

Dear ladies and gentlemen

My name is Wolfram Reichert,

I am the Manager of Agri Com company in Lviv.

Since I have been working for 12 years in the conditions of Ukrainian reality, and our company has grown to the biggest certified organic agricultural producer in Western Ukraine, I feel really privileged to speak to you today at this conference.

The question of integrity and reality of the processes in the organic sphere is really close for me, because I came to this sphere out of inner beliefs!

As a practitioner, I would like to discuss the questions, which I consider especially relevant.

## **1.Certification**

The changes in the requirements for certification starting from October 2015, have brought about both some development and a whole set of problems, which restrain this potential and limit the quality of organic production:

### a) Increase in certification costs

Half a million UAH or 15 thousand euro per year is a significant burden for small and medium-size enterprises, which are often hardly solvent in the Ukrainian realities.

High certification costs make it impossible for small farmers to get to the organic market, which goes against organic principles.

I suggest that we return to the option of subcertification for the farms sized less than 1000 ha, which was cancelled last year.

### b) inefficiency of inspection

Additional unannounced inspections once a year cost 3-4 thousand euros and rarely give a desired result. Although it is not known when the inspection comes, it is possible to clearly determine when it does not come. Thus, there is enough room left for dishonest actions. (In addition, the inspector usually notes down some minor flops, such as lack of some protocols or labels at the warehouse).

I suggest that this method should be cancelled, and instead 1-2 permanent inspectors from the EU should be introduced, who would be constantly stationed in Ukraine and circulate between all the certified farms and be accountable to the EU, and not to some separate Ukrainian controlling authorities. They would be authorised to come to the farm at any time and to impartially record the situation, which would enable

having some control over the transparency of movement of goods between producers, which are certified by various authorities.

Thus, it would be possible to pay a visit to every farm up to 6 times a year, which will significantly reduce frauds and mistakes.

- c) The permit to import certified in-conversion agricultural products to the EU as a driving force for the organic development in Ukraine

As a rule, a conversion period to organic production takes two years. Shortened periods are rarely used.

It is not permitted to import certified in-conversion agricultural products to the EU, which makes our producers inferior compared to the EU farmers.

Thus, there are two years of low yields, plus low prices when selling in-conversion products at the domestic conventional market, plus certification and control fee, plus unbearable bureaucracy locally!

This destroys the possibility for small enterprises to convert to organic production as such. Partial conversion does not only delay the conversion for many years, and in practice creates problems in storing, sales and during certification.

In addition, attempts to add in-conversion grain to organic grain will be completely eliminated if its sale is legalised in the EU.

Thus, introduction of import in-conversion products to the EU, reduction in certification costs and improvement in the control will support the development of organic movement in Ukraine.

## **2.Regulatory framework of export-import operations**

In February 2016 during the organic fair BIOFACH in Nuremberg (Germany), I had a pleasure to personally communicate with the representative of the European Commission on organic farming, Mr. Rossi Prieto as to the practice of export-import regulations.

Mr. Rossi Prieto noted that the legal framework is the regulatory foundation, and EU member states are directly responsible for its efficient implementation.

Yet, in the last two years I have often encountered a controversial interpretation of the same regulations and norms by different customs authorities both in different countries and within the same country, and even by different officials of the same customs office.

The worst thing for an exporter and importer is that you never know which regulation the customs official is going to apply in each specific case.

### **Several examples**

In Germany, a barge is first unloaded and the officials can take samples for testing during this process. In Vienna, a product must remain on the vehicle until the results of the test are available, and this may take up to 14 days.

Sampling on the spot may take a totally unacceptable form, and I had an opportunity to observe it personally in Austria, when a veterinary comes along without the necessary equipment, borrows some buckets from the workers of the uncertified port and fills them with random samples from three spots of the hold with 1000 tons of organic products for testing. How is this related to regulatory control?

This year during the import of 170 tons of organic wheat in one lot by road transport, customs authorities in Germany took a composite sample for pesticide testing at the cost of 1000 euros. A month later while exporting 400 tons of the same wheat in one lot, a payment of 16 000 euros had to be made, because the customs officials had made a decision to test 16 samples from each vehicle.

Moreover, pesticide testing samples are taken on the consignment day in the country of origin. This document is formally required for the import clearance of the goods in the destination country, although they do their own test there.

Despite this, when crossing the Ukrainian-Romanian border, 1 hour after our barge had departed from Reni port, the customs demanded this test and they stopped our shipment until the test results were received nearly 14 days later.

The idea of legislative requirement for the additional test of the product at the border risks causing shipping delays and will impede export. In this case it is important to allow the vehicle to move on before the test results are received.

Unfortunately, there are countless examples of contradictory interpretation of European norms in the process of export and import operations.

They lead to unpredictable and totally unnecessary expenses for idle time of the transport when crossing the border after arriving at the

customs, and a huge amount of additional expenses on tests, and as a result, increase in the prime cost!

Only in our company in the last 18 months it has cost half a million euros. And this is only the question of inaccuracy of the wording of regulatory norms by the European Commission.

I believe that there is a burning need to specifically and clearly formulate the norms and regulations, which will eliminate ambiguous understanding and contradictory interpretation.

Moreover, they all have to be feasible and transparent for all parties.

This is an important task for the European Commission.

Let us make organic production more interesting for producers and more accessible for consumers!

Thank you for attention