



Organic Livestock and Poultry Practices Proposed Rule

Webinar
April 15, 2016



Webinar Overview



- Proposed requirements
- Cost analysis
- Questions AMS has for you
- Clarifying Questions and Answers

Overview



- Proposed rule published in Federal Register on April 13, 2016
- Submit comments to www.regulations.gov by June 13, 2016
- AMS webpage with Q & A:
<https://www.ams.usda.gov/rules-regulations/organic-livestock-and-poultry-practices>

Background



- Organic Foods Production Act of 1990 (OFPA)
 - Livestock practices to be developed with NOSB and notice and comment rulemaking
- National Organic Standards Board
 - Nine recommendations on livestock and/or poultry practices from 1994 to 2011
- Access to Pasture Rule, implemented in 2010.
- USDA Office of the Inspector General
 - Develop and issue guidance regarding outdoor access

Very different
“access to the
outdoors”



Both are certified
organic.



Scope of **current** livestock regulations:

- Origin of livestock
- Feed
- Health care practice standard
- Living conditions
- Pasture practice standard – for ruminant livestock only (e.g. dairy, beef cattle, sheep, goats)

USDA Organic Livestock Practices



Current standards

- Livestock health care practices
 - Physical alterations for welfare w/ minimal pain and stress
 - Must use preventative methods for promoting animal health – if inadequate, may use allowed synthetic medications
- Livestock living conditions that accommodate the animals' health and natural behavior
 - Year-round access to the outdoors/direct sunlight
 - Temporary confinement in specific circumstances
 - Shelter allows for exercise, comfort behaviors

Proposed Health Care Standards



Physical Alterations

- Allowed
 - Welfare or hygiene of the animals
 - Animal identification (e.g. ear tags)
 - Safety
- Must be performed:
 - On livestock at reasonably young age
 - By a competent person
 - With minimal stress and pain

Proposed Health Care Standards



Physical Alterations

— Prohibited

- Avian species: de-beaking and de-snooding, caponization, dubbing, toe trimming of chickens, toe trimming of turkeys unless with infra-red at hatchery, beak trimming after 10 days of age
- Mammalian species: tail docking of cattle, wattling of cattle, face branding of cattle, tail docking of sheep shorter than the distal end of the caudal fold, and mulesing of sheep

Proposed Health Care Standards



Conditionally Allowed Physical Alterations

- Needle teeth clipping in pigs
- Tail docking in pigs
- Not routine
- Only after documented harm to piglets or sows
- Other methods to prevent harm failed

Proposed Health Care Standards



Administration of drugs other than vaccines

- Current: not allowed in the absence of illness
- Proposed
 - Allowed in the presence of illness, or
 - To alleviate pain and suffering

Proposed Health Care Standards



Hormones

- Current: not allowed for growth promotion
- Proposed: Not allowed for
 - Growth promotion
 - Production
 - Reproductive purposes (with exception for oxytocin to treat illness)

Proposed Health Care Standards



Monitoring and Recordkeeping

- Producers must have written euthanasia plans for sick or injured livestock
- Producers must monitor lameness and record incidents and causes.
- Ammonia levels in poultry houses
 - 25 ppm is the upper limit
 - 10 ppm triggers actions to reduce
- Parasite control plans
 - Fecal monitoring
 - Plans developed in a site-specific manner
- Animal health records

Proposed Standards



Living conditions requirements

- Separate requirements
 - Mammal
 - Avian
- Provide more species specificity

Proposed Mammalian Living Conditions



Shelter

- Room to move, stretch limbs and lie down
- Livestock must be clean
 - Clean, dry bedding (certified organic if roughages)

Proposed Mammalian Living Conditions



Confined housing with stalls

- One stall for each animal
- Cages prohibited
- Exception for group-housed swine
- Tie stall and freestall barns permitted

Proposed Mammalian Living Conditions



Dairy Young Stock

- Individually housed
 - Until weaning
 - Room to move and turn around
- Group housed
 - After weaning
 - Outdoors and pasture after 6 months of age

Proposed Mammalian Living Conditions



Swine

- Rooting material required
- Room to move and turn around
- Group housed, except:
 - Boars
 - Sows just before and after farrowing
 - In cases of aggression or illness

Proposed Mammalian Living Conditions



Outdoor access

- 50% of outdoor access area must be soil based, usually with vegetative cover
 - Vegetative cover encouraged
- Producers may deny outdoor access when conditions would endanger soil or water quality

Proposed Mammalian Living Conditions



Temporary confinement

- Not allowed for observing estrus (breeding)
- Allowed for animals sold as youth projects (4-H and Future Farmers of America), facilities do not require certification

