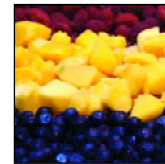


Organic



I S S U E

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This newsletter is published by the Organic Trade Association, the North American trade association committed to the promotion of organic products in the marketplace, and the protection of the integrity of organic standards. Its membership includes more than 1,600 producers, processors, distributors and retailers of organic foods, fibers, farm and garden supplies, and health and beauty products. OTA is your leading resource for information about this industry.

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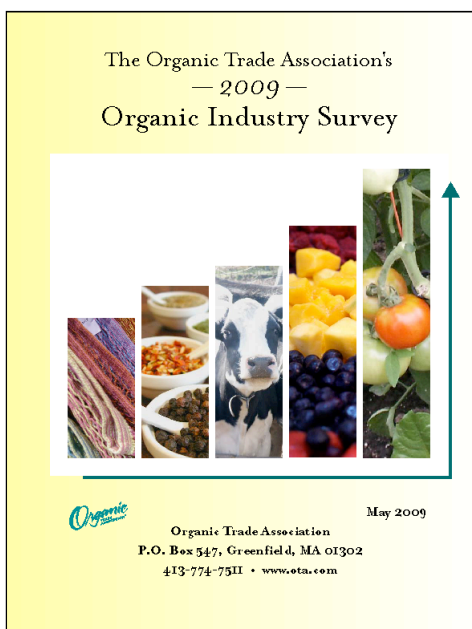
U.S. organic sales continue to show healthy growth

U.S. sales of organic products, both food and non-food, reached \$24.6 billion by the end of 2008, growing an impressive 17.1 percent over 2007 sales despite tough economic times, according to the Organic Trade Association's (OTA) 2009 *Organic Industry Survey*.

While the overall economy has been losing ground, sales of organic products reflect very strong growth during 2008. The survey, conducted by Lieberman Research Group on behalf of OTA, measured the growth of U.S. sales of organic foods and beverages as well as non-food categories such as organic fibers, personal care products and pet foods during 2008. Results show organic food sales grew in 2008 by 15.8 percent to reach \$22.9 billion, while organic non-food sales grew by an astounding 39.4 percent to reach \$1.648 billion. As a result, organic food sales now account for approximately 3.5 percent of all food product sales in the United States.

"This marks another milestone for the organic food market," said Christine Bushway, OTA's Executive Director.

With tough economic times, consumers have used various strategies in continuing to buy organic products. Because most venues now offer organic products, consumers have the opportunity to shop around. Increased use of



coupons, the proliferation of private label brands, and value-priced products offered by major organic brands all have contributed to increased sales.

The Organic Trade Association's 2009 *Organic Industry Survey* is now available for purchase. Orders can be placed online at www.ota.com/bookstore/2.html.

The following highlights other trends in the organic sector.

Trend: Economic times bring increased interest in organic gardening and seed purchases.

➤ Leading the charge, First Lady Michelle Obama has organized an organic garden on a patch of the White House lawn to feature vegetables grown from organic seedlings. Meanwhile,

Maria Shriver, wife of California Governor Arnold

Schwarzenegger, has created an organic garden in California's Capitol Park. Like the White House garden, Shriver's garden will provide opportunities to school children to learn about sustainable agriculture and the importance of fresh food.

➤ The U.S. Department of Agriculture (USDA) has planted an organic garden in Washington, D.C.

➤ Interest in gardening skyrocketed this spring as consumers, facing economic stress, turned to ways to grow some of their own food. Seed companies, such as Fedco Seeds in Waterville, ME, reported record sales as did Johnny's Selected Seeds based in Winslow, ME. "Our seed business is up 50 to 55 percent overall, with organic seed sales up 37 percent over last year," according to Dan Alger of Johnny's Selected Seeds. He noted that much of this is from organic farms that are increasing their production of organic produce.

Trend: Organic non-food sales are showing dynamic growth.

➤ According to findings from the Organic Trade Association's 2009 *Organic Industry Survey*, U.S. organic non-food sales grew by an impressive 39.4 percent to reach \$1.648 billion in 2008. The organic non-food category includes personal care products,



pet food, flowers, supplements, household products and cleaners, and organic fiber for linens and clothing.

