



**Global Organic Market Access**  
a project of FAO, IFOAM and UNCTAD

**Scoping Study for Equivalence and Harmonisation  
of Organic Standards and Technical Regulations in the Asia Region**

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**May 2010**



## Scoping Study for Equivalence and Harmonisation of Organic Standards and Technical Regulations in the Asia Region

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### Acronyms and abbreviations

ADB	Asia Development Bank
AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Cooperation
APEDA	Agriculture and Processed Food Product Export Development Authority (India)
ASEAN	Association of South East Asian Nations
CB	Certification Body
CCAA	China Certification and Accreditation Association
CNCA	Certification and Accreditation Administration of China
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FiBL	Research Institute of Organic Agriculture
GAP	Good Agricultural Practices
GMS	Greater Mekong Subregion
GOMA	Global Organic Market Access (name of project)
IFOAM	International Federation of Organic Movements <sup>1</sup>
IOAS	International Organic Accreditation Services, inc
ISO 65	ISO/IEC Guide 65: 1996(E), General requirement for bodies operating product certification systems. In the European standardisation it is called EN 45011.
ISO 17011	ISO/IEC Guide 17011: 2004, General requirement for bodies providing assessment and accreditation of conformity assessment bodies, an update of ISO 61
IAASTD	The International Assessment of Agricultural Knowledge, Science and Technology for Development
IPCC	The International Panel on Climate Change)
IROCB	International Requirements for Organic Certification Bodies
ITF	International Task Force on Harmonisation and Equivalence in Organic Agriculture
JAS	Japan Agriculture Standard
MAFF	Ministry of Agriculture, Forestry and Fisheries (Japan)
NAB	National Accreditation Body
NOP	National Organic Program (USA)
NPOP	National Programme for Organic Production (India)
PGS	Participatory Guarantee Systems
UNCTAD	United Nations Conference on Trade and Development
USDA	United States Department of Agriculture
WTO	World Trade Organisation

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<sup>1</sup> A sector association with 750 member organisations in 108 countries



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**Terms** used in this report and in the organic sector:

Accreditation	Procedure by which an authoritative body gives a formal recognition that a body or person is competent to carry out specific tasks.
Approval	Procedure by which a body (other than an accreditation body) gives a formal recognition that a body or person is competent to carry out specific tasks.
Certification	Procedure by which a third party gives written assurance that a clearly identified process has been methodically assessed such that adequate confidence is provided that specified products conform to specific requirements.
Certification body	Organisation offering certification services. Can be a limited company, association, government agency etc. Also called as conformity assessment body
Conformity Assessment	Any activity concerned with determining directly or indirectly that relevant requirements are fulfilled.
Conformity assessment body	Body that performs conformity assessment services and that can be the object of accreditation (ISO/IEC17000). Also called as certification body
Codex	Codex Alimentarius Commission of FAO and WHO
EU regulation	European Council Regulation (EC) No 834/2007 on organic production and labeling of organic products and implementation rules Commission Regulation (EC) No 1235/2008, Commission Regulation (EC) No 889/2008 and Commission Regulation (EC) No 1254/2008.
EquiTool	The Guide for Assessing Equivalence of Standards and Technical Regulations, produced by the ITF
Equivalence	The acceptance that different standards or technical regulations on the same subject fulfill common objectives.
Harmonisation	The process by which standards, technical regulations and conformity assessment on the same subject approved by different bodies establishes interchangeability of products and processes. The process aims at the establishment of identical standards, technical regulations and conformity assessment requirements (ref. WTO modified)
IFOAM norms	The IFOAM Basic Standards for Production and the Accreditation Criteria for Certification, which form the basis for IFOAM Accreditation.
IFOAM accreditation	Accreditation by the IOAS of a certification body to the IFOAM Norms. The status of which is often referred to as “IFOAM Accredited”
Inspection / Audit	Visit on site to verify that the performance of an operation is in accordance with the production or processing standards. In other sectors of conformity assessment, this is often referred to as auditing or assessment, e.g. environmental auditing
Inspection body	Normally a body performing inspection services. Also means “certification body” as is used in the EU regulation on organic farming
ISO 65 accreditation	Accreditation (by an accreditation body) of a certification body for compliance with the ISO 65. The status is often referred to as “ISO 65 accredited”
NOP / USDA accreditation	Accreditation of a certification body to the NOP requirements for certification bodies, by the USDA
Recognition	Used mostly in its common sense, if not linked to a specific expression such as Mutual Recognition
Requirements for conformity assessment	Any procedure or criteria used directly or indirectly to determine that the assessment relevant technical regulations or standards are fulfilled (ref. WTO modified)



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Standard	Document approved by a recognised body that provides for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a product, process or production method (ref: WTO/TBT) note: the recognised body can be any relevant constituency
Technical regulation	Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a product, process or production method (ref: WTO/TBT) note: technical regulations can refer to, or be based on, standards.
Third country list	The list of the EU of countries that have been recognized as having an equivalent organic regulation as the EU, according to the EU regulation.



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### EXECUTIVE SUMMARY

#### Purpose

This study is commissioned by the Global Organic Market Access (GOMA) project, a collaboration among FAO, UNCTAD and IFOAM, to provide information that enables stakeholders and GOMA to develop an optimal strategy for facilitating organic trade (and thereby also organic sector development) through equivalence, harmonization and/or other forms of regional cooperation. The GOMA project builds on the same partnership that created and facilitated the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF) from 2003-2008.

#### Scope

The study covers East, South East and South Asia. It includes

- a general overview of the state of organic sector development in the region;
- analysis of existing organic labeling and certification regulations, their application and implication of the enactment of more organic labeling and certification regulations outside and within the region to inter-regional trade;
- sector development issues and opportunities;
- mechanisms for equivalence and harmonisation;
- way forward suggestions for recognition of organic labeling
- next steps

It will be the basis for GOMA's consultation with stakeholders about the best strategy for facilitating Asian regional organic trade using the results of the ITF and possibly other mechanisms. GOMA provides two practical tools developed by the ITF for this purpose. The *Guide for Assessing Equivalence of Standards and Technical Regulations* (EquiTool) and the *International Requirements for Organic Certification Bodies* (IROCB) for use by government or private sector organic schemes as tools for recognizing other organic standards and certification performance requirements as equivalent to their own.

#### Sector development in the region

The region with Japan to the North, Indonesia to the South, Philippines to the East and Afghanistan to the West hosts a wide range of organic sector development scenarios, from early development to highly regulated. Far from the marginal position it held previously, organic is now an accepted concept and growing market trend in the region. More over organic agriculture is proving to be an effective way to deal with high fuel prices whilst improving rural incomes. It is found by the Asia Development Bank to contribute towards all except one of the UN Millennium Development Goals. It is mentioned in the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) report "Agriculture at a Crossroads" as a potential contributor to food security, environmental sustainability and climate change mitigation. The International Panel on Climate Change (IPCC) indicates 90% of global



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technical mitigation potential in agriculture by 2030 can come from improved cropping and grazing land management techniques to increase carbon storage, which organic agriculture can contribute towards.

Export to the EU and USA is the dominant driver of transition to organic in majority of developing countries in the Asia region. However, domestic markets have taken off in affluent economies and big cities throughout the region. Domestic market growth is now also dependent on import of ingredients and finished products not available locally. Although market size is still relatively small, the high value and profile associated with organic is precipitating civil society (consumer) calls and governments' interest to regulate the sector. Ironically, government regulations initiated to assist development of the sector may become an inhibiting factor. Without a recognition framework in place, intra trade and regional sector development is in danger of being constrained as import rules add more complication, bureaucracy and costs to trade in organic but not for conventional agriculture products.

### **Equivalence and Harmonisation options for the region**

The two most used mechanisms for recognition of organic imports are recognition of the foreign country organic regulatory system, and direct approval of certification bodies operating in the exporting country or region. However, there are about eight different ways for recognizing or facilitating import of organic products that can be used by governments, competent authorities, accreditation bodies and certification bodies.

With a diverse mix of scenarios, from highly developed regulatory frameworks to non-regulated developing markets, including government certification programmes, as well as international and local certification bodies operating to national requirements and/or private standards, no mechanism is applicable on its own to facilitate recognition of imports throughout the region and beyond. An inclusive regional arrangement would need a combination of two sets of mechanisms to address the regulated and non-legislated scenarios respectively.

- a. **Systems Recognition** mechanisms for regulated markets including those with national standards and accreditation systems in place,
- b. **Recognition of Certification** mechanisms for products from non-regulated markets.

The Systems Recognition process can include Japan, China, South Korea, Taiwan Province of China, Philippines as well as India, Thailand and Indonesia. It can be a multi-party negotiation process based on the ITF tools for reciprocal equivalence or unilateral acceptance by each authority of the others' system. This will result in creating a regional market base amongst participating markets. Countries and regions from outside the Asia region can also participate, if interested.



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Access for products originating from non-regulated markets can be facilitated through mechanisms to recognise government and/or private inspection/certification from non-regulated markets. This can be based on authorities in regulated markets mandating CBs under their supervision the right to recognise equivalent certification conducted by CBs in non-regulated markets, or use of prior inspection reports for re-certification, or use of contracted inspections through government and local private CBs. The recognition of government or private inspection/certification process can cover Malaysia, Nepal, Sri Lanka, Vietnam and products from elsewhere where a qualified credible government or private certification body operates.

