

CERTCOST NEWS

$$P(Y=1|x_i) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 x_i + \beta_2 x_i^2 + \beta_3 x_i^3 + \beta_4 x_i^4 + \beta_5 x_i^5 + \beta_6 x_i^6 + \beta_7 x_i^7 + \beta_8 x_i^8 + \beta_9 x_i^9 + \beta_{10} x_i^{10})}}$$

Economic analysis of certification systems for organic food and farming

www.certcost.org

Newsletter of the CERTCOST project • 2010 • Number 1

The CERTCOST newsletter is released

The EU research project, CERTCOST, has now reached a stage in the research process that paves the way for the first CERTCOST newsletter.

Despite the fact that organic certification and its costs might be a somewhat dry subject from a consumer's point of view, we intend to present the results in a eatable manner.

The International Center for Research in Organic Food Systems, ICROFS, is responsible for dissemination of the CERTCOST project.

Subscribe to CERTCOST news for free!

The free CERTCOST newsletter is issued as an electronic email-newsletter (pdf). It issues news on current research within the CERTCOST project and more generally news about events and activities relevant to organic certification systems.

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CERTCOST project group photo from the 4th project meeting in Prague, May 2010.



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A few words from the coordinator

As the coordinator of the project CERTCOST, I would like to welcome you to this first newsletter.

CERTCOST is a European project bringing together researchers and experts from the organic sector...
(continued on page 2)



CERTCOST is a 7th Framework Programme research project supported by the European Commission. The project runs for three years, 2008-2011 and its main objective is to generate research-based knowledge on ways to improve the organic food certification system in terms of efficiency, transparency and cost effectiveness.



CERTCOST
economic analysis of certification systems in organic food and farming





In brief

Organic food certification

Before operators can start farming organically or manufacturing organic products, they must first apply to an organic inspection body or authority in their Member State.

Their premises and production methods have to be inspected and acknowledged by the inspection body or authority. Organic farms also have to undergo a conversion period, before they can sell their products as organic.

A few words from the coordinator

As the coordinator of the project CERTCOST, I would like to welcome you to this first newsletter.

CERTCOST is a European project bringing together researchers and experts from the organic sector. Our objective is to perform an economic analysis of certification systems for organic food and farming.

For consumers, organic certification is important, because it gives them assurance of the integrity of the project.

For the same reason, this system is important along the whole chain of the organic food sector. However, certification entails a cost and there are different ways to get the job done.

To find out what the cost of the system are and to suggest recommendations for the improvement of the system are key objectives of CERTCOST. We started in 2008 and are now entering into the final phase of the project, with final results and recommendations due in November 2011.

We welcome your interest in the project result and your comments. Please take a look at the project

website www.certcost.org for updated and more in depth information and for possibilities to contribute.

I hope you find among the project results information that is useful for you and your colleagues.

With kind regards,
Professor Stephan Dabbert, Universität Hohenheim, CERTCOST project coordinator.





New database: European actors involved in organic standards setting and certification

The CERTCOST project has created a new database on actors involved in certification in 19 EU and associated countries. The database is publicly available at www.organicrules.org.

Besides some statistical information on the organic sector, the database contains contact information and other information on all actors in the organic certification chain, i.e. competent authorities, accreditation bodies, control authorities, control bodies, standards owners and authorities subsidising certification costs.

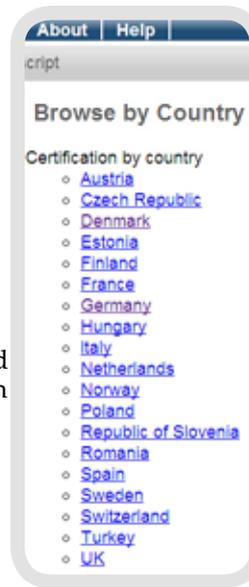
Further, the database gives an overview of the number and names of the authorities and private bodies involved and the organic logos used in the different countries.

Aim of the database

The objective is to create a user-friendly public database giving easy access to contact information and other relevant information on the actors involved in European standards setting and certification, hereby improving the transparency of the European certification system.

