Chile

ORGANIC PRODUCTS: AN OPPORTUNITY FOR TRADE BETWEEN CHILE AND BELGIUM

THE ORGANIC MARKET IN THE EU & THE NEW AGREEMENT ON TRADE IN ORGANIC PRODUCTS WITH CHILE

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Brussels, 12 November 2018

European Commission

The organic market in the EU

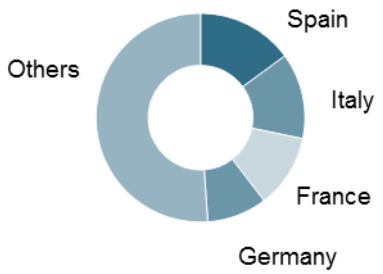
Agriculture and Rural Development

EUROPE:
ORGANIC FARMLAND 2016

European Commission

European Union
11.9
Million ha

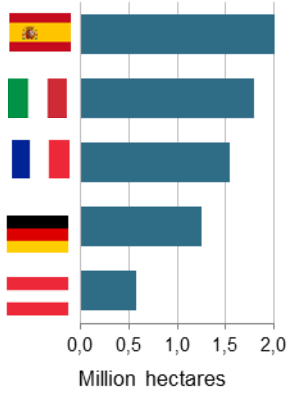
More than half (54%) of EU organic farmland is in 4 countries.



Distribution of organic agricultural land by country 2016

Spain
2
Million ha

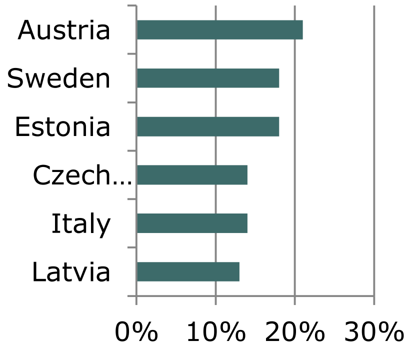
The country with the largest area of organic farmland is in Spain, followed by Italy and France.



Top 5 countries with the largest areas of organic agricultural land 2016

6,7%
of EU farmland is organic

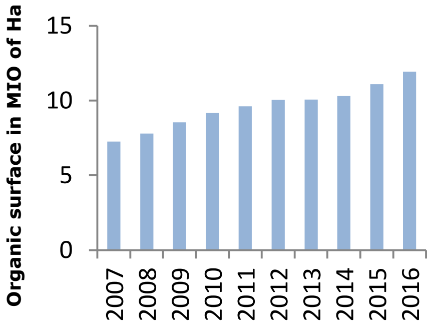
Nine countries have 10% or more of their agricultural land under organic management.



Top 5 countries , where more than 10 percent of the farmland is organic 2016

+63%
in the decade
2007-2016

In 2016, almost 0.85 million hectares more were reported compared with 2015.



Growth of the organic agricultural land 2006–2016

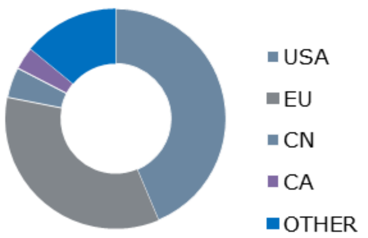
Source: Eurostat + Fibl Graphics

Agriculture and Rural Development

EUROPE:
ORGANIC RETAIL SALES 2016

European Union 30.7 bio €

The European Union (30.7 billion €) is the second largest single market after the US (38.9 billion) and followed by China. By region, North America has the lead (41.9 billion €), followed by Europe (33.5 billion €) and Asia.

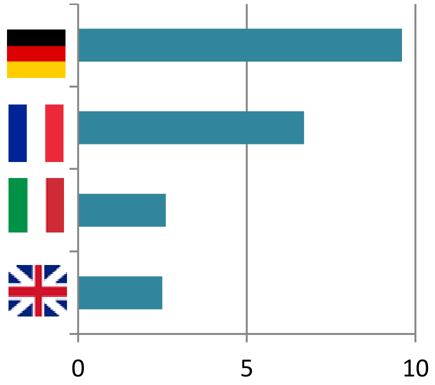


Distribution of retail sales value worldwide by country 2016

15 years ago organic market worthed around 5 bio euro

Germany 9.5 bio €

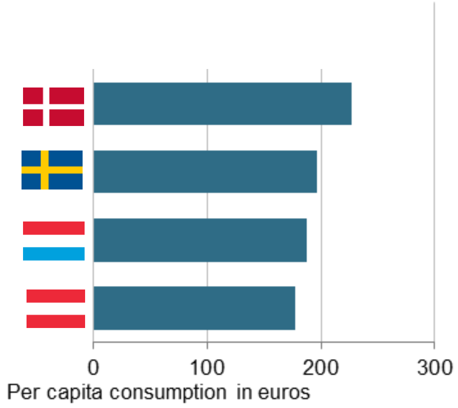
The European countries with the largest markets for organic food are Germany (9.5 billion €), France (6.7 billion €), Italy (2.6 billion €), and the UK (2.5 billion €).



