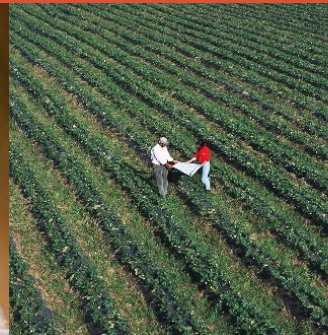




Organic Integrity in the Supply Chain: Training for Certified Handlers

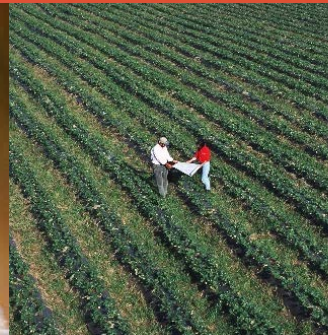
U.S. Department of Agriculture (USDA)
Agricultural Marketing Service (AMS)
National Organic Program (NOP)

Agricultural Marketing Service



Background

Agricultural Marketing Service





The USDA National Organic Program (NOP)

- **Mission:**
Ensure the integrity of USDA organic products throughout the world
- **Vision:**
Organic Integrity from Farm to Table,
Consumers Trust the Organic Label
- **Core Role:**
Implement the Organic Foods Production Act and the USDA organic regulations

Background

- Organic trade expanding
- U.S. and EU organic market over \$80 billion
- Many governments have established organic standards and control systems
- Fraudulent certificates continue to be identified
- Alleged violations in foreign countries can be complex and challenging to investigate and enforce.

Mission: Organic Integrity

Ensuring the integrity of USDA organic products throughout the world is our central mission. Why?

A green trapezoidal shape pointing to the right, containing the text "Fraud hurts farmers".

Fraud
hurts
farmers

A blue trapezoidal shape pointing to the right, containing the text "Fraud damages the brand".

Fraud
damages
the brand

An orange trapezoidal shape pointing to the right, containing the text "Fraud hurts markets".

Fraud
hurts
markets



Importance of organic integrity

- Organic integrity from farm to market is key to
 - protecting farmers and handlers,
 - ensuring consumer confidence in the organic label
- USDA organic regulations require handlers of organic products to comply with requirements
 - Audit trail, verification of organic supply
- Penalties of not complying include loss of certification, ability to sell organic products, and civil penalties