Countries covered

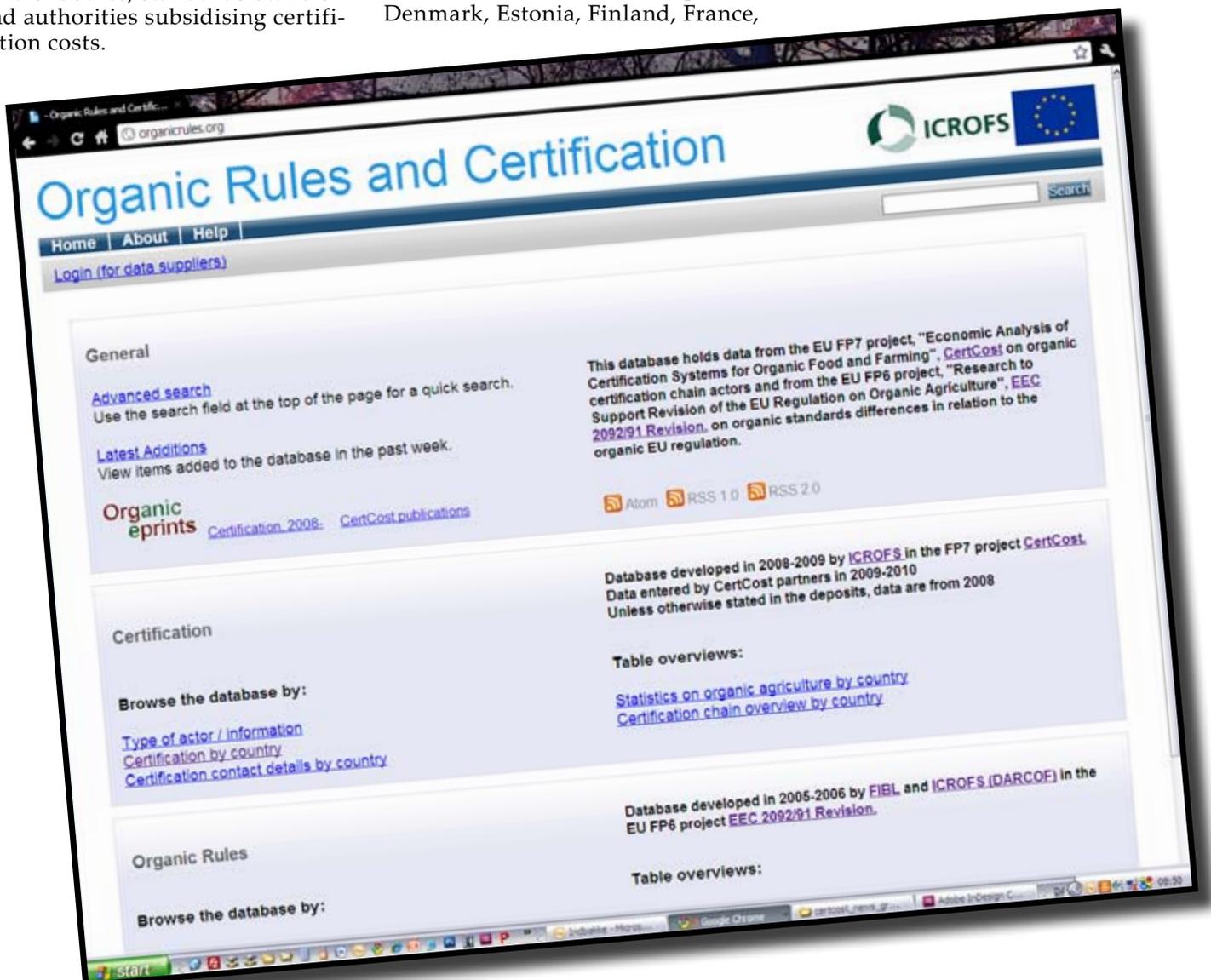
The database contains a statistical section with the most important information available on the situation of organic farming and processing etc. in the 19 countries. These are Austria, Czech Republic, Denmark, Estonia, Finland, France,



Germany, Hungary, Italy, the Netherlands, Norway, Poland, Republic of Slovenia, Romania, Spain, Sweden, Switzerland, Turkey and the UK. These statistical data are from 2007 (all countries included except Turkey) and 2008 (Turkey).

