

Dear Miles,

This letter is our follow-up to your recent reply letter regarding the continuing harm to US organic grain farmers due to continuing threats from dubious grain imports into US.

For nearly two years now Organic Farmers Agency for Relationship Marketing (OFARM) has been investigating issues surrounding the significantly increasing amounts of imported organic grain into the United States. Our findings show that the source for much of this grain appears to be centered in Eastern European countries, specifically Ukraine, Romania and Turkey. OFARM's concerns center around the lack of organic audit trail integrity given the current political unrest in these countries.

The recent Washington Post investigation and results with actual altered documents, not only confirms what we in OFARM have been saying for almost two years, but should throw up flags about the holes and deficiencies in the current NOP protocols.

Over this same two year period OFARM has received direct testimony from numerous sources corroborating OFARM's concerns about audit trail integrity.

An organic trader recently lost a 1200 metric tonne consignment of sunflower seed which had a dodgy residue test in Europe. This consignment was diverted to the United States.

A presenter at Expo West stated that the U.S. is a dumping ground for organic imports due to the lax paper work.

OFARM keeps getting information and offers to provide information on organic fraud.

#OFARM representatives have had extensive conversations with people who have travelled to countries that export to the U.S. and they have reported highly questionable practices including, such things as wild birds flying around in processing facilities and questionable protocols regarding sanitation.

We feel your recent letter offered no assurances that the audit trail integrity of imported products is in fact uncontestable. In conversations in LaCrosse, you indicated that while investigations such as those that may be needed in countries like Turkey are on hold due to civil unrest and uncertainty United States imports from these countries continue.

“ (AMS)...working with APHIS PPQ Program to identify better ways to oversee organic products at Ports of Entry into the United States.”

“AMS does not have the resources or specific authority to inspect products at Ports of Entry into the United States.”

Currently the NOP system relies on entities in the supply chain (certifiers) to do the verification because NOP either does not have the authority, resources or personnel to conduct intense oversight as practiced in other major organic market countries in the world.

OFARM is concerned about the fact that NOP's steps in dealing with the massive amounts of organic imports, especially grains, appears to be on a cosmetic level and wholly inadequate to stem this rising tide of questionable imports. The consequences of protocol violation seem miniscule in comparison to the overall value of the imported product potential.

Below is the pricing history of organic corn and soybeans in the Midwest, two years prior (2013 and 2014) average prices to compare with the years 2015 and 2016 when massive amounts of imports started to impact the markets. The damages to U.S. organic producers in the 12-Midwestern states that produce 77 percent of the organic corn for grain and almost 50 percent of the soybeans is staggering.

Actual prices received by OFARM member cooperative organic grain producers are as follows:

Year	Corn (bu)	Soybeans (bu)
2013	\$14.63	\$24.46
2014	\$13.25	\$23.00
2015	\$9.76	\$20.00
2016	\$8.50	\$18.00

Table 1 is the 2015 organic acreage for 12-Midwestern states as part of the SARE North Central Region. Acreages for 2016 will not be available until September 20, 2017. For purposes of this analysis, 2015 numbers were used for 2016 although organic acreage has been increasing at about 2 percent per year. The numbers for 2016 should be considered conservative.

Table 1-North Central Region state corn and soybean acreage-2015

State	Corn for Grain	Soybeans
IL	9244	6682
IN	5016	2394
IA	24553	16255
KS	3736	1100
MI	12077	7085
MN	21750	10546
MO	2755	562
NE	8475	4857
ND	2416	3177
OH	8222	5643
SD	4577	3903
WI	26322	7691
Total	129143	69895
US	166841	140345
% of Total	77.4	49.8

Source: Table 9: Certified Organic Field Crops Harvested and Value of Sales-2015; USDA-NASS

Estimated damage calculations to 12-Midwestern state organic corn and soybean producers for 2015 and 2016.

	2015	2016	2015	2016
	Corn	Corn	Soybeans	Soybeans
Acres-12 states	129143	129143	69895	69895
Yield (1) bu/acre	125	125	35	35
Total bushels-12 states	16,142,875	16,142,875	2,446,625	2,446,625
Price per bu. Losses with 2014 as the base price (2)	\$3.49	\$4.75	\$3.00	\$5.00
Total estimated losses	\$56,338,633	\$76,678,656	\$7,339,875	\$12,233,125
Estimated 12-state two-year losses (3)	Corn	\$133,017,280	Soybeans	\$19,573,000

1. Yield estimates by a former University of Minnesota Organic Outreach Coordinator and organic farmer.
2. Prices are used from above with 2014 used as the base year to calculate price declines.
3. Total losses are rounded for discussion purposes that follow.

Total losses to these 12-state organic producers conservatively estimated is about \$ 152.6 million for 2015 and 2016. This is for only 12 states. If all the states with their acreages were included for organic corn and soybeans, the losses would be close to \$250 million.

