EU legislation on Organic Production and Labelling

Regulation (EC) 834/2007 on organic production and labelling of organic products

This is the first in a new series of 'Implementation Appraisals', produced by the European Parliamentary Research Service (EPRS), on the operation of existing EU legislation in practice. Each such briefing focuses on a specific EU law which is, or will shortly be, subject to an amending proposal from the European Commission, intended to update the current text. The series is based on the Commission's intentions, as announced in its annual Work Programme (CWP). 'Implementation Appraisals' aim to provide a succinct overview of material publicly available on the implementation, application and effectiveness of an EU law to date - drawing on available inputs from, inter alia, the EU institutions and advisory committees, national parliaments, and relevant external consultation and outreach exercises. They are provided to assist parliamentary committees in their consideration of the new Commission proposal, once tabled.

Background

This Implementation Appraisal focuses on Regulation (EC) 834/2007 on organic production and labelling of organic products, adopted by the Council of the European Union on 28 June 2007. The European Commission announced in its annual Work Programme (CWP) for 2014 that this measure will be updated by a new proposal, which it tabled on 24 March 2014.

| **EP committee responsible** at time of adoption of the EU legislation: Agriculture Committee (AGRI). |
| **Date of adoption** of original legislation in plenary: 22 May 2007. |
| **Date of entry into force** of legislation: 27 July 2007 / 1 January 2009 (Article 42 of the Regulation). |
| **Date foreseen for review** of legislation: 31 December 2011 (Commission report to Council); Article 41. |

1) EU-level reports and evaluations to date

There are several reports and ex-post evaluations on the operation of the legislation in question. The European Commission produced a Report on the application of Regulation 834/2007 in May 2012, in accordance with Article 41 of that Regulation, and an outsourced Evaluation Report in November 2013, whilst the EU Court of Auditors issued a Special Report on the subject in June 2012.

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As specified in Article 41 of the Regulation, the Commission report reviews three particular issues: (i) the scope of the Regulation itself, (ii) the prohibition on the use of GMOs, and (iii) the functioning of the internal market and control system. The European Commission based the report on the replies to a questionnaire which had been sent to the Member States and stakeholders.¹

Scope of the Regulation: In the mass catering sector, seven Member States had introduced national rules and ten other Member States had private standards, while several other Member States announced they would regulate mass catering at national or regional level. As most Member States agreed that mass catering should not become subject to the EU Regulation on organic production, the European Commission concluded that it would not include it in the Regulation. The textiles and cosmetics sectors were not included in the EU organic legal framework, raised the question of the possible loss of credibility of the term ‘organic’ if used outside the scope of the current Regulation. Therefore, the Commission considered extending the protection of the use of the word ‘organic’ to textiles and cosmetics.

Prohibition on the use of GMOs in organic production: As the former Regulation 2092/91 did not address the issue of the unintended presence of traces of GMOs, the horizontal rules of the EU Regulation on Genetically Modified Food and Feed were applied in organic farming. Regarding co-existence of genetically modified crops with conventional and organic farming, the Commission’s report concluded that such crops did not cause any demonstrable damage to non-GM farming. The Commission also referred to the European Court of Justice joint cases C-58/10 to C-68 (Monsanto) and case C-442/09, which provide interpretations of Regulation 1829/2003 on genetically modified food and feed.

Regarding the operation of the vendor declaration, some Member States reported difficulties in verifying the reliability of declarations, and some stakeholders pointed out that companies sometimes refused using such declarations.

A majority of Member States showed themselves satisfied with the current legislation with respect to the prohibition of GMOs in the organic production. They preferred retaining the threshold of 0.9% for the adventitious presence of GMOs in organic products, to avoid increased costs and complexity for producers and consumers.

Functioning of the internal market and control system: Several Member States pointed to the need for greater harmonisation and simplification of the control system, because of varying interpretations of existing EU law. The Commission considered improving the exchange of information on infringements and irregularities cases, as well as further improving the control system, based on the findings of the Court of Auditors’ report in 2012 (see below). The Commission pointed out that it was developing a common understanding of the control system and in particular of the link between legislation on organic production and the general legislation on official food and feed controls Regulation 882/2004.²

¹ The minutes of the meeting of the Advisory Group on Organic Farming on 12 April 2011 mention an exchange of views on the Commission questionnaire to prepare a Report to the Council, in accordance with Article 41 of Council Regulation 834/2007, and pointed out that the contributions received were confidential.

