



ORGANIC PROVISIONS

Sustainable Agriculture Agenda for the 2007 Farm Bill

Background:

Well-documented statistics placing the growth of the organic food market at approximately twenty percent annually for the past fifteen years clearly indicate that consumer demand for organically produced fruits and vegetables, milk products, meats, and myriad value-added products is becoming a permanent force in our domestic agriculture market. In addition to the obvious resource conservation benefits of organic production methods, the premium paid for organic food offers extremely promising economic opportunities for small to mid-sized farmers and ranchers.

In spite of significant economic incentives for farmers and ranchers to adopt organic practices, we are currently experiencing an increasing domestic shortfall of organically produced food. As sales of organic food products continue to grow by nearly \$2 billion each year, U.S. companies are increasingly being forced to rely on foreign imports in their effort to meet consumer demand. Clearly, this is an unacceptable situation. Considering the enormous potential organic practices have to increase farm revenue in our rural communities, and provide nutritious, locally-produced food to our citizens, federal policies aimed at assisting farmers and ranchers transition to organic production must be a priority in the 2007 Farm Bill.

Specific Policy Recommendations:

- ***Organic Certification Cost Share, Conversion Support, and Crop Insurance*** -- The existing cost share program should be expanded to cover the increasing farmer demand for, and cost of, organic certification services. A new organic conversion support program should be enacted and funded to spur transition to organic farming by providing technical and financial assistance for the adoption of organic farming-based conservation practices and systems. The new farm bill should also end the current discriminatory policy of charging organic farmers more in crop insurance premiums than conventional farmers and then, should they experience a drought or other disaster, paying them at lower convention crop prices.
- ***Organic Research Portfolio:*** Current USDA research agency resources applied specifically to organic agriculture totals about 0.6% (\$12 Million) annually, well behind current (2007) market share of 3% of total U.S. food retail. U.S. organic consumer demand continues to double every 3-4 years. Established trends will take organic “market share” to over 10% by FY2012. Due in part to the dearth of research and development funding, domestic organic production is not adequate to meet current demand. As U.S. producers fall further behind the growing requirements for organic supplies, the balance of trade in organic goods will continue to worsen. An increased rate of growth for U.S. organic production –to achieve a “fair share” of the demand for U.S. organic producers -- requires a coordinated approach to research, extension and development, and an overall funding baseline that gradually approaches a “fair share” of USDA-REE resources by end of this Farm Bill.

Organic research programs at USDA should be increased dramatically to at least 3 percent or more of the total research budget at USDA, consistent with the size and growth of the organic sector, including at least \$15 million a year for the Organic Farming Research and Extension competitive

grants program. The Agricultural Research Service should be directed to start a new national program for organic agriculture, overseen by a new National Program Leader for Organic Agriculture, with start-up funding of no less than \$25 million per year. Also, the Organic Production and Marketing Data Initiative should be reauthorized, with directives for the regular reporting of organic price information and other pertinent organic sector data.

Talking Points:

- Although sales of organic products continue to grow at \$2 billion annually, suppliers and retailers are increasingly being forced to rely on imports to meet consumer demand. Given the incredible potential of organic production to increase farm revenue in our rural communities, and provide nutritious, safe, and locally grown food to all Americans, federal policies that support organic farming must be a high priority in the next Farm Bill.
- The organic certification cost share program currently provides farmers with up to \$500 a year to help cover the cost of organic certification. Demand for funding under the National Organic Certification Cost Share Program is outstripping the dollars made available by the last farm bill. In the new Farm Bill, Congress should update the maximum amount of annual assistance to \$750 per certified farmer or handler, and increase mandatory funding for the program to \$25 million over the life of the farm bill.
- The costs of organic conversion over the mandatory three-year conversion period are perhaps the single greatest challenge facing producers. All of these costs must be internalized by farmers until the transition is complete. To mitigate this market entry barrier, Congress should create a National Organic Conversion and Stewardship Incentives Program. Administered through the National Resource Conservation Service (NRCS), the program should receive \$50 million in mandatory annual funding, with per farm payments capped at \$10,000 a year (\$20,000 for dairy and specialty crops) under contracts not to exceed five years.
- Organic producers should have access to insurance programs that meet their needs without putting them at a competitive disadvantage relative to conventional producers. The 2007 Farm Bill should eliminate the current unfair 5% surcharge on premiums for organic producers and establish a deadline by which disaster and crop insurance payouts to organic producers reflect organic rather than conventional prices.
- Organic production and marketing systems are not getting their fair share of federal research and extension dollars. A significant ramp up of funding is required. The existing Organic Farming Research and Extension Initiative (sometimes called the Integrated Organic Program) should be increased to at least \$15 million a year in mandatory funds. In addition, the federal research arm, Agricultural Research Service, should be directed to start a national program for organic agriculture, with its own national program leader and at least \$25 million in annual funding.

For more information about this and other 2007 Farm Bill policy priorities of the **Sustainable Agriculture Coalition**, please contact Aimee Witteman at (202) 547-5754 or visit the Farm Bill Action Center at: www.sustainableagriculturecoalition.org