

Fraud Prevention

Organic Imports Verification

ISSUE OVERVIEW:

The U.S. is a net exporter of conventional commodities and a net importer of organic commodities. The domestic demand for organic products, and especially grains for livestock feed, has consistently grown for the past decade. U.S. farmers have invested in organic transition to meet this local demand with domestic production. The USDA recently invested \$100 million in technical assistance to help U.S. farmers meet this growing organic demand.

Organic commodities, typically command a price premium (2x) over conventional, encouraging U.S. transition to organic, but the price premium has also lured fraudulent players into the marketplace. Fraud has caused significant price fluctuations in recent years, and an unstable organic market for U.S. producers who have invested in the 3-year transition to organic production.

TESTING OF ORGANIC IMPORTS IS NEEDED

Residue testing of high-risk imported organic commodities is needed to protect organic integrity for both a fair marketplace and consumers' trust in the organic label. Policy that builds off the Strengthening Organic Enforcement rule will soon be introduced to provide USDA with additional tools to crack down on fraud.

THE ORGANIC IMPORTS VERIFICATION ACT (OIVA) WILL:

- ESTABLISH RISK-BASED PROTOCOL:** The USDA Secretary, in consultation with the Secretary of Homeland Security and the "organic agricultural product imports interagency working group," shall develop and regularly update risk-based protocols for determining high-risk status of organic feedstuffs.
- ESTABLISH AN ANNUAL LIST OF HIGH-RISK ORGANIC FEEDSTUFFS:** Each year, the USDA Secretary, using the established risk-based protocol, shall create a confidential list of high-risk imported organic feedstuffs that will require additional residue testing that year.

- ESTABLISH PARAMETERS FOR RESIDUE TESTING:**

The USDA Secretary will create residue testing parameters for the established list of high-risk imported organic feedstuffs. Parameters would outline necessary testing frequency, quantity to be tested, the type of testing, who is responsible for the testing, and other necessary parameters.

- REQUIRE ANNUAL TESTING:** Annually, the USDA Secretary will be required to conduct residue testing for each covered organic feedstuff.

- ESTABLISH CORRECTIVE ACTION:** If required residue testing indicates a prohibited substance over the permitted level for organic, the shipment of that organic feedstuff will be excluded from organic sale.

- REQUIRE AN ANNUAL REPORT TO CONGRESS:** The NOP would be required to present an annual report to Congress on the residue testing carried out during the year prior for each high-risk organic feedstuff and imported organic feedstuff shipped in bulk. The report would include information on the frequency of the applicable residue testing, residue testing methods used, testing results, standards used to analyze the test results, and any actions taken due to the residue testing.

TESTING HISTORY WITHIN ORGANICS

USDA AMS is legally responsible for ensuring the National Organic Program (NOP) has adequate regulatory standards, enforcement guidelines, and residue testing procedures. Residue testing is an essential and required tool for verifying compliance within organic regulations. Organic certification is also a risk-based assessment process and places additional scrutiny on high-risk operations.

The Organic Foods Production Act (OFPA) and USDA organic regulations include authority and guidelines for Accredited Certification Agencies (ACAs) to collect residue samples and respond to sample results. These regulations are outlined in 7 CFR 205.670 (Inspection and Testing), 7 CFR 205.671 (Exclusion from Organic Sale), 7 CFR 205.105 (Use of Prohibited Substances), 7 CFR 205.272 (Comingling/Contamination Prevention), and 7 CFR 205.273 (Imports to the United States). On January 1, 2013, the USDA finalized the Organic Periodic Residue Testing rule, which clarified that ACAs must conduct residue testing on a minimum of 5% of their certified clients.

ORGANIC MARKETPLACE COMPOSITION

In the past ten years, U.S. organic industry retail sales have more than doubled from \$28B in 2012 to over \$60B in 2022. Now, organic products are being shipped from across the globe through increasingly complex supply chains, and the organic certification structure is undergoing dramatic changes through the implementation of the SOE rule in response to this growth in scale and complexity.

COMPLIMENTARY TO SOE RULE

The NOP required implementation for SOE on March 19, 2024. The SOE will provide the supply chain transparency needed in a growing organic global economy, solidifying the foundation for the organic market. With the speed of global organic market growth, SOE will not be enough. Verifying a global supply chain through testing is the next chapter in continuous improvement that must be embraced as an encore to the SOE. Testing will complement the new parameters of SOE and assist certifiers in validating compliance while providing the ability to rapidly detect evidence of commingling and contamination in operations deemed to be high risk.

SUMMARY

U.S. organic farmers need continuous improvement in oversight and enforcement to strengthen the foundation of the SOE rule. Residue testing is an essential tool that will assist in compliance verification for organic regulations. **U.S. producers have invested time and money into organic transition and production and deserve to operate in a stable and equitable marketplace.** Residue testing of imported organic commodities will further secure organic consumers' trust in organic integrity, an essential pillar to market success.

MORE INFO

Organic Import Verification Act: [S.1398](#)

Sponsors: Sen. Ricketts (R-NE), Sen. Smith (D-MN), Sen. Scott [R-SC]*

