



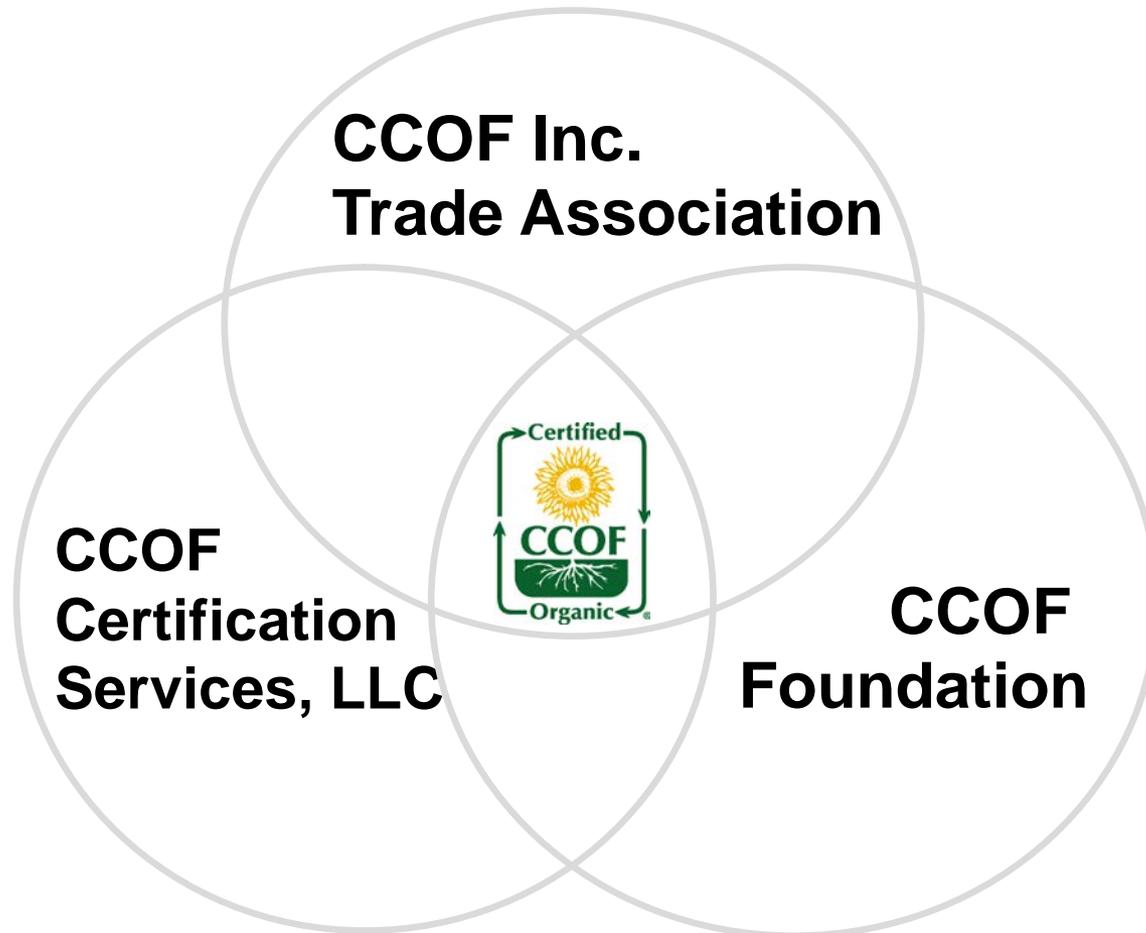
International Trade

Opportunities and Constraints Facing Organic Operations

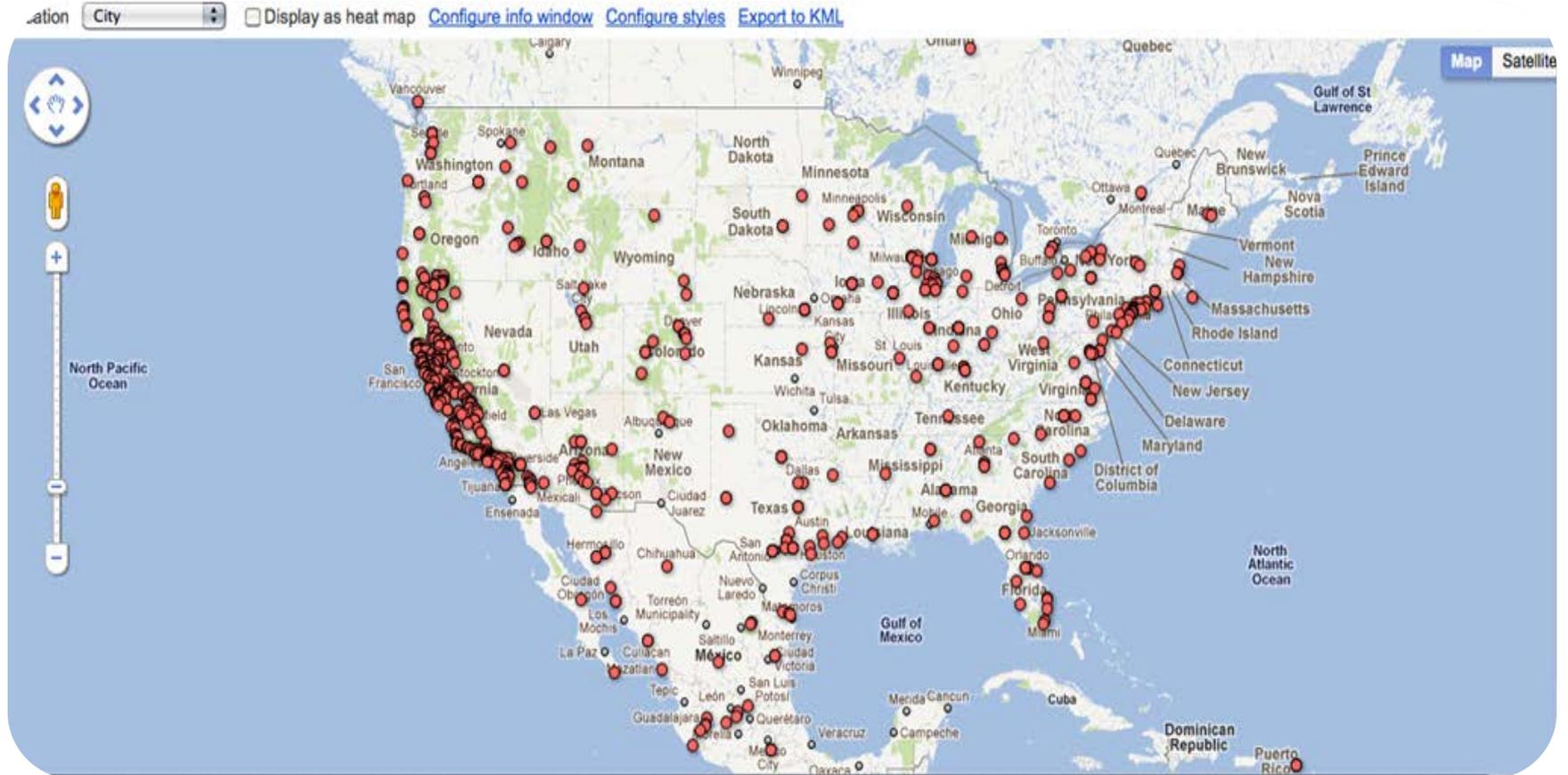
Jake Lewin, President
CCOF Certification Services, LLC

CCOF's Mission

Certify, Educate, Advocate, and Promote Organic



Membership Spans North America



Diversity of Clients

- 2,900 certified operations throughout North America
- 4,000 inspections/year
- 5% unannounced inspections
- Over 1,300 members who fall within the USDA “Small Farm” definition
- Larger operations include Whole Foods, Earthbound, Driscoll’s, Lundberg Family Farms, and more



Operations in California

- CCOF certifies 57%* of organic operations in CA
- 621 operations exporting or products certified for export potential
- Most common CCOF certified organic exports:
 - Dried fruits
 - Fresh vegetables (leafy greens, tubers/bulbs)
 - Fresh fruits (berries, citrus)
 - Processed fruits and vegetables (juice, paste, sauce)
 - Wine
 - Nuts
 - Specialty goods (superfoods, powdered mushrooms)

*Based on 2014 National Organic Program Data

Selling Organic Abroad

- Exports must meet the organic regulations of importing countries

Achieved through:

- Recognition through a government trade agreement.
- Direct certification to the regulation

Selling Organic Abroad

USDA equivalence arrangements:

- Establishes the organic standards of both nations
- Allows organic product certified to either organic standard
 - US/Canada
 - US/EU
 - US/Japan
 - US/Korea

Trade Prior to Equivalence

- Several additional standards and certifications at once
- CCOF maintained additional accreditation
- Each exporter/importer relationship required member state authorization
- Expensive & complicated
- Additional restrictions on practices
- Segregation of supplies and finished products

Trade After Equivalence

