

## The new EU Organic Regulation 2018/848 - Adaptation Options for Organic Fairtrade Certified producer organisations

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Many Fairtrade Small Producer Organisation (SPOs) are also certified (at least) according to EU organic, USDA NOP organic and Fairtrade Standards. The parallel certification according to three (and often many more) Standards is challenging for organisations, however up to now basic requirements for group certification were very similar between organic standards.

In 2024/25 organic Fairtrade producer organisations face several new key regulatory changes. The new EU Organic Regulation 2018/848 brings far reaching changes for many certified farmers associations, including adaptations of their legal and organisational set-up. Also, the NOP “Strengthening Organic Enforcement” (SOE) Act formally regulates certification of producer group operations from March 2024 onwards. Additionally, cocoa and coffee organisations are faced with the EU’s Deforestation Regulation (EUDR) and looming Corporate Sustainability Due Diligence Directive (CSDDD) impacting producer organisations globally.

Since the new EU Organic Regulation has far reaching implications in terms of group structure, legal set up, and potential conflicts with Fairtrade certification, and the new rules are not yet very well-known nor implemented, this overview focuses on the implications of the new EU Organic Regulation. The new NOP’s basic requirements for producer group operations define applicable criteria much more clearly, but do not require currently certified producer organisations to adapt their legal or organisational setup. In the discussion of adaption examples, some additional notes are added regarding NOP.

## 1. The new EU Organic Regulation’s implications for Fairtrade producers

### The new EU Organic Regulation 2018/848

The new EU Organic Regulation 2018/848 is aimed at strengthening the integrity of organic production for domestic and imported products by setting the same rules for operators in the EU and worldwide.

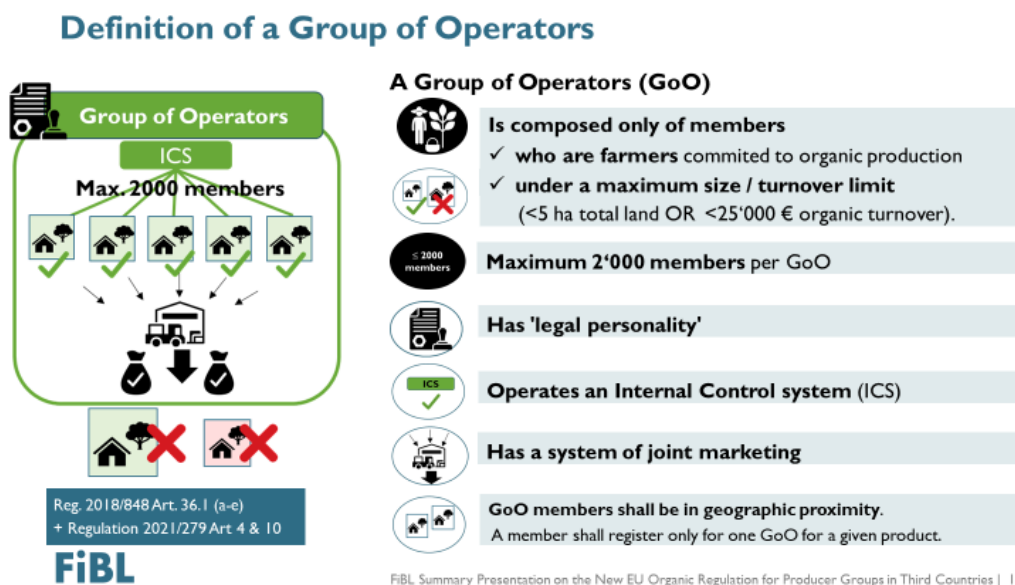
The EU Import system changes fundamentally from an “equivalence” to “compliance” based-system with all detailed EU rules. Thus far, organic operations in third countries<sup>1</sup> that are not recognized by the EU as equivalent, are certified according to equivalent organic standards of their certification body. The new regulation is in force within the EU, but not yet applied in third countries outside the EU.

From 1 January 2025 organic organisations and operators in most countries worldwide will need to comply with the provisions and rules of the EU regulation 2018/848 and its many secondary acts in order to continue supplying the EU organic market. Controls of the new regulation in third countries may start in the second half 2024 or at the latest 1 January 2025. As operations have so far not been controlled against the new more complex rules, most producer organisations currently unaware of the implications to continue organic certification.

The organic certification bodies (CBs) also need to change to the new compliance system and reapply for recognition. Recently, a first batch of CBs were recognized by the EU Commission for “compliance” certification, and new CBs will be added at monthly intervals as applications are processed. A draft secondary regulation proposes a transition solution (“derogation period) until 15 October 2025 to safeguard continuity of organic imports beyond January 2025 based on the “old” equivalence certificate. The derogation only applies to imports certified by a CB recognised for compliance from producers/exporters who have committed to compliance<sup>2</sup> with the 2018/848 in 2024.

