



I S S U E

INFORMATION FLIER – A PUBLICATION OF THE ORGANIC TRADE ASSOCIATION

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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 1,000 producers, processors, distributors and retailers of organic foods, fibers, farm and garden supplies, and health and beauty products. The OTA is your leading resource for information about this industry.

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Closing in on organic standards

The U.S. Department of Agriculture's (USDA's) long-awaited proposed rule to implement national organic standards is undergoing close scrutiny by the organic industry.

The industry has long sought national standards to clear up confusion in the marketplace and to protect against mislabeling or fraud concerning "organic."

Although organic industry leaders agree that the proposed rule, published in the March 13 *Federal Register*, is basically on track, they also warn that some provisions could adversely affect the industry. As a result, the Organic Trade Association (OTA) will ask USDA to make significant changes to the proposed rule and to take additional actions.

There are some concerns. For example, the proposed rule will prevent some well-known products now available as certified organic from carrying such claims unless the National Organic Standards Board (NOSB) speeds up its process of reviewing the list of materials allowed in organic production. Currently, this list is incomplete. Such items as enzymes, fermentation materials, defoaming agents, and vitamins used in raising livestock have yet to be approved. Without action to

speed up the NOSB review process, some popular organic products, such as cheese, tofu and yogurt, will not be able to be labeled "organic".

The proposed rule also fails to provide organic producers any protection against chemical or genetic trespass, and does not address the issue of liability for damages should such trespass occur. Because organic agriculture is a process claim and not a product claim, organic producers should only be held liable for production processes under their control. Organic farmers should not risk financial loss due to non-organic agricultural methods that have the potential to contaminate organic products.

Without mandatory labeling for products that do contain genetically modified organisms (GMOs) and insurance against genetic drift in the field, the organic industry believes it will be impossible to guarantee that there are no GMOs present in multi-ingredient products that incorporate both organic and non-organic materials.

Meanwhile, the proposed rule as written will pose burdensome challenges for family farms and

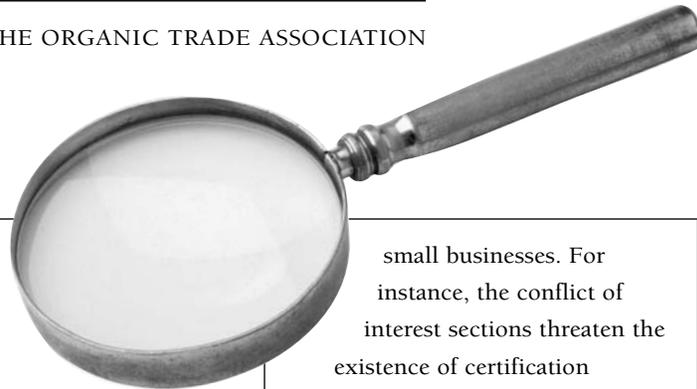
small businesses. For instance, the conflict of interest sections threaten the existence of certification programs run by membership-based organizations that rely on member volunteers for expertise. USDA needs to rewrite the rule to create protections against conflict of interest without jeopardizing these organizations. There also needs to be a one-time exemption allowing dairy animals to be fed organic feed for a minimum of the last three months, rather than 12 months. This allowance would support small farmers who wish to make the transition to organic dairy production.

The Organic Trade Association will file a detailed response to the proposed rule to address these and other concerns, and hopes USDA will make appropriate changes. Only time will tell if the long-sought regulations will end up as a boon or a Pandora's box for the organic industry.

Background

OTA, which represents the organic agriculture industry in North America, itself has had industry guidelines in place since 1988, and has worked toward national organic standards to expedite global acceptance for U.S. organic products.

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Ask Us About Organic!

By Katherine DiMatteo,
Executive Director,
Organic Trade Association (OTA)



Q: How would organic products be labeled under the proposed rule?

A: There are four labeling options:

- ~ "100 percent Organic"
- ~ "Organic" (signifying 95 percent organic, with the remaining 5 percent made up of allowed natural or synthetic ingredients)
- ~ "Made with Organic [the specific ingredient or ingredients would be listed]" for products containign 50 to 95 percent organic.
- ~ For products containing less than 50 percent organic, organic items would be listed in the ingredient panel.

