulation (EC) No 834/2007 with a new Regulation in order to:(i) remove the obstacles to the development of organic production in the Union, (ii) guarantee fair competition for farmers and operators and to improve the functioning of the internal market; (iii) maintain or improve consumer confidence in organic products.

Respecting principles: organic production must continue to adhere to a set of principles that reflect closely the expectations of consumers. These principles include:

- respect for nature's systems and cycles and sustainment and enhancement of the state of soil, water, air and biodiversity, of the health of plants and animals and of the balance between them;
- responsible use of energy and natural resources;
- respect of high animal welfare standards and, in particular, fulfilment of animals species-specific behavioural needs;
- appropriate design and management of biological processes based on ecological systems using natural resources which are internal to the system by methods that: (i) use living organisms and mechanical production methods; (ii) practice land-related crop cultivation and livestock production or practice aquaculture which complies with the principle of sustainable exploitation of fisheries; (iii) exclude the use of GMOs.

Strengthening and harmonising production rules: it is proposed to strengthen and harmonise production rules by removing exceptions, except where temporary measures are necessary in order to allow organic production to continue or recommence in the case of catastrophic circumstances.

Organic agricultural holdings have to be entirely managed in compliance with the requirements applicable to organic production and retroactive acknowledgement of the conversion period is in principle not possible any more.

The agricultural ingredients used in the composition of organic processed products have to be exclusively organic.

With the exceptions of micro-enterprises, organic operators other than farmers or operators producing seaweed or aquaculture animals are required to develop a system for improving their environmental performance.

Improving control systems: the control system is improved by integrating all control-related provisions into a single legislative text under the Commission proposal for a Regulation on official controls and other official activities in food and feed.

Controllability is enhanced by clarification, simplification and harmonisation of the production rules and the removal of a series of possible exceptions to such rules. The proposal seeks to do away with the possibility to exempt certain types of retailers provided for in Regulation (EC) No 834/2007, which has led to different interpretations and practices across Member States and has made management, supervision and control more difficult. The risk-based approach to official controls is reinforced by removing the requirement for mandatory annual verification of compliance of all operators provided for in Regulation (EC) No 834/2007.

Fees collected for controls: the proposal introduces specific provisions in order to increase transparency with regard to fees that may be

collected for the controls, and the provisions related to publication of operators together with information on their certification status are reinforced.

Reduction of administrative burdens: a system of group certification is introduced for small-scale farmers in the Union with a view to reducing inspection and certification costs and the associated administrative burden, strengthening local networks, contributing to better market outlets, and ensuring a level playing field with operators in third countries.

Enhanced traceability and fraud prevention: it is proposed that operators may not be controlled by different control authorities or bodies for the same groups of products across different stages of the organic chain.

Detection of non-authorised products or substances: specific provisions are also introduced to harmonise action to be taken when non-authorised products or substances are detected. In this context, there may be instances where farmers are prevented from marketing their products as organic due to the unintentional presence of non-authorised products or substances. Member States may be authorised by the Commission to grant national payments to compensate for the losses incurred in such instances.

Adaptation of the trade regime: the trade regime is adapted to improve the level playing for the organic operators of the European Union and in Third Countries and to better ensure consumer confidence. The possibility of equivalence agreements with Third Countries remains while the system of unilateral equivalency is phased out.

The recognition of control bodies is proposed to be progressively shifted to a compliance regime.

BUDGETARY IMPLICATIONS: the proposal allocates a budget for technical assistance measures. Estimated costs for expenditure (including administrative costs) amount to EUR 2.184 million for the period 2015-2020.

DELEGATED ACTS: this proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.