



Tweede Kamer

DER STATEN-GENERAAL

Economic Affairs Committee

To the European Commissioner for Agriculture and Rural Development, Dacian Cioloş

COURTESY TRANSLATION

Town/city and date The Hague, 1 July 2014
Subject: Letter concerning the political dialogue on the EU proposal for organic production and labelling COM(2014) 180
Our reference: 2014Z00486/2014D13817

Dear Mr Cioloş,

The Standing Committee on Economic Affairs of the Dutch House of Representatives has received the EU's proposal for organic production and labelling COM(2014) 180. The Committee has carried out a subsidiarity test on the proposal, and this test produced a positive result with regard to subsidiarity. Nevertheless, a number of the parliamentary groups have comments and questions as part of the political dialogue with the European Commission. We will now continue by outlining those questions and comments. The Committee on Economic Affairs looks forward to your response and would very much appreciate your answer at the earliest possible opportunity, but at the latest within three months of the date of this letter.

The members of the **VVD parliamentary group** have considered the EU's proposals on organic production and labelling COM(2014) 179/180. They are critical of these proposals and have a number of questions and comments with regard to the following areas. These members understand and share the objectives of the European Commission with regard to promoting the efficiency of the internal market and simplifying the relevant legislation. This should apply not only to organic agriculture, but also to conventional agriculture. However, the members of the VVD parliamentary group are not convinced that this regulation will have this effect. Improving the existing policy rather than opting for new regulations would, in the opinion of the VVD representatives, be preferable. They support the efforts of the Dutch government in this regard.

Additionally, the members of the VVD parliamentary group share the opinion of the cabinet that the proposal does not meet the proportionality test. This is because the new regulations leave no room for national provisions, which is not acceptable to the members of the VVD parliamentary group. The group would like to see more of a balance, with sufficient scope for input at the national level. They are also critical of the details of the regulations.

Firstly, parallel production would apparently no longer be possible or would be severely limited. The members of the VVD parliamentary group point out that this restriction may have a negative effect on the scale of organic production activities. This would apply both to companies that produce predominantly organic products as well as those that produce conventional products. Secondly, the members of the VVD parliamentary group point out that tightening the rules on so many points will give rise to rigidity, which will not make organic production more attractive. The use of non-organic ingredients would be restricted further, a 100% requirement is introduced for laying hens and breeding hens in the poultry sector and an increase in the requirement that 60% of feed for pigs and poultry

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must come from the same region. These requirements would either result in significantly higher costs or are simply not feasible. According to members of the VVD parliamentary group, requirements for organic production should be achievable and realistic. Longer transitional periods are also required. Thirdly, the members of the VVD parliamentary group point out that there would be an increase in the administrative burden for farmers. They would like to ask whether agreements can be made with respect to this regulatory burden, so that it does not increase.

The members of the VVD parliamentary group believe that the proportionality principle would be breached with respect to the Netherlands. The proposed legislation would lead to a greater regulatory burden and limit the opportunities for farmers engaged in both organic farming and conventional farming. In its current form, the proposed regulations cannot count on the support of members of the VVD parliamentary group.

The members of the **PvdA parliamentary group** believe that organic production requires European-level regulation. The priority for such regulations should be to ensure that the production of healthy and safe food becomes genuinely sustainable. Concerning the substance of the two proposals, the members of the PvdA parliamentary group would like to comment on proportionality, the large number of delegated acts and implementing acts, and the high level of detail of the proposals.

It will be necessary to adapt the legislation and also to tackle fraud. Consumers need to be confident that products that are labelled as organic on the shelves are in fact organic. It must be clear for consumers what 'organic' means and they must be able to be confident that a product has been produced by organic means. Fraud must be tackled, but this needs to be done with rules that actually work against fraudsters and not against organic farmers who are working hard to make good honest products.

The members of the PvdA parliamentary group point out that the text of the regulation states at many points that the Commission will adopt delegated acts. In practical terms, this means that power will shift from the member states to the Commission. In a sector as diverse as agriculture, which includes so many different sub-sectors even in the Netherlands alone, a generalised regulatory framework is less appropriate. The members of the PvdA parliamentary group fear that detailed one-size-fits-all regulations from Europe will not be sufficiently effective because of lack of flexibility. The goals of these regulations are clear and logical, but the group has some reservations about how these goals will be achieved. The members indicate that the delegated acts concerning production requirements should be transformed into implementing acts. This relates to production requirements for plant-based products, animal products, the production of yeast, seaweed and wine, processed food production and the labelling of feed for livestock and of other products. (9 delegated acts, Article 10.3, 11.2, 12.2, 12.3, 13.2, 14.2, 15.2, 16, 21.4).