### **Good and Best case scenarios**

In a good case scenario, where the regional agreement includes all the major regulated markets in the region and use of a regional recognised standard is approved by the EU for import, CBs in the region will only need 3 approvals (regional, EU and USA or Canada) to two set of standards (regional based and Canada or US rules) to provide a One Stop certification service for the Asia region, EU and North America. Organic operators can produce according to their national or regional Asian standard and have access to all Asian and EU markets. They have to additionally meet Canada or NOP rules for the North American market.

In a best case scenario, where the EU, Canada and USA joins the regional market. CBs in the region will only need one approval to one set of recognised standard to provide a One Stop certification service for the Asia region, EU and North America. Organic operators can produce according to their national or regional Asian standard and have access to all Asian, EU and North American markets.

### **Next steps**

This study is proposed to be circulated to stakeholders throughout the region for comment on findings and way forward suggestions, including GOMA-organised workshops as well as visit missions to authorities of major regulated markets in the region. Interested authorities will be invited to be part of a regional advisory taskforce to provide guidance to follow up studies in preparation for formal negotiations towards a regional “recognition of organic labeling” agreement.

Follow up studies should provide sufficient information to enable interested parties to decide on the participation framework and institutional arrangements to implement a regional organic systems recognition agreement.

The GOMA project has another 2.5 years to go. A major event for the region and internationally is the World Organic Congress in South Korea in Sep 2011. This can be a targeted event for concluding the preparatory round of framework discussions and launching formal negotiations between early interested parties.

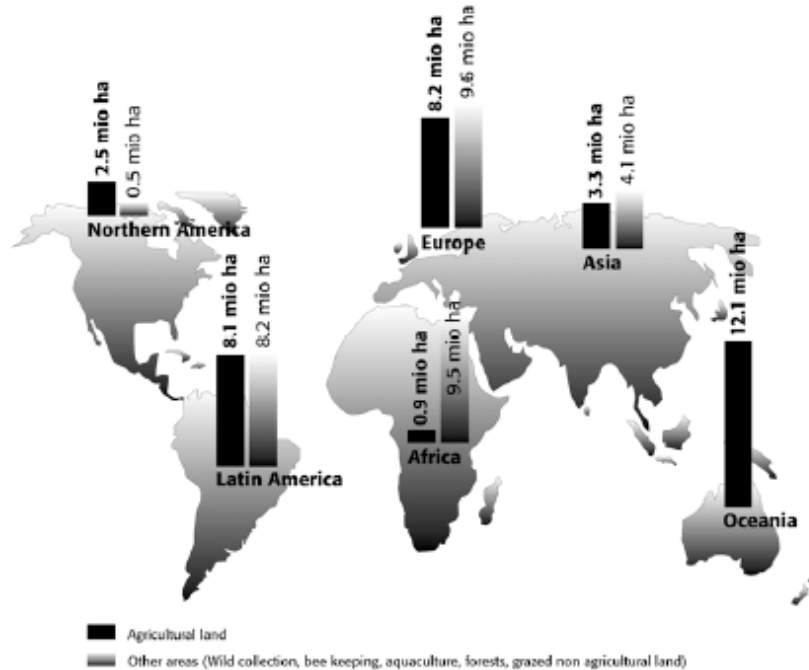
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**A. SITUATION**

**OVERVIEW**

**Regional**

**Production Status**



**Fig. 1: Organic agricultural land and other organic areas in 2008**  
source: FiBL survey

According to the IFOAM-FiBL *World of Organic Agriculture* publication 2010, total agricultural land area under organic management in Asia reach 3.3 mil hectares in 2008. It constitutes nine percent of the world's organic agricultural land.

Top five contributors in Asia in 2008 are China (1.85 mil ha); India (1.02 mil ha); Indonesia (60,000 ha); Timor-Leste (26,000 ha) and Pakistan (24,000 ha), excluding Middle East, Transcaucasia and Central Asian khanates (see Fig. 2 below).

Since issue of the IFOAM-FiBL publication, the Chinese competent authority, Certification and Accreditation Administration (CNCA), reported in Feb. 2010 that acreage in China reached 2.03 million ha. with more than 3,000 operators certified in 2009. When wild collection acreage is included, India is top with 3.8 million ha. to China's 3.03 million ha.

At the 10 year anniversary celebrations of the Indian National Programme for Organic Production (NPOP), the Agriculture and Processed Food Product Export Development Authority (APEDA) reported 3.95 mil hectares are under certification for the year 2008-2009. 960,000 hectares of farm land and 2.99 million hectares of wild forest collection areas. India posts the highest number of organic producers worldwide of about 338,00 producers, majority organised in groups. The organic sector reportedly sustained an average annual growth rate of 66% in production, producing about 1.62 million tons of certified organic products. Out of which, around 44,000 tons (2.74%) were exported.

Export value recorded at USD13 million in 2002-3 now register USD116 million for 2008-9. 135 product types under 15 categories were exported. 70% to Europe, 20% to the USA, 5% to South East Asia, 3-5 % to Japan and rest to South Africa. The no. 1



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export by value is cotton, followed by tea, dry fruits, medicinal & herbal plants, Basmati rice, honey, spices, sesame and others.

Fig. 2: Organic related land use in Asia region, 2008. source: FiBL survey

Country	Agricultural land [ha]	Aquaculture [ha]	Grazed non-agricultural land [ha]	Wild collection [ha]	Total [ha]
Afghanistan	42				42
Armenia	600			500	1'100
Azerbaijan (2007)	21'240	-	-	497	21'737
Bangladesh	526	2'000	-	-	2'526
Bhutan (2007)	59	-	-	1'442	1'501
Cambodia	8'810	-	-	-	8'810
China	1'853'000	415'000	-	759'000	3'027'000
Georgia (2007)	251	-	-	1'051	1'302
India	1'018'470	-	-	2'781'530	3'800'000
Indonesia	60'098	1'317	-	32'700	94'115
Iran	11'745	-	-	-	11'745
Israel (2007)	5'693	-	-	-	5'693
Japan	9'092	-	-	-	9'092
Jordan	1'053	-	-	-	1'053
Kazakhstan	87'563	-	-	1'300	88'863
Korea, Republic of	12'033	-	-	-	12'033
Kyrgyzstan	9'868	-	-	-	9'868
Lao People's Democratic Republic	1'537	-	-	-	1'537
Lebanon	2'180	-	6'000	205	8'385
Malaysia (2009)	1'582	-	-	-	1'582
Nepal	8'498	-	-	25'982	34'479
Occupied Palestinian Territory	1'001	-	-	-	1'001
Oman	34	-	-	-	34
Pakistan	24'466	-	-	-	24'466
Philippines	15'795	-	-	-	15'795
Saudi Arabia	30'000	-	-	-	30'000
Sri Lanka	22'347	-	-	-	22'347
Syria	25'660	-	-	8'000	33'660
Taiwan	2'356	-	-	-	2'356
Tajikistan	70	-	-	-	70
Thailand	16'715	240	-	-	16'955
Timor-Leste	26'101	-	-	-	26'101
United Arab Emirates	310	-	-	-	310
Uzbekistan	2'530	-	-	5'420	7'950
Viet Nam	12'622	6'360	-	-	18'982
<b>Total</b>	<b>3'293'945</b>	<b>424'917</b>	<b>6'000</b>	<b>3'617'627</b>	<b>7'342'490</b>

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Fig. 3: Cultivated land and crop category, 2008. source: FiBL survey

Land use	Crop category	Area [ha]
Agricultural land, no details	Agricultural land, no details	1'258'908.4
Arable crops	Arable crops, no details	3'194.0
	Cereals	94'861.5
	Flowers and ornamental plants	4.2
	Industrial crops	1'943.6
	Medicinal and aromatic plants	6'685.2
	Oilseeds	6'032.0
	Other arable crops	1.5
	Field fodder crops	6'228.0
	Protein crops	4'060.5
	Root crops	277.4
	Seeds and seedlings	3.0
	Sugarcane	983.3
	Textile crops	27'277.2
	Vegetables	21'845.2
	Mushrooms	0.2
<i>Arable crops total</i>		174'297
Cropland, no details	Cropland, no details	1'111'843.5
Other agricultural land	Fallow land, crop rotation	306.0
	Unutilized land	22.0
<i>Other agricultural land total</i>		328
Permanent crops	Berries	38.7
	Citrus fruit	373.1
	Cocoa	2'590.4
	Coconut	845.3
	Coffee	52'611.5
	Fruit, no details	748.5
	Fruit, temperate	6'649.6
	Fruit, tropical and subtropical	1'934.7
	Grapes	2'413.6
	Medicinal and aromatic plants, permanent	1'829.4
	Nuts	5'645.0
	Olives	1'644.6
	Other permanent crops	40.7
	Permanent crops, no details	38'116.4
	Tea/mate	31'583.2
<i>Permanent crops total</i>		147'065
Permanent grassland		601'504
Total		3'293'945

Fig. 4: Wild collection and Bee keeping, 2008. source FiBL survey

Land use	Crop/product category	Area [ha]
Berries, wild	Blackberries, wild	45
	Blueberries, wild	12
	Buckthorn, wild	97
	Hawthorn, wild	68
	Strawberries, wild	37
Forest honey	Forest honey	13'278
Fruit, wild	Cornel, wild	62
Medicinal and aromatic plants, wild	Lemongrass, wild	1'442.3
	Medicinal and aromatic plants, wild, other	7'000
Nuts, wild	Chestnuts, wild	75
	Nuts, wild	20
	Walnuts, wild	81
Palm sugar	Palm sugar	12'422
Wild collection, no details	Wild collection, no details	3'582'988
Total		3'617'627



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### Main production systems and products

Cereals, coffee, tea, textile crops (e.g. cotton) and vegetable are the main identified cultivated production in the region (see fig. 3). Honey and palm sugar are the main products from wild collection, followed by medicinal/aromatic plants (see fig. 4). As can be seen from the Indian example, a majority of production and exports from the region are primary products with low value-added processing, e.g. dry/processed raw material with the exceptions of Japan, South Korea and Taiwan Province of China. A majority of production from developing economies in the region (except for China) is organized through grower groups under contract with export companies.

