TRANSITION AND GROWTH IN THE ORGANIC SECTOR ORGANICOLOGY INTENSIVE FEBRUARY 2, 2017

INTENSIVE SUMMARY

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BACKGROUND

On February 2nd 2017, over 100 food system stakeholders met in Portland, Oregon during the biannual Organicology Conference to participate in the full-day Transition and Growth in the Organic Sector Intensive. The aims of the intensive were to (1) identify the various challenges associated with growing organic domestic supply and (2), identify new ideas and next steps that stakeholders can take to support farmers and grow organics in the US. The intensive was facilitated by an independent facilitator and the format included a mix of formal presentations, panel discussions, and small-group breakout sessions.

The aim of this summary is to synthesize the outcomes of the intensive and to share them with intensive participants as well as all other stakeholders working to support transitioning and organic farmers in the US.

INTENSIVE RECAP & OUTCOMES

During the first half of the intensive, panelists and presenters representing different parts of the supply chain shared their experiences and perspectives on the current state of the US organic sector. In summary, there has been steady growth in organic sales over the last ten years, a trend fueled by increased consumer demand – particularly by millennial shoppers – for organic foods and products. While not all industries have witnessed continued annual growth, and in fact some are currently witnessing a decline in sales (i.e. organic dairy), there is optimism that the organic sector as a whole will continue to grow and that this trajectory represents a market opportunity for US farmers and other agricultural businesses. Also discussed was the potential of organic agriculture to provide opportunities and fulfill needs that aren't necessarily market-driven. Examples include increased employment and economic development in rural areas, a more sustainable and resilient form of agriculture in the face of a rapidly changing climate, and the adoption of agricultural practices that are less harmful to human health.

While the growth potential of the organic market is an exciting prospect for US farmers, it also raises concerns and questions. For example, some farmers are worried that an increase in production and domestic competition could bring down organic premiums, a trend that some regional markets have already witnessed (e.g. organic apples in Washington State). Small to mid-sized family farms that already supply organic specialty crops to wholesale markets feel especially vulnerable to the increasing number of larger, vertically integrated agribusinesses that are entering the organic space. There is also concern on behalf of farmers, buyers, and consumers that involvement of larger agribusinesses could challenge and diminish the integrity of the organic label.

There is a glaring gap between the demand for organic goods and the amount of organic crops that are grown domestically. Some of the factors attributing to this gap that were discussed include the three year transition process, competition from cheaper organic imports, lack of educational resources and financial assistance for organic farmers, and the inherent agronomic challenges of organic production, to name a few. [1] While farmers assume the most risk during transition, buyers, processors and retailers also face hurdles (e.g. consumer expectations, slim margins, and labeling restrictions) that can make it cost-prohibitive for them to commit to buying from transitioning and organic farmers.

During the second half of the intensive participants broke into small groups to brainstorm ways in which existing challenges could be addressed and overcome, and then presented these opportunities to the rest of the group. Opportunities ranged from specific steps that

[1] Additional farmer challenges and perspectives related to the transition to organic process are outlined in the Breaking New Ground Report: Farmer Perspectives on Organic Transition, published by Oregon Tilth in partnership with Oregon State University (2017)

individuals, organizations and companies can implement on their own, to broader ideas and recommendations for systems change within the agricultural sector that will require on-going collaboration and dedication on behalf of multiple stakeholders.

These opportunities, which are outlined in the key findings below, are the main outcomes of the intensive. They are the result of multiple conversations, discussions and collaborative brainstorming sessions during which stakeholders from throughout the organic supply chain contributed their perspectives, feedback, and visions for change. These opportunities shed light on areas of work that require more focus, investment, and commitment, and offer direction to stakeholders who want to see organic agriculture grow in the US in a manner that is equitable for the greatest number of farmers.

KEY FINDINGS

The key findings are organized into 6 topics; Outreach and Technical Assistance, Market-Based Solutions, Infrastructure, Research and Extension, Organic Policy, and Small to Mid-Sized Farm Viability. Each topic includes an overview of related challenges, opportunities, as well as relevant examples and resources.

1) OUTREACH & TECHNICAL ASSISTANCE

CHALLENGES: While the number of organic educational resources and assistance programs may be increasing, many farmers still don't know where or who to go to for support. It can be difficult for organizations and agencies to reach farmers in areas that are especially rural, and in many cases materials are too general to be applicable in local contexts. Organic conferences tend to target farmers that are already organic or of the organic mindset, and the language used to promote organic events can often be esoteric and even exclusionary of other forms of agriculture (e.g. conventional).

Opportunities:

- **Reach more farmers by expanding organic outreach into new areas and communities:** Outreach to communities where there is little to no existing organic production should be tailored to local agricultural and economic realities and sensitive to cultural views and differences. Establishing contact with existing agricultural service providers and inquiring about local challenges, needs, and interests is an advisable first step prior to reaching out directly to farmers in new areas.
- **Be inclusive of the conventional agriculturally community:** If organic supply is going to grow in the US, there must be a more concerted effort on behalf of organic stakeholders to reach out to and work with the conventional agricultural community. Attending non-organic events, developing educational materials for larger scale production and split operations, and being sensitive to the wide range of values, motivations, and histories that lead people to farm are just a few ways that organic practitioners can respectfully engage with conventional stakeholders.
- **Expand and develop new farmer-to-farmer mentorship programs:** Farmer-to-farmer mentoring is an effective educational & training option that is preferred by farmers. A few farmer-to-farmer mentorship programs already exist, and the creation of others that specifically match experienced organic farmers with new or transitioning farmers can help provide much-needed support, assistance, and networking opportunities.

