



EU organic logo in the Netherlands: no targeted measures to maintain confidence in organic products

2020



Contents

1	EU organic logo in the Netherlands: no targeted measures to maintain consumer confidence	3
1.1	What is the EU organic logo?	4
1.2	The Dutch control system for organic production	4
1.3	The minister does not take targeted measures to maintain consumer confidence	7
1.4	Consumers have relatively little confidence in the EU organic logo	8
1.5	Recommendations	11
2	Response of the minister and the Court of Audit's afterword	12
2.1	Response of the Minister of LNV	12
2.2	Court of Audit's afterword	12
	Annex 1 Literature	13

1 EU organic logo in the Netherlands: no targeted measures to maintain consumer confidence



Supermarket shelves present consumers with a plethora of logos and ecolabels making sustainability claims about the environment, biodiversity, animal welfare, working conditions and the like. With one exception, all the ecolabels are private schemes. The only eco food label that is underpinned by the government is the EU organic logo. Only products that have been certified are allowed to bear the green leaf of the EU organic logo (see figure 1). The logo must be displayed on all pre-packaged organic food products that are produced and sold in the EU. ‘Organic’ is a defined and protected term: only businesses that meet the statutory organic production requirements may label their products as organic. Products with an EKO or Demeter label meet the organic production standards and can therefore be labelled as organic. These two schemes set additional standards to those set by the EU. Products displaying one of these quality marks therefore always bear the EU organic logo, too.



Figure 1 *The EU organic logo*

One of the aims of the EU organic logo is to maintain consumer confidence in organic products. In the Netherlands, the Minister of Agriculture, Nature and Food Safety (LNV) is responsible for achieving this aim. We investigated whether the minister had made effective use of the powers and instruments available to her to maintain consumer confidence in the EU organic logo. We looked at the control system the minister had set up for organic production in the Netherlands and the measures she had taken to maintain consumer confidence. We did not investigate whether consumers were right to have

confidence in the EU organic logo. That would require an audit of compliance with the controls in place and their quality.

The minister is required to set up a control system to ensure fair competition among organic producers and maintain consumer confidence. The system must include annual inspections of all organic producers. Not all producers were inspected in 2017 and 2018.

We found that the minister did not take targeted measures to maintain consumer confidence. She had not set measurable goals and did not monitor consumer confidence. We also found that Dutch consumer confidence in the EU organic logo was relatively low. Consumers have more confidence in other ecolabels, such as the Beter Leven and Fairtrade labels. Only half of consumers were aware of the EU organic logo, and only half of them had confidence in it.

1.1 What is the EU organic logo?

The legal standards applicable to organic production in the EU member states are laid down in EU Directive 834/2007 (the Organic Regulation).

The Organic Regulation sets the following goals for the EU organic logo:

- ensuring fair competition and the proper working of the internal market;
- maintaining and justifying consumer confidence in products labelled as organic;
- providing conditions under which the policy can progress in line with production and market developments.