The countries with the largest markets for organic food 2016

227 € are spent per person in Denmark

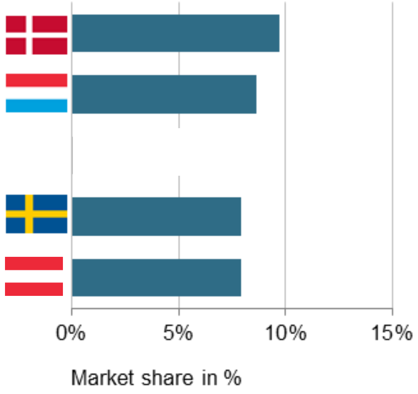
Denmark has the highest per capita consumption of organic food in the EU, followed by Sweden and Luxembourg..



The countries with the highest per capita consumption of organic food 2016. Switzerland is the first worldwide

9.7 % of the food market in Denmark is organic

The highest organic share on the total market is in Denmark, followed by Luxembourg, Sweden, and Austria.



The countries with the highest organic shares of the total market 2016

Source: FiBL survey 2018 www.organic-world.net

European Commission

Agriculture and Rural Development

The current and future international trade regime legislation in organics

CURRENT EU TRADE REGIME AND THE FUTURE:

European Commission

THIRD COUNTRIES

13 equivalent third countries: Argentina, Australia, Canada*, Chile, Costa Rica, India, Israel*, New Zealand*, Japan*, Switzerland*, Tunisia*, US*, Korea*

European Commission is responsible for negotiation and supervision with the help of EU Member States

Up to 2014, recognition granted through arrangements. Since then, only through international agreements.

CONTROL BODIES

European Commission is responsible for recognition and supervision with the help of EU Member States

Recognised on the basis of equivalent standards

Continuous supervision: annual reports, irregularities notifications, on-the-spot visits, any other information

If serious shortcomings => partial or full withdrawal of recognition

In the future Regulation (EC) 2018/848

INTERNATIONAL AGREEMENT

COMPLIANCE

The EU organic logo

LABELLING OF ORGANIC PRODUCTS

European Commission

➔ **Protection of any term referring to organic production, including derivatives or diminutives (bio, eco), in any Community language, for labelling and advertising.**

➔ **Explicitly prohibit the use of these terms for a product submitted to GMO labelling.**

➔ **Compulsory indications:**

- **code number of the CB/CA**
- **EU logo**
- **'EU/non-EU Agriculture'**

THE EU CONTROL AND CERTIFICATION SYSTEM

European Commission

All operators who want to adhere to the scheme have to be certified:
- **producers, processors, warehouses, distributors, importers and of course exporters**

Strict control rules, even reinforced in the last years:
- **Annual inspections + extra risk based, unannounced, minimum sampling % requirement and so on.**

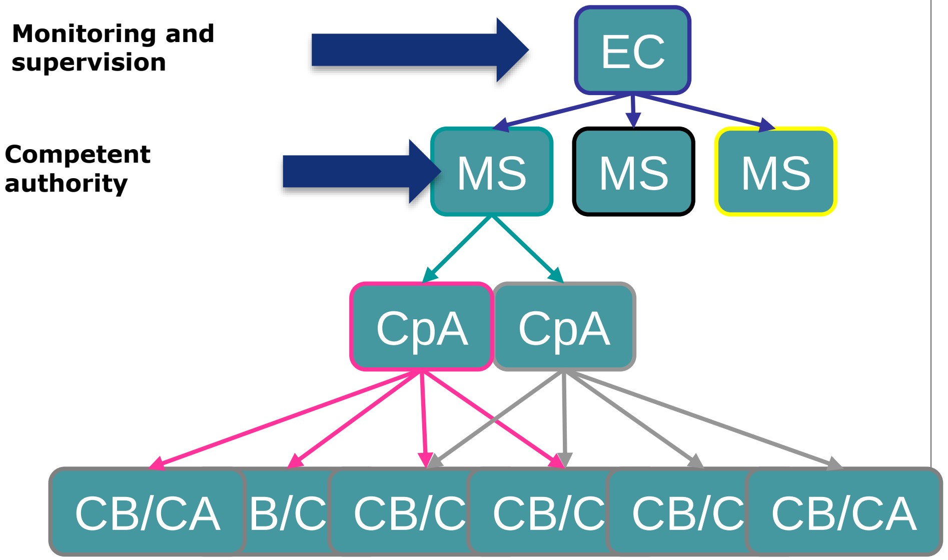
OFIS: IT tool to communicate between MS on irregularities

E-COI: compulsory for imports (TRACE)