It is possible that the new regulations will be counterproductive. The PvdA parliamentary group points out, for example, that the current possibility of engaging in both organic farming and conventional farming within the same enterprise ('parallel production') would no longer be permitted under these proposals. They fear that banning parallel production would actually impede the transition to organic farming, although the proposals are in fact meant to encourage exactly this. Additionally, the members of the PvdA parliamentary group believe that the administrative burden for businesses would increase under these proposals.

An example of where they go too far is the rule about maintaining the action value (Article 20 of the proposal). Organic products that have residues of unauthorized additives, cleaning agents or pesticides above 0.01 mg/kg would be rejected under the proposal of the European Commission. It is beyond dispute that products must be safe. However, because organic products are grown, processed and transported in a non-organic world, contamination is occasionally possible. The members of the PvdA parliamentary group would therefore like to ask the members of the Commission to keep the process in mind. Fraud will not be prevented simply by making requirements tighter, but rather through a harmonized EU approach to sampling, interpreting test results and sanctions. The organic sector itself has a clear interest in effective arrangements in this area and has some good ideas about alternatives that would involve adapting the current rules rather than adopting a completely new approach.

The members of the **SP parliamentary group** would like to know what the European Commission makes of the substantial opposition to the proposal from across the entire organic sector and agricultural sector. What was the process that led to this regulation? Who had an influence and at which point? How transparent was the process? Does the Commission share the view that cooperation with and support from IFOAM is crucial to any new regulations relating to organic production? Why was coordination with IFOAM not possible or why did it fail to get off the ground?

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The revised and improved version of the previous directive only entered into force a few years ago. What was it that convinced the Commission that those regulations were doomed to fail? Why was the conclusion drawn prematurely that they had to be thrown out entirely and a completely new set of regulations be introduced? This is bad for all organic businesses and for all conventional farmers who may want to switch to organic, because a long period of uncertainty is bound to follow the introduction of a new directive. Our members believe this would be bad for businesses. Will the Commission consider improving the old directive rather than introducing a whole new set of regulations?

The members of the SP parliamentary group also see an undesirable transfer of national powers to the powers of the Commission as a result of the regulation. The main reasons for this are the more than 20 delegated acts, which will restrict freedom of action at the national level and effectively hand a *carte blanche* to the Commission. The delegated acts often relate to details that do not belong in a European legal text, but should be left to the organic sector itself. Why should the Commission be given more power over the composition of organic farmers groups? Would such issues not be dealt with better under a bottom-up approach by which organic farmers can themselves make arrangements with the other parties involved?

Our members also believe that not enough consideration has been given to the sometimes very different circumstances in the various member states with regard to climate and soil. National freedom would in fact be curtailed by these regulations. For example, countries would no longer be able to set their own production rules. The Netherlands uses these rules in relation to organic pet food, for example. Currently, many matters are settled between the Commission and the member states via SCOF, the Standing Committee on Organic Farming. Why should this situation be changed and more power be handed to the Commission?

The members of the SP parliamentary group are worried about the ban on parallel production. They fear that this would mean that fewer conventional farmers would switch to organic farming.

Another problem is the tightening of residue standards. Would this mean that organic farmers whose crops become unintentionally contaminated with unwanted pesticides or genetically modified material from neighbouring fields, would then have to surrender their certificate? Would this not undermine the process-based approach to organic production?

The members of the **CDA parliamentary group** are opposed to the proposal on organic production COM(2014) 180. The members of the CDA parliamentary group believe that the Commission's proposal will grant the Commission unnecessary additional powers. The objectives of removing obstacles to the development of organic farming, ensuring fair competition and improving consumer confidence could also be achieved by the gradual improvement of the existing regulations. Member states may also achieve these objectives by working together; a shift of powers from the national level to the European level via the introduction of 20 delegated acts is not necessary for this. The introduction of this large number of delegated acts would serve to reduce national oversight. With regard to tackling fraud, the CDA envisages a greater role for the European Union. Consumers must be confident that the regulations relating to organic farming in all member states are upheld and that fraud is being combated.

The members of the **ChristenUnie (Christian Union) parliamentary group** note that European regulations on organic production date from 1991 and have not thoroughly been revised since. These members welcome the fact that the legislation is being scrutinized. However, they ask the Commission to indicate why it has opted for a new regulation. These members would prefer an update of existing legislation. This would prevent the market for organic produce, a growing market, from being hampered by a lengthy legislative process. How will the Commission ensure that the organic sector is not held back and that the process of innovation in the sector continues?

The members of the Christian Union parliamentary group believe that the freedom of action of member states would be limited by the large number of delegated acts. In addition, the number of delegated acts would limit the opportunities to take account of the diversity of production conditions in each member state at the national level. Does the Commission agree with these members that account should be taken of the diversity of circumstances? If so, why has it chosen to include this large amount of delegated acts in its proposal? Why is it necessary for the Commission to regulate to this degree of detail? Is the Commission prepared to allow member states the scope to limit the number of delegated acts or convert these into implementing acts?