Organic livestock production is not developed due to constraints in meeting typical organic livestock standards, especially regarding organic feed and access to pasture land. Limited amounts of certified animal products, mainly poultry and pork, are available in some places, e.g. Japan, South Korea, Taiwan Province of China and China. Aquaculture is an emerging sector segment in Bangladesh, China, Indonesia, Vietnam, Thailand and Myanmar. With the aquaculture scope soon to be effective in the EU from July, 2010, it is poised to further boom in the region.

### Regional Market Status

According to Organic Monitor (IFOAM-FiBL *World of Organic Agriculture 2010*), global organic sales reached USD51 billion in 2008. Demand outpaced supply and prices reached record highs. Demand may be temporarily affected by the financial crisis but is likely to outpace supply as economic conditions improve.

**Fig. 5: Global market for organic food and drinks.**  
All figures are rounded. Source: Organic Monitor.

**Fig. 6: Distribution by revenue.**



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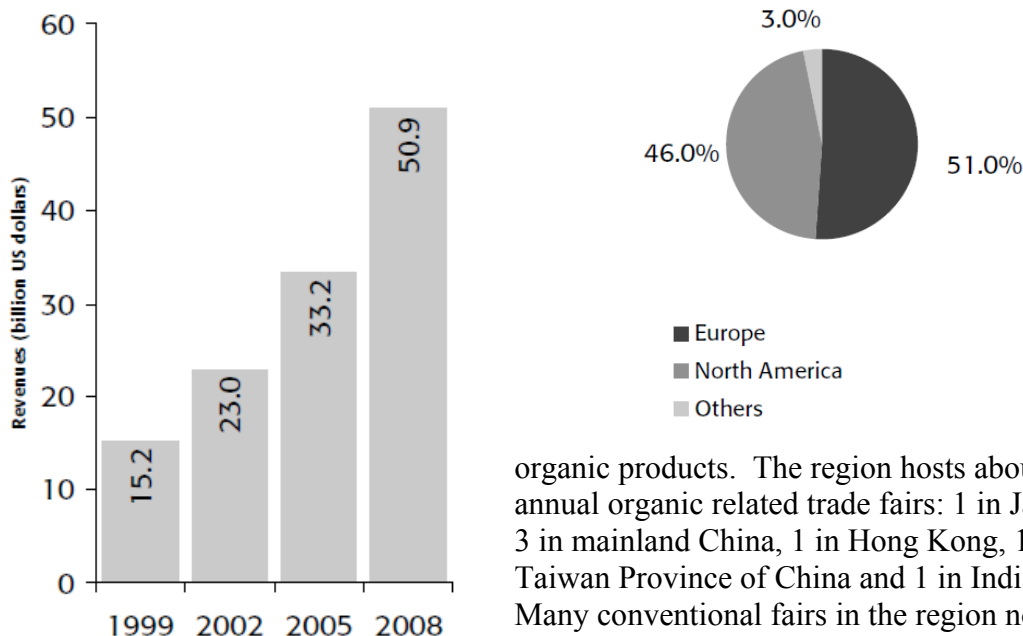
Europe and North America represents 97% of the global market for organic food and drinks. Asia region contributes significantly to the remaining 3%.

Besides the more affluent countries and regions, i.e. Hong Kong, Japan, Singapore, South Korea and Taiwan Province of China, organic markets have also emerged in major cities in developing economies, e.g. Beijing, Colombo, Delhi, Bangalore, Jakarta, Kuala Lumpur, Manila, Kathmandu, in the region. A diversity of market channels, including ad hoc organic bazaars, small retail outlets, conventional food retailers, multi-level direct selling and internet marketing are thriving under diverse market conditions from Tokyo to Kathmandu.

Domestic organic prices can range up to 500% above conventional prices according to market location, quality and product. A Mintel (market research organisation) survey reported a 175% increase in new organic product launches in the Asia Pacific region in 2007 as opposed to 90% in North America. Consumer interest reflects rising affluence as well as incidences of health scares in recent years, e.g. the melamine incident.

### Export, Import and Intra-regional trade

Asia is a large exporter of raw material and a significant importer of finished processed



organic products. The region hosts about 7 annual organic related trade fairs: 1 in Japan, 3 in mainland China, 1 in Hong Kong, 1 in Taiwan Province of China and 1 in India. Many conventional fairs in the region now also have organic sections.

Production from developing economies in the region is mainly exported to the EU and USA. Other market destinations include the Middle East, Australia and within the Asia region. According to this study's survey respondents, key regional markets reflect the more affluent economies in the region with low domestic organic production, i.e. Japan



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(9,100 ha.), South Korea (12,000 ha), Taiwan Province of China (2,400 ha.), also Hong Kong, Malaysia (1,600 ha.) and Singapore with the exception of China and India.

**Fig. 7: Summary of survey respond about key regional markets and imports in domestic market**

Respondents	Regional market destinations	Imports
Cambodia	Malaysia; Singapore	None
Indonesia	Hong Kong; Malaysia; Singapore	Low [<10%]
Laos	Japan; China; S. Korea	None
Myanmar	Japan, possibly Hong Kong, S. Korea & Taiwan Province of China	Significant [10-30%]
Malaysia	Hong Kong, Indonesia, Singapore	Dominant [>50%]
Philippines	Japan; China; S. Korea	Significant [10-30%]
Thailand	Malaysia; Singapore	Significant [10-30%]
Vietnam	Japan, possibly Hong Kong, S. Korea & Taiwan Province of China	Dominant [>50%]
Nepal	Japan, S. Korea; India	Low [<10%]
India	South East Asia; Japan	NA
Japan	NA	Dominant [>50%]

The majority of markets in both affluent and developing economies of the region reportedly rely on imports to meet market demand. Imports are made up of products available locally but not in sufficient amount, e.g. fresh produce and raw material, as well as products that are not available locally, e.g. breakfast cereals, pasta, snack foods, beverage, juice and wine. Imported fresh produce and fruits from Australia, New Zealand and USA (apples) are commonly found in Malaysia, Singapore and Thailand. Breakfast cereals, pasta, snack foods, beverage and juices, mainly from Europe and USA are also stocked in Indonesia, and Vietnam. Example of regional imports in the Malaysian market include dry beans and grains from China; rice from Thailand, Cambodia and Indonesia; snack foods from Taiwan Province of China and enzyme drinks from South Korea. The majority of imported processed products are from Europe and USA, some made with raw material exported from the region to Europe and USA, e.g. Mocovado sugar sachets from Germany based on raw material from the Philippines.

*Note: Attempt was made to identify quantitative figures for size of domestic markets, imports and intra-regional trade. However, data is not easily available, as organised data collection of intra-regional trade in organic products are not set up in most markets in the region.*

### Regional Regulatory Frameworks

Driven by export opportunities, organic standards and certification in developing economies in the region are heavily influenced by import requirements of the EU and USA (see below). Regulators established production, processing and certification rules



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that reflect export requirements with the hope to establishing recognition by the EU and USA.

### Access to the EU

The new EU regulation *Council Regulation (EC) No 834/2007 on organic production and labeling of organic products* came into force on January 1, 2009. It is supplemented by the implementation rules *Commission Regulation (EC) No 1235/2008*, *Commission Regulation (EC) No 889/2008* and *Commission Regulation (EC) No 1254/2008*. The scope includes Crops; Wild collection; Processing; Livestock and Beekeeping. Aquaculture and details on wine production are expected to be incorporated in the second half of 2010. It does not cover textiles, cosmetics, wild catch (fish & animals) and mass catering.

The EU currently recognizes eight countries' systems: Argentina, Australia, Costa Rica, Israel, **India**, New Zealand, Switzerland and Tunisia. The recognition is one way not reciprocal. The third country approval process in the EU can take time. It reportedly took 7 years with Tunisia. Bilateral equivalence negotiations are currently going on with Canada, Japan and the USA. Negotiations with the USA has been on and off since the NOP was established in 2002.

The EU revised import procedures offers an approval system for inspection bodies operating outside the EU, replacing the current widely used system of import authorizations based on importers' request. More than 80% of imports into the EU are based on import authorisations instead of country recognition.

The first list of certification bodies approved under the new import scheme is expected to be published by July 2010. Under the new regulations, there will be three lists:

1. List of countries whose system of production complies with rules equivalent to the EU's production and inspection provisions.
2. List of approved inspection (certification) bodies that apply an inspection system and production standards equivalent to the EU regulation on organic production.
3. List of approved inspection (certification) bodies that apply an inspection system and production rules compliant with the EU regulation on organic production.

Compliance requires full application of the EU Regulation, including a seed database and excluding grower groups with internal control systems. Equivalence allows locally adapted requirements, with Codex Alimentarius taken into account for assessing equivalency.

### Access to the USA

Organic regulations in the United States are set out in the Organic Foods Production Act (OFPA) of 1990 and the National Organic Program (NOP) Final Rule 2002. According to the Final Rule, all products including imports for sale as 'organic' in the United States must be certified and labeled in accordance with the NOP Final Rule. The scope include Crops; Wild collection; Processing; Livestock and Beekeeping.