### New requirements for EU organic group certification as a “Group of Operators”

EU Organic Regulation 2018/848 defines the new concept of a “Group of Operators” as the only form of producer organisation that can be certified “as a group” (instead of individual “operator” certification of each farm).



**The new definition has significant implications for many producer organisations (including organic Fairtrade SPOs) and other smallholder supply chains (Contract Production), as the majority of certified organic producer organisations worldwide cannot be certified as “Group of Operators” in**

<sup>1</sup> A country that is not a member of the European Union as well as a country or territory whose citizens do not enjoy the European Union right to free movement, as defined in Art. 2(5) of the Regulation (EU) 2016/399 (Schengen Borders Code).

<sup>2</sup> Commitment proof will defer between CBs, it may be a signed confirmation or contract committing to compliance with EU Regulation 2018/848.

**their current form. Organisations that do not meet the new definition will need to adapt their legal, organisational, and/or organic certification setup in order to continue organic group certification for the EU market.**

**All trader-organized smallholder supply chains** (“contract production”) need to reorganise and e.g. set up new legal entities composed of farmers as future “Group of Operators.” This has been known for years and some companies have already started to adapt.

**However, many farmer organisations are also impacted** . For many organic Fairtrade certified SPOs, the most challenging new restrictions are that a “Group of Operators” legal entity may not have any non-organic or “too large” statutory members and only up to 2,000 members in total. Any farmer that is “too large” (> five hectares total land **AND** > 25,000€ organic turnover)<sup>3</sup> will need to be individually certified (or split his/her farm holding to be under 5ha total land). Also, a “Group of Operators” can buy only from its (statutory) members and include them under the group certification (not from non-members /socios comerciales).

The 2<sup>nd</sup> or 3<sup>rd</sup> grade producer organisations (unions/associations) may also be particularly affected as it is not clear if those meet the new “Group of Operators” definition. Many have some non-organic 1st grade producer organisations or more than 2,000 members. Moreover, unions are usually legally composed of farmers’ organisations as members, not of individual farmers. A thorough legal analysis may be needed in different countries and with CBs to determine whether a second grade farmer organisation corresponds to the definition of a “Group of Operators,” which may depend on the question if a 1<sup>st</sup> grade producer organisation can be considered by national law to be the “farmer” as defined by the EU regulation (“farmer” means a natural or legal person, or a group of natural or legal persons, (...) who exercises an agricultural activity”) or if the farmers can become members (of some sort) in the 2<sup>nd</sup> or 3<sup>rd</sup> grade producer organisation.

The currently certified organic organisations without internal control system (ICS) but with 100 percent external control also need to change to either “Group of Operators” certification or individual farm certification.

However, the new rules do NOT require that SPOs should split or exclude members to meet the new rules, and this is not an advisable option in most cases, as splitting can jeopardise and/or complicate Fairtrade certification (and other certifications) and pose significant organisational and governance risks. Nevertheless, the organisations should assess carefully what is the most suitable solution.

Detailed and new ideas for implementation will continue to emerge, and all adaptation plans should always be discussed with the organic CB prior to implementation.

### **Estimated relevance for Fairtrade Producer Organisations**

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<sup>3</sup> This means that if a farmer manages more than 5ha total agricultural land but generates less than 25'000€ organic turnover the requirement is met. If a farmer manages <5ha although generates >25'000€ organic turnover if also fits the definition.

## Multiple reasons for non-compliance with the GoO definition.



≈ 450 (53%) of all Fairtrade Organic Small Producer Groups (Fairtrade “SPOs”+“CPs”) are estimated to **not** meet the EU’s Group of Operator definition in their current legal form & set up for **one or multiple** reasons:

- 
≈ 315 have organic & non-organic statutory members  
(reported organic and non-organic areas; could be any organic standard but very likely mostly EU Org. Reg.)
- 
> 2000 ≈ 64 have more than 2000 members; more than half of them are in Africa  
(many have also non-organic members)
- 
≈ 90 are estimated to have some members with >5ha + >25'000€ organic turnover/year  
(most bananas SPOs, some sugar SPOs. Honey & other fruits could also be affected)
- 
≈ 20 are company managed groups (contract production)  
Fairtrade allows contract production only in some commodities (e.g. cotton, rice) and countries
- ≈ 15 For other reasons (legal composition; buying from non-members)



Estimated data based on Fairtrade International 2022 CODImpact survey data + FiBL expert evaluation.