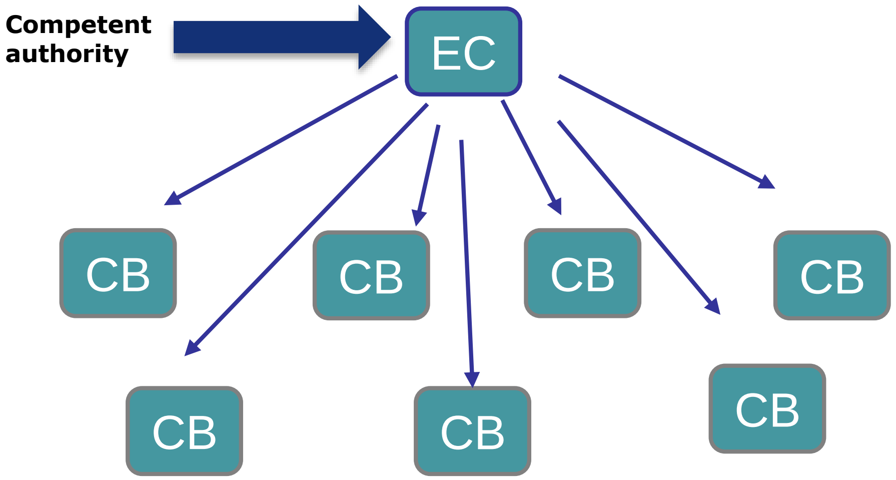
European Commission audits in MS and control bodies

Further improvement in the new Regulation.

In Member States



In third countries



LABELLING OF ORGANIC PRODUCTS

European Commission

→ **National and private logos may be used**

The equivalence trade agreement with Chile

THE EU-CHILE EQUIVALENCE RECOGNITION

European Commission

Reciprocal recognition: organic products certified in Europe or in Chile may be sold as organic in either countries.

Into force as of 1 January 2018 and it covers a list of products that is listed in the agreement.

Regular exchanges and dialogue on organics (annual).

THE EU-CHILE EQUIVALENCE RECOGNITION

European Commission

- The Union shall accept **the import** into its territory, and **the placing on the market** as organic products, of the products listed in Annex I of the Agreement, provided that those products comply with the laws and regulations of Chile (listed in Annex IV) and are accompanied by a certificate of inspection, issued by a control body recognised by the competent authority of Chile and indicated to the Union.

- Chile shall accept the import into its territory, and the placing on the market as organic products, of the products listed in Annex II of the Agreement provided that those products comply with the laws and regulations of the Union (listed in Annex III) and are accompanied by a certificate issued by a control authority or a control body of the Union in accordance with Resolution No 7880 of the National Directorate of the Agricultural and Livestock Service, of 29 November 2011, establishing the minimum content for the organic agriculture certificates, in the framework of Law 20.089

- The EU recognises the following products from Chile:
  - Unprocessed plant products
  - Honey
  - Processed agricultural products for use as food (including wine)
  - Vegetative propagating material and seeds for cultivation

- Chile recognises as equivalent all EU organic products included in the scope of Regulation (EC) No 834/2007, namely:
  - Unprocessed plant products
  - Live animals or unprocessed animal products
  - Aquaculture products and seaweeds
  - Processed agricultural products for use as food (including wine)
  - Processed agricultural products for use as feed
  - Vegetative propagating material and seeds for cultivation

The certification under annex iv of regulation 1235/2008

Certification in CHILE by Control Bodies recognised (Art. 33.3 of Reg. 834/2007 and annex IV of Reg.1235/2008

Currently 11 Control bodies which are recognised to certify organic producers in Chile against equivalent EU standards

As from 2021 CB will have to certify against compliance to EU standards.

!

- **Up to one year**
- **Update of the annex twice per year (June and December)**

How to apply for recognition

Set of doc:

+ describing production and control standards,

+demonstrating that CB has the technical capacity

+ accrediting the equivalence of production and control standards

+accredited according to ISO standards

+website with the operators

+notification of the activities to the local CA

+regular on the spot evaluation (by the accreditation body)