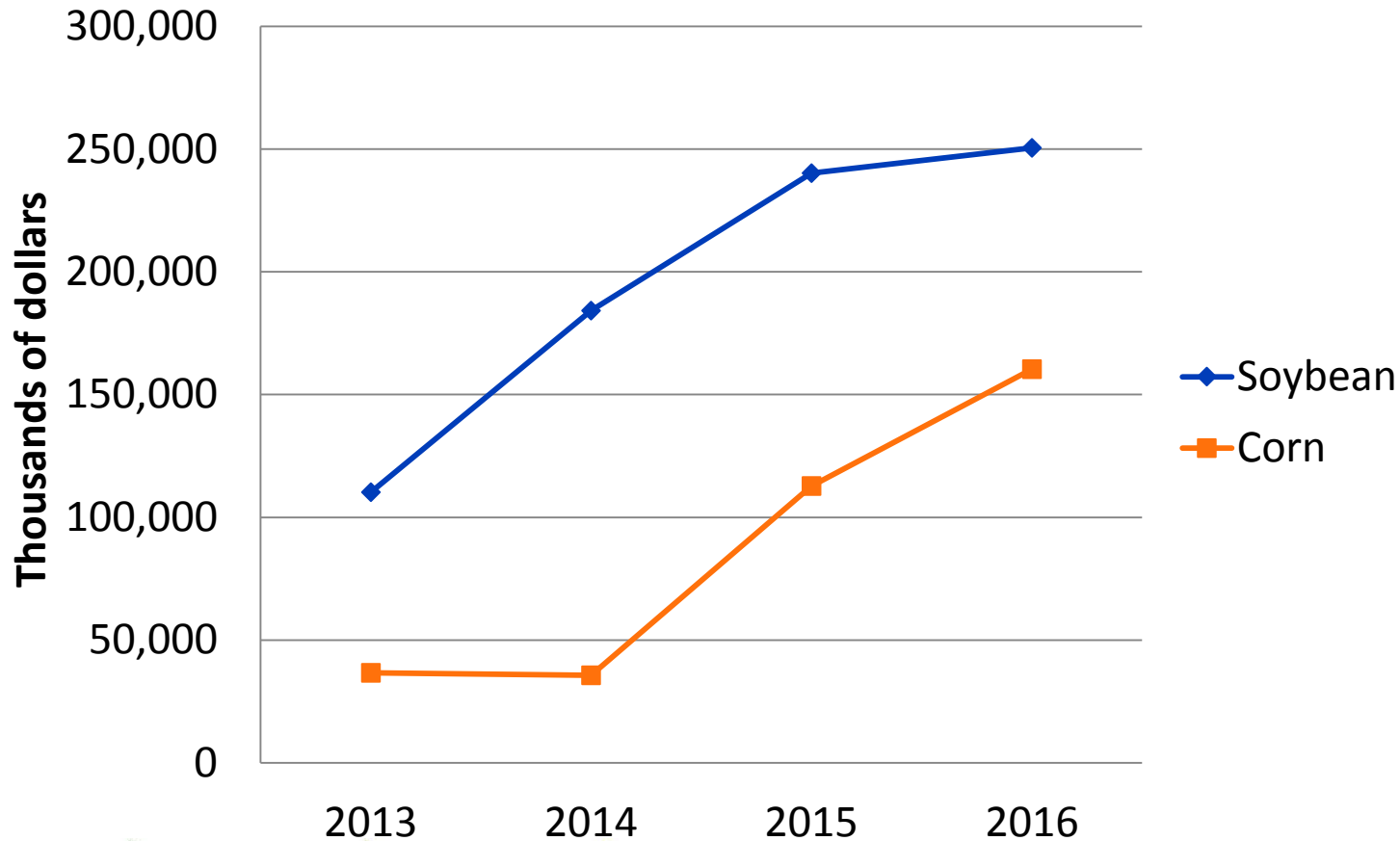


Eastern European organic supply concerns



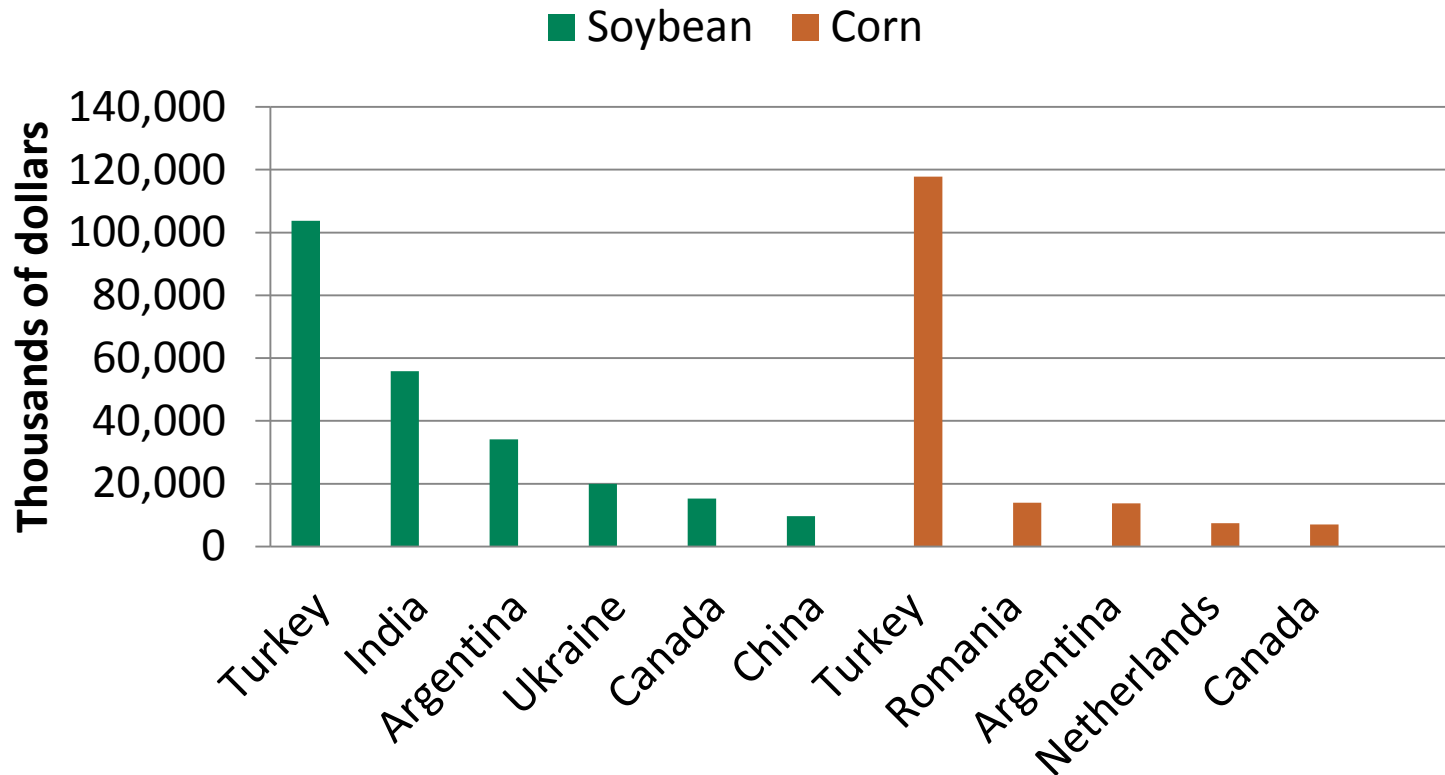
- 2016 Foreign Agricultural Service (FAS) Report
 - Turkish organic corn imports exceed Turkish organic production
 - Concerns about fraudulent organic certificates
- Anti-fraud initiative
- USDA Office of Inspector General (OIG)