Examples & Resources:

- List of Farmer Training Opportunities in the US - Young Farmers Coalition
- Farmer to Farmer Mentoring Program - Midwest Organic & Sustainable Education Service (MOSES)

- Dairy Mentorship Organic Dairy Certification Transitions Program - Northeast Organic Farming Association (NOFA)-NY

2) MARKET BASED SOLUTIONS

CHALLENGES: While a few processors and buyers are helping transitioning farmers manage risk by offering premiums for transitional crops, reimbursing certification fees, or guaranteeing contracts beyond 3 years, more often than not there is a disconnect between buyer expectations and farmer needs around price, yields, and timelines. Despite buyers stated preference to source products locally, they cannot always afford the price of domestic organic crops and end up relying on cheaper organic imports to fulfill demand.

Opportunities:

- **Create more opportunities (meetings, conferences, tradeshows, etc) for buyers and farmers of transitional and organic foods to connect and network:** Buyers and farmers want to find each other and work together, however there are limited opportunities to do so. Buyers and farmers agree that the potential for more transparent and "good faith" relationships increases when they are predicated on direct, face-to-face meetings. Facilitated networking events are great opportunities for both buyers and farmers to make market connections and for service providers to provide organic outreach and education to both parties.
- **Educate buyers who are looking to grow their organic supply about the transition process and what other companies are doing to support transitioning farmers:** If buyers are to shoulder more of the risk that farmers take on during transition, they must first be informed about farmers' certification timelines, steps, and challenges. Further research on the successes of "in-house" transition programs is needed so that other companies can learn from them and develop similar programs.
- **Develop innovative marketing techniques and educational campaigns that clarify to the consumer what it means to be organic and how organic is different or inclusive of other labels/ claims:** The proliferation of "natural" and "green" food labels can obscure or conflate the meanings and values which consumers attach to them. With marketing and educational campaigns that highlight specifically what it means to be organic (e.g. mention of prohibited and/or allowed practices, the transition process, etc), food manufactures and retailers can play a role in helping consumers distinguish what is unique about the organic label and how it differs or is inclusive of other food claims (e.g. Non-GMO).
- **Further educate organic stakeholders about the rules, regulations, and implications of the National Certification Transitional Program (NCTP)[2]:** Despite the Organic Trade Association's (OTA) efforts to solicit feedback about the NCTP before its release, many farmers and buyers feel that they are in the dark and don't understand the aims, rules, and implications of program. Further outreach and education about the program is warranted if it is to be widely adopted. If OTA decides to propose a multi-ingredient transitional standard and consumer-facing transitional certification label in the futre, a longer comment period and more inclusive and thorough vetting process should be conducted.

Examples & Resources:

- Certified Transitional Initiative - Kashi
- National Certified Transition Program (NCTP) - Organic Trade Association (OTA)

2 After initial approval in early 2017, the NCTP has been delayed to a legal challenge issued by the Western Organic Dairy Producers Alliance (WODPA) to the USDA on 2/14/2017. As of 4/7/2017, the future of NCTAP remains uncertain.

3) INFRASTRUCTURE

CHALLENGES: There is a shortage of agricultural infrastructure capable of handling and processing organic crops, thus creating a bottleneck in the organic supply chain. This bottleneck makes it difficult for farmers to find facilities that can perform necessary post-harvest handling activities for their crops (especially for grain), and can also be a challenge for processors and buyers looking to source "finished" organic ingredients. Existing infrastructure such as grain elevators and silos, sorting and processing facilities, and packing and distribution centers are often not certified to handle organic goods or may require a minimum load size that is larger than what organic farmers are capable of supplying. While facilities that handle conventional products can obtain organic certification and still handle conventional goods (referred to as a split operation), the need to change or add additional operating procedures (e.g. cleaning equipment in-between conventional and organic runs, updating pest management plans) combined with typically smaller load sizes means that handling organic product is often cost-prohibitive for mid-supply chain businesses.

Opportunities:

- **Advocate for the renovation and resurgence of defunct or struggling regional processing facilities and infrastructure, especially where the potential for increased organic production is promising.** Advocacy and investment should be spearheaded by regional farmers and buyers who have the most to gain from the development of mid-supply chain infrastructure. Collaboration between farmers, processors, and buyers is crucial to ensure that supply and demand levels are adequate and logistical complexities are understood and well managed.

- **Provide outreach and education to handlers and processors about organic standards and best practices for the prevention of commingling and contamination.** Misinformation about organic regulations and perceived challenges can deter operations from pursuing organic business opportunities. Targeted outreach and education about organic regulations, the certification process, and supply and demand trends to processors, handlers, and other mid-supply chain businesses has the potential to widen the current infrastructure bottleneck.

