



Australian Organic Limited
Organic Domestic Regulation Discussion Paper



AOL as the Key Industry Stakeholder

Australian Organic Limited (AOL) is positioned to collaborate with Government as the key industry stakeholder to deliver this significant leap into the future. AOL is a self-funded commercially driven not-for-profit organisation which has in the last few years stepped forward as the leading peak industry body. With over thirty years' experience in the organic industry, AOL is driven by a clear strategic approach to the future of organics and has positioned itself as a leader in Australian Agriculture. AOL has a long history in marketing to and educating Australian consumers while also providing industry development. Annually, AOL delivers on behalf of industry:

- Australian Organic Awareness Month – Australia's largest Organic campaign partnering with Woolworths, Coles, ALDI and Independent supermarkets/ health food stores
- Industry Forums and Webinars designed to upskill and develop operators
- Facilitates Advisory Committees across multiple sectors
- Industry and Consumer Social Media platforms
- Partnerships with Ambassadors/ Influencers for campaign and projects
- Engagement through Agriculture partnerships through the National Farmers Federation (NFF) and other peak industry bodies
- Liaise with Government Departments on various issues
- Funds and produces Australia's only Organic Market report, partnering with Government and Universities

AOL's organisational structure is purpose designed to support industry through four specific teams:

- Industry Development & Research
- Marketing & Consumer awareness and education
- Industry Partnerships
- Technical Review & Advice

Through support from DAWE, AOL wishes to discuss an industry Government funded model to help transition the industry to the regulated model. AOL would propose to work in conjunction with Government to deliver a comprehensive support program for the implementation of Domestic Regulation of the use of the trade description, organic, on agricultural produce.



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|--------------------------|--|
| To | Brief to the Minister for Agriculture, Water and Environment |
| Title | Australian Organic Domestic Regulation Discussion Paper 2020 |
| Purpose | To Brief the Minister for Agriculture, Water and Environment on the proposal for Australia to implement a regulatory or legislative regime in relation to the supply of certified organic products in Australia |
| Brief Prepared By | Australian Organic Ltd |
| Date | June 2020 <i>Reviewed and updated September 2020</i> |
| Status | Public Discussion |



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Organic Domestic Regulation Discussion Paper

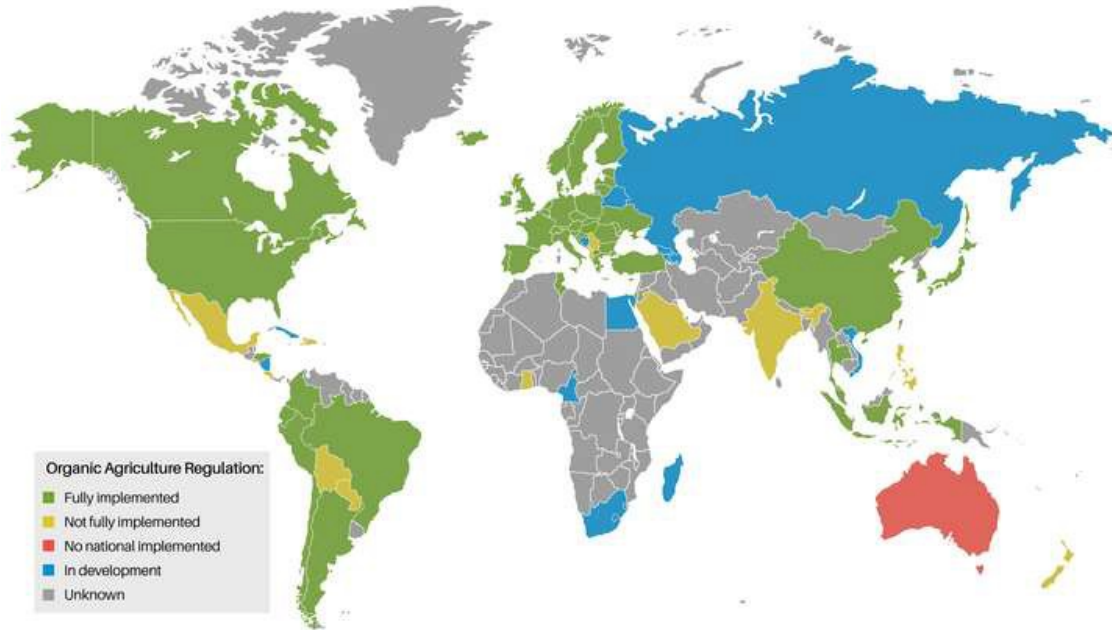


Figure 1 Organic Regulation and the International Landscape

Executive Summary

Australia is misaligned with global standards and officially the last developed nation in the world to not have an enforced domestic standard for the use of the word 'organic'. See Figure 1 above.

At present, the only method by which an Australian consumer or handler can be certain a product is truly organic is to look for a certification mark. There are currently six marks used within Australia, each mark is attached to a certification body approved by Department of Agriculture, Water & Environment (**DAWE**) to the National Standard for Organic and Bio-Dynamic Produce (**National Standard/NS**) under the *Export Control Act 1982* (Cth) (**Export Control Act**). See Annex 1

The NS is supported by industry and is viewed as world class. Currently, Australian organic producers export to 81 countries¹ via the use of Organic Produce (Export) Certificates (**OPCs**). This provides surety for the buyers in those markets that the produce they are purchasing adheres to the rigorous certification and audit processes as set out in the NS. However, within Australia there are variations of Standards that make the consumption and production of organic products difficult to navigate and results in confusion for consumers.

¹ Australian Organic Market Report, 2019



Australian Organic Ltd (**AOL**), the leading organic industry body, is proposing that the NS be enforced through legislation or regulatory means domestically to provide confidence, and a level playing field in a dynamic growth industry.

The NS was written with the intention to be enforced domestically as clearly stated by the Minister for Primary Industries and Energy in a Press Release, dated 10 February 1992 when the NS was published and released, *“I therefore intend to request the new National Food Authority to take the necessary action to ensure the regulatory controls on the domestic market parallel those which I am implementing for export”*. The National Standard was and remains world class as stated in the same press release, *“This is a hallmark achievement for the Australian organic produce industry which I understand has produced the first nationally agreed standard outside of the European Community”*.²

To bring Australia into line with other developed countries and to capitalise on the growth of this industry – Australian Organic Ltd, seeks the Government’s actions to prioritise the implementation of domestic regulations to protect consumers as was originally intended.

Market Analysis & Opportunity

The Australian Organic Industry is currently worth \$2.6 billion, growing year on year since market data has been reported.

- Domestic sales in 2018 grew 15% vs the previous year¹
- Export tonnage was up 13% over the same period¹

Industry consumer data shows Australian shoppers are purchasing more organic products than ever before:

- 6 out of 10 shoppers have purchased organic products in the past 12 months¹
- 55% of shoppers would choose an organic product with a certification mark over a product simply claiming organic in a like for like purchase¹
- 51% of shoppers recognise the Australian Organic “Bud” logo as the mark of Australian organic produce¹

The Issue – Fake Organics

A recent survey of organic consumers demonstrated that 78% of those surveyed were not aware that products that have as little as 2% organic ingredients can claim to be organic. 95% of the same survey group agreed that it is important for organic products to be tested by a strict set of standards through certification.³

The demand for organic products is increasing, with a Compound Annual Growth Rate (CAGR) of 13%. It is therefore timely for the Government to focus on ensuring sufficient regulations are in place to maintain the integrity of the organic industry and protect consumers.

² Minister Primary Industries and Energy, 10 February 1992 DPIE92/7C, A National Standard for Organic Produce Press Release

³ Australian Organic Ltd Consumer Survey not yet released, March 2020



Due to the lack of current regulation, products that are not certified organic (i.e. not independently verified as compliant with the National Standard by a certification body) can be marketed as organic. There are numerous examples of these products that are currently in the marketplace, which misleads and deceives consumers. In most cases, these products attract the higher prices that actual certified organic products would, when in fact, these uncertified organic products have not gone through the rigorous independently verified processes that certified organic products would have to comply with.

