

A Canadian Organic Program (COP) to grow sustainable agriculture for Canada and the world

CONTEXT

Canada's agricultural and agri-food sector is already experiencing serious negative impacts of climate change due to extreme weather events such as floods, droughts, forest fires, and ocean acidification.

Canadian Organic Standards (COS) are aligned with the United Nations' Food and Agriculture Organization (FAO) proposed [Climate-Smart Agriculture \(CSA\)](#). The COS prescribes effective strategies to foster the emergence of a carbon-neutral economy in the food sector. In accordance with FAO statements, the COS include practices that contribute significantly to reducing our agricultural sector's greenhouse gas (GHG) emissions, sequestering atmospheric carbon in soils and increasing biodiversity, while encouraging the adoption of sustainable agricultural practices, increasing agricultural resilience to the effects of climate change (particularly flooding and drought) and increasing farm income.

Canada is considered to be the 6th largest organic market in the world; our organic sales are growing at an impressive rate ([\\$8.1 B in 2020](#)). Despite a steady increase in production, supply is not keeping up with demand, both domestically and internationally. This offers great opportunity for the future.

The Organic Federation of Canada (OFC) states that farmers and processors throughout the country should take full advantage of the potential for increasing sustainable production and market growth, but this can only be accomplished if the Canadian government upholds its responsibilities in creating a sound business environment for organic agriculture.

But since 2017, the Government of Canada has drastically reduced its support for organic agriculture

- The Canada Organic Office, created in 2009 by the Canadian Food Inspection Agency (CFIA) to address regulatory issues, was dissolved in 2017
- The Organic Value Chain Round Table (OVCRT), mandated to analyze the Canadian organic sector's competitive position and improve its performance and profitability, was dissolved in 2019 by Agriculture and Agri-Food Canada (AAFC)
- The Standards Interpretation Committee (SIC), created by the CFIA in 2009 and funded by CFIA to provide independent guidance to the industry on issues related to the standards, will see its funding ended in 2023 (reduced by 54% in 21-22 and in 22-23)
- The Canadian Organic Standards are referenced in the Safe Food for Canadians Regulations. The Canadian General Standards Board, which owns the COS, requires a mandatory review every five years. But the federal government has not budgeted for future revisions. AAFC clearly states that they will not fund any future review.

A multi-faceted Canada Organic Program is needed to maintain Canada's competitiveness and its access to organic markets, in line with other jurisdictions which have implemented such programs to support their respective organic industries.

Why Canada needs to implement a Canada Organic Program

The benefits of organic agriculture are well documented and recognized internationally.

Organic management:

- Mitigates climate change (by directly reducing greenhouse gas emissions, and by mitigating the risks, such as drought and flooding, associated with climate change)
- Increases biodiversity and slows species loss
- Reduces pesticide use, as opposed to herbicide-based regenerative farming
- Promotes human and animal health
- Builds better societies (through stronger business ethics and greater reliance on local inputs)
- Provides economic wealth (more GDP, more taxes)

What a Canada Organic Program will accomplish

The organic industry needs a Canada Organic Program (COP) to increase the sustainability of Canadian agriculture, assure access to markets and continue to ensure our competitiveness.

- The USDA and EU fund the maintenance of their organic standards.
- The USDA funds the [Organic Cost Share Certification Program \(OCCSP\)](#), which provides cost share assistance to producers and handlers, and has created the [USDA Organic Integrity Database](#) to promote the growth of agricultural ecological practices and to prevent fraud.
- The European Commission [has set a target](#) of ‘at least 25% of the EU’s agricultural land under organic farming and a significant increase in organic aquaculture by 2030’.
- In Europe, many countries offer direct support to their organic producers with an annual subsidy per hectare, with the objective of encouraging the maintenance of organic management practices over the long term.¹

Canada must implement support comparable to that provided to producers in competing jurisdictions. In this perspective, an effective COP should include support measures addressing four distinctive yet interrelated elements:

1. MARKET ACCESS THROUGH A SOUND REGULATORY FRAMEWORK
2. GROWTH IN CAPACITY
3. INCREASED FUNDING FOR ORGANIC RESEARCH AND KNOWLEDGE TRANSFER
4. RECOGNITION OF THE ORGANIC SECTOR’S CONTRIBUTION TO SUSTAINABILITY

The following table depicts the different support measures needed to increase Canadian agriculture’s sustainability, assure access to organic markets, and continue to ensure the competitiveness of our organic industry through a Canada Organic Program. Further details are provided in the following pages.

