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SHIJIE BIANJUZHONG DE QUYU HEZUO
——DIERJIE ZHONGGUO-DONGMENG LUNTAN LUNWENJI

中国—东盟：世界变局中的区域合作

——第二届中国—东盟论坛论文集

对外经济贸易大学国际经济研究院
泰国正大管理学院 著

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责任编辑：郭华良　汪　洋　胡小平　王　华

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目录

Challenges for Achieving Sino-Thai Mutual Recognition Agreement on Organic Products

Wantanee Pruangvitayangkul[①]

Abstract: According to China's proposal "Rules on Importing Organic Products from Other Countries and Regions", the draft would allow mutual recognition between China Certification and Accreditation Administration (CNCA) and regulatory bodies of exporting countries to certify organic products. It opens a new era of organic market for the products certified outside China. The aim of this agreement is not only to develop organic food industry, but also to promote harmonized standards for organic products among China and other countries. After the rule is enacted, it will accelerate organic standards Mutual Recognition Agreements (MRAs) among China and other countries in the future. Since the draft was issued in 2010, CNCA has been in the process of negotiating with many governments, including Thailand, for bilateral and multilateral agreements regarding organic regulatory recognition. However, 3 years have passed but negotiation has achieved little progress. The study aims to find out what barriers are there for China and Thailand to reach the agreement. The study is divided into 3 parts; first, to understand Thailand and China organic current situation which leads to obstacles for signing the agreement. This part analyzes the similarities and differences in the development of organic agriculture, production model and domestic market of each country. In order to narrow gap of organic standards between the two countries, the second part of the study focuses on Thai-China organic institutional frameworks such as rules and regulations, inspection and certification. The third part presents a recommendation to overcome obstacles and compromise approaches to harmonize organic standards of the two countries.

Key word: Organic, Mutual Recognition Agreement (MRAs), Harmonize

① Researcher, China-Asean Studies Center, Panyapiwat Institute of Managment.

1. Introduction

Different technical standards of organic products among countries act as a barrier to international trade and harmonizing is one means of trade facilitation to removing this non-tariff barrier. Nowadays, Thailand-China organic market is confronted with two international standards for organic agriculture and many governmental rules and national regulations. To ensure an adequate level of protection for domestic consumers, monitoring resources of importing country and inspecting resources of exporting country have to provide a duplicate food inspection to meet each national requirement. Consequently, a multitude of certification requirements and regulations creates a high cost for organic farmers, processors and im-exporters. The repeated procedure of food safety inspection increases work load dependence on routine checking and engrave ineffectiveness for utilizing pooled resources. (Malik, R. K. 1998: 24-31)

However, after CNCA issued a draft of "Rules on Importing Organic Products from Other Countries and Regions" in mid-September 2010, all the above problems are expected to be reduced and eliminated. Organic importers, exporters and consumers of Thailand and China will receive equal advantage from removing technical barrier by harmonizing food safety standards. Unfortunately, the scheme faces threats from many internal and external obstacles of two countries. This paper examines why the newly enacted rules for promoting organic trade facilitation havn't gained much approval in negotiation and how to increase chances of success for implementing MRA between the two countries in the end.

The paper gives an overview of the current situation of organic agriculture in China and Thailand, which were formulated by organic development and government policy in the past. Additionally, it looks at organic agricultural production model and its management. To find out and narrow the exiting gap of standards between the two countries, the paper also discusses implementation approach for organic standard harmonization which is based on various guidelines for assessing equivalence. Finally, the study provides recommendations to organic stakeholders and discuss possible implementation process for harmonizing standards of exported organic products between the two countries.

2. Literature Review

2.1 Definitions of Organic Products

According to "Organic products-Part 1: Production", China's definition on organic

agriculture is a kind of agricultural production mode in which organisms and their products are acquired without adopting gene engineering in production and without using chemosynthetic pesticide, chemical fertilizer, growth regulator and feed additives, etc., and which complies with natural law and ecology principle, balances plant production and cultivation industry, adopts a series of sustainable agricultural technique to maintain continuous and stable agricultural production system. (GB/T 19630.1, 2011)

In addition to "Organic Agriculture Standard" issued by Agriculture Certification Thailand or ACT, Thailand defines organic agriculture as a farming system without the use of artificial fertilizer and synthetic pesticides and in accordance with ACT. (Organic standards, ACT, 2012)