- Meanwhile, the development of standards for non-food categories, including two voluntary standards for personal care products and renewed discussion by the National Organic Standards Board for personal care standards, and the Global Organic Textile Standard (GOTS) for processing of organic textiles, is accompanying this growth.

Trend: As additional countries develop organic standards, there is a push for trade agreements and expanded export business.

- More companies are entering the export market, according to OTA's 2009 *Organic Industry Survey*. In fact, 45 percent of respondents say they directly sell outside the U.S. market, and another 10 percent export through an export agent or broker. In addition, another 21 percent indicated future plans to export. One quarter of those exporting said they started selling outside the United States within the past two years.
- In March, OTA hailed trade negotiations between U.S. officials and the Taiwanese government that have resulted in Taiwan recognizing the U.S. National Organic Program (NOP) as equivalent to its recently drafted regulations. As a result of the export agreement reached with Taiwan, Taiwan is now open to the import of NOP-certified U.S. organic products that are accompanied by a transaction document.
- Also in March, Barbara Robinson, deputy administrator at USDA in charge of the National Organic Program, announced that the governments of the United States and Canada have agreed they mutually intend to sign a letter of intent to complete the negotiations and finalize an agreement by this summer, when Canada's new organic regulation comes into effect. An equivalency agreement would allow for the smooth flow of certified organic goods between the two countries, supporting the continued growth of this rapidly expanding market in North America.

Trend: Organic agriculture continues to grow globally.

- An estimated 32.2 million hectares of agricultural land were managed organically by more than 1.2 million producers, including small landowners, in 2007, according to *The World of Organic Agriculture: Statistics and Emerging Trends 2009* released in February. The study, published by the International Federation of Organic Agriculture Movements (IFOAM) and the Research Institute of Organic Agriculture (FiBL), tallied an increase of 1.5 million hectares over the previous study released in 2008.

Trend: Consumers continue to find more organic products offered by retailers, eating establishments and other venues.

- TerraBurger is a new all natural and organic fast food spot in Austin, TX, featuring organic beef burgers, lettuce, tomatoes, white cheese, yogurt, eggs, milk, fruit, and ice cream, among other items.

The building is eco-efficient as is the lighting, and the operation recycles its cooking oil into biofuels.

- Basilico, a new Italian restaurant, in Mason, OH, has gained organic certification.
- Gourmet retail brand Angelina's Metro Market, featuring organic and natural foods, opened its first location in the Central Terminal Building at LaGuardia Airport, New York City.
- Organic To Go™ has opened its first grab & go location franchise within San Diego International Airport, in the food court on the first floor of Terminal 1.
- A&P introduced a natural and organic private label line, Green Way, around Earth Day. More than 100 shelf-keeping units are to hit store shelves by June.



Trend: Increasingly, consumers are including organic products in their purchases.

- Consumers are willing to pay a premium for organic produce, according to an article in the March 2009 issue of *Amber Waves* published by the U.S. Department of Agriculture's Economic Research Service (www.ers.usda.gov/AmberWaves/). Organic price premiums vary among various types of fresh produce. For instance, there is a 62.2 percent price premium for organic potatoes and only a 16.6 percent premium for organic tomatoes.
- Results from the 2009 *Cone Consumer Environmental Study* released in February showed 34 percent of American consumers are more likely to buy environmentally responsible products, and another 44 percent indicate their environmental shopping habits have not changed as a result of the economy. Only eight percent said they are less likely to buy such products.
- The Hartman Group's new report, *Sustainability: The Rise of Consumer Responsibility*, found 62 percent of consumers said the economic downturn had no impact on their purchase of



sustainable products, while 13 percent said they have increased their sustainable product purchases. Some of the sustainable categories covered in the study, including natural, organic or environmentally friendly food, personal care, and household cleaners, were perceived by consumers as most important to their quality of life.

- Consumer interest in buying environmentally friendly products and organic food remains high among Northwest natural and organic product consumers despite tough economic times and rising food and energy prices. Recent market research by Mambo Sprouts Marketing showed that consumers in Washington and Oregon see buying 'green' as a priority. More than nine in ten consumers (92 percent) reported buying the same (54 percent) or more (38 percent) environmentally friendly products compared to the prior six months. Rather than cutting out such products, consumers report they are using money-saving strategies, such as using coupons, stocking up on sales, and cooking meals at home to stretch their grocery dollars.