Certified operators who invest time and resources to maintain the integrity of organic products in the marketplace are significantly disadvantaged by the absence of clear regulations in relation to the use of the word 'organic' in Australia.

Schedule 2 of the *Competition and Consumer Act 2010 (Cth) (CCA)* outlines the Australian Consumer Law (**ACL**). There are current provisions in relation to misleading and deceptive conduct in trade or commerce, which are administered by the Australian Consumer and Competition Commission (ACCC). Australian Organic Ltd and ACCC have collaborated in the past regarding misleading and deceptive conduct in the marketplace. One of the results of which, was the ACCC issuing three infringement notices (**IN**) to a company for misleading organic claims.⁴ Despite the issuance of these IN, there are still many products that are available for consumers that are not certified organic or contain ingredients that are inconsistent with the National Standard but are marketed as organic. Sadly, the products marketed by the company issued with the IN continues to be on shelves with the same claim that it is 'organic'. This is due to the lack of consistent and clear regulation regarding the use of the word organic on labels.

In early 2020, the ACCC announced amongst its ten key priorities that it will be focusing on misleading claims in food marketing. ACCC's website states, "In selecting this as a priority we are focusing on those products that make misleading claims about the health or nutritional content of foods, either on the product itself and/or in its associated marketing and have capacity to cause substantial consumer detriment."⁵

AOL welcomes this announcement and will continue to work with ACCC on this matter. However, in this rapidly growing and valuable sector of the Australian economy, consumers continue to be misled. There is an opportunity and public interest responsibility to truly achieve consistency in the marketplace and in doing so support the ACCC's consumer protection goals, by implementing clear and consistent domestic regulation for the use of the word 'organic'.

⁴ ACCC Infringement Number 1718-010 / 1718-011 / 1718-012 dated June 2018 issued to Dreamz Pty Ltd t/a GAIA Skin Naturals

⁵ ACCC 2020 Compliance and Enforcement Priorities, 25 February 2020, <https://www.accc.gov.au/media-release/accc-2020-compliance-and-enforcement-priorities>

Economic Potential

International Markets

Australia boasts more than 50% of all certified organic agricultural land representing a prime opportunity to produce high quality pre and post farmgate products. Over the past near 20 years there has been a consistent increase in certified organic land area. Globally, there are estimated to be some 2.8 million organic producers, with 47 percent in Asia and India is the country with the most producers.⁶

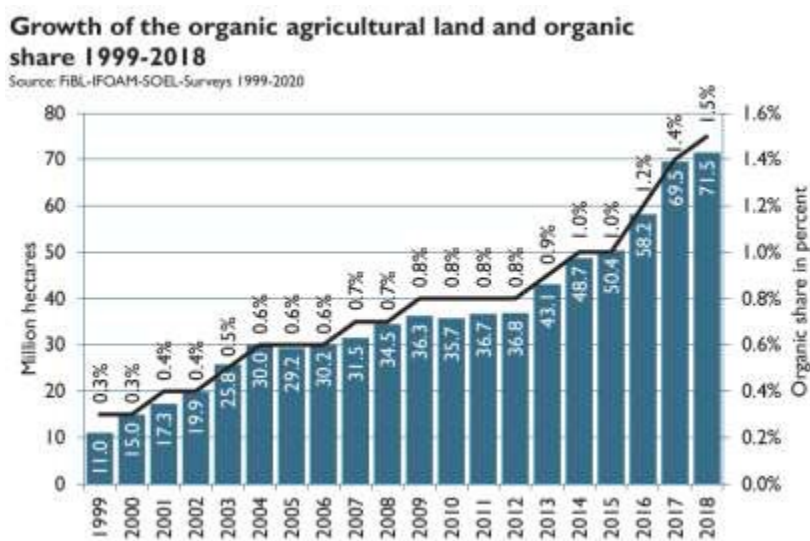
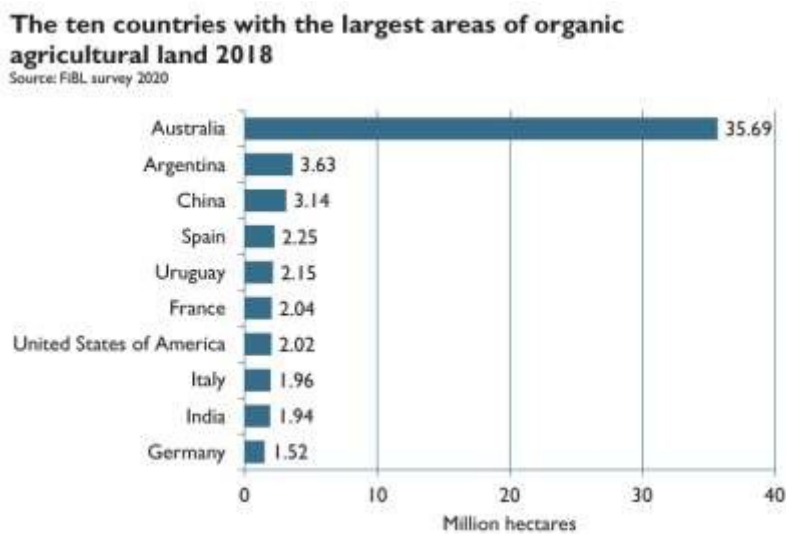


Figure 2 & 3: FiBL & IFOAM – Organic International (2020): The World of Organic Agriculture.

⁶ FiBL & IFOAM – Organic International (2020): The World of Organic Agriculture. A Sahara

The ten countries with the largest markets for organic food 2018

Source: FiBL-AMI survey 2020

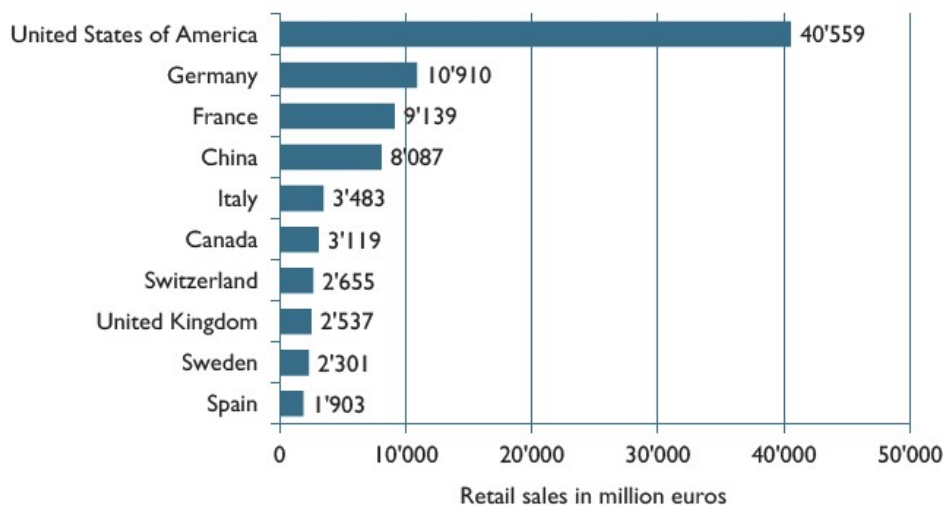


Figure 4: FiBL & IFOAM – Organic International (2020): The World of Organic Agriculture.

The global market for organic products reached \$105 billion USD according to FiBL in 2018, with the USA accounting for \$52.5 billion USD (up 6% on the year before) representing 42 percent of the entire global market. All leading supermarkets are now marketing their own private label organic products and having high penetration across the USA and Canadian markets.

Organic products are also making in-roads into food service and catering sectors with organic restaurants, cafes and fast food establishments such as Organic Coup opening USDA certified stores across California and in Washington State.

Demand for organic foods is outstripping supply with imports coming from many countries facilitated by organic trade agreements between the USA and countries such as Switzerland, Canada, Japan, South Korea, Taiwan and the EU.⁶

The European Union is the second largest organic market, worth roughly \$37.4 billion USD, representing 39 percent of global revenue. Across Europe mainstream retailers generate the majority of sales with all leading supermarkets offering organic foods under private label brands.

