

display, samples, good communication abilities and language skills, it is very difficult for them to get value out of a stand. It might be better for those that are not ready to simply visit the fair instead of exhibiting.

Another problem is the volumes of products, or quality that small exporting companies are able to offer, which often do not match the expectations of the large traders.

There is a general tendency to underestimate the difficulties in export marketing. There are cases where local prices are higher than export prices, and even where local prices for non-organic products are higher than organic world market prices: this is the case for honey in many countries.

g. Organic Trade agreements / equivalence negotiations

Political justification

For a country that has a full organic regulation and which has reached a significant amount of organic exports to a given importing market, negotiating an equivalence agreement (also called organic trade agreement) can be a way to further facilitate exports. If the country is granted equivalence by its main importing market, it means that to access this market its producers will need to be certified only once, to the domestic regulation. This will reduce transaction costs for organic operators. Normally, these negotiations are bilateral and reciprocal, which means that two countries will grant equivalence to each other. There are still few studies that have looked at the impact of equivalence agreements on trade, mostly due to the absence of specific HS (Harmonized Systems) codes to track trade flows of specific organic products. Among the exceptions is the US, which has been developing organic HS codes annually since 2011, reaching 34 in 2016. A study from the Organic Trade Association looked at the impact of the equivalence agreements signed by the US on its organic exports and found that organic equivalency arrangements, examined both collectively as a single policy or as individual policies, have a positive impact on organic exports, often generating a 200% increase in organic exports to the countries with which an equivalence agreement is signed¹²⁵. In other countries, organic competent authorities have reported a decrease in phone complaints from exporters and importers regarding organic shipment procedures after an equivalence agreement is signed, which is also an indicator of tangible benefits.

Although obtaining equivalence is a very appealing milestone for an exporting country and a sign of international recognition and credibility endorsement of its organic standard and control system, its value in terms of boosting exports should not be overestimated. In particular, the strategy pursued by some governments to develop a national organic regulation (at a very early stage of development of their sector) that

¹²⁵ *Impacts from Organic Equivalency Policies, A Gravity Trade Model Analysis*, available at http://ota.com/sites/default/files/indexed_files/OTAOrganicTradeReport2015.pdf

mimics the regulation of their desired export market (often the EU or the US) in hope of securing a future equivalence agreement has proven to be ill-conceived. There will be more negative impacts from the imposition of a “foreign-inspired” regulation on their domestic organic sector than there will be when (and if) the country ever achieves equivalence. Pursuing equivalence is a legitimate goal but should not be done at all costs and policy makers should look realistically at the chances of equivalence success versus the need for responding to the needs of their domestic organic sector first.

Suitable contexts

It only makes sense to put resources into negotiating organic trade agreements when the organic sector has reached a significant size, either as a producing country or an importing country or both. At embryonic stages, other countries will not be interested to negotiate and it is also not a priority action. In addition, if the sector is not well developed, there will not be sufficient expertise and experience to guide the negotiators, i.e. they will not fully understand which adaptation to foreign standards are possible and which are not, or give sound arguments for the need for local adjustments. An alternative strategy is to help local certification bodies to get international recognition.

Organic trade agreements can also only be negotiated if the country has a national organic regulation. It may be a regulation that is only for export, or a general one (export and domestic), but whatever the case, it needs to be well enforced for some years, so that the country can demonstrate its efficacy in guaranteeing organic integrity.

Possible modalities of implementation

When a country aspires to organic equivalency recognition with another country, there are several ways this can be pursued. One way, which has been used a lot in the past was to ask for a unilateral equivalence recognition (e.g. from the EU or Switzerland). The country’s application would then be judged only on its technical ability to meet the equivalence expectations from the importing country. This avenue is being phased out because the EU Commission has announced that it will want, in the future, all organic equivalence agreements to be bilateral, which also means that the negotiations will become more political (give and take) and less focused on the technical aspects.

Bilateral equivalence negotiations will be the main modality to obtain organic equivalence for most countries in the coming years. One would nevertheless expect that, given the time and resources that such negotiations take, there will be only a limited number of new agreements signed in the coming years under this format.

Organic equivalency, or mutual acceptance of the parties organic systems can also be part of general trade agreements, which is the case with the agreement between Switzerland and the EU.

Organic equivalency can be integrated in the objectives of development cooperation projects, in particular in the cases they are funded from the target market country. It can help considerably in the process if the development cooperation agency in the

importing country can facilitate the process. An intermediate solution can also be to assist local certification bodies to get recognition in relevant markets that have such options.

Given the complexity of the global trade picture (with new organic markets, such as China, South East Asia, the Middle East, or Central America becoming significant importers, the future lies most probably with more efficient approaches to equivalence, such as pluri-lateral equivalence. There has been several rounds of discussions amongst representatives of the big trading partners that are currently in a loop of bilateral equivalence agreements with one another (Canada, EU, US, Switzerland), and one day those might lead to a concrete plan of a joint pluri-lateral approach.

Another approach recommended by IFOAM-Organics International is the unilateral recognition of multiple standards, through the use of the IFOAM Family of Standards as a single equivalence criterion for recognition of equivalent country standards. A few countries¹²⁶ have already adopted this approach, which means that it can become interesting for countries wishing to gain market access, to get their organic regulation approved in the IFOAM Family of Standards.

Finally, when it comes to gaining market access, the option of regional harmonization is not to be underestimated, as this is often a simpler and more powerful tool than one-to-one equivalence negotiations. Examples of regions that have already harmonized their systems into a single regional system are the EU and East-Africa. Once a regional equivalency agreement is in place, that region can embark on seeking equivalency with other regulated regions, with a stronger negotiating position than individual countries would have had.

