

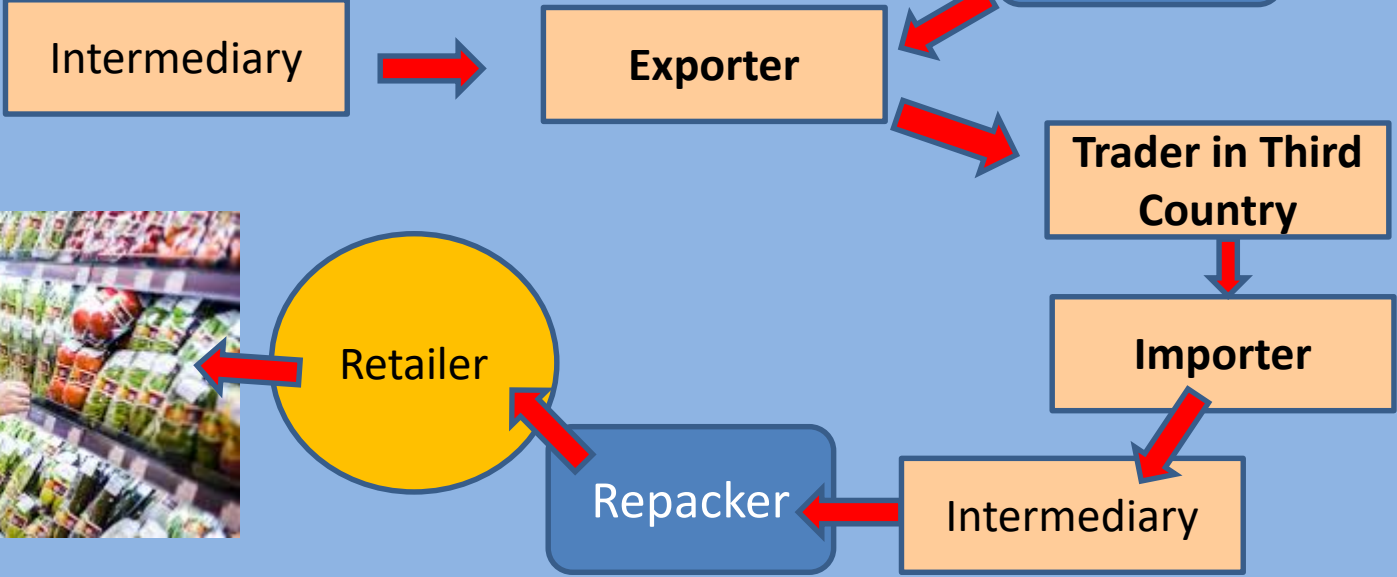
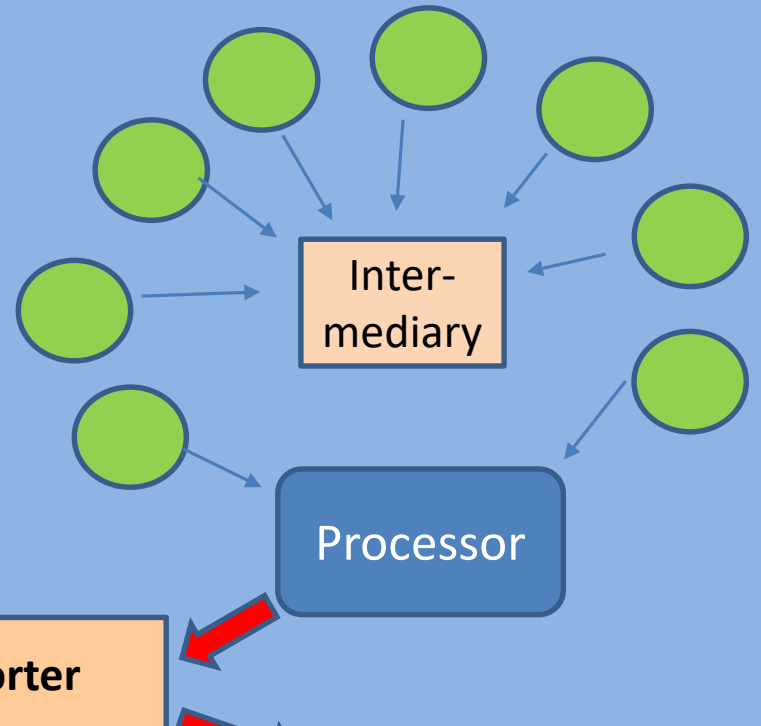
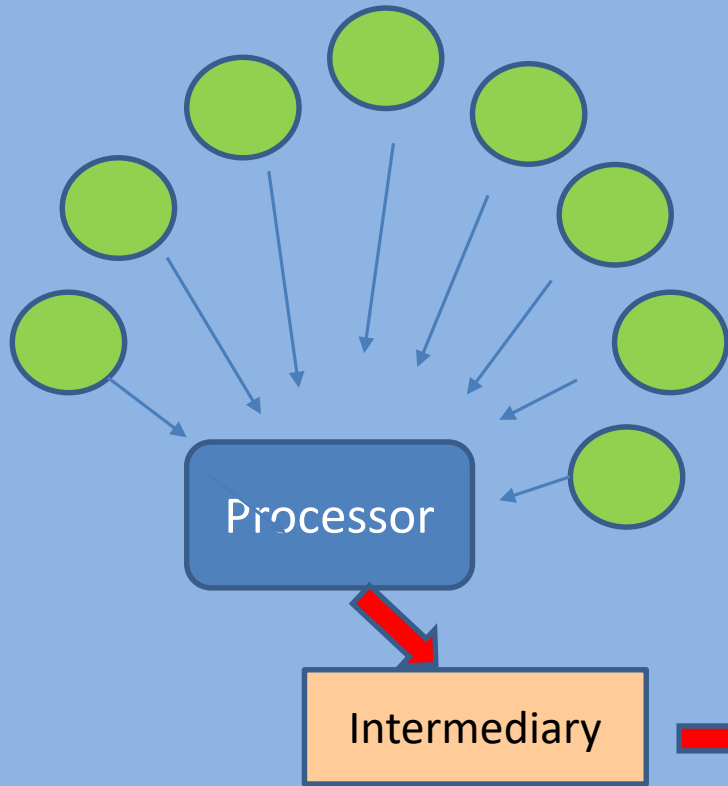
Organic Imports: Where things go wrong, and what can be done





Why is fraud in the organic industry so widespread in some countries?

1. Very long supply chains



2. Hot markets



Super Nutrition Made Simple

- 50 Organic Superfoods
- 5 Billion Probiotics
- 7g Fiber



What do customers buy after viewing this item?

Best Selling



truRoots
Organic Quinoa 100% Whole Grain
Premium Quality, 4 lbs
★★★★★ 654
\$ 19.99 **prime**

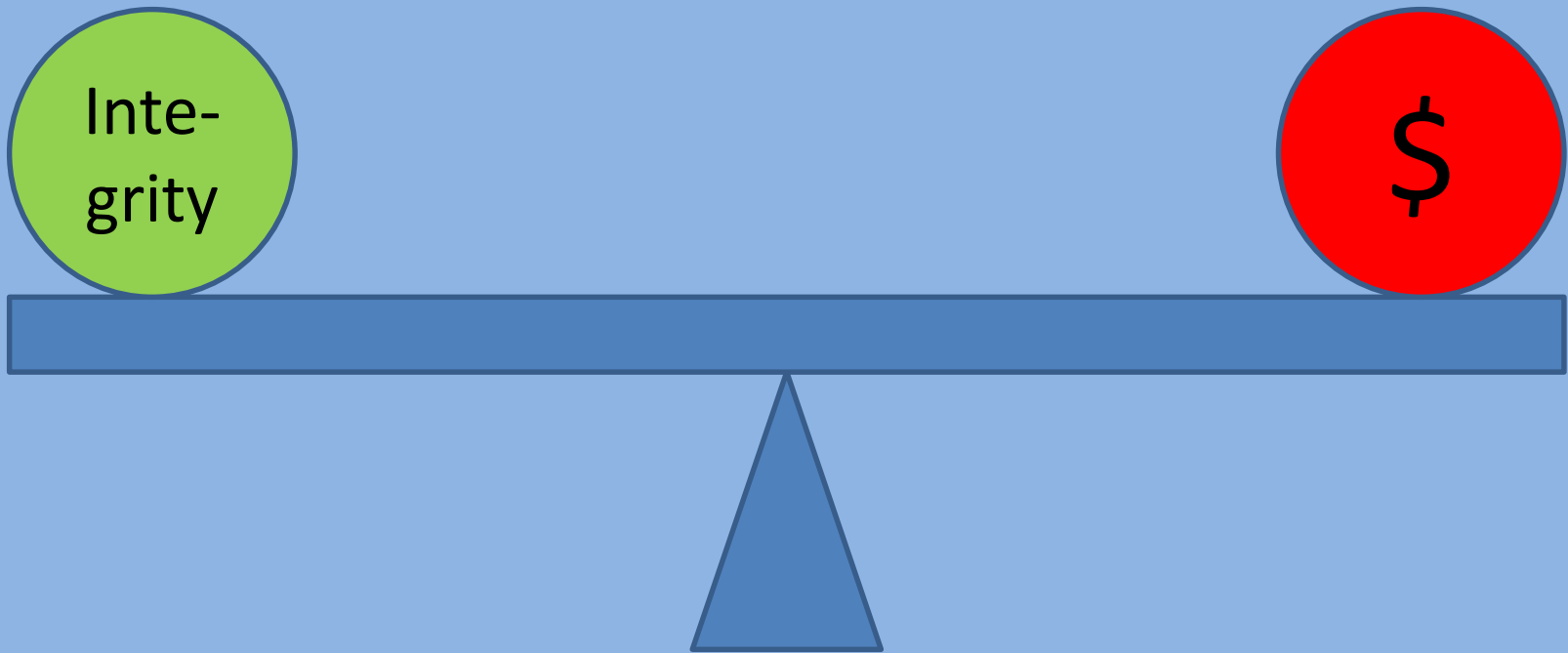
Top Rated

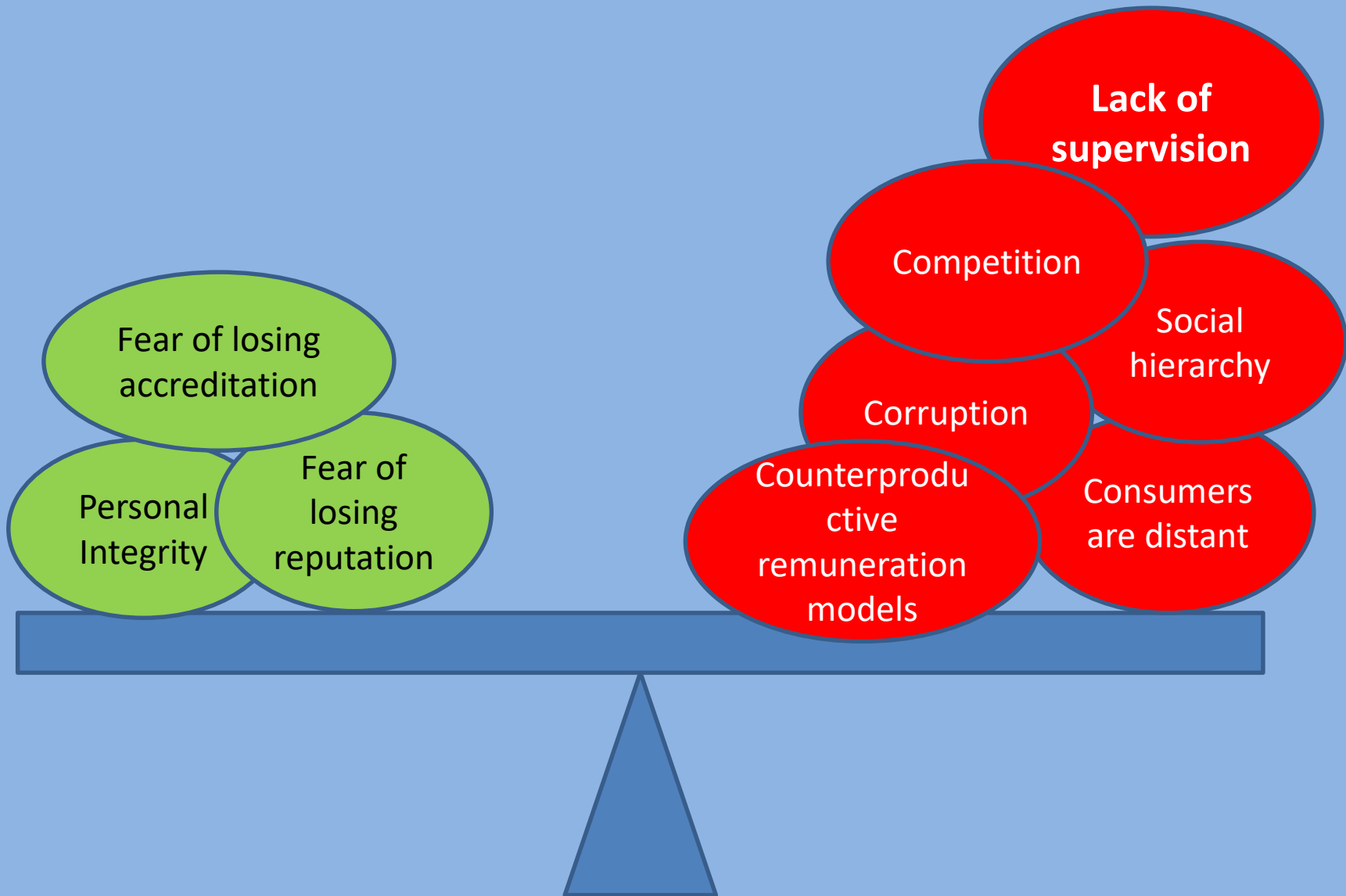


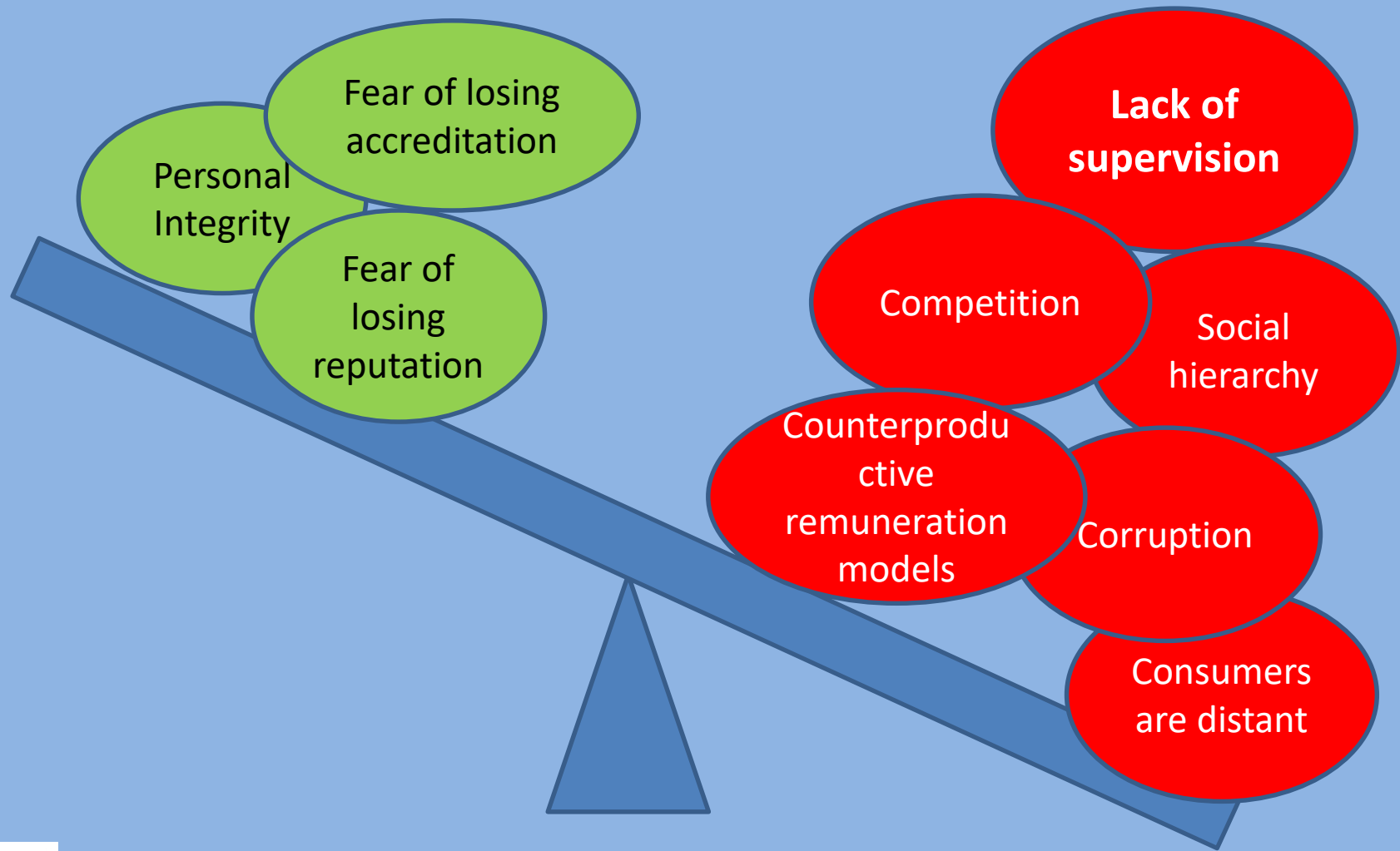
Kirkland Signature
Organic Gluten-Free Quinoa from
Andean Farmers to your Table - 2.04kg,
4.5lb
★★★★★ 69
\$ 17.75 **prime**