Examples & Resources:

- Agromeris

4) RESEARCH & EXTENSION

CHALLENGES: Much of the existing body of organic research is focused on specialty crops and small-scale production. With the exception of a small number of agricultural extension programs that have emerged as organic leaders, most programs do not have the funding to hire organic specialists or conduct organic-specific research. As a result, larger scale and non-specialty crop farmers are often unable to get the support, resources, and data they need to determine if going organic is a viable and feasible option for their farm business.

Opportunities:

- **Expand organic research priorities and funding: In addition to expanding research priorities to include non-specialty crops, the following research areas were identified as lacking:** crop rotation planning and management, cover cropping, weed management practices, and organic seed trialing. With organic funding from the USDA and other federal agencies likely to remain minimal, there is a need and opportunity for industry partners invested in organic to step up and fund new organic research initiatives.

- **Increase the number of organic extension agents:** As interest in organic agriculture increases, extension offices will need more in-house organic expertise. If additional state and federal funding is unavailable to create new positions, hosting "train the trainer" sessions for extension staff can be a cost-effective option to expand organic expertise and knowledge throughout state extension networks.

- **Involve and target all supply chain stakeholders in extension and outreach work:** Farmers are not the only audience that requires organic education and assistance. Buyers, processors, and retailers also need to be informed of the organic regulations, the certification process, and current market trends if they plan on growing organic supply and working successfully with transitioning and organic farmers.

Examples & Resources:

- Organic Extension Program - Oregon State University
- The Organic Grain Resource and Information Network (OGRAIN) - University of Wisconsin-Madison Extension Program
- Sustainable Agriculture and Food System Funders
- Transition Services and Education - Oregon Tilth

5) ORGANIC POLICY

CHALLENGES: Recent approval of the National Certified Transition Program (NCTP) and the expansion of the Organic Certification Cost Share Program (OCCSP) [3] to include certified transitional farmers is an encouraging sign that the USDA is aware of the transition difficulties faced by farmers. However, if domestic farmers are to successfully compete with lower organic import prices and the number of organic acres in the US, they will require additional financial support and assistance from sources other than the USDA. Some organic stakeholders also question the efficacy of USDA statistics on organic agriculture, specifically related to production and market trends, and there is general concern and uncertainty about what will happen to the National Organic Program (NOP) under the new Trump administration.

Opportunities:

- **Propose new methods for tracking and analyzing data on organic production and market trends:** Form a coalition of organizations and institutions dedicated to collecting and collating data about organic prices and trends for both wholesale and direct markets. Work with the USDA's National Agricultural Statistics Service (NASS) to develop more transparent and accurate data collection and reporting methods that are approved and respected by farmers.

- **Develop policy proposals for allocating more federal money that can be used to support and promote organic agriculture:** Specific proposal suggestions include; expanded crop insurance and better coverage for organic crops, payments for eco-system services for farmers working with the Natural Resources Conservation Service (NRCS), and a per-acre tax credit for farmers that have certified organic land. The proposed Organic Check-off Program is one example of a program with potential to increase the amount of money available for organic initiatives and research, however opinions about the program's merits remain divided within the organic community and the fate of the program is still to be determined at this time.

Examples & Resources:

- Expanding Opportunities for U.S. Farmers by Supporting Organic Transition (Report) - Environmental Working Group

3 Due to the delaying of NCTP by WODPA, as of 4/7/2017 it remains uncertain whether or not OCCSP will be available for producers that are certified transitional.

- National Sustainable Agriculture Coalition
- Organic Check-Off Program FAQ - USDA

6) SMALL TO MID-SIZED FARM VIABILITY

CHALLENGES: Small to mid-sized farmers are concerned about how the growth in the organic sector and increased involvement by larger, vertically integrated agribusiness will impact organic premiums. Farmers must already compete with an influx of low-priced organic imports, and there is concern about how consumer perceptions of the organic label will change if it is increasingly associated with larger food brands and retailers that don't have an established track record of promoting sustainable agricultural practices, or with products that are being imported.

Opportunities:

- **Create organic-specific regional marketing associations:** The formation of regional organic marketing associations can help farmers access new and existing markets, develop regional brands and place-based marketing campaigns, and support the development of regional food hub/aggregation initiatives where appropriate.
- **Develop state organic commissions:** The creation of state commissions that represent the interests of organic farmers can help expand the sphere of influence that organic farmers have on agricultural policy decisions at the state level where organic representation and influences tends to be low.
- **Develop business training courses and tools for small- to mid-sized organic farmers:** Transitioning and organic farmers are faced with unique business decisions and challenges, requiring skills and training that is different than what is provided by common small business education programs. In particular, small- to mid-sized farmers need further assistance and training on how to track and allocate production costs so that they accurately demonstrate their price points to buyers as well as lenders.

Examples & Resources:

- Food Hub Resources - ATTRA NCAT
- Farm Viability Education and Training - Oregon Tilth
- Organic Transition Planner - Minnesota Institute for Sustainable Agriculture

Questions about this summary, the intensive, or Organicology?
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