For 10 of the countries the database gives an overview of the certification system in that country and in some cases information on the organic situation in general in the country is also deposited.

Go explore the database at www.organicrules.org.



Three public CERTCOST reports

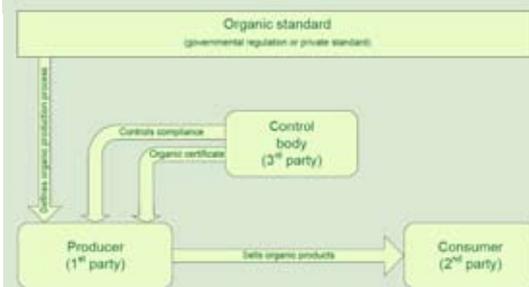


Group photo from the First Stakeholder Workshop in Izmir, Turkey.

Get the three public reports

So far, CERTCOST has published three public reports - in addition to the database described above.

All the reports are available at www.certcost.org - just click "Public Reports" in the "Public Documents" top menu.



Simple structure of certification (from page 8 in the report).

1. The opening Stakeholder Meeting in Izmir

The first public CERTCOST report on the first Stakeholder meeting covers the views of a group of invited stakeholders on the project work plan. The report is entitled *First Stakeholder Meeting in Izmir*, Nov. 2008 (2009).

It reports on the main points of the stakeholders' discussions and recommendation at the workshop, which was held on November, 13-15, 2008 in Izmir, Turkey.

A diverse group of stakeholders

20 stakeholders were invited, of whom 16 could participate in the workshop. The participant profile included both users and providers of the certification system at different levels such as representatives of farmers' organizations certification/control bodies, government authorities, EU Commission, processors/ traders, private experts/ consultants.

Together with the representatives of the partner institutions in the CERTCOST project, the total number of workshop participants was 35 representing 12 European countries.

Cost factors along the supply chain

The workshop was strongly focused on the identification of key characteristics of cost factors along the supply chain in relation to their impact on the quality of the given service. However a broad range of related subjects were discussed.

The Stakeholder workshop put forward that, the 'cost' was among the most important topics relating to the certification system performance. The focus of the project aiming at cost effectiveness and not cost minimization was confirmed by the stakeholders.

2. Economic theory applied on organic food products

A public report on *Economic Concepts of Organic Certification* (2009) applies economic theory on food products and the certification system. It also presents a brief overview on the organic certification system itself.

Economic theory applied

Based on a synopsis of the existing literature, the authors of this report have developed a theoretical framework of organic certification and classified relevant transaction costs, which are specifically linked to the production and commerce of organic food products.

Glossary explains organic certification terms

The report also contains a brief and concise overview on the organic certification system itself. This

glossary is a very helpful collection and explanation of specific terms for everybody interested in the organic certification system. Relevant terms regarding inspection and certification (part A) and economic concepts (part B) are compiled in the glossary, to be found in the "annex" of this report.

Go to the [Glossary](#).

A history of organic certification

The organic certification in place in the European Union was established in the 1990s. The idea of organic agriculture however is much older, dating back to the 1920s. The first chapter of the report presents the development of organic farming and the resulting formation of today's certification system.

Term	Definition / description
Accreditation	Procedure by which an authoritative body (this can either be a public or a private accreditation body) gives a formal recognition that a body is competent to provide inspection and certification services (International Task Force (ITF) 2007). In the European Union, organic control bodies have to be accredited to European Standard EN 45011 or ISO Guide 65.
Approval	Procedure by which a body (other than an accreditation body) gives a formal recognition that a body or person is competent to carry out specific tasks (International Task Force (ITF) 2007). Following Council Regulation (EC) No 834/2007, Article 27(4b), the competent authority from a member state shall approve organic control bodies before they can offer their services. The method and criteria how to approve control bodies are laid down by the European Commission (Council Regulation (EC) No 834/2007, Article 38).
Certificate	A certificate in the context of organic food and farming is a document certifying an operator that she/he has fulfilled the requirements of an organic standard. This document is issued by the control body after having controlled an operation declaring that it is in conformity with the organic production or processing standards. Therefore, the term certificate of conformity is used.