Similar to North America, organic foods and ingredients are being used in catering and food service establishments in the EU. An increasing number of well known global chain stores such as IKEA, McDonalds and Pret A Manger are all sourcing organic ingredients, much of which needs to be imported.



Imports into the EU in 2018 delivered 3.3 million tonnes of organic products. Tropical fruits, nuts and spices represented the single largest category totalling nearly 800,000 tonnes followed by oil cakes, cereals, wheat and rice. China is currently the largest supplier of organic products to the EU; totalling 12.7 percent of total organic import volume.

The ten countries with the highest per capita consumption 2018

Source: FiBL-AMI survey 2020

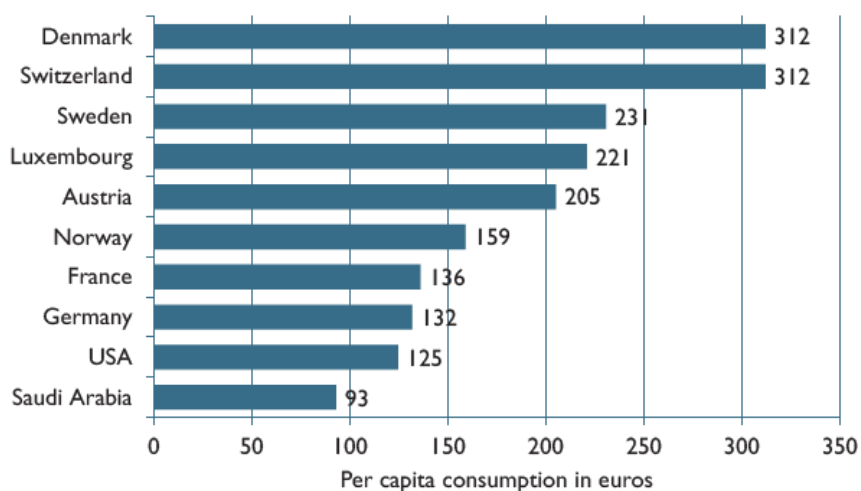


Figure 5: FiBL & IFOAM – Organic International (2020): The World of Organic Agriculture



| | Total land (hectares) | 10 year growth | Total Domestic Market Value AUD Million | Total Export Market Value AUD Million | Consumption per capita |
|------------------|-----------------------|----------------|---|---------------------------------------|------------------------|
| USA | 2,023,430 | 3.80% | 66,207 | 4,864 | 203.23 |
| France | 2,035,024 | 200.40% | 14,924 | 1,154 | 222 |
| China | 3,135,000 | 69.20% | 13,201 | 1,315 | 9.79 |
| New Zealand | 88,871 | NA | 253 | 365 | 53 |
| Singapore | 3 | NA | 26 | NA | NA |
| United Kingdom | 457,377 | 36.60% | 4,140 | 316 | 62 |
| Canada | 1,311,572 | 86.40% | 5,090 | 709 | 137 |
| South Korea | 24,700 | 85.10% | 538 | NA | NA |
| Sweden | 608,758 | 55.50% | 3,755 | 190 | 377 |
| Japan | 10,792 | 19.00% | 2,315 | NA | 17.95 |
| Thailand | 95,066 | 209.10% | 20 | 46 | NA |
| Netherlands | 57,904 | 11.50% | 2,099 | 1,958 | 122 |
| Spain | 2,246,475 | 68.80% | 3,109 | 1,456 | 68.6 |
| Malaysia | 9,576 | 505.50% | 3 | NA | NA |
| Italy | 1,958,045 | 76.90% | 5,691 | 3,702 | 94.75 |
| Australia | 35,687,799 | 197.40% | 1,999 | 709 | 80 |

Figure 6: Australia’s largest export destination organic statistics: FiBL & IFOAM Organic International 2020

As the global appetite for organic consumption grows, Australia’s well-established reputation as leading exporter of organic beef, lamb, wine, dairy, fruit, and vegetables provides an opportunity not yet being optimised. Even with limitations to market access currently Australia exports some \$700 million AUD worth of product annually to large markets such as North America, Asia and Europe. Government to Government equivalency arrangements into these markets would provide increased trade opportunities without the economic burden currently creating barriers for Australian organic producers.

Mature organic markets in Europe and North America provide prime opportunity for trade boasting some of the highest consumption rates in world. Australian organic wine, non-alcoholic beverages along with processed products are exported monthly through these regions. It is imperative to note that currently under EU equivalency the United Kingdom is accessible however should domestic regulation not be achieved this year an equivalency arrangement would be impossible under the UK Free Trade Agreement currently being discussed.

Trade access to emerging middle-class countries also offers organic exporters growth opportunities as high value products are growing in demand. South Korea, Singapore, Hong Kong, Thailand, and Malaysia offer strong export potential as consumption levels increase and production area is limited.



New Zealand is currently reviewing their own domestic regulation and look to implement a piece of legislation to enforce the mandatory requirement for certification. New Zealand will also be writing a new standard for certification as currently there are multiple standards for different industry sector compliance.

| Country | Largest export by tonnage | Total tonnage 2019 (tonnes) | Avg shipments per month | Avg shipment weight (tonnes) | No. of exporters trading | Govt to Govt Agreement status |
|----------------|--|-----------------------------|-------------------------|------------------------------|--------------------------|--|
| USA | Beef meat | 9,790 | 48 | 13 | 39 | None |
| France | Sweetener (sugar) & Processed | 7,235 | 5/5 | 337/5 | 13 | EU equivalence |
| China | Baby foods, Dairy & | 4,823 | 7/2/2 | 35/29/3 | 30 | None |
| New Zealand | Non Alcoholic beverages & Plant | 4,660 | 11/7 | 23/12 | 44 | Not required |
| Singapore | Vegetables & Dairy | 1,584 | 51/14 | 1/2 | 59 | Not required |
| United Kingdom | Wine, Processed products & non alcoholic beverages | 1,326 | 25/17/14 | 2/4/5 | 47 | Market access beyond Brexit transition period until 1 st Jan 2021 to be negotiated. |
| Canada | Non alcoholic beverages, wine & sweeteners | 1,107 | 2/7/3 | 34/3/7 | 10 | None - Access only via direct USDA certification |
| South Korea | Grain, Soy products & Beef meat | 1,049 | 3/2/5 | 25/20/1 | 14 | None - Only private agreements with 2/6 CBs |
| Sweden | Wine | 970 | 17 | 6 | 12 | EU equivalence |
| Japan | Processed Products, Grain products & wine | 957 | 4/3/5 | 8/8/2 | 24 | Equivalency on farmgate produce only |
| Thailand | Processed Products | 601 | 4/1 | 4/4 | 10 | Not required |
| Netherlands | Processed Products/ Grain | 544 | 25/1/5 | 3/4/1 | 8 | EU equivalence |
| Spain | Sweetener (sugar) | 501 | .5 | 225 | 5 | EU equivalence |
| Malaysia | Grain products, Vegetables & Wine | 461 | 2/11/10 | 8/1/1 | 24 | Not required |
| Italy | Processed product | 413 | 4 | 10 | 2 | EU equivalence |

Figure 7: Australia's largest organic export destinations, FiBL & IFOAM Organic International 2020, and relevant market access status



Reduced costs for operators & cost of compliance

Direct costs of certification

The six organic Certification Bodies (CBs) in Australia have varying fee structures. The cost of certification for different types of facilities (e.g. farming vs processing), product categories (e.g. food vs cosmetic), destination markets, or geographical locations, can vary. Some certification bodies also charge fees based on value of organic sales, and others do not.

All of the CBs publish information on their fees and charges, on their websites. From examination of these fee schedules, the following generalisations can be made:

Annual certification fees for a farm to the baseline National Standard (without additional specific market access certifications) can cost between \$950 and \$2700, with an average of \$1376. In the first year, application fees from \$150 to \$559 also apply.

