



Australian Organic Limited (AOL)

National Competition Policy analysis 2025

6 June 2025

EXECUTIVE SUMMARY

Australia's certified organic sector presents a strong productivity and trade growth opportunity, currently hindered by fragmented regulation and misaligned domestic and export standards. A nationally legislated framework would unlock substantial economic benefits, reduce compliance duplication, and support export expansion through organic equivalency agreements with major markets such as the United States, China, and South Korea—markets collectively worth over AUD \$140 billion¹.

Following the *2024 National Organic Standard Bill's* failure to pass, there is now an urgent opportunity to work constructively with government to develop an amended bill or different legislation that enshrines the National Standard for Organic & Biodynamic Produce as a single, legally enforceable benchmark for both domestic and export markets. This reform would address the Productivity Commission's core inquiry on harmonisation, deliver return on investment (ROI) through trade growth, and support national productivity by removing costly conformity arrangements and strengthening supply chain integrity.

In line with the Commission's call for practical reforms, this submission outlines:

- Specific examples where regulatory alignment is urgently needed;
- Measurable impacts of the current fragmented framework;
- The primary barriers to harmonisation;
- Recommended reforms to Australia's standards and conformance infrastructure.

Collectively, these measures present a low-risk, high-return opportunity to improve trade outcomes and domestic regulatory integrity, while reinforcing Australia's status as a premium agricultural exporter.

RECOMMENDATIONS

1. **Introduce mandatory domestic regulation** to make the *National Standard for Organic & Biodynamic Produce* the single standard across domestic and export markets, aligned with international trading partner expectations.
2. **Allocate ongoing funding** for the regular review and upgrade of the *National Standard for Organic & Biodynamic Produce* to ensure alignment with evolving international benchmarks and trade opportunities.
3. **Position the organic sector as a model for digital traceability**, consistent with global best practices, to reduce fraud, enhance consumer trust, and meet importing country requirements.

¹ <https://www.imarcgroup.com/united-states-organic-food-market>

INDUSTRY SNAPSHOT

The certified organic sector is a strategically positioned part of Australia's export-driven agricultural economy², offering productivity improvements and strong ROI through targeted regulatory reform.

- **Certified Organic Land:** Australia currently has over 53 million hectares of certified organic farmland³—representing over 50% of global certified land—highlights Australia's unique competitive advantage. This area represents approximately 12.4 percent of arable farmland nationwide.
- **Market Size:** With a \$2.6 billion industry valuation, Australia has significant headroom for growth in a global market estimated at over \$300 billion AUD⁴.
- **Workforce and Export:** The sector employs over 22,000 FTE and achieves 29% export growth annually⁵, with strong demand from the US, Singapore and Malaysia.

NATIONAL COMPETITION POLICY ANALYSIS REFORM AREA - INTERNATIONAL STANDARDS

1. Examples of government regulation where there should be greater harmonisation with international or overseas standards

Australia's certified organic sector presents a strong opportunity for productivity gains and trade expansion through strategic regulatory reform. The most immediate and impactful reform is the introduction of a legislated domestic standard for the use of the term "organic."

Current Regulatory Fragmentation in the Domestic Market

While exports are currently governed by the *National Standard for Organic & Biodynamic Produce (National Standard)* under the *Export Control Act 2020*, there is no equivalent mandatory framework for domestic trade. Instead, five certification bodies operate under a patchwork of private and government-owned standards, with certification remaining voluntary⁶. This lack of uniformity allows for misleading organic claims, reduces consumer confidence, and undermines fair competition.

According to the ACCC, the term "organic" may be used on products sold in Australia without meeting any specific standard or certification, so long as it's not demonstrably false⁷. In practice, this creates enforcement challenges and places certified operators at a disadvantage.

Australia remains the only OECD country without a legally protected definition of "organic" linked to certification in the domestic market—leaving the sector out of step with global expectations.

² Department of Agriculture Fisheries and Forestry 2023, *Snapshot of Australian Agriculture 2023*.

³ Australian Organic Limited 2023, *Australian Organic Market Report 2023*.

⁴ <https://www.precedenceresearch.com/organic-food-market>

⁵ Ibid 3.

⁶ [Organic Approved Certifying Bodies \(Export\) - DAFF](#)

⁷ [Organic claims | ACCC](#)

Legislative Pathway: A Revised National Organic Standard Bill

The *National Organic Standard Bill 2024* was introduced to address these issues by establishing the National Standard as the mandatory framework for all organic claims in Australia. Although the Bill did not pass in its initial form, it provides a clear foundation for reform.

The organic sector stands ready to work collaboratively with government to develop an amended version or separate legislations that delivers on the original intent—harmonising domestic and export regulation, supporting trade, and protecting consumer trust—while reflecting recommendations from the Senate inquiry.

This legislative pathway remains the most efficient and credible route to regulatory alignment and market certainty.