Glossary on organic certification terms (excerpt from the report on Economic Concepts on Organic Certification - page 31). The glossary can be found here: http://www.certcost.org/Lib/CERTCOST/Deliverable/D11_D5.pdf#page=30.

3. European legislation: The background of organic certification

Food quality assurance is of key importance for the future development of the Common Agricultural Policy of the EU.

A large number of mandatory and voluntary assurance and certification schemes exist for agriculture and in the food industry leading to the risk of increased costs for producers and confusion of consumers. Such schemes include the setting of requirements and bodies that undertake control and provide certificates.

Reviewing important legislation

A recent CERTCOST report presents a review of the most important European and international legislation that set the framework for organic certification, of reports prepared by international agencies working with organic standard setting and certification, and of

relevant scientific literature.

Problems, future challenges and suggested improvement

The report discusses and summarises problems and future challenges of the organic control systems in Europe leading to suggestions for improvement.

Furthermore, it suggests improvements of the organic control system focus on two issues:

- » the need for further harmonisation of the surveillance of control bodies' enforcement of the regulation, and

- » how operators' responsibility for further development of organic systems could be supported in the control and certification system.

This report is entitled *The European regulatory framework and its implementation in influencing organic inspection and certification systems in the EU* (2010).



Short introduction to European Food Law

Food law is a relatively new area of common European law which has developed in several stages. From the beginning of the EC in 1958 to the BSE crisis, European food law was principally directed at the creation of an internal market based on mutual recognition.

Triggered by BSE and other food scares the Commission's intent to ensure high levels of food safety was expressed in the publication of a 'White Paper on Food Safety' in 1999 (Commission of the European Communities, 1999).

The white paper focused on a review of food legislation and set out an ambitious regulatory programme in order to make it more coherent, comprehensive and up-to-date and to rebuild consumer trust in the institutions concerned. The white paper set out plans for the establishment of a central food safety authority, improvement of food safety legislation and controls and consumer information.

The main new European food regulation was published two years after the white paper. Regulation (EC) No 178/2002 of the European Parliament and Council laying down general principles and requirements of food law, establishing the European Food Safety Authority (EFSA) and laying down procedures in matters of food safety.

Official Journal of the European Union, L31 (1.2. 2002), 1-24. European food law contains (1) rules concerning the product; (2) rules concerning the process (handling in processing in trade) and (3) rules concerning the communication about food but the distinction between these categories is not always clear. It also contains a number executive task, such as scientific risk assessment, enforcement and incidence management.

The shift of emphasis in food policy was also reflected in the renaming and strengthening of the

Director General XXIV on Consumer Policy to 'Consumer Health and Protection Policy' and the transfer of some powers on internal market warning systems to the now called DG SANCO.

Source: Own summary based on van der Meulen and van der Velde (2008)



This fact box is from chapter 2, page 20, in the public [European Regulatory Framework report](#).

What is CERTCOST?

What is CERTCOST?

CERTCOST is a European research project on certification of organic food. The project is supported by the European Commission and runs from 2008-2011.