+audit report for the HQ and critical locations =

Complete dossier assessed as equivalent

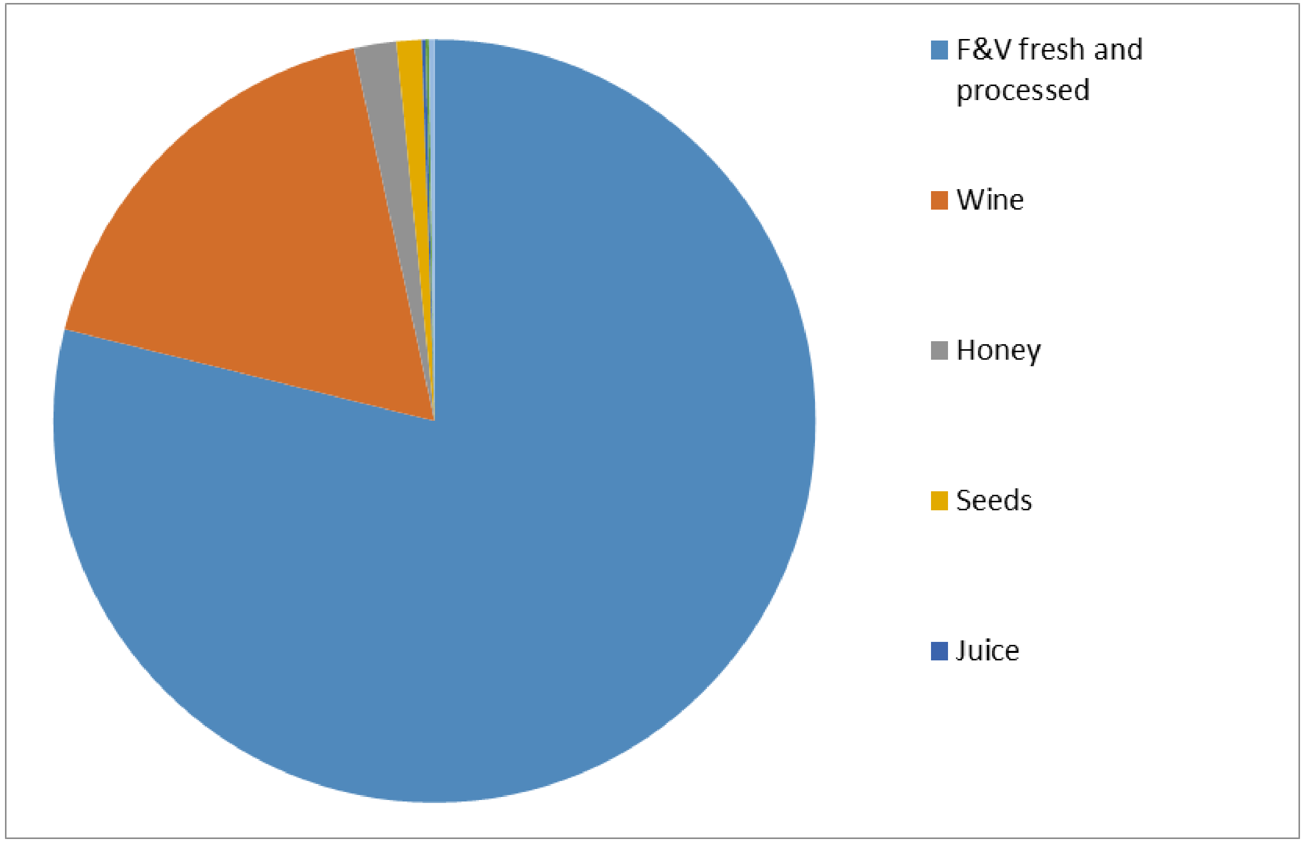
Incomplete dossier

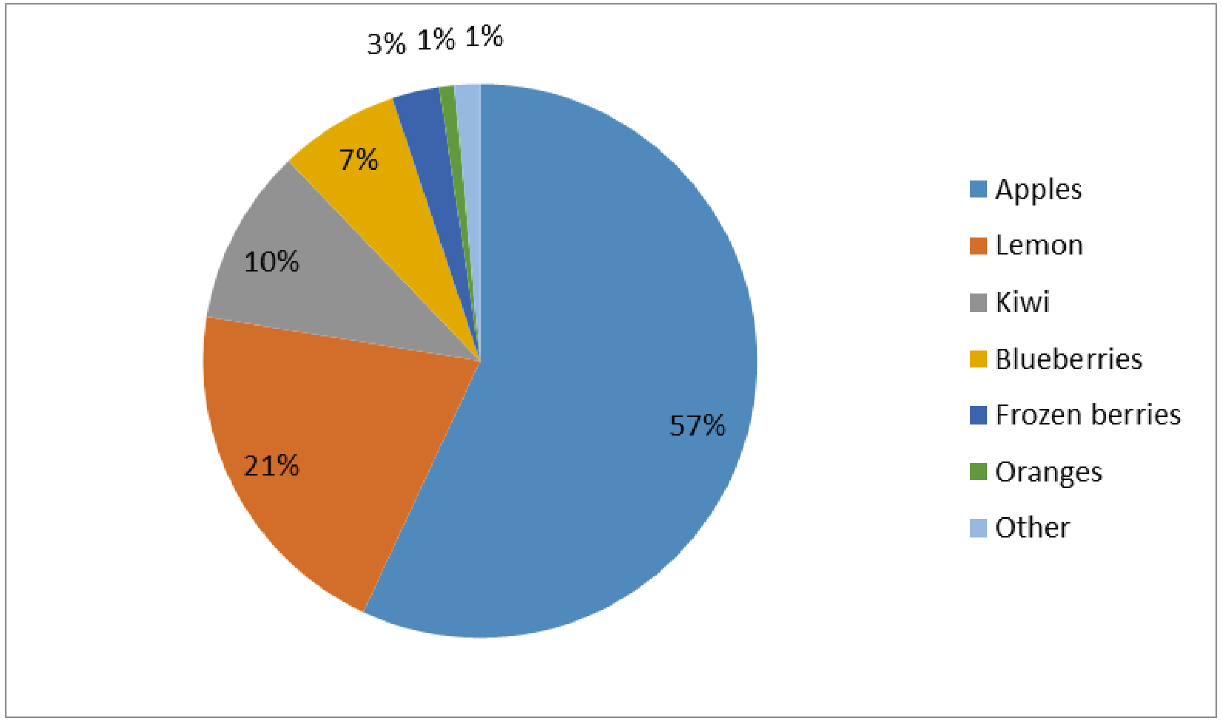
Rejection

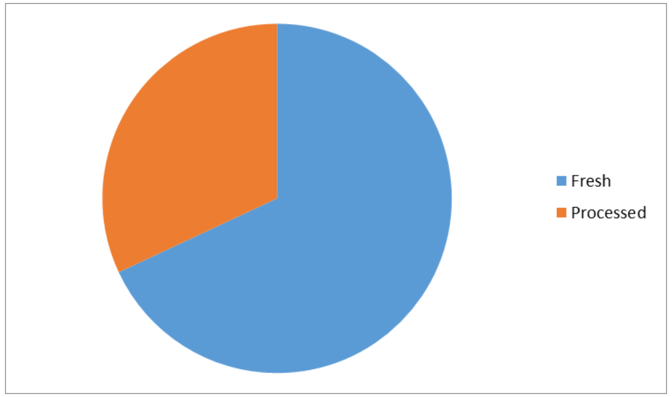
CB added in Annex IV of regulation 1235/2008

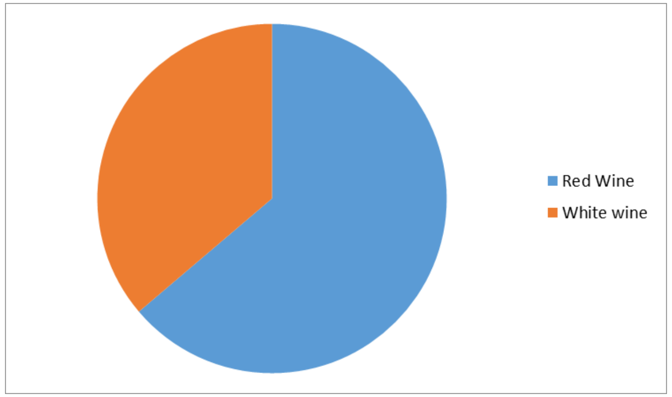
Request of additional information

e-coi preliminary imports data









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Thank you for your attention!

http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm

ORGANIC PRODUCTS: AN OPPORTUNITY FOR TRADE BETWEEN CHILE AND BELGIUM

Chilean/EU organic certification Agreement: trade opportunities of Chilean organic products

Didier Wauters
Agricultural Office
Chilean Mission to the EU

November 2018

Ministerio de Agricultura

Gobierno de Chile

www.minagri.gob.cl

SIGNATURE OF CHILE-EU AGREEMENT ON TRADE IN ORGANIC PRODUCTS (APRIL 2017)

ENTERED INTO FORCE THE 1ST OF JANUARY 2018

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

CONTEXT: Chile/EU Organic Trade agreement (new generation) = recognition of equivalence (Decision (EU) 2017/2307)

Chile is the first third country to sign with the EU that kind of New Generation Agreement, all others third countries will have to sign the same kind of agreement before the 1st of January 2021 (Date of entry into force of the new EU organic production and labelling of organic products legislation - Regulation (EU) 2018/848 of 30th of May 2018).

This Agreement is concluded for an initial period of three years. It shall be renewed indefinitely unless the Union or Chile notifies the other Party of its objection to such renewal before the initial period expires.

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

IMPORTATION AND COMMERCIALIZATION:

The EU accepts the import into its territory and the commercialization as organic products of the products listed in the annex, provided that the product complies with the laws and regulations of Chile, and is accompanied by an inspection certificate (COI) in accordance with the provisions of ANNEX V of the Regulation (EC) No. 1235/2008 of the Commission, issued by a control body recognized by Chile and notified to the European Commission (There are actually 3 private control bodies).

(*Reciprocity when importations in Chile of EU organic products*)

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

CHILEAN CONTROL BODIES (CB) ACTUALLY RECOGNIZED BY CHILE AND NOTIFIED TO THE EC:

Code number	Name	Address
CL-BIO-01	ECOCERT Chile SA	Santiago
CL-BIO-05	CERES	Pucón (Araucanía Region)
CL-BIO-10	Bio Certificadora servicios limitada	Chillán (Bío Bío Region)

- Those CBs issues the Certificates (COI) through the EC electronic TRACES system (Trade Control and Expert System - EC)
- This list could be updated (addition/elimination) when necessary and requested by Chile

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

CHILEAN CATEGORIES OF PRODUCTS ACTUALLY COVERED:

Category of Products	Designation of categories as in Annex IV (Reg. 1235/2008)	Limitations
Fresh fruits and vegetables	A	With the exception of yerba mate (*Ilex paraguariensis*), processed cork/corcho/liège (*Quercus suber*) , processed flax/lino/lin (*Linum usitatissimum*) and processed industrial hemp/cáñamo/chanvre textile
Live animals or unprocessed animal products	B	**Only natural honey**
Processed agricultural products as food products	D	Composed essentially of one or more ingredients of vegetable origin with the exception of glycerol, natural gum or resins, water added with sugar or flavored
Vegetative propagation material and crop seeds	F	

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

LABELLING:

The products could carry the ecological logo of the EU, the ecological logo of Chile, or both, in accordance with the provisions of the relevant laws and regulations, provided that they meet the labeling requirements of the respective logo or both logos.

