

NASDA Policy Statement on Organic Agriculture

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Introduction

The term "organic" was coined in the late 1930s or early 1940s by J.I. Rodale, who envisioned a farming system that uses natural and whole-system approaches to soil-building, fertility, and pest management without the use of synthetic inputs. The organic food and agriculture industry in the United States began to gain recognition in the early 1970s. Rodale Press's *Organic Gardening* magazine encouraged readers to form organic organizations to promote standards and create links between farmer and consumers. Soon there were more than 70 active certification groups in the U.S. Many provided third-party verification services to assure consumers that the food had been grown and handled according to a set of standards. Across the certification groups, standards for production and labeling were similar, though not identical.

Organic farming continued to grow in popularity and was one of the fastest growing segments of U.S. agriculture during the 1990s. In Fall 2002, the USDA Economic Research Service (ERS) released comprehensive 2000 and 2001 data detailing organic production in all 50 states and in the nation as a whole. Between 1997 and 2001, U.S. certified acreage grew by 74.1 percent, from 1,346,558 acres to 2,344,857 acres. The largest cropland gains were seen for corn, soybeans, dry beans, corn, flax, spelt, and rice, which each grew by more than 100 percent. The largest livestock gains were seen in dairy, broiler, and layer hen production, which each added more than a million animals after USDA lifted restrictions on organic meat labeling in the late 1990s.

Farmer motivation for growing organically varies with the individual operator, and can include: lowering input costs, decreasing reliance upon non-renewable resources, receiving premium prices, accessing high-value markets, acting upon a life philosophy or stewardship ethic and operator and farm family health concerns, and improving relations with urban or suburban neighbors. Obstacles to adoption by farmers include: higher managerial costs, the increased risk that accompanies shifting to new management methods, limited awareness of organic farming systems, lack of marketing infrastructure, and an inability to capture marketing economies.

Organic agriculture produces identity-preserved products that appeal to consumers in domestic and export markets. It is the preferred practice of a growing number of U.S. producers and has the potential to increase the competitiveness of small, and medium-sized farms, in addition to large operations.

National Standards and the National Organic Program

The U.S. Organic Food Production Act of 1990 established a national organic production program. After nearly a decade of rulemaking and input from more than 316,000 public comments, a Final Rule published in the Federal Register on October 21, 2000 established the National Organic Program (NOP) under the direction of USDA's Agricultural Marketing Service. The NOP is responsible for establishing consistent national standards governing organic agricultural products, facilitating interstate commerce of organic food, assuring that organic food meets a consistent standard, and protecting consumers from fraudulent organic claims. The NOP Final Rule went into effect October 21, 2002.

Under the rules of the NOP, organic products must be grown and handled without synthetic pesticides and fertilizers, human biosolid wastes, irradiation, or genetically modified organisms, although certain fertilizers and pesticides from natural sources are allowed. Crop production standards include a three-year transition period from conventional farming practices to an organic system that builds healthy soils, prevents erosion, and protects water resources. Livestock standards specify that animals must not receive antibiotics or artificial hormones for growth promotion, and that they must be raised humanely. Organic handling standards require measures to prevent contamination of organic products from prohibited materials and commingling with non-organic products.

The national standards also include a *National List of Allowed and Prohibited Substances* (Subpart G of the Final Rule), which establishes approved synthetic substances and prohibited nonsynthetic substances, including pesticides, fertilizers, and processing aids, for use in organic production and handling.

Certification is required to sell, label or otherwise claim that products are organic, allowing producers and handlers to access premium markets for organic products. By establishing uniform certification criteria, the national standards provide all growers an equal opportunity to receive premium organic prices. The standards also promote consumer confidence in the organic label.

To protect organic growers, consumers, and markets, NASDA supports the following:

- Full and consistent implementation and enforcement of the National Organic Program Final Rule and its organic production and handling standards.

- Cooperation between the NOP and experienced public and private certifying agencies when addressing the practical aspects of organic production and certification issues.

- Increased federal funding to support adequate NOP staffing levels and activities that will accomplish legislative intent of the Final Rule.

- Cooperative relationships between the NOP and state departments of agriculture.

- Federal funding to states that will allow them to assist with implementation of the NOP, including consumer protection and local enforcement of standards.

Organic Markets & Marketing

Organic is one of the fastest growing food and agriculture sectors. The USDA Economic Research Service (ERS) and industry groups that monitor market and consumer trends in the organic industry report that organic product sales have grown by 20 percent or more each year since 1990. The market research firm Packaged Facts estimated U.S. sales of fresh and processed organic foods at \$6.5 billion in 1999 and \$7.8 billion in 2000. The International Trade Centre estimated 2001 U.S. retail sales at \$9.5 billion. Industry watchers predict continuing growth of 15 to 25 percent per year in the U.S., with domestic sales reaching \$20 billion by 2005.

In addition to traditional purchase points such as natural and health food stores, market channels for organic foods include conventional grocery stores, natural supermarket chains, and direct-to-consumer markets, including farmers markets and internet sales. In 1999, conventional food stores began outselling natural product supermarkets in a number of organic foods categories. By 2003, nearly three out of four conventional supermarkets in the U.S. were selling organic products, indicating growing mass-market appeal of organic foods.