When compared to other major importers of organic products, it is OFARM’s conclusion that NOP may be severely lacking when it comes to protecting and upholding the integrity of imported certified organic products. Based on the accumulation of conversations, documents, data and political climates of several countries engaged in high volumes of organic product exports over these past two years, OFARM questions the veracity of assurances from Washington DC that “everything is just fine,” or up until the Washington Post article denying that a problem may even exist because the system is in place.

We would offer the following points based on our continuing discussions with knowledgeable individuals in Europe and within the U.S. organic industry:

NOP should increase communication; listen to what the EU Commission has to say. It is our

understanding that Turkey has now been added to the list of “high risk countries.” NOP should take heed that when a certification body is delisted for the EU, there might be something wrong with it.

1. Does the NOP currently have an implemented “high risk country protocol” that mandates further actions and investigations based EU, Canada or other equivalency partners assessments?

There appear to be a very small number of certification bodies that are involved in certifying these grain farms at their origin, and the traders and supply chain steps, especially from the Black Sea region.

2. Is the NOP aware of this and are you tracking them sufficient to ensure that they are indeed in full compliance?

NOP should inform U.S. certifiers that there should be an extra level of scrutiny to anything coming from Hakan Organics, which is based in Dubai but with offices in Turkey, or Tiryaki, the largest Turkish grain exporter, or any of the many companies associated with them.

3. Has NOP/USDA issued any additional guidance or instructions to certifiers that would require greater scrutiny of actors with history of non-compliance?

NOP should enforce rigorous and more complete audit trails including - Certificate of Inspection, Certificate of Origin, (there is way that so much grain is be originating from Turkey), as well as Certificate of Conformity, (which we understand should include a seal of the UA Ministry of Agriculture).

4. What are the NOP’s plans for insuring organic integrity for commodities in addition to corn and soybeans that don’t currently meet the threshold for being assigned a specific ITC code?

An example is dry edible beans. It is our understanding that ITC does not assign a specific separate code for a commodity to be organic unless it meets a specific dollar threshold. One of the farmers at our annual meeting in LaCrosse supplies a good share of dry edible organic beans to a major restaurant chain. Large amounts of imported beans are putting immense downward pressure on the markets. At the same time other than industry reports and rumors, there is no specific data on amounts, country of origin or being able to verify the organic documentation that is supposed to accompany the shipments.

5. Does the NOP/USDA have current authority to require such full chain audits trails now for “high-risk” countries, and if so has this been implemented and if no – what is necessary for this to be established?

NOP should implement residue testing on the pesticides that are regularly found in these shipments, share these results with the EU (and demand it the other way around). NOP should put goods under embargo until questions are answered and dare to reject goods when dubious in nature.

6. Has NOP/USDA implemented any such additional testing requirements and can USDA embargo and/or reject such shipments under your current powers?

NOP should not be accepting Ukraine, Russian, or Kazakhstan product to become Turkish when they are moved through Turkey – this one is also a problem for the EU Commission that is not resolved, SEE NEW EU-GUIDELINES [http://www.gfrs.de/fileadmin/files/eu/Guidelines-on-additional-official-controls UA KZ RU.pdf](http://www.gfrs.de/fileadmin/files/eu/Guidelines-on-additional-official-controls_UA_KZ_RU.pdf)

7. Does the NOP/USDA plan to take actions regarding this specific critical control point, where it seems that aggregated grain being shipped from Turkey is failing to meet organic standards?

We understand that Turkey has not yet changed the origin of their certificates that has been addressed in that new EU guideline. Ukrainian and Russian product still becomes stated as Turkish origin. As we have long suspected Turkey is producing more organic corn and sunflowers than it possibly can. USDA's FAS should be able to further verify this. Authorities should insist on a proper Certificate of Origin. The Turkish certificates are provided by the Turkish Ministry of Ag – as it seems that Tiryaki has good relations with minister. As the January 2016 USDA FAS report notes, fraud is rampant in Turkey.

8. What actions is NOP/USDA taking to address this address this problem?

Accreditation bodies such as EA, UA and in particular Turkish) and competent authorities Ukrainian, Turkish) should provide proof of participation in the Anti- organic fraud Initiative then provide proof of implementation of protocols to prevent fraud. Russians probably will not come to AFI workshop scheduled for Odessa, Ukraine in September. However, it is hoped that when they hear of AFI initiatives and that this will also bring them additional scrutiny, then they will hopefully change their behavior. NOP should participate in AFI meetings where inside or outside the meeting these kinds of developments are shared.

9. Will NOP/USDA now engage with AFI in such meetings to become more informed?

Patty Lovera, Michael Sligh and I look forward to meeting with you on July 6, 2017 in your office.

Sincerely,

John Bobbe, OFARM Executive Director