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Aquaculture is expected to be incorporated at a later date. The rule does not cover textiles, cosmetics, wild catch (fish & animals) and mass catering.

Most products entering the USA are certified to the NOP by a certification body accredited by USDA. The USDA offers accreditation of certification bodies worldwide as agents to operate a NOP certification program. 99 certification bodies have been accredited or by the USDA, i.e. 56 domestic and 43 foreign.

In lieu of direct accreditation by the USDA, the USDA may approve another government to oversee a certification body (CB) for NOP certification. The USDA has approved a number of foreign governments' oversight systems, i.e. Denmark, UK, **India**, Israel, **Japan** and New Zealand .

The US did not reach recognition agreement with any country until 2009 when it concluded a historic first reciprocal (mutual) equivalency agreement with Canada. Both the USDA Organic seal and the Canada Organic Biologique logo may be used on certified products certified to either the NOP or Canada Organic Product Regulation (COR) standards in the USA, Canada as well as elsewhere worldwide. The USA is reportedly currently negotiating equivalency agreements with Australia, the European Union, India and Japan.

### Access to Japan

Organic regulations took effect from 1 April 2001. All organic produce and processed foods (crops based only) are required to meet the Organic JAS labeling requirements. The regulation requires certification bodies (domestic as well as foreign), to be accredited to ISO65 to qualify for registration with the Ministry of Agriculture, Forestry and Fisheries (MAFF) to offer Organic JAS certification. Registered certification bodies may use prior inspection reports done by non-registered certification bodies outside of Japan for certification. A procedure also known as re-certification.

Intra regional trade is now further complicated with the establishment of organic labeling regulations in the region. Currently 6 countries and regions, i.e. China; India; Japan; South Korea; Philippines and Taiwan Province of China have implemented organic labeling regulations. Malaysia just revised its food labeling act with implementation scheduled for 2011.

**Fig. 8: Summary of regulatory frameworks, certification and inspection rules in the region**

Country & Region	Regulation application	Additional Scope	Accreditation	Certification Bodies	Inspectors	Recognition Export / Import
India	Export & Domestic	Livestock	Mandatory (NAB)	18 domestic (5 foreign)		EU 3rd country list & USDA equiv
Japan	Domestic & Imports	Livestock (optional)	Mandatory (ISO65)	59 domestic 40 external		USDA equiv
China	Domestic & Imports	Livestock & Aquaculture	Mandatory (NAB)	32 domestic (6 foreign)	National registration	
South	Domestic	Livestock	Mandatory	32 domestic	National	



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South Korea	Domestic & Imports	Livestock	Mandatory (x2 NABs)	32 domestic	National registration	
Taiwan Province of China	Domestic & Imports		Mandatory	4 domestic		Canada, NOP & New Zealand for import
Philippines	Domestic & Imports		Mandatory	1 domestic		
Malaysia	Domestic & Imports		NA	1 Govt prog 1 domestic		
Indonesia	National & Private Std		Voluntary	7 domestic		
Thailand	National & Private Std	Livestock & Aquaculture	Voluntary	3 Govt prog 2 domestic		
Nepal	National & Private Std		NA	1 domestic		
Laos	National Std		NA	1 Govt prog		
Vietnam	National Std	Livestock & Aquaculture	NA	1 domestic (1 foreign)		
Sri Lanka	National draft Private Std		NA	2 domestic (1 foreign)		
Bhutan	National draft		NA	NA		

### *Regulation application*

Regulations may require mandatory certification for organic labeling for export only, for domestic only, or both. India earlier require mandatory certification for export only. It has recently extended requirement for domestic labeling as well. It is currently formulating requirements for imports. Others that require mandatory certification for organic labeling for the domestic market includes China, Japan, Philippines, South Korea and Taiwan Province of China. However, unlike India, it is not necessary in all cases for production to be certified to national requirements if they are only meant for export, e.g. organic exports from China and Philippines can be certified only to the EU or NOP requirements for export without need to comply to national requirements.

Voluntary national organic standards by government standard setting bodies have been set in Laos, Malaysia, Nepal, Thailand and Vietnam. Standards are under draft in Bhutan and Sri Lanka.

### *Additional Scope of regulation or private standards*

In general crop production, wild harvesting and processing are covered in all national standards or regulations. Many regulations and voluntary standards in the region do not include livestock or aquaculture requirements as yet. Livestock standards are available in India, Japan, China, South Korea, Thailand and Vietnam. Aquaculture is available only in China, Thailand and Vietnam. Where set, feedstuff and access to pasture requirements makes local compliance to livestock standards difficult. The first organic



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JAS certified beef to be sold in Japan reportedly came from an Australian operation in 2008. Organic livestock certification is optional in Japan, where there is little domestic uptake.

Beekeeping, which was not accounted for in the survey, may be included in Livestock standards or kept separate.

### *Accreditation*

The 6 countries and regions which have implemented organic labeling regulations (China; India; Japan; South Korea; Philippines and Taiwan Province of China) also require mandatory accreditation of certification bodies working in the country. Malaysia, which recently established domestic labeling regulations does not have an accreditation system at this time. Of the 6, Japan also accepts accreditation by others besides that of its national accreditation body for registration of certification bodies working outside of the country. South Korea's system requires two separate accreditation for certification of primary production and processing production respectively.

Indonesia and Thailand offers voluntary accreditation. Bhutan requires simple registration of external certification bodies working in the country.



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### *Certification bodies*

Certification bodies (CBs) working in the region include domestically registered and approved certification bodies, some of which are branch offices of international CBs working the country (placed in brackets in summary table fig. 8), as well as government operated certification programmes. A total of 162 certification bodies (private and semi-government), of which 13 are offices of international CBs, and 5 government programmes (Thailand, Malaysia and Laos) work domestically in the region. These may include some of the external CBs registered with MAFF Japan who work outside of Japan. It does not include all international CBs who work ad-hoc in the region with no established branch office or are not required to register with national authorities.

### *Inspectors*

In addition to the mandatory accreditation of the certification bodies, two countries (China and South Korea) also require registration of inspectors.

### *Recognition*

Of the 14 countries and regions listed, only India has received recognition of its system for export to the EU. India is on the EU Third country list. India's conformity assessment system is accepted as equivalent by USDA for supervision of certification to the NOP. Similarly, Japan MAFF is also approved by USDA to supervise CBs for certification to the NOP.

In the case for imports, Taiwan recognise products certified to the US, Canada and New Zealand rules as equivalent for import into Taiwan. None of the other 6 countries who have established domestic labeling regulations have established recognition of others for import.

### **Implications for regional trade and domestic market development**

Local production throughout the region today does not offer the full range of household consumption and variety to meet domestic market demand. Imports are necessary to compliment local production to meet demand. Imports also play a critical role in introducing products and conducting market tests before local processors decide to get involved. In some places, whilst market demand is significant, it is not big enough to support local manufacturing. Local processors also need to import ingredients not available from local production.

The most important markets for organic products from the region are the EU, USA and Japan. With the intention of accessing the three major regulated markets, production for export are usually dual, if not triple certified, i.e. EU, NOP and JAS compliant. Some production is also certified to private standards such as Soil Association, Naturland or BioSuisse as required by their respective buyers. Besides separate certification for the EU and North American markets, an exporter wishing to also trade throughout the Asian region today will need to additionally comply to the Japanese, Chinese and



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Philippine requirements. By next year, the exporter will need to add on certification for South Korea and Malaysia. In the near future, this will include India and Indonesia.

China basically integrated the regulatory requirements of the EU, USA and Japan with some modifications in setting the Chinese national requirements. At the time it was set, the Chinese organic production and processing regulation, including certification requirements, were billed as probably the most rigorous in the world. Nevertheless China has yet to achieve recognition from the EU, USA or Japan. Meanwhile certification for export from China remains facilitated through foreign owned, internationally accredited certification bodies working in collaboration with Chinese accredited certification bodies in the country. And at the same time, imports are constrained by the high cost to comply with Chinese rules. The Chinese rules require inspectors to be registered with China Certification and Accreditation Association (CCAA), which inspectors of certification bodies outside of China are not. Foreign operators have to fly Chinese inspectors in to conduct audits. Moreover, full product chain compliance requirements mean all suppliers of ingredients including farm operations also have to be audited which add up to prohibitive certification costs.