These options will give consumers choices and promote the growth of organic production. No matter which label an individual may favor, each purchase of a product which contains organic ingredients encourages the use of an agricultural production system which protects the soil and water resources that sustain life on earth. ❖

If you have a question about any aspect of the organic industry, please call the Organic Trade Associations headquarters, (413) 774-7511.

Closing in on organic standards

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It has been a long journey. The U.S. Congress first adopted the Organic Foods Production Act (OFPA) as part of the U.S. Farm Bill of 1990. Its purpose: to establish national standards for the production and handling of foods labeled as "organic." But, without a final rule in place for its implementation, there could be no enforcement of OFPA on a national basis.

It took seven years before USDA published its first proposed rule aimed at implementing OFPA. Much to the dismay of consumers and the organic industry, provisions unveiled in December 1997 did not exclude the use of GMOs, food irradiation, and use of sewage sludge in organic production — methods that the organic industry never has allowed. After receiving more than 275,000 comments in protest, USDA went back to the drawing board.

Finally, on March 13, 2000, USDA published its latest proposed rule and is accepting comments until June 12. The good news is USDA did listen to the comments it received the first time around. As a result, the current proposed rule does not allow the use of irradiation, sewage sludge, or GMOs in organic agriculture. This time, USDA is confident this will lead to a final rule by the end of the year.

OTA has developed a comprehensive packet of resource information as the United States moves toward implementing national organic standards. This is available on OTA's web site (www.ota.com). Not only does this include background information, but also press releases and Talking Points concerning USDA's proposed rule. This is accessible by clicking on "Response to USDA Proposed Rule for national organic standards" on OTA's home page. ❖

More USDA support for organic

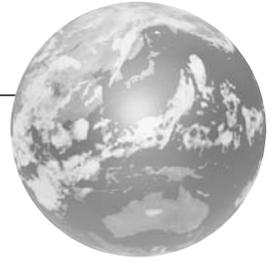
In addition to the proposed rule, Ag Secretary Dan Glickman has announced four initiatives to help bring organic agriculture into the mainstream of USDA programs:

~ USDA's Agricultural Marketing Service is working with the University of California at Davis and the Organic Research Foundation to research organic production and the marketing of organic fruits and vegetables under USDA marketing order programs.

- ~ USDA's Risk Management Agency is developing a crop insurance project to pave the way for organic farmers to get full coverage.
- ~ USDA's budget request for FY2001 asks for \$5 million for organic research, marketing and education projects to be carried out by USDA's Sustainable Agriculture Research and Education Program. It also includes \$1 million for a new Organic Transitions Program.
- ~ USDA is seeking funds to allow its Fruit and Vegetable Market News Service to begin reporting price and volume of organically grown vegetables and fruits in the United States. ❖



A World of News



Agronomic Briefs

- U.S. organic crop acreage doubled during the 1990s. USDA's Economic Research Service reports certified organic cropland grew from 403,000 acres in 1992 to 850,000 in 1997, with total certified organic farmland increasing from 935,000 acres to nearly 1.35 million acres. The complete report and 15 tables of data are posted at www.ers.usda.gov (click on "Issues Center," then "U.S. Organic Agriculture").
- U.S. plantings of organic cotton totaled more than 16,000 acres in 1999. Organic cotton currently is grown in Arizona, Arkansas, California, Missouri, New Mexico, Tennessee, and Texas. Other sources of organic fiber include flax, hemp and wool. OTA has published an *Organic Fiber Directory* listing more than 150 companies involved in handling organic fiber.
- The U.S. Environmental Protection Agency's Region 9 office has approved a \$15,000 grant for the Organic Trade Association's Fiber Council to complete organic fiber processing standards.



Regulatory Briefs

- Attending the OTA 2000! organic industry reception at Natural Products Expo West in March, Secretary of Agriculture Dan Glickman reiterated USDA's intent to have a final rule for national organic standards in place by the end of 2000.
- In Canada, Agriculture and Agri-Foods Canada sponsored a March 26-27 meeting of over 80 Canadian certifiers, Canadian Organic Advisory Board directors, and provincial and federal government representatives to discuss the challenges facing the Canadian organic industry, particularly accreditation for certification agencies.