Grocery & Gourmet Food › Dried Beans, Grains & Rice › Grains & Rice › Quinoa

3. Certifiers are businesses







**Some things that are being
done in the EU to deal with
fraud:**

Compulsory Certificates of Inspection

Certificate of inspection for import of products from Organic production into the European Union

1. Issuing control body or authority (name, address and code) CERES Certification of Environmental Standards GmbH - DE-800-140 Vorderloslach 1, 91230, Hagenberg, Germany (DE)		2. Council Regulation No 854/2007, Article 33 (1) <input type="checkbox"/> or Council Regulation No 854/2007, Article 33 (2) <input checked="" type="checkbox"/>	
3. Serial number of the certificate of inspection COLDO-2018-0000019		4. Exporter (name and address) Fernández Radio Agrícolas Carretera San Francisco de Macorís- Nagua, Km. 6 1/2 Gatoa, San Francisco de Macorís, Dominican Republic (DO)	
5. Producer or processor of the product (name and address) Fernández Radio Agrícolas Carretera San Francisco de Macorís- Nagua, Km. 6 1/2 Gatoa, San Francisco de Macorís, Dominican Republic (DO)		6. Control body or control authority (name, address and code) CERES Certification of Environmental Standards GmbH - DE-800-140 Vorderloslach 1, 91230, Hagenberg, Germany (DE)	
7. Country of origin Dominican Republic (DO)		8. Country of export Dominican Republic (DO)	
9. Country of clearance/Point of entry Zollamt Hamburg-Walddorf - DE804831 Finkenwerder Str. 4, 21126, Hamburg, Free-Port Hamburg, Germany (DE)		10. Country of destination Germany (DE)	
11. Importer (name, address and EORI number) Santitas Trade GmbH - DE-3W-000-23916-CD Haken-Lange-Str.24, 75790, Ditzingen, Baden, Germany (DE) EORI: DE4324810747612284		12. First consignee in the Union (name and address) Santitas Trade GmbH - DE-3W-000-23916-CD Haken-Lange-Str.-24, 75790, Ditzingen, Stadt, Germany (DE)	
13. Description of products			
CN code	Trade name	Number of packages	Net weight
18010000	Organic Cocoa Beans Type Hispanola, Also NOP-certified as 100% organic	180 Bag	20000 Kg

OFIS

Notifications												
Notification	Ver.	Notifier	Product Reference	Confirmed on	Replied on	Reply Status	View	Edit	Delete	Reply	Confirm	
INTC-374/2017	1	Germany	17K290 pesticides residues in Grape Seed Powder Ex...	14/11/2017	13/12/2017	accepted						
INTC-378/2017	1	Germany	Organic Green Tea	21/11/2017	11/01/2018	refused						
INTC-378/2017	2	Germany	Organic Green Tea	21/11/2017	21/03/2018	accepted						
INTC-385/2017	1	Switzerland and Li...	Getrocknete Bio Shiitake respektive Shiitake-Pulver	23/11/2017	01/12/2017	accepted						
INTC-383/2017	1	Germany	17K258 Wrong labeling of cereals(wheat and spelled...	23/11/2017	31/01/2018	refused						
INTC-383/2017		Germany	17K258 Wrong labeling of cereals(wheat and spelled...	23/11/2017		unreplied						
INTC-390/2017	1	Netherlands	2017-1050903-AH Organic Wheat Fumigation	28/11/2017	29/11/2017	refused						
INTC-390/2017	2	Netherlands	2017-1050903-AH Organic Wheat Fumigation	28/11/2017	31/01/2018	accepted						
INTC-399/2017	1	Belgium	Pumpkinseeds GWS organic	30/11/2017	08/01/2018	refused						
INTC-399/2017	2	Belgium	Pumpkinseeds GWS organic	30/11/2017	30/01/2018	accepted						
INTC-42/2018	1	Italy	organic peppermint (dry)	19/02/2018	21/03/2018	accepted						
INTC-52/2018	1	Germany	18K49 pesticides residues in tea	28/02/2018	29/03/2018	refused						
INTC-52/2018		Germany	18K49 pesticides residues in tea	28/02/2018		unreplied						
INTC-53/2018	1	Germany	18K50 residues in Chia seeds	28/02/2018	29/03/2018	refused						
INTC-53/2018		Germany	18K50 residues in Chia seeds	28/02/2018		unreplied						

oe.ipa



consumer.ipa



Alle a

f

Details of Reply on Notification n. INTC-399/2017
Regulation (EC) No 834/2007, Regulation (EC) No 889/2008 and Regulation (EC) No 1235/2008

Reply Evaluation

Status:

ACCEPTED

Reason: Many thanks for the investigations and conclusions. We propose to close this case.

Reply n. INTC-399/2017 to Notification

Regulation (EC) No 834/2007 and Regulation (EC) No 889/2008

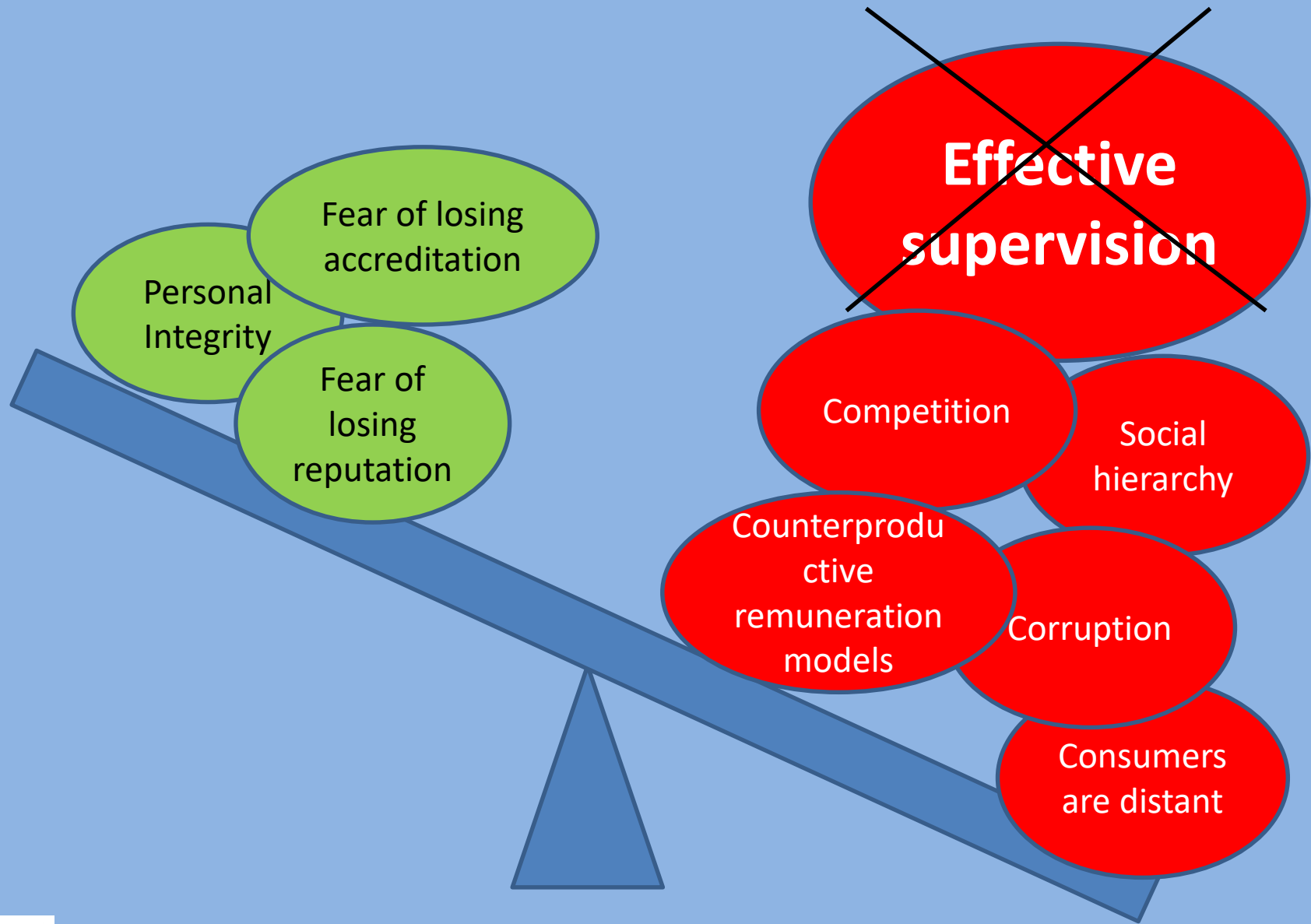
Notification Number :	View Notification
Version of reply :	2
A) INVESTIGATION :	
1) Which authority(-ies) and/or body(-ies) are/were in charge of the investigation?	Certisys (CB of Beanworks) Ceres (former CB of Dalian Domore), Kiwa (CB of Dalian Domore)
2) Describe cooperation between the different operators and bodies involved in the	CERES was in exchange with Certisys and Kiwa BCS since 24.11.2017

Stope Sale in Case of Suspicion

Reg. EC 889/08, Art. 91(2):

Where a control body has a substantiated suspicion that an operator intends to place on the market a product not in compliance with the organic production rules, this control body can require that the operator may provisionally not market the product with this reference ... This decision shall be supplemented by the obligation to withdraw from this product any reference to the organic production method if the control body is sure that the product does not fulfil the requirements

**What is not being done,
neither by the EU
Commission, nor by the NOP:**

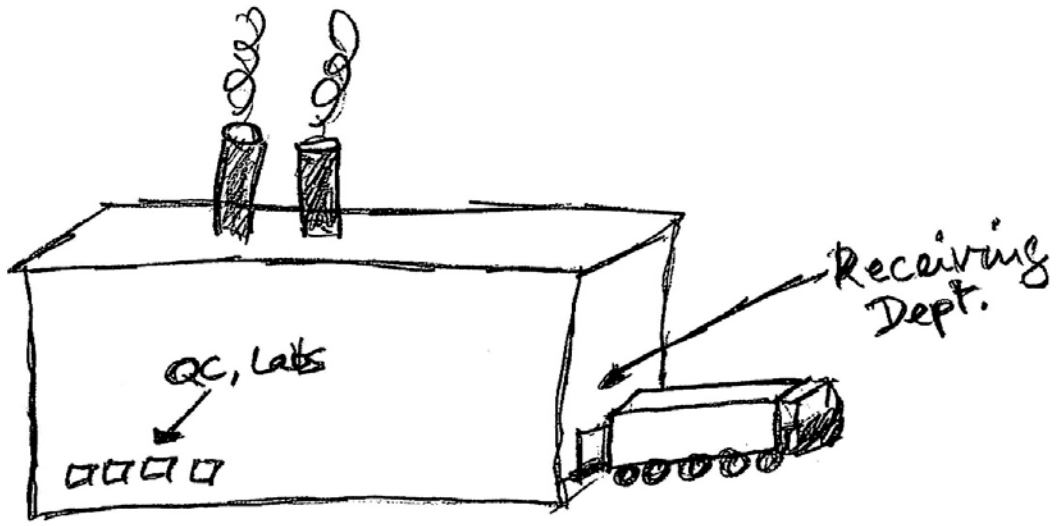


Silke Fuchshofen

Independent Organic Processing Inspector



Disconnect between Departments



If we focus on procedures,

1. We can determine high risk areas in ingredients, suppliers, operation, etc.
2. During review of records, a well-chosen sample will show us, if the procedures are adhered to and if they are effective.

3. The staff at the certified operation usually appreciates thorough vetting of their procedures because that helps them understand strengths and weaknesses -

4. and the operation can work on improvements and will be better able to fulfill their responsibility of maintaining organic integrity at their plant.

Certified Organic Operations can be our best allies when it comes to protecting organic integrity.

Records vs. Procedures

understand the operation's
procedures



and then

use records to verify that the
procedures work

Six Suggestions:

1.

That certified organic operations need to submit comprehensive written organic procedures and that reviewers and inspectors are trained to verify them in detail.

2.

That organic processing and handler inspectors should be trained and authorized to take samples, if they encounter a high-risk situation. For example, if the audit trail cannot be linked back to a certified entity and the raw material is still in storage, we should be authorized, or even required, to take a sample.

3.

That Certifiers are required by the NOP to report uncertified vendors that appear to be repackaging or relabeling. And that the NOP applies the same scrutiny to those as to certified entities.

4.

Research and development of a system that is geared to identify and target high risk operations. Right now we are focusing on the areas where fraud had been discovered. If we want to be proactive, where do we need to look for fraud and how do we best employ resources? The Pareto Principle, also called 80:20 rule, could provide a very useful tool and I hope we will be able to speak more about this.

5.

To address the issue of inspection qualifications, we need to talk about trainings, but also about the work environment. It is engrained in the organic industry that organic inspections should not cost much. Therefore, most organic inspectors will try to be fast. But one cannot rush and be thorough at the same time and the industry does not want quick inspections any more. This needs to be addressed by and with the certifiers.

6.

Higher quality inspections will come at a cost to the certifiers. To make it possible, a risk-based approach can be useful here too. Inspectors can be grouped into different skill levels and areas and they can be dispatched according to type of operation and risk level. High risk operations are matched with highly skilled inspectors.

Silke Fuchshofen

Independent Organic Processing Inspector

Risk Based Approach

- We talk about risk based approach, but what does that mean?
- Is there a system to organize your operation and your resources around?
- The regular work of annual inspections needs to continue, so how do the extra efforts, such as cross checks, unannounced audits and testing fit in?
- Right now we are reacting to cases of detected fraud, but how can we be pro-active?

Pareto Principle

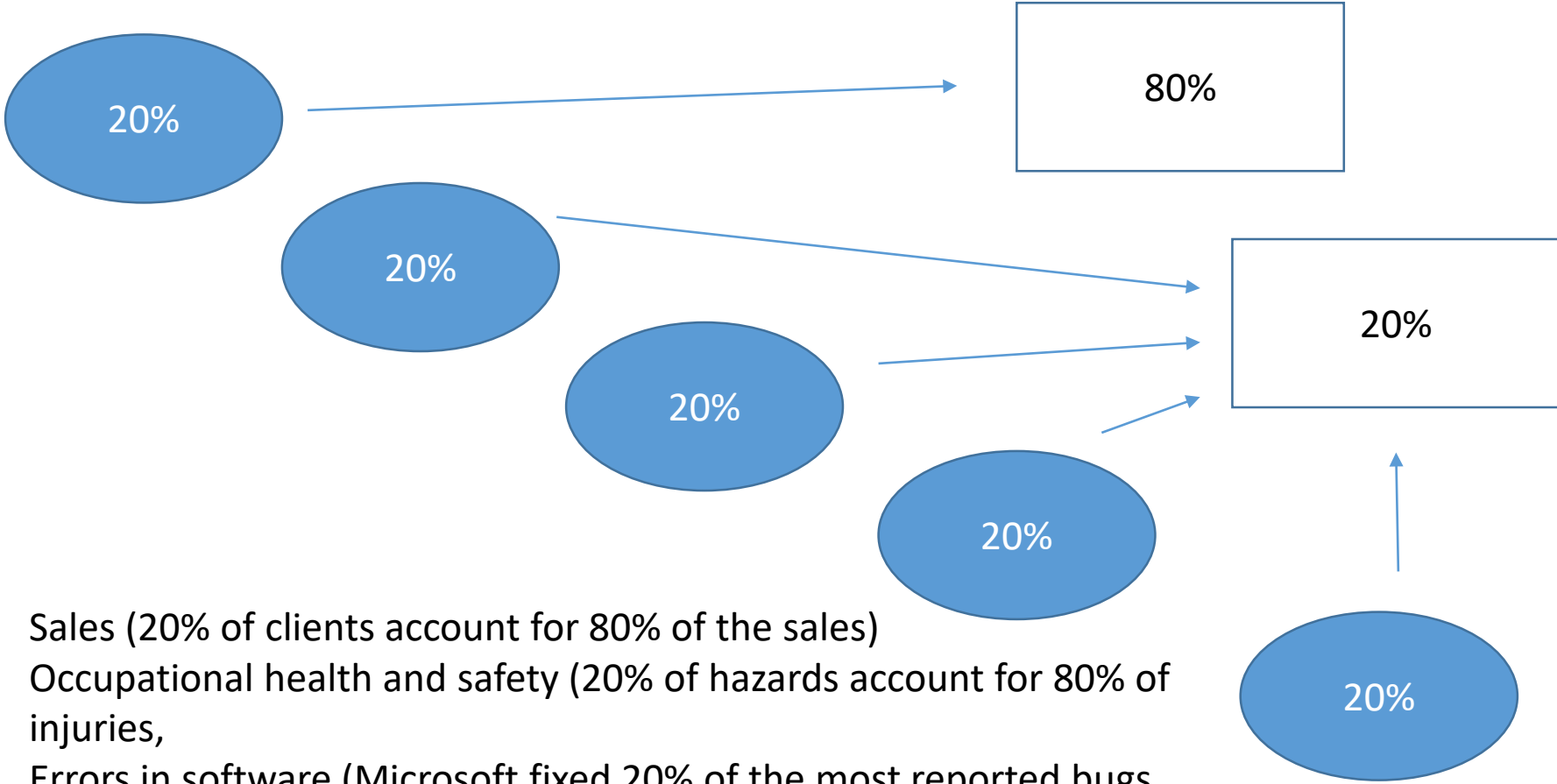
Also called:

80/20 Rule

Law of the Vital Few

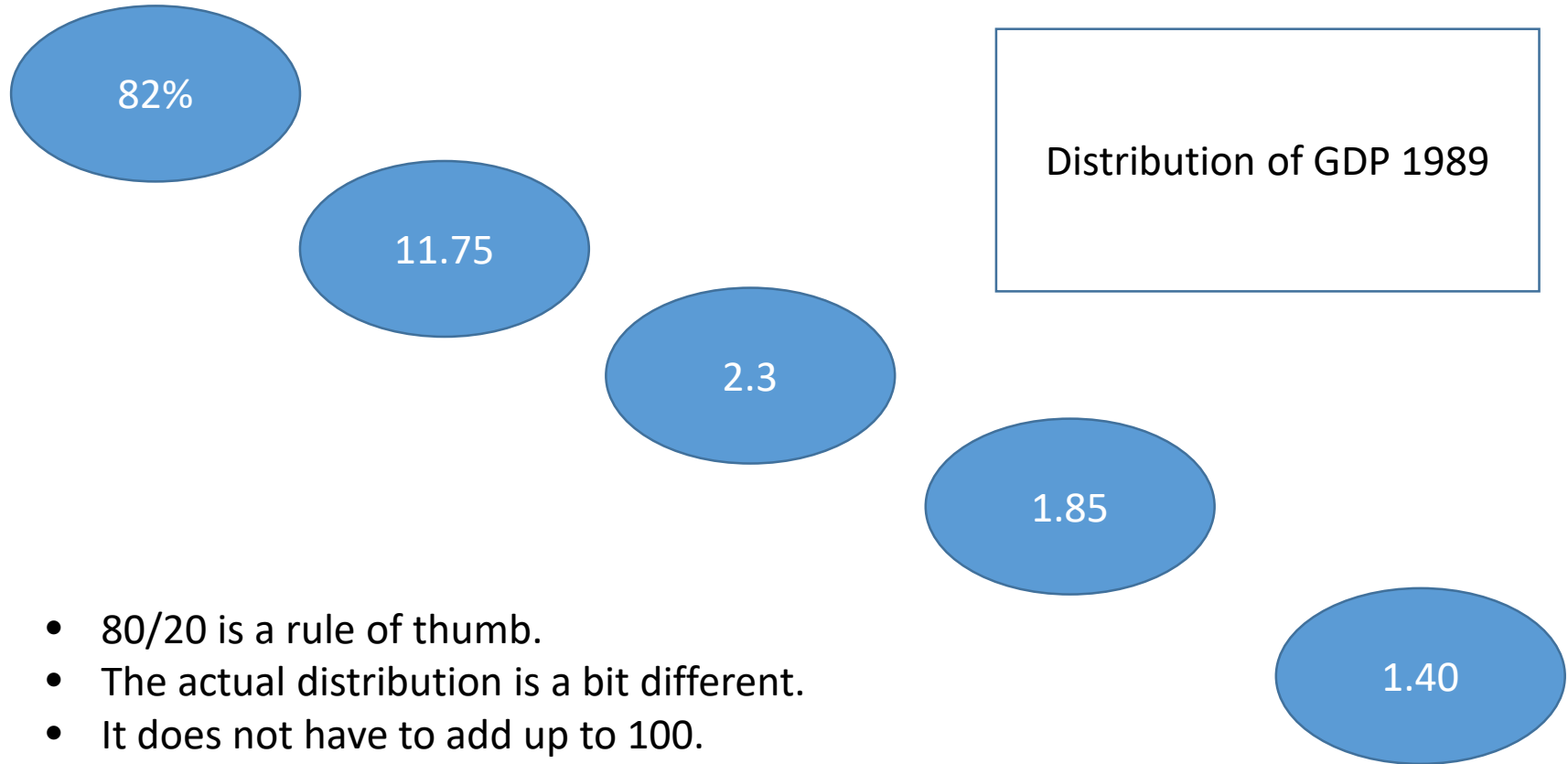
Principle of Factor Sparsity

PARETO PRINCIPLE

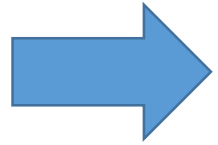


- Sales (20% of clients account for 80% of the sales)
- Occupational health and safety (20% of hazards account for 80% of injuries,
- Errors in software (Microsoft fixed 20% of the most reported bugs and addressed 80% of the errors)

PARETO PRINCIPLE



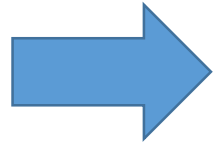
- 80/20 is a rule of thumb.
- The actual distribution is a bit different.
- It does not have to add up to 100.



We can find 80% of the fraud in 20% of the operations.

What do we need?

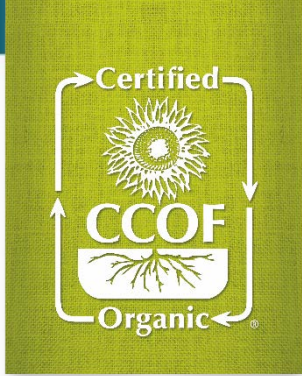
- Industry Cooperation to
- Define general high risk criteria.
- Define red flags at individual operations



We can find 80% of the fraud in 20% of the operations.

- And a tool set of investigative methods:
 - Sampling & testing
 - Cross checks
 - Trained inspectors and reviewers
 - Documents
 - Complete Audit Trails
 - Unannounced inspections

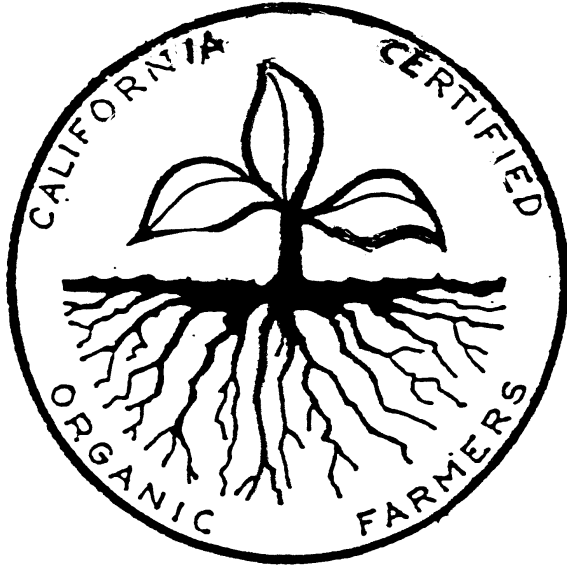
Thank you.



NOSB Imports Panel 2018

Jake Lewin, President
CCOF Certification Services, LLC

Our Deep Roots



First CCOF logo, 1973

CCOF is a nonprofit organization governed by the people who grow and make our food. Founded in California more than 40 years ago, today our roots span the breadth of North America and our presence is internationally recognized.

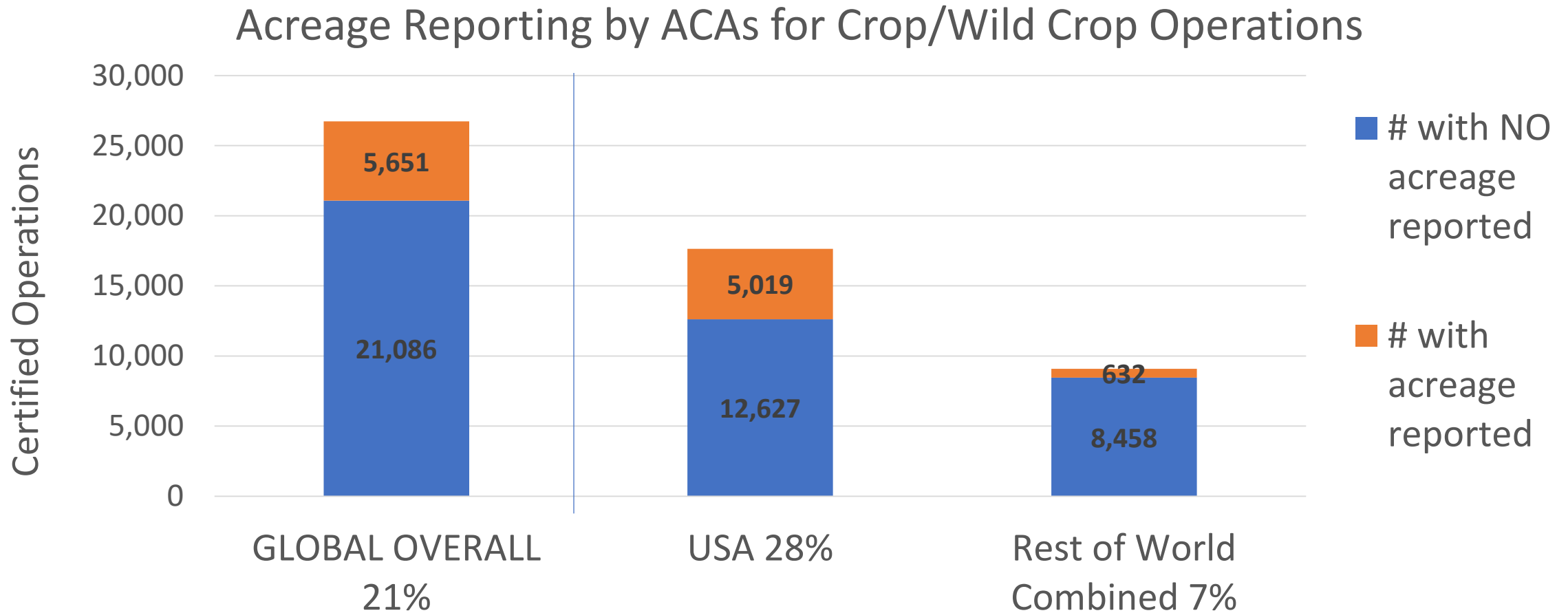
Three Primary Issues for Certifiers

1. The majority of certifiers do not report acreage to NOP.
2. Certifiers are not fully collaborating with each other.
3. Certifiers are not always tracking and reporting exports.

Solution 1

All certifiers should report crop acreage to Integrity Database

Certifiers Report Acreage to NOP Integrity Database



Regions and Percentage of Operations that Have Acreage Reported

Source: NOP Integrity Database 04/23/2018

Solution 2

NOP should direct certifiers to collaborate on investigations

Solution 3

Certifiers should track and report export activity to NOP.

Organic is in a Strong Position for Oversight

- Fraud is rare, but any incidence must be taken seriously and addressed quickly.
- We can work together to create effective tools and solutions to prevent future fraudulent imports.



Three Critical Solutions



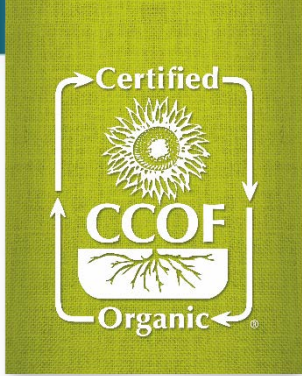
Example of Solutions in Action

Alleged Fraudulent Activity:

- Large shipment of grain imported from Turkey.

NOP Action:

- NOP verifies organic acreage from region where grain grown
- Certifiers immediately share information.
- NOP looks at overall export activity in region



Thank You!

Jake Lewin, President,
CCOF Certification Services, LLC
jake@ccof.org



OF FARM

Organic Farmers' Agency for Relationship Marketing



Arrival in Port of Stockton, CA
March 6, 2018
Origin-Turkey Corn and
Soybeans





© ersan devrim
MarineTraffic.com

The Ince Atlantic is expected to arrive at the Port of Olympia's Marine Terminal on September 13, 2016. After unloading cargo, it is expected to depart around September 19, 2016.

Steamship Line: Tiryaki

Vessel Flag: Istanbul

Cargo: Organic Grain

Volume: 15,000 metric tons

“The labels said ‘organic’. But these massive imports of corn and soybeans weren’t,”

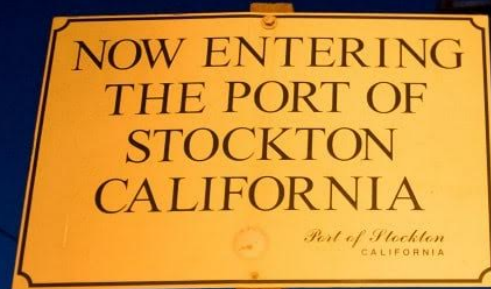


Photo credit: Washington Post (May 12, 2017)



Bellingham, WA September 27, 2017



Arrival in Port of Stockton, CA
March 6, 2018. Corn and
soybeans; Origin-Argentina

WHAT IS OFARM ASKING FOR?

1. NOP TO REQUIRE ANY ENTITY THAT IMPORTS GRAIN TO BE CERTIFIED
2. PUTTING A SYSTEM IN PLACE FOR INSPECTION AT U.S. PORTS
3. PROTOCOLS FOR RESIDUE TESTING

4. Putting in place a warning system of special protocols of imports from “High Risk” countries similar to the EU

5. Strengthen Accreditation of Certifiers

6. Improved transparency on the part of NOP

7. Examination of ships Captains Logs

8. USDA submits to an outside audit as called for in OFPA
(Not skirting the issue by using peer review.)

9. NOP to submit a full report on compliance with the OIG recommendations.

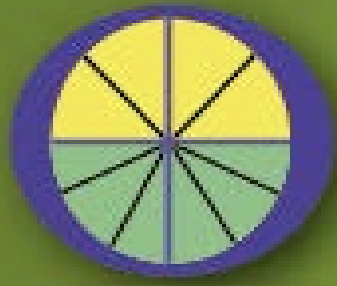


Cost to U. S. Organic Producers

Over \$400 Million

Who should be held responsible?





Improving Your Organic Profits



ofarm.org



MISSION STATEMENT

- ▶ To Coordinate Efforts of
Producer Marketing Groups to
Benefit and Sustain CERTIFIED
ORGANIC PRODUCERS.

O F F A R M

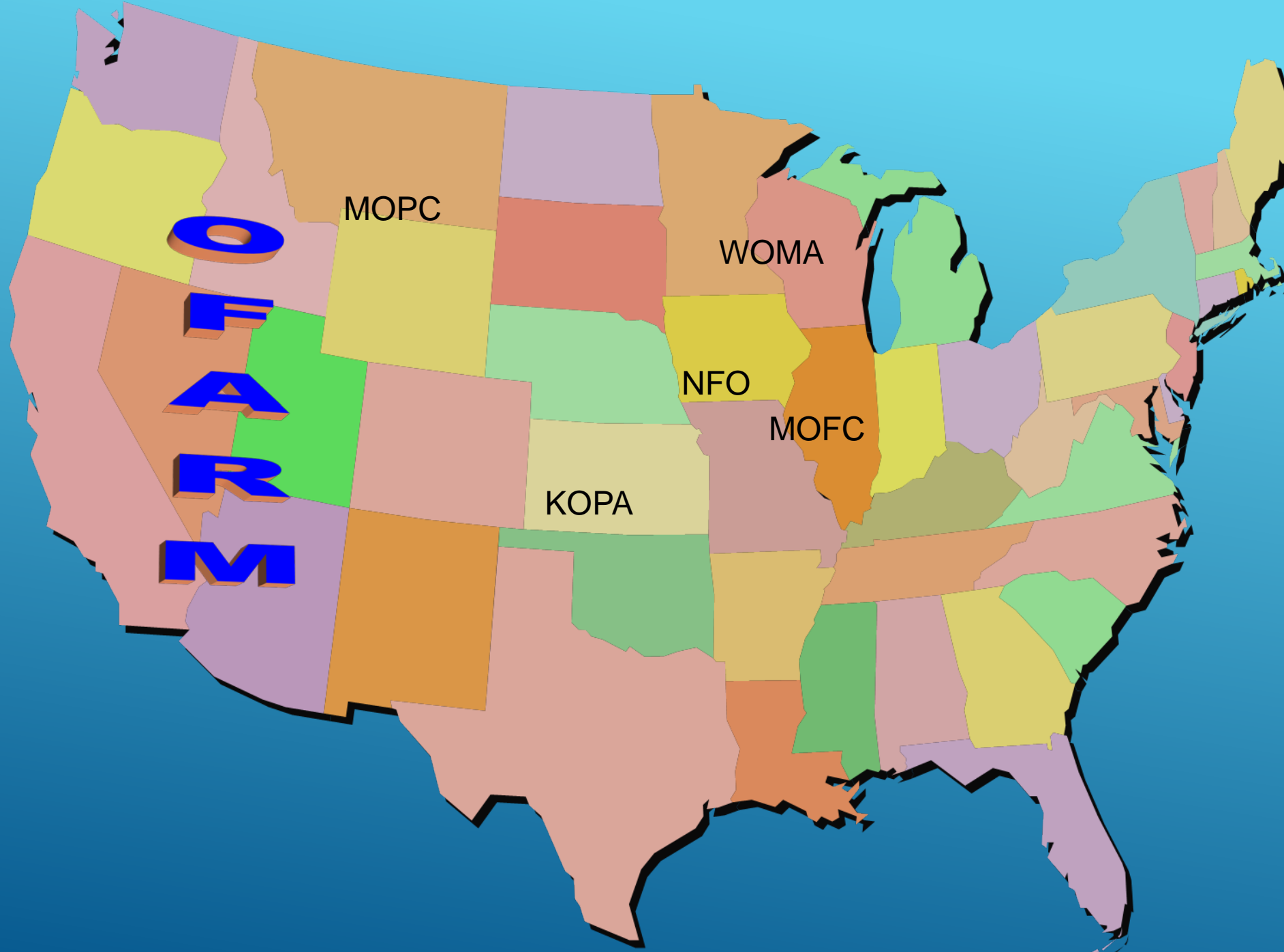
MOPC

WOMA

NFO

MOFC

KOPA



- ▶ OFARM pricing goals:
- ▶ The full recovery of all input costs for grain and livestock
- ▶ A return to labor and management that provides adequate family income
- ▶ Return to investment
- ▶ Income enhancement to provide for the community support for schools and churches
- ▶ Organic premium for production of healthy wholesome food that is environmentally responsible