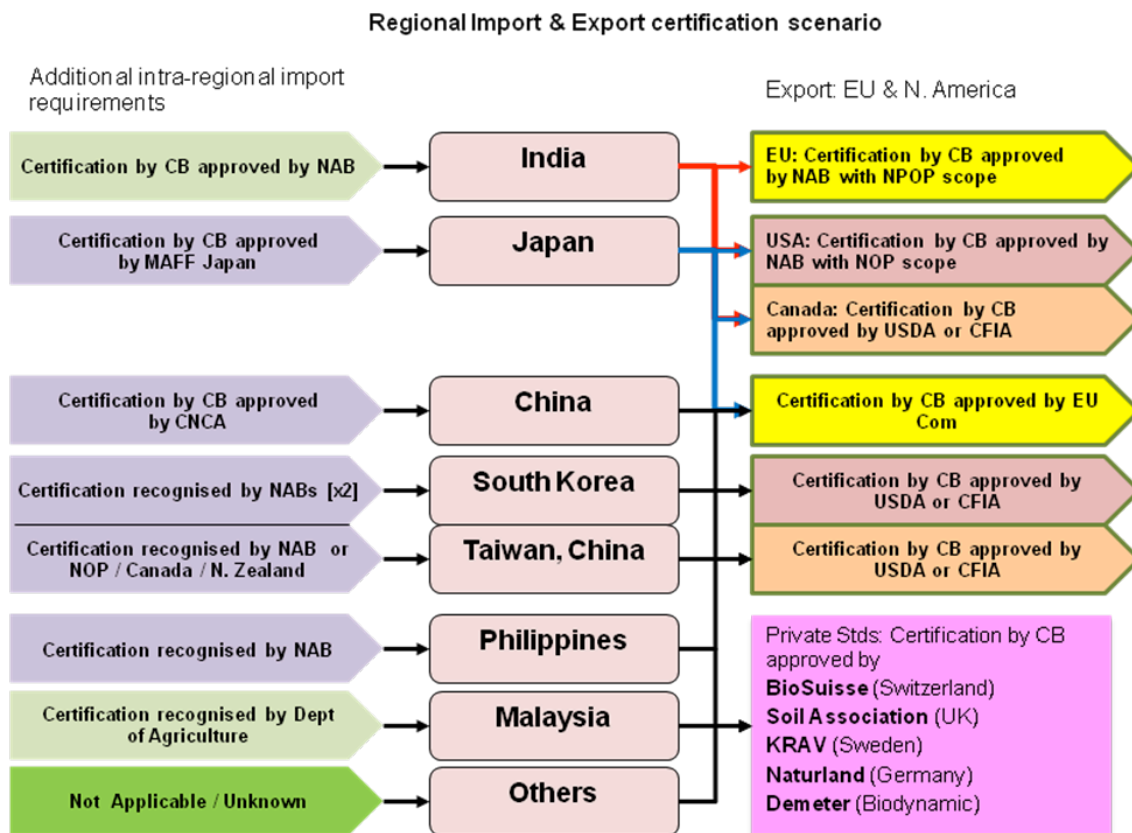
Until 2010, the South Korean regulation applies only to primary production and not to finished processed products. Whilst import of farm products must comply with South Korean organic requirements to be labeled as organic, finished processed products can be marketed with their original organic labels without needing to comply with any South Korean organic processes product requirements. The South Korean authorities have since issued regulations for processed products. Implementation scheduled for beginning of 2010 have been postponed to beginning of 2011 because of difficulties of applying certification rules to imports. Besides full product chain compliance, South Korean rules require two separate accreditations of certification bodies for primary production and processing respectively. The rules also require inspectors to be registered. Exporters of processed products to South Korea face having to fly two South Korean inspectors to inspect the primary production of ingredients and the processing separately. Based on a clean agriculture concept, South Korean inspection includes extensive sampling and testing of soil, water and products.

In Thailand there is no mandatory certification requirement for organic labeling, however under existing proof of labeling rules, importers must demonstrate that the organic products they import are compliant with the Thai national organic standards to be able to use the Thai word for Organic in the required Thai text label. This has to be done on a batch-to-batch basis. Because there is no clear way to demonstrate such compliance, importers normally chose not to apply to use the Thai term for Organic in the Thai label. Products are nevertheless sold as organic based on the original foreign labels, which includes the term Organic.

Malaysia recently revised its food labeling rules to require all products to meet the national organic standards for labeling as organic. Implementation after discussion with

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industry has been postponed to 2011 due to implementation bottlenecks. The government operates a certification programme under the Department of Agriculture (DoA) whose scope is only for primary production. Like the South Korean case, the government has no means to implement full product chain compliance to Malaysian standards for imports. And as in the Thailand case, there is yet no clear procedure for importers to submit proof compliance for imports.



### Certification Development

The Organic Standards (TOS) Certification Directory (August 2009), lists 164 certification bodies in Asia, an increase of 7 from 2008. 136 are found in just 4 countries: Japan (59); South Korea (32); China (29) and India (16). Since publication India has accredited two more certification bodies to a total of 18. China has increased to 33, i.e. 26 local and 6 foreign CBs. Official accreditation or approval /registration of certification bodies are established in China, Indonesia, Japan, South Korea, Philippines and Taiwan Province of China.

The growth in numbers notably in China, Japan, India and South Korea came with the introduction of regulations. They include offices of provincial government related



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bodies, local private and international certification bodies registered in the country. The numbers do not include international CBs who work in the region but have not set up offices in the region. Not all listed are active. On the busy side, a number of Indian certification bodies certify more than 100,000 farms (mostly in groups).

Malaysia and Thailand implement voluntary government organic certification programmes at highly subsidised rates which are significantly lower than private sector fees in the country. Thailand has 3 separate government certification programmes for crop, livestock and aquaculture operated by different authorities respectively. Laos is in the final phase of setting up a government operated certification programme. Whilst a national standard is set, no local certification service is available in Vietnam. Whilst no national standard is set or even in draft, two local private organic certification bodies have established themselves in Cambodia.

### Export certification

In the region, only India has achieved recognition of its National Programme for Organic Production (NPOP) from the EU. Most exports to the EU, USA and Japan from the region (besides India and Japan) are facilitated through certification by EU based CBs for the EU, USDA accredited CBs for the USA and MAFF registered CBs for Japan. Achieving and maintaining the necessary recognition and/or accreditation requires substantial resources (financially and personnel) from the certification body. Hence most exports are certified by international certification bodies working in the region accredited by international and EU based accreditation bodies or directly by the USDA and registered with MAFF Japan, instead of local CBs.

### Foreign certification service dominance

Even with the large number of approved local CBs, foreign certification bodies are the main export certification service providers for majority in the region. With their focus on export certification, they do not engage in local market promotion in the same way local private certification and labeling schemes do. Few private local certification bodies with private standards labeling schemes operate in the region. Where they operate, they play key leading roles in local sector development, e.g. Organic Agriculture Certification Thailand (ACT); Organic Alliance Malaysia (OAM); BioCert (Indonesia); Organic Certification Nepal (OCN); SriCert (Sri Lanka) and Organic Certification Centre Philippines (OCCP).

### One Stop Certification service

Critical to success in the conformity assessment industry is the development of a 'One Stop Certification service', where operators can access multiple certifications as required through one certification body or agency. This can be facilitated through the collection of all accreditations and approvals necessary by one CB or through collaboration amongst different approved CBs to jointly market a menu of certifications. The former is how big international CBs have positioned themselves. This is not economically possible for local CBs including government bodies working in small to



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medium size markets to do. Hence, local certification bodies in the region, in general, are relatively weak and cannot compete with international certification bodies by themselves.



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Local CBs have partnered up with international CBs to facilitate export certification. Examples of local-international partnerships can be found throughout the region. An example of a regional collaboration is Certification Alliance ([www.certificationalliance.org](http://www.certificationalliance.org)). Established in January 2008, Certification Alliance is a collaboration of 8 local CBs in Asia, including two government linked organisations, and an Italian CB. The collaboration allows producers to approach a local service unit which facilitates application and inspection for multiple certifications as required for access to European and North American markets as well as within the Asia region (China, Laos, Indonesia, Malaysia, Nepal, Philippines, Sri Lanka and Thailand). The Italian CB holds multiple accreditations for access to US, EU and Japan and issues the certifications to Asian operators serviced by the local CB partners. Collaboration also offers opportunity for mutual sharing, learning and competency building in inspection and certification. Besides making it possible for local CBs to operate, such service collaboration offers convenience and cost savings to producers, e.g. communications with distant certification body, translation of documents, inspectors travel.

### Participatory Guarantee Systems

The escalation of rules and control measures to some are becoming a cost burden rather than value addition solution. For domestic market development, Participatory Guarantee Systems as an alternative to third party certification is gaining interest. A growing number of organic producers are certified through Participatory Guarantee Systems (PGS) across the world. PGS are locally focused quality assurance systems for local markets. It is estimated that around 10'000 small operators are involved in PGS worldwide. The leading countries with regards to PGS are located in the global South. A number of Latin American countries have included provisions to recognise PGSs in their domestic regulations. The national network established in India with support of the government is held as the example for others in the region. Initiatives have developed in Thailand, Sri Lanka, Nepal, Vietnam and Bhutan. At this time, PGSs are not generally recognized for cross-border trade.

## B. SECTOR DEVELOPMENT

### Relevance of Organic Agriculture

Of late, positive impact of organic agriculture to local communities and economy, also climate change and agriculture carbon footprint debates, are opening policy makers' minds to consider organic agriculture beyond a niche foreign currency earner and to integrate it as a part of national sustainable agriculture development. Development in this direction is supported by the Asia Development Bank research findings that organic agriculture is relevant and can contribute towards all except one of the UN Millennium Development Goals. The International Assessment of Agricultural Knowledge, Science



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and Technology for Development (IAASTD) report "Agriculture at a Crossroads" cites the need to recognize and give increased importance to the multi-functionality of agriculture and account for the complexity of agricultural systems within diverse social and ecological contexts. It mentions organic agriculture amongst others as a potential contributor to food security, environmental sustainability and climate change mitigation.