However, organic agriculture is not simply an agricultural production without the use of artificial or conventional chemicals such as artificial fertilizer, chemosynthetic pesticides, feed additives and gene engineering, it is also a sustainable agricultural production system that "benefits the shared environment and promotes fair relationships and a good quality of life for all involved" (IFOAM, 2008). To meet the objective of organic agriculture, a production system is managed to respond to site-specific conditions by integrating cultural, biological, and mechanical practices that foster recycling of resources, promote ecological balance, and conserve biodiversity. (USDA, 2012)

Even though the principle of organic agriculture is basically not different for all countries, organic norms of each country are generally set with respect to specific local agro-ecological and cultural conditions, national or regional environment including the state of sector development and market conditions. (IFOAM 2008)

2.2 Mutual Recognition Arrangement (MRA) and Equivalence

Mutual Recognition Agreements or MRAs is one of trade facility instruments to reduce and eliminate the repetition of inspection of importing and exporting countries. MRAs acknowledge that the inspection and certification system of one country is equivalent to the level of inspection of the other. One of the most important considerations for making an MRA is the understanding of the principle of "equivalence".

Equivalence of food safety measures is recognized in the World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) and the WTO Agreement on Technical Barriers to Trade (TBT Agreement). In an environment where food regulations are expected to be less prescriptive, equivalence becomes a useful tool for the regulators to ensure the health and safety of consumers without unnecessarily hindering innovation in the food industry.

According to Article 4 of the SPS Agreement, the principle of equivalence in food safety is based on the recognition that the same level of food safety can be achieved by applying alternative hazard control measures. Besides, for the same products, Codex Guidelines for the Design, Operation, Assessment and Accreditation of Food Import Inspection and Certification Systems also obligate an importing country to accept as an equivalent of a food regulatory system of the exporting country if it offers the same level of health protection affordable to consumers by its own system.

Refering to organic standard equivalence guideline based on the "Guide for Assessing Equivalence of Organic Standards and Technical Regulations (IFOAM 2008)", the procedure and tools outlined in the document and corresponding annexes is a proposed guide for determining equivalence between standards for organic production and processing. It is developed in line with the TBT of WTO and Codex Alimentarius framework for equivalence as well as in consideration of experience in equivalence assessment in the organic sector worldwide, in particular focus on two international reference standards for organic agriculture, i. e. CAC/GL 32, Guidelines for the Production, Processing Labeling and Marketing of Organically Produced Food and the IFOAM Basic Standards (IBS). Key elements of an equivalence determination process in these guideline include provision of relevant texts, comprehensive comparisons, criteria and process for considering differences in measures and requirements. This document includes criteria to evaluate variations in specific requirements in organic standards or regulations. These can be individual requirements or sets of related requirements.

For facilitating equivalence between organic standards and certification programmes with and beyond the Asian region, Asian Regional Organic Standard (AROS) puts a great effort to establish harmonized standards by describing the requirements for organic production, covering plant production, collection of wild products and also the processing and labeling of products derived form these activities. This standard provides a mechanism to define the expectations for organic production. However, the standard does not cover procedures for verification such as inspection or certification of product.

Based on Organic Guarantee System of IFOAM and Alimentarius framework standards of Codex, the guideline for equivalence of both international private organizations and intergovernmental agents has aimed to harmonize different certification programs by providing a uniform agenda for organic standards world-wide. So, it is helpful to understand the underlying principles and issues in all organic certification programs world-wide.

3. Research Question

3.1 What are the barriers for the implementation of "Rules on Importing Organic Products from Other Countries and Regions"? Hypothesis of the paper is presented as follows:

3.1.1 Difference of relevant organic rules and regulations between Thailand and China?

3.1.2 Key players of organic business refuse to accept these rules.

3.2 How to encourage the two countries to overcome the barriers?

4. Data analysis

The essential elements for achieving the agreement are not only capacity of the two countries to comply with new rules, but also the acceptance of organic consumers and support from organic producers of the two countries as well. Not only acceptance of organic shareholders at every level, the similarity of relevant standards is also a vital key to accelerate the implementation process of MRAs.

To analyze the possibility of the two countries' organic stakeholders and consumers to accept equivalence of organic standards, information is considered in determining the equivalence of food safety measure, value and benefit of equivalence from organic producers and consumer's point of view, and government support policy as well.

Therefore, organic movement of the two countries in the past is also the good reference object to forecast possibility of organic stakeholders to trust, accept and support the harmonized standard which is in conformity with global food safety trend in the future.

Last but not least, intensive comparison and analysis of hazard control measures and its efficacy between different standards are also necessary.