² In the context of the review of the EU political and legal framework for organic production, the Commission published a Question and Answer document (last updated in July 2013), in which it explained that the organic operators were obliged to comply with rules on official controls provided for in two Regulations: i) the general provisions of Regulation 882/2004, and ii) the specific control provisions, as described in Articles 27 to 31 of Regulation 834/2007. In May 2013, the Commission presented a proposal on official controls to ensure the application of agri-food chain rules which reviews in particular Regulation 882/2004.
Conclusions

Overall, the European Commission:

- believed it was too early to change the Regulation and it preferred to deepen the regulatory and control aspects for agricultural products than to extend the scope of the Regulation to mass caterers, textiles and cosmetics;
- considered further examining the vendor declarations issue;
- preferred prevention and harmonization actions to a specific GMO threshold for organic products;
- indicated that it might table a legal proposal at a later stage.

• **External evaluation report of legislation on organic farming: November 2013**

The European Commission commissioned an outsourced evaluation report, produced by a multinational team coordinated by the Thünen Institute of Farm Economics in Germany. The report points to a number of areas where the regulatory framework could be improved. Such recommendations concern in particular the scope of the EU legislation and the rules on production, controls, trade with third countries, and labelling.

The 370-page evaluation report suggests clarifying the scope of the EU legislation on organic farming as to how an organic claim can be communicated on organic non-food products. The scope of the legislation should not be extended to include mass catering, cosmetics and textiles sectors. While the majority of the conclusions appear to be coherent, the report’s findings concerning mass catering, as well as non-food products like textiles and cosmetics, seem less so. In these three cases, the data presented, the opinions of stakeholders and consumers, and the reasoning in the analysis all tend towards including these areas in the scope of the Regulation, but the report draws the opposite conclusion.

The objectives and principles of organic production should also be clarified and the production rules should be adequate to achieve these objectives. Provision should be made for some exceptional rules, inter alia regarding organic pullet rearing and hatchery at EU level. The Member States should increase the skills and capabilities of their responsible authorities through capacity-building and training. The Organic Farming Information System (OFIS) should be improved and possibly extended to other actors in the control system.

As regards trade with the third countries, recognition and assessment procedures should be simplified. The supply development should be monitored in case severe market failures are observed as a result of the phase-out of import authorisations. Information campaigns should be continued in order to raise the awareness of the EU organic logo, the certification system and the additional compulsory indications.

Among the evaluation report’s **specific recommendations** are the following:

**Scope of the EU legislation on organic farming**

- **Clarifying the scope**: the legal situation is to be clarified as to how an organic claim can be communicated on such non-food products if they are produced in accordance with Regulation (EC) 834/2007;
- **Mass catering**: not to extend the scope to include mass catering, but to encourage Member States to explore possibilities for encouraging the use of organic products in the context of green public procurement, in particular in the area of mass catering;
- **Non-food products**: not to extend the scope of the Regulation to cover cosmetics and textiles, but to explore (taking existing initiatives into account) what constitutes a legitimate organic claim and whether this provides opportunities for an organic claim and/or logo to be used on such products.
Production rules

- **Structure and scope of the production rules**: the legal text is to be simplified to clarify the legal status of the objectives and principles of organic production. It is also recommended that further guidance is provided on how specific rules link to the objectives of organic production and that there is further clarification of ambiguous terms. Dialogue on the interpretation of the rules is to be encouraged at all levels between the European Commission, national authorities and control bodies;

- **Adequacy of the production rules to achieve the objectives of organic production**: ways to address the issues of the sustainable use of energy and water and biodiversity conservation and habitat management are to be explored. Adequate well-targeted output-based criteria are to be developed for the monitoring and enforcement of animal welfare outcomes that can be used by operators in self-assessment and also as part of control visits;

- **Adequacy of the production rules to ensure fair competition**: a consistent EU-wide approach is to be taken for the definition, collection and publication of statistics and market data for the organic sector;

- **Exceptional rules**: provision is to be made for organic pullet rearing and hatchery at EU level, followed by a phasing out of the exceptional rule on the use of part-organic pullets. The development of organic high protein feed supplies in the EU is to be supported through research and knowledge exchange as well as specific CAP measures, and the development of supply and demand (supply balance) of organic high protein feeds supplies in Europe is to be monitored. The use of the seed database is to be harmonised and improved through regular updating of lists of available species and varieties and that further exchange of information between countries is facilitated in order to broaden the market.

Rules on controls

- **Organic control system based on risk-assessment**: To improve the effectiveness of the organic control system, it is recommended that the organic control system is based on risk-assessment;

- **Supervision systems of the Member States over control bodies and control authorities**: The knowledge, skills and capabilities of the competent authorities is to be increased through adequate capacity building and training;

- **Information exchange between the actors inside and outside the control system**: the Organic Farming Information System (OFIS) is to be improved and that the Commission should consider whether it is appropriate to extend its application to other actors in the control system. The awareness of Member States is to be raised in this respect (i.e. irregularities and fraud are detectable not only by actors of the organic control system but also by tax&customs and other authorities) and that Member States are to be advised to explore whether and to what extent interfaces between the organic control system and customs or tax authorities could be established.