A maze of competing labels and logos

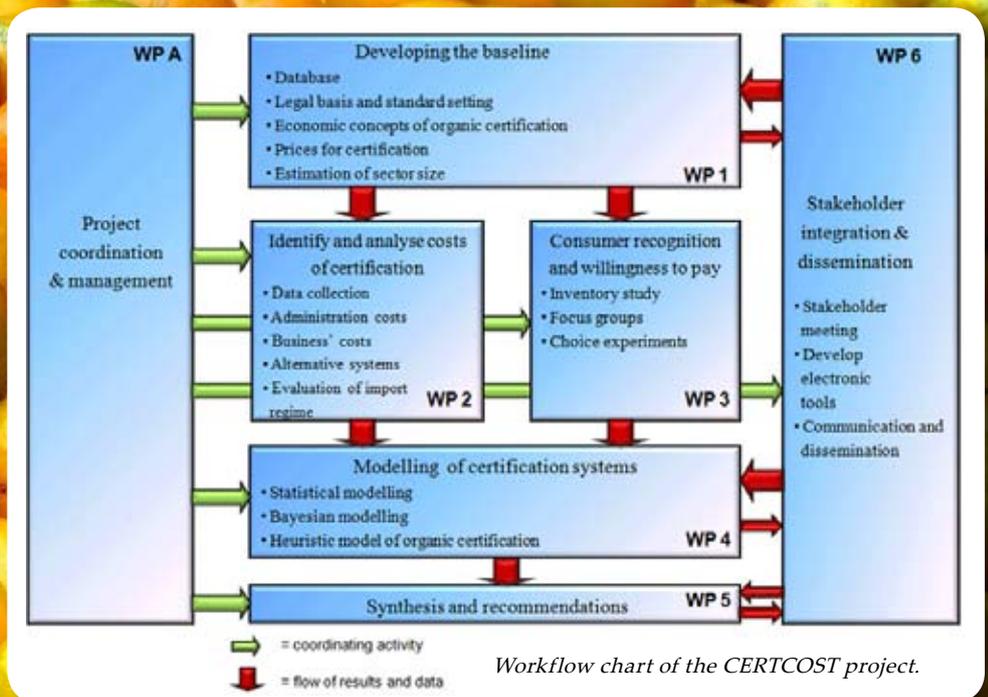
With the ongoing growth of the organic sector and the spread of organic production across the EU, the field of organic certification has become a maze of competing labels and logos, involving different private and public standards - in addition to European law. This diversity reflects the specific conditions for organic operators in countries or regions but can also lead to confusion for both consumers and producers and may ultimately create a variety of costs.

Activities in the project

The CERTCOST project will conduct a necessary comprehensive economic analysis of the variety of existing certification systems and their impact on the internal market for organic goods. By combining the experience and knowledge of both researchers and small and medium sized enterprises (SMEs), the project seeks to fulfil the following objectives.

Purpose of CERTCOST

The overall objective of the project is to provide recommendations to improve the organic food certification systems in Europe in terms of efficiency, transparency, and cost effectiveness. The reason for this is the need for a strengthened competitiveness of the European organic food sector by means of reducing incidence of non-compliance and thereby increase consumers' trust.



Workflow chart of the CERTCOST project.

In other words, the project partners will generate research based knowledge on how to improve the organic food certification system in terms of efficiency, transparency and cost effectiveness.

Key word content of CERTCOST

See above graphic overview of the project activities.

- » To provide baseline information on the organic certification systems.
- » To analyze the implementation of organic certification systems and to assess all relevant expenditure and transaction costs.
- » To investigate the main benefits of certification systems for consumers.
- » To develop and apply economic models that improve risk-based certification systems and allow costs of certification systems to be related to the benefits

gained.

- » To develop recommendations from the research for different groups of stakeholders.
- » To include stakeholders' views into the project work and to share the project results with them and the public.



Front page of the CERTCOST website: www.certcost.org

Nuremberg, Germany
16 – 19.2.2011

BioFach 2011

CERTCOST session at BioFach

CERTCOST partners will present the project at an open stakeholder workshop at the BioFach Organic world Fair, 16-19 February 2011, Nuremberg, Germany.

At this event, there will be a specific CERTCOST session, where the partners will present recent research results on Thursday 17. February, Room Riga, 10.00-11.30.

- » **10.00-11.00:** *How to improve the certification system? Risk-based inspection and beyond."*

Speakers: Raffaele Zanolì, Susanne Padel, Elisabeth Rùegg.

- » **11.00-11.30:** *The EU logo and other organic logos from the consumer perspective.*

Speakers: Meike Janssen, Ulrich Hamm.