Import Volume Trend: Organic Soybean and Corn



Source: USDA FAS GATS

Exports to the U.S. (2016)



Source: USDA FAS GATS

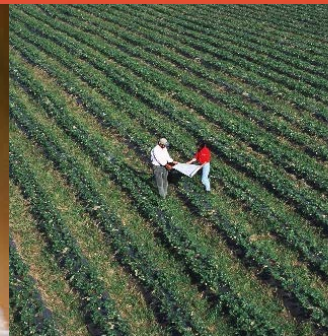
What we know

- Many countries supply organic corn and soy through Turkey (Ukraine, Russia, Kazakhstan, Romania)
- Number of producers and handlers involved
- Multiple certifiers– Control Union (Holland), Ecocert (France), Kiwa-BCS (Germany), Bio.inspecta (Switzerland)



Module 1: Organic Control System

Agricultural Marketing Service





Global Organic Control System

1. Organic standards
2. Certifiers verify that organic farmers and handlers comply with organic standards
3. Accreditation body ensures that certifiers are conducting thorough and complete inspections, have qualified personnel, and are meeting all aspects of their responsibilities as certifiers
4. Enforcement
 - Certifiers enforce the standards under their authority (Notice of Noncompliance, Notices of Suspension/Revocation)
 - Competent authorities (governments) provide oversight and enforcement.

USDA, Certifiers & Operations All Support the Organic Control System



Inspecting an Organic Grain and Rice Operation





Who Must be Certified Organic?

- USDA organic regulations: 205.100(a)
- Except for operations exempt or excluded in 205.101, each production or handling operation that produces or handles crops, livestock, livestock products, or other agricultural products that are intended to be sold, labeled, or represented as “100 percent organic,” “organic,” ormust be certified

Some Handlers May Be Excluded...

- **Exempt operations - § 205.101 (a)**

- < \$5,000 in organic sales
- Retail food establishments that do not process
- Products that are < 70% organic, or only list organic ingredients

- **Excluded operations - § 205.101 (b)**

- If product is packaged or otherwise enclosed in a container prior to being received or acquired, and
- If product remains in same package or container, and is not processed further

Certifiers Are Central to Organic Control



What certifiers do:



Ensure compliance of existing regulations

Core Certifier Activities

Review Organic System Plans

- Inputs, Materials
- Recordkeeping Systems
- Practices: No fumigation, irradiation, commingling, prohibited substances

Conduct Inspections

- Verify effective implementation of OSP
- Review and audit records to ensure traceability
- Conduct residue testing