GMO-related briefs

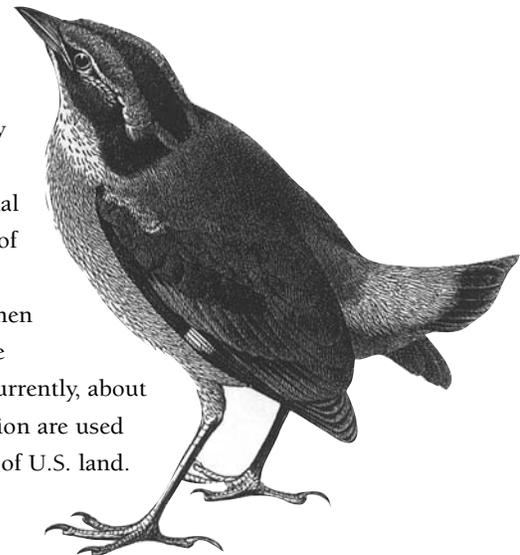
- PCC Natural Markets in Seattle, Washington, has written a letter of support to the state of Rio

Grande Do Sol in Brazil for its efforts to remain free of genetically modified crops.

- Genuardi's Family Market in Pennsylvania became the first conventional U.S. supermarket to advocate labeling of foods that have been genetically modified or that contain GMOs. Genuardi's is expanding its organic selections to provide alternatives to GMO foods where feasible.
- The European Parliament in April rejected a proposal that would have held GMO producers liable for any environmental damage. Instead, the ministers voted to include GMOS in a general environmental liability law before 2002, to assess the impact of genetic transfer on a case-by-case basis, and to phase out the use of antibiotic resistant genes by 2005.
- A bill to place a moratorium on planting GMO crops has been introduced in the New York State legislature. The bill, if adopted, would prohibit planting GMO crops in the state for five years.

Environmental Briefs

- Horizon Organic Dairy has combined efforts with The Nature Conservancy to acquire slightly more than 600 acres of farmland adjacent to the Cosumnes River Preserve in south Sacramento County, California. Under the arrangement, Horizon will set aside a 110-acre freshwater marsh habitat for the giant garter snake and other endangered species.
- The American Bird Conservancy has cited U.S. Fish and Wildlife Service findings that, "Substantial evidence verifies that mortality of migratory birds and other non-target organisms occurs even when parathion is applied in complete conformance with the label." Currently, about 600,000 pounds of ethyl parathion are used annually on over 775,000 acres of U.S. land.



Quote of Note

"Government will never mandate what people should eat. Americans demand choice."

DAN GLICKMAN
Ag Secretary

OTA's Industry Reception
March 2000,
Anaheim, CA

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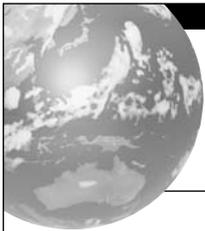
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Closing in on standards

(see related story inside)

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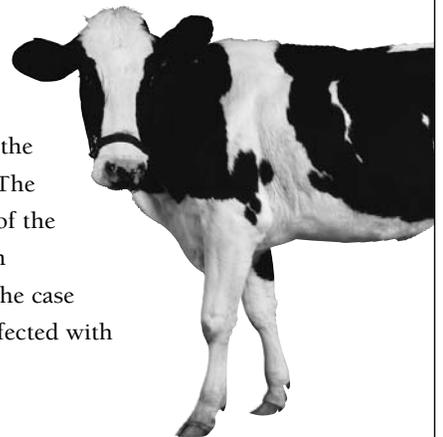
A World of News

Trends

- *Fresh Trends 2000* report found that nearly one-third of consumers polled had purchased organic fresh produce in a recent six-month period. The highest number of consumers purchasing organic produce was in the West (38 percent).
- The Hartman Group is undertaking a research study focusing on the shopping and buying behaviors of consumers choosing organic products. The aim is to provide a better understanding of the organic marketplace, and to determine who is buying organic, what they are buying, and why. A preliminary poll indicates consumers use a variety of information sources to learn about organic foods and beverages, including product labels, friends, and store displays.

Health-related brief

- Findings published in the April 27 issue of the *New England Journal of Medicine* indicate that the controversial practice of administering antibiotics to cattle may have led to the development of salmonella resistant to the antibiotic ceftriaxone. The study, led by Paul Fey of the Nebraska Public Health Laboratory, examined the case of a 12-year-old boy infected with salmonella.



Questions about organic? Visit the OTA at www.ota.com.