5. Research Methodology

Two types of data are widely used in data collection: primary and secondary data. Primary data is the data observed or collected directly from first-hand experience according to the specific investigation research. In contrast, secondary data is existent statistics which have been captured earlier for the immediate study at hand. (Kotler, 2005, 131) In this case, primary data is mainly used to investigate major characteristics of Thai-Chinese organic food market with various observation and interview. Secondary data is existent data which includes qualitative and quantitative data, and both can be used for descriptive and explanatory research (Lewis,

Saunders & Thornhill 2003, 201). In this case, the overall information of consumer both in China and Thailand was gathered mainly from the documentary data, survey data and electronic data.

6. Content

6.1 Overview of the Development of Organic Movement

6.1.1 History of China's Organic Movement

Organic movement in China first began in the late 1980s. At that time the Chinese government was concerned about the urgency and seriousness of environmental degradation caused by the side effects of agrochemical activities and began to promote Chinese Ecological Agriculture (CEA). Under the principles and practices of environmentally friendly production, an eco-farming and food safety standard for "pollution-free" (无公害) was developed.

Meanwhile, increase in global demand for better healthy foods drives the Chinese government to set up the China Green Food Development Centre in 1992 to oversee the implementation of this food production innovation. Certification for Green Food production involves the regulation of fertilizer addictives and plant growth regulators, with the objective of reducing the use of pesticides, overseeing the production process, and conducting chemical residue testing of the produce.

In fact, three years before Green Food Center was established, the Chinese government had already set a long-term plan to export organic food which meets international standard in the near future. In 1989 the Rural Ecology Sector of the Nanjing Institute of Environment Science (NIES) of the State Environment Protection Administration (SEPA, now known as the Ministry of Environmental Protection, or MEP) became a member of IFOAM. The sector started to promote organic production in order to follow Green food progress. The Green Food strategy has been used as a "half-way house" between chemical food and organic food production. (John Paull, 2008)

By 1993 the China Green Food Development Centre (CGFDC) was established directly under the auspices of the Ministry of Agriculture, as a public Certification Body (CB). In order to speed up articulate "Green Food" national certification with international standards of "Organic certification", the Chinese government has formulated two standards of Green food: "Grade A" represents a transitional level between conventional and organic food; "Grade AA" is equivalent to the standard of organic food. "For the production of Green Food A, the use of

pesticides, fertilizers, and other agricultural chemicals is extremely restricted. For Green Food AA, all chemicals are prohibited to be used in the production process. Therefore, Chinese Green Food AA is equivalent to organic food" (Lu, 2005, p. 17).

To keep up with the progress of Green food development, China Organic Food Development Center (OFDC), the first local organic certifier of China, was established by the NIES in the next year. OFDC was set up with the hope that China local agencies could provide inspection and certification service as international organic certification body.

Important turning point for China's organic movement came in the early 2000s. After CGFDC has achieved accreditation by IFOAM in 2002, it gives the right to China agencies to certify exporting organic products. Therefore, after China first introduced National regulations on organic agriculture in 2005, the Organic Product Standard is obviously separated from the "Grade AA" of Green food. Meanwhile, with the change of institutional policy and emergence of new middle-class and upper-class consumers, a rapid growth in supply and market for Chinese organic products has become more and more obvious.

The melamine milk scandal in China in 2008 raised alarm about food safety and political corruption in China. The widespread distrust of domestic food products caused by this string of scandals has already taken root in China. Consequently, the situation increased demand for organic food rapidly. Farmer markets selling organic and locally grown goods are widespread throughout China's major cities, and farms that provide home delivery of organic fruits and vegetables have sprung up on the suburb of Top 10 GDP cities such as Beijing and shanghai. (Vaughn M. Watson, 2013)

According to Organic Standard revised in 2010, it required organic certification bodies, inspectors and operators to comply with Chinese national organic standards and certification protocols. Organic production, inspection and certification must be conducted by Chinese organic standards with inspectors and certifiers directly being approved by the Chinese authorities. In short, the operation steps of organic production have to managed in China.

Although control and inspection management of organic products are more and more strict to ensure domestic food quality standard, Chinese consumers still look toward foreign companies and products. It is a reason that CNCA has to issue a draft of "Rules on Importing Organic Products from Other Countries and Regions" in 2010. (ITC, 2011) Under equivalence concept, the rule allows foreign certification body to certify organic products outside China, on the other hand, it means China has the same standards of food safety as other countries.

6.1.2 History of Thailand's Organic Movement

Organic framework in Thailand was first mentioned under The 8th National Economic and Social Development Plan (1997-2001). It is the first institutional framework at national level that described a structure for sustainable agriculture, including organic farming. Organic agriculture has become a major policy theme for agricultural development in Thailand and was enlisted as an important national agenda to promote safe food and national export since 2005, after government reform "Organic Development Plan" (2006-2009). In 2007, the first 5-year-plan (2008-2011) of National Organic Strategy was launched under the responsibility of Thailand Ministry of Agriculture and Cooperatives (MOAC). Many government authorities have initiated projects and activities centered on organic farming promotion. But very few concrete projects have yet been implemented.

