



A Platform of **International Dialogue**
on **Voluntary Sustainability Standards**

Report

BioFach 2015 Events organized by the Working Group on Enhancing Interoperability of Voluntary Sustainability Standards

Prepared by Diane Bowen

The UNFSS Working Group, supported by the Federal Office of Agriculture Switzerland, organized two events at BioFach in Nuremberg on 12 February 2015. These events aimed to sustain dialogue among governments on equivalence and other forms of regulatory cooperation, with particular emphasis on the prospects for developing plurilateral regulatory cooperation among key trade partners. The first event was an open session of the BioFach Congress on the topic of equivalence and the second was a workshop of participants from governments and the private sector invited by the UNFSS Working Group on plurilateral cooperation.

BioFach Congress Session on Equivalence

Attendance: 50-60 people

Panelists:

- Manuel Rossi Prieto: EU Commission, Policy Officer and head of international affairs in the Organic Farming Unit
- Patrik Aebi: Officer in Quality and Sales Promotion Unit, Department of Economic Affairs, Federal Office of Agriculture, Switzerland
- Daniel Miller: Executive Director, Food Labelling and Claims Policy and Programs Branch, Canadian Food Inspection Agency (CFIA)
- Robert Anderson: Senior Trade Policy Advisor, Organic Trade Association United States, who provides technical advisory service to the USDA National Organic Program and Foreign Agriculture Service for its equivalence initiatives in the organic sector
- Fernando Alonso: Organic Products Manager, Native Organics, a Brazilian company engaged in organic sugar production and producing related products.

The aim of this session was to provide updates on the state of equivalence arrangements and how they are working, and provide ideas on next steps to improve facilitation of organic trade. Speakers from the EU, Switzerland, Canada and the United States reported on their bilateral arrangements and also on new arrangements in process. While the resources needed to create and manage these arrangements is high (e.g. the EU and United States hold biweekly videoconferences), it was agreed that they have led to good progress on trade facilitation and they are working well. It is estimated that the current bilateral arrangements are between countries representing 85-95% of the current global market in organic products.

Providing a counterpoint, a Brazilian sugar company which exports organic sugar products to 60 countries under compliance requirements (Brazil does not have equivalence arrangements) illustrated how exporting under compliance creates peculiar transaction costs. These include exporting products to the US through the EU under their equivalence arrangement and keeping separate inventories of compliant products for various markets due to minor differences in regulations on processing aids. Although these obstacles remain, incentives for expanding equivalence arrangements to other countries may now be lower due to the already high share of world organic trade covered by such equivalence arrangements, trade agendas, missions, and resource constraints of the trade partners in the current bilateral arrangements. Conversely, it was mentioned that although about 90% of the global market for end products is in countries having bilateral arrangements, one-third of organic production and supply is not covered, and global supply to organic companies creating final products is constrained. Switzerland called for plurilateral cooperation to improve both the management of current arrangements and address external challenges and opportunities such as new countries.

Workshop on Plurilateral Regulatory Cooperation on Organic Agriculture and Trade

Thirteen regulatory officials and private sector experts were invited by the organizers to review and discuss a paper on the workshop topic, which was prepared by the UNFSS Working Group. Regulatory officials from Switzerland, Canada and the European Commission were in attendance along with representatives of private sector businesses, business associations, and civil society experts from the same countries and the United States.

Presentation: The organizers presented an overview of the paper, whose two main sections were on mutual recognition in the context of global trade governance and on organic sector trade facilitation in the age of equivalence. Topics covered in the first section include approaches to global trade governance against the backdrop of the WTO, managed mutual recognition, exclusivity and trade diversion in current agreements, and a model from the wine sector for plurilateral cooperation. The second section called for the development of a vision for global governance of organic sector trade. It was suggested that this vision could be further developed and realized through plurilateral cooperation among trade partners in the current bilateral arrangements. Proposed objectives for plurilateral cooperation are:

- Minimizing the so-called “spaghetti bowl-effect” of multiple (bilateral) equivalence arrangements with different provisions;
- Enhancing efficiencies in managing and further developing bilateral equivalence arrangements;
- Extending equivalence arrangements to other trading partners.