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Overall, about 50 percent of Fairtrade organic coffee and 60 percent of Fairtrade organic cocoa SPOs will most likely not qualify as “Group of Operators” under the new regulation because many organisations have non-organic members, and some are very large. The remaining 40 percent often struggle to cope with higher costs and risks and stricter new ICS and product rules.

Up to 90 percent of banana SPOs are estimated to be affected as they are likely to have at least some members who do not meet the maximum size/turnover criteria for members in a “Group of Operators.” About 40 percent of tea and cane sugar SPOs appear to not qualify as “Group of Operators.” Fairtrade organic nuts and oil seeds, as well as herbs and spices SPOs appear to be less affected.

**It is very important that all organic SPOs who wish to continue trading organic products in the EU, must find suitable adaptation options and register the new legal entity/ies (which meet the EU’s definition of a “Group of Operators”) as soon as possible / in 2024!**

### Other relevant new requirements for organic producer organisations

Certification according to the new EU Organic Regulation will also require compliance with new (detailed) ICS rules and the new organic production rules. The organic production rules have not changed that much on paper, and also the ICS rules are in line with established best practice. However, the new approach of compliance with all EU rules (instead of “equivalence”), and the restriction of exceptions (e.g. for retroactive approval of conversion before a farmers/field has been notified organic production to the CB) will imply in practice that rules are perceived to be enforced in a much stricter way.

Also, external control and sanctions of a “Group of Operators” by the organic CB are expected to be stricter, with a high risk of decertification of the entire group in case of ICS deficiencies. Audit times and certification costs are expected to increase, especially for larger SPOs, as 5 percent of members will need to be reinspected to assess ICS efficiency and a sample of 2 percent of members need to be taken during the annual CB audit and in case several different legal entities will be certified in the future. Strict measures in case of confirmed or suspected presence of unauthorised substances, and the higher sampling rate increase the costs for sampling and the risk for organic products to be put on hold before shipment or even decertified.

**All-organic Fairtrade certified SPOs who meet the “Group of Operators” definition are advised to familiarise themselves with the new legal requirements, and to update and strengthen their ICS and their precautionary measures to avoid product contamination.**

## 2. Adaptation to new “Group of Operators” Definition for Fairtrade Organic SPOs

Hundreds of organic small producer organisations as well as company led organisations which do not meet the new “Group of Operators” definition for one or several reasons, will need to adapt in order to continue organic certification for the European organic market. There is no “universal adaptation solution,” which has yet been trailed by many organisations. Suitable legal personalities and setup vary between countries and organisations.

It is therefore recommended that organisations carefully evaluate their options for adaptation. New ideas for implementation will continue to emerge and all adaptation plans should always be discussed with the organic CB prior to implementation.

**However, as a general recommendation for all farmers associations, but in particular for organic Fairtrade certified SPOs, it is highly recommended not to split the organisation, or exclude members, unless this is the only viable option for the organisation after careful analysis.**

If the SPO would remove all non-organic or “too large members” from the cooperative, and/or split off all non-organic farmers into a new group, and/or split into several organisations to be under 2,000 members, this could jeopardise and/or complicate the Fairtrade certification and may also complicate all other certifications.

For Fairtrade certification, splitting organisations or removing members poses the following challenges:

- ➔ SPO Standard requires that its composition is of 66 percent are small-scale producers, with a maximum size of 30 hectares where the producer grows the Fairtrade crop (some products like citrus and avocados in Brazil and cane sugar have exceptions on this requirement). In addition, at least half of the volume of a Fairtrade product sold under Fairtrade terms needs to be produced by small-scale producers. So, if the small farmers are excluded from the SPO legal entity into a new one, the original SPO may no longer be Fairtrade certifiable. Please refer for more information to [Fairtrade SPO Standard](#) (requirements 1.2.1 to 1.2.4)
- ➔ In any case the split would considerably increase Fairtrade certification costs,<sup>4</sup> as well as costs for other organic or sustainability certifications. Moreover, excluding members would reduce the potential Fairtrade volumes (at the same certification cost).

Also splitting the established producer organisation or exclusion of members can create additional business risks. Note that entry criteria in the Fairtrade Standards for cocoa and coffee would not be applied if reapplying for Fairtrade certification in case of an SPO’s legal adaptations solely for the purpose of EU organic regulation, however splitting the SPO is clearly not the recommended adaptation approach for an organic Fairtrade SPO.