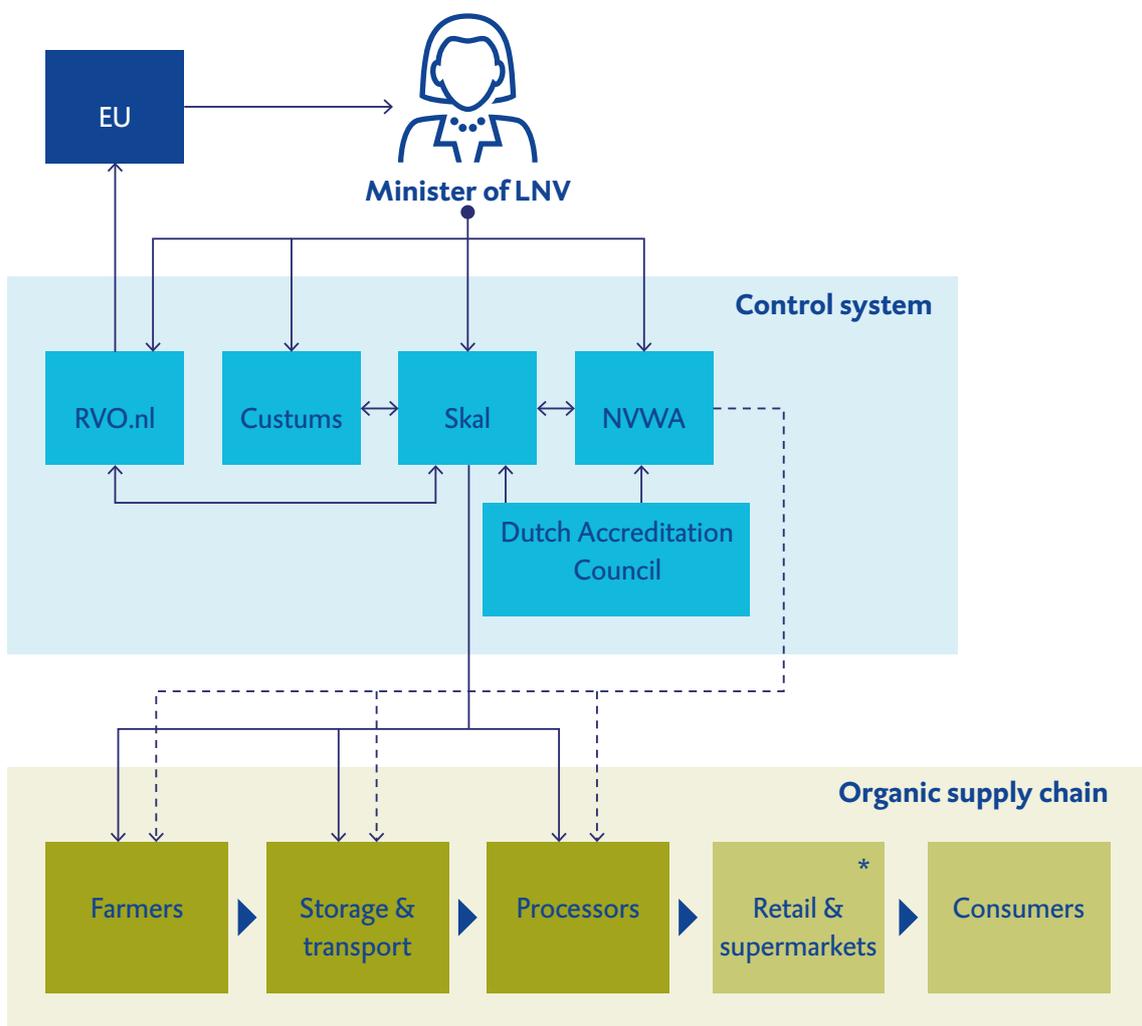
The requirements laid down in the Organic Regulation ensure, for instance, that organically reared livestock are able to display their natural behaviour. Reproduction, moreover, must not be induced or impeded by treatment with hormones or similar substances. Organic crops may not be grown using chemical protection agents or artificial fertilisers and may not be genetically modified. The EU organic logo contributes to at least three Sustainable Development Goals: the protection of life on land and life underwater, and responsible consumption and production.

1.2 The Dutch control system for organic production

To enable businesses to meet organic production requirements, EU member states must have a control system. The control system in the Netherlands is implemented by Skal Biocontrole (Skal), the Netherlands Food and Consumer Products Safety Authority (NVWA), the Netherlands Enterprise Agency (RVO.nl) and Customs. These actors are shown in figure 2. The interactions between them are shown by the arrows.

A Dutch producer may label and sell its products as ‘organic’ only if its production process and the land on which the product was grown is organically certified. To be certified, the producer must first register with Skal and have it carry out an accreditation inspection. Skal must inspect all the 5,000-plus businesses registered with it at least once a year (Skal, 2018). The businesses include not only farms but also processing, storage and transportation companies. Supermarkets are not certified by Skal. In addition to annual inspections, the businesses are subject to risk-based controls.

