



# US/Ukraine Cooperation to Improve Organic Trade

Jake Lewin, President  
CCOF Certification Services, LLC

# About CCOF Certification



- Largest NOP certifier
- 41 states and 3 countries
- 70 inspectors
- 5,000 inspections annually
- Leader in certification technology
- International standards

# Growing Concerns

## Organic farmers worried about possible fraudulent grain imports

The flood of organic corn and soybeans, driven by U.S. consumer demand, has caused a huge drop in prices for farmers during the past 18 months.

By Tom Meersman Star Tribune | MARCH 2, 2017 — 10:41PM

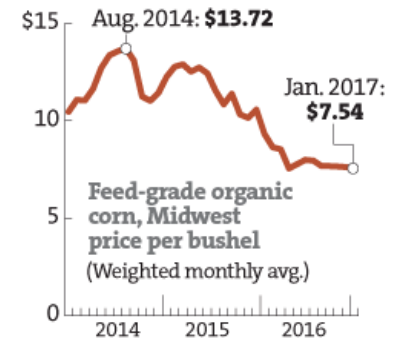
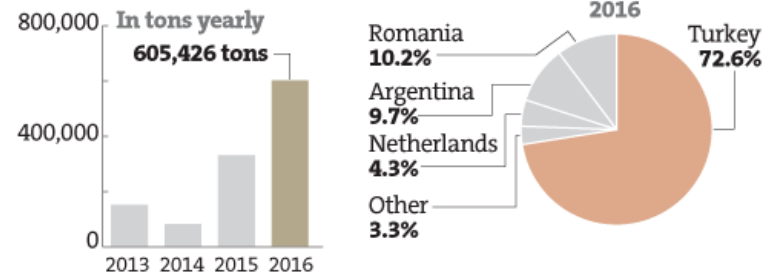


UNIVERSITY OF MINNESOTA SOUTHWEST RESEARCH & OUTREACH CENTER

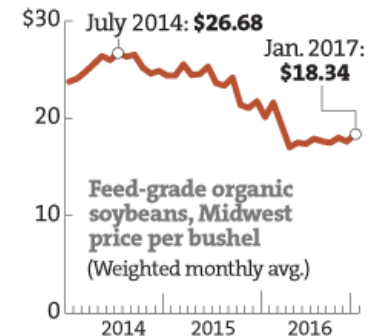
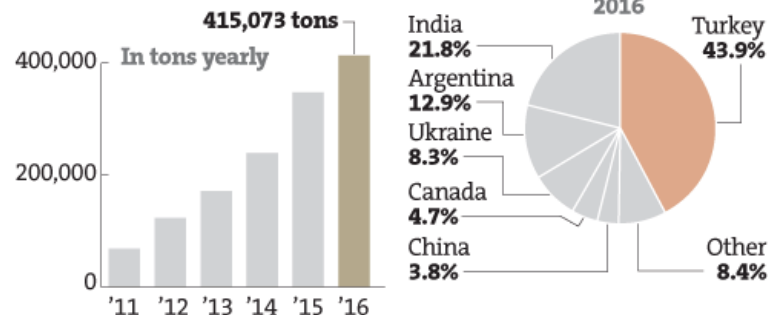
## IMPORTS SINK U.S. ORGANIC GRAIN PRICES

Large increases in organic corn and soybean shipments, especially from Turkey, have dropped prices dramatically for U.S. producers.

### ORGANIC CORN IMPORTS



### ORGANIC SOYBEAN IMPORTS



Source: Agricultural Marketing Service, U.S. Dept. of Agriculture

MARK BOSWELL • Star Tribune



# The Washington Post

Papers may vary in areas outside metropolitan Washington.



Rain 58/50 • Tomorrow: Partly sunny 75/54 B6

Democracy Dies in Darkness

SATURDAY, MAY 13, 2017 • \$2

## In Trump's answers, high-stake questions

Interview on Comey firing opens debate about obstruction of justice

BY KAREN TUMULTY

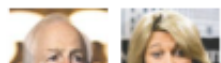
With his own words over the past two days, President Trump has vastly escalated the stakes and potential consequences of his decision to fire James B. Comey as FBI director, provoking questions about whether his motivations and tactics may have run afoul of the law.

The president also suggested via Twitter that he may have "tapes" of private conversations with Comey, evoking echoes of Watergate and demands by Democrats that he produce what could be critical evidence.

All of that undermines Trump's credibility as he seeks to name a new FBI director whose independence will be under intense scrutiny and who will lead the probe into alleged Russian meddling in the 2016 election.

The point of greatest sensitivity

TRUMP CONTINUED ON A9



JORGE ROMERO/THE WASHINGTON POST

Ginger is prepared for packing at Laiwu Manxing Vegetables Fruits in China's Shandong province. The ginger is grown organically but doesn't meet U.S. standards because of the pesticide residue left after washing. It's not sold here as organic.