Instead, it is recommended that the organic Fairtrade SPO should keep its legal form and membership unchanged and set up one or several new legal personalities for the purpose of EU organic certification as a “Group of Operators.” See below several examples of how this may work in practice:

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<sup>4</sup> Usual fees: Initial application fee (fixed amount), initial certification fee (dependent on number of members), annual certification fee (dependent on number of members)

### Case A: Cooperative AAA with organic and non-organic statutory members

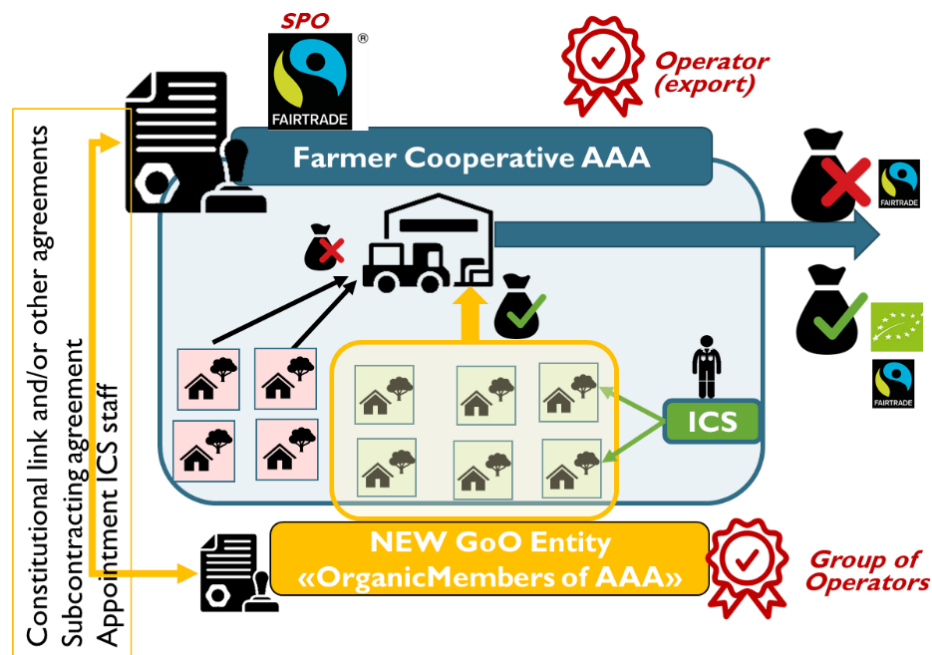
We take the example of a Fairtrade Organic SPO “Cooperative AAA” with organic and non-organic statutory members (less than 2,000 members, all organic farmers have < 5 hectares land or are < 25,000 organic turnover)

The organic members of the cooperative are currently under the cooperative’s organic ICS and listed on the certified organic farmers list for organic certificate of the cooperative. Organic products are collected at purchase centres, keeping organic and non-organic products strictly separate until sold by the cooperative.

The new EU Organic Regulation does not allow that a “Group of Operators” has any non-organic statutory members.

The most viable solution for Fairtrade certified organic SPOs seems to be that the currently certified SPO (e.g. Cooperative AAA) remains its current composition and membership completely unchanged. Cooperative AAA would still be the Fairtrade certified SPO for all its members. The Cooperative would form a new additional legal personality (or several) composed of its small-organic/conversion members as the entity to be certified as “Group of Operators.” For EU organic certification, the cooperative itself would only be certified as “operator” for processing and export (and NOT as a “Group of Operators”).

This entity would “market” its organic products collectively through the cooperative and only exist for the purpose of EU “Group of Operators” certification. The new entity does not have any other purpose and could be legally connected by its constitution to Cooperative AAA (*not an EU requirement but could facilitate the maintenance of Fairtrade certification*). Organic farmers would hence be members in both the original Cooperative and the new “Group of Operators.”



As an “organic operator,” Cooperative AAA could still buy products from its non-organic members. It could potentially also maintain all other group certifications for all its members, including those that are part of the “Group of Operators” for EU Organic Regulation compliance. Probably NOP certification could also still be granted to the Cooperative AAA, as it would meet the new NOP producer group operation requirements. This should be checked with the respective CBs.

