



September 30, 2021

Ms. Michelle Arsenault
National Organic Standards Board
USDA-AMS-NOP

Docket: AMS-NOP-21-0038

RE: CACS Subcommittee – Discussion Document Modernization of Organic Supply Chain Traceability

Dear Ms. Arsenault:

Thank you for this opportunity to provide comment on the National Organic Standards Board (NOSB) CACS Discussion Document on Modernization of Organic Supply Chain Traceability. The subcommittee is seeking feedback from organic stakeholders on the best way to utilize and integrate technology to further modernize the organic verification and traceability system for complete supply chain traceability and support the implementation of the Strengthening Organic Enforcement (SOE) Rule.

The Organic Trade Association (OTA) is the membership-based business association for organic agriculture and products in North America. OTA is the leading voice for the organic trade in the United States, representing organic businesses across 50 states. Its members include growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers and others. OTA's Board of Directors is democratically elected by its members. OTA's mission is to promote and protect organic with a unifying voice that serves and engages its diverse members from farm to marketplace.

Summary

OTA appreciates the subcommittee's proactive work to explore the use of electronic tracking systems and the best way to modernize organic supply chain traceability. Prior to engaging in the discussion, OTA would like the following information to work with:

1. A final SOE rule so we can tether the conversation to a known outcome and better identify holistically where the gaps are and what is needed;
2. A detailed accounting on how the \$5 million from the 2018 Farm Bill was spent; and
3. A detailed update on the status of electronic import certificates and the CBP-ACE system.

We offer the following more detailed comments:

OTA is a long-time supporter of technology upgrades at NOP to support data collection and tracking systems. We have consistently worked with Congress to advocate for increased funding for NOP to collect data as well as make important investments in technology to ensure the data is accessible. In both the 2014 and 2018 Farm Bills, OTA successfully advocated for Congress to include \$5 million in mandatory funding to support technology upgrades at NOP. The funding was used to create the Organic Integrity Database (OID) and recent funding included in the 2018 Farm Bill was provided for NOP to make upgrades and maintain OID while also investing in technology to set up a tracking system for

electronic import certificates through the U.S. Customs and Border Protection's Automated Commercial Environment (CBP-ACE) system.

NOP's annual budget is provided by Congress through discretionary appropriations. Over the past five years, NOP funding has increased by more than 30% due to OTA's advocacy. In the 2018 Farm Bill, OTA secured an authorization to increase NOP's budget by 10% per year to keep pace with market growth. Continued Congressional support for NOP funding is vital to ensure that the requirements of the proposed rule related to data collection and tracking are achievable, and the federally operated databases upon which the SOE Rule relies (OID & CBP-ACE) can continue to provide the critical functionality and data that the industry requires.

All of this said, OTA appreciates the subcommittee's proactive work on this topic. Investments in technology and access to data to improve tracking of organic trade are necessary to ensure a transparent marketplace and to prevent fraud. We agree with CACS that "it is imperative to continuously improve and modernize transparency in a post-SOE implementation world," and we think that digital ledger technology could play an important role in supply chain traceability if it is applied appropriately. However, we would like to first understand the requirements and capabilities of SOE as presented in a final rule, and to see the return of investment to the funding NOP has been provided with to date.

Some questions and considerations we are tracking around SOE include:

- *Will the final rule require mandatory data reporting to NOP by crop type, acreage and location; and number of animals by livestock type and location, at least on an annual basis to the Organic Integrity Database? A requirement for certifying agents to report production area certified by crop/livestock and location, on an at least an annual basis, to the OID is one of the most impactful single actions that can be taken to increase the integrity in the global organic control systems.*
- *Will the OID provide for global use? If not, then we recommend investing in some additional system that gives organic operations and certifying agents access to the same type of information about certified operations around the world that are operating under equivalency arrangements and selling products into the United States.*
- *Will NOP require uniform organic certificates generated through OID, and if so, what will they look like and what kind of interface will it have with certifier systems? There are many unanswered questions and unknowns about the OID. Given the developments underway, it seems prudent to first understand how OID will allow entities to quickly access, approve and verify that organic certificates and transactions are valid.*
- *Will the final rule include more specific fraud prevention criteria or detail on what a robust plan for supply chain oversight will look like? OTA's position is that the best line of defense to organic fraud is prevention. Technology plays a role as an important tool, but we believe it must be used in the context of process-based prevention.*
- *What is the status of the NOP electronic import certificates and the CBP-ACE system? To date we have not seen or been involved in any kind of industry pilot group nor do we have visibility on its progress. It is essential to have a clear picture on the status of the CBP-ACE system as well as the OID. Only at that time could we begin to envision how to connect data streams and build on existing investments and capabilities.*

Conclusion

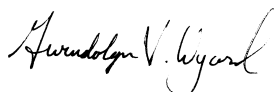
For the past four years, OTA has prioritized significant time and resources into actions that will help mitigate and prevent organic fraud. Our work ranges from our successful legislative efforts in the 2018 Farm Bill that authorized key provisions of the SOE rule, to our work with NOSB and our member task force to help inform the SOE proposed rule, to our major private-sector initiative that has evolved into an industry-wide fraud prevention program, called [Organic Fraud Prevention Solutions](#). The program provides businesses with a systematic approach for carrying out a fraud vulnerability assessment and developing an Organic Fraud Prevention Plan.

OTA remains committed to proactively confronting the fraud challenge with effective solutions, and doing our part as leaders of the organic industry to prevent the organic fraud opportunity. We applaud NOSB for its efforts to explore resiliency of the tools at hand, and how they can be applied to strengthen supply chain traceability systems. For now, OTA is focused on understanding the outcome of the regulations and the tools and technology we have already invested in.

Once we have a final SOE Rule, including an implemented CBP-ACE system for electronic import certificates, and a detailed report on how the \$5 million from the 2018 Farm Bill was spent, it will make much more sense to engage in a conversation about an Organic Link System.

On behalf of our members across the supply chain and the country, OTA thanks the National Organic Standards Board for the opportunity to comment, and for your commitment to furthering organic agriculture.

Respectfully submitted,



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