¹ For further references, see: Union des producteurs agricoles (2021). [Benchmarking of support measures for organic farming in Quebec to other jurisdictions](#), 92 pages.

Canada Organic Program: Summary of measures

Canada Organic Program			
MARKET ACCESS THROUGH A SOUND REGULATORY FRAMEWORK	GROWTH IN CAPACITY	FUNDING FOR ORGANIC RESEARCH AND KNOWLEDGE TRANSFER	RECOGNITION OF THE ORGANIC SECTOR'S CONTRIBUTION TO SUSTAINABILITY
<ol style="list-style-type: none"> 1. Permanent governmental funding for the mandatory five-year reviews of the COS 2. More governmental funding and permanent funding for the Standards Interpretation Committee 3. Implementation of a Canada Organic Regime Integrity Database 	<ol style="list-style-type: none"> 4. Invest in organic processing and distribution capacity 5. Facilitate market connections between farmers and buyers, and increase funding for international market development 	<ol style="list-style-type: none"> 6. Offer more government funding (greater percentage of public matching funds) for research seeking a greater understanding of agroecosystems and looking to develop alternatives to fossil fuel-based inputs 7. Increase technical assistance for on-farm organic practices 	<ol style="list-style-type: none"> 8. Implementation of a certification cost-share program to organic operators, offering, at minimum, equivalent benefits as those in the USDA Farm Bill program 9. Recognition and financial compensation for the ecological goods and services that organic farmers provide to Canadians and for the health and societal benefits associated with organic practices.

MARKET ACCESS THROUGH A SOUND REGULATORY FRAMEWORK

The Canada Organic Regime (COR)

Under the [Safe Food for Canadians Regulations](#) (SFCR), any food, seed, or animal feed that is labelled organic is regulated by the Canadian Food Inspection Agency (CFIA).

Under Part 13 of the SFCR, products must be certified as organic according to the [Canadian Organic Standards](#) (COS). The SFCR also outlines the organic certification system known as the [Canada Organic Regime](#).

The COR is thus a multi-tiered system. Certification Bodies (CBs) annually inspect operators (farmers and processors) who wish to use the Canada Organic designation or logo on their products. CBs charge certification fees to operators who include these in their costs. CBs are themselves evaluated by intermediaries called Conformity Verification Bodies (CVBs), which recommend accreditation of CBs to the CFIA, according to criteria defined in the [Canada Organic Regime Operating Manual](#).

Importance of reviewing the COS every five years

The Canadian Organic Standards (COS) are owned by the Canadian General Standards Board (CGSB) and establish the requirements that agricultural producers and food processors must meet to ensure the legitimacy of Canadian organic products. This allows Canadian businesses to access markets, both in Canada and internationally, by ensuring that their organic claims are true. The COS, put in place by the SFCR, are thus the basis of the entire regulatory and certification system surrounding organic products, both for products sold outside their province of origin and for imported products.

The CGSB [Policy and Procedures Manual](#) for the Development and Maintenance of Standards describes the governing principles of CGSB's standards development process; **it states that every standard that CGSB owns shall be reviewed every five years**. An unrevised standard is no longer relevant and a standard that has been published for more than five years cannot be amended (CGSB Manual clause 6.11.9).

The CGSB may withdraw a standard if there are insufficient funds to update it (6.12.1), or if maintenance of the standard no longer meets CGSB requirements (6.12.2.3).

Canada establishes [organic equivalency arrangements](#) with other countries only if the signatories determine that the two regulatory systems involved, including their standards, assure that equivalent principles and outcomes are achieved in both jurisdictions.² The Canadian organic industry cannot therefore remain competitive if the COS are not reviewed periodically to remain comparable to the standards of other countries. Equivalency agreements could be withdrawn if the COS are not periodically revised. This would compromise access to international markets for Canadian organic products.

Funding for the five-year reviews of the COS

The COS have been reviewed twice, once in 2015 and a second time in 2020.

For the first review in 2015, the *Assurance Systems Stream* under the AgriMarketing Program, managed by Agriculture and Agri-Food Canada (AAFC), contributed \$297,414 to the Organic Federation of Canada (OFC) to cover part of the cost. Fundraising of industry stakeholders led by the OFC contributed \$83,490 in cash, while stakeholders' in-kind contributions amounted to a total of \$16,062. The costs incurred by the CGSB were covered by the Standards Council of Canada.