The new “Group of Operators” entity(s) “Organic Members of AAA” could subcontract product collection and the traceability system (done in the Coop’s purchase centres) to Cooperative AAA. It can

appoint the ICS staff of the Cooperative AAA as its ICS manager and ICS inspectors, but it would need to present an ICS manual under its own name.<sup>5</sup>

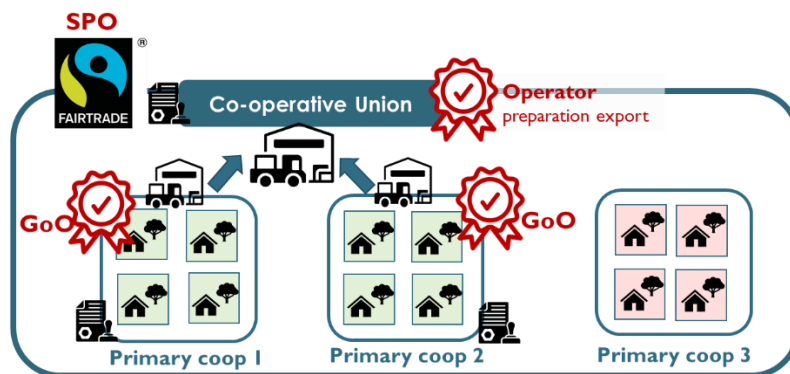
The Cooperative and the new “Group of Operators” entity(s) would have a contract on rights and duties e.g. exclusive sales of products, costs for certification, etc. The new legal entity could be owned by the Cooperative or be legally a subsidiary unit (if allowed by law), as long as it has its own legal personality. Either way, for Fairtrade certification purposes, the “Group of Operators” will continue commercializing its product through the Cooperative AAA.

In some cases, e.g. of the producer organisation has only very few “too large” or non-organic members, and an agreement can be found with them, exclusion of the non-eligible members from the cooperative may be a suitable alternative adaptation to meet the new “Group of Operators” rules. Please note that if the Cooperative will be certified as “Group of Operators,” it can only process and market products from its legal members, i.e. it could not buy and export organic products from the excluded former members (even if these members would be individually certified organic farms).

### Case B Adaptation 2<sup>nd</sup>/3<sup>rd</sup> grade producer organization with organic and non-organic 1<sup>st</sup> grade producer organisations

The easiest adaptation solution for these producer organisations is to certify fully organic 1<sup>st</sup> grade producer organisations as “Group of Operators” in the future. The 2<sup>nd</sup>/3<sup>rd</sup> grade producer organisation would then be EU organic certified as “operator” for preparation and processing and continues to market the products from the certified “Group of Operators” 1<sup>st</sup> grade producer organisations. The 2<sup>nd</sup>/3<sup>rd</sup> grade producer organisation can also provide ICS and other services to the 1<sup>st</sup> grade producer organisations.

This option is also very suitable for NOP certification of a larger 2<sup>nd</sup>/3<sup>rd</sup> grade producer organisation, as under the new NOP standard, each 1<sup>st</sup> grade producer organisation will need to be certified as a handler (as it buys products from members and sells to the union).

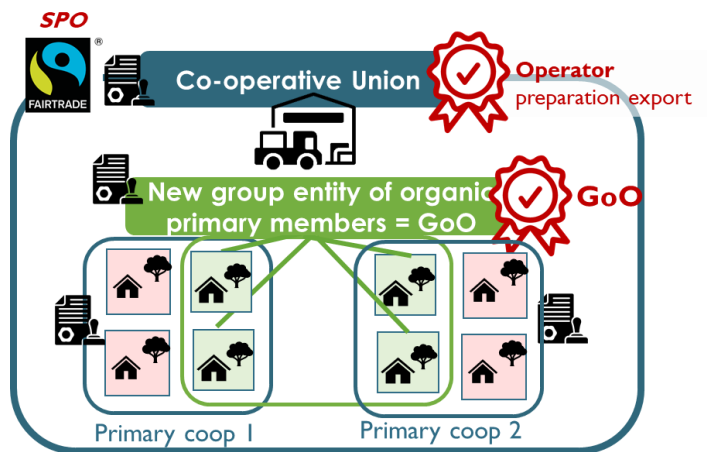


If the 1<sup>st</sup> grade producer organisations are all organic but some have > 2,000 farmers, splitting the “too large 1<sup>st</sup> grade” into two 1<sup>st</sup> grade of the same 2<sup>nd</sup>/3<sup>rd</sup> grade producer organisation may be the simplest solution and it would not affect the Fairtrade certification of the 2<sup>nd</sup>/3<sup>rd</sup> grade producer organisation (the Fairtrade SPO would have a few more 1<sup>st</sup> grade producer organisations under its legal umbrella). It is important to note that any changes in membership in the producer organisation will need to be reported to FLOCERT to review the changes and assess whether a scope extension is necessary.<sup>6</sup>

<sup>5</sup> See information on legal requirements for this option in the FIBL technical information document outlining the option of a “Group of Operators club” as a subunit within a producer organisation, which subcontracts all key processes to the GoO.

