

REGULATORY AND LEGISLATIVE ISSUES



Organic Trade Association

**2007
FARM BILL**

Agenda & Advocacy

OTA members from various sectors spent over an hour each at Natural Products Expo East in March and All Things Organic™ in May to talk about provisions for organic agriculture and trade in the next U.S. farm bill. These OTA members-only meetings provide networking to learn more about OTA's plans for the upcoming farm bill, ask questions, and offer insight. All meetings are announced in OTA's *News Flash* for members. For more information, contact Beth Fraser (bfraser@ota.com)

BE THE BEST ADVOCATE

OTA continues to offer training for OTA members interested in advocating for organic provisions in the upcoming farm bill. Thanks to underwriting support from Horizon Organic, Silk®, United Natural Foods, Inc., Nature's Best, Earthbound Farm, Organic Valley, Stonyfield Farms, Inc., and Wild Oats Markets, Inc., OTA hosted Stephanie Vance, Advocacy Guru, to lead a session during OTA's Member Day at All Things Organic™. During the session, titled "Be the best organic advocate," Vance taught attendees about what gets a member of Congress's attention, how to spend your time wisely when delivering an "ask," and tips on how to make the most of a visit at your place of business. OTA members not available to attend this special session may wish to request a copy of Vance's virtual session offered on June 29 by contacting Beth Fraser (bfraser@ota.com).

MAY FARM BILL SESSION

Challenges for funding, massive farm policy restructuring, and increased organic provisions were lofty topics presented and discussed during the "2007 Farm Bill: Advancing the organic agriculture agenda" May 8 conference session at All Things Organic™ in Chicago. Brad Pfaff (policy advisor for Congressman Ron Kind's office), Anita Zurbrugg (Assistant Director, Center for Agriculture & Environment for American Farmland Trust), and Beth Fraser (OTA's Policy Associate for Advocacy) took attendees from the big picture farm policy arena down to the organic agriculture level.

The bottom line? This farm bill is going to be interesting. The more you do to educate yourself about it now, the better advocate you'll be for organic agriculture.

SPECIFIC ORGANIC PROVISIONS

OTA continues to frame increased provisions for organic agriculture in the next farm bill within an organic title context. Based on OTA member feedback and general impressions from monitoring farm bill activity, OTA's emerging priorities are creating transitions to organic that will satisfy stakeholders; ensuring that organic can benefit from the many USDA programs such as conservation, rural development and specialty crop promotion and export; pushing for coordination of all organic activity at

USDA; and securing increased resources for data collection in the form of price reporting, market data, and risk management information.

OTA members should check <http://www.ota.com/07FarmBill.html> often to view the latest thinking on organic provisions in the next U.S. farm bill. For more information, contact Beth Fraser (bfraser@ota.com).

**OTA MEMBERS
SAVE THE DATE:
WEDNESDAY, OCT. 4**
**Attend OTA's Policy
Conference for Members**
Baltimore Convention Center
Details:
[www.ota.com/advocacy/
events.html](http://www.ota.com/advocacy/events.html)

WRITE TO HOUSE COMMITTEE

Bob Goodlatte, chair of the U.S. House Agriculture Committee, announced the launch of a web-based farm bill feedback form on the House Committee on Agriculture web

site. The web-based form allows producers throughout the nation to provide feedback about current farm policy as well as input about the future of farm policy. The form can be accessed directly at www.agriculture.house.gov/inside/feedbackform.html.

Information submitted via the web site will not be part of the Congressional Record, but will be shared with members of the House Committee on Agriculture. OTA members are encouraged to submit positive comments about organic agriculture and express needs that can be addressed in the upcoming farm bill. See OTA's 2007 Farm Bill web page for suggested talking points.

USDA POSTS COMMENTS

The Secretary of Agriculture's office has released summaries of comments made during last year's farm bill forums as well as those submitted in

STAY INFORMED ABOUT THE U.S. FARM BILL

Join OTA's 2007 Farm Bill Forum by writing Tessa Young (tyoung@ota.com).

Access OTA's 2007 Farm Bill page at <http://www.ota.com/07FarmBill.html>.