Additional fees based on value of organic sales by the operator are charged by three of the six CBs. These additional charges can be up to \$4400 in any given year, dependent upon organic sales values.

Export market access for certain markets, where government to government equivalence arrangements are not in place can be provided to operators by some CBs if they hold the appropriate overseas accreditations (e.g. USA, Japan). The cost to the Certification Body (CB) of maintaining such overseas government approvals is passed on to operators in one form or another, typically as an add-on fee, per export market. Certified operators are charged between \$280 to \$950 per year for *each* additional export market access.

For complicated markets, such as China, it is not simple for CBs to provide fixed costs, as the certification fees are dependent upon the fees charged by the Chinese CB cooperatively providing this service. In a survey of certified organic operators conducted during May 2020, direct costs of China organic market access were reported to be in the order of \$10,000 per operation, per year. Furthermore, China organic certification is a whole of supply chain certification, so each significant step in the production chain – farming, processing and handling incur such costs.

Duplication of costs across the industry

Where overseas markets have in place national regulations, and where government to government equivalence agreements for such markets are absent, CBs find other ways to offer market access to their operators. In some cases, direct accreditation by an international body, or overseas government is maintained, in others a CB to CB cooperation agreement is struck. In all cases, such workarounds incur costs, which are ultimately passed onto certified operators, one way or another. Furthermore, as CBs compete to offer more services to their clients, they each incur similar costs. For example, USDA accreditation fees – (estimated at \$10,000 - \$20,000 per year), are paid by three CBs in Australia. These costs, which across the industry are effectively tripled by CB competition, could be eliminated by a government to government equivalence arrangement, which would allow ALL government approved CBs to offer this market access.



Annex 2 highlights three practical ‘real life’ examples of how the economic burden is reducing efficiencies for operators, creating additional layers of paperwork and reducing the ability to grow jobs in these regions.

Indirect costs of certification

The survey of certified organic operators conducted during May 2020 also collected information on the indirect costs associated with certification, including but not limited to labour and consulting fees. Such indirect costs vary greatly depending on the operator, how many markets they supply etc. The reported range of these costs was \$900 - \$6,000, with the average cost being \$2,167. We note that operations can vary greatly in size and complexity, so the above costs should be considered only as approximations.

Considerations

Exemptions

To ensure the integrity of the application of the National Standard it is essential to verify compliance via annual audits onsite. Over the past 30 years many Small Producer Schemes have been implemented to reduce costs for smaller operators. It is difficult however to ensure sufficient rigour of certification for such operators.

Currently it is estimated that half of all producers certified annually sell less than \$50,000; the real number of small producers is difficult to estimate as anecdotally this is the highest risk area due to the claims of “organically grown”, “organically fed” or simply those claiming organic without certification selling primarily through local farmers markets without true verification being required.

It is essential we continue to nurture small enterprises to develop into the market while not burdening small hobby and/or community groups with unnecessary cost. However, to ensure the consistent approach to products claiming organic a mechanism to trigger payment of certification would need to be agreed.

Under the USDA National Organic Program (NOP), a production or handling operation that sells agricultural products as organic, but whose gross agricultural income from organic sales totals \$5,000 or less annually is exempt from certification and from submitting an organic system plan for acceptance or approval but must comply with the applicable organic production and handling requirements and the labelling requirements. The products from such operations shall not be used as ingredients identified as organic in processed products produced by another handling operation. Under the Australian framework a similar approach for small producers, for example an annual income of \$7,500 or less for any school or community garden or similar, could be agreed and clearly defined under the regulatory framework.



Miscellaneous Production Systems

While there exists a high level of agreement around the world as to what it means for food products to be organic, it is a fact that for now, other product categories are not as well agreed upon. The significant product categories of cosmetics, and textile products will also be affected by this issue, and as such, over the year's various private standards for organic cosmetics and textiles have been developed (COSMOS, NaTrue, ANSI305, GOTS etc).

Arguably the world leading organic cosmetic standard is the COSMOS standard. The COSMOS standard was developed by five European certification bodies, specifically for natural and organic cosmetics products.

The EU regulations for organic produce certification specifically exclude any products that are not food, so COSMOS fills this void to some extent.

Unlike the EU, our National Standard includes a chapter dedicated to cosmetic products, however it is very brief, and not generally considered to be well developed enough for practical use by the industry. For this reason, COSMOS certification is becoming more popular in Australia. The COSMOS standard is highly detailed, and written specifically for cosmetic manufacturers. For example, it includes percentage calculation approaches more applicable to cosmetic type products, such as liquids and gels. It also allows some basic synthetic chemistry for vital purposes such as preservation or emulsifying which are not allowed by our National Standard.

The organic and natural cosmetic sector is a significant part of our organic industry, however as it stands currently, the cosmetics chapter in the National Standard is not well detailed. With further development, and appropriate input from industry, the NS could be further developed, but for now, it is recommended this product scope be excluded from domestic regulation. That is not to say that a cosmetic product could not be certified to the National Standard, if it complies, just that it is not practical at this point to make NS compliance mandatory, for this product category.

A similar situation exists for textile and fibre products, such as clothing, or feminine hygiene products. Global Organic Textile Standard (GOTS) certification includes some practical allowances for limited synthetic ingredients such as stretch material, buttons, dyes etc., which are not allowed under our National Standard. This product category is excluded entirely from EU organic regulations but can be sold in Europe and many other countries as organic, if GOTS certified.

GOTS certification is also popular in the USA, and accordingly the USDA has published; ***Policy Memorandum – Labelling of textiles that contain organic ingredients***, which provides clear guidance on sale of GOTS certified products as organic in the USA. See Annex 4 for the Policy Memorandum. The guidance states the following:

“The NOP does not restrict the use of the term “organic” in the labeling of textile products that are certified under third-party certification bodies as long as all of the fibers identified as “organic” in these textile products are produced and certified under the NOP regulations.”



It is recommended that an approach similar to the USDA be developed and implemented here. Textile or fibre-based products can be certified to the NS if they comply, but may also be sold as GOTS certified.

While we recommend excluding, or providing exceptions for the product categories of cosmetics, and textiles for now, we encourage a phased approach to inclusion of these products over time. The cosmetic, and textile chapters of the National Standard could be developed over time, utilising the well-established government oversight process via the National Standards subcommittee (NSSC), by the Organic Industry Standards and Certification Council (OISCC). Comprehensive industry sector involvement will be required to ensure Australian manufacturers provide input into the process and are not adversely affected by the transition.

Importation

In Australia, the current requirements for all imported food is founded on food safety, and biosecurity risk. Imported food must comply with requirements in the Food Standards Code and the Country of Origin Labelling information standard. This process does not overlay any requirement to substantiate claims such as organic claims.

As part of the implementation of a domestic standard, conformity assessment for all products entering Australia will also become mandatory. The existing National Standard provides consideration to this process under **Clause 6, Imported Products**. Under Clause 6.1, individual ingredients utilised to make finished processed goods are assessed by CBs through the certification and audit process. It can become particularly difficult when assessing ingredients that are certified to other international standards as individual country standards may have differences and can require extensive knowledge of these differences when comparing to Australia's National Standard. To ensure thorough assessment country to country equivalence, recognition or exemptions will need to be negotiated and the standard updated to ensure clarity of assessment for all certification processes.

The National Standard may also need the addition of a definition for the meaning of **Equivalence / Recognition / Exceptions**. As domestic regulation will enforce the compliant use of the word 'organic' (or biodynamic) on produce labelling within Australia, imported products will also need to be considered along with how the regulation may affect existing imported products, as well as Australian based food manufacturers utilising imported ingredients.

Australian CBs are already assessing imported ingredients or finished products for re-export under conformity assessment provisions in the DAWE export approval process. Such assessments will be required not only for export destined products, but for produce to be sold on the domestic market. We are also aware there may exist some inconsistencies in the way these conformity assessments are undertaken, so some attention may be required to ensure consistent application of these practices moving forward.