<sup>6</sup> For more details refer to [Fairtrade Assurance Manual - FLOCERT](#)

In case the 1<sup>st</sup> grade producer organisations are mixed with organic and non-organic (or too large) members, one or several new legal group entities composed of the organic 1<sup>st</sup> grade members appears to be the best option. This is very similar to the option explained above.



In both cases described above, the Fairtrade certified 2<sup>nd</sup> or 3<sup>rd</sup> grade organisation does not change its legal composition and remains the Fairtrade certified SPO.

### Case C: Adaptation of an Organic Fairtrade SPO with some “too big” farmers (according to EU rules)

The last example is a Fairtrade banana SPO with only organic members. Many members, however, operate more than five hectares total land and have more than 25,000 € organic turnover.

*Please note that according to preliminary research small producers in most Fairtrade crops (with the exception of bananas and other fresh fruits in some countries) are very unlikely to have more than 25,000€ of organic turnover (= annual sales value to the cooperative), even if their farms are much larger than five hectares. This means that basically all coffee and cocoa farmers (even if they have much more than five hectares of land) as well as many other producers are likely to meet the EU requirements for members in a GoO and can be certified in a GoO.*

Farmers who own >five hectares total land **and** also > 25,000€ organic turnover are “too big” for EU organic certification in a “Group of Operators. They cannot be certified organic as a member in a “Group of Operators,” i.e. they would need to have individual certification as organic farm, nor can they be statutory members in a “Group of Operators” legal entity.

However, managing more than 5 hectares of land and invoicing more than 25,000 euros yearly to the SPO does not mean that farmers income is sufficient to cover the costs of individual certification, in those cases one adaptation solution is for larger farm members with > five hectares farm operations to divide with family members so that each organic farmer operates less than five hectares of total land (in which case the organic turnover is irrelevant). Please note that for EU certification purposes, the relevant factor is operation and management of the farm, not ownership, so part of the farm could be rented out based on a clear rental agreement. For Fairtrade certification this would result in a higher number of members in the SPO.

If the “too large” organic farmers would instead opt to exclude all “too large” organic members from the Fairtrade certified SPO, the larger farms with their usually important volumes as a result would not be under Fairtrade certification anymore, as the large farmers by themselves even if they would associate into a new group would need to review if meeting the Fairtrade requirements for an SPO (66 percent



small members with maximum land size of cultivated land is equal to or below 30 hectares). The alternative is that those large farms be individually certified and would fall under the scope of the Fairtrade Hired Labour Standard.

Again, the best viable options with no direct implications seems to keep the SPO's legal composition and membership exactly as it is now, and instead form a new additional legal personality composed of just the small organic farmers (all under five hectares and/or < 25,000€) to be certified as a "Group of Operators" as already explained in more detail in Case A, i.e. small organic farmers are then member in the SPO and additionally in the new legal personality with close constitutional and contractual ties to the SPO .

The "too large" farms would need to be individually certified for EU organic sales if financially viable, but in any case, would still be under Fairtrade certification of the original SPO. The SPO would be EU organic certified as "operator" for processing and export (not as a "Group of Operators") and could sell organic products from the new certified GoO legal personality, as well as from any EU certified organic farms (members and non-members).

For NOP, the SPO as it is composed now would still probably qualify as grower group and all members (larger and smaller ones) could be covered under NOP grower group certification, subject to discussion with the organic CB and meeting all NOP requirements.

### **Opportunities of the adaptation**

For those SPOs that meet the new "Group of Operators" definition as they are (rather small, fully organic Fairtrade SPOs) the new rules provide an opportunity as they have the competitive advantage of already meeting the "Group of Operators" definition as they are, without complex legal/organisational adaptations.

For all others the restructuring is challenging, and the best suitable solution will need to be found for each SPO. It is expected that good options per country and commodities and practical solution examples will evolve in the process of more organisations adapting in the coming months and sharing solutions e.g. with Fairtrade Producer Networks.

Considering the increased business risks of organic certification (*residues, decertification of whole group due to weak ICS, or single non-complying farmers, etc*), the restructuring also poses the opportunity of risk mitigation by certifying in the future several smaller and legally separate entities instead of one. E.g. if a 2<sup>nd</sup> or 3<sup>rd</sup> grade SPO with 4,000 organic farmers is certified in the future as e.g. five 1<sup>st</sup> grade producer organisations holding separate "Group of Operators" organic certificates, it would also mean that in case of major non-compliances and e.g. suspension of the certification of a "Group of Operators," only one "Group of Operators" entity is affected, and not the entire organic production.

