Value Through Verification

USDA NATIONAL ORGANIC PROGRAM

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Why National Organic Standards?

- Consumers wanted a more transparent and responsive supply chain.
  - Concerns about the environment
  - Certain food attributes

- Producers wanted a bigger slice of the economic pie.

- Standards would bring:
  - Uniformity among organic standards;
  - Reciprocity among certifying agents; and
  - Assurance of organic integrity
Market Drivers

- Prefer to have fewer chemicals in food – 63%
- Better for me/my family – 51%
- Better for the environment – 37%
- Prefer the taste of organic – 30%
- Looked better than the non-organic – 19%
- Item was on sale – 17%
- First time buyer and wanted to try it – 9%
- Only choice available – 7%

* 17% of 1,200 or 204 respondents – The Packer’s Fresh Trends 2002 report – Vance Publishing Co.
Road to the National Organic Standards

- **1990** Organic Foods Production Act
- **1993** USDA names National Organic Standards Board
- **1997** USDA publishes first proposal
- **03/00** USDA publishes second proposal
- **12/00** USDA publishes final regulation
- **04/02** Accreditations and certifications begin
- **10/02** Full implementation
Organic: Fact & Fiction

- **Organic is** a production claim.
  - Organic is about how food is produced and handled.

- **Organic is not** a content claim.
  - It does not represent that a product is “free” of something.

- **Organic is not** a food safety claim.
  - Organic is not a judgment about the quality and safety of any product.
  - Organic does not mean a product is superior, safer, or more healthful than conventionally produced food.
Organic Industry Stats

- Fastest growing U.S. food segment (20% annually)
- 2002 sales approximately $9 billion
- Accounts for 1-2% total U.S. food sales
- U.S. market projected at $30.7 billion by 2007
- Certified cropland in 2001: 2.35 million acres
- Organic products sold in 73% of mainstream supermarkets
Percentages of Organic Sales for 2002

- Fresh fruits and vegetables: 43%
- Bread and grains: 13%
- Packaged and prepared foods: 11%
- Dairy products: 11%
- Beverages: 11%
- Soy products: 7%
- Snack foods: 3%
- Meat and poultry: 3%
USDA’s Role

- Accredit certifying agents
- Compliance and enforcement
- Promulgate new and amended regulations
- Recognize foreign governments
- Perform equivalence determinations
- Approve State organic programs
Accreditation

The first line in ensuring compliance and credibility
Based on ISO Guidelines

- ISO Guide 65: requirements for bodies operating product certification systems.
- ISO 10011: auditing
- ISO 17020: inspection bodies
- Work with AMS ARC Branch
Accreditation Status

As of April 2004:

- 131 total applicants
- 92 accredited certifying agents
  - 54 domestic
  - 38 foreign
- 12 applicants under auditor review
- 28 applicants from whom we need additional information
Certification
Certification Basics

- Organic systems plan
  - Crops: build soil fertility, use few synthetics, minimize pollution
  - Livestock: origin, feed, healthcare, living conditions
  - Handling/processing: pest management, prevent commingling

- Use only approved substances/practices
  - No genetic engineering, irradiation, sewage sludge
  - National List: all naturals allowed & all synthetics prohibited except for what’s on the NL

- Mandatory verification through inspections
  - Initial site inspection
  - Annual site inspection
  - As many as needed to determine compliance
National Organic Standards
Crop Production

- No prohibited substances for 3 years prior to harvest
- Establish buffer zones
- Maintain or improve soil condition
- Minimize soil erosion
- Rotations, cover crops, and application of plant and animal material
- No contribution to environmental contamination through application of plant and animal material
Livestock Production

- **Origin of livestock**
  - Organic management from last third of gestation (poultry 2d day of life)
  - 100% organic feed
  - Synthetic vitamins and trace minerals allowed

- **Prohibited substances**
  - No synthetic hormones or growth promoters
  - No antibiotics

- **Animal health and safety**
  - Accommodate the health and natural behavior of the animal
Labeling
Three Organic Labeling Categories

- **“100% Organic”** *(may use USDA seal)*
  - Just that, including all processing aids
  - May use USDA seal

- **“Organic”** *(may use USDA seal)*
  - At least 95% organic agricultural ingredients
  - Remaining 5% on the National List
  - May use USDA seal

- **“Made with Organic (Ingredients)”**
  - From 95% to 70% organic agricultural ingredients
Compliance and Enforcement

- NOP works with AMS Compliance Staff.
- Anyone can report a violation.
- NOP needs:
  - To know who, what, when, where; and
  - Documentation, when available.
- For complaints against certified operations, refer to certifying agent.
- For complaints against certifying agents, USDA or SOP will investigate.
Retailers

- No certification required (but may be certified)
- Exempt or excluded
- Responsible for maintaining organic integrity
  - Prevent commingling
  - Ensure proper labeling
  - Keep records
  - Use proper facility pest management practices
Importing Organic Products into the United States
Recognition Determinations
Applying the NOP Standards in Foreign Countries

- Completed requests
  - United Kingdom
  - New Zealand
  - Quebec
  - Denmark

- Pending Requests
  - Israel
  - Spain
  - Canada
Equivalence Requests

- European Union
  - Completed technical discussions
- Japan
  - Discussion of next steps
- Australia
- New Zealand
- India
- Costa Rica
Workplans for FY 2004

Three focused areas

- Certifying agent training
- Materials review process (Sunset)
- Trade issues
Other USDA Organic Activities

- AMS
  - FV Market News
  - MSB consumer survey
- USDA Alternative Farming Systems Information Center
- ARS: research with organic producers & Organic Farming Research Foundation
- CSREES: SARE
- ERS: stats on certified acreage--livestock & crops
- FAS: export programs & services
- NASS: 2002 Census has organic questions—1st time
- RMA: crop insurance