

2007 Farm Bill Perspectives

Organic Farming Research Foundation (OFRF)

OFRF is a national non-profit founded by California organic farmers in 1990, dedicated to improving and expanding organic practices.

- **We fund research, disseminate research results, and educate the public and decision makers about organic farming issues.**

Since 1997, OFRF has provided recommendations on Farm Bill provisions for organic farming research and other agricultural policy areas.

What is OFRF's Farm Bill Interest?

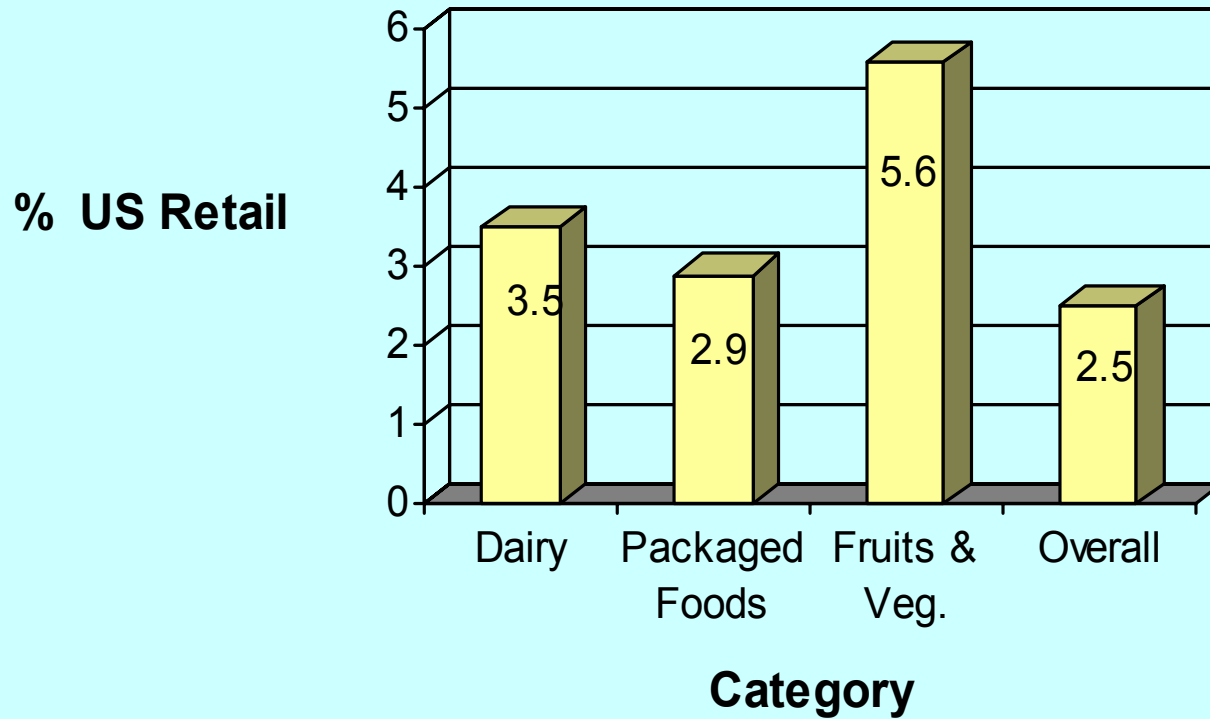
* A fair share of public investment in organic agricultural research including the collection of economic and farm-level financial data.