Organic is a unique type of identity-preserved, value-added agriculture, and organic products typically command higher prices both at the farmgate and at retail points of sale. In the 1990's the ERS observed that U.S. farmgate prices for some organic fruits and vegetables reportedly exceeded conventional prices by 100 percent. Premiums for organic corn, soybeans, wheat, and oats regularly exceeded 60 percent. Additionally, the market share of organic products sold directly to consumers is substantially higher than that of conventional products, a strategy that allows organic farmers to capture retail prices for themselves.

As with other types of agriculture, the U.S. organic farmers and businesses compete with international peers, many of whose governments encourage organic production by providing payments linked to environmental benefits they perceive from organic agriculture. In the U.S., where there is little direct government support for organic farming, organic growers need public marketing, information, and support programs. For example, as the ERS and others have noted, organic industry patterns are difficult to track because there are no public programs for collection of data on organic acreage, prices, or sales.

NASDA supports a number of efforts to increase economic growth of the organic industry:

- Targeted marketing assistance through USDA grant initiatives and USDA program delivery in order to enable small and medium sized organic growers to capitalize on the value of their production.
- Inclusion of organic as a defined commodity in USDA market promotion programs, permitting U.S. organic farmers and food companies to be more aggressive in production, expansion and marketing activities, and to increase their competitiveness in the global organic market.
- Funding for collection and distribution of domestic organic market price data by the USDA Agricultural Marketing Service (AMS), or through non-governmental organizations funded by cooperative agreement with AMS.
- Cooperation among agencies and entities such as the Department of Commerce, Department of Customs, Department of Homeland Security, and U.S. International Trade Commission to code and track organic import and export sales.

Research

Organic farmers are underserved by public and private research efforts. In periodic national organic farmer surveys by organizations like the Organic Farming Research Foundation, organic farmers consistently identify unmet research needs on production issues such as weed and pest

control, crop rotation, soil fertility and conservation management, composting, crop variety development, livestock nutrition, and livestock health management.

Growers and others are frustrated that organic agricultural practices are reputed to be low-yielding, arguing that if proportionally as much agronomic and plant breeding research were focused on organic systems as on conventional methods, organic agriculture would prove its own feasibility. They further argue that while organic-focused research into areas such as biological and physical soil characteristics and plant-pest interactions can be transferred to and benefit conventional agricultural methods, the converse is not true -- conventional agricultural research typically does not benefit organic growers.

Private industry has little interest in sponsoring research efforts in organic systems because organic research is less likely than conventional research to benefit them. Public support for organic research has been minimal and uncertain, so public dollars are a crucial source of research funding. In 1995, USDA dedicated only 0.11 percent of its research and education budget to organic research and education programs. For fiscal year 2003, Congress did not appropriate funds for the USDA's Initiative for Future Agriculture and Food Systems (IFAFS) program, which had previously been an important source of funding for systems-oriented research like organic. The Organic Transitions Program has been a small part of the USDA Cooperative State Research, Education, and Extension Service (CSREES) Integrated Pest Management Portfolio and has been limited to pest management issues in organic production.

NASDA supports increasing organic research and education through the following:

- Continued appropriations for competitive grants programs like IFAFS and USDA's Organic Research Initiative, part of the 2002 Farm Bill, are vital to the continued growth and development of U.S. farmer capacity to remain competitive in organic production.
- Increased funding for the Organic Transitions Program at CSREES and implementation of a stand-alone Request for Proposals to encourage broader agro-ecological research in organic systems.
- Continued funding for the national Sustainable Agriculture Research and Education (SARE) program, important to funding relevant, farmer-initiated, farmer-directed research and information transfer.
- Creation of a National Program Leader for Organic Agriculture within CSREES to coordinate and manage programs related to organic research.
- The support and encouragement by leaders of public agencies (e.g., Extension, USDA agencies, and state departments of agriculture) for staff participation in organic professional development, service delivery, and outreach efforts.

Organic Statistics

Agricultural statistics are used by farmers, ranchers, legislators, agricultural and food businesses, and risk management professionals. The ERS publication *U.S. Organic Farming in 2000-2001* summarized data provided by organic certifying agents and offers one of the only tools for

assessing the organic industry nationwide. Additional tools such as detailed statistical data available to all involved in the organic industry would level the playing field and allow organic agriculture to become a more viable alternative for farmers, ranchers and processors.

To provide reliable information about the industry that informs decisionmaking by farmers, agricultural advisors, marketers, and consumers, NASDA supports the following:

- Continued funding for the organic production and market data collection and tracking authorized in Section 7407 of the 2002 Farm Bill by economists and researchers at the Economic Research Service.
- Continuation of National Agricultural Statistics Service and state agricultural surveys, with expansion of questions related to organic and transitional production, acreage, and producer characteristics.
- Collection and dissemination of organic price data for sale of commodity crops, specialty crops, and retail organic sales.