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

WHY IT IS A NEW GENERATION AGREEMENT?

- **RECIPROCICAL RECOGNITION**: UE recognize Chilean laws and Chile recognize EU laws
- **CONTROL OF THE APPLICATION OF THE AGREEMENT:**
  - Peer evaluation in both territories (control of the control authorities and bodies in both territories) with field visits if necessary.
- **CREATION OF A "MIXED COMMITTEE" OF ORGANIC PRODUCTS** (*not yet in place and should be once/year*):
  - Cooperation system
  - Information exchange
  - Revision (list reviews: CBs and Product Categories)
  - Renewal of the duration of the Agreement (3 years to undefined time)
  - Any request

AGREEMENT CHILE-EU ON TRADE IN ORGANIC PRODUCTS

WHAT ARE THE ADVANTAGES OF SUCH AGREEMENT FOR CHILE?

● Chilean authorities in charge of controlling the application of its national laws (possible because recognition of equivalency)

● Equivalency means no more "double certification" (national laws and EU laws), that means, according to different law firms, an average saving of 650 US$

● Certification by the TRACES System facilitate the export procedures

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

EVOLUTION OF THE CERTIFIED ORGANIC SURFACE BY ITEM (Hectares):

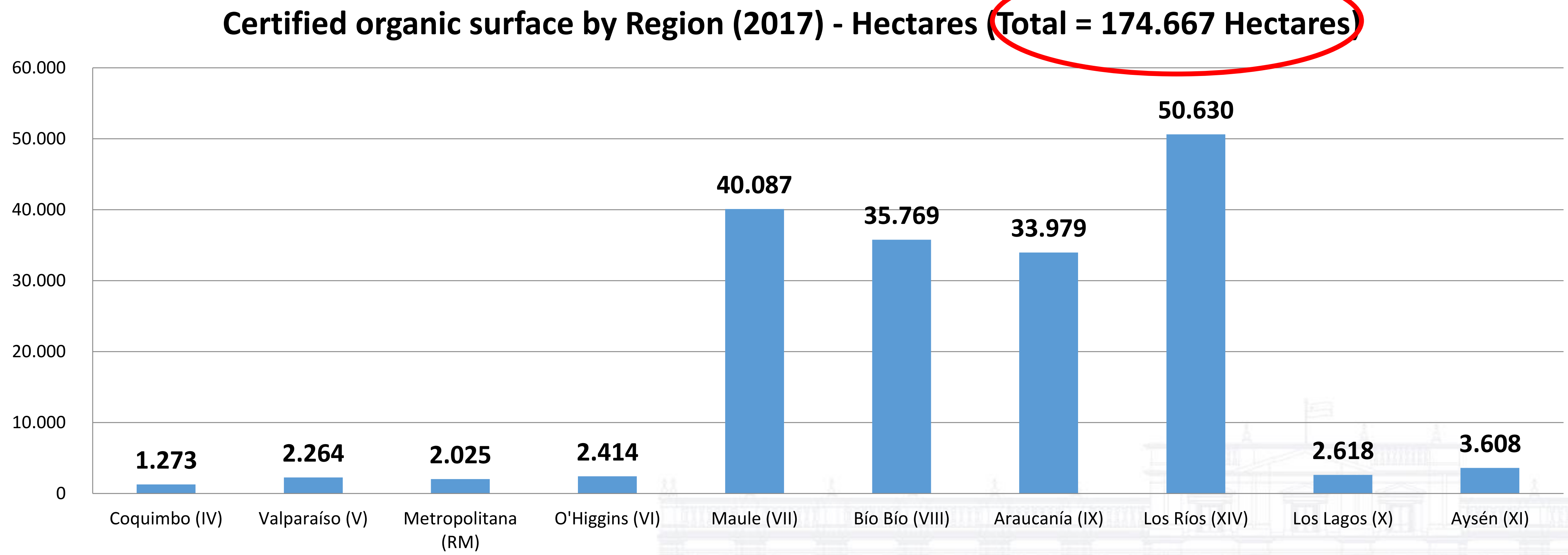
EVOLUTION OF THE CERTIFIED ORGANIC SURFACE BY ITEM (Hectares)					
ITEMS	**2014**	**2015**	**2016**	**2017**	**Var. % 2017/2016**
Wild picking	61.751	81.054	116.136	154.942	33%
Small fruit tree (berries...)	2.384	3.600	2.478	6.069	145%
Big fruit tree (apples,...), except grapes for winemaking	2.815	2.455	2.916	4.693	61%
Grapes for winemaking	3.571	3.735	3.063	4.446	45%
Prairies (grassland for livestock)	2.548	2.698	1.621	1.844	14%
Medicinal and aromatic herbs	111	1.428	260	491	89%
Vegetables	683	1.155	499	370	-26%
Cereals	129	269	180	311	73%
Seed and seedlings	32	93	33	156	373%
Without productive use	5.598	4.499	4.788	1.345	-72%
TOTAL	79.622	100.986	131.974	174.667	**32%**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