However, the first introduction of "Green Revolution" in Thailand could be traced back to the 1970s, when organic production businesses still persisted in chemical residues and pursued unsustainable agricultural management. Around early 1980s, many farmers and local non-government organizations (NGOs) came together to establish the Alternative Agriculture Network (AAN) to foster sustainable agriculture activism in Thailand. Based on alternative ecology and local economies, the first group of organic participants follows sustainable techniques by producing high quality organic crops with no chemical residues.

Along with NGOs, academic, consumer organizations, media and green shop network, AAN established Organic Agriculture Certification Thailand (ACT) in mid 1990s. It is Thailand's first independent national organic certification body to work on sustainable agriculture. Since 1995, ACT has been approved by the National Bureau of Agriculture Commodity and Food Standards (AFCS) to provide inspection and certification. Soon after, ACT applied for IFOAM Accreditation Program (IAP) and became the first IFOAM non-government certification body in Asia since 2001. Nowadays, ACT is still the only Thai private certification body that can offer internationally-recognized organic certification services accredited by IFOAM.

As for national standard and accreditation program, the National Bureau of Agricultural Commodity and Food Standards (ACFS), a governmental agency under the Ministry of Agriculture and Cooperatives completed a national organic agriculture criteria and processed guidelines for accreditation of a certifying body in 2002. Due to the cabinet resolution on November 29, 2003, ACFS has been designated by the MOAC to take responsibility for setting up standards, monitoring and accrediting Certification body for all types of exported foods, and agricultural commodities.

Aware of the importance of organic agriculture, the Cabinet on 13 March 2012 approved

the formation of the National Organic Agriculture Committee, to be chaired by a Deputy Prime Minister. The Minister of Agriculture and Cooperatives, the Minister of Commerce, and the Minister of Science and Technology are among members of this committee. The National Organic Agriculture Committee will set policies and strategies for Thailand's organic agriculture and integrate all related plans and measures. The working group would also conduct a study and gather information to be proposed for the formulation of the National Strategies for Organic Agriculture during 2012-2016.

Table 1 Development of the regulatory framework for organic certification

Year	China	Thailand
1990-1999	1990: Dutch SKAL certification body issued the first organic certification in China in cooperation with the Nanjing Institute for Environmental Sciences (NIES) attached to State Environment Protection Administration (SEPA), who became the first IFOAM member in China, The first certified organic tea was exported to EU 1992: (i) MoA established China Green Food Development Center (CGFDC) to provide organic certification services for green food. And CGFDC became IFOAM member in the next year. (ii) Green Food AA standard equivalent to organic 1994: Organic food Development Center (OFDC) established under (SEPA), administered China's organic food certification 1995: (i) "Approach to Management of Organic Certification" and Technical Norms on Organic Food promulgated by SEPA (revised in 2001) (ii) CGFDC introduced "AA-Grade Green Food" as an organic food labelling scheme	1995: Set up Agriculture Certification Thailand (ACT), an independent certification organization. 1997: The 8th National Economic and Social Development Plan (1997-2001) was the first institutional framework at national level that described a structure for sustainable agriculture, including organic farming. 1999: ACT Attend Accreditation Programme: IAP, IFOAM (International Federation of Organic Agriculture Movements)

continued

Year	China	Thailand
2000–Present	2002: MoA established China Organic Food Certification Center (COFCC). COFCC is the first certification registered at China National Certification Administration (CNCA) 2003: CNCA took over the administration of China's organic products certification from SEPA 2005: (i) "Regulatory Measures on Organic Product Certification Management" issued by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) "National Standard for Organic Products" GB/T19630 - 2005 (issued by AQSIQ) "Implementation Rules for Organic Product Certification" Decree No. 67 (issued by CNCA) Uniform logo for organic products China Certification and Accreditation Association (CCAA) established (ii) Five foreign organic certifiers were approved by CNCA to operate legally in China 2008: CNCA applied to be listed in the EU third country list and negotiated with EU Commission on this issue 2010: CNCA issued a draft "Rules on Importing of Organic Products from Other Countries and Regions".	2001: The first Organic standards were developed and soon after ACT launched its inspection-certification services. ACT was accredited by IOAS (The International Organic Accreditation Service Inc.) and became the first IFOAM non-government certification body based in ASIA. 2002: The National Bureau of Agricultural Commodity and Food Standards (ACFS) developed national organic agriculture criteria for accreditation of a certifying body 2004: Management control of ACT equivalent to ISO/IEC Guide 65: 1996 of IOAS Standard of ACT equivalent to EU Organic standard (EC 834/2007 and 889/2008) 2005: ACT was accredited ACFS to administration of Thailand's organic products inspection and certification. General Requirements for Bodies Operating Product Certification Systems (ISO Guide 65) accreditation from the IOAS in February 2006: Government set up "Organic Development Plan during 2006-2009" as Nationwide Policy. 2009: Canadian Organic Regime (COR) by the Canadian Food Inspection Agency (CFIA) 2011: Approval of organic certification body by the European Union in October 2012: Approval of organic certification body by the Swiss Government in July Lasted version of "Organic Standards 2012" approved by ACT executive board effective from 1 August 2012