OFARM provides services to:

- ▶ Promote the exchange of pricing, contracts and marketing information
- ▶ Facilitate negotiations and terms of the contracts
- ▶ Educate policy makers such as legislators
- ▶ Assist organic farmers with adoption of new crops and agronomic practices



“Organic Federation Seen As A Strategy For Family Farm Survival,
Regional Competitiveness” USDA- Dr. Thomas Gray January 2012

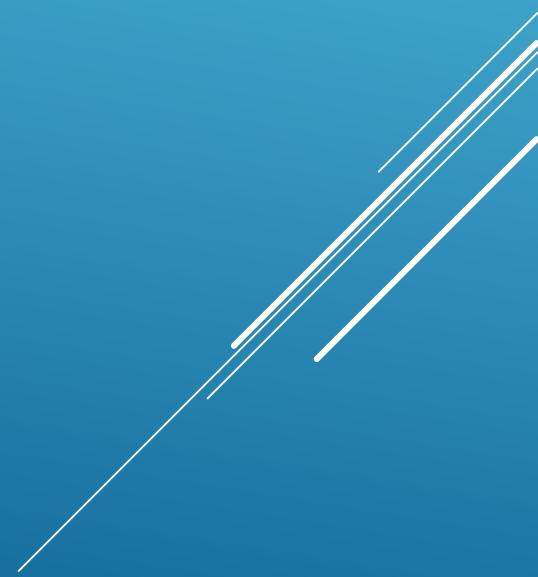
- ▶ Dr. Gray cites a study by Clarkson University authors Richard Welsh and Amy Guptil, which concluded this:
 - ▶ "OFARM is the largest single organized block of producers growing organic field crops in North America."

CHEAP GRAIN=

CHEAP MILK

MEAT

EGGS



ORGANIC IS PROJECTED TO
GROW
OVER THE NEXT 3 YEARS
AT 14% ANNUALLY

CONVENTIONAL FOOD SALES AT
2.5% PER YEAR



▶ Concerns and Issues

- ▶ Food Imported from Low-GDP Nations Poses Higher Safety Risks Study Finds Source: PR

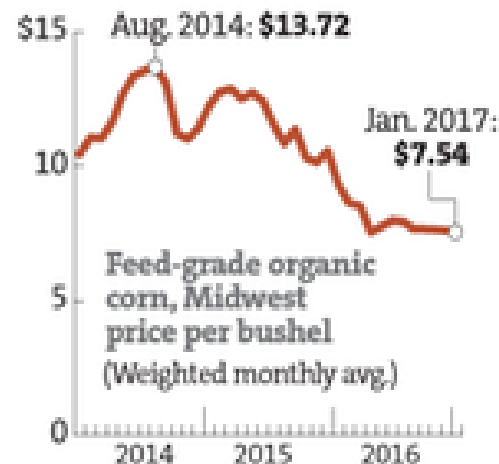
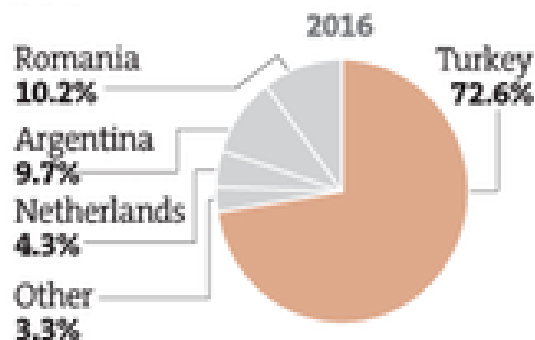
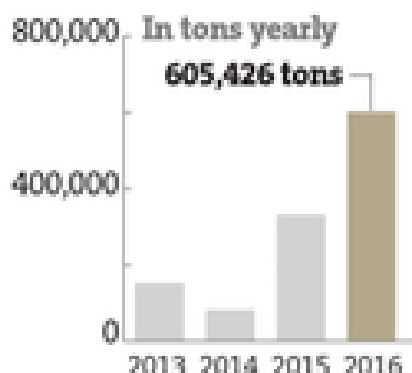
NewsWire

▶ Jan. 26, 2015

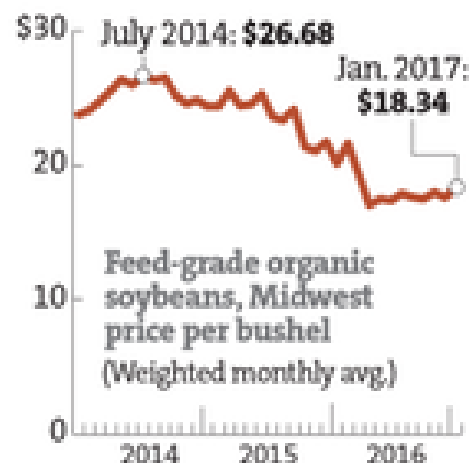
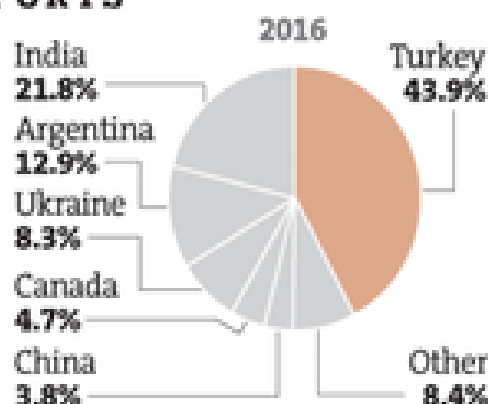
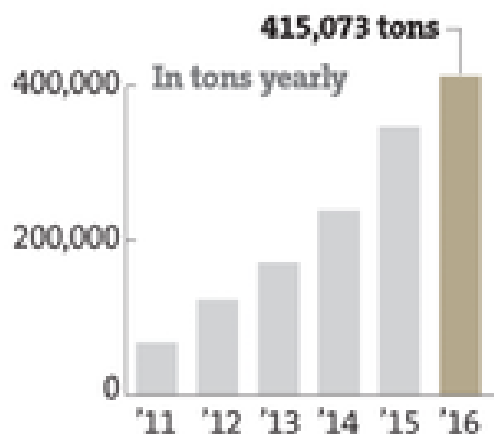
IMPORTS SINK U.S. ORGANIC GRAIN PRICES

Large increases in organic corn and soybean shipments, especially from Turkey, have dropped prices dramatically for U.S. producers.

ORGANIC CORN IMPORTS



ORGANIC SOYBEAN IMPORTS



Source: Agricultural Marketing Service, U.S. Dept. of Agriculture

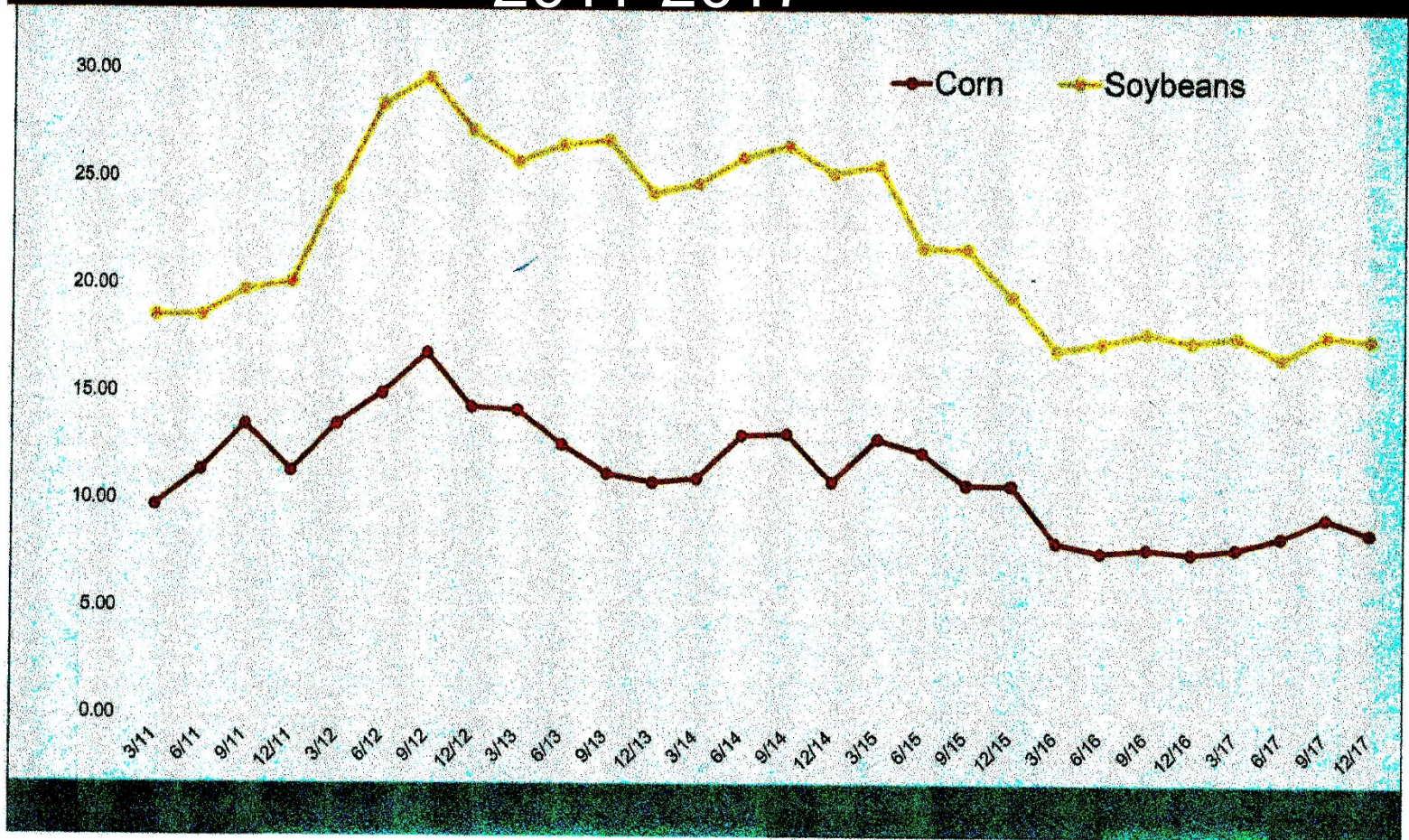
MARK BOSWELL • Star Tribune

SO WHAT ARE BUYERS SAYING ABOUT YOUR PRICES?

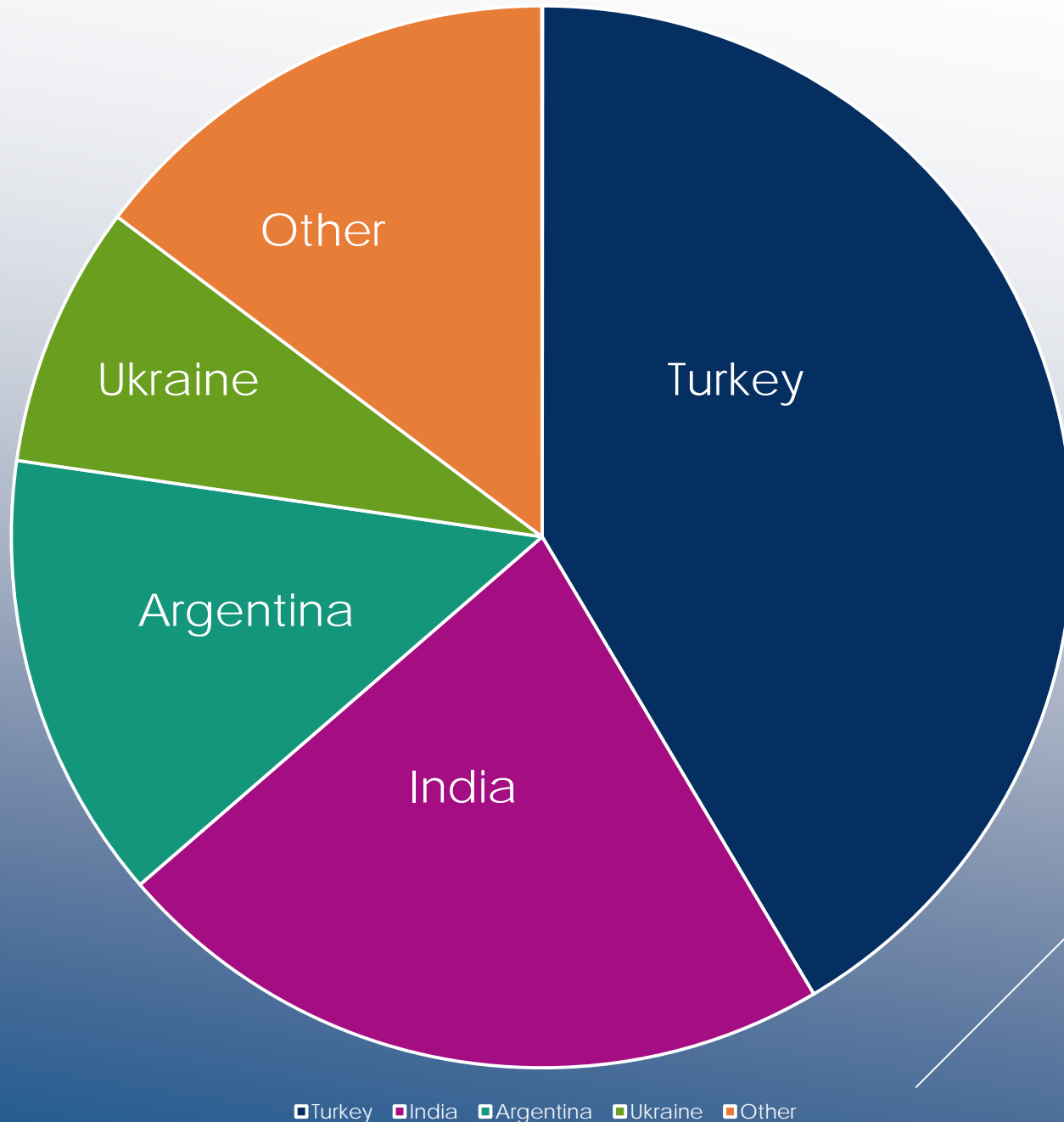
“WITH IMPORTS NOW FILLING IN THE GAPS, IT LOOKS AS THOUGH THERE WILL BE ENOUGH SUPPLY TO FILL THE GROWING ORGANIC DEMAND. WITH SUCH GROWTH, THE FUTURE FOR THE ORGANIC MARKET LOOKS STRONG AND PRODUCERS SHOULD CONTINUE TO SEE GREAT PRICE PREMIUMS COMPARED TO CONVENTIONAL MARKETS.”