Proposed Avian Living Conditions



General Requirements

- Year-round access to outdoors
- Direct sunlight
- Shade
- Materials for dust bathing
- Outdoor space to escape from predators and aggressive behaviors

Proposed Avian Living Conditions



Outdoor space for birds

- Doors spaced to encourage access to outdoors
- Doors from indoor space must allow more than 1 bird to enter or egress at the same time and all birds must be able to enter or egress in 1 hour
- Outdoor enrichment to draw birds out
- Training birds to go outdoors

Proposed Avian Living Conditions



Outdoor space for birds

- At least 50% of outdoor space must be soil cover
- Area under any structure attached to the building which provides indoor space may not be calculated as outdoors

Proposed Avian Living Conditions



Avian Housing

— Lighting

- Natural lighting sufficient to easily read on sunny days
- Supplemental artificial light up to 16 hours per day

— Flooring

- Slatted floors permitted, but at least 30% must be solid floor area, with sufficient litter available for dust baths

Proposed Avian Living Conditions



Avian Indoor Housing

- Sufficiently spacious to allow all birds to move freely, stretch their wings, stand normally, and engage in natural behaviors
- Perch space required for perching species
- Ammonia monitoring (10 ppm action level; 25 ppm limit)

Proposed Avian Living Conditions



Maximum indoor stocking density

- Broilers, turkeys and other poultry type breeds – 5.0 lbs/ft²
- Pullets – 3.0 lbs/ft²
- Layers:
 - Pasture systems – 4.5 lbs/ft²
 - Aviary systems – 4.5 lbs/ft²
 - Slatted/mesh flooring – 3.7 lbs/ft²
 - Floor litter systems – 3.0 lbs/ft²
- Set to current industry practices based on 3rd party animal welfare certification programs

Public Comment Request



- Are most organic eggs brown?
- Are most organic laying hens from the ISA Brown strain?
- Is the mature weight of an ISA Brown hen 4.5 pounds under organic conditions?
- What other avian species are used for organic egg production?

Proposed Avian Living Conditions



Maximum outdoor stocking density

- Broilers, turkeys and other poultry type breeds – 5.0 lbs/ft²
- Pullets – 3.0 lbs/ft²
- Layers – 2.25 lbs/ft²

Proposed Avian Living Conditions



Temporary exceptions for outdoor access:

- Extreme temperatures
- First 4 weeks of life for broilers and 16 weeks of life for layers
- Documented disease outbreak
- Risk to soil or water quality
- Treatment of illness or injury
- Nest box training



- Food safety of poultry products
- Health and wellbeing of birds
- Preventive practices
 - Fencing, netting, vaccines, hunting, trapping, and other methods
- Temporary confinement if documented outbreak, depopulation of infected flocks and other approved substances/practices

Proposed Transportation Standards



Fitness for transport to sale or slaughter

- Calves with dry navels and able to walk
- Healthy animals only; no animals which are
 - Sick
 - Injured
 - Disabled
 - Blind
 - Lame

Proposed Transportation Standards



Care during transport

- Season appropriate ventilation
- Organic feed and water must be provided if time between loading and unloading exceeds 12 hours
- Bedding to keep animals clean and dry
- Operations must have emergency plans

Proposed Transportation Standards



Preserve organic identity

- Trailer or pen labeled to identify livestock as organic
- Any roughages used as bedding in the trailer are certified organic

Proposed Slaughter Standards



Mammalian and Non-exempt Avian

- In full compliance with existing humane handling and slaughter laws
- Must provide any non-compliant records from other agencies and corrective action documents to certifier as part of annual inspection

Proposed Slaughter Standards - Avian



Avian operations – if exempt from Poultry Products Inspection Act:

- No lame birds may be shackled, hung, or carried by their legs
- All birds shackled on a chain or automated system must be stunned prior to exsanguination
- All birds must be irreversibly insensible prior to being placed in the scalding tank

Public Comment Request



- How should AMS regulate livestock slaughter conducted at certified operations inspected by State inspection programs?
- How should AMS regulate poultry slaughter at certified operations exempt from FSIS inspection?
- How should AMS regulate livestock slaughter by certified operations in foreign countries?

Implementation Plan



Final Rule Published

Year 1

All provisions except avian outdoor space must be implemented.

Year 3

New organic operations must comply with all provisions to obtain certification.

Year 5

All certified operations must comply with all provisions.

Implementation Plan Rationale



Certified operations will have 5 years after the final rule to implement outdoor space requirements for poultry.