Trend: Campuses and universities announce efforts to encourage organic farming practices.

- Organic Valley has awarded a \$40,000 grant to the Research Foundation at California State University, Chico, CA, through its Farmers Advocating for Organics grant program. The money will be used by CSU-Chico's College of Agriculture organic dairy to help fund a two-year study focusing on improving net profit by improving pasture management.
- University of Tennessee's (UT) Institute of Agriculture has launched an organic farming initiative, with 21 acres currently under cultivation at its 90-acre East Tennessee Research & Education Center. UT has launched the organic farming initiative to jump-start organic agriculture in Tennessee and "help keep family farms in the family." Meanwhile, Tennessee State University has five acres of a farm certified as organic, launched new research into organic methods, and has a faculty member dedicated exclusively to programs and courses on organic vegetable production.
- The University of Minnesota's West Central Research and



Outreach Center is transitioning a portion of its dairy herd to organic production as part of its research and education program. Certification of the herd is anticipated in Fall 2009, with cropland certification phasing in over three years.

- Purdue University has set up the Organic and Alternative Livestock Production System web site (<http://www.ansc.purdue.edu/poa>) to provide tips for farmers wishing to transition to organic livestock production.

Trend: States, farms and companies take additional steps to encourage organic operations or to increase organic production practices.

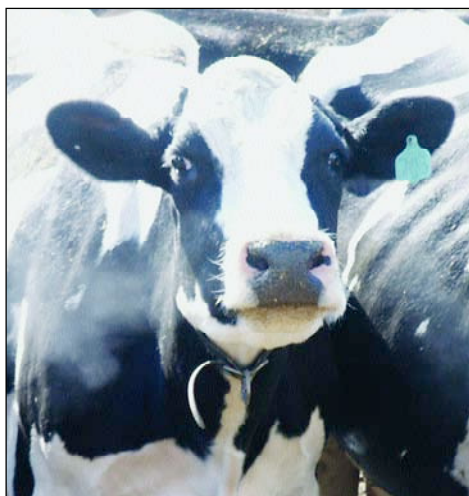
- Lifeway Foods, Inc., has been selected as the exclusive yogurt supplier to Chicago's Lincoln Park Zoo. Under the agreement, effective April 1, Lifeway products to be sold at the zoo include ProBugs™ a children's line of organic kefir.
- Organic milk sales in California rose by almost 19 percent in 2008 over the previous year, according to the California Farm Bureau Federation.
- Pennsylvania has introduced its "PATH to Organic" farming transition program, with \$500,000 in the 2008-2009 state budget for the voluntary program. The initiative is designed to provide an incentive for farmers to make the three-year transition to certified organic production practices and to evaluate organic production practices as tools in improving soil health, protecting water quality and sequestering atmospheric carbon on a pilot basis. The program is limited to owner-operated farms.
- The Hiram Farm Living and Learning Community, an official ministry of the Christian Church, Disciples of Christ, in Ohio, is being launched as an organic farm to serve people with autism-spectrum disorders. The farm is on 120 acres.
- British rock star Sting, who has an organic farm in Tuscany, Italy, intends to begin marketing organic red wine in September.
- Farmers at the East End community Organic Farm, a non-profit organic cooperative farm in East Hampton, NY, are donating their time, skills and labor to produce organic vegetables for local food banks.
- Organic Valley Family of Farms donated more than \$2.2 million in cash and food to charitable organizations during 2008. Included were over \$1 million in food to more than 20 food shelters and food banks nationwide.
- The Organic Farming Research Foundation awarded a record \$436,000 in grant money to 27 research projects in the United States and Canada during 2008.

Trend: More research studies are looking at organic products and farming.

- **Benefits of organic practices:** Scientists taking part in a February symposium on "Living Soil, Food Quality, and the Future of Food" at the American Association for the Advancement of Science annual meeting cited scientific evidence showing that organically farmed soils display improved soil health as measured by increased



biological diversity, greater soil organic matter, and improved chemical and physical properties. Studies have shown this has resulted in improved nutritional quality in apples, tomatoes, and spinach. The presentations are posted on The Organic Center's web site (www.organic-center.org).



