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## Organic transparency

### *Have the Italians figured it out? A look at the FederBio approach*

Having been hit by a number of organic food scandals, the Italian organic industry found itself in a come-to-Jesus moment, where it had to decide how it was going to maintain its reputation and ultimately, consumer confidence, after a significant amount of conventional grain had been fraudulently sold as organic.

FederBio, the Italian Federation of Organic and Biodynamic Agriculture, is an umbrella organisation whose members represent 95% of Italian organic operators. With such a high percentage of the market involved in one organisation, the development of a mandatory transparency system became possible. The organic industry in Italy knew it needed a system in place to deter fraud and to take concrete actions to fight against fraudsters.

The FederBio approach is a direct response to the types of fraud that were discovered in Italy.

Fraudsters found holes in the system. A paper-based certificate system meant that fraudsters could easily counterfeit certificates and pass them off as valid certificates. Within the annual programmes of production, yields were overstated, and the verification of these amounts by certifiers on a regular basis was difficult. These weaknesses created the perfect storm for fraudsters to magically turn conventionally grown



grain into organically grown grain. What was lacking was a centralised repository of data with which to verify market transactions, meaning that both certification and transaction data would be made available in an electronic format. There was a lack of data sharing; however, by creating the FederBio Integrity Platform, they were able to fill in the gaps.

So how does the platform cover up these holes? One, it draws on a central database of all Italian organic certification data, DATA BIO, which allows for the verification of this data in real time and the quick identification of counterfeit certificates. Two, real-time transactional data is also included, calculated on a mass-balance approach, and allows for the verification of yield data entered into the database as part of the programmes of production.

Yet how exactly did they get the certification data on to the platform?

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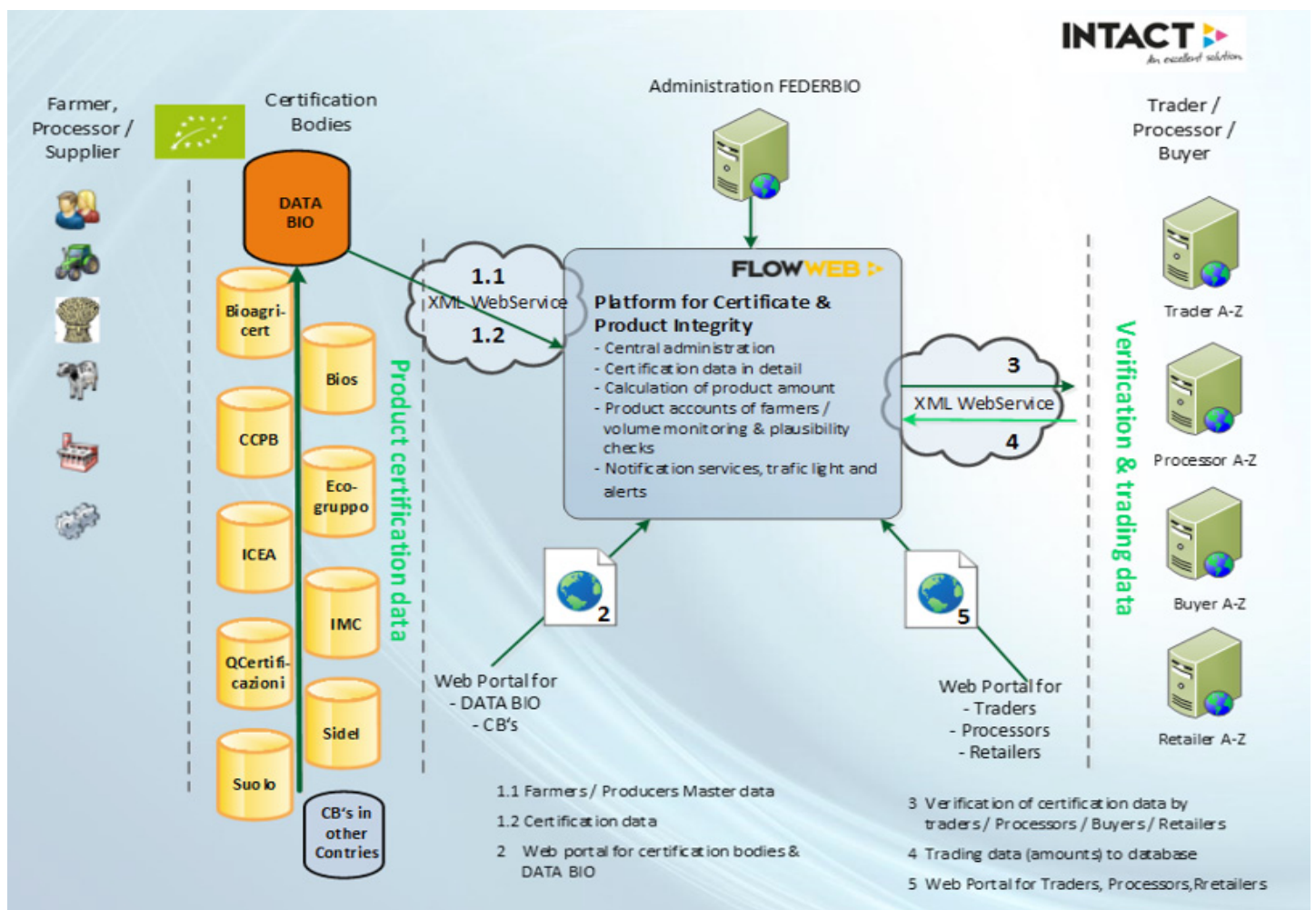
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In Italy, the Ministry of Agriculture was not in the position to undertake such an effort, so this left ACCREDIA, the sole national accreditation body in Italy, to bring about the participation of Italian certifiers in the platform. Nearly

