

EXECUTIVE SUMMARY: Organic Trade Association’s 2018 Farm Bill Survey of organic producers, handlers and other stakeholders

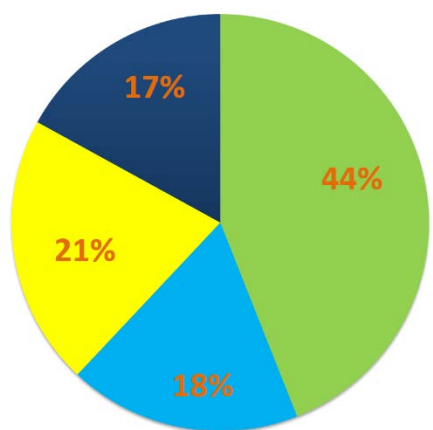
More than 500 organic stakeholders across 45 states weighed in on issues they see as critical to the organic sector as part of a comprehensive farm bill survey conducted by the Organic Trade Association (OTA) in lead up to Congress beginning debate on the 2018 Farm Bill.

Organic fruit and vegetable growers, grains and oilseed farmers, livestock and poultry producers, dairy farmers, vineyard owners and flower growers, along with organic processors, food makers, distributors and other organic operations answered questions concerning barriers they face in their organic operations—from regulatory, research, and marketing, to production and investment barriers. Survey respondents also evaluated the effectiveness of existing programs geared towards the organic sector.

BACKGROUND AND METHODOLOGY

The Organic Trade Association fielded the survey from 9/5/2016 to 11/28/2016. The survey was circulated via e-mail directly to the Organic Trade Association’s members and the National Organic Program database contacts with e-mail addresses. The following organizations partnered with OTA by circulating the survey to their respective stakeholders: Organic Farmers Research Foundation, Washington State Department of Agriculture, Oregon Tilth, Tilth Producers of Washington, CCOF (California Certified Organic Farmers), Texas Organic Cotton Marketing Cooperative, Montana Organic Association, Midwest Organic & Sustainable Education Service, Florida Organic Growers, Ohio Ecological Food and Farm Association, Pennsylvania Certified Organic, Organic Valley/CROPP Cooperative/Organic Prairie, Mid-America Organic Association, Maine Organic Farmers and Gardeners, Provender Alliance, Organic Seed Alliance, and Quality Assurance International.

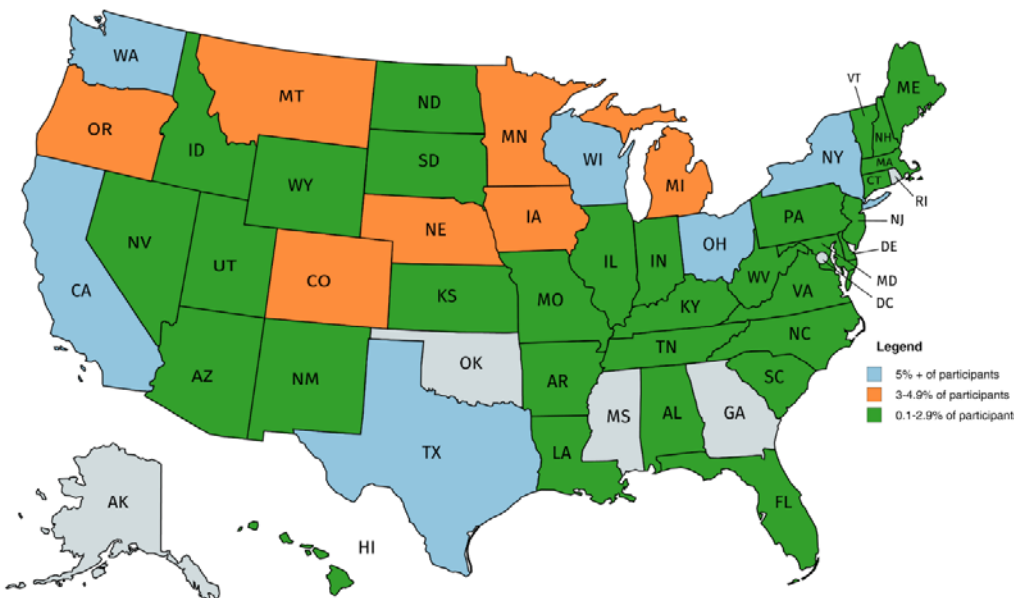
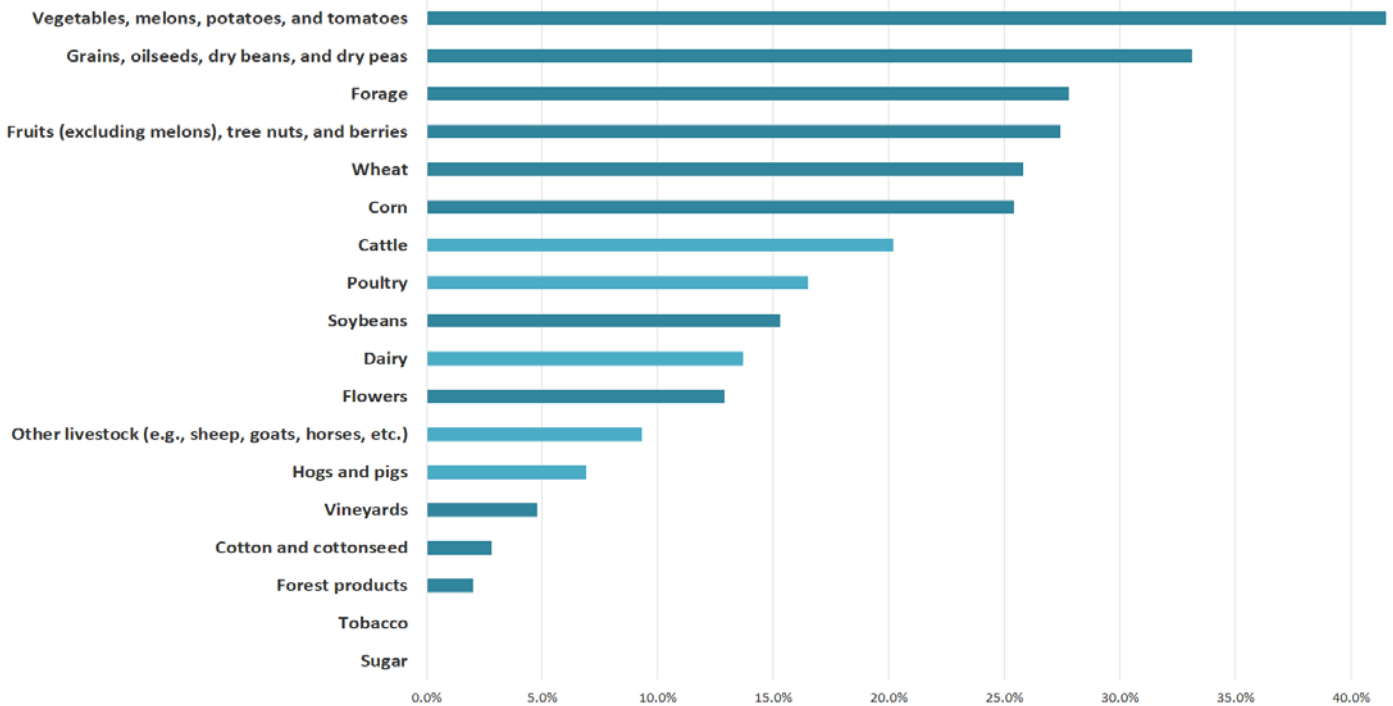
PARTICIPANT DEMOGRAPHICS