5-year period based on:

- Average age of aviary barns – 7.6 years (age data from 2013 National Animal Health Monitoring Survey for organic layers (APHIS))
- Depreciation timeframe – 12.5 years for organic layer house per federal tax returns (data from industry survey).

$$12.5 \text{ years} - 7.6 \text{ years} = 4.9 \text{ years}$$

Potential Cost Impacts



- Regulatory Impact Analysis
 - See Executive Order 12866 and 13563 section of the proposed rule
 - Describes potential costs and benefits of this action
- We welcome public comments about our assumptions, data and methodology.

Key Assumptions for Cost Analysis



- Scope of affected entities: organic egg and poultry producers
- Proposed outdoor stocking density drives costs for organic egg operations
 - 50% of organic egg production comes from organic aviary systems
 - Poultry houses have 2 barn footprints of outdoor space; Aviaries (2-4 levels) need 4-8 footprints of outdoor space
- Feed cost (↑)
- Feed conversion (↓)
- Mortality rate (↑)
- Broilers – proposed indoor stocking density drives costs; 75% could comply. Producers will need to reduce flock size.

Public Comment Request



- Is the two house footprints of outdoor space per layer house a valid baseline assumption?
- How many aviaries, and what proportion of organic egg production, have available outdoor space to comply with the proposed outdoor stocking density?
- The age of poultry houses used for organic egg production

Factors Affecting Costs



Compliance Costs

- Increased expenditures
 - Feed
 - Land
 - Fencing (not quantified)
- Decreased production
 - Increased death loss
 - Reduced numbers (broilers)
 - Decreased lay rate
 - Reduced feed efficiency
 - Increased fixed costs per bird

Reduced Net Returns

- Difference in net returns between cage-free and organic
 - Decreased costs (cheaper feed)
 - Decreased price received per dozen eggs

Producer Response Scenarios



In response to proposed rule:

- Scenario 1: Producers have sufficient land and remain in organic production
- Scenario 2: 90% of aviaries may transition from organic to cage-free egg production (resulting in 45% transfer from organic egg production)

Estimated Costs – All Comply



This table is in the proposed rule.

Assumption: all producers can get land and remain in organic production.

Year	Broilers	Layers	Total
1	\$7,324,000 ^a	\$28,160,000	\$0
2	\$6,760,000 to \$7,324,000	\$25,994,000 to \$28,160,000	\$6,760,000 to \$7,324,000
3	\$6,197,000 to \$7,324,000	\$23,828,000 to \$28,160,000	\$6,197,000 to \$7,324,000
4	\$5,633,000 to \$7,324,000	\$21,662,000 to \$28,160,000	\$5,634,000 to \$7,324,000
5	\$5,070,000 to \$7,324,000	\$19,495,000 to \$28,160,000	\$5,070,000 to \$7,324,000
6	\$4,507,000 to \$7,324,000	\$17,329,000 to \$28,160,000	\$21,836,000 to \$35,484,000
7	\$3,944,000 to \$7,324,000	\$15,163,000 to \$28,160,000	\$19,107,000 to \$35,484,000
8	\$3,380,000 to \$7,324,000	\$12,997,000 to \$28,160,000	\$16,377,000 to \$35,484,000
9	\$2,817,000 to \$7,324,000	\$10,831,000 to \$28,160,000	\$13,648,000 to \$35,484,000
10	\$2,253,000 to \$7,324,000	\$8,664,000 to \$28,160,000	\$10,918,000 to \$35,484,000
11	\$1,690,000 to \$7,324,000	\$6,498,000 to \$28,160,000	\$8,189,000 to \$35,484,000
12	\$1,127,000 to \$7,324,000	\$4,332,000 to \$28,160,000	\$5,459,000 to \$35,484,000
13	\$563,000 to \$7,324,000	\$2,166,000 to \$28,160,000	\$2,730,000 to \$35,484,000
13 year average	\$3,380,000 to \$6,761,000	\$6,086,000 ^b to \$17,329,000	\$9,466,000 to \$24,090,000
TOTAL	\$43,943,000 to \$87,888,000	\$79,115,000 to \$225,280,000	\$123,059,000 to \$313,168,000

Estimated Cost- Aviaries Exit Organic



This table is in the proposed rule.