ORGANIC TRADE ASSOCIATION'S

BRING YOUR LEGISLATOR TO WORK MONTH AUGUST 2006

OTA members in every state are encouraged to make plans to participate in OTA's "Bring Your Legislator to Work Month" this August. Having a member of Congress visit where you work is one of the more powerful forms of advocacy. This important event will serve to increase OTA's political action in Washington, D.C., as OTA members help educate elected officials at home and cultivate strong constituent/elected official relationships.

Participation in this event will educate your elected officials on issues important to your business and will increase the viability of the organic industry. Establish yourself as an organic expert to a member of Congress. Encourage your legislator to call on you with questions regarding issues related to the organic industry.

Why August? Every August, members of Congress take a summer recess to spend time in their home states and districts. OTA wants you to make use of this time by encouraging members of Congress to visit organic operations from every sector. For suggestions about an agenda for the visit, a draft invitation and talking points for this program, contact Beth Fraser (bfraser@ota.com).

writing via the web or mail. Go to www.usda.gov/documents/ORGANIC_FARMING.pdf to read a summary of comments concerning organic farming. An OTA analysis of forum transcripts found the word "organic" mentioned 130 times during the forums.

Many of the comments suggested that USDA should increase resources dedicated to organic production. Many also noted that organic farming would help U.S. farmers become more competitive in international markets. Some comments suggested that USDA provide incentives, such as tax breaks and low-interest loans, for those switching from conventional farming practices to organic farming. Specific recommendations included making funding available for organic price reporting, making the organic certification cost share program permanent, and funding for organic research.

Regulatory work

OTA's regulatory agenda was very full for the first half of 2006. The National Organic Program, National Organic Standards Board, and OTA meetings with other USDA agencies and the executive branch are leading to definite gains

in organic policy.

COURT DECISION-RELATED

The major issue concerned the National List. Due to a 2005 court ruling, non-organic agricultural ingredients in products labeled "organic" must be individually listed in Section 205.606 of the National List for them to be used after June 9, 2007. OTA encourages companies to review their minor non-organic agricultural ingredients and to consider whether they need to petition for their placement on the list. The petition process takes time, and it is important to submit petitions to NOSB promptly.

A related topic has been the NOP rule for addressing the final court order concerning the Harvey v. Johanns case and amendments to the Organic Foods Production Act related to the 80-20 feed exemption and materials placed on Section 205.606. See the final rule at www.access.gpo.gov/su_docs/fedreg/a060607c.html listed under the Agricultural Marketing Service. OTA's comment on the proposed rule is posted at www.ota.com/pp/otaposition/frc/NOP05-12-06.html.

In March, USDA released its report to Congress on the impact of

the Harvey v. Johanns court decision and congressional amendments restoring the National Organic Program to pre-lawsuit status. Congress had directed the Secretary of Agriculture to undertake a study when it passed the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act of 2006 last November.

"The amendments passed by Congress effectively restored order to the organic business community by permitting contracts to be upheld and production to continue unimpeded by eliminating uncertainty over labeling and other regulatory changes that would have had to occur by June 2006," USDA's report noted, pointing out that any changes to the National Organic Program regulations still need to go through public notice and comment rulemaking, in effect ensuring that the recent congressional action did not weaken national organic standards and left in place a public process for addressing any concerns.

USDA used data from a number of agricultural economists in studying this issue. The 22-page report is posted at http://www.ams.usda.gov/nop/NOPCongressStudy1_06_06.pdf.

DAIRY ISSUES

NOP also published an advance notice of proposed rulemaking on the role of pasture in the organic management of ruminants, especially dairy animals. At press time, the comment period had not yet ended. NOP conducted a symposium on organic dairying April 18-19 in State College, PA, with panels discussing pasture and natural resource management, animal and herd health management, dairy production, compliance and enforcement, and market expectations and perceptions in order to inform NOSB and NOP of issues related to pasture and how the NOP regulations might be changed.

OTA also expects an advance notice of proposed rulemaking on dairy replacement animals.

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OTHER STANDARDS ISSUES

Compliance: NOP has posted summaries of all compliance appeal rulings made since the national organic standards were implemented in October 2002. See the document at www.ams.usda.gov/nop/Compliance/AppealsSummaries/Oct02-Jan06.pdf.