- Eliminates majority of issues and opens new opportunities
- Cheaper & less time consuming for all parties
- Creates opportunities where operations have given up under previous regimes
- Market may be slow to invest where past efforts were not successful

Additional Requirements

Exports to Equivalent Countries

- Compliance to any critical variances
- Labeling requirements
- Export certificate document
- Additional food labeling requirements may apply

Export Volume Increasing 2014 vs. 2012 (pounds) for CCOF operations

Country/Region	2014	2012	% Change
EU	21 million	14 million	50%
Japan	6.8 million	3.4 million	100%
Taiwan	1.8 million	1 million	80%
Korea	400,000	280,000	43%

Continued Challenges

- Cannot capture total organic trade numbers due to a lack of HTS (Harmonized Tariff Schedule) codes for organic products
- Residue testing resulting in shipment holds (Taiwan)
- High tariffs and labeling difficulties (Japan)
- Recertification for markets without trade agreements

Moving into Difficult Markets

Non Equivalent Countries

- Challenging Markets: China, Mexico, and Brazil
- Direct Certification to Non Equivalent Country requires:
 - Time, money, dedicated staff, often translation services
 - Additional inspections
 - Usually through entire supply chain



Questions?

About Me

- President, CCOF Certification Services, LLC
- Sits on the Agricultural Technical Advisory Committee (ATAC) for fruits and vegetables
- Extensive experience with international organic certification issues and trade promotion, including work on USDA equivalence arrangements with the EU, Japan, and Korea
- Since starting at CCOF in 2004, the organization has more than doubled in size.
- Organic industry experience includes: certification, farm production, organic inspection and certification of producers, processors, retailers and private labelers.