the Italian approach is the level of detail it encompasses. Certifiers report field size and product details, referring to the level of effort that the Italian organic industry has made to implement the EU's Organic Regulations.

Similarly, how did they get the transaction data on to the platform?

in directing supply chains to meet their own and consumers' demands as well as shouldering the burden of removing the fraudulent products from their shelves. In response to the scandal, the largest organic supermarket chain in Italy, NaturaSi, and major Italian supermarket retailers Coop Italia and Conad,



**FIP System:** This picture illustrates how the FederBio Integrity Platform functions.

all Italian certification bodies provide their data to the FederBio Integrity Platform via DATA BIO, ACCREDIA's database of Italian organic operators. The data in DATA BIO comes directly from the certifiers themselves and currently includes 95% of all producers. Unique to

Before this question is asked, however, another question poses itself: what is an Italian supermarket to do if the organic products it's selling aren't actually organic? As the point of contact to consumers and the terminus in the supply chain, supermarkets play an important role

requested that their suppliers be part of the FederBio Integrity Platform as a requirement to keep their products on supermarket shelves.

They did this with the notion in mind that if you have nothing to hide, then why wouldn't you want to be part of the transparency system

– it's an opportunity to weed out the fraudsters. The supermarkets' suppliers (processors and traders) provide their data to the platform via interfaces from their Enterprise Resource Planning (ERP) systems.

So, where does the FederBio Integrity Platform actually come from? The system that was developed is based on Intact's IT solutions for supply chain integrity. Intact's solutions provide whole-chain product traceability combined with real-time certification data.

And what does the platform actually show? The platform gives its users both the certification and transaction data needed to identify risks in the organic grain supply chain, while restricting access to their own data to ensure the confidentiality of proprietary business information. Based on a traffic light system, transactions are monitored for irregularities. The traffic light system is broken down into certification status and integrity status. This is where the merging of the different data providers comes into play.

Certification data from the certification bodies, both at the operator level and product level, are illustrated via the traffic light system as well as the quantities of goods traded along the supply chain, based on the yield amounts in annual programmes of production. These amounts are monitored throughout the supply chain using a mass-balance approach calculated per trader in real time, which comes from the traders' ERP systems.

The platform is also able to notify users of potential risks. It is designed for use by the organic grain industry, but also serves as a blueprint for use by other food supply chains.

So how does the platform sustain itself? Through a combination of



Mr. Roberto Pinton explaining the Integrity Platform functions.

fixed and variable fees, the platform generates funds to ensure its sustainability. The benefits which the platform provides to both certifiers and operators means that they share the cost burden of maintaining the system. Certifiers are currently covering the fixed costs for the platform, which vary by participant type from a couple of hundred to over a thousand euros per year.

Operators are responsible for covering the platform's variable costs, which are priced at € 0.16 per tonne of grain. The platform still functions on a voluntary basis and currently includes an increasing number of operators and over 300,000 tonnes of grain; however, participation will become mandatory beginning in 2017, which will mean that over 1 million tonnes of grain will be monitored on the platform.

Through the co-operative efforts of key players in the Italian organic

industry, FederBio was able to achieve the unachievable; however, implementing a paradigm shift is no easy feat. The FederBio Integrity Platform has faced its own set of challenges. Despite these challenges, the FederBio Integrity Platform will continue its mission to bring greater transparency to the Italian organic market. FederBio's history also shows, however, that it knows that combining efforts across the industry is what eventually brings change and results, which is why FederBio has partnered with Check Organic to tackle these issues at the global level with all data for imported products provided through Check Organic. ■

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