**Only 0.4% of USDA's budget (\$2.5 b)
focuses on organic agricultural research
(\$10 million)**

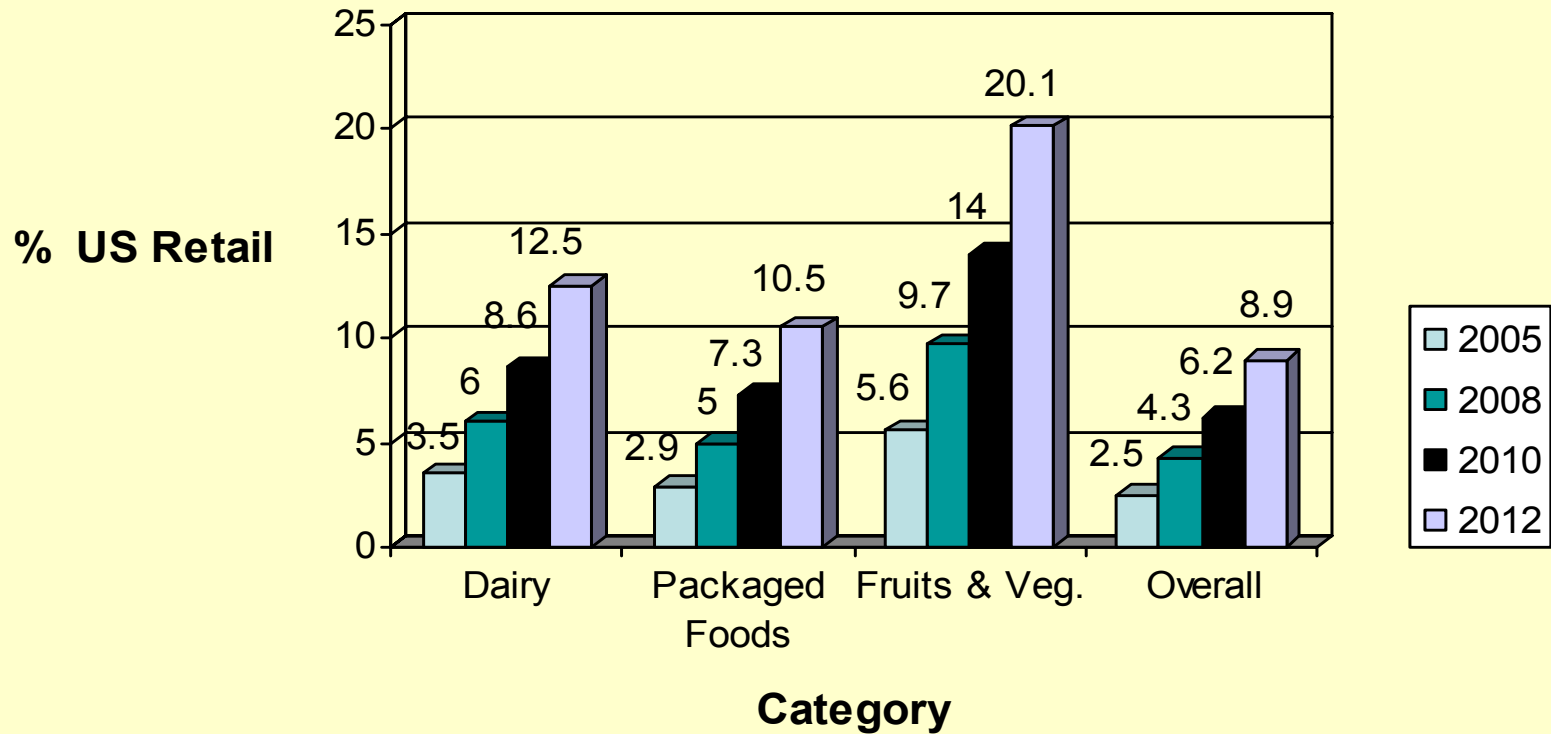
2005 Organic Share of U.S. Retail Dollars
\$13.8 billion (~ 2.5% of total food sales)

Public investment in organic agriculture
should reflect the current annual rate of
growth in the organic sector (15-20%)

From Nutr. Bus. J. March '06



Projected Growth of Organic Product Share (20% / yr) through Term of 2007 Farm Bill



However . . .