■ Producers
■ Other
■ Handlers
■ Producers/Handlers

Five hundred and thirteen participants responded to the survey. Forty-four percent of respondents were producers, seventeen percent producer-handlers, eighteen percent handlers, and twenty-one percent other stakeholders including accredited certifying agents, nongovernmental organizations, and consultants.

Producer respondents represented a wide variety production and cropping systems including livestock operations (dairy, poultry, cattle), specialty crops (fresh fruits and vegetables, tree fruits and nuts, vineyards), grains, oilseeds and pulses, forage crops, wheat, corn, soybeans, and cotton.



Forty-five states were represented by participant responses. The largest number of responses came from California (17%), Washington (9.7%), New York (5.5%), Texas (4.6%), Wisconsin (4.2%), and Ohio (4.2%). Alaska, Oklahoma, Mississippi, Georgia, and Rhode Island were not represented.

Participants were asked to evaluate the effectiveness of existing farm bill programs targeted to organic and the quality of regulatory systems. They were also asked to identify production, marketing and investment barriers to success and research and extension needs. Additionally participants identified future policy actions for consideration.

EFFECTIVENESS OF EXISTING FARM BILL ORGANIC PROGRAMS

Organic Certification Cost-share

Over 60% of respondents to this section reported receiving Organic Certification Cost Share (NOCCS) funds through their state Department of Agriculture. One-thirds of those not receiving funds stated they did not know the program was available. When asked about the biggest limitation of the program, responses varied. Twenty-two percent indicated the funds did not reimburse enough of the associated costs of certification and as a result was not worth the effort of applying, 17% found the application process through state departments of agriculture cumbersome, 13% cited a narrow window to apply for funds, and 8.5% identified the program doesn't cover fees associated with transitional certification.

Environmental Quality Incentives Program

(EQIP) offered by the Natural Resources Conservation Service (NRCS) (Includes EQIP-Organic, general EQIP)

Thirty percent of producer respondents reported using some form of EQIP. The most common reasons cited for not using the program were: 1) I did not know it was available, 2) the program did not pay for practices already installed, 3) the program did not cover the practices I wished to implement.

Of respondents, 46.4% utilized EQIP-organic, 44.6% utilized General EQIP, and 35.7% reported utilizing funds through the High Tunnel Initiative. The top reasons cited for choosing General EIP over EQIP-Organic were: 1) recommendation of NRCS staff, 2) limits on practices covered under EQIP-Organic, and 3) funding caps under EQIP Organic.