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The members of the Christian Union parliamentary group note that the Commission has imposed strict criteria on the organic sector, but does not appear to give any time for the sector to adapt to these step by step. Why did the Commission not opt for a more gradual approach, allowing businesses to follow a growth path towards the desired level of ambition?

The members of the ChristenUnie parliamentary group note that an important aspect of the regulation is that parallel production in one company would no longer be permissible. Many business owners are opting to switch over to organic production gradually, but this regulation would prevent them from doing so. Does the Commission share the view that this would effectively constitute a barrier preventing entrepreneurs from switching to organic production? If so, can the Commission indicate how this obstacle can be removed?

The members of the **SGP parliamentary group** have major objections regarding the European Commission's proposal for a new regulation on organic production and the labelling of organic products (COM(2014) 180). They note that the European Commission wants to limit severely the number of derogations, and that it proposes tightening a number of standards and transferring a large number of delegated and implementing acts into its own area of competence. They are of the opinion that member states and national sectoral associations will not be left with sufficient scope to encourage organic production by adapting to the national and regional circumstances in which production takes place and to national bottlenecks. They cite two examples. They object to the stricter requirements for basic materials for seeds, breeding cattle and cattle feed (100% organic). This tightening of the regulations does not take any account of the national and regional availability of these basic materials, although this is of essential importance. They also object to the requirement that one business may not be involved in both organic and conventional methods of farming. Permitting parallel production is crucial for the Netherlands, in order to encourage and facilitate the switch from conventional to organic farming. The members fear that if these regulations are enforced, a number of companies will be forced out of business. This is surely not the intended effect. The members of the SGP parliamentary group want to ask the European Commission to allow member states more scope to develop policies that will stimulate and facilitate organic production in an appropriate and effective way. In this context, they ask why the European Commission has not opted for a gradual tightening of the current regulations.

The members of the **Partij voor de Dieren** (Party for the Animals) parliamentary group evaluate the proposal on organic production negatively in terms of subsidiarity and proportionality. The Commission's proposal will mean that the Commission itself will accrue more competencies, and the members of the Partij voor de Dieren parliamentary group believe that member states can arrange these matters better themselves. The group is of the opinion that the large number of delegated acts is undesirable. In addition, the proposal does not take into account the differences between the various member states, including climatic differences within the EU. The members of the group support the idea that the derogations that the organic sector currently has, should disappear. They wish to abolish the dehorning of calves and the use of non-organic feed and ingredients as quickly as possible, and they also believe that it is a good thing to tighten legislation on these points. However, the deadlines that the Commission is now proposing will have a seriously disadvantageous effect on the organic sector and the members of the PvdD parliamentary group cannot support that. The new regulations will make regular and organic production within the same business almost impossible, and this will make it extremely difficult to achieve the ambition of 100% organic basic materials because propagators improvers and breeders are often mixed companies. The increase in the administrative burden means that they can be expected to give up the organic part of their businesses.

The members of the Partij voor de Dieren parliamentary group believe it is very important to give strong support to the organic sector because it provides a sustainable alternative to intensive agriculture and livestock farming, which takes place at the expense of humans, animals and the environment. Moreover, in the opinion of the members of the PvdD, it would be better to retain the regulatory power that is now in the hands of the member states at that level. The proposal is also far too wide-ranging, in the opinion of the group, and the transitional periods are much too short. The prohibition on supplementary national regulations – which mean that in the Netherlands, for example, pet food can currently be certified as organic – is also a violation of the political freedom of the member states. The members of the Party for the Animals parliamentary group fear that the organic sector will be very hard hit if this proposal is put through. The group is also concerned about the impact of this proposal on organic farmers in developing countries. The current import regime is only 4 years old and is functioning well. The group does not see any need to change these rules now.

The Partij voor de Dieren asks the Commission to withdraw the current proposal and return with new proposals to modernize the existing regulations, rather than introducing completely new legislation.

Yours faithfully,

Chair of the Standing Committee on Economic Affairs

M.I. Hamer

Explanatory note

The House of Representatives consist of 150 members, currently divided into 14 political groups, 5 of which have contributed to the letter above:

- People's Party for Freedom and Democracy (VVD), number of seats: 41
- Labour Party (PvdA), number of seats: 38
- Socialist Party, number of seats: 15
- Christian Democratic Appeal (CDA), number of seats: 13
- Christian Union (CU), number of seats: 5
- Reformed Political Party (SGP), number of seats: 3
- Party for the Animals, number of seats: 2

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