Historic Organic Grain Prices

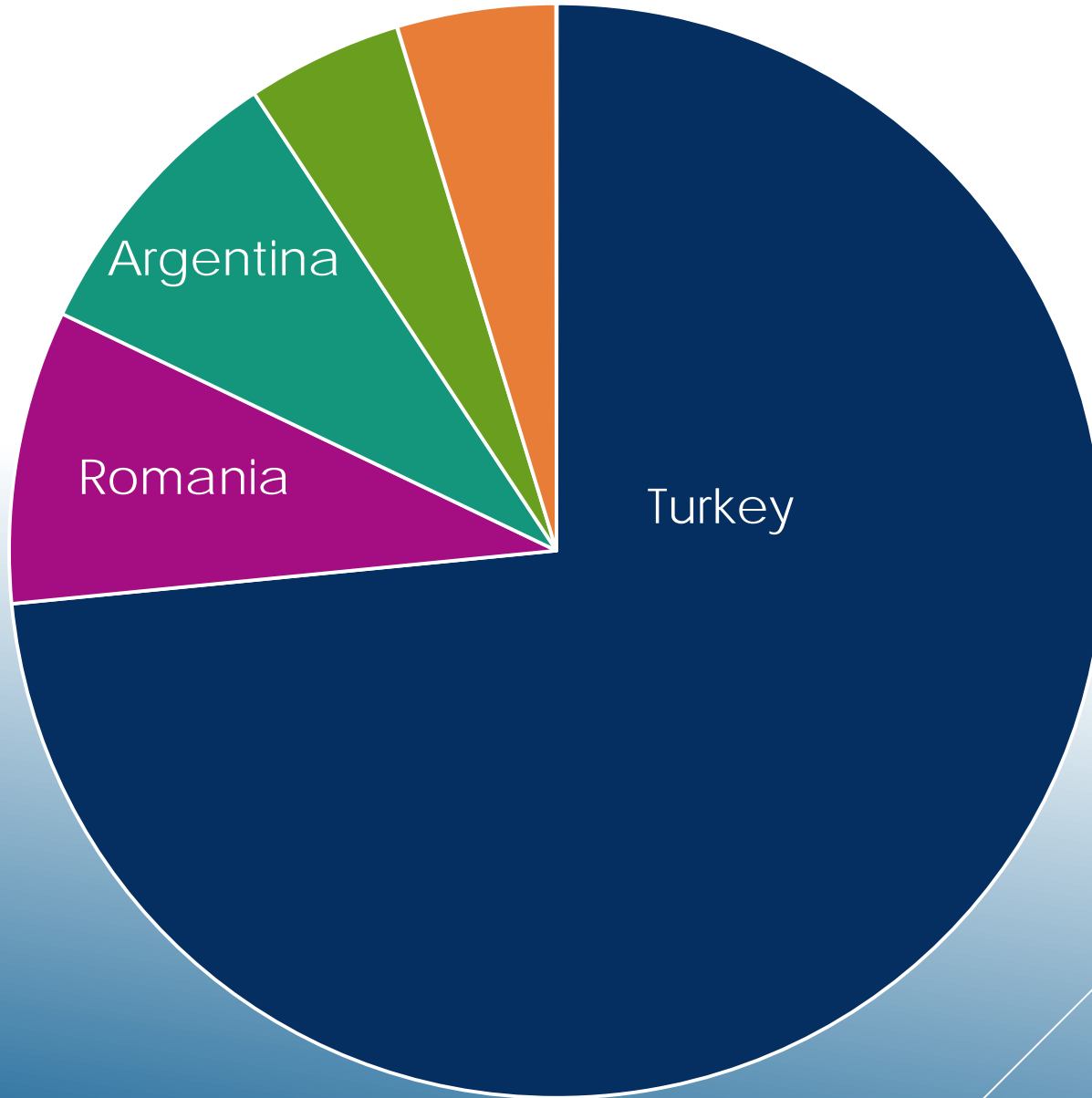
2011-2017



2017 Soybean Imports Dollar Value



2017 Corn Imports Dollar Value



□ Turkey □ Romania □ Argentina □ Netherlands □ Other

USDA's Foreign Agricultural Service Report
"Turkish Organic Market Overview"

January 26, 2016

"As organic production and consumption in Turkey, so too do the concerns about fraudulent organic products and lack of inspections."

The report went on to state:

"Although inspections and transparency in the Turkish organic food sector are improving, the integrity of organic farming, production, shipping and marketing are not always guaranteed."

ETKO DECERTIFIED
MARCH, 2016 BY THE EU
JUNE 7, 2016 BY CANADA

NOP AND ETKO
REACHED A
SETTLEMENT IN APRIL
2016



OFARM FILED A FREEDOM OF INFORMATION REQUEST WITH USDA ON JANUARY 18, 2017 ASKING FOR ALL TRANSCRIPTS AND DOCUMENTS RELATED TO THE ETKO CASE.

ETKO beats USDA to a draw and settles

A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

80% of Ukraine soy grown illegally from GM seed

Source: Agrimoney May 24, 2016

Malta is at the center of a \$220 M organics fraud case in Italy

Source: The Independent April 12, 2016

Romania-Grown men working 12 hours per day for a loaf of bread

Source: Arc 2020 July 2, 2014

Profits in Organic Fraud

USA \$ 4 MILLION \$

+

\$3-\$4 Million at origin

More Profits than drugs

What procedures does NOP have to assess the EU's process for accreditation and certification are adequate to ensure the integrity of bulk shipments of commodities that are pooled from many farms?

Does the NOP have an adequate system to track bulk commodity shipments produced in other countries outside the EU that are certified by EU-based certifiers or shipped through EU countries?

What other data collection should NOP set up to have a better understanding of the source of imports, back to the certifier and farm level?

USDA's Office of Inspector General Found

“AMS was unable to provide reasonable assurance that NOP required documents were reviewed at U.S. ports of entry to verify that imported agricultural products labeled as organic were from certified foreign organic farms...”

India

No. 1 exporter of soybeans to U.S

Organic agreement with India

Put inside a nuclear treaty option
in 2008 that is secret

No opportunity for audit

“USDA’s Pineapple Center Ring Organic Circus Fraud Continues”

The Milkweed, January, 2018

IF USDA Can’t Keep Your
Pineapple Straight, What about
a shipload of organic grain?

Cost to produce a bushel of organic corn based on our farmers numbers:

\$9.50-\$10.50 per bushel

Current losses

\$300.00 per acre

Cost to U.S. Organic Producers

Over \$400 Million in losses



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL
DEVELOPMENT

Directorate B. Multilateral relations, quality policy
B.4. Organics



ЄВРОПЕЙСЬКА КОМІСІЯ
ГЕНЕРАЛЬНИЙ ДИРЕКТОРАТ З СІЛЬСЬКОГО ГОСПОДАРСТВА ТА
РОЗВИТКУ

Дирекція Б. Багатосторонні відносини, політика у сфері якості
В.4. Органічні

Version 3 December 2015

Версія 3, Грудень 2015 р.

GUIDELINES
on additional official controls on organic
products imported from Ukraine, Azerbaijan,
Belarus, Georgia, Kazakhstan, Kyrgyzstan,
Moldova, Tajikistan, Uzbekistan and Russian
Federation

НАСТАНОВИ
для додаткових офіційних перевірок
органічних продуктів, що імпортуються з
України, Азербайджану, Білорусі, Грузії,
Казахстану, Киргизстану, Молдови,
Таджикистану, Узбекистану та Російської
Федерації

Applicable from 01/01/2016 until 31/12/2016

Термін дії з 01.01.2016 до 31.12.2016

This document has been conceived as a working document of the Commission Services.

It has been elaborated in co-operation with the Member States. It does not intend to produce legally binding effects and by its nature it does not prejudice any measure taken by the Commission or by a Member State within the implementation prerogatives under Article 32 and 33 of Council Regulation (EC) No 834/2007 and of Commission Regulation (EC) No 1235/2008, nor any case law developed with regard to this provision.

Цей документ був задуманий як робочий документ служб Комісії.

Він був розроблений у співпраці з державами-членами Комісії. Цей документ не націлений справити юридично зобов'язуючий вплив, і за своїм характером не ставить під сумнів будь-які заходи, прийняті Комісією або державою-членом в межах впровадження прерогатив у відповідності зі Статтею 32 і 33 Регламенту Ради (ЄС) № 834/2007 та Регламенту Комісії (ЄС) № 1235/2008, а також будь-яке прецедентне право, розроблене щодо цього положення.

A verified audit trail
back to the field on
all organic imports!

WHAT IS NOP DOING?

1. HIDING BEHIND "EQUIVALENCY" AGREEMENTS OR SIMPLY TAKING WORD THAT COUNTRIES MEET NOP STANDARDS. TURKEY? UKRAINE?

2. CAN ONLY RESPOND TO COMPLAINTS-ENFORCEMENT RESPONSE OF FARM FILED A FORMAL COMPLAINTS ON SEPTEMBER 7, 2016 AND NOV. 15, 2016

Who washed the cargo hold,
elevators, conveyors?



Audit Trail

Canada and/or the EU

▶ Importers required
to be certified

Organic inspection at
the ports

Warning system of
higher risk countries

Testing protocols
for banned
substances

NOP

Just now talking about
it. Setting up an
NOSB Subcommittee.

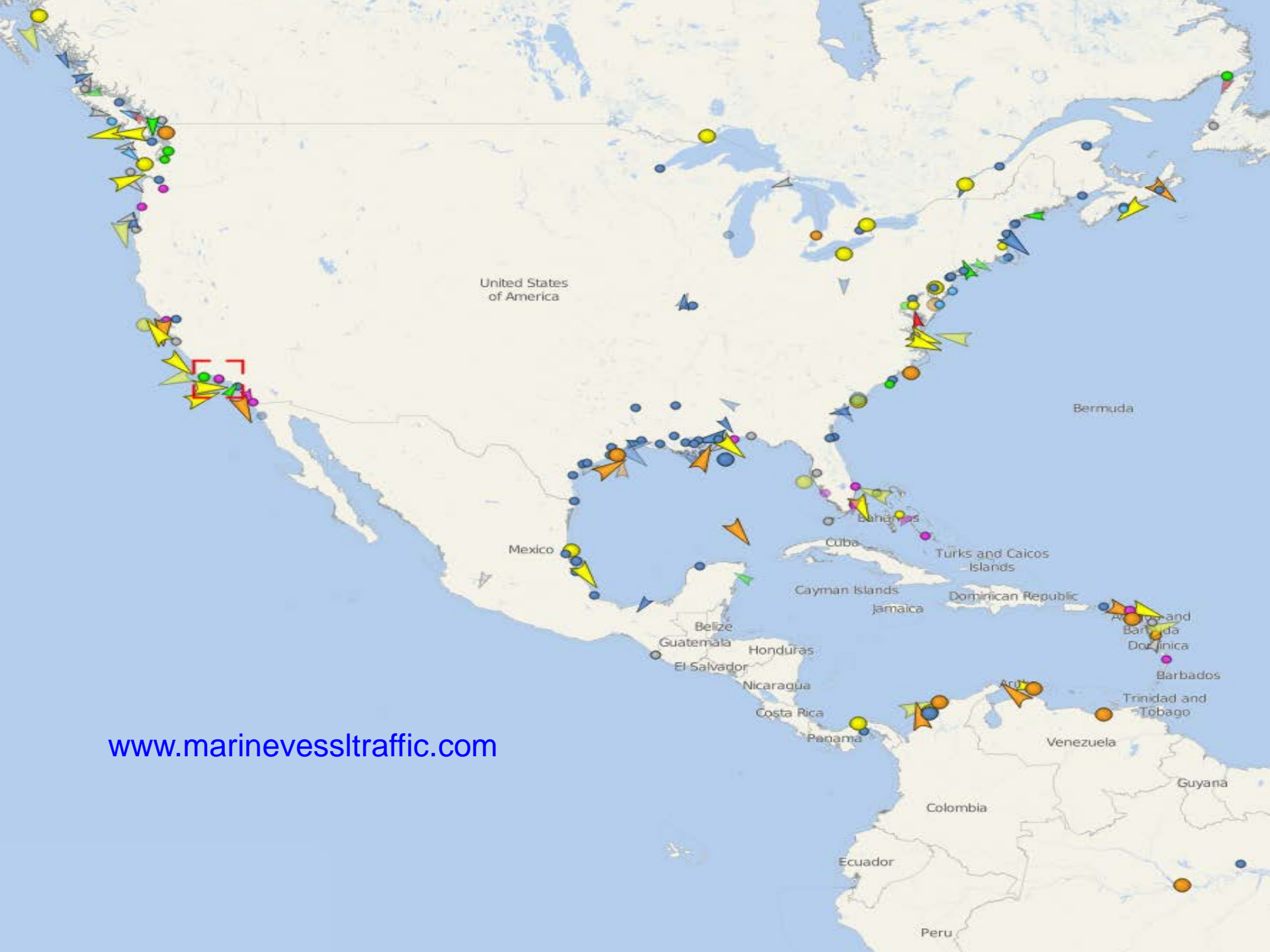
To the Rescue

Organic Trade
Association

NOP

Certifiers





www.marinevesseltraffic.com

LEGISLATION AND RULE MAKING



WHAT ROLE MIGHT
STATES' ATTORNEY'S
GENERAL PLAY IN
ORGANIC FRAUD
INVESTIGATION AND
PROSECUTION?




Currently the market is signaling to farmers with low prices no more production is needed!

Additional acres needed to replace imports to bring stability:

Corn-200,000 acres

Soybeans-400,000 acres

If you are a buyer of organic grain for your farm, you should be asking for verification of whether the grain is produced in the U.S. or imported



THE IMPORT ISSUE IS NOT GOING
AWAY ANYTIME SOON.

U.S. PRODUCERS NEED TO WORK TOGETHER
TO BE ABLE TO PUT TOGETHER UNITS OF U.S.
PRODUCED GRAIN IN SUFFICIENT QUANTITIES
TO BEGIN REPLACING IMPORTS.





The future depends on
maintaining
“ORGANIC INTEGRITY”

Producing to the highest
standards in the world and
maintaining those standards!

- ▶ Filing a Formal Complaint with NOP

- ▶ Email: NOPCompliance@ams.usda.gov

Phone: 202-720-3252

Fax: 202-205-7808

- ▶ Mail: NOP Compliance and Enforcement Branch
Agricultural Marketing Service

United States Department of Agriculture

1400 Independence Avenue, S.W.

Mail Stop 0268, Room 2648-S

▶ Currently a lot of producers in the face of collapsing conventional commodity prices are considering transition to organic

▶ How do we orderly transition them so they don't put themselves and everyone who is already at risk of collapsing organic prices?

The Milkweed



ORGANIC FARMERS ASSOCIATION

Sponsored by  **RODALE INSTITUTE**

www.organicfarmersassociation.org

▶ Organic Producers can take the route of being “rugged individualists” doing their own thing.

▶ We only need to look at our conventional neighbors to see how well that has worked.

▶ OR???

▶ We can work together to solve these problems.



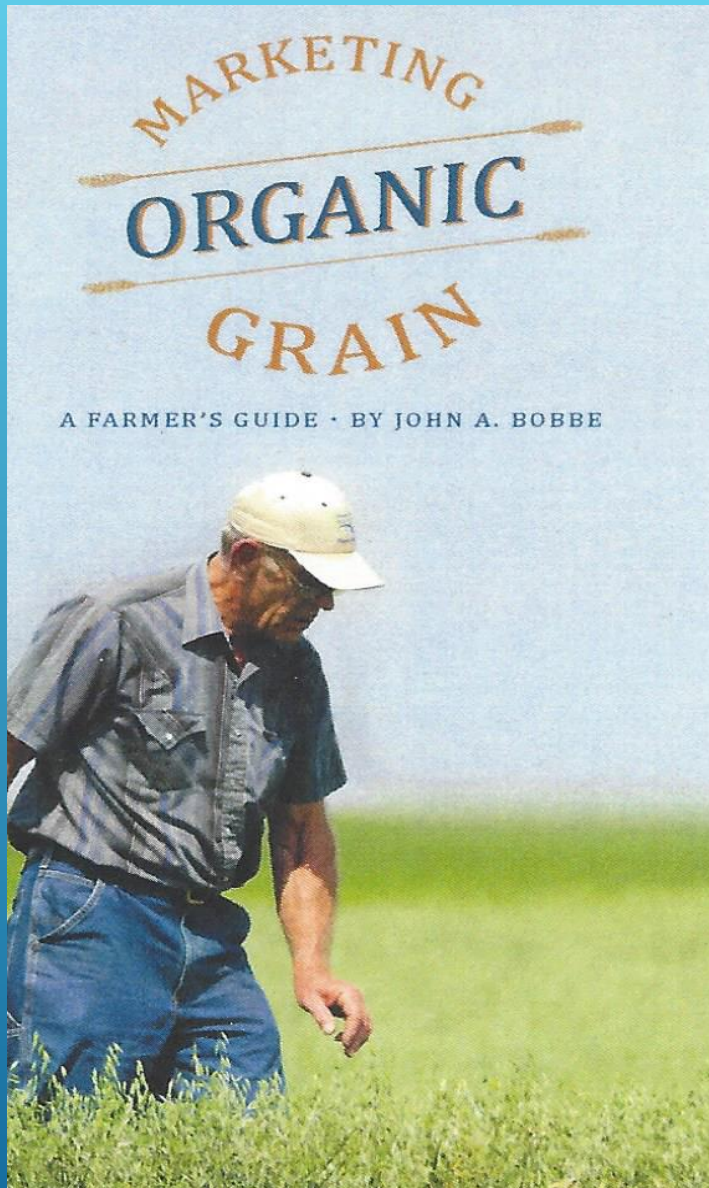
ORGANIC
The Real Natural

A MESSAGE FROM



FARM

OFARM.ORG 785-337-2442



www.MarketingOrganicGrain.com

▶ Web: www.ofarm.coop

www.ofarm.org

▶ Facebook: [Organic Farmers' Agency for Relationship Marketing](#)

▶ Videos:

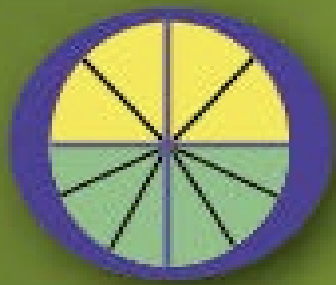
www.organictherealnatural.com

- ▶ In many cases OFARM writes the terms of contracts to the buyers for its farm members.
- ▶ A further study done by Iowa State University shows that prices received by OFARM member farmers can be 22-24% higher than those farmers who market alone.