According to the International Panel on Climate Change (IPCC), about 90% of global technical mitigation potential in agriculture by 2030 can come from improved cropping and grazing land management techniques, which organic agriculture can contribute to, to increase carbon storage. Organic agriculture, a low external input form of agriculture, is showing evidence of being an effective way to deal with high fuel prices whilst improving rural incomes. The mayors of Surallah, Cotabato and Trento, Agusan del Sur, in the Philippines claimed improvement of up to 100% in income tax collection due to improved income from adoption of organic agriculture in their communities. UNCTAD studies have shown that average yields from organic agriculture in many East African countries are higher than from conventional agriculture, as soil fertility improves from organic management. Higher yields and/or higher income (from price premiums) improve food security. The non-use of agro-chemical inputs makes organic agriculture fuel and energy efficient, contributing to climate-change mitigation. Export market opportunities for organic produce can make a significant contribution to pro-poor development. Several recent UNCTAD studies have also shown that organic agriculture is very supportive of gender equality, based on higher income and more occupational opportunities.

Organic sector development in the region may be turning a corner. After years of debates, a development consensus incorporating export promotion, domestic market and national sustainable agriculture development seems to be emerging amongst actors and policy makers in the region.

The Indian government pledged to revamp the government extension service to offer equal access to conventional and organic cultivation advice on request of farmers. The government has established a national organic center with more than a hundred staff and offices in several parts of the country. State governments are complementing the central government's effort, e.g. the Maharashtra's state government's declaration of allotting a separate stall in market yards exclusively for the sale of organic produce. The Maharashtra's state government is also establishing a state level organic corporation in consultation with NGOs and allocating 100,000 rupees per year to promote marketing of organic produce. The Sri Lankan government is reportedly working to open its fertilizer subsidy scheme to include organic fertilizers as well. There is also talk of up-scaling farm lands cut off from chemical inputs in the north during the war to organic production.



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### Future Growth also Lies Within

Market growth in Europe and the USA are currently the main drivers of transition to organic production in developing economies in the region. However, regional markets are growing. For example, the majority of Indian organic production is not exported. China, a net exporter of organic products today, is expected to be a significant importer in the near future. According to UNCTAD intra-Asian trade accounts for as much as 70 percent of conventional trade in some key horticultural products with China and Japan as the principal markets. Although intra-regional trade in organic products is not significant today, there is great potential for growth based on the structural pattern of intraregional trade flows in conventional agriculture products.

Studies of trade for all agricultural products can illuminate organic trade prospects within the region. According to the Asian Development Bank working paper (Regional Trade Opportunities for Asian Agriculture, Feb. 2010) interregional trade in the Greater Mekong Subregion (GMS) increased faster than trade with the rest of the world. Intra-subregion (excluding China) exports increased at an annual rate of 19% from 1994 to 2006, compared to 11% for exports to other countries. Rate of trade with China is higher at 22% during the same period. However, exports to non-GMS members of the ASEAN Free Trade Area (AFTA) and to other East Asian countries rose slower at 9%. Patterns for imports were reportedly similar, except that imports from non GMS AFTA countries rose faster than those from outside the region.

Whilst it may be possible for affluent countries, motivated by environmental concerns, to offer public funding support for organic agriculture development, the majority of conversion to organic agriculture in developing economies to date and possibly well into the future is market driven. To facilitate higher transition to organic management there is opportunity to encourage and harness emerging markets in the region to augment the EU and North American markets as drivers.

Whilst there are other challenges to the development of organic agriculture in the region, this study is focused on issues related to barriers to regional trade arising from the establishment and implementation of organic labeling regulations.

### Challenges to Regional Trade

The 2 year APEC project on **Promotion of Mutual Understanding and Cooperation in Organic Certification** including meetings in November 27-29, 2006 and October 25-26, 2007 in Beijing, identified duplication of certification for different markets in the APEC region as becoming obstacles to trade. Delegates at the 2nd meeting stressed cooperation and recognition of organic certification within the region as important and necessary for the benefit of consumers, operators, certification bodies as well as governments. A working group to coordinate multi-lateral cooperation and recognition of organic certification among APEC members was proposed to the APEC Secretariat.



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Whilst Taiwan Province of China recognises the NOP, Canada and New Zealand rules, no reciprocal recognition agreement has developed between governments within the APEC or elsewhere in the East, South East and South Asia region. It is not clear what development is progressing with the APEC initiative. GOMA has initiated some discussion on regional equivalence and harmonisation in organic certification in the Asia region. Some authorities in the region are exploring relations with the EU, USA, Japan and each other. Indonesia is conducting trainings on Organic JAS in collaboration with MAFF Japan. India is picking up discussion with Japan and Taiwan Province of China. Chinese authorities are exploring talks with Thai authorities.

As more governments prepare to establish and enforce compliance to national standards further technical complications to trade can be expected if no regional framework for recognition of certification is in place. Small producers, which constitute majority of farmers in the region, cannot feasibly cope with the increasing, entangling web of regulations.

### **Mechanisms to Facilitate Recognition of Organic Import**

The two most used mechanism for recognition of organic imports are recognition of the foreign country organic regulatory system, and direct approval of certification bodies (CBs) operating in the exporting country or region. However, there are about eight (8) different means for recognizing or facilitating import of organic products that can be employed by governments, competent authorities, accreditation bodies and certification bodies.

#### **1. Equivalence agreements between governments**

Equivalence agreements between governments is applicable where similar organic labeling regulations are in place. Negotiations to-date have been conducted on a bilateral basis, where the exporting country may be the weaker party and be at a disadvantage. As a diplomatic discourse, it is resource demanding and it can be slow. Such agreements can be non-reciprocal, as in the case with the EU 3rd country list, or reciprocal as in the USA-Canada agreement. The USA-Canada agreement is the first fully reciprocal agreement in the organic sector.

#### **2. Unilateral acceptance of products from equally credible systems**

Besides bilateral or multilateral agreements, governments and private labeling scheme owners can also unilaterally recognize other systems without significant formal procedure. The Australia industry is adopting unilateral acceptance of what they consider as equally credible systems, such as the EU, NOP, Organic JAS and IFOAM Accreditation.

#### **3. Foreign government as agents**



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The recognition of other national authorities as equivalent to USDA accreditation for certifying according to the NOP is an example of employing foreign governments as agents. It is applicable where national accreditation for organic certification is set up. Certification is to the importing country rules not local equivalent national standards.

### **4. Acceptance of International Accreditation**

There is no clear example of acceptance of international accreditation, such as the IFOAM Accreditation Program, to-date. Though that would change when Australia's intent to recognise IFOAM Accreditation is finalised. Mean-while there are examples of acceptance of evaluation done by international accreditation bodies, e.g. the International Organic Accreditation Service (IOAS) and some National Accreditation Bodies for approval of CBs working in third countries by the European Commission.

### **5. Direct approval/accreditation of foreign CBs**

This is currently the main means governments employ to facilitate and recognise certification of imports. CBs have to apply separately for approval/registration with each regulatory regime. It requires multiple accreditation of CBs and multiple certifications of operators.

### **6. Recognition between accreditation bodies**

Besides governments, accreditation bodies can also negotiate recognition agreements with peer bodies. This is applicable where national accreditation for organic certification bodies is set up but there is no organic labeling regulation, e.g. Thailand and Indonesia. Unlike the “Foreign government as agents” option, recognition between accreditation bodies can include use of equivalent national or private standards.

### **7. Mandate authority to CB**

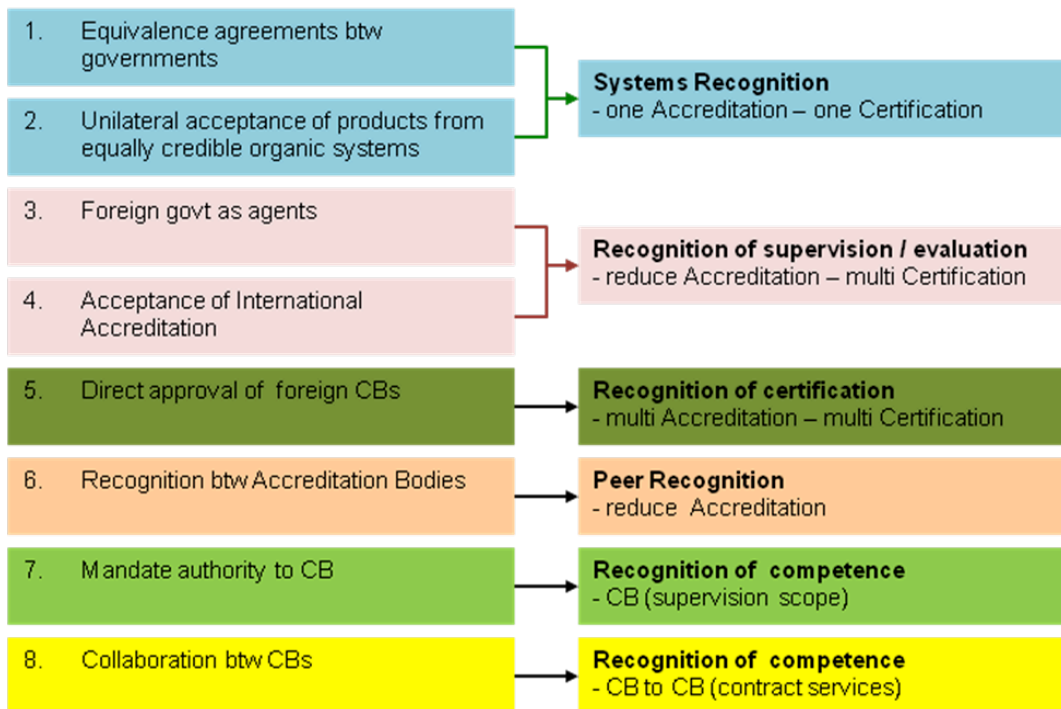
Instead of direct approval of foreign CBs, authorities can mandate their supervised CBs to make the necessary approval of imports based on recognition of equivalent certification, use of prior reports for re-certification or use of inspection services. This will boost collaboration between certification bodies and facilitate access between regulated and non-regulated markets without the need for non-regulated markets to rush regulations.