U.S. organic acreage has not kept pace with the increase in retail share

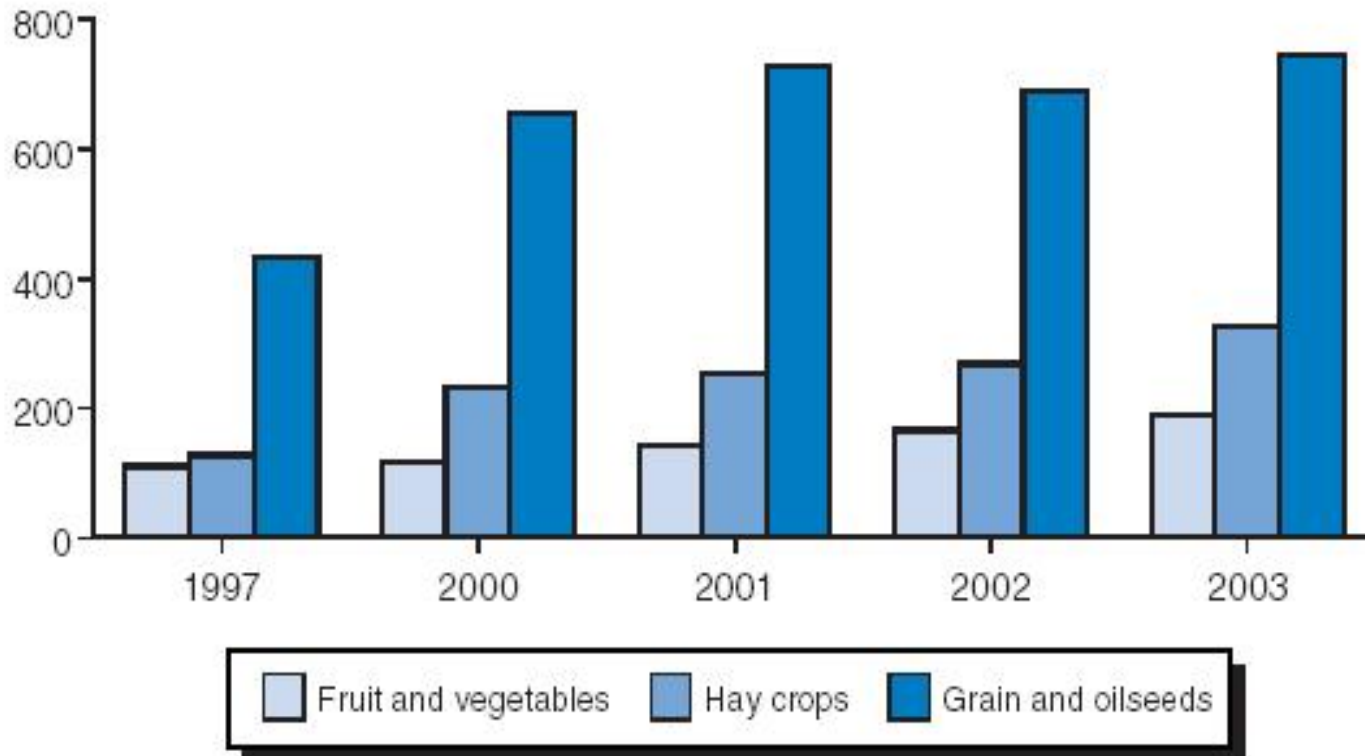
Organic trade deficit is ~10:1
(imports/exports)

China, Mexico, Argentina, EU are grabbing the U.S. organic market share.

Figure 4.9.1

U.S. certified organic acreage, selected crops, 1997-2003

1,000 acres



Source: Economic Research Service, USDA.

Organic Agriculture's Opportunity in the United States

OPPORTUNITY

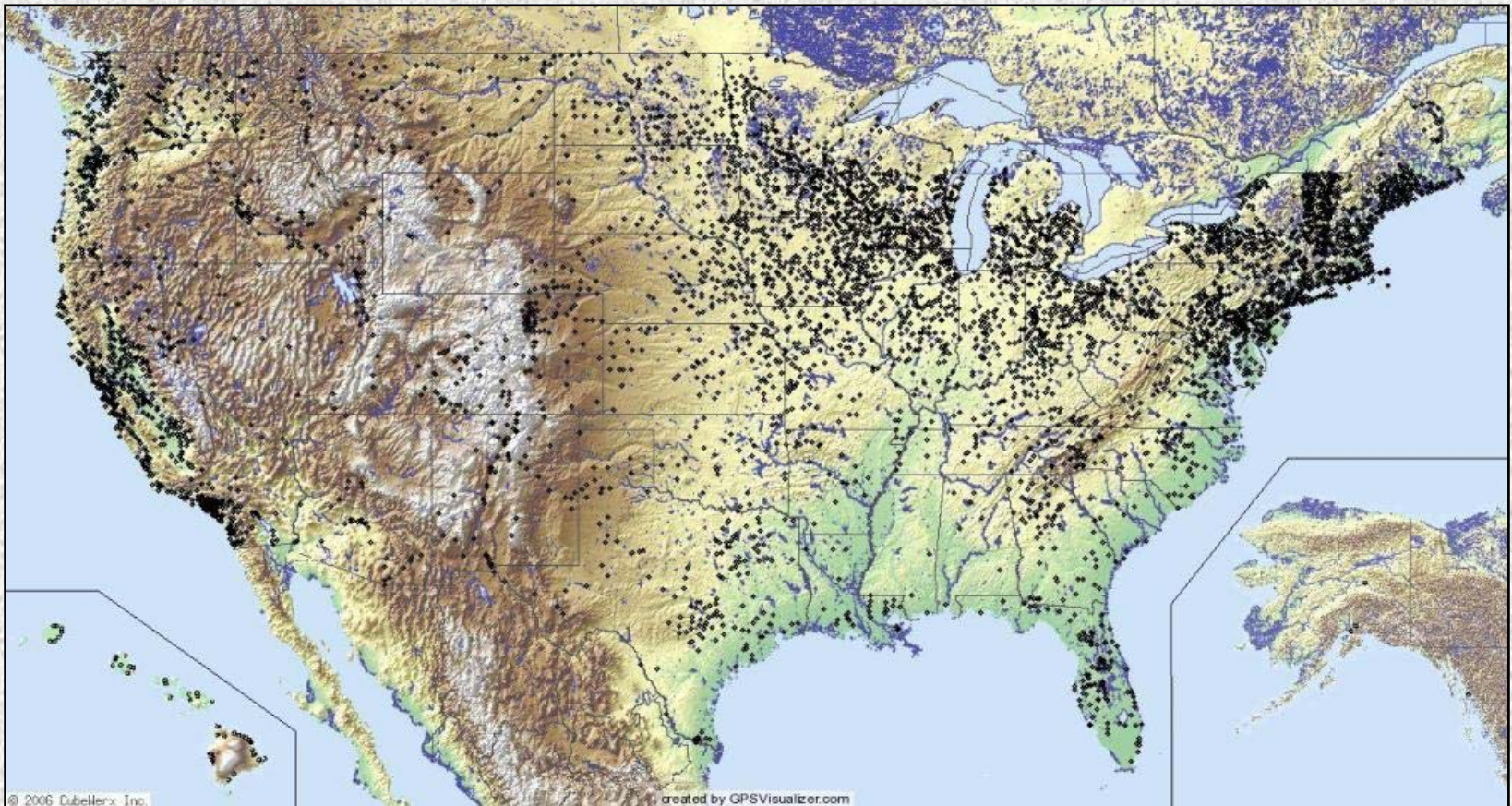
Consumer demand greatly exceeds supply particularly in dairy, meat, grains, and livestock feed not only in the U.S. but in Europe and elsewhere.