Issue Certificates

- Annual Certificates
- Transaction/Import Certificates
- Attestation Statements



Certifiers are Overseen by the USDA

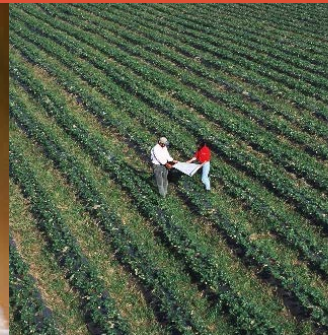
- Organic certifying agents follow rigorous and public accreditation requirements.
- The National Organic Program audits its accredited certifying agents around the world twice every 5 years, and reviews management practices annually.
 - Assess effectiveness of the organic control system
 - The audit process effectively targets risk areas
 - Includes observations of certifier's inspections
 - Compliance audits are conducted as needed

Inspections and Audits



Module 2: Organic System Plans

Agricultural Marketing Service



Organic System Plan Requirements

7 CFR § 205.201(a): An organic system plan (OSP) must include ...

- A description of **practices and procedures** to be performed and maintained
- A list of each **substance to be used as a handling input**, indicating its composition and source
- A description of the **recordkeeping system** implemented to comply with the requirements established in §205.103
- **Additional information deemed necessary by the certifying agent** to evaluate compliance with the regulations

Organic System Plan Requirements

Your OSP Explains How You:

- Prevent the **commingling** of organic and nonorganic products
 - Example: Store organic above non-organic; use separate, dedicated storage or transport bins
- Protect organic products from **contact with prohibited substances**
- Ensure that any container used for organic products is **clean of non-organic products or prohibited substances**
- Implement **proper clean-out and transportation procedures** to prevent organic product from coming into contact with prohibited substances.

Certified operation requirements

Organic System Plan

- §205.201(a)(2) – a list of each input used to be used as a handling input, indicating its composition, source,
- Organic product and organic ingredients are handling inputs
- §205.201(a)(4) recordkeeping system – describe how they fully disclose all activities and transactions of the certified operation in sufficient detail as to be readily understood and audited

Certified Operation Requirements

- Certified operations **MAY NOT** accept organic products without verifying source and certification of the product
 - Especially critical when receiving products from uncertified handlers
- Certified operations **MUST** clearly identify organic products in their records
 - Examples: Receiving documents, inventory records, manifest, bill of lading, purchase orders

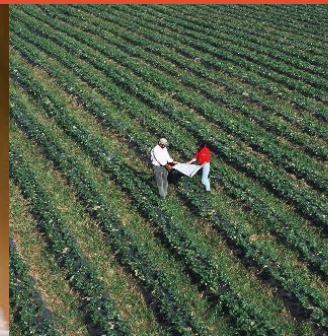
When Importing/Exporting....

Your Organic System Plan Must:

- Disclose whether you export/import products.
- Describe records you maintain for products imported/exported
- Identify ingredients imported, including the source of those ingredients
- Include your procedures for verifying source, certification, and compliance of imported ingredients
- Include labeling information for product exported under a trade arrangement

Module 3: Verifying Organic Ingredients and Incoming Products

Agricultural Marketing Service



Plans and Records: Key for Input Management

- **Organic product and organic ingredients are handling inputs**
- §205.201(a)(2): **Organic System Plan** must include a list of each input to be used as a production or handling input, indicating its composition and source
- §205.201(a)(4): **Recordkeeping system** must describe all activities and explain how operation fully discloses all activities and transactions in sufficient detail as to be readily understood and audited

Recordkeeping: §205.103

- (a) A certified operation must maintain records concerning the production, harvesting, and handling of agricultural products that are sold, labeled, or represented as organic
- (b) Such records must:
 - (1) Be adapted to the particular business
 - (2) fully disclose all activities and transactions of the certified operation in sufficient detail as to be readily understood and audited

Examples of Records (NOP 2602)

Records Verifying
Organic Status of
Incoming Product
(With Amounts)

Organic Certificate
for all Incoming
Organic Products,
Ingredients

Invoices,
Purchase Orders,
Bills of Lading,
Contracts

Handler Organic
Certificates

Certificates of
Analyses; Product
Specification Sheets

Raw Product
Inventory Reports
and Records

Weigh Tickets,
Scale Tickets,
Receipts, Tags

Clean Truck/
Storage
Affidavits

Phytosanitary
Certificate;
Verification of
Non-Fumigation



Certified Operation Requirements


- Certified handlers must have procedures in place and records demonstrating that all organic products/ingredients received are compliant with USDA organic regulations.
- **Examples:**
 - Organic certificate from suppliers, co-packers, service providers, etc..
 - Phytosanitary certificates
 - Manifests, Bills of Lading, Shipping documents
 - Invoices, transaction certificates