### **8. Recognition/collaboration agreements between CBs**

Notwithstanding any of the above, certification bodies in regulated importing countries can facilitate imports through collaboration and sub-contracting inspections from certification bodies in the exporting country. Products are certified to the importing country rules as required. However, this mechanism can be constrained by national registration requirements of inspectors such as the Chinese and South Korea rules.

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### Recognition mechanisms and impact



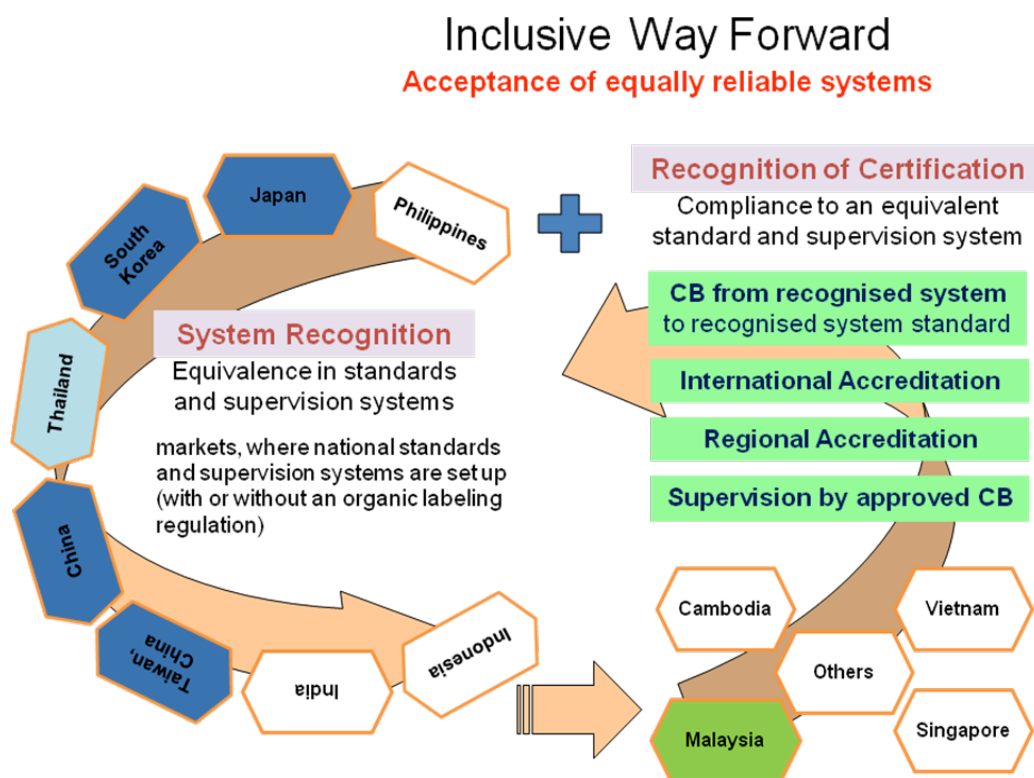
### Way Forward

Organic markets in the region include the more affluent countries and big cities throughout the region. The region features a diverse mix of scenarios, ranging from highly developed regulatory frameworks to non-regulated markets. Certification schemes include government certification programmes, as well as international certification bodies and local certification bodies operating to national requirements and/or private standards.

Selected mechanism(s) have to allow participation of non-regulated markets without the need to set regulations. They should reduce duplication and cost of certification but not compromise prior agreements and ability to access external markets. Solutions should not unduly marginalise poor farmers in less developed countries to get market access. They should also be able to address imports from outside the region as majority imports are from the EU and USA.

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Given the mix of different scenarios, none of the 8 mechanisms mentioned is applicable on its own to facilitate recognition of imports throughout the region and beyond. An inclusive regional wide arrangement would need a combination of two sets of mechanisms appropriate to the regulatory regime of the respective market scenarios.



The first set of mechanisms relate to **System Recognition**. These are mainly for regulated markets. They can also apply to countries where national standards and accreditation systems are set up for organic certification without an organic labeling regulation. The other is a set of mechanisms related to **Recognition of Certification**. These are to facilitate recognition of government and/or private inspection/certification from non-regulated markets.

The Systems Recognition process can be a multi-party negotiation process for reciprocal equivalence or unilateral acceptance by each authority of the others' system. This could result in creating a regional market base amongst participating markets, including Japan, China, South Korea, Taiwan Province of China, Philippines as well as India, Thailand and Indonesia. Countries and regions from outside the Asia region can also participate, if interested.

Access for products originating from non-regulated markets can be facilitated through mechanisms to recognise government and/or private inspection/certification from non-



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regulated markets. This can be based on authorities in regulated markets mandating CBs under their supervision the right to recognise equivalent certification conducted by CBs in non-regulated markets, or use of prior inspection reports for re-certification (as allowed for in Organic JAS), or use of contracted inspections through government and local private CBs. The recognition of government or private inspection/certification process can cover Malaysia, Nepal, Sri Lanka, Vietnam and products from elsewhere within as well as outside the region where a qualified credible government or private certification body operates.

### Systems Recognition

Whether it is done Bilaterally, Multilaterally or Unilaterally, systems recognition normally include the elements of

- a. equivalence in technical requirements, i.e. production and processing standards
- b. equivalence in conformity assessment system, i.e. certification and supervision

National standards and technical requirements are usually drafted and adopted with the national or regional conditions in mind. Differences in technical requirements and standards for organic production and processing are often justified and even desirable due to the diverse geographic and agronomic conditions, culture and stage of development throughout the world. Equivalence, i.e. the acceptance that different standards or technical requirements can fulfill common objectives, is a well-applied and common pathway in international trade agreements. Use of an international standard as a reference for determination of equivalence is recommended by the WTO. Both WTO and Codex mention that determination of equivalence should be based on objectives.

Having mapped and studied issues related to harmonisation and equivalence in organic standards and certification, the International Task Force on Harmonisation and Equivalence in Organic Agriculture (ITF) has developed two tools to facilitate systems recognition. The EquiTool for Equivalence of Organic Standards and Technical Regulations and the International Requirements for Organic Certification Bodies (IROCB). They can be used by public regulators and private sector organic scheme owners. The European Commission's guidelines on imports of organic products into the European Union refer to the EquiTool and the IROCB as examples of international best practice to be used in assessing equivalency of organic guarantee systems.

### *Equivalence in Technical Requirements and/or Standards*

Equivalence in technical requirements and/or standards between parties has been generally determined firstly through a side-by-side comparison of the parties' set of technical requirements/standards. Then variations are negotiated. Ideally, the variances will be assessed according to set criteria for judging these variances, as spelled out in the aforementioned EquiTool. For a regional multi-party process, comparing every set of requirements with each other would be tiresome and inefficient. There is need to use a common basis for evaluation for all sets of requirements. This can be an international



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reference standard, e.g. Codex Guidelines or IFOAM Basic Standards or a common set of objectives for organic production and processing in the region.

Guidance on procedures and assessment tools for equivalence are outlined in the EquiTool, which can be used to frame a regional equivalence determination process. The standard equivalence assessment can also apply to private standards. Where consensus on full equivalence cannot be reached, there can be provisions for exclusion, e.g. full compliance to prohibited use of specific materials.

### *Regional Minimum Standard*

Another way of determining equivalence of technical requirements or standards is compliance to a set of regional minimum requirements. This can be developed based on core objectives with international standards (Codex and IFOAM) taken into account. The East African community, namely Kenya, Uganda and Tanzania reached agreement on a common set of organic standards and mark in 2007. This is now being extended to Burundi and Rwanda. Similarly the South Pacific community has also developed a South Pacific standard. An example of collaboration in agriculture standards setting in the region is the ASEAN GAP standards. Besides use as a reference for recognition a regional minimum standard can also be adopted by countries without local standards as a base to start with.

Highly influenced by export market requirements, some technical requirements and standards in the region reflect external market requirements rather than local conditions for sustainable agriculture. In the exercise of setting regional minimum standards, regulators in the region will have opportunity to review and set requirements focused towards domestic and regional market development for mainstreaming organic agriculture as a sustainable agriculture practice. Organic management is not new to the region. Many local farmers continue to practice traditional farming, also known as organic production by default. The potential for transition to certified organic status is high as demonstrated by the expansion in India.

### *Scope of recognition*

As many regulations and voluntary standards in the region do not include livestock or aquaculture requirements as yet, the scope of the regional equivalence process and minimum standards can start with crop production and processing requirements. Livestock and aquaculture can be taken up later on.

### *Equivalence in Conformity Assessment (certification and accreditation)*

Credibility in conformity assessment is generally based on applicable certification norms and supervision of certification. Recognition of certification on a systems basis in general is based on recognition of the supervision of certification.

### *Certification requirements*



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Many but not all major regulations reference ISO 65 plus additional sector-specific requirements for their respective organic certification scheme rules. Similarly with technical requirements and standards, parties can opt for equivalence or use of common minimum requirements.

Parties can develop regional minimum requirements based on their respective scheme rules. As majority producers are smallholders, inclusion of group certification, i.e. based on internal control systems (ICS) should be part of the adopted common regional certification requirements. Parties can consider adopting the IROCB (with modifications where necessary) as the common scheme rule for the region. The IROCB can also be used as a reference for determining equivalence of certification requirements.