The minister has set up a control system for organic production in the Netherlands



** Skal does not control retail outlets that sell only pre-packaged goods direct to consumers (e.g. supermarkets). Such outlets do not require certification.*

Figure 2 The Dutch control system for organic production

Skal states in its annual reports that it was unable to carry out all the statutory inspections in 2017 and 2018. In its 2018 annual report, it states that 4,914 inspections were planned for 2018 and 3,991 were carried out; in 2017, 4,447 had been planned and 4,050 were carried out.

During management talks at the Ministry of LNV on 15 November 2018, Skal acknowledged that it would not fulfil all its statutory tasks in 2018. It also said it would incur a loss of approximately € 600,000 for the year. The Ministry replied that it should have been informed earlier and specifically about the expected loss. The only recorded response to Skal's failure to fulfil all its statutory tasks was that Skal undertook to explain how it had handled the situation in a policy memorandum. We expect the minister to hold Skal to account if it does not fulfil all its statutory tasks. In its annual report for 2019, Skal stated that it had inspected all registered businesses and fulfilled all its statutory tasks in that year.

As well as carrying out inspections, Skal decides on the sanctions that are imposed if a business does not meet the requirements. The Organic Regulation does not provide for sanctions. If Skal finds that a business has breached the fundamental principles of organic farming, it can withdraw the organic logo and/or decertify a process or farmland. Skal's annual reports disclose that eight businesses were decertified and four had their logos temporarily withdrawn in 2019 and four businesses were decertified and two had their logos temporarily withdrawn in 2018.

Skal does not have the power to institute criminal proceedings. The NVWA is responsible for criminal investigations of organic production in the Netherlands, including the use of unauthorised insecticides and biocides and actual and suspected fraud. If an unregistered business uses the term 'organic', Skal can report it to the NVWA. According to the NVWA's annual plan (NVWA, 2020), however, the NVWA and the Ministry of LNV have agreed that the NVWA will investigate organic farming in 2020 only if food safety is at risk.

Some organic products sold in the Netherlands are imported from other EU member states. Skal informs the member state concerned if such products claim to be organic but do not bear the EU organic logo. RVO.nl checks whether Skal's reports comply with applicable EU agreements. Skal is responsible for the timely, complete and correct response to reports from other EU member states about Dutch businesses. RVO.nl checks that Skal responds within the applicable terms.

Organic products that are imported from outside the EU may be sold in the Netherlands only if Customs accepts the import control certificate.

To safeguard the quality of Skal's certification, Skal is assessed every year by the Dutch Accreditation Council (RvA). The RvA checks whether Skal meets ISO 17065:2012, an international standard applicable to certifying bodies that is required under the Organic Regulation. The annual assessment considers Skal's financial management, independence, integrity, complaints procedure and staff qualifications. The RvA carries out office inspections, checks certification dossiers and attends one or two inspections each year. Between 2017 and 2019, the RvA did not find any irregularities that justified a more stringent assessment regime or the suspension or withdrawal of accreditation.

Skal is funded by the businesses registered with it. They pay an annual contribution and a basic fee and hourly fee for each inspection. Skal's fees are approved by the Minister of LNV. Skal does not receive structural funding from the Ministry of LNV's budget. Some of its activities, however, are in the public interest, such as supervising compliance by businesses that are not registered with it and dealing with freedom of information requests. The cost of these activities weakens Skal's financial standing. The Ministry of LNV's annual report for 2019 stated that a one-off contribution of € 700,000 had been made to enable Skal to restore its finances. The 2019 Autumn Budget Memorandum recognised this contribution in the 2019 budget.

The Dutch control system for organic production meets the requirements of the Organic Regulation. It helps achieve the regulation's goals, including fair competition among organic businesses. It enables Dutch businesses to demonstrate that their organic products meet the same uniform statutory requirements. By doing so, it maintains consumer confidence.

1.3 The minister does not take targeted measures to maintain consumer confidence

One of the Organic Regulation's goals is to maintain consumer confidence. We found that the minister did not take targeted measures to do so even though she was responsible for implementing policy to achieve the goal.