For the 2020 COS review process, AAFC's *Canadian Agricultural Adaptation Program* (CAAP) (a program that has since been terminated) funded a total of \$292,554 to the OFC. Industry cash contributions amounted to \$59,000 and in-kind contributions were \$39,000. AAFC also covered CGSB costs amounting to an additional \$292,000.

Government funding of the COS review through ad hoc programs is not viable in the long term. In 2022, the federal government is asking industry to pay for the costs of future COS review work itself. However, industry funding of the COS review is seen as a threat to the independence and integrity of the process. Also, there is no funding mechanism, such as a check-off program, that allows all operators and industry stakeholders to contribute equitably to the funding of the review work.

² See : [Organic equivalency arrangements with other countries](#) (CFIA, 2021)

The USDA and EU publicly fund the review of their organic standards without any contributions from industry. If the Canadian organic sector were to attempt to cover the cost of reviewing the COS, Canada will be at a competitive disadvantage with stakeholders in competing countries.

Considering all these factors, the Canadian government needs to implement a Canada Organic Program that assures the independence of the review process by instituting **permanent government funding for the mandatory five-year reviews of the COS**.

The regulatory role of the Standards Interpretation Committee

The [Canada Organic Regime operating manual](#) states the following:

C.5.10 In cases where the CB and the certificate holder do not agree that the issue needs an interpretation, the CB shall rely on part 1.4 of CAN/CGSB-32.310 or part 1.4 of CAN/CGSB-32.312 when interpreting the issue. The certificate holder is still able to make a complaint to the CVB about the CB and/or ask the SIC for an interpretation and request a reconsideration of the issue at a later date.

C.5.11 The CB shall adhere to the interpretations of the Canadian Organic Standards (CAN/CGSB 32.310, CAN/CGSB 32.311, and CAN/CGSB 32.312) provided by the SIC and considered official by the CFIA, to achieve uniform and consistent application of the rules to all operators through various CBs.

Under the Canada Organic Regime, the Standards Interpretation Committee (SIC) thus harmonizes the certification process by providing clarification to the Canadian Food Inspection Agency (CFIA) when certified operators and Certification Bodies ask questions about the standards.

The SIC must be an independent, credible and impartial entity. The SIC must be funded by the CFIA, not by industry. Rather than abolishing the funding provided to the SIC since 2009, the Canadian government should implement the Canada Organic Program to maintain and even increase funding for the SIC. This support is important to harmonize the certification process, maintain its independence and accelerate the work of the SIC so questions can be answered in a timely fashion.

A Canada Organic Regime Integrity Database

Listing the certified organic operators under the COR on a national database comparable to the [USDA Organic Integrity Database](#) will promote the growth of agricultural ecological practices and prevent fraud. This can only be accomplished by government.

Further regulatory improvements

Once a sound regulatory framework is assured through the Canada Organic Program, other regulatory improvements can be addressed. A few examples are explained below.

- **Implementation the Canada Organic Regime as a minimum across provinces**
CFIA rules interprovincial and international trade. Each province and territory can decide to regulate internal provincial trade (New Brunswick, Nova Scotia, Quebec, Manitoba, British Columbia and Alberta require that all products labeled as organic and sold within their jurisdiction be certified).

The lack of provincial regulations in Saskatchewan, Ontario, PEI, Newfoundland and Labrador, and the territories create disparities and opens the door to fraudulent labeling.

The Federal Government should mandate the COR program for all provinces as a minimum organic requirement, unless a province has an existing program that meets or exceeds the COR regulation and standards.

- **Mandatory organic certification for importers/brokers of bulk product**
Brokers and distributors, who are not certified organic, play a significant role in organic trade. CFIA needs to impose mandatory certification for any broker, importer or distributor involved in the trade (legal possession) of bulk goods certified under the Canada Organic Regime as mandated under [the USDA](#).
- **Mandatory organic transaction certificates**
CFIA should issue a directive that the COR system require transaction certificates. The insights gained by the transaction certificates would help to track potentially fraudulent product as it flows up the value chain from operator to operator. **This will help CFIA inspectors, as well as the Certification bodies, to track fraud and harmonize the Canada Organic Regime.**

GROWTH IN CAPACITY

The government of Canada invests in organic businesses through various programs that are not specifically targeted towards organic production and processing.

However, businesses producing organic products may have specific needs. **Investing in organic processing and distribution capacity** is essential to guarantee the supply to meet a growing demand for organic products, both in Canada and internationally. Moreover, if the added value of organic products is not assured by a sound and solid regulatory framework (detailed above), investments are at a greater risk both for government and industry.