Organic Producers

- ▶ How to get consumers to conscientiously buy more U.S. organic food
- ▶ 75 % of global respondents cite country of origin as the most important criteria to buy

- ▶ “Farmers who do have a marketer seem to access the markets more fluidly. Those who don’t “seem to be less aware of the marketing opportunities out there.” Also, “they may not know what the markets are for their rotation crops. And I think that is where a marketer might really come in handy.”
- ▶ Nate Lewis, Organic Trade Association
- ▶ Source: Agripulse.com February, 2016



Improving Your Organic Profits



ofarm.org



OF FARM

Organic Farmers' Agency for Relationship Marketing

Country of Origin Labeling-

OFARM was one of 200 signers of a letter to Congress supporting COOL

GMO contamination -partnered with Food and Water Watch to survey our members on the costs

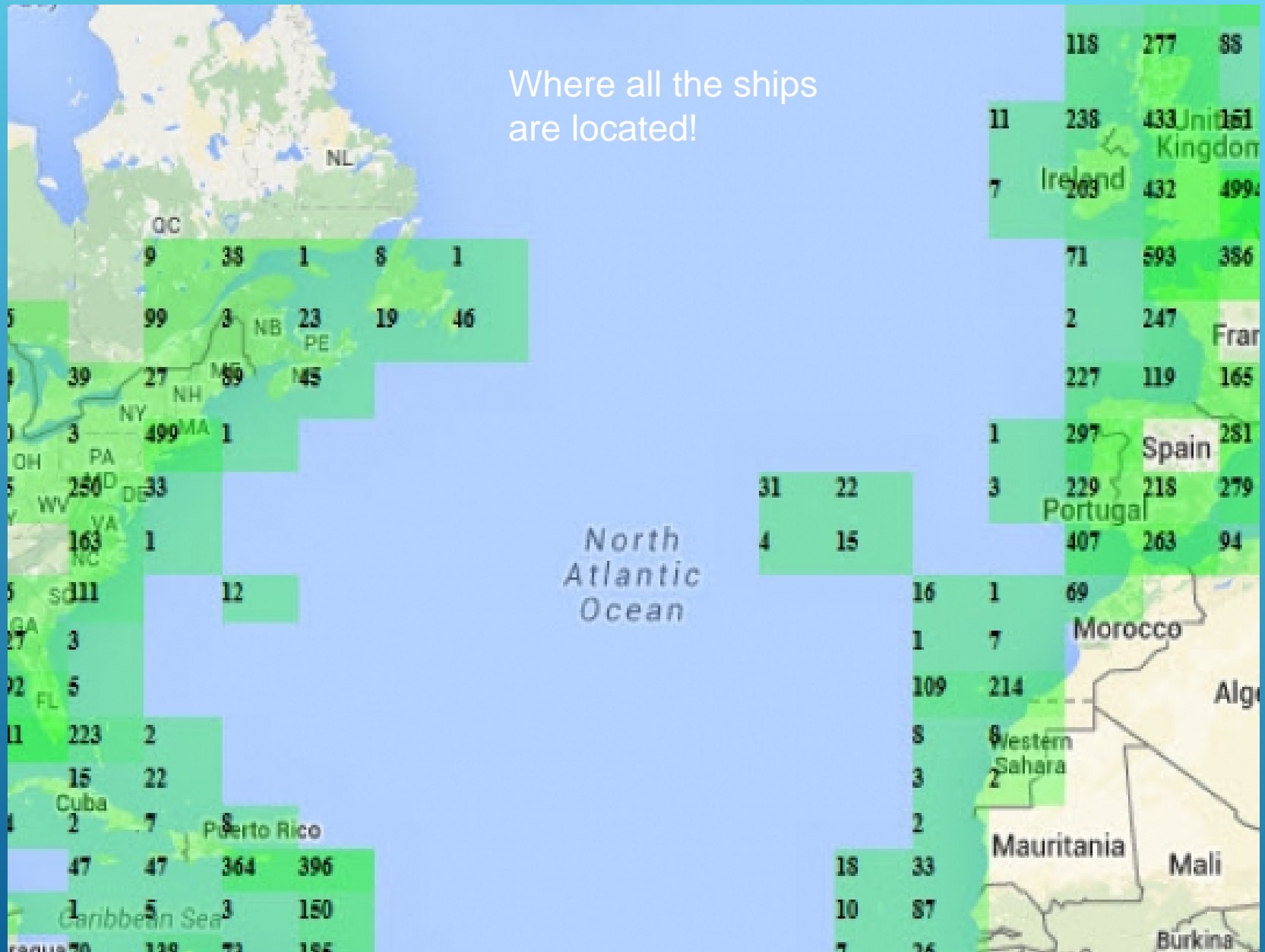
>USDA's solution-organic farmers should buy crop insurance to protect themselves

Organic Seed Alliance survey- asking organic farmers about the problems they face with obtaining organic seed

▶ Dry Baltic Index

▶ Say What??????

Where all the ships are located!



Country of Origin	\$6.50 delivered to port
Shipping	\$8.00 delivered to a US port
Deliver to PA and NY	\$10.50
Potential Margins	\$2.00-\$2.50/ bushel

“Eight ways to get consumers to buy organic.”

We asked consumers what they wanted to know and then found farmers to tell their story.

You have to tell your story in 60-90 seconds.

▶ 6 Shocking Reasons Why You Can Never Trust "Organic" from China

- ▶ 1. Organic Products from China Can Contain an Unlimited Amount of Heavy Metals
- ▶ 2. China Has Almost No Environmental Regulations
- ▶ 3. Agencies and Government Departments in China are Not Operating Properly

Dollar Value of US Imports by Year

	Corn	Soybeans	Wheat
	(\$1,000)	(\$1,000)	(\$1,000)
2011		41,790	695
2012		90,177	9,528
2013	36,620	110,237	16,037
2014	35,700	184,341	16,663
2015*	106,313	224,293	14,279

- ▶ 4. Supplements and Herbs from China Are Often Contaminated with Lead
- ▶ 5. Corruption: China Has Forged Organic Certification Label and Other Documents
- ▶ 6. Organic Products in China are Often Certified by Third Party Agencies
- ▶ *NOTE: Organic products sent to the U.S. are supposed to be certified by a USDA Certifier, there are not enough certifiers to meet the need.

▶ Source: Althealthworks.com January 8, 2016

SOYBEAN IMPORTS-2016

		Q1	Q2	Q3	Q4	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	
1 India	Organic Soybeans Except Seed	7879916	6312938	11399253	9345332	7869786	7232846	6177337	4934902	3406581	3562951	3086077	6609691	77817610
2 Turkey	Organic Soybeans Except Seed	46768	0	155421	303228	719143	187072	46768	46768	0	748849	5873922	4838387	12966326
3 Canada	Organic Soybeans Except Seed	751639	1469203	1525097	2019029	1737617	2626279	1631653	1114870	922222	1934605	1493438	1800027	19025679
4 Argentina	Organic Soybeans Except Seed	380739	30960	187506	0	1039207	6963657	5330988	2574940	2240126	2600286	2992322	1714548	26055279
5 China	Organic Soybeans Except Seed	1581040	839689	1653723	1181006	1810468	2567207	2841379	2835562	2442183	1406321	718526	990046	20867150
6 Uganda	Organic Soybeans Except Seed	0	0	0	0	0	0	0	0	90200	180400	0	451000	721600
7 Ukraine	Organic Soybeans Except Seed	810252	1137224	871588	8774465	9861269	18028178	12346332	1334887	14755905	941460	2918971	75278	71855809
8 Brazil	Organic Soybeans Except Seed	0	0	0	0	73513	599313	0	0	0	0	0	0	672826
9 Hong Kong	Organic Soybeans Except Seed	0	0	52186	0	0	0	0	0	0	0	0	0	52186
10 Latvia	Organic Soybeans Except Seed	0	0	0	0	0	0	0	76575	0	0	0	0	76575
11 Netherlands	Organic Soybeans Except Seed	116556	0	610964	297105	0	0	0	0	0	0	0	0	1024625
12 Romania	Organic Soybeans Except Seed	170384	0	4530000	0	441282	0	0	0	0	0	0	0	5141666
13 Russia	Organic Soybeans Except Seed	0	0	160066	297221	99683	440200	594822	272857	530624	380423	127333	0	2903229

Organic Corn Imports

Country	Product	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
1 Turkey	Organic Yellow Dent Corn, Except Seed	2,202,741	1,681,759	2,090,775	1,749,425	1,193,997	2,790,957	593,185	275,220	91,740	3,098,172	15,704,449	4,882,967	36,355,387
2 Canada	Organic Yellow Dent Corn, Except Seed	650,025	597,761	728,233	828,953	589,192	803,959	368,663	286,867	452,102	512,873	843,547	773,759	7,435,934
3 India	Organic Yellow Dent Corn, Except Seed	180,400	0	306,901	295,240	223,080	294,315	208,360	143,660	137,808	413,788	68,904	379,280	2,651,736
4 Argentina	Organic Yellow Dent Corn, Except Seed	319,424	124,200	660,613	276,971	895,841	1,653,085	1,897,669	1,050,390	917,832	889,172	1,318,811	298,512	10,302,520
5 Romania	Organic Yellow Dent Corn, Except Seed	505,275	636,050	6,830,689	6,907,514	8,173,774	5,443,848	10,701,094	5,255,727	6,257,917	2,425,931	265,733	56,100	53,459,652

▶ Challenges:

▶ Joint venture of ConAgra
and Ardent Mills

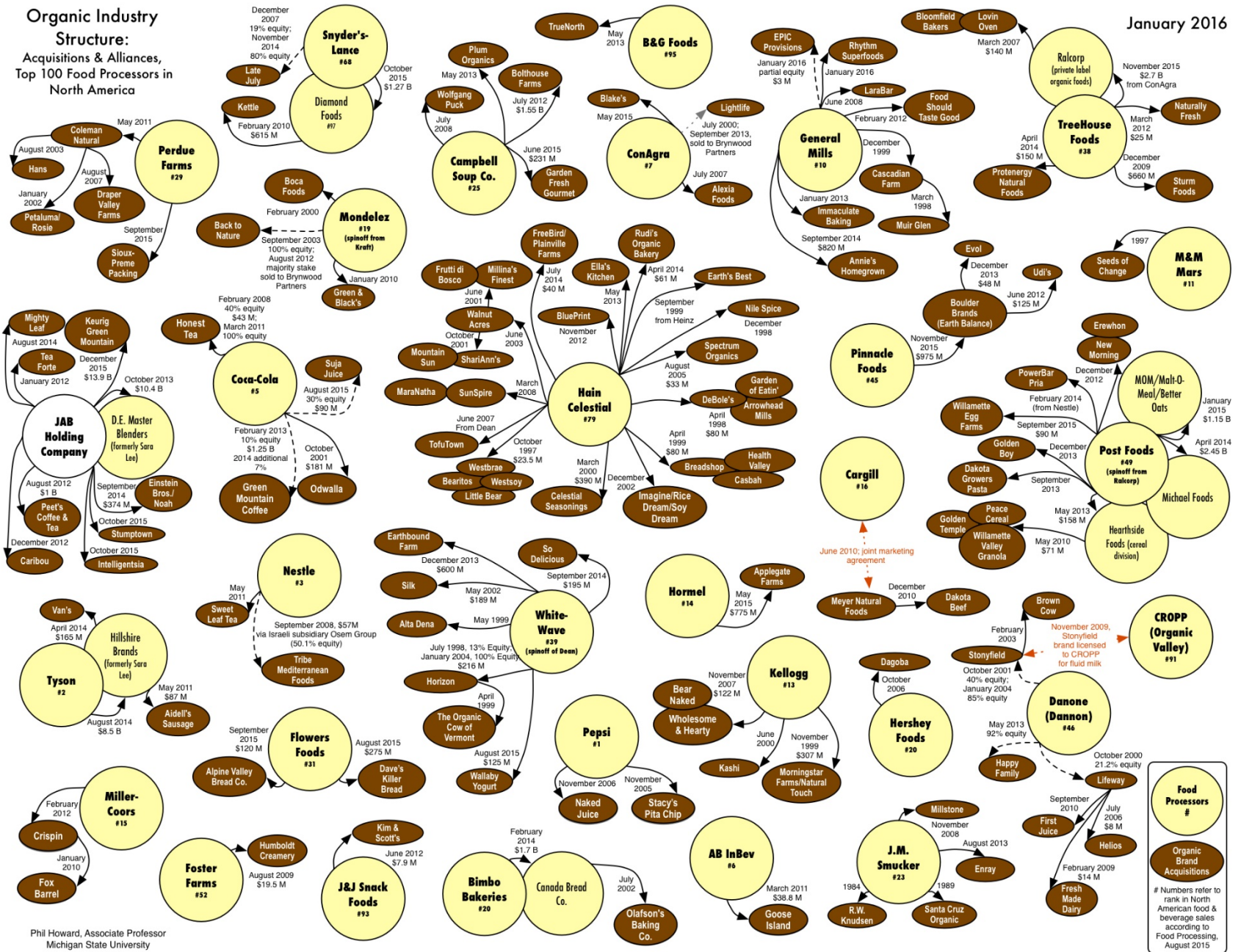
35% of the flour milling
market for all wheat
including organic

Ardent Mills to Help Farmers Double Organic Wheat Acres by 2019

Source: prnnewswire.com Dec. 15, 2015

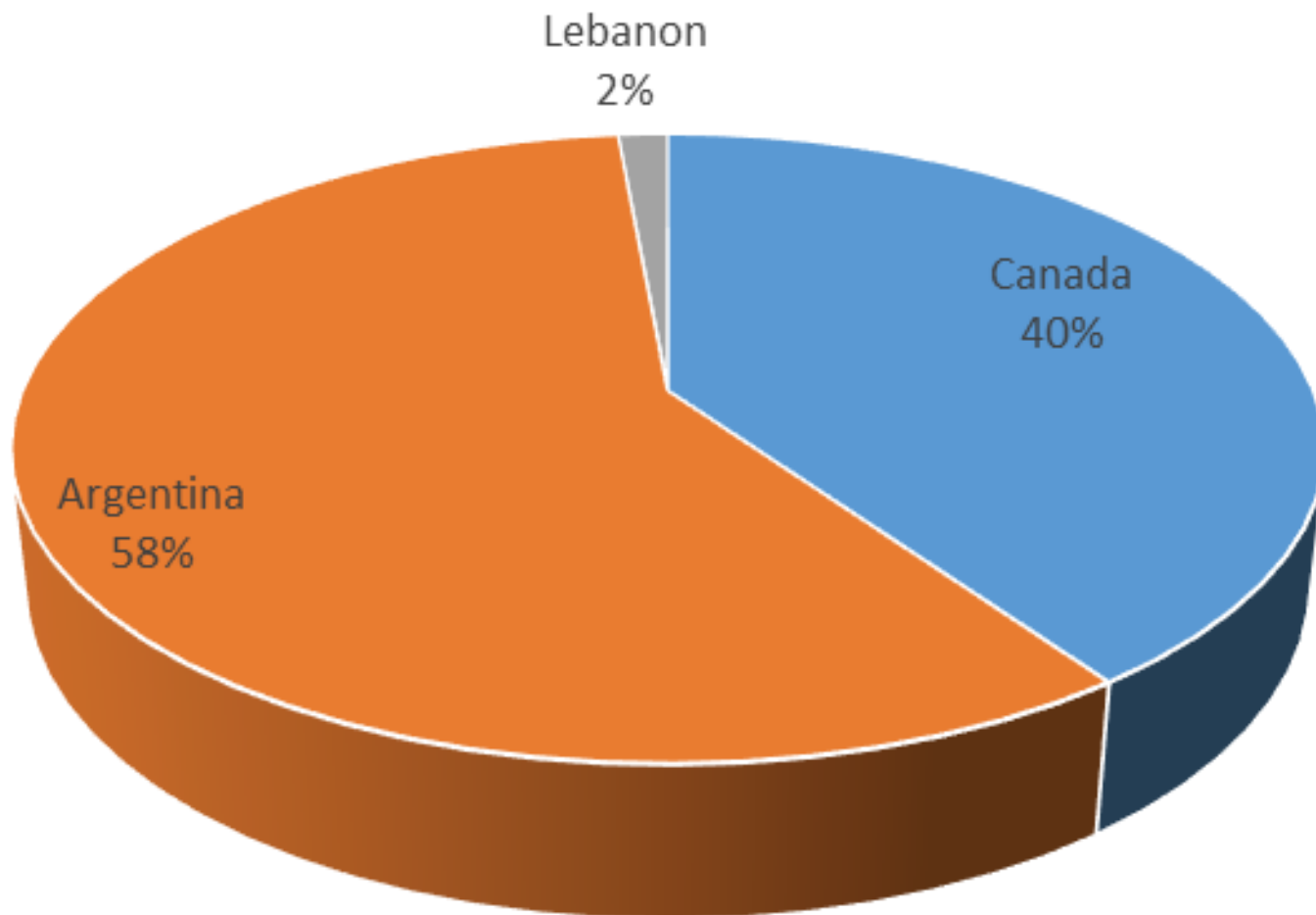
Organic Industry Structure: Acquisitions & Alliances, Top 100 Food Processors in North America