As costs of EU organic certification are expected to increase and the reinspection rate (5 percent) and sampling rate (2 percent ) are directly proportional to the number of farmers, some organisations may also seize the opportunity of restructuring to downsize the scope EU organic certification activities to e.g. only selected 1<sup>st</sup> grade producer organisations, in line with EU sales volumes.

Having multiple organic legal entities allows (potentially) also to certify some entities with one organic CB and others with another (but only if the new entities are not too complexly intertwined).

For those SPOs who opt after due consideration to stop with EU organic may be an opening for focusing on promotion of agroecological practices and "storytelling" with underlying data.

### 3. What are the implications for Fairtrade certification when organisations need to adapt?

It is very important that producer organisations evaluate all possible options before taking any actions and assess the advantages and disadvantages of any structural changes to comply with the EU Organic Regulation. Whatever decision is taken must be approved by the General Assembly and submitted to FLOCERT.

- **If the organisation determines that it is best to remain in the current certification set up and to establish separate legal entities<sup>7</sup> within the same SPO or decide on changes in membership, the following needs to be considered in case of:**

- 1<sup>st</sup> grade SPOs setting new legal entities within the same SPO (“Group of Operators”), it will be important to have those entities solely set up for the purpose of maintaining the organic certification with governance and administrative ties to the SPO. This means that elements such as product traceability, collection centres, invoicing, and ICS remain essentially unchanged under the responsibility of the SPO. This will signify no change to the Fairtrade SPO certification, nevertheless SPO would need to inform FLOCERT.
- The previous case but with an independent set up of the legal entities (commercial/administrative) may create for FLOCERT auditing purposes a different set of audit checks that would normally be relevant for 2<sup>nd</sup> or 3<sup>rd</sup> grade organisations. The reason being that there will be compliance criteria relevant to check due to the changes in legal ownership of the product or in case of governance around democratic decision making and management of the SPO. Examples are product traceability and Premium management requirements, which are audited differently in a first grade organisation compared to a 2<sup>nd</sup> or 3<sup>rd</sup> grade organisation.

Important to note that this may signify additional fees paid to FLOCERT, which is to be determined based on the final set up.

- Maintaining the same SPO structure but excluding members that do not meet the EU regulation criteria may also be a viable solution. For this the SPO will need to inform FLOCERT of the membership changes and maintain compliance with requirements that define a SPO as described at the end of this section. Membership changes in cases where “too large” farms are divided to fit the definition of “Group of Operators” will also be necessary to inform FLOCERT.
- **In cases where a currently Fairtrade certified organisation decides to split to comply with the EU organic regulation (instead of setting up an additional legal personality for the eligible organic farmers as suggested above), the following needs to be considered:**
- Application for certification: the SPO reapplies for certification for the new SPO(s) and informs FLOCERT of the changes in membership in the SPO that remains with the existent certification.
    - Note that Standards unit has issued interpretation notes for the requirements 1.1.1 in the Fairtrade Standards for coffee/cocoa on how those are interpreted when Fairtrade certified SPOs decide to set up new legal entities within the existing structure or divide into complete separate legal entities to comply with the EU Organic Regulation. The same is addressed in regard to requirement 1.1.3 of the SPO Standard.

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<sup>7</sup> For more information on the commercial set up of the “Group of Operators,” a technical document prepared by FIBL is available upon request. The joint marketing and traceability system of the new GoO may be subcontracted to the SPO, subject to meeting all legal requirements.

The interpretation notes clarify the situations of adaptation for all products, and in the cases of coffee and cocoa lifts the entry criteria. In the case of banana in context of the suspension of entry to new fresh banana producers it allows reapplication only in case the new SPO is applying for certification to comply with EU Organic Regulation. Please refer to the following interpretation notes respectively for [coffee](#), [cocoa](#), and [SPO Standards](#).

- Fairtrade Premium distribution: the SPO would need to decide on a fair distribution of the Premium available up to point of the split of the organisation.
- Retaining current FLOCERT and reporting IDs in Fairtrade: the SPO would need to decide whether the existing certified organisation or the newly separate organisation retains the existent FLO ID, either way a new ID will be needed. This is very important for the follow up on reporting in Fairtrace and FairInsight.
- Timing to divide and apply for certification: the SPO would need to decide the appropriate moment to apply for certification with FLOCERT in the way that eases the administrative burden. For example, considering the existent annual certification fee billing cycle that depends on the number of members in the organisation.
  - o Note that Fairtrade certified organisations pay the following fees: application (fixed amount), initial certification (dependent on number of members and for 2nd grade organisations the number of affiliated 1st grade organisations), annual certification (dependent on number of members and for 2nd grade organisations the number of affiliated 1st grade organisations)

In all situations, particularly if splitting the organisation or excluding members, it is important that the SPOs remain aware of maintaining compliance with remaining requirements that define a SPO. These are SPO Standard requirements 1.2.1. on share of members that are small-scale producers; 1.2.2 on the definition of an individual small-scale producer; 1.2.3 on the restriction on size of cultivated land; and finally, requirement 1.2.4 on the share of volume sold as Fairtrade from small-scale producers. Please refer to the [Fairtrade SPO Standard](#) for more information.