Remark: in 2010 ACFS-CNCA started bilateral discussion for equivalent recognition under GOMA framework

6.2 Overview of Food Safety Standard

6.2.1 China's Food Safety Standards

According to safety level of food safety standard in China, there are three food categories that carry certification. First, Non-Pollution food (无公害食品) or Hazard-free food is a basic food safety level for consumption of general agricultural products. This label basically verifies that inspected products comply with national standards for conventional food (thereby practically implying that non certified food could be harmful). All agricultural products have to meet "Environmental quality standard of pollution-free agricultural products" DB13/310-1997 first before receiving Non-Pollution food seal.

While the first one mostly concern on reducing side-effect to environment, the second, Green food (绿色食品) is more concern for consumer health care by using chemicals with care. The label is comparable to integrated crop management in Western countries and stands for limited and controlled application of pesticides and chemical fertilizer. It formulated two standards for "Green Food": Grade "A" and Grade "AA". The Grade "A" represented a transitional level between conventional and organic food, where the use of pesticides, fertilizers and other agricultural chemicals are extremely restricted. For Green Food achieving Grade "AA", all synthetic pesticides and chemicals are prohibited to be used in the production process making it equivalent to the standards of organic food. Non-Pollution food (无公害食品) and Green food (绿色食品) are under supervision of the Ministry of Agriculture (MOA).

And the third, Organic food (有机食品) is certified to international standards. The Organic food sector is jointly overseen by the Ministry of Agriculture (MOA) and the State Environment Protection Agency (SEPA).

The major differences between China's organic and green food/safe food standards are that the latter has an end-product orientation born of consumer and government concerns for safe foods whereas organic farming historically developed more to meet farmers' needs. In this sense, rather than simply refraining from polluting the crops or environment, organic farmers employ active measures to seek to improve their soils and ecological environment. In this sense, organic production internalizes public benefits such as biodiversity and natural resource conservation by bundling both a product and an environmental service that are paid for by consumers whenever organic products are sold at a premium. This creates an undistorted market incentive for farmers to conserve public goods even if consumers might be less willing to pay for the public services independently. The other differences among organic, green food and safe food are shown in Table 7.11

Table 2 **Comparison between organic, green and safe food**

	Organic agricultural products	Green food (China)	Pollution free food
Product range	Edible agricultural food products, fibers, medicinal herbs and materials	Food products	Edible agricultural food products and processed goods
Designation and symbol	No mutual recognition of the standard all over the world (each country has its own label)	Unite designation and label registration in China mainland, Hong Kong and Japan	Countries, places and departments have different labels
Characteristics	Heavy stress on environment protection, particular stress on food security	Environment protection and food security (equal stress)	Food security, need for environment protection
History	Studied in the 40's, started in the 70's, the organic movement entered in its development phase in the 80's (in 1972 IFOAM is established; in 1991 the EU adopts the regulation 2092/91)	Launched in 1990 by Chinese Ministry of Agriculture In 1993 the Ministry of Agriculture issued "measures of supervision on green foods mark"	After the 80's a pilot project was launched. In 2001 the ministry of agriculture put forward the "Pollution free food action plan"
Goals	Return to natural	Acceptable environment, high food safety	Basic food safety
Product composition	Mainly raw food	70% processed, 30% raw food	Mainly raw food
Traceability	Traceable	AA-Grade is not as traceable as organic, A-Grade is not traceable	Non traceeable
Product Price	at least + 50% with regard to standard food	+ 10 – 20% with regard to standard food	No premium

Source: Sergio Marchesini, 2009

6.2.2 Thailand's Food Safety Standard

In Thailand, food safety level is varied and can be seen by the three logos. First, "Hazard-free" is a conventional agriculture that uses spesticides, fertilizers, growth hormone and gene engineering as well. However, its production method and management comply with