### *Supervision of certification*

The common measure of credible supervision is peer reviewed compliance of the supervisory body to ISO guide 17011, which is the norm for accreditation. This can be the basis for recognition of supervision of certification. Parties can conduct peer review of each other's supervision according to ISO17011 or accept proof of equivalent peer review against ISO 17011 done by others. Similarly, international accreditation bodies who are ISO7011 compliant and peer reviewed can also join the regional system.

### **Recognition of inspection/certification from non-regulated markets**

Whilst recognition of certification amongst regulated markets can be done on a system recognition basis, recognition of certification of imports from non-legislated markets can be done as follows.

### *Accreditation to a recognised supervision system*

Products certified by CBs accredited to a recognised country system operating outside of the country would presumably be recognised. For example, if the Japanese system is part of the regional system, certification to JAS by a MAFF registered CB outside of Japan should qualify. It should also be considered that CBs accredited to a recognised international accreditation system can qualify. If not automatically recognized this way, CBs can be approved based on an expert report provided by the recognised international accreditation bodies as in the case of the new EU rules. This will reduce the need for multiple accreditation.

Parties may also consider establishing a joint regional review committee to directly assess certification bodies, where accreditation is not set up, to facilitate recognition of certification.

### *CB mandate to develop and recognise equivalent certification*

Whilst meeting certification requirements is possible, the cost of regional review or international accreditation may not be economically feasible for small local certification bodies working in emerging sectors. Products flowing from some non-regulated



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markets to regulated markets may not be of high volume. To facilitate such small trade flows, authorities can mandate CBs within their supervision to collaborate and develop equivalent certification with local CBs in non-regulated markets. This can be based on use of similar or equivalent standards (processed through the regional equivalence process) or adoption of a regional minimum standards (if available) and supervision of certification by the responsible CB in a collaboration contract.

### *Use of prior inspection and contract inspectors*

For ad-hoc intermittent trade, where there is not enough activity to establish on-going collaboration, CBs in the regulated importing country could be allowed to use prior inspection reports for re-certification (as allowed for in Organic JAS) on a batch by batch basis. CBs can also be encouraged to use contracted inspections through local CBs in the exporting country.

The provisions mandating CB-to-CB development of equivalent certification, use of prior inspection reports for re-certification and use of local inspectors will support developed CBs to collaborate with developing CBs and strengthen collaboration in certification. A collaboration model is also preferable to a competition model for conformity assessment services.

### **Access to and imports from outside the region**

Most if not all agriculture exporting countries in the region are interested in developing recognition agreements with the EU and USA. Whilst it does not target participation of countries or regions outside of the Asia region, the above mechanisms can be used to include participation of others outside the Asia region.

Synergising a common market base between the more affluent markets and cities in the region adds up to a sizeable Asia regional market. Having a regional market base can place all participating parties in a better common position to negotiate reciprocal equivalence with the EU and USA or any other country or region as a whole.

Notwithstanding a common regional negotiation approach, the revised EU import rules for approval of CBs do provide some room for use of equivalent national or local private organic standards. Approved CBs in the regional system can submit a recognised national or private organic standards or the regional minimum standard (if adopted) for approval by the EU Commission. If approved, the approved CB in the region will be able to offer certification to the Asia regional as well as EU market based on a similar standard.

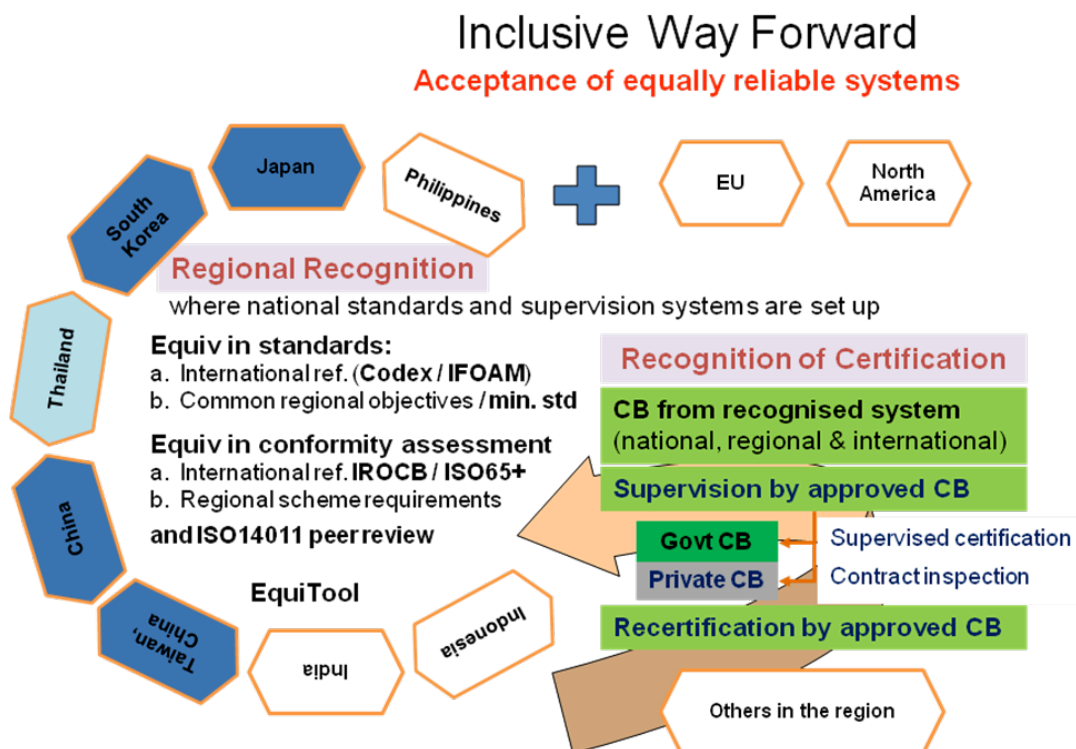
The same is not applicable for North America. However, due to the equivalence agreement between the USA and Canada, CBs in the region will only need to apply for one not two approvals to access the North American markets.



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In a good case scenario, where the regional agreement includes all the major regulated markets in the region and the EU approved CBs' use of a regional recognised regional, national or private standard, CBs in the region will only need 3 approvals (regional, EU and USA or Canada) to two set of standards (regional based and Canada or US rules) to provide a One Stop certification service for the Asia region, EU and North America. Organic operators can produce according to their national or regional Asian standard and have access to all Asian and EU markets. They will need to meet Canadian or NOP rules in addition for North American markets.

In a best case scenario, where the EU, Canada and USA joins the regional recognition agreement. CBs in the region will only need one approval to one set of recognised standard to provide a One Stop certification service for the Asia region, EU and North America. Organic operators can produce according to their national or regional Asian standard and have access to all Asian, EU and North American markets.



## C. NEXT STEPS

### Consultation over findings and suggestions

This study is commissioned to be the basis for GOMA's consultation with stakeholders about the best strategy for facilitating Asian regional organic trade. On approval of the final draft by the GOMA Steering Committee, the study will be circulated to



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stakeholders throughout the region for comments on findings and way forward suggestions. Consultations will include GOMA-organised workshops as well as visit missions to government authorities in the region. Of importance is acquiring full understanding of concerns and objections of stakeholders, if any.

### Further preparatory studies

Assuming there is interest to work towards a regional recognition of organic labeling agreement, additional studies should be initiated by GOMA with involvement of all interested parties to prepare for formal discussion. These include

- i. Analysis of existing technical and certification requirements in the region
- ii. Institutional arrangements for implementation of a regional recognition agreement, including a regional systems recognition process, approval and oversight of certification bodies

The collaborative studies should provide sufficient information to enable interested parties to decide on the system recognition process and procedures (these can be based on the EquiTool) including options related to

- use of reference standard(s); development of regional objectives; development of regional minimum standards;
- development of regional organic certification scheme rules; adoption of IROCB as the regional organic certification scheme rules; adoption of IROCB as basis of equivalence assessment of certification scheme rules;
- appointment of assessment panel(s) and decision making for technical requirements, certification scheme rules and supervision of certification
- scope of mandate to supervised CBs for CB to CB collaboration in certification
- monitoring and enforcement of agreement between parties

### Starting with as many as two interested parties

Although it is expected to be a multilateral regional arrangement, the regional system recognition process can start with two interested parties and incorporate others as interest arise. A common Memorandum of Understanding may be developed as a participation framework agreement for all early and later interested parties.

### Timescale, target objective and implementation

The GOMA project has another 2.5 years to go. A target objective of the GOMA initiative could be the conclusion of preparatory activities including a draft regional MoU to define and facilitate start of formal discussion process, if not conclusion of the first round of recognition agreement between two or more initially interested parties, within the project time frame.

Interested authorities identified from consultations and visit missions can be invited to be part of a regional advisory task force for the initiative. The task force should include government as well as private sector and civil society representatives. One key task of



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the regional task force would be to offer guidance to follow up preparatory studies and drafting of a regional MoU for recognition of organic labeling.

Consultation on preparatory studies and regional MoU can be conducted in conjunction with annual organic related trade fairs and conferences held in the region. A major event for the region and internationally is the World Organic Congress in South Korea in Sep 2011. This can be a target event for concluding the preparatory round of framework discussions and launch of formal negotiations between initially interested parties.

prepared by Ong Kung Wai, 11 May 2010

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