An update to the National Standard Imported Products chapter may be necessary to allow for proper and consistent assessment of imported ingredients for use in Australia, or for re- export as organic.

We have identified some scenarios which may require attention, which are included in Annex 3.

In considering issues such as these, a sensible balance between encouraging trade, protecting Australian consumers, and not hampering equivalence negotiations with other markets must be struck.

To maintain product availability and commercial viability for existing businesspeople, it is recommended to have in place a liberal recognition of reputable global standards for a period of three years. During this three year period, equivalence agreements will be required to be achieved for imported products to maintain access to the Australian market. Part of the equivalence negotiations should include detailed side by side analyses of standards, so we are aware of all significant differences between standards prior to entering into negotiations.



Key Objectives of Regulation the Organic Industry

- strengthen consumer confidence in organic labelling claims;
- increase credibility for businesses making organic claims; and
- advance international trade in organic products.

Strengthen consumer confidence

Under the current legislative framework, Australian consumers cannot be assured that a product that claims organic on its packaging or marketing materials is truly organic. The current model for organic status in Australia is complicated making it difficult for consumers to know what they should be looking for when purchasing organic.

Currently there are two main voluntary certification standards in the domestic market:

- National Standard for Organic & Bio Dynamic Produce, owned by DAWE⁷ (**National Standard**); and
- AS6000:2015 Organic and Biodynamic Products, owned by Standards Australia⁸ (**AS6000**)

Table 1 below outlines the differences between these two voluntary certification standards.

| | AS6000 | National Standard |
|----------------------------------|---|--|
| Operations certified | ~ 30 | ~ 4800 |
| Oversight | No certification required | DAWE |
| | No accreditation of certification bodies required | IOAS ISO/IEC17065 DAWE approved Certification Bodies (6) |
| Oversight type | - | Annual audit/ unannounced audit |
| Last reviewed | 2015 | 2020 |
| Responsibility for upkeep | No active committee | National Standards Sub Committee under The Organic Industry Standards and Certification Council - DAWE |
| Originated | 2009 | 1992 |
| Owner | Standards Australia | Federal Dept AWE |
| Total Value | Unknown | \$2.6B ¹ |
| Export Value | Not allowed | \$700M |
| International recognition | Nil | EU, Japan, Taiwan, NZ |

⁷ National Standard for Organic and Bio-Dynamic Produce, <https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/aqis/exporting/food/organic/national-standard-edition-3-7.pdf>

⁸ AS6000:2015, <https://www.standards.org.au/standards-catalogue/sa-snz/agriculture/ft-032/as--6000-colon-2015>



While the ACCC website has been updated in recent months (see quote below) and suggests ways to ensure a product is authenticated it would be more effective for consumers if a consistent definition of the word organic was enacted.

All organic claims, whether they reference a standard or not, should be able to be substantiated. If a business claims to meet a particular standard, it must ensure that this claim is true.⁴

As outlined above, 78% of consumers are not aware that products that have as little as 2% organic ingredients can claim to be organic. Consumers are seeking protection, with a significant number agreeing that it is important for organic products to be tested by a strict set of standards through certification.³

Increase credibility for businesses

In addition to the different certifications in place domestically, there also exists an unknown volume of non-certified produce making an array of claims that lower the credibility of genuinely organic produce, such as:

- Organically grown
- Made with certified organic ingredients
- Fed on organic grain

Certified organic operators across Australia commonly report that other businesses and products that claim organic status that have not been through the rigorous process of certification provide constant confusion in the marketplace. Most often it is through pricing inequity and marketing messages.

The rigour that certification places around production and manufacturing provides a strict framework for operators to adhere to. These processes are called into question when those who do not follow this pathway are allowed to misuse the word organic and mislead consumers through clever marketing campaigns, careful word choices, and even differing font sizes or styles on packaging, all of which misleads and deceives consumers.



Advance international trade

Despite ongoing discussion with key trading nations such as the USA and China, Australian organic products are not recognised through equivalency nor mutual recognition agreements. The key reason typically cited for the lack of reciprocal agreements is Australia's lack of domestic regulation.

The Department of Foreign Affairs and Trade (DFAT) has on multiple occasions met with US Department of Agriculture (USDA) representatives to discuss the Organic industry opportunities between countries. ² Reports from DFAT representatives at that time suggested that USDA recognised the lack of domestic regulation was a significant barrier to access equivalency or standard recognition between the countries.

However, in recent discussion with a USDA Senior Policy Advisor, Trade Policy & Geographic Affairs Division of the Foreign Agricultural Service, the news of a refreshed approach to the Australian domestic program was eagerly welcomed. Oversight remains the concern for international market access and a consistent approach would restore confidence on conversations regarding the equivalency.

Similarly, current feedback from DFAT in relation to the negotiation of the *Australia – United Kingdom Free Trade Agreement* confirmed that Australia's domestic market inconsistency may limit the access into the UK market although previously allowed under the EU recognition.

Implementing domestic regulation of the use of the word 'organic' will achieve the key objectives of strengthening consumer confidence and increasing credibility for businesses making organic claims in the domestic market. In addition, strong domestic regulation will advance international trade in organic products, by facilitating reciprocal market access agreements, either as part of Free Trade Agreements, or bilateral equivalence arrangements Figure 6 highlights the value of these markets.

Trade Agreement Opportunities

Currently Australian organic producers have trade access through negotiated arrangements in the below markets:

EU countries – plant and processed product; ACO & NCO private standards can certify wine & livestock also.

It is important to highlight that Brexit has created a need for a bilateral trade agreement negotiation between the UK and Australia. It is imperative that Australia has in place the domestic regulation to ensure the largest export nation currently under the EU equivalency is not adversely affected.



| Top Countries per No. of EU Certificates issued | | Top Country per export weights / volumes | |
|---|------------------------|--|----------------------|
| Row Labels | Sum of Net Weight (kg) | Row Labels | Sum of Net Weight (k |
| United Kingdom | 913,963 | Wine | 1,506,011 |
| Sweden | 887,818 | Processed Products | 514,099 |
| Netherlands | 330,426 | Non Alcoholic Beverages | 362,826 |
| Finland | 124,641 | Cosmetics | 19,121 |
| Austria | 84,000 | Tea & Coffee | 17,934 |
| Germany | 45,293 | Ready to Eat & Snacks | 13,694 |
| France | 24,528 | Desserts | 7,337 |
| Denmark | 14,724 | Sweeteners | 5,945 |
| Ireland | 12,159 | Health / Formulated Foods | 4,126 |
| Poland | 7,151 | Herbs & Spices | 2,328 |
| Belgium | 7,036 | | |
| Switzerland | 1,404 | | |
| Spain | 262 | | |
| Norway | 8 | | |
| Bulgaria | 8 | | |
| Grand Total | 2,453,421 | Grand Total | 2,453,421 |

Figure 8: Australian exports by country and category

Japan allows access for farmgate products only. This currently excludes livestock however changes to the allowances are currently being negotiated between governments.

Taiwan equivalency was recently negotiated on all products

South Korea access is limited to only the private standard certifiers ACO Certification Ltd and NCO.

USA, Canada, Brazil, India & China all pose significant opportunities and require negotiation between Governments.

It is important to note as a close neighbour and significant organic trade partner **New Zealand** is currently reviewing their domestic regulation and writing their standard. Further discussion with key stakeholders would be a consideration to ensure that there are not barriers to continue this successful trade relationship.



Implementation Options

Australian Organic Ltd has explored various pathways for achieving a clear and strong domestic regulation of use of the word organic. Three options have been identified, and are presented below, along with their potential issues and benefits.

Option 1 Legislation

A new piece of legislation could be enacted by the Commonwealth. Currently New Zealand is progressing an Organic Products Bill through their Parliament. The current New Zealand Bill has been supported by 100% of representatives during the first reading.⁹

New Zealand's model is different to the Australia legislative framework as they do not have a government owned standard and the need to agree on its content forming an additional layer of complexity. The Organic Products Bill is also providing some challenges as the current Bill before Government does not reflect the consultative process and as such has delayed its progress.