The paper raised ideas for functional cooperation in areas such as harmonizing technical regulations, harmonizing the equivalence arrangements themselves, joint monitoring activities for the arrangements, joint review and assessment for recognition of other countries, and pooled resources for technical assistance to developing countries. The paper concluded with a call to determine if there is a coalition of trading partners willing to move toward plurilateral cooperation.

Discussion: Switzerland proposed that trade partners in the bilateral arrangements should collectively look at subjects of common interests and where synergies can be achieved. Topics and ambitions should be kept pragmatic within the current mandates, avoiding the need for high-level approvals. Canada and the EU supported Switzerland’s proposal. However, their regulatory landscapes are different. Canada’s landscape is food safety and consumer protection flanked by user fee support. Activities on regulatory cooperation, including expansion of equivalence, would have to fit in. New equivalence activities would have to be justified (including the significance of concerned trade flows and products covered). The problem must be clearly defined, and dialogue held at informal level. The European Commission has already stated its intent towards plurilateral regulatory cooperation in its Action Plan on Organic Farming. It holds 12 equivalence arrangements with 12 more equivalence discussions in process. It envisions moving toward a plurilateral agreement. Benefits such as convergence of technical regulations are already accruing from bilateral cooperation and more benefits could be realized.

Other workshop participants observed that there is a supply constraint that the current equivalence arrangements are not addressing. 95% of markets (end products) are covered by equivalence but only two-thirds of production is represented. Roughly one-third of the production comes from third-party countries not covered by the arrangements. There is consensus on a keen interest in supply. It is probably unrealistic to expect that this will be solved by an exponential expansion of bilateral equivalence arrangements. Brazil is an example of a country that is ambivalent toward such arrangements, taking into account their potential negative social effects. Several participants advocated that there should be dialogue on novel new approaches to imports related to supply. However, equivalence arrangements or other solutions should not fail to align to principles and objectives and related consumer expectations in the affected countries.¹

The equivalence arrangements are in the early stages. There is opportunity to learn from them, improve them, for example by addressing their redundancies, and use them as a platform to

¹ This point was submitted by an invited participant who was unable to attend the workshop, but reviewed the paper.

address challenges that transcend the arrangements, such as the global supply problem as well as emerging common markets such as ASEAN.

It was agreed that governments should take the lead, get together as governments and propose practical, do-able, and transparent actions inside the scope of current mandates. These could include sharing best practices, improving traceability in arrangements, conducting joint peer reviews and supervision, and harmonizing the scope of the arrangements. It was suggested that regulatory authorities could at first meet informally and arrange to speak in their personal capacity, thus avoiding diplomatic complexity and constraints. The UNFSS stated that it stands ready to facilitate and continue further discussions on the concerned issues in a flexible form.

Workshop on Plurilateral Regulatory Cooperation on Organic Agriculture and Trade

12 February 2015, Room Basel, (NCC Mitte), BioFach, 17:00-18:30

Participants List

	Name	Title, Agency
1	Manuel Rossi-Prieto	Policy Officer, Head of International Sector, Organics Unit, European Commission
2	Patrik Aebi	Quality and Sales Promotion Unit, Federal Dept Economic Affairs, Federal Office of Agriculture, Switzerland
3	Priska Dittrich	Quality and Sales Promotion Unit, Federal Dept Economic Affairs, Federal Office of Agriculture, Switzerland
4	Daniel Miller	Executive Director, Food, Labelling and Claims Directorate, CFIA
5	Matthew Holmes	Executive Director, Canada Organic Trade Association UNFSS Advisory Committee
6	Bob Anderson	Senior International Trade Policy Advisor, Organic Trade Association
7	IFOAM	Joelle Katto, Value Chain Manager
8	Michaël Wilde *	Director of Communications and Sustainability, EOSTA
9	Franziska Staubli	Deputy Head of Issue Management and

		Sustainability Migros
10	Steve Peirce	Ribus
11	Fernando Alonso	Organic Products Manager, Native Organics, Brazil
12	Beate Huber	FiBL UNFSS WG Advisory Committee
13	Ming Liu	Organics Brazil WG UNFSS Advisory Committee
14	Ulrich Hoffmann	UNCTAD/FiBL
15	Diane Bowen	IFOAM, UNFSS support staff

* Did not attend but provided review and comments