Country examples

There are now a number of organic equivalence arrangements/agreements, mostly among the main organic trading countries.

The first wave of equivalence recognition was undertaken by the EU in the late 1990s, with Australia in 1996, and Switzerland, Argentina and Israel in 1997. Of those, only the Switzerland-EU recognition was bilateral. Others were unilateral recognition by the EU.

These were followed by other additions in the 2000s (New Zealand in 2002, Costa Rica in 2003, India in 2006, Tunisia in 2009) to what is called the “EU third country list” (list of countries who have been granted EU organic equivalence). Those were unilateral recognitions based on the need to import significant amount of raw organic materials from those countries into the EU, although afterwards some of them were converted into bilateral equivalence.

Negotiations with more “equal level” trading partners (whereby for each party, imports and exports are at stake) took more time to materialize. In 2009, the Canada-USA

¹²⁶ Australia, Saudi-Arabia, Uganda, Tanzania, Kenya, Rwanda and Burundi.

equivalence agreement started a new era of equivalence negotiations (and was the organic first equivalence agreement signed by the USA). The EU granted equivalence to Japan in 2010 (which was later converted to bilateral equivalence). Canada and the EU concluded bilateral equivalence in 2011. Finally in 2012, the EU-US organic equivalency arrangement was signed, more than a decade after the beginning of the negotiations. EU-South Korea is the latest to date, in effect since 2015.

The US also signed equivalency agreements with South Korea, Switzerland and Japan.

Canada also signed other bilateral equivalence agreements (with Costa Rica in 2013 and with Japan in 2014), and Japan recognizes a few countries.

Globally, however, the map of equivalence agreements shows that equivalence is still essentially happening amongst the big players of the global organic market. Mostly it is the countries that are either big exporters or big importers who can afford to negotiate equivalence agreements. For small countries with emerging organic sectors, negotiating equivalence with big importing countries is most of the time not a realistic possibility.

Nothing however prevents the small countries from negotiating equivalence agreements amongst themselves, for example with their neighboring countries. This has been done, for example by the five countries in East Africa where a hybrid government/private organic guarantee system provides for regional harmonization and mutual recognition. A similar system exists within the countries of the Pacific Community, which have harmonized their organic guarantee system, although it is not (yet) a mandatory organic regulation. Another regional equivalence discussion process is underway in the ASEAN countries (Southeast Asian Nations).

[Best practice example\(s\)](#)

Best Practice Example: Costa Rica: Supporting Market Access via Equivalence

Costa Rica exports organic products with an annual value of nearly EUR 20 million, mainly bananas, pineapple, coffee and sugar cane. This is in comparison to a domestic market estimated to be about EUR 2 million, demonstrating the current reliance on export market access by Costa Rica's organic producers. About 60% of its exports go EU countries, entering ports in the Netherlands and Belgium. About 25% of organic exports go to North America, mainly the United States.

Costa Rica is distinguished by being one of the few developing countries to attain listing on the list of equivalent third countries in the EU organic regulation EC 2092/91, which was achieved in April, 2003. As a result, organic product produced and certified by approved certification bodies in Costa Rica may enter EU markets on the basis of the Costa Rica certificate without further measures to review the organic status of the product. Costa Rica's organic regulation, including standards, conformity assessment and enforcement requirements, was created with the main purpose of accessing the EU organic market. In the mid-1990s, organic agriculture advocates in Costa Rica gained support from the Ministry of Agriculture and Livestock to develop the organic regulation. A committee including government and private sector/civil society representatives had in 1997 prepared a section on organic farming in the framework of environmental legislation. In 2000, the regulation was revised and placed in the framework of a

phytosanitary regulation administered by the National Phytosanitary Service of the Ministry of Agriculture and Livestock. The drafting committee took care to ensure that the regulation was based on the EU regulation. There was a trade-off for this, as the regulation could have been more adapted to Costa Rica's situation. But the goal of EU recognition was achieved, and it has facilitated additional market access. Nevertheless, Costa Rica has managed to preserve some specificities, such as the recognition of Participatory Guarantee Systems as valid guarantee systems for their domestic market, with no negative impact on their equivalence negotiations.

Switzerland, which ensures that it follows all the organic equivalency recognitions of the EU, also recognized Costa Rica upon completion of an equivalency review process. A decade later Canada, after completing bilateral recognition arrangements with the EU, took the initiative on recognition of a developing country recognized by the EU, and initiated a bilateral equivalency discussion with Costa Rica. A bilateral equivalency arrangement was signed between the two countries in March 2013.

Pitfalls and challenges

As explained above, gaining equivalence recognition from a major organic importing country is not always feasible. In the new global equivalency landscape, small countries, whose domestic organic sector is too weak, and/or who have a recently-established and not yet credibly functioning organic control system will not manage to gain recognition by their target market (often the EU or US). They may however attempt more regional approaches with their neighbors and other small countries.

Equivalence negotiations require a lot of time and resources, and the impact on trade flows is, as mentioned above, not yet fully measurable. Before undertaking such a complicated venture, countries should consider to set-up systems, such as specific HS subcodes for organic products, to track organic trade to various target markets. This will allow best prioritization in equivalency negotiations.

Efforts to seek equivalence before the whole chain and controls are developed will be a waste of time. Equally, even if the system is in place, there must be sufficient staff resources and travel budgets to facilitate negotiations.