Firstly, the minister has not set targets to measure consumer confidence in organic products. Specific and measurable targets would help maintain consumer confidence and enable the minister to track it. If the minister found that consumer confidence was not at the required level, she could analyse the causes, take decisions, set priorities and take additional measures if necessary.

Secondly, the minister has not set goals to inform consumers about the organic logo. The Netherlands Nutrition Centre received a € 1,700,000 core funding grant in 2019 to provide comprehensive, reliable and accessible food information. In the same year, the Ministry also released € 115,874 to fund a campaign carried out by Milieu Centraal to publicise the leading ecolabels. Both organisations informed consumers about the EU organic logo.¹ Information campaigns can have a positive impact on consumer awareness of the EU organic logo and strengthen consumer confidence in it, but the minister does not evaluate the impact. Finally, the minister does not monitor progress towards the Organic Regulation’s goal of maintaining consumer confidence.

Figure 3 summarises our findings. It shows that the minister has set up a control system and provides information to maintain consumer confidence. However, she has not set targets to measure or monitor consumer confidence. In our opinion, monitoring is an important tool to measure progress towards the goal and to adjust policy where necessary.

The minister does not take targeted measures to maintain consumer confidence

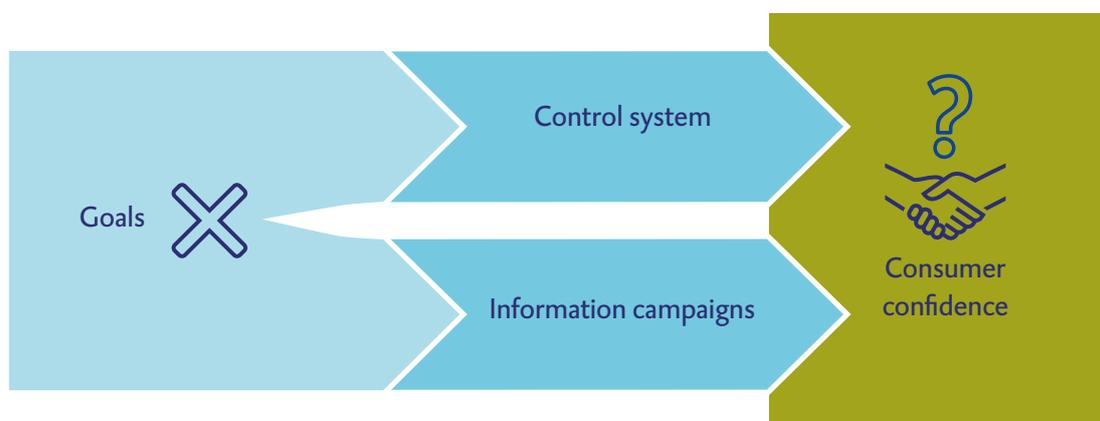


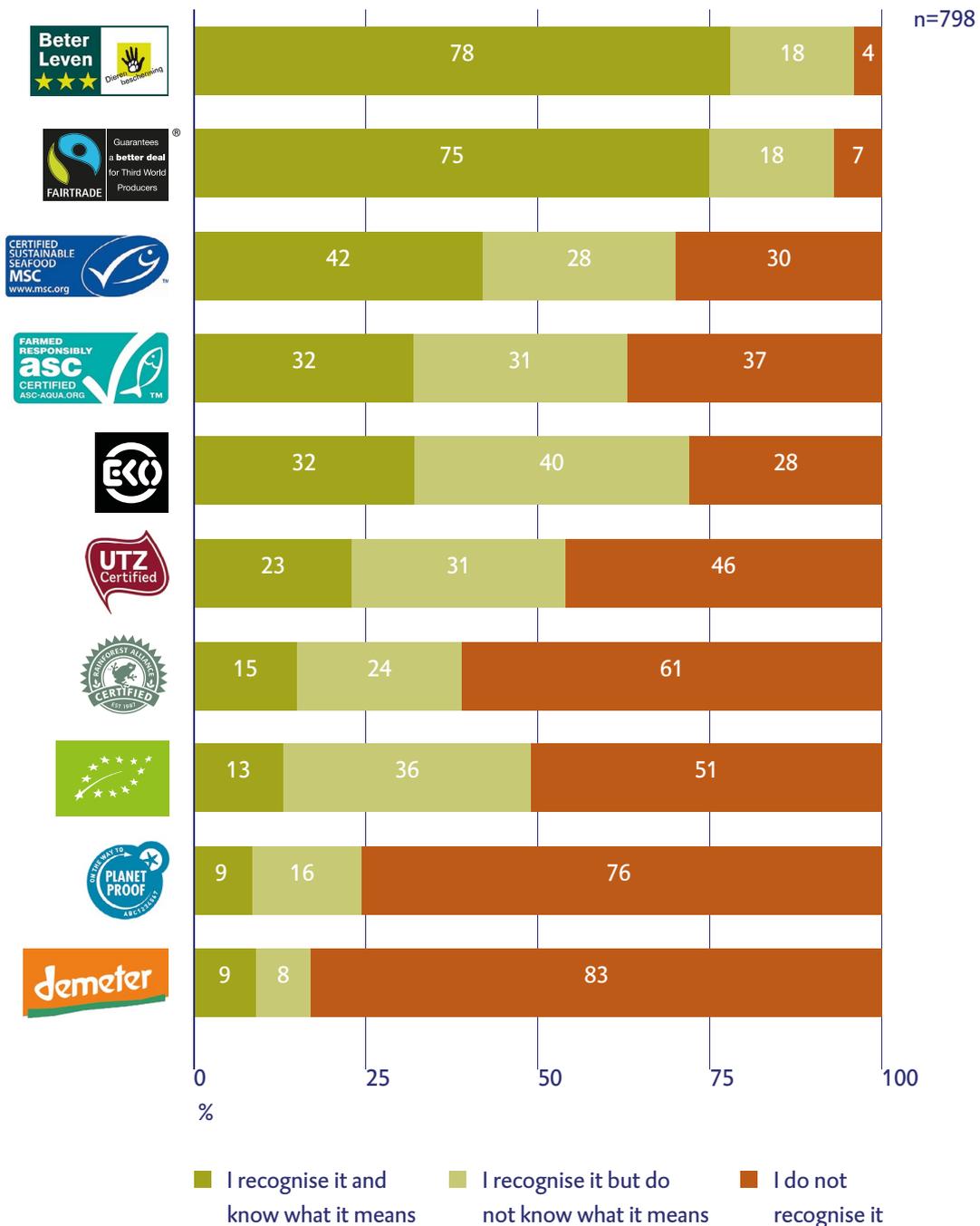
Figure 3 *The minister does not take targeted measures to maintain consumer confidence*

1.4 Consumers have relatively little confidence in the EU organic logo

As the minister herself does not measure consumer confidence in the EU organic logo, we commissioned a survey to measure it (I&O Research, 2020). The results can be found in the online annexe on our website. We found that Dutch consumer confidence in the EU organic logo was relatively low. Consumers have more confidence in other, private eco food labels. Only half of Dutch consumers recognise the EU organic logo and only half of them have confidence in it. There are indications, however, that public information campaigns can strengthen consumer preferences for organically certified products.

Figure 4 shows that 13% of consumers recognise the EU organic logo and know what it means. 36% recognise it but do not know what it means. The EU organic logo is thus considerably less well known than other, private eco food labels. Of all the ecolabels covered by the survey, the EU organic logo is the only one for which the Minister of LNV is responsible.