Rules for trade with third countries

- **Administration of equivalence assessments**: bodies involved in the administration of the equivalence assessment should have sufficient working capacities to deal with the growing number of recognised third countries and control bodies. Possibilities to simplify the recognition and assessment procedures (e.g. by separating the recognition of control bodies from the recognition of technical standards) are to be explored;
• Import authorisation system: the supply development is to be monitored and adequate action is to be taken if severe market failures are observed resulting from the phasing out of import authorisations;

• Strengthening supervision of control bodies: consideration is to be given to establishing direct communication between accreditation bodies and the Commission especially with respect to complaints and irregularities.

Rules on labelling

• Consumers’ knowledge of organic farming: there should be continued support for well-targeted information and awareness raising campaigns which explain the common concept of organic farming, the certification system, the EU organic logo and the additional compulsory indications;

• Organic EU logo: options are to be explored to associate or connect terms referring to organic farming more closely with the logo. More flexibility concerning geographic indication may be useful to allow regional organic food to compete with other regional food in many markets.

Simplified administration and management

• Transparency of the legal framework: the Commission should maintain a consolidated version of the whole regulatory framework for organic food and farming on its website, with a table of contents and an index, which links the objectives and principles more directly with the detailed rules;

• Simplification of the approval process of substances: ways should be explored to improve both the approval process for products used in organic farming and the information available to operators in all Member States, including in those countries where no such information exists at present.

Link with other EU policies

• Supporting related EU policy priorities: Investigating possibilities to address the issues of the sustainable use of energy and water, biodiversity conservation and habitat management was already recommended above. RDP (Rural Development Programme) managing authorities are provided with information on the potential socio-economic and environmental benefits of organic farming, in particular in HNV (high nature value) farming systems and semi-subsistence farms, and guidance on using RDP measures to achieve this.

Sustainable development of the organic farming sector

• Economic sustainability of the development of the organic farming sector: research covering the EU Member States is to be carried out to examine the role of the production and control rules for organic operators when deciding to enter or leave the sector;

• Environmental sustainability of the development of the organic farming sector: Member State agricultural and environmental authorities are provided with research-based information on the benefits of specific types of organic production for climate adaptation and resource protection;

• Social sustainability of the development of the organic farming sector: the introduction of group certification for small producers is to be considered.

Quality of the data sources and evaluation methods

According to the evaluation report, a range of different methods and data sources was used to gain a comprehensive basis for answering the eight evaluation questions, including:
- analysis of the regulatory environment of organic farming in the 13 case study countries primarily by means of interviews with stakeholders and an analysis of national regulations, private standards and general often descriptive literature;
- a case study analysis of the fraud case ‘Gatto con gli stivali’ to understand how effectively the control system prevents fraud;
- a case study analysis of three potential suspect cases of organic products imported from countries outside of the EU to understand the adequacy and effectiveness of the import regime;
- semi-structured interviews with EU-level stakeholders/experts to collect specific information on the adequacy and effectiveness of the Regulation. This was supported by a review of a large number of relevant documents;
- a web-based consumer survey with 3 000 respondents, conducted in six Member States (Estonia, France, Germany, Italy, Poland and the United Kingdom) to fill the gaps in the literature regarding the degree of knowledge about, and the perception of the EU organic logo;
- a web-based stakeholder survey with 265 respondents conducted to collect the views from a larger number of different actors. This information was verified through the bibliographic research.

One could question why only one fraud case study and one import case study were included. Also the number of stakeholders (for example, producers, retailers, control bodies) and of consumer responses are quite limited, with less than 10 respondents in some categories of stakeholders. Conclusions drawn on the basis of such limited numbers must be kept in perspective. However, the evaluation report drew extensively on the analysis of the Special Report 9/2012 of the European Court of Auditors (ECA) (see below), thus providing an additional source of data and findings. Despite of this, the six recommendations of the ECA were not included in those of the evaluation report.

**Critical assessment of the evaluation report**

**Achievement of the different objectives of Regulation 834/2007 and bench-marking:** The evaluation report has the merit of addressing the relationship of objectives of Regulation 834/2007 with those of CAP 2007-2013; the global, intermediate and specific objectives of Regulation (EC) 834/2007 in relation to its legislative measures; the different types of production rules in relation to the specific principles and objectives of the Regulation; and labelling and control rules, and rules of trade with third countries in relation to the specific objectives of the Regulation.

In order to measure to what extent all the objectives of the Regulation have been or are being achieved, it could be foreseen in the future that the Regulation itself and/or its implementing acts could contain a set of adequate indicators by which the Member States and Commission could monitor the achievement of these objectives. The evaluation report does not elaborate such indicators, but it frequently attempts to use such scientific figures as are available.