Also, AAFC's AgriMarketing Program provides funds to **facilitate market connections between farmers and buyers and increase international market development**. This type of funding needs to be increased through the Canada Organic Program to focus on organic market connections and development.

INCREASED FUNDING FOR RESEARCH AND KNOWLEDGE TRANSFER

Organic agriculture should be recognized as a driving force in developing agricultural practices designed to conserve soil, water, and biodiversity. To support the adoption of such practices by the greater farming community, the government of Canada needs to aim long-term resilience of agroecosystems to climate change and to share the risk between farm businesses and society. This involves substantial support for research and knowledge transfer in organic practices.

Offering more government funding (greater percentage of public matching funds) for research that seeks a greater understanding of agroecosystems, looks to develop alternatives to fossil fuel-based inputs, and increases on-farm technical assistance for organic practices, through a Canada Organic Program, is thus more than justified.

RECOGNITION OF THE ORGANIC SECTOR'S CONTRIBUTION TO SUSTAINABILITY

In several countries, many measures and programs offer subsidies for organic producers. This kind of support is not always specifically associated with organic farming, but indirectly contributes to its development. However, there is a trend towards direct support for organic businesses in Europe with an annual payment per hectare, which encourages the maintenance of practices associated with organic production, ensuring their implementation over the long term, even going as far as reducing, or even offering exemption from property taxes. This type of measure can also leverage a significant increase in the rate of transition to organic agriculture.

Consequently, a Canada Organic Program needs to include the **recognition of, and financial compensation for, ecological goods and services and health and societal benefits associated with organic farm management practices.**

In North America, although there is more support focused on investment assistance and relatively less action in favour of environmental payments, it should be noted that the USDA funds the Organic Cost Share Certification Program (OCCSP) which provides [*cost share assistance to producers and handlers*](#) of agricultural products who are obtaining or renewing their certification under the [*National Organic Program*](#) (NOP). Certified operations may be reimbursed for up to 50% of their certification costs paid during the program year. Because this program is based on recurrent assistance, not just support for transitional growers, it supports the practice of keeping land certified for years to come.

In order for Canadian organic businesses to remain competitive, a Canada Organic Program needs to **implement a certification cost-share program to organic operators, offering, at minimum, the same benefits as those in the equivalent Farm Bill program.**

Conclusion and perspective

In all countries with a structured organic sector, the budget devoted directly or indirectly to the development of organic agriculture is clearly increasing. In general, assistance programs in favour of maintaining good practices are multiplying to sustain a form of agriculture that meets the challenges of sustainable development and climate change. In summary, implementation of a Canada Organic Program needs to include:

- **Permanent funding for the mandatory five-year reviews of the Canadian Organic Standards**
 - Past reviews have represented an investment of \$1 million every five years
- **Permanent and increased funding for the Standards Interpretation Committee (SIC)**
 - Annual budget of the SIC from 2009 to 2019 was \$50,000 per annum. The SIC needs \$65,000 per year to deliver better services.

Support to local, provincial, and international market development by implementing a national database of organic operators and enforcing the Canada Organic Regime

- Government should incur the cost of the database, similar to the USDA Organic Integrity Database, to prevent fraud and to enable government and industry to follow the growth of organic markets.
- Estimated cost for Canada?
- **Recognition and financial compensation for ecological goods and services associated with organic farming practices**
 - The European Commission's "Farm to Fork" strategy for a fair, healthy, and environmentally friendly food system aims to allocate at least 25% of EU farmland to organic farming by 2030. To achieve this, an action plan includes direct support for organic production, on the basis of an annual payment per hectare, to encourage the maintenance of practices associated with organic farming, ensuring their implementation over the long term. Certain measures may go as far as reducing, or even offering exemption from, property taxes.
 - This type of measure applies significant leverage on the rate of conversion to organic agriculture. Very often, the payments per hectare are justified by the reward for positive externalities and partly financed by the deployment of taxes on pesticides.
 - This type of financial support needs to be implemented in Canada if our organic sector is to remain competitive.
- **Implementation of a certification cost-share program to organic operators, offering, at minimum, the same benefits as those in the equivalent USDA Program**
 - Under the USDA-funded Organic Cost Share Certification Program (OCCSP), certified operations may receive up to 50% of their certification costs paid during the program year, not to exceed \$500 per certification scope.
 - Estimated cost for Canada: \$3-5 million per annum.

ORGANIC FEDERATION OF CANADA