## A LONG, STRANGE TRIP TO 'ORGANIC'

The labels said they were certified. But massive imports of corn and soybeans weren't.

BY PETER WHORISKEY

A shipment of 36 million pounds of soybeans called into question

Organic designation — boosted their value by approximately \$4 million, creating a windfall for at least one company in the supply chain.

Organic is really organic.

The three shipments, each involving millions of pounds of "organic" corn or soybeans, were being moved to export

## Malware attack hits global networks

HAVOC IN DOZENS OF COUNTRIES

Software flaw had been part of NSA tool kit

BY CRAIG TIMBERG, GRIFF WITTE AND ELLEN NAKASHIMA

Hackers unleashed an attack that disabled computers in dozens of nations Friday using a software flaw that once was part of the National Security Agency's surveillance tool kit.

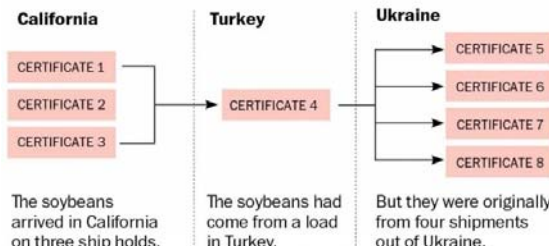
The resulting wave of online chaos affected tens of thousands of machines worldwide, snarling operations at the Russian Interior Ministry, Spanish telecommunications giant Telefonica and Britain's National Health Service (NHS), where hospitals were hobbled and medical procedures interrupted.

Europe, Latin America and parts of Asia were hit particularly hard, although in the United States, FedEx also reported falling prey to the malware. The attack was the latest in a growing menace of "ransomware," in which hackers deliver files to computers that automatically encrypt their data, making it unusable — until a ransom is paid.

\*This is not treated at the

## How 36 million pounds of soybeans became "organic"

A shipment of "USDA Organic" soybeans arrived in Stockton, Calif., in December. But were they really organic? The Post was able to trace the shipment from California back through Turkey to their source in Ukraine by using a set of linked health certificates, like the one on the right, that accompanied the soybeans.



The health certificates for the trip from Ukraine offered two clues that the soybeans were not organic. **The first clue:** The shipment from ADM originated in Ukraine and was delivered to Turkey. ADM does not sell organic products.

2. Экспорт на имя экспорта  
Name and address of exporter

LLC "ADM TRADING UKRAINE"  
APT. 16-A, PETRA SAHAYDACHNOGO,  
04070, KYIV, UKRAINE

3. Импорт на имя импорта  
Name and address of consignee

HAKAN AGRO DMCC  
CAMISERIF MAH. 5217 SOK.  
COGAL APT 3/8 MERSIN / TURKEY

4. До спроби/успішності/спроби/успішності  
TURKEY (spelling/translation)

Plant Protection  
Organization(s) (TURKEY) (country of origin)

5. Місце походження  
Place of origin  
UKRAINE

2. ФІТОСАНІТАРНИЙ  
СЕРТИФІКАТ  
PHYTOSANITARY CERTIFICATE  
№ 60/15-0.054/XX - 101135

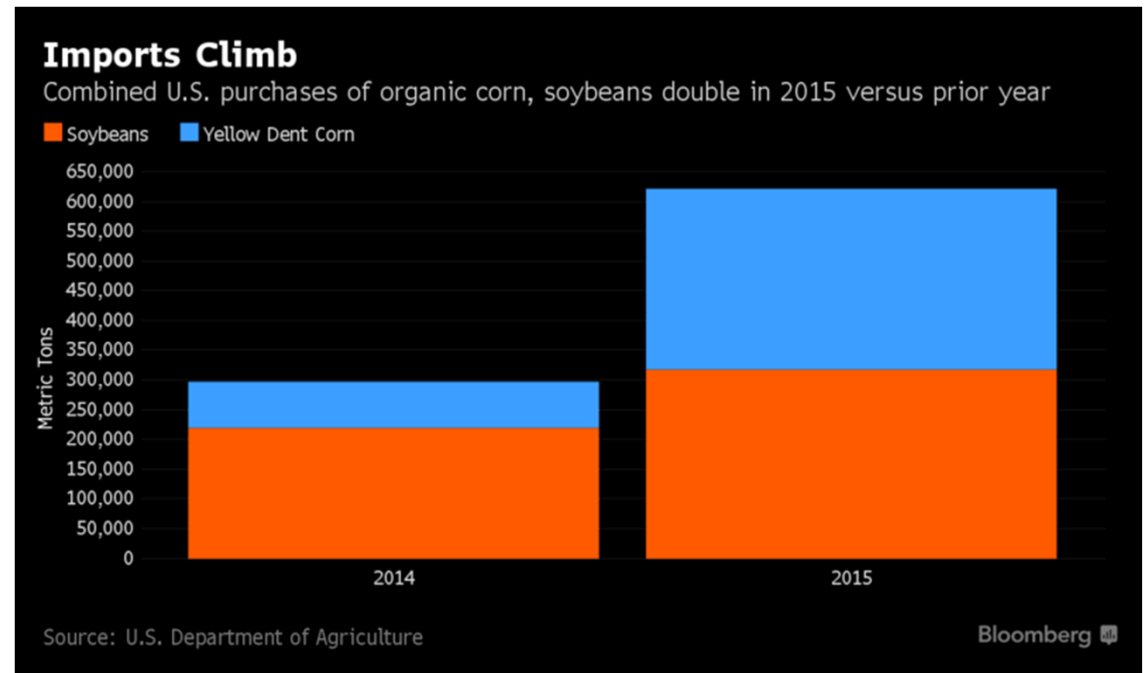
**The second clue:** The soybeans were fumigated with aluminum phosphide, which is not allowed under organic rules.