Organic Agriculture's Constraints in the United States

- Support infrastructure and scientific data and information are needed to mitigate producer risk and assist conventional farmers' transition to organic production.
- Premium prices are perceived by organic producers as necessary to stay in business.

NOTEWORTHY

Skewed distribution of organic farms



What Then Must We Do?

1. Reauthorize and fully fund the Organic Production and Marketing Data Initiatives (Sec. 7404, 2002 Farm Bill).
2. Authorization of \$2 million per year for Fruit and Vegetable Market News (AMS) to regularly report nationwide organic prices.

What Then Must We Do?

3. Authorization of \$3 million per year to continue and expand the collection of organic farm financial indicators (ERS).
4. Authorization for surveys and data sets on the organic sector, including census data and farm gate price reporting (NASS)

What Then Must We Do?

5. Certification cost share (Sec. 10606 from 2002 Farm Bill) program should receive a minimum of \$4 million per year.

6. Crop insurance - Organic growers face competitive disadvantages related to the market value of their crops if enrolled in the Federal Crop Insurance Corporation program.

Strategies to Achieve Organic Authorizations in the 2007 Farm Bill

Organic Farmers Action Network (OFAN)

OFRF initiated a nationwide advocacy network of organic farmers in February '06. Through July '06, more than 500 organic farmers have voluntarily subscribed.

Strategies to Achieve Organic Authorizations in the 2007 Farm Bill

Organic Caucus in U.S. House

Bipartisan association of Congressional members dedicated to the promotion of sound policies that advance organic production and marketing.

- 32 Democrats, 17 Republicans, and one Independent representing 23 different states.

Strategies to Achieve Organic Authorizations in the 2007 Farm Bill

Congressional Testimony by Organic Producers

- Increased organic research funding
- Better organic data collection
- More attention to organic producers in Farm Bill programs

Strategies to Achieve Organic Authorizations in the 2007 Farm Bill

Testing New Models

- e.g. **The New Farm Organic Price Index (OPX)** provides a competitive pricing report for listed organic commodities from significant U.S. markets.

Strategies to Achieve Organic Authorizations in the 2007 Farm Bill

Learning from Organic Producers

OFRF's 4th Organic Farmers Survey

1. Consumer education programs
2. Local or regional market development
3. Organic Research & Extension services
4. **Organic price reporting services**
5. Directories of organic product buyers

Key Questions and Issues to Consider

1. If Farm Bill 2007 funds are authorized AND appropriated to design and implement an organic price reporting platform, how could this system obtain data on price discovery points given that terminal markets are being overshadowed by large retailers?

Key Questions and Issues to Consider

2. If organic growers are uneasy with a price monitoring system that uses high-volume wholesale prices as the reporting price, rather than farm gate premiums, what should be the design elements of a system to monitor and report farm gate organic prices?

Key Questions and Issues to Consider

3. What would be the most appropriate market channel (other than wholesale markets) from which to monitor and report organic product prices – e.g. specialty markets; supermarkets; farmers markets?
4. How will organic growers access organic price information?

Key Questions and Issues to Consider

5. What is the price elasticity of demand for a range of organic products?

(or, How much of a reduction in premium prices can organic producers tolerate and still stay in business?)

Thank You !

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