Eighty percent of respondents utilizing EQIP-Organic cited they would recommend the program to other growers. When reviewing the quality of the service provided, the majority of respondents indicated the requirements for implementation of practices were reasonable (69%), advice and technical assistance were available (67%), and that approval of plans was timely (53%). However, few respondents (29%) identified the service providers as knowledgeable in organic farming systems or certification rules.

Agricultural Conservation Easement Program (ACEP)

Few respondents (4%) reported currently farming land enrolled in ACEP.

Crop Insurance

Thirty-four percent of respondents stated that they did consider, seek or obtain crop insurance for their organic production in 2015 or 2016. The main reasons stated for considering but not purchasing crop insurance for their organic production were: the premium/ payout equation was not cost effective (26%), coverage of specific risks was not sufficient (17%), not eligible due to program restrictions (17%), and insurance agent unfamiliar with organic options (9%).

Of those who did obtain crop insurance for their organic production, 67% used regular coverage with organic price elections, 26% used an organic contract price addendum, and 22% used Whole Farm Revenue Protection.

Respondents identified a number of changes they would like to see in organic crop insurance programs to increase coverage or eligibility: include coverage during transition, allow terminated green manure to be designated as summer fallow acres, improve dry bean coverage, improve T Yield figures, add additional crops like quinoa and specialty wheat, educate crop insurance providers, perennial pasture losses, bring price coverage closer to market value, and reduce conflicts between RMA and NRCS.

Organic Data Products

Pricing information (USDA-AMS), market reports (USDA-AMS), and market data (USDA-ERS)

Fifty-three percent of respondents were aware of or utilize USDA's National Agricultural Statistics Service (NASS) data on organic production. Thirty-six percent designated the data as helpful to their operations.

Twenty-six percent cited that they use USDA's Agricultural Marketing Service (AMS) Market News Service "Organic Price Portal" for organic prices.

International Trade Programs

Sixteen percent of respondents cited utilizing USDA trade programs for organic—both trade promotion and barrier reduction.

BARRIERS IDENTIFIED BY PRODUCERS AND HANDLERS

The top **regulatory barriers** identified by both producers and handlers include the cost and complexity of food safety regulations, and the requirement to participate in regulatory programs that are **NOT** designed for organic supply chains (45% of respondents). Also ranking in the top tier (+35%) were a lack of clear and common understanding of the organic standards and inconsistent application of organic standards across accredited certifiers and certified operations (level playing field). Additionally noted were the length of time to complete standards rulemaking and guidance and to investigate and conclude compliance actions. Handlers (15%) identified difficulties due to export barriers related to organic or a lack of equivalence arrangements for organic. Another 10% identified inconsistent determinations by Material Review Organizations as a barrier.

The top **research and extension barriers** identified by producers include the lack of research and incentives to develop new effective pest control products approved for organic production, the lack of university and professional programs focused on organic, and the lack of food safety programs.

Both producers and handler (close to 30%) identified a lack of or inadequate outreach and extension as a major barrier.

Producers identified a number of top **market and marketing barriers**. These included downward price pressure from less expensive and/or imported organic products (63%), lack of consumer awareness of

benefits and value of organic (49%), drift from genetically engineered organisms, pesticides, or other materials prohibited by organic regulations (43%), mandatory programs that don't support organic marketing [e.g. Commodity Check-Off, Federal Milk Marketing Order (28%)], and lack of pricing information (26%).

Handlers identified their top **market and marketing barriers** as lack of consumer awareness of benefits and value of organic (60%), proliferation of unregulated organic marketing claims for non-foods (25%), mandatory programs that don't support organic marketing [e.g. Commodity Check-Off, Federal Milk Marketing Order (19%)], and lack of pricing information (35%).

Producers identified their top **production and capitol barriers**, with 45-50% citing the cost of buying land, cost of labor, and availability of labor. Another 30-35% identified a lack of access to land and the cost of inputs as a top barrier. In addition, 20-25% identified lack of appropriate distribution infrastructure, lack of appropriate processing infrastructure, cost of transitioning to organic production, and lack of organic seed availability.

Handlers identified their top **supply chain barriers** as lack of dependable supply of domestic organic raw materials (51%), lack of dependable supply of any organic raw materials (37%), and a lack of access to certified organic co-packers (35%).

TOP SUGGESTED POLICY ACTIONS BY PRODUCERS

1. Increased public education about the benefits of organic
2. Increased funding for organic production research
3. Access to land programs geared towards organic production
4. Increased consistency by the National Organic Program (NOP)
5. Programs to improve transparency and tracking of international trade

TOP SUGGESTED POLICY ACTIONS BY HANDLERS

1. Increased public education about the benefits of organic
2. Increased consistency by the National Organic Program (NOP)
3. Investment to support transition to organic
4. Programs to improve transparency and tracking of international trade
5. Increased funding for organic production and ingredient research

QUESTIONS? Please contact **Nathaniel Lewis**, Organic Trade Association Farm Policy Director (360.388.6422, nlewis@ota.com); or **Megan Debates**, Organic Trade Association Director of Government Affairs + Coalitions (202.403.8643, mdebates@ota.com).