NOSB meeting: NOSB met April 18-20 to consider sunset materials, receive the report of the Aquaculture Working Group, and consider the definition of "synthetic." The NOSB Aquaculture Working Group Interim Final Report is available at <http://www.ams.usda.gov/nop/TaskForces/AquaticAnimals.html>.

Colors: At the meeting, NOSB deferred a decision on renewing non-synthetic non-agricultural colors on the National List [605(a)]. Instead, NOSB called for users of natural colors to submit petitions to renew this listing, asking in particular for types of colors that are used and for specific colors. For more info, see www.ams.usda.gov/nosb/poldevcommRMR/PolicyDevCommAvail04-04-06.pdf.

Pet Food: NOSB also received the report of the Pet Food Task Force. It is available at <http://www.ams.usda.gov/nosb/meetings/OrgPetFood.pdf>.

Poultry/Egg Price data: USDA's Agricultural Marketing Service plans to list organic chicken in its weekly price report (www.ams.usda.gov/poultry/mnrcs/RetailReports/RtChick.htm) for retail promotion of chickens. The weekly price report for shell eggs already includes USDA certified

Honoring friends and delivering recommendations

On March 2 and 3, most of OTA's Board of Directors and OTA policy staff attended OTA's "Honoring Our Allies in Congress" reception and spring Hill Visit Day in Washington, D.C. Attendees mingled with members of Congress and congressional staff, and delivered OTA's organic appropriations recommendations to 99 percent of the Senate and House Agriculture Appropriations Subcommittees. To view OTA's organic appropriations recommendations, go to http://www.ota.com/pp/legislation/app_issues.html.

As this issue was going to press, the House of Representatives had just voted on the Agriculture Appropriations Bill, while the Senate was scheduled to debate and vote on its version after the Memorial Day recess. OTA members are encouraged to read OTA's *News Flash* to monitor the progress of the FY07 Agriculture Appropriations process.

Thanks to Horizon Organic & Silk®, United Natural Foods, Inc. and Organic Valley, which underwrote the event, and to Nora's Restaurant and GrandCrew for providing outstanding food and service.



Photo: Beth Fraser

Caren Wilcox and Katherine DiMatteo talk with Congressman Ron Kind during OTA's Honoring Our Allies in Congress reception March 2 at the Capitol.

organic eggs (www.ams.usda.gov/poultry/mnrcs/RetailReports/RtEgg.htm). The information is collected from weekly supermarket ads representing 17,000 stores in the lower 48 states. Promotional activity provides users with a means to analyze and anticipate marketing and consumer trends.

VISITS IN WASHINGTON

OTA staff recently met with:

- USDA staff at the National

Agricultural Library to propose a web portal for organic covering all of USDA's activities;

- the Risk Management Agency to discuss organic programs and education for organic risk management;
- the Economic Research Service regarding economic analyses of organic production and trade;
- the Cooperative State Research, Education, and Extension Service to discuss that agency's programs and progress toward creating staff positions to coordinate organic activities;
- the Natural Resource Conservation Service to discuss renewing the OTA-NRCS memorandum of understanding and to set up communication between NRCS and organic farmers regarding increasing organic farmer participation in NRCS programs.

In addition, OTA Executive Director Caren Wilcox, Senior Advisor Katherine DiMatteo, and policy staff Tom Hutcheson and Beth Fraser were invited to meet with staff of the Office of Management &

OPENINGS ON NOSB

USDA is seeking nominations to fill four upcoming vacancies on the National Organic Standards Board (NOSB). The positions to be filled are: organic handler (1 position), scientist (1 position), consumer public interest (1 position), and an environmentalist (1 position). The Secretary of Agriculture will appoint a person to each position to serve a five-year term of office to run Jan. 24, 2007, until Jan. 24, 2012. Written nominations, with cover letters and resumes, must be post-marked on or before July 14. Send nominations to Katherine E. Benham, Advisory Board Specialist, USDA-AMS-TMP-NOP, 1400 Independence Avenue, SW., Room 4008-So., Ag Stop 0268, Washington, D.C. 20250. For further info, contact Katherine Benham (phone: 202-205-7806; e-mail: katherine.benham@usda.gov; fax: 202-205-7808).

