

BACKGROUND ON EQUIVALENCY IN ORGANIC REGULATORY SYSTEMS

Understanding organic agriculture and the environment:

- Organic agriculture is an ecological production management system that promotes and enhances biodiversity, biological cycles and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain and enhance ecological harmony. “Organic” describes products produced under these certified conditions. The principal guidelines for organic production are to use materials and practices that enhance the ecological balance of natural systems and that integrate the parts of the farming system into an ecological whole. The primary goal of organic agriculture is to optimize the health and productivity of interdependent communities of soil life, plants, animals and people.
- Studies show that organic systems have clear environmental benefits: from the quality of the soil and lower impact on water quality, to increased biodiversity surrounding organic farms, and reductions in atmospheric green house gas levels.
- “Equivalency” (international trade agreements for organic products) is one way in which we can expand the global environmental benefit of organic agriculture. While organic standards may differ in each market, through increased trade we can promote organic agriculture as part of a global environmental commitment, increasing the net environmental benefit as a result.

Defining equivalency:

- Equivalency agreements are “the acceptance that different standards or technical regulations on the same subject fulfill common objectives” (Glossary: International Task Force on Harmonization and Equivalency in Organic Agriculture; FAO, IFOAM, UNCTAD)
- Equivalency is a mutual recognition in the form of bilateral agreements between key trading partners that allows for successful trade by reducing trade barriers and supporting the strengthening of the supply chain.
- Equivalency recognizes two systems as comparable and verifiable, though not necessarily identical.
- In terms of the organic marketplace, an equivalency agreement would be a trade agreement in which the U.S. and Canada agreed to allow products meeting either of their national standards equal access to both markets.
- When it comes to the development of standards, it is recognized that technical requirements will differ by jurisdiction or region. Ultimately what is more important is that they are seen as comparable without compromising the integrity that has come to be expected from the organic designation in both markets.

What equivalency can achieve:

- *Expanded market access for producers and manufacturers*
Establishing equivalency of U.S. and Canadian regulations and standards is a means to ensure greater access to the neighbouring market for domestic producers and processors, and a mitigation of new non-tariff trade barriers to importers, with a reduction in unnecessary technical barriers for all.
- *Market growth and consistent supply*
Equivalency enables a more consistent supply of organic goods, as it spans various growing conditions and seasons, as well as manufacturing bases. By ensuring consistent supply and introducing a diversity of product availability, the organic market becomes more appealing to consumers and continues its growth.
- *Recognition of publicly-developed and industry-directed organic standards*
Equivalency agreements respect the public development of organic standards within a given country while also recognizing the common goals and principles shared by similar standards elsewhere. Also, equivalency agreements allow for the specific eco-agricultural goals of governments to be advanced while recognizing the validity of another country's approach to organic standards and compliance enforcement, within the context of meeting its own specific eco-agricultural policy goals.
- *A solution to current inefficiencies and bureaucracy*
FAO, IFOAM, and UNCTAD agree that equivalence between country-regulated organic programs offers a solution to the current problems of trade impediments, redundancy and inefficiencies among global organic regulations, standards and management systems.

Current issues in the organic market that equivalency can help to address:

- **Demand outpacing new supply.** Although the market size for organic products is still relatively small in comparison to conventional products, the market is growing considerably. Demand is fast outpacing domestic supply, and the time-lag of new entrants means we cannot be responsive to sudden growth in demand other than through imports.
- **Inconsistent supply.** Unreliable access to supply means gaps within the value-chain and a weakness in the capacity of the domestic value-added sector to meet demand or bring products to market effectively.
- **Global trade and market access.** Currently, products exported to our major trading partners must meet the destination market regulatory requirements for organic products. In most cases, this practice requires that producers meet multiple requirements and hold multiple certifications. Equivalency will make the domestic certification the certification of choice by guaranteeing access to the domestic and export markets.
- **Multiple trade requirements or barriers.** The non-tariff barriers to trade under our current organic system can include: multiple certification requirements, redundant government regulations, private sector standards, import regulations, different accreditation systems, variances between standards which deter participation in both markets.

Who will benefit from organic equivalency:

- *Domestic producers*
Domestic producers will benefit from simplified and streamlined certification (where they once had to pay for multiple certifications or ran parallel systems on their farms). Domestic producers will also enjoy the benefits of the overall growth in the organic market, which attracts more consumers and enhances continuity in the supply of products on store shelves.
- *Consumers*
Consumers will benefit as they have access to a more affordable range of organic products, increased quantities and product diversity, and a reliable supply chain. Consumers will continue to have confidence in the organic integrity and government oversight of the products they buy.
- *Manufacturers*
Manufacturers will benefit from a strengthened supply of ingredients and reductions in following now-obsolete segregation production systems (i.e. multiple production lines meeting different standards)
- *The domestic market*
The domestic market will grow based on a facilitated supply and demand chain, and a reduced regulatory inefficiencies/redundancies, which will benefit producers, manufacturers, consumers and retailers. Even though equivalency opens the domestic market to imports, a competitive advantage is maintained over imported products via the increase in “product of” and “local” purchasing decisions.

PERSPECTIVES ON ORGANIC EQUIVALENCY

Equivalency with Canada is critically important to farms and processors of all sizes... maintaining multiple certifications is often costly, inefficient and complicated. Equivalency allows everyone involved to focus their energies on producing organic products.

Jake Lewin, Certifications Services Director, CCOF
Quoted in *Organic Processing Magazine*, March 2009

There is no question that we follow the highest organic principles. However, dual and triple certifications along with labeling and import rules with their myriad requirements for documentation (which also affect our suppliers) are becoming so complex that they could threaten to impede our ability to bring healthy organic products to our customers. Equivalency would be one significant and positive step in the right direction to alleviate this.

Dag Falck, Organic Program Manager, Nature's Path Foods Inc.
Quoted in *Organic Processing Magazine*, March 2009

NASOP is concerned that if an equivalency agreement is not reached before the [June] implementation date, then many US farmers, processors, and handlers will lose access to the Canadian market... Establishing an organic equivalency agreement is extremely important to maintain trade between the US and Canada, and to the continued success of the organic food industry in our country.

Miles McEvoy, President, National Association of State Organic Programs
from a February 2008 letter to Secretary of Agriculture Schafer

We should accept that organic production standards will, and indeed should, vary as each is tailored to local conditions. In short, expect the best, but don't force the entire world to be like you.

Canada and the United States can easily remove most of their technical barriers to organic trade with each other, at the very least move towards a more integrated North American organic market.

International equivalency and recognition arrangements and agreements are, without doubt, key to meeting ever-increasing North American consumer demand for processed organic products and maintaining overall vibrant organic sales.

“Equivalency: The Case for Organic Free Trade”
Dr. Sophia Twarog for *The Organic Report*, Fall 2008

Demand for organic food is growing at 15-25% per year, the fastest growing segment in a relatively stagnant food industry. Supply, especially domestic supply, is unable to keep up with demand.

“Retail Sales of Certified Organic Food Products in Canada”
Anne Macey for the Organic Agriculture Centre of Canada, May 2007