12. Обробка  
Treatment  
FUMIGATION

13. Хімічна  
(діюча речовина)  
Chemical  
(active ingredient)  
ALUMINIUM  
PHOSPHIDE  
TABLETS

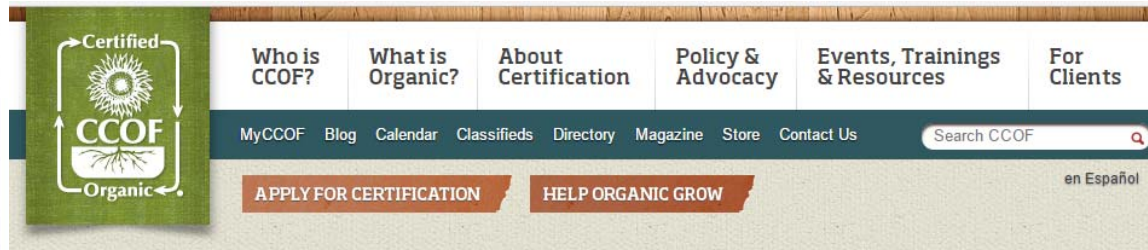
# Ongoing Concerns

- Limited visibility into production and supply chain
- Buyers cannot get additional assurance or details about supply
- Many traders and brokers in the chain
- No acreage identified by certifiers for farms
  - US market cannot see or understand how many farmers or how large they are in Eastern Europe
- One trader lost certification





# CCOF At-Risk Grain Import Policy



## CCOF Approval Requirements for Imported Grain Shipments

« Return to all Certification News

Date Published: May 15, 2017

On May 11, 2017, CCOF Certification Services notified approval for imported grain shipments. Our goal is to h

Additionally, the NOP has recently provided a [training](#).

### Notice Regarding Approval Re

CCOF Certification Services lacks confidence in the or wheat, and soy from eastern Europe and non-EU mem for noncompliant treatments. To increase our confident implementing additional oversight.



## CCOF

Organic Certification Education & Outreach Political Advocacy Promotion

May 11, 2017

### Notice Regarding Approval Requirements for Imported Grain Shipments

CCOF Certification Services lacks confidence in the organic status of foreign grain, including, but not limited to, organic corn, wheat, and soy from eastern Europe and non-EU member states. Current concerns include volumes, sourcing and potential for noncompliant treatments. To increase our confidence in imported grains received by CCOF operations we are implementing additional oversight.

Organic grain imports from these areas has increased rapidly in volume in a short time. Some volume spikes may be accounted for by current correct usage of organic tariff codes when in the past shipments may have been misidentified with standard commodity codes. We have conducted investigations into validity of organic status of imported grain within the past year. Given that we are aware of ongoing concerns and complaints, we believe it is appropriate to apply additional scrutiny in this area.

**Effective May 12, 2017 and until further notice, approval is required for all imported grain shipments received directly by CCOF certified operations.** The certified operator receiving imported grain directly from a ship must demonstrate full traceability back to growers along with volumes and demonstrate lack of prohibited material use in shipping to establish that the products meet organic standards. Shipments CCOF does not specifically approve are not considered to be in compliance as they have failed to demonstrate information necessary to verify compliance per NOP 205.2 "Audit Trail": 205.103:

- [www.ccof.org](http://www.ccof.org)
- Notification
- Review shipments and will track volumes
- Working with importers
- Identifying products and sources
- Encourage caution
- Performing more testing of inbound products
- Working closely and providing information to National Organic Program

# Next Steps

- Work together at trade and certification level
- Organic certifier and Organic Trade Association task forces
- Need best practices
- Greater care in regions of concern?
- Testing
- Know your supply-trace to farms
- Identify and report fraud, use only trusted partners
- Report your volumes and sales to certifiers so they can check at trader level
- Technology?
- Certifiers should report acreage to NOP!





# Thank You!

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