CERTIFIED ORGANIC SURFACE BY REGION – 2017 (Hectares):

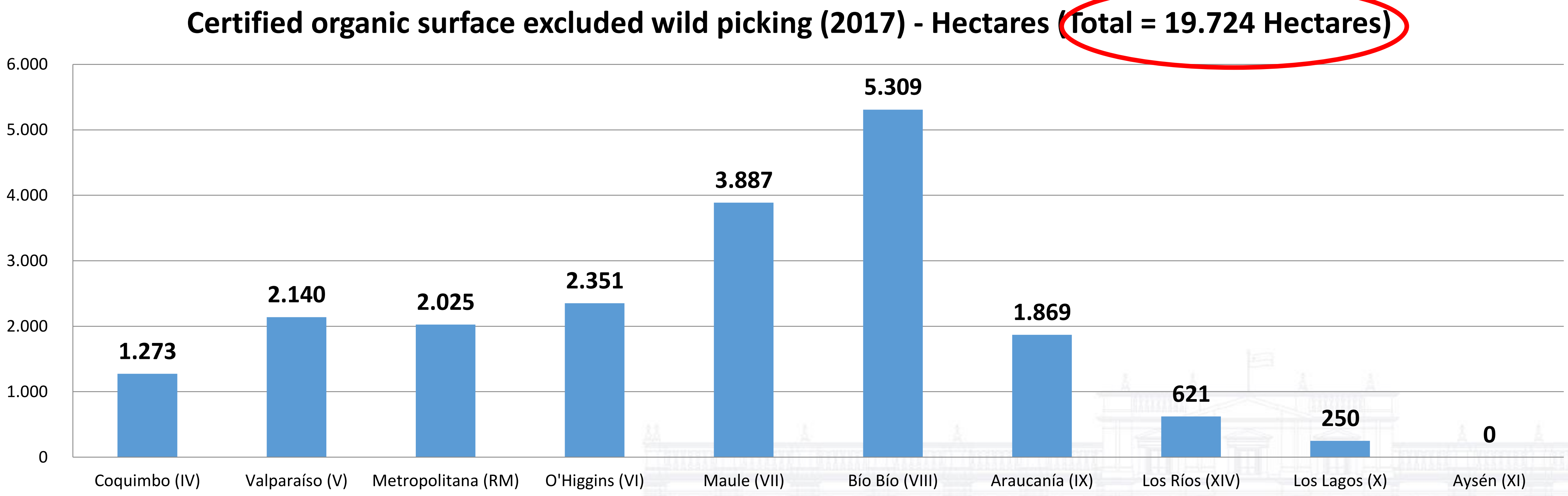
Source: prepared by OA (MISUE) with information from ODEPA and SAG



STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

CERTIFIED ORGANIC SURFACE (Excluded Wild Picking) – 2017 (Hectares):

Source: prepared by OA (MISUE) with information from ODEPA and SAG



STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

EVOLUTION OF THE CERTIFIED ORGANIC SURFACE – Big Fruit Trees (Hectares):

CERTIFIED ORGANIC SURFACE WITH BIG FRUIT TREES (Hectares)				
ITEMS	2016	2017	Var. Surface (Hect.)	Var. % 2017/2016
Grapes for winemaking	3.063	4.446	1.383	45%
Apple tree	1.291	2.106	815	63%
Walnut	125	223	98	78%
Kiwi	272	298	26	10%
Lemon tree	92	133	41	45%
Olive tree	s/i	966		
Almond	s/i	249		
Cherry tree	s/i	227		
Others	1.136	491	645	-57%
TOTAL	**5.979**	**9.139**	3.160	**53%**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

EVOLUTION OF THE CERTIFIED ORGANIC SURFACE – Small Fruit Trees (Hectares):

CERTIFIED ORGANIC SURFACE WITH SMALL FRUIT TREES (Hectares)				
ITEMS	2016	2017	Var. Surface (Hect.)	Var. % 2017/2016
Blueberry	1.407	3.233	1.826	130%
Raspberry	543	1.263	720	133%
Blackberry	390	821	431	111%
Strawberry	116	119	3	3%
Others	20	70	50	250%
TOTAL	**2.476**	**5.506**	3.030	**122%**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

CHILEAN EXPORTATIONS AND IMPORTATIONS OF ORGANIC PRODUCTS:

INTERNATIONAL TRADE OF ORGANIC PRODUCTS (Export-Import)								
Organics Products	Volume in thousands kilos				Thousand dollars FOB			
	2014	2015	2016	2017	2014	2015	2016	2017
Total Export	62.948	65.652	69.567	77.067	202.486	217.064	272.358	240.920
Total Import	3.588	5.257	15.558	5.902	9.357	11.366	15.557	10.844
BALANCE	**59.360**	**60.395**	**54.009**	**71.165**	**193.129**	**205.698**	**256.801**	**230.076**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

CHILEAN EXPORTATIONS OF ORGANIC PRODUCTS (Excl. wines):