January 2016

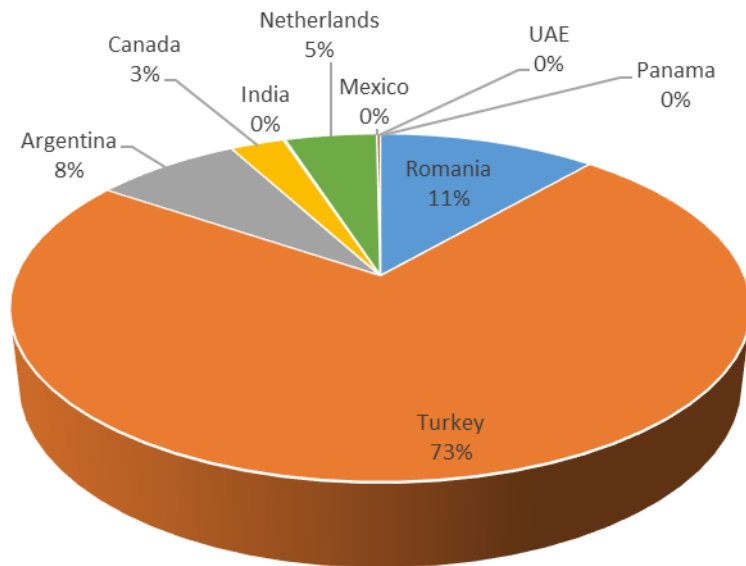


Food Processors #
Organic Brand Acquisitions
 # Numbers refer to rank in North American food & beverage sales according to Food Processing, August 2015

2016 Imported Organic Durum Wheat by Volume



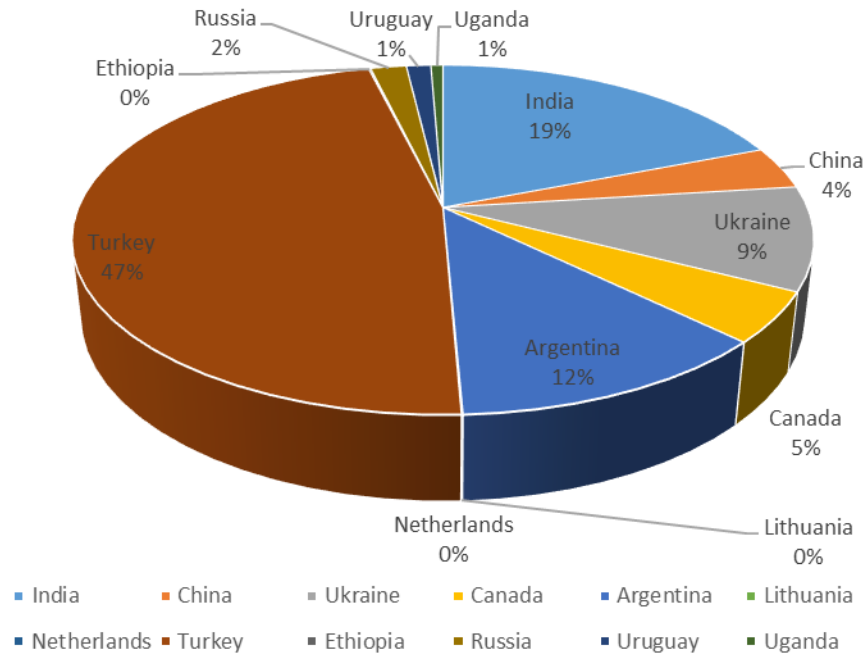
■ Canada ■ Argentina ■ Lebanon



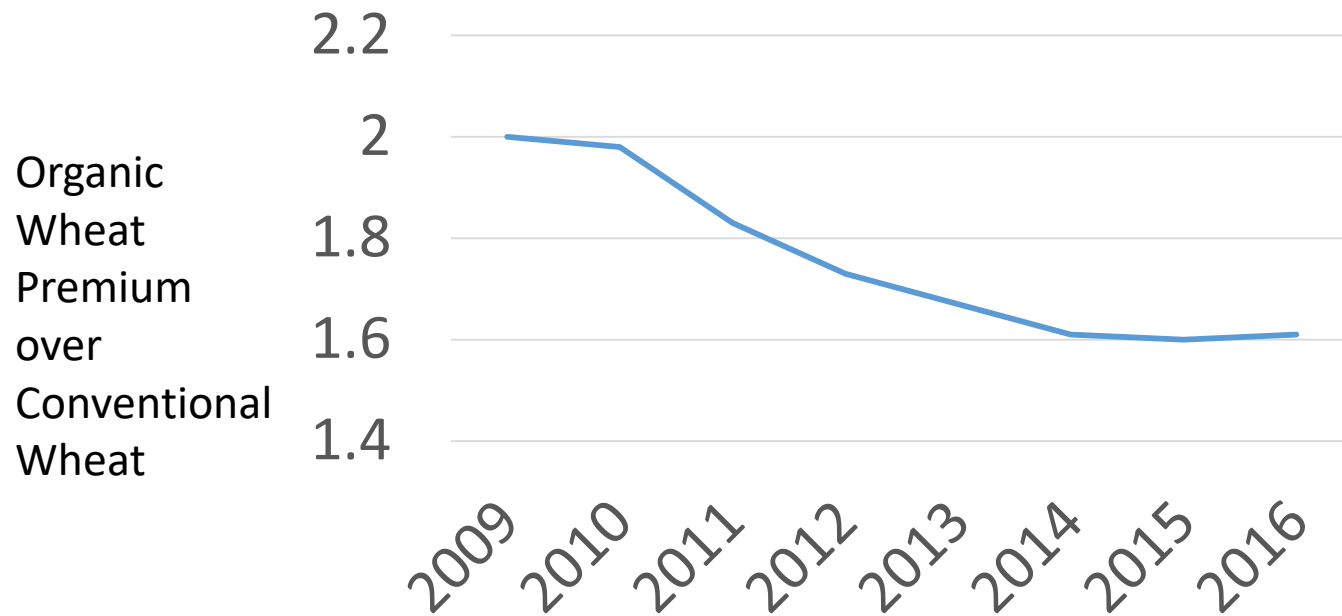
2016 Imported Organic Volume by Country

- Romania
- Turkey
- Argentina
- Canada
- India
- Netherlands
- Mexico
- UAE
- Panama

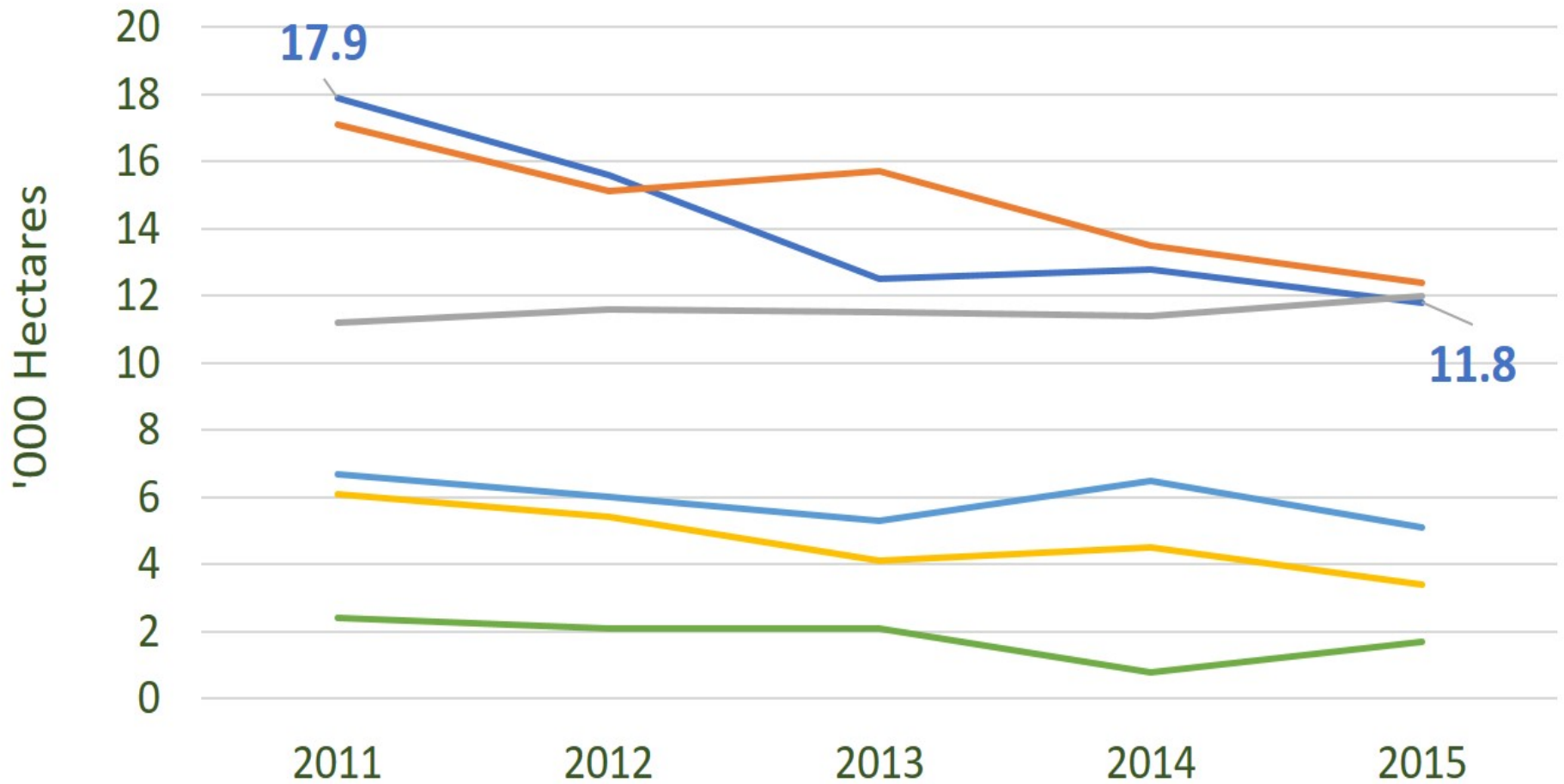
2016 Imported Organic Soybean Volume by Country



6-year Rolling Average Organic Premium



Organic Crop Areas 2011 - 2015



— Wheat

— Barley

— Oats

— Other Cereals

— Cereals as Forage

— Proteins & Oilseed

ANTI-FRAUD WORKSHOPS
CONDUCTED BY IOAS, MONTANA

SEPTEMBER AND DECEMBER, 2015
UKRAINE AND TURKEY

When something isn't working, try
more of the same?

Organic producers are looking at
alternative crops

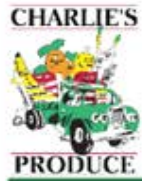
Corn and soybean acreage could
decline

A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

WHERE IN THE WORLD
IS

ORGANIC

Headed?



ORGANIC PRODUCE WHOLESALERS COALITION

Mike Dill

Organically Grown Company- Food Safety & Compliance Manager

Organic Produce Wholesaler Coalition- Coordinator

mdill@organicallygrown.com



Organically Grown Company

Employee and Grower Owned



Typical produce packaging. Unsealed and not tamper-evident.



Bulk produce with Brand and Distributor clearly identified



Incoming Product Inspection

- A function of every produce handler

PRODUCE QUALITY INSPECTION REPORT

Company name: *Mangoes*

DATE	INSPECTOR	Grower / Vendor		ITEM DESCRIPTION			
	GR			Ataulfo Mangoes			
PO#	Reference #	Condition Code	Landed Temp	Pressure	Item Code	PLU#	COO
20074703	10568 M	3+	48	Between 1-3			
Comments / Issues Observed			Number of Cases Received	Coverage Needed	Projections / Actions Taken		
Product landed with varied ripeness in each box			204	FYI	Softer and ready-to-eat mangoes might affect the shelf life. Need to sell these quickly before they start to break down.		




SKU: 0003338390408	Item: 0003338390408 LETTUCE ICEBERG ORGNC, CTN, [ANY], 24	Vendor: <i>[Redacted]</i>
Po Number: 15867331	Ship Date: 04-18-2018	

QC	
Inspector / QA Reject Quantity	5
Restacking Charge Assessed	
Allowance Amount	
Air Temperature	
Reefer Id	
Reefer Temp Setting	
Trailer Number	
Location On Inspected Pallet	Top
Location On Inspected Truck	Unknown
Temp Recorder used?	No
Temp Recorder Number (Outside)	
Ryan # (On Tape)	
Pulp Temp (F)	39
Protection Requested Due To Condition Of Load	No
Receive with an Allowance	No
Was Rejection Due To Temperature	No
If Yes, Condition of The Air Chute	N/A
Reefer Temp Setting UnKnown?	No
Photos Taken?	No
Federal Inspection Performed?	No
Federal Certificate Number	
Date / Time Inspection Called	
Date / Time Inspection Completed	

Surrounding Pulp Temps		
Temp	38	High Range 39
		Low Range 38

Pulp Temps if item is rejected			
Front/Top		Front/Middle	
		Font/Bottom	
Middle/Top	39	Middle/Middle	39
		Low Range	38
Rear/Top		Rear/Middle	
		Rear/Bottom	

Defect Piece Information		
No. of Pieces	No. of Defects Found	% of Defects Found
24	5	20
24	4	16
24	4	16

Problems Found During Inspection				
Lot Number	Problem Found	Range	To	Average
	Condition	16	20	17
	Select			
	Select			
	Select			
	Select			

Comments	
Reject 5 cases, Rib rust. Product back on truck.	
QC Last Updated:	04/19/2018 04: 44 AM QA015/Ke <i>[Redacted]</i>

PRODUCE QUALITY INSPECTION REPORT

Company Name: *Berries*

DATE	INSPECTOR	Grower / Vendor		ITEM DESCRIPTION			
17-04-09	RME			Berry, Strawberry 8x1#			
PO#	Reference #	Condition Code	Brand	Temp Recorder	Item Code	PLU#	COO
225103	134460 M	2			1382		USA
Comments / Issues Observed			Number of Cases Received	Coverage Needed	Projections / Actions Taken		
Observed this lot of strawberries arriving with sunken and discolored areas to roughly 7% of the berries.			216	protection	If it is possible that we will see credit requests and/or rejections on this lot due to the conditions noted upon arrival.		





Quality Control

- A function of every produce handler





Produce storage in a typical produce warehouse or distribution center





Receiving Produce



Shipping Produce



OTCO System Plan Summary

Organically Grown Company
 1800 B Prairie Road
 Eugene, OR 97402
 United States

Client Identification Number: OT-007556
 NOP ID: 8150001722
 Certificate Issue Date: 08/28/2017
 Certified by OTCO since: 4/16/1998

Location(s) and Facilities Inspected:

Location/Facility Name	Address
Organically Grown Company	1800 B Prairie Road, Eugene, OR 97402
Portland Facility	20078 NE Sandy Blvd., Portland, OR 97230



Certified Product (100% Organic)

Product	Brands	Compliance
Fruit:		
Fresh > Blueberry	Organically Grown	NOP-Handling
Fresh > Cranberry	Organically Grown	NOP-Handling
Vegetables:		
Fresh > Broccoli	Organically Grown	NOP-Handling
Fresh > Purple Sprouting Broccoli	Organically Grown	NOP-Handling
Fresh > Carrots	Organically Grown	NOP-Handling

OTCO System Plan Summary

Nuevo Amanecer
 4785 Grace Drive
 Eugene, OR 97404
 United States

Client Identification Number: OT-007343
 NOP ID: 8150001838
 Certificate Issue Date: 04/21/2017
 Certified by OTCO since: 5/30/2006
 Production Partner: Organically Grown Company

100% Certified Organic Land, fields and crops:

Parcels	Crops	Compliance
Nuevo Amanecer: 97390 River Rd, Junction City, Oregon	Beet, Broccoli (Purple), Broccoli, Cabbage, Cabbage (savoy), Cabbage (Red), Cabbage (Green), Collard, Garlic, Kale, Leek, Lettuce, Pepper, Shallot, Swiss Chard, Winter squash	NOP-Crop, US/Canada Equivalence-Crop

Certified Product (100% Organic)

Product	Compliance
Vegetables:	
Fresh > Broccoli	NOP-Crop
Fresh > Purple Sprouting Broccoli (Organically Grown Company)	NOP-Crop

Generic boxes used for non-organic and organic growers in Oregon and the Northwest.



Commonly used by split operations and Brokers.





This is how imported organic produce is shipped and handled





[Developing **sustainable**
supply chains in agriculture]

Organic Integrity Assurance

Presented to the NOSB by Erin L. Heitkamp

April 25, 2018





Who We Are

Pipeline Foods is a global organization with a vision to accelerate the availability of non-GMO, organic and regeneratively grown food. We are bringing best-in-class sustainable supply chain solutions to build a better future for our farmers, customers and partners.

We are experts in our respective areas, united by integrity and respect for relationships and the earth. Our teams promote transparent and collaborative business practices while working towards our goal to meet current demand for organic and non-GMO crops grown in the Americas.