Within Australia, the National Standard is already enforced by the Export Control Act, therefore it follows that this Export Standard could be overlain into the domestic market by legislative instrument.

Enacting a new piece of legislation, while it will give the most consumer protections and clarity for the organic industry provides its own challenges. The pathway is costly and time consuming for industry and the Government. Administration of the legislation will also need to be determined. Legislation unless the pathway is unanimously agreed may present a similar challenge to what is currently implemented.

Option 2 Information Standard made under Australian Consumer Law

The Australian Consumer Law (ACL) is set out in Schedule 2 of the *Competition and Consumer Act (Cth)* 2010. Information Standards regulate the type and amount of information provided to consumers about goods and services.

Pursuant to section 134 of the ACL, the Commonwealth Minister may, by written notice published on the internet, make an information standard for goods of a particular kind. Further section 134(2) of the ACL stipulated that the information standard may:

- (a) Make provision in relation to the content of information about goods;
 - (b) Require the provision of specified information about goods;
 - (c) Provide for the manner or form in which such information is to be provided;
 - (d) Provide such information is not to be provided in a specified manner or form;
 - (e) Provide that information of a specified kind is not to be provided about goods of that kind;
- or
- (f) Assign a meaning to specified information about goods.

⁹ New Zealand Parliament, Organic Products Bill, https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_94967/organic-products-bill-2020



Section 135 of the ACL gives powers to the Commonwealth Minister to declare a standard prepared or approved by Standards Australia or by an association prescribed by the regulations to be an information standard.

An information standard for goods or services can:

- require particular information to be provided, or not;
- set the form or manner of this information; and
- give a certain meaning to information.

The ACL recognises a number of mandatory information standards including:

- the Free-Range Egg Labelling Information standard - eggs labelled as free range must meet certain requirements including stocking densities of 10,000 hens or less per hectare;
- Cosmetics Ingredients Labelling - product ingredient information should be available to help consumers compare products, identify ingredients and avoid adverse reactions;
- Tobacco Health Warnings – tobacco products must carry health warning labelling comprised of graphic images, warning statements, explanatory messages, and information messages.

Sections 136 provides consumer protections in relation to the supply of goods that are not compliant with information standards.

Considering the above, there is a regulatory framework in place for the Commonwealth Minister to incorporate the National Standard into law.

Australian Organic Ltd met with a representative from the Assistant Treasurer's office in early 2020 to discuss the Information Standard pathway. The representative had previously supported the Country of Origin Food Labelling Information Standard (2016) review and advised the definition of organic would be considered a matter for consumer interests and not food safety.

A key benefit of this pathway is the existing structure for mandating an Information Standard under Australian Consumer Law. Application of this pathway is aligned to the ACCC's remit and strategic approach to reduce misleading claims in the marketplace. There are also sufficient consumer protection provisions in the ACL for a breach of an Information Standard.

Option 3 FSANZ - Food Code

Another option for regulation is the addition of a section to Food Standards Australia New Zealand (**FSANZ**) Food Standards Code (**Food Standards Code**) to regulate the labelling and marketing of organic products.



FSANZ objectives when developing food regulatory measures

Section 18 of the FSANZ Act (1991)¹⁰ sets out FSANZ's objectives (in descending priority order) when developing food regulatory measures and variations of food regulatory measures as:

- (a) the protection of public health and safety; and
- (b) the provision of adequate information relating to food to enable consumers to make informed choices; and
- (c) the prevention of misleading or deceptive conduct.

FSANZ must also have regard to:

- (a) the need for standards to be based on risk analysis using the best available scientific evidence;
- (b) the promotion of consistency between domestic and international food standards;
- (c) the desirability of an efficient and internationally competitive food industry;
- (d) the promotion of fair trading in food; and
- (e) any written policy guidelines formulated by the Ministerial Council (now known as the Forum).

It could be argued, and indeed Australian Organic Ltd supports the notion that organic labelling is a public health and safety issue.

In reviewing this pathway, there appears to be a barrier due to a previous application made to the then National Food Authority (**NFA**) by the then Australian Quarantine and Inspection Service (**AQIS**) in 1993 (**Application A214**). The application related to the labelling of organic foods to amend the Food Standards Code to include provisions requiring all foods labelled as 'organic', 'biodynamic' or similar terms to also be labelled with the:

- name; and/or
- unique registration number of the organic producer, processor, or importer; and possibly
- identification of the accredited certifying organisation

AQIS sought to ensure that 'organic' only be used in labelling all fresh and processed food produced by growers, manufacturers or importers who are certified under a certification scheme operated by AQIS and peak organic organisations based on compliance with a standard developed by these parties known as the Organic Produce Advisory Council (**OPAC**) standard. There were several issues that arose:

- The NFA was concerned about the legality of a provision in the proposed addition which made certification of a grower (by AQIS/OPAC) a precondition of selling food as 'organic'. Advice from the Attorney-General's Department was that it would be *ultra vires* for the NFA to include a provision in the Code requiring food to be labelled with a certification mark issued under licence by a third party (AQIS or OPAC members).

¹⁰ Food Standards Australia New Zealand, Australia User Guide Mandatory Folic Acid Fortification Implementing the Requirements of the Mandatory Fortification with Folic Acid



- Potential difficulties with enforcing the new standard
- Potential for the standard to create exclusive marketing cartels since it relied on a system of certification based on membership of accredited producer organisations
- It was a production standard rather than an end-product standard

It is AOL's understanding that the application was withdrawn by AQIS based on the NFA's concerns. As the application was withdrawn it was not likely to have been made publicly available back at the time – and further information is also not currently available on the FSANZ website. There is no assessment report summarising the outcome of the application, and AOL has only been given access to general documents setting out the background and scope of Application A214.

As outlined above, there is currently a reference in the Code, and an associated user guide, detailing a definition of organic albeit only referring to a category. However, AOL also notes an unsuccessful or withdrawn application to have organic added to the Food Standards Code. While this pathway will provide clarity, due to previous applications, it may pose challenges in implementing.



Summary of Recommendations

Of the three options presented Australian Organic Ltd will defer to our Federal Government to decide, based on their expertise, as well as expected consultation with relevant stakeholders, provided the pathway decided upon is most likely to achieve the key objectives of:

- a) strengthening consumer confidence in organic labelling claims;
- b) increasing credibility for businesses making organic claims; and
- c) advancing international trade in organic products.

With these objectives met, harmonisation of requirements for organic products at international and domestic levels will be achieved, as is outlined in the Codex guidelines.¹¹

These guidelines clearly outline the importance of upholding standards through inspection and certification systems audited by competent authorities to ensure rigour is applied to maintain and enhance organic agricultural systems locally and globally.

To ensure and maintain successful implementation of domestic regulation it is essential to also consider where the standard is maintained and managed. Due to the evolving importing country requirements and consumer needs it is necessary to provide a mechanism for timely updates and amendments, that is led by industry, and underpinned by government authority.

Therefore, the existing process of standard management as overseen by DAWE via Organic Industry Standards and Certification Council (OISCC) and National Standard Sub Committee (NSSC) is appropriate and in line with global expectations.

¹¹ World Health Organisation, Food and Agriculture Organisation of the United Nations, [Organically Produced Foods](#) 2007



Proposed Implementation Process and Consultation

Timeline

Consultation phase

It is understood that a formal industry consultation phase facilitated by an independent party would be relevant, which may include roundtable discussions with, and seek feedback from relevant stakeholders.

To ensure a fair and unbiased consultation is achieved, an independent party could be engaged to facilitate the process, collate and report upon the results of the consultation.

It may be the case that the Agriculture Ministers' Forum (AGMIN) could provide an appropriate forum to engage federal, state, territory and New Zealand government ministers on this issue, to ensure cross jurisdictional cooperation.