The sessions are chaired by Stephan Dabbert.
Read more at www.biofach.de/en

CERTCOST stakeholder workshop in Korea

Improving the European Regulation and its implementation: What to recommend?

[Tentative programme]

In September 2011 (28.9 - 1.10) the International Society of Organic Agriculture Research (ISO FAR) will carry out the 3rd Scientific Conference at the IFOAM Organic World Congress (OWC) in Korea. ISO FAR – IFOAM in Korea.

On this occasion, CERTCOST will present the concluding results from the three-year project during a two-hour stakeholder workshop.

Below you find a *tentative* CERTCOST programme:

- » *Introduction*
by S. Dabbert
- » *Synthesis of key results from the CERTCOST project*
Speaker to be announced
- » *Key recommendations for improving the organic food certification system*
Speaker to be announced

The CERTCOST project will also present its scientific results during the ISO FAR congress. Please attend the ISO FAR programme when it is released in 2011.

Read more at the ISO FAR website: www.isofar.org/kowc2011/index.html.

AntiFraud Initiative

Anti fraud workshop

Workshop in Brussels on preventing fraud, 24-25 January, 2010

The EU is currently implementing the revised rules on the import regime. Beginning of 2011 the first list of certification bodies approved for their operations in Third Countries is expected to be published - this will be a major step for implementation of the new import regime and a good moment to evaluate the new system with the stakeholders.

On this basis, the CERTCOST project invites interested stakeholders to a workshop on "The revised import regime and practical approaches to prevent fraud," the workshop is set up in Brussels on 24-25 February 2011.

Get the detailed agenda at the AFI website (www.organic-integrity.org) and at CERTCOST website www.certcost.org.





The EU Organic campaign – Consumer confidence / inspection and certification

How do the various authorities in the EU Member States oversee organic production and the supply process? This is detailed on the Organic Farming website, http://ec.europa.eu/agriculture/organic/home_en.

Organic farmers, processors and importers must satisfy strict regulations if they want to use the EU organic logo or labelling or equivalent national distinctions. To ensure they comply with these regulations, an equally strict inspection system has to be in place. These inspections have to be performed at every stage in the organic farming supply chain, allowing you, the consumer, to be confident that you are buying organic food, which has been produced according to strict European rules aiming at respecting the environment and animal welfare and inspected accordingly.

Read more about inspection bodies, control bodies and control authorities, certification and infringements and irregularities at http://ec.europa.eu/agriculture/organic/consumer-confidence_en

The (new) organic EU logo

The EU organic farming logo is intended to offer consumers confidence about the origins and qualities of their food and drink and its presence on any product ensures compliance with the EU organic farming regulation.

From July 2010 the EU organic logo is obligatory for all organic pre-packaged food products within the European Union. It is also possible to use the logo on a voluntary basis for non pre-packaged organic goods produced within the EU or any organic products imported from third countries.

Read more about the new logo (including FAQ's) at http://ec.europa.eu/agriculture/organic/eu-policy/logo_en



Past Events

Stakeholder workshop results presented at BioFach 2010

At the BioFach Organic World Fair in Nuremberg, the CERTCOST partners presented results from the project's so-called Work Packages (WPs), namely WP1-WP4, during the workshop *Results of the EU project CERTCOST* on 19 February 2010 in a 2,5 hour long session.

Three of the CERTCOST partners gave the following four presentations:

- » *Database on European actors involved in organic standards setting and certification* (WP1)

- » *Administrative costs of organic certification systems - a first qualitative insight* (WP2)
- » *Consumer attitudes towards the new EU labelling and the existing organic logos* (WP3)
- » *Supervision of the organic control system in Europe* (WP4)

You can get the presentations from the Stakeholder webpage at the CERTCOST website: www.certcost.org (click "Stakeholders" in the top menu).

The three presenting CERTCOST partners were the University of Hohenheim, the University of Kassel, and ICROFS.

About this newsletter

This newsletter is produced and distributed by the International Centre for Research in Organic food Systems, ICROFS.