Issues in Current Organic Supply Chains

- Fragmented supply chain
- Lack of price transparency
- Lack of supply chain transparency
- Fraudulent product entering supply chain
- Lack of enforcement within a regulated market

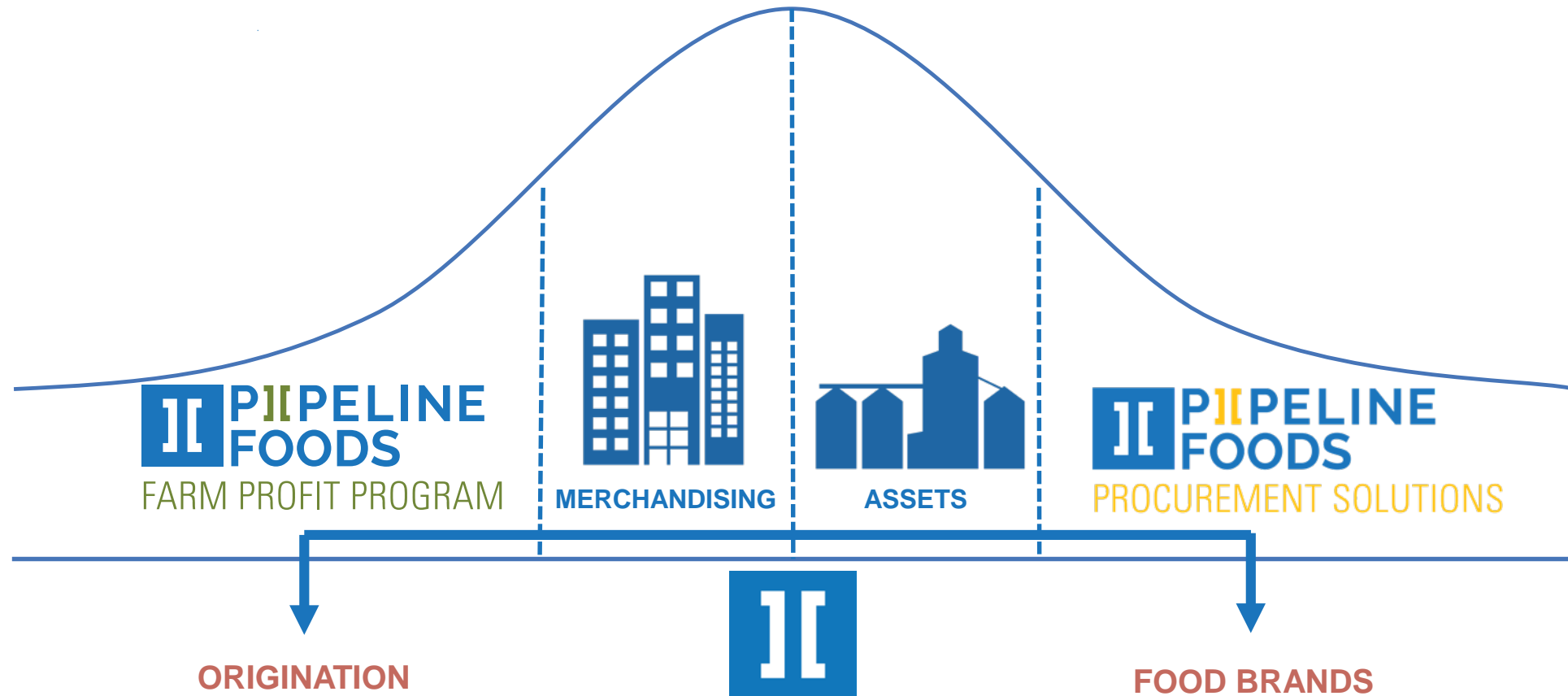




Risks of Fraudulent Product

- Supply chain disruption
- Counterparty financial risk
- Recall risk
- Headline risk

What We Do



Commitment to Organic Integrity

- We commit to and will work to leverage new technologies to enable full transparency and traceability in all that we do.
- We ensure we have “boots on the ground” in all locations from which we source organic crops.
- We require transaction certificates on all product transfers when importing product from outside the U.S. or Canada.
- We third-party test all products to be imported into the U.S. prior to loading and shipment.
- We will assess and implement risk-based preventive controls.





Steps We Take to Ensure Organic Integrity

- **Supplier Screening Program and Classification**
 - Audits, certification checks, flowchart checks, traceability checks, allergens, FSVP compliance
 - Approve or deny suppliers based on the assessment
 - Classify approved suppliers into multiple categories
- **Product Risk Profile**
 - Categorize products by specific uses and risks
 - Create testing and assurance programs based on specific product risks
- **Country of Origin Risk Profile**
 - Identify macro risks within specific countries, i.e, corruption risk, political risk
 - Meet with local certifiers to determine specific risks the country is facing
- **Product Inspections**
 - 4 stage testing program: Pre-shipment, loading inspection, unloading inspection, continuous inventory inspection
 - Analyze based on specific product risks, customer requirements, and food safety risks

Recommended Agency Action

- Prosecute and hold accountable bad actors
- Close certification requirement gaps
- Require transaction certificates
- Create a system for and conduct mass balance reconciliation
- Investments in technology solutions/blockchain
- Inter-agency collaboration
- Alarm system





Recommended Industry Action

- Formalize industry and organizational commitment
- Vulnerability assessment and mitigation process
- Shorten supply chains
- Transaction certificate requirements
- Physical oversight of product transactions
- Product testing at high-risk points in the supply chain
- Communicate concerns



DEVELOPING SUSTAINABLE SUPPLY CHAINS IN AGRICULTURE

Erin L. Heitkamp

eheitkamp@pipelinefoods.com

612.900.9499



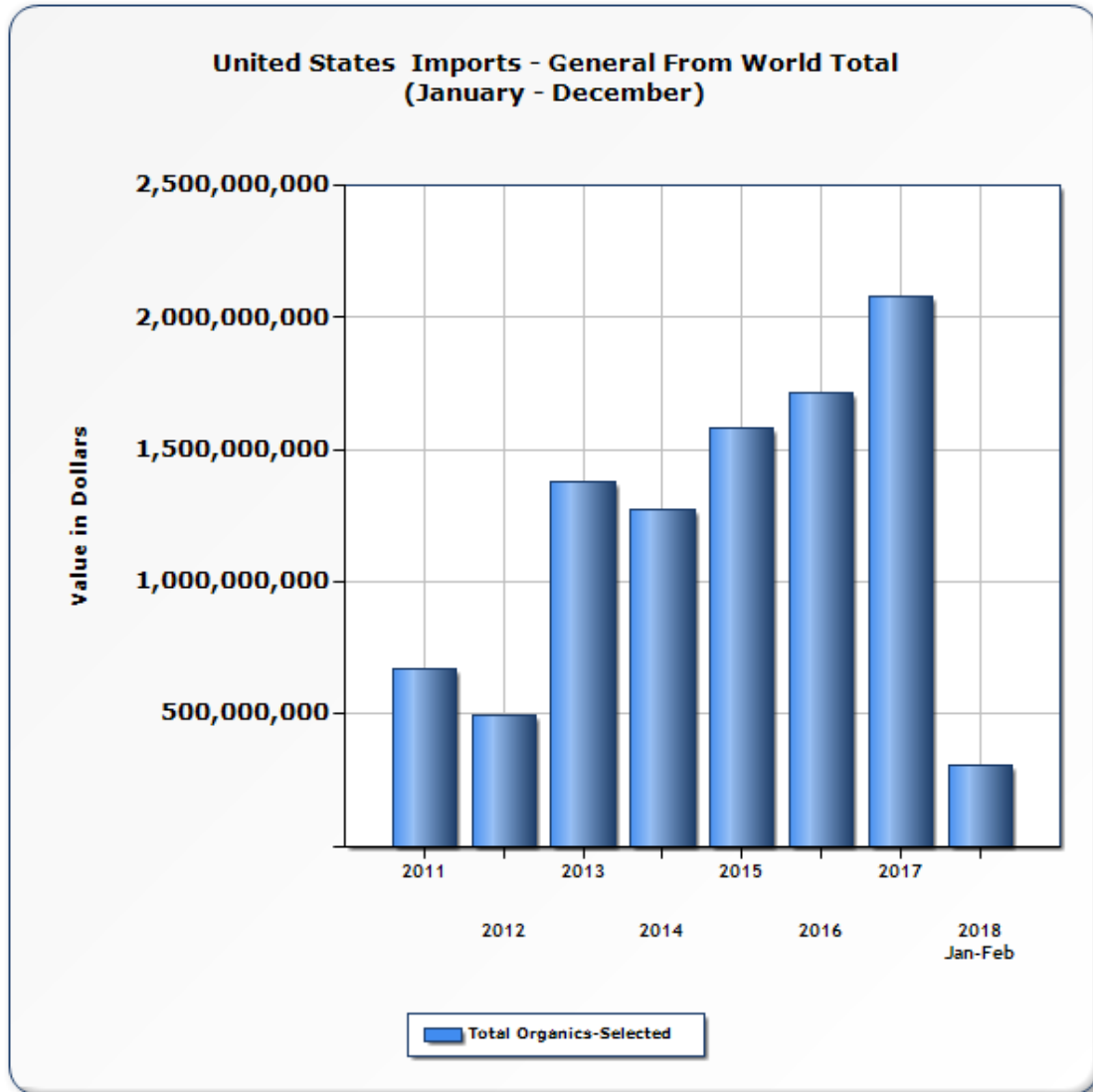
Promoting Organic Integrity

*prepared for the
National Organic Standards Board*

Monique Marez | April 2018 | Tucson, AZ

TOP 10 IMPORTS / TOP 10 ORIGINS

- Imports reached \$2.08 billion, up 21% compared to 2016



Top 10 Countries

Mexico
Turkey
Brazil
Argentina
Spain
Italy
Peru
India
Ecuador
Canada

Top 10 Imports

Soybeans
Coffee Arabica not roasted
Bananas (fresh)
Extra Virgin Olive Oil
Avocado (fresh)
Honey
Yellow Dent Corn
Sugar
Apples (fresh)
Blueberries (fresh)

RISK FACTORS IDENTIFIED THROUGH GOSCI

- ✓ Excluded Operations - Uncertified
- ✓ Long and Complex Supply Chains
- ✓ Imports
- ✓ History of fraud (region or operation)
- ✓ Long and/or complex supply chain
- ✓ No formalized supplier approval process
- ✓ New supplier / short history
- ✓ Use of uncertified handlers (brokers, traders) in the supply chain
- ✓ Supplier handles both conventional and organic
- ✓ Imported from areas of known risk (history of fraud)
- ✓ Ingredient/product comes from multiple suppliers
- ✓ Ingredient/product has crossed multiple borders
- ✓ Ingredient/product is sourced from multiple sources in an open market with limited knowledge about the supplier
- ✓ Supplier will not disclose sources and/or provide certificates for those sources
- ✓ Compliance documents submitted are not verifiable
- ✓ Violations of fraud found by NOP from product type and/or region
- ✓ Sudden change in volume or market price
- ✓ Certified company or certifier is not listed on the NOP Organic Integrity Database
- ✓ Supplier company operates under multiple names
- ✓ Bulk product with a valid organic certificate but not identified as organic on paperwork
- ✓ Missing certificate from originating farm or intermediate handler
- ✓ Evidence of falsification – changed operation name on certificate to protect proprietary information
- ✓ Known production challenges and need for use of pesticides
- ✓ Lack of clarity about whether product was fumigated

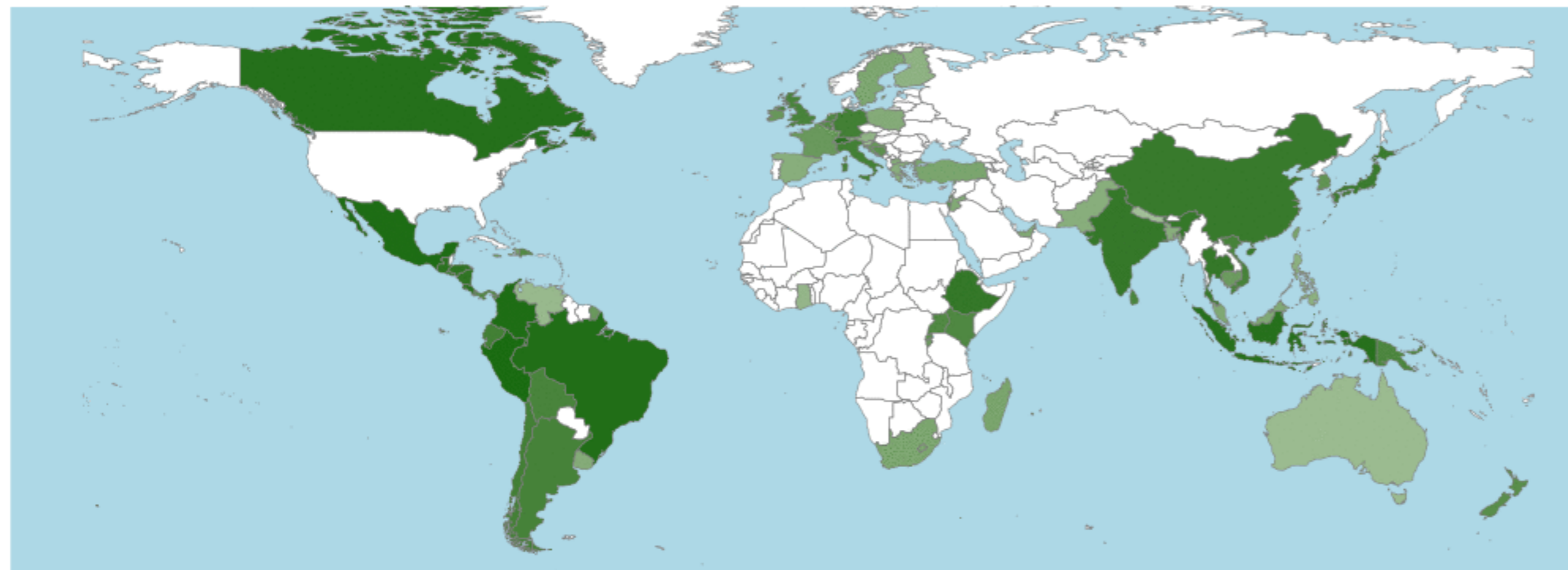
TOP PRIORITIES

1. NOSB → Recommend NOP **require certification of currently excluded operations;**
1st Step: clear terms and definitions on operation types
2. NOSB & NOP → **improve timing & communication around NOP's complaint procedures**
1st Step: develop an alert system that identifies products or regions where heightened vigilance is needed.
3. NOSB → Recommend NOP **require ACAs to harmonize a method & develop a report for mass balance,**
1st Step: understand existing methodologies and reporting differences.
4. NOSB & NOP → **Prioritize creation of organic HS codes**
1st Step: collaborate w/ industry on identifying key products to track

EXISTING ORGANIC HTS CODES – 49 for import

1. lemons
2. oats
3. quinoa
4. soybean flour
5. dried yellow peas
6. dried green lentils
7. barley
8. specialty sugars
9. yellow dent corn
10. garlic in fresh whole bulbs
11. shelled almonds
12. bananas
13. mangoes, if entered Sept. 1 to May 31
14. mangoes, if entered at any other time
15. ginger, not crushed or ground
16. flaxseed (linseed) for use as oil stock
17. virgin olive oil, weighing < 18 kg
18. other virgin olive oil
19. sparkling wine
20. red wine < 2 liters
21. white wine < 2 liters
22. honey
23. Greenhouse sweet bell-type peppers
24. Other sweet bell-type peppers
25. Hass & Hass-like avocados
26. apples valued over 22¢ kg
27. pears & quinces, entered 4/1 to 6/30
28. other pears and quinces
29. cultivated blueberries
30. Arabica coffee, not decaf
31. other coffee, not decaf
32. decaffeinated coffee
33. coffee, not decaf, in retail containers 2 kg or less
34. Other coffee, roasted, not decaf, in retail containers more than 2 kg
35. decaf coffee in retail containers weighing 2 kg or less
36. green tea, of a content not exceeding 3 g, flavored
37. other green tea, of a content not exceeding 3 g, not flavored
38. Other green tea
39. black tea, in packing not exceeding 3 kg, in tea bags
40. durum wheat, grade 1, with specified hard vitreous content >84%
41. durum wheat, grade 1, with specified hard vitreous content not exceeding 84%
42. durum wheat, grade 2, with specified hard vitreous content >84%
43. durum wheat, grade 2, with specified hard vitreous content not exceeding 84%
44. Other durum wheat
45. Other long grain rice
46. Other med. grain rice
47. Other short grain rice
48. Other mixtures of rice
49. soybeans, whether or not broken

U.S. Organic Imports in 2011



ACTIONS w/ IMPACT

NOP REGULATORY IMPROVEMENTS

- Require certification of currently excluded entities
- Require ACAs to execute and report mass balance, rolling up to a countrywide report.
- Increase oversight of inspectors.

ACTIONS FOR INDUSTRY

- Adopt and implement the GOSCI Best Practices Guide
- Improve and harmonize training of inspectors and ACAs
- Require that all documents created by direct parties to an organic transaction include organic ID

NOP PROCESS IMPROVEMENTS

- Improve the timing and communication around NOP's complaint system
- Increase coordination and access to available data cross border documentation systems administered across other
- Better utilize the organic equivalency relationships to help prevent fraud.

OTHER U.S. GOVERNMENT ACTIONS

- Support HR 3871
- Prioritize ORGANIC hs codes
- Determine whether a 332 should be pursued.