- **Calcium and healthy plants:** Researchers have shown that calcium, when bound to a protein called calmodulin, prompts plants to make salicylic acid (SA) when threatened by infection or other danger. SA is a close chemical relative of aspirin. The study was available in the online version of *Nature* (<http://dx.doi.org/10.1038/nature07612>).
- **Earthworm power:** Results from a greenhouse study published in the February 2009 issue of *Plant Disease* showed that earthworms play a significant role in suppressing several common soil-borne plant pathogens, including *Fusarium* and *Verticillium* species.
- A new organic agriculture web site, eOrganic, is now included as one of many Web communities within eXtension (<http://www.eXtension.org>), a national initiative of the U.S. Cooperative Extension System. It features land-grant university research.
- **Organic vegetable resource:** In the new publication *Organic Certification of Vegetable Operations* (<http://swroc.cfans.umn.edu/organic/vegetable.pdf>), Jim Riddle explains organic certification requirements in understandable terms. Covered are the requirements for organic seeds, seedlings, greenhouses, crop rotations, soil amendments, pest and disease control inputs, harvest, and storage, as well as how to transition an operation to certified organic production.
- **Poultry production:** ATTRA has published *Organic Poultry Production in the United States*, and posted it online as a pdf (<http://www.attra.org/attra-pub/PDF/organicpoultry.pdf>).

Trend: As interest in organic agriculture and products continues to grow, practices not allowed in organic production are again linked to environmental and health concerns.

- **Disappearing salamanders:** A study surveying salamander species in Southern Mexico and Guatemala has confirmed that salamanders in Central America are mysteriously disappearing.

Overall, the numbers of ground-based salamanders declined more than those living in trees, with two species disappearing completely and others showing a marked decline compared to data from the 1970s. Findings were published in the March 3, 2009, issue of the *Proceedings of the National Academy of Sciences*.

- **Cut antibiotic use:** U.S. Representative Louise Slaughter (D-NY) in March introduced legislation to limit the use of antibiotics on industrial livestock farms to when the animals are sick. Proponents of the bill point out that the misuse of antibiotics in industrial farming contributes to the dramatic rise in antibiotic-resistant infections in humans. Organic farming does not allow the use of antibiotics.
- **Seed sampling:** A Montana House bill being considered by the Montana Senate Agriculture Committee would set rules governing how companies such as Monsanto sample farmers' crops to determine if they are planting patented seeds they did not purchase. The bill would require that companies get permission from a farmer before sampling crops on their land (<http://www.google.com/hostednews/ap/article/ALeqM5gE61B6LHmZRyYsT3HtZKRbJqoa0gD970V6jO0>).
- **Tightening pesticide rules:** The European Parliament in January voted to ban at least 22 chemicals that may be harmful to human health. The draft law, which would need to be approved by the 27 member states' governments before adoption, would ban or severely restrict the use of any pesticides near schools, parks or hospitals, as well as wholesale aerial crop spraying.
- **Roundup toxicity:** Researchers at the Institute of Biology in Caen, France, have published results in *Chemical Research in Toxicology* showing that four different Roundup formulations of the herbicide glyphosate manufactured by Monsanto are highly toxic to human cells, even at concentrations far below those recommended for agricultural use (*Chemical Research in Toxicology*, Vol. 22, Issue 1, 2009, pp. 97-105).
- **GE corn cuts mice fertility:** A study published by the Austrian government found that the fertility of mice fed genetically engineered (GE) corn was severely impaired. Sponsored by the Austrian Ministries for Agriculture and Health, the study found that mice fed with GE corn had less offspring in the third and fourth generations (www.greenpeace.org/international/press/releases/ge-threat-to-fertility-11112008).
- **Low-level herbicides hurt potato reproduction:** Results from field trials published in the November-December 2008 issue of the *Journal of Environmental Quality* showed that potato tuber yield and quality can be adversely affected by low-level herbicide applications.
- **Malathion linked to amphibian losses:** Malathion used as an agricultural insecticide and pesticide interferes with the normal development of pickerel frog embryos, leaving them more susceptible to parasite invasion, according to a study published in *Environmental Toxicology and Chemistry* [Vol. 27 (12):2496-2500]. ■

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