Relatively few Dutch consumers recognise the EU organic logo

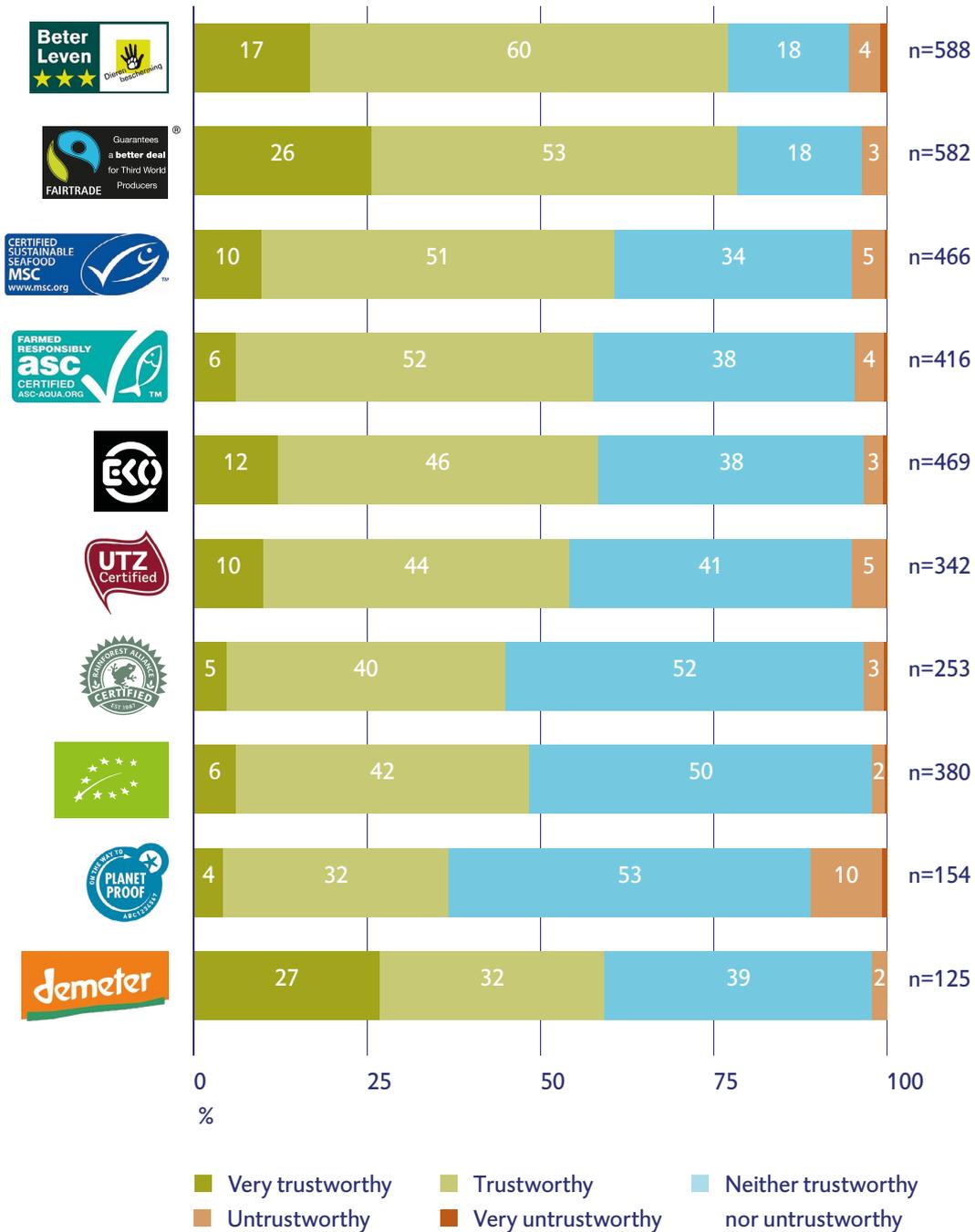


Source: I&O Research, 2020

Figure 4 Answers to the question, 'Which of the following eco food labels do you recognise?'

Figure 5 shows that 42% of the consumers who recognise the EU organic logo have some confidence in it and 6% have a lot of confidence in it. This is relatively low in comparison with the Fairtrade and Beter Leven labels.

Dutch consumers have less confidence in the EU organic logo than in other eco food labels



NB Consumers were asked this question only in respect of the logos they recognised.