### Summary of options identified so far and implications:

	Set up new legal entities under the SPO (GoOs)		Exclude members (sometimes necessary)	Splitting the SPO (not recommended)
Based on local context	<ul style="list-style-type: none"> <li>• Register locally new entities</li> <li>• Entities <b>with no</b> commercial/admin duty</li> </ul>	<ul style="list-style-type: none"> <li>• Register locally new entities</li> <li>• Entities <b>with</b> commercial/admin duty</li> </ul>	<ul style="list-style-type: none"> <li>• Current certification set up remains and inform FLOCERT of membership changes</li> </ul>	<ul style="list-style-type: none"> <li>• Register locally and re-certify the new SPO with FLOCERT</li> </ul>
Fairtrade certification	<ul style="list-style-type: none"> <li>• Remains unchanged</li> </ul>	<ul style="list-style-type: none"> <li>• Changed to a 2<sup>nd</sup> grade SPO</li> </ul>	<ul style="list-style-type: none"> <li>• Remains unchanged</li> </ul>	<ul style="list-style-type: none"> <li>• New certification process: newly set SPO applies for certification</li> </ul>
Compliance with Standard requirements	<ul style="list-style-type: none"> <li>• No expected changes</li> </ul>	<ul style="list-style-type: none"> <li>• Need to comply with all requirements as a 2<sup>nd</sup> grade SPO</li> </ul>	<b>SPO definition</b> requirements: <ul style="list-style-type: none"> <li>• 1.2.1 – share of small-scale members</li> <li>• 1.2.2 – definition of small-scale producer</li> <li>• 1.2.3 – restriction on size of cultivated land</li> <li>• 1.2.4 – volume sold as Fairtrade from small-scale producers</li> </ul>	<b>SPO definition</b> requirements: <ul style="list-style-type: none"> <li>• 1.2.1 – share of small-scale members</li> <li>• 1.2.2 – definition of small-scale producer</li> <li>• 1.2.3 – restriction on size of cultivated land</li> <li>• 1.2.4 – volume sold as Fairtrade from small-scale producers</li> </ul>
Implications for Fairtrade audit	<ul style="list-style-type: none"> <li>• Non-new entities do not impact administrative or commercial SPO operations</li> </ul>	<ul style="list-style-type: none"> <li>• Additional audit checks :               <ul style="list-style-type: none"> <li>✓ Traceability and Premium management</li> <li>✓ Transactions/ sales and product storage</li> <li>✓ Production methods</li> </ul> </li> <li>• Administrative/financial burden (FLOCERT fees)</li> </ul>	<ul style="list-style-type: none"> <li>• No further changes expected</li> </ul>	<ul style="list-style-type: none"> <li>• Fairtrade Premium distribution</li> <li>• FLOCERT and reporting IDs</li> <li>• Administrative/financial burden (FLOCERT fees)</li> </ul>

## 4. Further Reading

**EU site on all organic farming legislation** with links to the legal acts in all EU languages:

[https://agriculture.ec.europa.eu/farming/organic-farming/legislation\\_en](https://agriculture.ec.europa.eu/farming/organic-farming/legislation_en)

Regulation (EU) N° 2018/848 (latest consolidated version, Feb 2023).

**FiBL training handbook: the New EU Organic regulation 2018/848 for producer organisations:**

<https://www.fibl.org/en/shop-en/1270-eu-organic-regulation>

**FiBL (Spanish) Report on the implications of the new Eu regulation in Ecuador**

[https://orgprints.org/id/eprint/53069/1/meinshausen-et-al-2024-Informe\\_Final\\_Implicaciones-Nuevo-Reg-UE\\_published15042024.pdf](https://orgprints.org/id/eprint/53069/1/meinshausen-et-al-2024-Informe_Final_Implicaciones-Nuevo-Reg-UE_published15042024.pdf)

**NOP Strengthening organic enforcement Final Act / new rules for producer group operations:**

<https://www.govinfo.gov/content/pkg/FR-2023-01-19/pdf/2023-00702.pdf>

→ *Section on producer group operations: page 45-52 with background explanation to the final legal text which is now integrated in the NOP Standard*