2. What is the impact of a lack of harmonisation?

Barrier to Equivalency Agreements and Global Trade

The absence of a legislated domestic standard and standard harmonisation prevents Australia from meeting the baseline regulatory expectations of key international markets. Trading partners such as the United States, South Korea, China, and Canada require evidence of domestic oversight or organic claims and traceability before entering into organic equivalency agreements—a mechanism that streamlines trade and removes the need for costly, duplicative certification for market access.

As a result, certified organic exporters must navigate multiple compliance regimes to access premium markets. The costs and inefficiencies are substantial at **\$4,000–\$9,000 per year** in additional certification costs per operator. This represents cumulative costs in the millions across the industry, restricting scale and productivity.

These costs represent avoidable regulatory duplication, diverting resources away from on-farm investment, innovation, and export development.

3. What are the barriers to greater harmonisation?

Several interlinked barriers continue to limit harmonisation of Australia’s organic regulatory system.

Need for Ongoing Upgrades to the National Standard

In addition to legislating the National Standard, there is a pressing need for a properly resourced, ongoing review process to ensure the standard remains aligned with international best practice. At present, updates are ad hoc and rely on industry submissions to DAFF, with no dedicated mechanism for tracking and responding to changes in global organic regulations.

Regularly reviewing the National Standard would:

- Improve alignment with strategic frameworks like the EU Organic Regulation and USDA National Organic Program (NOP);
- Reduce technical trade barriers;
- Support more responsive and future-proof regulation.

4. Are there any reforms that should be made to Australia’s standards and conformance infrastructure to support greater harmonisation while still addressing specific Australian risks and objectives?

Legislative Reform for National Consistency

The most immediate reform required is the introduction of legislation to enshrine the *National Standard for Organic & Biodynamic Produce* as the single benchmark for organic claims across all markets. This change would bring Australia into alignment with other OECD countries and ensure consistency across domestic and export systems. By eliminating the current regulatory fragmentation, this reform would simplify compliance, reduce costs, and strengthen consumer and trading partner confidence.

Establishing a Mechanism for Continuous Standard Review

To ensure longevity and adaptability, the legislated standard must be underpinned by a transparent and well-resourced mechanism for regular review and modernisation. This process should be led by government in collaboration with industry stakeholders and allow the standard to evolve alongside international counterparts such as the *USDA National Organic Program* and *EU Organic Regulations*. Such reform will ensure the *National Standard* remains responsive to emerging market opportunities, production risks, and consumer trends.

Strategic Investment in Traceability Systems

A modern standards framework must also include national traceability infrastructure tailored to the organic sector. Digital traceability systems—integrated with certification and export processes—will be essential to demonstrating compliance, reducing fraud, and supporting Australia's premium brand position in global markets. Aligning with leading international models, such as the EU’s TRACES⁸ platform or the U.S. electronic organic import systems⁹, would streamline exports and support sustainability and provenance verification.

With robust certification mechanisms already in place, the organic sector is well-positioned to serve as a national pilot for broader traceability innovation. Leveraging this potential will not only advance harmonisation but create long-term competitive advantages for both organic and conventional agricultural exporters.

⁸ https://ec.europa.eu/food/animals/traces_en

⁹ [Electronic Organic Import Certificates | Agricultural Marketing Service](#)

CONCLUSION

Unlocking Trade and Integrity through Legislative Reform

There is a clear opportunity to enhance productivity and international market access by addressing domestic regulatory gaps and improving alignment with global standards.

The Australian organic sector stands at a critical juncture. Without harmonised, enforceable domestic regulation and a mechanism for maintaining alignment with global partners, Australia will continue to face unnecessary compliance costs, export limitations, and reputational risk. Yet the solution is within reach.

Establishing the National Standard for Organic & Biodynamic Produce as the single enforceable standard for both domestic and export markets (as outlined in Recommendation 1) would enable equivalency agreements, reduce compliance duplication, and lift integrity across the supply chain. In parallel, ensuring the standard is actively maintained and resourced (see Recommendation 2) will safeguard Australia's position as a high-quality, credible organic producer in the global marketplace.

In line with Recommendation 3, the organic sector is optimised to lead the way in digital traceability systems—enhancing the credibility of the organic sector and setting a benchmark for broader agricultural reform.

AOL and the broader organic sector are committed to working with government to co-design and deliver a fit-for-purpose legislative and regulatory framework. This submission outlines clear, implementable steps that align with the Productivity Commission's priorities and will yield high returns through improved market access, regulatory efficiency, and consumer trust.

ABOUT AOL

Australian Organic Limited (AOL) is the peak industry body for the organic industry in Australia and strives to create a positive impact for humans, animals, and the environment, now and into the future. AOL is led by an experienced team committed to progressing the interests of the organic sector and delivering a world where organics is recognised for its environmental, social, and economic benefits.