ORGANIC EXPORTS BREAKDOWN BY PRODUCT WITHOUT INCLUDING WINES (2017)		
ITEMS	Value in 1000 X of US$ (FOB)	Volume in Tones
Fresh Blueberries	58.586	7.808
Frozen Blueberries	41.824	21.089
Fresh Apples (Royal Gala, Fuji, Grany Smith,…)	29.589	10.422
Frozen Raspberries	13.099	3.473
Apple pulp preparations	10.857	9.998
Virgen Olive Oil	9.284	2.076
Rosa Mosqueta (Rosehip) oil and its fractions	7.383	87
Frozen Strawberries	5.895	1.999
Fresh Kiwis	4.194	3.116
Frozen Blackberries	3.856	1.789
Appel Juice	2.523	2.170
Dry Apples	1.982	231
Dry Mosqueta shells	1.632	399
Honey	1.579	388
Fresh sweet Cherries	842	153
Others jams, jellies, jams, purées and fruit pastes	617	220
TOTAL	**199.076**	**67.155**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

CHILEAN EXPORTATIONS OF ORGANIC PRODUCTS (Excl. wines):

ORGANIC EXPORTS BREAKDOWN BY PRODUCT WITHOUT INCLUDING WINES (2017)		
ITEMS	Value in 1000 X of US$ (FOB)	Volume in Tones
Fresh grappes (Crimson Seedless)	563	128
Asparagus cooked and frozen	539	82
Frozen Maquis	528	72
Fresh and frozen garlics	456	181
Rosa Mosqueta seeds	420	220
Other fresh fruits or nuts	418	150
Fresh Plums (ciruelas/prunes)	341	241
Fresh sour cherries	321	46
Dry Plums	319	168
Fresh Raspberries	311	88
Dry or fresh avocados Hass	296	94
Fresh or dry boldo leaves	202	93
Dry Strawberries	138	5
Fresh or dry Chamomile	116	3
Other products	366	166
TOTAL	**199.076**	**67.155**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

CHILEAN EXPORTATIONS OF ORGANIC WINES:

EXPORTS OF ORGANIC WINES WITH DESIGNATION OF ORIGIN WITH A CAPACITY LESS THAN 2 LITERS		
Product	**US$ Thousand FOB**	**Thousand liters volume**
Mix of Organic Red Wine	10.678	2.023
Organic Carbernet Sauvignon Wine	7.465	1.833
Organic Sauvignon Blanc Wine	5.588	1.388
Organic Chardonnay Wine	4.842	1.278
Organic Carmenère Wine	3.426	872
Organic Pinot Noir Wine	3.106	670
Organic Merlot Wine	1.398	356
Mix of Organic White Wine	1.197	271
Others Organic Red Wines	1.163	258
Others Organic White Wines	1.005	266
Organic Syrah Wine	720	176
Others Organic Wines	628	335
TOTAL	**41.216**	**9.726**

Source: prepared by OA (MISUE) with information from ODEPA and SAG

STATE OF PLAY OF THE CHILEAN ORGANIC AGRICULTURE

MAIN DESTINATIONS OF EXPORTATIONS OF CHILEAN ORGANIC PRODUCTS (2017):

MAIN DESTINATIONS OF CHILEAN ORGANIC PRODUCTS EXPORTS (2017)					
Destination	**Value in 1000 X of US$ (FOB)**	**Volume in Tones**	**Destination**	**Value in 1000 X of US$ (FOB)**	**Volume in Tones**
USA	150.199	48.687	**Mexico**	2074	1359
Canada	19.592	5.690	**South Korea**	1909	372
Holland	12.980	5.743	**Brazil**	1808	395
New Zeland	6.414	478	**Finland**	1686	424
UK	6.375	2.724	**France**	1111	290
Germany	5.817	1.817	**Poland**	827	219
China	4.088	912	**Switzerland**	644	12
Japan	4.075	956	**Colombia**	628	355
Sweden	3.851	1.105	**Norway**	602	139
Australia	3.307	425	**Bolivia**	450	580
Denmark	3.142	738	**Spain**	424	118
Belgium	2.525	786	**Ireland**	415	208
Italy	2.383	1.477	**Others**	3595	1056
TOTAL EU-28 excluded others (20% Vol.)				41.536	15.649
TOTAL				240.921	77.065

Source: prepared by OA (MISUE) with information from ODEPA and SAG

CHALLENGES FOR CHILE

CHALLENGES FOR CHILE

- **IN GENERAL:**
  - **Expand its network of equivalence agreements (plurilateral and others):**

  - **Increase the promotion of organic production in Chile. National Commission of Organic Agriculture (Secret. ODEPA): regulation, encourage, promotion of exportations, information, training,…)**

CHALLENGES FOR CHILE

- **CHILE/UE ORGANIC AGREEMENT:**

  - Stimulate the sector promoting/diffusing the EU market opportunities

  - Continue to increase our organic production at the higher quality level

  - Register more product categories (aquaculture - salmon, meat,…)

THANK YOU

DIDIER WAUTERS

ORGANIC PRODUCTS:
AN OPPORTUNITY FOR TRADE BETWEEN CHILE AND BELGIUM

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