Assumption – 90% of aviaries exit organic production

Year	Cost: Broilers	Cost: Layers (stay in organic production)	Transfers: Layers (exiting the organic market) - reduced returns	Cost: Total
1	\$7,324,000 ^a	\$13,770,000	\$26,966,000 ^a	\$0
2	\$6,760,000 to \$7,324,000	\$12,711,000 to \$14,969,000	\$24,892,000	\$6,760,000 to \$7,324,000
3	\$6,197,000 to \$7,324,000	\$11,652,000 to \$16,168,000	\$22,817,000	\$6,197,000 to \$7,324,000
4	\$5,634,000 to \$7,324,000	\$10,592,000 to \$17,367,000	\$20,743,000	\$5,634,000 to \$7,324,000
5	\$5,070,000 to \$7,324,000	\$9,533,000 to \$18,566,000	\$18,669,000	\$5,070,000 to \$7,324,000
6	\$4,507,000 to \$7,324,000	\$8,474,000 to \$19,765,000	\$16,594,000	\$12,981,000 to \$27,089,000
7	\$3,944,000 to \$7,324,000	\$7,415,000 to \$20,965,000	\$14,520,000	\$11,359,000 to \$28,289,000
8	\$3,380,000 to \$7,324,000	\$6,355,000 to \$22,164,000	\$12,446,000	\$9,735,000 to \$29,488,000
9	\$2,817,000 to \$7,324,000	\$5,296,000 to \$23,363,000	\$10,371,000	\$8,113,000 to \$30,687,000
10	\$2,253,000 to \$7,324,000	\$4,237,000 to \$24,562,000	\$8,297,000	\$6,490,000 to \$31,886,000
11	\$1,690,000 to \$7,324,000	\$3,178,000 to \$25,761,000	\$6,222,000	\$4,868,000 to \$33,085,000
12	\$1,127,000 to \$7,324,000	\$2,118,000 to \$26,960,000	\$4,149,000	\$3,245,000 to \$34,284,000
13	\$563,000 to \$7,324,000	\$1,059,000 to \$28,160,000	\$2,074,000	\$1,622,000 to \$35,484,000
13 year average	\$3,380,000 to \$6,761,000	\$2,933,000 to \$14,746,000	\$5,744,000	\$6,313,000 to \$21,507,000
TOTAL	\$43,943,000 to \$87,888,000	\$38,133,000 to \$191,700,000	\$74,675,000	\$82,076,000 to \$279,588,000

Cost Impacts for Organic Broilers



- Proposed indoor stocking density drives costs for organic broiler operations (75% can comply). We assume organic broiler producers will incur costs to comply and remain in the organic market.
- Proposed indoor stocking density is main constraint
 - Reduced flock size (7 percent total) to meet indoor stocking density
 - Higher production cost per bird
 - Costs average \$3.4 million per year

Cost Calculation



- Costs are calculated over 13 years to align with depreciation timeframe for a layer house.
- Costs for layers do not accrue until year 6, when the five year implementation period ends and all requirements of the rule must be met.
- Lower bound cost estimate – costs are reduced by $1/13^{\text{th}}$ each year.
- Upper bound cost estimate – costs are not reduced; the full compliance costs and revenue loss accrue each year.

Estimated Benefits



- Fosters consistent certification practices for organic livestock operations.
- Provides a consistent, level playing field for all organic livestock producers.
- Facilitates equal enforcement of organic livestock and poultry standards.
- Establishes a clear standard protecting the value of the USDA organic seal to consumers.
- \$14.7 - \$62.6 million per year; mean value - \$34.6 million per year.

Public Comment Request



- Are the assumptions and estimates in the Regulatory Impact Analysis and Regulatory Flexibility Analysis pertaining to organic livestock and poultry production accurate?
- Is the proposed collection of information necessary for the agency to properly perform its functions?
- Does the information collection have practical utility?
- The clarity of the proposed requirements: Can farmers, handlers, and certifying agents readily determine how to comply with the proposed regulations?

Conclusion



- Supports OFPA objectives
- Responds to NOSB recommendations
- Addresses 2010 OIG audit
- Responds to stakeholder input

Submitting Comments on the Proposed Rule



- Questions and comments are due by June 13, 2016 to www.regulations.gov

A screenshot of the Federal Register website. The page title is "National Organic Program; Organic Livestock and Poultry Practices". It is a proposed rule by the Agricultural Marketing Service, dated 04/13/2016. A comment period notice states it ends on 06/13/2016. A green button labeled "SUBMIT A FORMAL COMMENT" is circled in red. The page also includes an "ACTION" section, a "SUMMARY" section, and a "LEGAL DISCLAIMER" section. Navigation links for "Previous Document" and "Next Document" are visible. The bottom right corner contains font controls and links for PDF, DEV, and PRINT.