Public comment phase

Following industry consultation, a public comment phase may be appropriate, to ensure all Australians are provided an opportunity to comment or contribute. It is expected that this process would be conducted via the DAWE Have Your Say website, as has successfully been utilised for the recent Consultation Draft Organic Rules.

Regulatory Impact Statement

If required, a Regulatory Impact Statement could be prepared, again by an independent party. It may be appropriate to engage the same party that facilitated the consultation process, as they may benefit from a strong understanding of stakeholder effects from their prior work.

We note that a RIS was conducted by Deloitte during 2017-2018 regarding updates to the rules for exporting organic produce from Australia. We are not aware if this review was formally published or acted upon, however.

Expected outcome

Through our industry experience, engagement with stakeholders, and cost benefit considerations, it is our expectation that resounding support for domestic regulation will be found, and that the benefit of regulation will outweigh any negative impacts both in terms of quantifiable economic terms, and for the common good. However, we acknowledge the importance of the above processes, and look forward to assessing the findings.

Industry Development and Education

We believe it would be necessary to develop a producer and processor engagement plan to encourage and support the transition for businesses currently using the word organic, that either are not certified at all, or are certified to a standard other than the NS, and also for those wanting to enter the market.

Training for Certification Bodies

Develop best in class training materials to provide certification bodies with information that will



assist them to provide high quality services to industry.

Marketing & Consumer Campaign

To ensure consumers are aware of the transition and ensure the messaging is clear and concise; a strong consumer marketing campaign is recommended. Protect consumer interests by educating them on what to look for when purchasing organic products.



Industry partnerships

It is important to engage and harness the support of key industry organisations such as the Australian Food & Grocery Council and National Farmers Federation along with the major supermarkets, Woolworths, Coles, Metcash and ALDI to ensure the integrity of the implementation is effective and consistent.

DAWE Grant funding for conversion to certified organic

Currently the Tasmanian government has implemented a state-based grant program to support Tasmanian producers/ processors. Woolworths also launched a Growth Fund in 2018 to support businesses grow or to convert.

Establishment of a grant program to support the transition or encourage those converting to certificated organic is recommended. Review and assessment of eligibility would need to be established however AOL is able to assist with the development of this program.

RDC organic producer levies

As outlined in AOL's submission to the *Modernising the RDC System* during 2019, AOL endorsed the current submission from the NFF however wished to highlight the opportunity to link sustainability and organic standards. Historically, limited funds have been available for organic research and development.

Certified organic producers pay levies at the same rate as other producers however there are no projects specifically relating to the requirement for research into organic methods.

Modernising the RDC system to include a review of how funding is allocated to emerging industry sectors will provide the Australian Organic industry the opportunity to contribute to the NFFs \$100B target by 2030 while also continuing to contribute to growth opportunities internationally.

Having access to these funds through RDCs would assist in the growth and development of the organic industry.

DAWE Organic Program Resource Structure

A detailed review of the current DAWE resources allocated to the organic industry would be required. The current structure provides limited personnel to support the industry and to date has by its own admission provided inadequate support.

The Organics & Non-prescribed Goods Residues & Food Branch focuses exclusively on export produce, so domestic produce is currently beyond their remit. This could be expanded to include a domestic focus, or it could sit with another branch. Wherever it best fits, Australian Organic Ltd will provide a single industry engagement contact point to streamline the Government's work.

Other developed country government funding, engagement, and enforcement models such as the USA may be modelled, and we have the knowledge of the situation in many countries, including the pros and cons of various models.



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11. World Health Organisation, Food and Agriculture Organisation of the United Nations, [Organically Produced Foods](#) 2007
12. Food Standards Australia New Zealand Food Code, Standard 2.1.1 – Cereal and cereal product

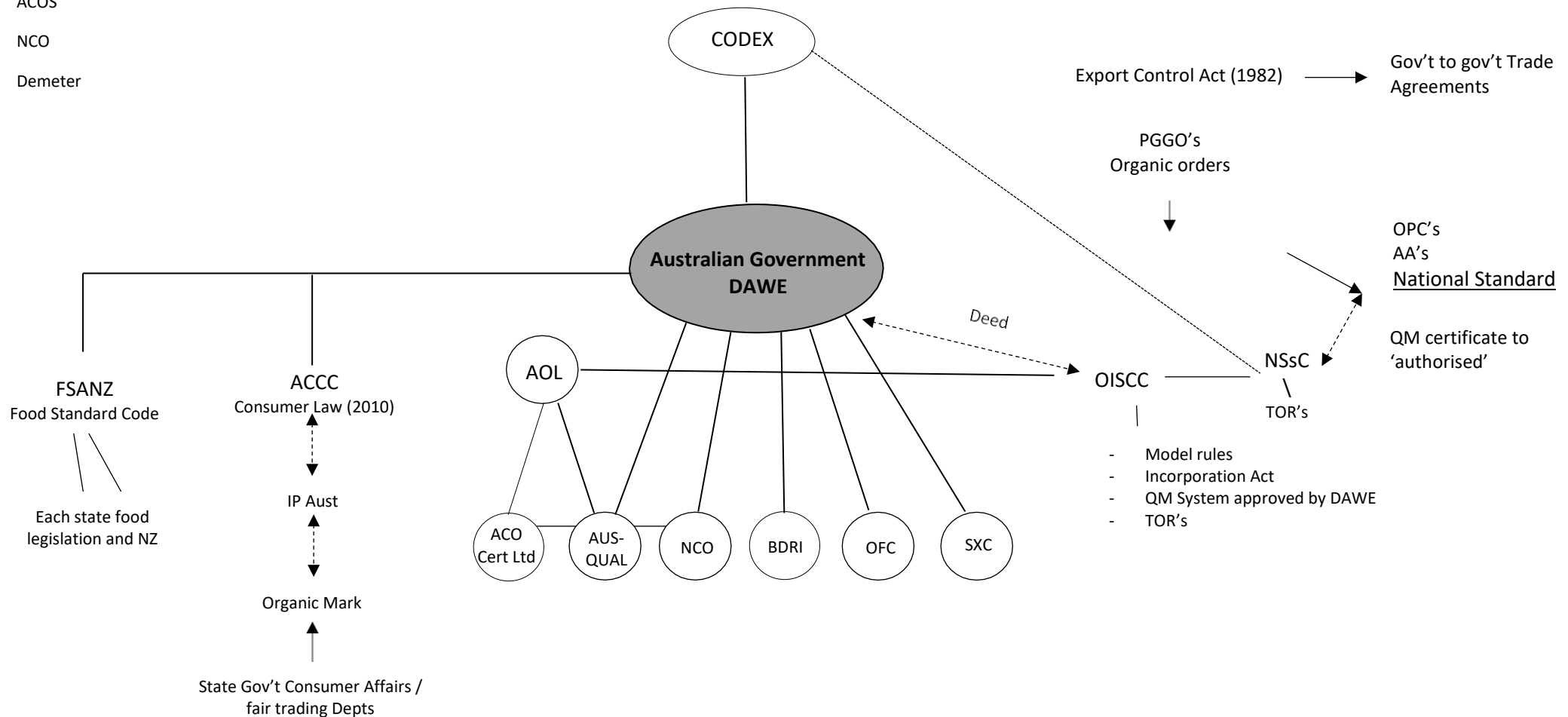


Annex 1.

Australian Organic Industry & Organic Legislative Framework

Private Standards

- AS 6000 / MP 100 → No enforcement / responsibility or oversight
- ACOS
- NCO
- Demeter





Annex 2

Example 1 – a large organic beef exporter

Exports into the USA rank number one for Australian organic operators with certified organic beef providing the largest growth opportunity, however this comes with a significant cost to Australian producers.

In addition to the annual fees that CBs pay to be accredited to audit USDA NOP, all certified organic producers who supply an organisation that export to the USA are required also to be certified to the USDA National Organic program. While the approved Australian CBs shoulder some of the costs (approximately \$10,000 - \$20,000 each; there currently are three CBs that can certify to NOP) through a negotiated agreement direct with USDA organic operators pay an additional \$550 per property. Additional audits require additional time and therefore attract a further hourly rate ranging between \$120 - \$220 per hour. Due to the very nature of beef cattle being in remote areas further travel costs may be applied, varying depending on the CB's fee structure.

