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New EU Organic Regulation formally approved

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Report Highlights:

The EU Council formally adopted the text of the new Regulation on organic production and labelling of organic products. The Council had already agreed upon the text in November of 2017 and by the European Parliament in April 2018. The Regulation is now expected to be published in the EU's Official Journal and it will apply from January 1, 2021. The biggest impact for the United States organic sector is that the EU will require trade agreements in place of the current framework, equivalence arrangements, by 2026.

General Information:

Final Formal Step to the New EU Organic Regulation

On May, 22, 2018, the EU Council formally adopted the text of the new <u>EU Regulation on organic</u> <u>production and labelling of organic products</u>. The regulatory development process was very lengthy and contentious. Several of the EU Member States (MS) voiced skepticism on the need for new organic regulations, given that the existing regulation has been operational for less than ten years. In the end, the Czech Republic, Finland, Slovakia, Lithuania and Cyprus voted against the regulation. Belgium, Hungary and Austria abstained. Nevertheless, the legislative act has been adopted. Following signing by the President of the European Parliament and by the Council President, the legislative act will be published in the Official Journal of the EU and enter into force on the third day following its publication in the Official Journal. It will apply from January 1, 2021.

What's New in the EU Organic Regulation?

From January 1, 2021:

- Organic trade must transition to trade agreements by 2026;
- EU organic production rules will be simplified and further harmonized through the phasing out of a number of exceptions and derogations;
- The inspection control system will be partially risk-based and, for most cases, would reduce inspections to once every two years;
- The scope of organic rules will be enlarged to cover a wider list of products (e.g. salt, cork, beeswax, maté, vine leaves, and palm hearts) and additional production rules (e.g. deer, rabbits and poultry);
- Derogations for production in demarcated beds in greenhouses will be phased out.

The biggest impact for the United States organic sector is that the EU will require trade agreements in place of the current framework, equivalence arrangements. With these regulatory changes, the U.S. equivalence arrangement would expire by January, 1, 2026, five years after the entry into force of this new regulation. Sources at the Commission have indicated that U.S.-EU arrangement is already quite harmonized and thus the conversion to an organic trade agreement could be straightforward. For more details, see previous reporting in GAIN <u>New EU Organic Regulations for Early 2018</u>. For more information about the EU Organic Market and Opportunities for U.S. exporters, see the GAIN report: EU Organic Boom Brings Opportunities for U.S. Exporters.