**Relationship between Regulation 834/2007 and other EU legislation or policies:** The critical search for incoherent or even contradictory legislation in the context of an ex-post evaluation can contribute to make the whole legislative corpus more efficient and simple. However, the question of whether other EU legislation is possibly running counter to some of the objectives of this Regulation, or whether this Regulation might contradict other EU legislation or policies, was not a matter of the Report’s analysis.

**Have all types of stakeholders been consulted?:** The evaluation report distinguishes different types of stakeholders, e.g. in the tables presenting their views on the different questions (producers, processors,
retailers, importers, organic operator organisations, control bodies, competent authorities). However, ‘exporters’ (from EU to third countries and vice-versa) are almost absent in this evaluation. It is also questionable in how far consumer aspects could have been included more thoroughly, eventually through integrating the opinions of consumer organisations or through a consultation system allowing for feedback from a relevant sample of consumers.

**Sequence of Evaluation and Impact Assessment:** The fact that the external evaluation of the existing legislation, published in November 2013, and the ex-ante Impact Assessment (IA) on the new proposal, published in March 2014 together with the new proposal, has largely been conducted in parallel raises questions as to how the findings of the evaluation could feed into the IA. The evaluation allows the European Commission to draw its conclusions and adjust its implementation of the Regulation accordingly. The subsequent IA can then be based on the findings of the evaluation, as well as on the results of the follow-up of the European Commission and all implementing bodies. Also, the ECA Special Report 9/2012 needs to be considered appropriately in this context (see below).

2) European Parliament position / MEP oral and written questions

The Parliament adopted its position on the Regulation in force by legislative resolutions of 22 May 2007 and of 29 March 2007. In passing its resolution of 22 May 2007 (611 in favour, 61 against, 23 abstentions), the Parliament decided that a sufficient number of its amendments had been accepted by the Council, including those on stricter controls and certification, especially for imports, the clarification of rules on the use of logos and the consultation of interested parties. However, other Parliament amendments had not been taken on board by the Council, notably on inclusion of rules for the catering industry, or for organic wool or cosmetics, or the interdiction of feeding meat and bone meal to food-producing animals.

**Written question** by MEP De Veyrac (EPP): 10 July 2012 - With regard to the Court of Auditors’ Special Report 9/2012, the MEP inquired about corrective measures the European Commission intended to take in order to maintain consumer confidence in the organic farming sector.

**Answer by European Commission:** 29 August 2012 - The European Commission replied that it intended to give a follow-up to the recommendations made by the Court of Auditors and that it intended to table proposals in 2013 on the basic regulation and the regulations for application.

3) European Court of Auditors’ Special Report 9/2012

In its 74-page Special Report Number 9 of 2012, the European Court of Auditors (ECA) concludes that the European Commission did not give enough priority to audits with a view to ensuring the proper functioning of the Member States’ control systems. The Court further underlined that there was a significant backlog in assessing applications for equivalence from third countries and that weaknesses also existed in the system used for granting import authorisations.

In its **recommendations**, the Court says that Member States should: strengthen their supervisory role over control bodies; ensure a direct flow of information on infringements and irregularities from the control bodies to the paying agencies and vice versa; and ensure that operators fulfil the regulatory requirements regarding traceability. Equally, the European Commission should: strengthen its monitoring of Member States’ control system; specify the form and timing of communications of infringements and irregularities; and assess on a timely basis the applications from third countries applying to be included in the list of those recognized as being equivalent for organic production.
4) Positions of European Economic and Social Committee (EESC) and Committee of the Regions (CoR)

The EESC gave an opinion on the Commission’s unsuccessful attempt (COM(2010) 759 final) to align the comitology provisions of the existing legislation to the new regime for delegated and implementing acts introduced by the Lisbon Treaty. The EESC welcomed the fact that the Commission took advantage of the revision of those provisions in order to simplify the Regulation, and also suggested that the new EU organic logo, when indicating organic products of origin outside the EU, should be differentiated through a colour variation. However, as the negotiations between the Parliament and Council did not lead to an agreement, the Commission decided to withdraw the proposal and to include the alignment provisions in its new proposal of March 2014.

5) (Ex-ante) Impact Assessment on amending legislative proposal

On 24 March 2014, the European Commission published an impact assessment accompanying its proposal for a regulation on organic production and labelling of organic products amending the existing Regulation.\(^3\) This Impact Assessment is currently subject to an Initial Appraisal being drafted by the Ex-Ante Impact Assessment Unit of the European Parliamentary Research Service (EPRS), which will shortly be published separately.

6) Other useful documents

Please see the EPRS Policy area post on organic farming (on the EP intranet), March 2011.

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This document is also available on the internet at: [www.europarl.europa.eu/thinktank](http://www.europarl.europa.eu/thinktank)

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