Based on the above fee structure a large exporter of beef meat pays \$55,000 as a base fee annually plus travel costs. In this example more than \$100,000 annually is applied to cover all costs associated with trading with the growing USA market. A figure that would not be necessary should an equivalency agreement be successfully negotiated with the US Government.

The opportunity to grow export trade often drives successful operators to have multiple certifications, and as such needing additional audits. In this example not only does this business have USDA certification, it also is certified to the Chinese standard for a cost of around \$10,000 per year. Chinese certification is a whole of supply chain certification and as such requires all producers to be audited annually; optimising the travel costs is often difficult and the conditions of the standards can vary from the National Standard, which creates further costs for testing and audit time. South Korea certification also requires all producers in the chain to be certified to the South Korean standard and is charged at \$550 per property. For this market the exporter has elected to certify a subset of their suppliers, but this still adds up to an annual additional cost of approximately \$30,000. Two of the six CBs also pay administration and audit costs to provide South Korean accreditation, estimated to cost \$35,000 collectively.

In this case the large business employs a full-time administration officer to assist their producers with the audit and certification process. This resource could be easily redirected into product development, business development or supply chain management should equivalencies or mutual recognition agreements be negotiated between the Australian Government and these key international export markets.



Example 2 – a large organic wine producer and processor

Organic wine production globally is a growth opportunity and an increasing number of Australian wine producers are converting to certified organic each year. Opportunities for high value products are also driving Australian wine makers to export into these emerging markets.

A successful wine producer and processor who makes 125,000 cases of wine a year has recently provided an insight into the costs involved to successfully sell certified organic wine into the international market.

5 years ago, this producer began trading into the Chinese market with aspirations of capitalising on the growing Chinese middle class who were looking for high value premium products. It was estimated by this operator that Chinese organic certification costs an additional \$20,000 per year, plus at least 4 weeks of preparation for audits along with time spent understanding the complexities of their certification standard. While costly, travel to China to meet face to face with the certification body that accredits the wine has provided enormous value.

What initially began as 2-4% of the business's turnover now represents approximately 25% of total annual revenue. However, this growth was only achieved through a considerable investment of time and finances.

As with all products claiming organic imported into the USA additional certification is required. However, the opportunity into this market has limitations due to specific requirements under the USA standard and operators often must apply a different label to comply to US standards. Relabelling or over stickering is estimated to cost approximately \$5 per 9Lt case or annually in between \$50,000- \$70,000 for those operators trading into the USA wine market.

Both South Korea and Japan offer growing opportunities however they are as with all additional international certifications charged at between \$550 - \$950 annually and provide potential challenges as operators.

Example 3 – a large organic grain producer & miller

Innovative manufactured goods into Asian markets are an opportunity for many Australian producers and with the growing interest in high quality specialist foods into the Chinese market many Australian operators are growing their export businesses through value adding.

A large grain producer and processor has estimated they annually spend approximately \$10,000 on Chinese certification. Despite no direct trade into China the cost for certification is required to allow supply of ingredients to other organic operators that do then export to China.

South Korea is a significant market for organic grain products and ingredients. Their certification body spends some \$35,000 annually to provide a pathway for operators to trade into South Korea. This large grain processor estimates the additional cost of access to the Korean market is approximately \$25,000 - \$45,000 per year.

The USA is a lucrative market for this operator, and as USDA certification is a whole of supply chain certification, and to ensure consistency of supply, many farmers that supply this operator are required to be certified to the USDA Standard, thus, an additional cost of approximately \$11,000-\$16,000 per year is incurred.



Finally, Japanese certification is not the full chain of production; priced again between \$550 and \$950. Complications with standard interpretation can cause issues and with no equivalency in place this causes challenges. Such technical challenges could be largely prevented through negotiation of equivalency arrangements, more likely successful once a consistent domestic regulation is in place.



Annex 3

Example scenarios which may require careful consideration:

USDA Organic retail ready products in the Australian market.

There exists a wide range of USDA certified finished products in the marketplace in Australia. Due to some differences between the US and Australian National Standard, some of these products may not currently comply to our standard. Such products for domestic sale are currently not assessed by any certification body or government department. Where these products are being re-exported, they are required to undergo a “conformity assessment” process prior to their export being approved by a DAWE approved CB.

For the most part, the Australian National Standard and the USDA National Organic Program (NOP) standard are substantially similar. While we have not conducted a detailed side by side analysis of these standards, we are aware that, for example, the USDA NOP allows hydroponic production (and accordingly soluble mined Sodium Nitrate).

USA Organic Hydroponic allowance

Globally, organic standards prohibit hydroponic production, with the notable exception of the USDA standard. Australian organic consumers are currently not protected from this production method, so a conformity assessment process that checks this particular issue may be appropriate.

As an example of how this has been addressed by another market: Canada has addressed this difference between their standards by including a specific clause in their equivalence agreement excluding hydroponic methods from export to Canada. USDA Organic produce from the USA must be accompanied by an additional Attestation of Compliance stating the produce was not grown hydroponically.

Taiwanese equivalence arrangement

DAWE recently announced a Taiwan – Australia organic equivalence agreement. A (non-comprehensive) side by side analysis was conducted by AOL, which showed that the Taiwanese organic standard was far less strict on livestock conversion issues than our National Standard. This information was provided to DAWE upon invitation to comment during 2019, but it appears this may not have been considered by DAWE in the negotiations. To date it is unclear how the issue of imported organic produce from Taiwan either for retail sale in Australia, or for re-export will be handled.



Annex 4.



United States Department of Agriculture
Agricultural Marketing Service
National Organic Program

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Washington, DC 20250

Policy Memo 11-14

Policy Memorandum

To: Stakeholders and Interested Parties

From: Miles McEvoy, Deputy Administrator

Subject: Labeling of Textiles That Contain Organic Ingredients

Date: Original Issue Date – May 20, 2011

The USDA regulates the term “organic” as it applies to agricultural products through the National Organic Program (NOP) Regulation, 7 CFR Part 205. Raw natural fibers, such as cotton, wool, and flax are agricultural products and are covered under the NOP crop and livestock production standards. The NOP regulations do not include specific processing or manufacturing standards for textile products. However, in keeping with NOP’s inclusive scope policy, any textile product produced in full compliance with the NOP regulations may be labeled as NOP certified organic and display the USDA organic seal.

The NOP does not restrict the use of the term “organic” in the labeling of textile products that are certified under third-party certification bodies as long as all of the fibers identified as “organic” in these textile products are produced and certified under the NOP regulations. Textile products that are produced in accordance with the Global Organic Textile Standard (GOTS) may be sold as organic in the U.S. but may not refer to NOP certification or display the USDA organic seal.

Textile products that are labeled as “organic” may:

- Use label claims that identify specific types of organic fibers
- Use statements identifying the percentage of organic fibers

Textile products that are labeled as “organic” must not:

- Use the USDA organic seal unless they are certified in accordance with the NOP regulations.
- Imply or lead the consumer to believe that the final product is certified under the NOP regulations unless they are certified in accordance with the NOP regulations.
- Use a combination of both organic and non-organic sources for a single fiber that is identified as “organic” in the final product.

These policies do not supersede requirements of other Federal and State laws. The NOP labeling requirements are in addition to those required by the Federal Trade Commission’s (FTC) Textile and Wool Acts.





United States Department of Agriculture
Agricultural Marketing Service
National Organic Program

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Policy Memo 11-14

References:

Other Laws and Regulations

Information on FTC labeling requirements for textiles can be found at the following website:

<http://www.ftc.gov/os/statutes/textilejump.shtm>

Document Control:

This document supersedes the NOP fact sheet titled “Labeling of Textiles Under National Organic Program (NOP) Regulations” dated July 2008, which is now obsolete.