Source: I&O Research, 2020

Figure 5 Answers to the question. ‘How much confidence do you have in each ecolabel?’

Finally, we found indications that public information can influence the decision to buy organic or non-organic products. Consumers said they would buy organic products more often if they knew more about the standards they had to meet (36%) and how the producers were controlled (32%). This was corroborated by an experiment we carried out (the methodology and results of the experiment are presented in the annexe). Information we provided about the difference between organic and non-organic tomatoes increased consumer preference for organic tomatoes from 30% to 57%. Public information campaigns about the EU organic logo can therefore make a difference.

1.5 Recommendations

The minister's overriding goal is to bring about a transition to a circular farming industry. Organic production and consumer confidence in it are means to achieve it. We therefore make the following recommendations to the Minister of LNV:

- Ensure that Skal has the capacity it needs to carry out all its statutory inspections on time, and actually does so.
- Use public information campaigns to explain the value of the EU organic logo to Dutch consumers:
 - Explain what standards organic products must meet.
 - Explain how products bearing the logo are controlled in the Netherlands.
- Take targeted measures to maintain consumer confidence:
 - Set measurable targets to maintain consumer confidence in the EU organic logo.
 - Take specific measures to achieve the goals, for example through targeted information campaigns.
- Periodically monitor progress towards the goals.

2 Response of the minister and the Court of Audit's afterword

2.1 Response of the Minister of LNV

The minister agrees that organic production and consumer confidence in it will facilitate the transition to circular farming and largely accepts our recommendations.

The minister will adopt our recommendation to ensure that Skal has the capacity it needs to carry out all its statutory inspections on time and she will monitor and pay specific attention to the progress of its inspection programme every quarter.

The minister will also adopt our recommendation to inform Dutch consumers about the value of the organic logo. She notes that Milieu Centraal is about to launch a campaign to increase awareness of the leading ecolabels, including the EU organic logo. The evaluation of the campaign will consider awareness of the EU organic logo and consumer confidence in it. She will use the Netherlands Nutrition Centre's existing public information activities to provide clearer information on the requirements of the EU organic logo and how organic products are controlled in the Netherlands. The minister sees the amount of consumer expenditure on products bearing the EU organic logo as a key indicator of consumer confidence in it. The Sustainable Food Monitor has been showing an upward trend in this expenditure for many years. The monitor will be continued in the years ahead.

2.2 Court of Audit's afterword

The minister largely accepts our recommendations: she will monitor Skal's timely performance of statutory inspections every quarter and provide clearer information on the value of the organic logo. The evaluation of the public information campaign will consider consumer confidence. The minister could also evaluate whether the Sustainable Food Monitor is a suitable tool to track and systematically monitor consumer confidence in order to understand its development and take targeted measures, such as information campaigns, in order to maintain consumer confidence.

Annex 1 Literature

Publications

I&O Research (2020). *Vertrouwen van de Nederlandse consument in het Europees biologisch keurmerk van de Europese Unie*. Amsterdam: in-house publication.

NVWA (2019). *Jaarplan 2020*. Utrecht: in-house publication.

Skal (2018). *Jaarverslag 2017. Betrouwbaar bio: Toezicht in 2017*. Zwolle: in-house publication.

Skal (2019). *Jaarverslag 2018. Betrouwbaar bio: Toezicht in 2018*. Zwolle: in-house publication.

Skal (2020). *Jaarverslag 2019. Betrouwbaar bio: Certificering en Toezicht in 2019*. Zwolle: in-house publication.

Laws and regulations

Regulation 834/2007. Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91.

Regulation 889/2008. Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.

Endnote

1. *These organisations are not part of the control system because they do not control compliance with organic production requirements.*

Information

Communication Department
P.O. Box 20015
2500 EA The Hague
+31 70 342 44 00
voorlichting@rekenkamer.nl
www.courtofaudit.nl

Cover

Design: Corps Ontwerpers
Photo: Corbis/Hollandse Hoogte

Translator

Alan Hyde, InTACT

The Hague, May 2020