Certified Operation Requirements

- Certified operations **MAY NOT** accept organic products without verifying source and certification of the product
 - Especially critical when receiving products from uncertified handlers
- Certified operations **MUST** clearly identify organic ingredients or products in their records

Supply Chains with Uncertified Handlers

A large green arrow pointing from left to right, containing text.

**What if the handler or supplier is uncertified?
Who keeps records for organic products?**

A large blue arrow pointing from right to left, containing text.

**Certified parties must keep the records:
Records must demonstrate compliance and maintain traceability through an audit trail**

Records for non-certified operations

Who keeps records for organic products, if the supplier is not certified?

- If the supplier is uncertified, the **records must be kept by certified parties.**

The certified operation responsible for the product (buyer or seller)

- Records must have enough detail
- Must maintain traceability, demonstrated through an audit trail,
- Document prevention of contamination and commingling,
- Records must be available for inspection.

Indicators of Weak Control Points

- Bulk product with an organic certificate, but not identified as organic
- Missing certificate from originating farm or intermediate handler
- Evidence of modification (changed operation name on certificate to “protect” proprietary information)
- When product has crossed multiple borders, lack of clarity about whether product was fumigated



Inspectors are expected to conduct thorough trace-back audits and mass balance audits to verify traceability and record-keeping requirements.

Other Questions Certifiers Ask About Imports/Exports



For imported/exported product, has the appropriate supporting documentation been provided that verifies authenticity?



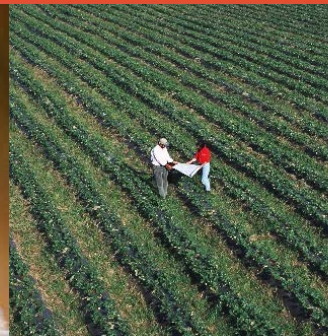
Is the supporting documentation valid and from an authorized source?



Does the operation maintain appropriate records for imported/exported product?

Current Activities and Next Steps

Agricultural Marketing Service



Current Activities

- Turkish organic trader certification revoked
- Proposed adverse actions – Notices of Proposed Revocations have been issued by AMS against traders involved
- Corn and soy from three separate ships has been identified as not compliant with USDA organic regulations
- Parties receiving the corn/soy have been notified that selling/labeling/representing the product as organic may lead to civil penalties.

Handler responsibilities

- Confirm you are following the requirements
 - Make sure you have solid documentation that organic imports are certified organic
 - Request import certificates/transaction certificates issued by certifier for each shipment
- If you have evidence that a product being sold as organic does not meet the requirements, provide specific information to NOPCompliance@usda.gov

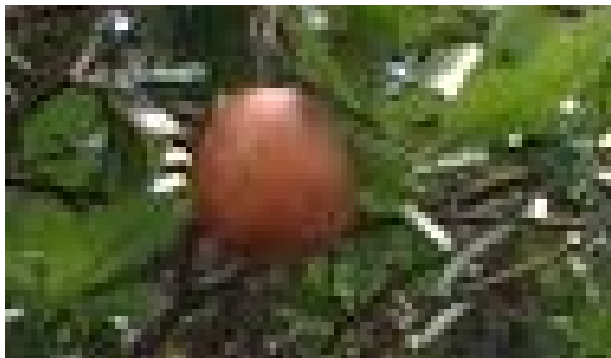
Certifier's Role

- Ensure all OSPs include strong processes to verify organic products originate from certified organic source.
- Ensure inspectors are conducting complete and thorough –
 - Trace-back audits
 - Mass balance audits
 - Cross-checking audit trail records
 - Authentication of records from independent sources (e.g. other certifiers, government agencies)

Resources

- **Organic Integrity Database:**
Check status of certified operation
- **Regulations and NOP Handbook:**
Complete set of USDA organic standards
- **Country-specific pages on AMS Website**
www.ams.usda.gov/nop

Thank you for listening



www.ams.usda.gov/nop