Budget (OMB) interested in organic products and responsible for analysis of issues of concern to organic. Conversations ranged across such issues as the history of the rule and creation of some of the offices at USDA, old and new trends in the

organic community including food, fiber and personal products, and important emerging issues and needs. OMB staff indicated its desire to develop background and knowledge of organic, and to gain information and research from various organizations in

the agriculture community.

Wilcox also made courtesy calls to discuss OTA's agenda with officials in the Secretary's office at USDA and in the office of the Undersecretary for Farm and Foreign Agricultural Services. ■

D.C. UPDATE

Organic funding and the upcoming farm bill

By Bob Gray

OTA's representative in Washington, D.C.

Under the heading "miracles do happen," during consideration of the Agriculture Appropriations Bill on the House floor in May, the U.S. House of Representatives increased funding for the Organic Transitions Program from \$1.855 million level funding that the House Appropriations Committee had approved to \$5 million. The Organic Transitions Program, a competitive research grant program, is administered through the Cooperative State Research, Education, and Extension Service's Integrated Organic Program.

In offering the amendment, Congressman Rush Holt (D-NJ-12), a member of the House Organic Caucus, made the argument that the demand for organic products is increasing rapidly each year in the United States and that organic agriculture is "coming of age." He is, of course, exactly on target. Congressman Ron Kind of Wisconsin joined in to support his colleague, and the Ranking Member of the Agriculture Appropriations Subcommittee, Congresswoman Rosa DeLauro of Connecticut, expressed her strong backing of the amendment. The amendment was co-sponsored by Representatives Holt (D-NJ-12), Peter DeFazio (D-OR-04), Kind (D-WI-03), and Jim Leach (R-IA-02).

Normally, amendments to increase funding of any program offered on the House floor are strongly opposed by the subcommittee chairman and, in most cases, are defeated. Not this time. On a voice vote, House members approved this amendment that increased funding for the transitions program by \$3.145 million. During his remarks, Congressman Holt noted that the amendment had the "enthusiastic support" of OTA and other organic organizations.

In addition to the increase in funding for the organic transitions program, the House Agriculture Appropriations Subcommittee agreed with OTA's request for increasing funding for National Organic Program staff operations from \$2.026 million to \$3.130 million, a 50 percent increase for Fiscal Year 2007. This will help NOP staff increase its compliance and enforcement activities on the organic rule.

On the data collection side, there is more work to do. The House bill did not include the \$750,000 OTA requested for the National Agriculture Statistic Service nor did it fund the \$1 million requested for market price data collection for the Agricultural Marketing Service. It did level fund the Economic Research Service (ERS) request at \$500,000. OTA, however, had sought \$1 million for ERS data collection efforts. The Senate will take up its version of the FY 2007 Agriculture Appropriations Bill in June. There is a very good chance that the spending bill will be completed by the time Congress goes out of session in early October.

It is not entirely clear when or if Congress will begin work on the new 2007 Farm Bill next year. Members of the House and Senate Agriculture Committees have been waiting to see if there is any chance that the "Doha Round" of trade talks will be completed this year. The completion of the trade talks could significantly alter the farm commodity program payments as the World Trade Organization moves to reduce both export and domestic internal subsidies on farm commodity programs. At this point, trade talks are stuck in low gear so Congress may move ahead to complete a simple reauthorization bill next year in order to continue the many USDA programs set to expire in September 2007.

OTA, however, has been very busy in examining potential provisions that could be inserted into the 2007 Farm Bill either as an "organic package" or a separate "organic title." There are many challenges facing the industry, but the good news is that organic agriculture continues to grow at a very rapid rate. No other sector of agriculture comes close to matching this pace of economic growth. At the same time, a number of additions to USDA programs and policies could help to keep the momentum for organic. Also, USDA needs better coordination among all of its agencies on various organic activities and programs. This would improve the implementation of organic program efforts across agencies and avoid any duplication and further assist communications within the department as well. OTA is working closely with the Natural Resources Conservation Service to expand its organic related conservation practices at the county level by having additional guidance from the national office here in Washington.

The Farm Bill will also need to consider provisions that will provide incentives for organic production and eliminate any barriers to continued growth in the industry. You will be hearing these and other ideas in subsequent articles. ■