

Statement of
Christine Bushway, Executive Director & CEO
Organic Trade Association
Greenfield, Massachusetts
(www.ota.com)

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Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
Subcommittee

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Chairwoman DeLauro, Ranking Member, and Members of the Subcommittee, I am Christine Bushway, Executive Director of the Organic Trade Association (OTA). The organic agricultural economy continues to be one of the fastest-growing sectors of American agriculture, with retail sales increasing by approximately 14 to 20% each year since 1990. U.S. organic product sales totaled \$26 billion in 2009, with organic food sales reaching \$24.2 billion to represent 3% of the domestic food market. In addition, exports of U.S. organic products were over \$1 billion in 2009. To help continue this growth, we respectfully request the following funding levels for programs pertinent to the organic industry: USDA- National Organic Program- \$10.1 million; USDA- Organic Data Initiative- \$5 million; USDA- Organic Agriculture Research and Extension Initiative- \$35 million; USDA- Organic Transitions Integrated Research Program- \$5 million; USDA- Agricultural Research Service- \$9.03 million; and National Center for Appropriate Technology- Appropriate Technology Transfer for Rural Areas- \$3 million.

The Organic Trade Association is the membership-based business association for organic agriculture and products in North America. Its members include growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers and others. OTA's Board of Directors is democratically elected by its members. OTA's mission is to promote and protect the growth of organic trade to benefit the environment, farmers, the public and the economy.

National Organic Program

OTA supports the President's request of \$10.1 million for the National Organic Program (NOP). This supports Congress's intent to enhance NOP as expressed through the 2008 Farm Bill, as well as supporting current NOP projections. USDA's *2007 Census of Agriculture: Organic Production Survey* reported more than 14,540 farms engaged in organic agriculture productions. OTA's *2010 Organic Industry Survey* shows organic food sales have grown from \$3.6 billion in 1997 to \$24.2 billion in 2009, with a 2009 growth rate of over 5% despite the recession.

NOP performs regulatory oversight over organic agriculture. Recognizing continued growth of the industry, the President's Budget asks for \$0.6 million more than the 2008 Farm Bill authorized for FY 2011 (\$9.5 million). OTA strongly supports this additional request.

The \$3.1 million increase over FY 2010 provides \$2.1 million for regulatory review, enforcement, and development of equivalency agreements. Another \$1 million is included to assist accredited certifying agents with training costs to enhance compliance with program regulations. Each of these areas is critical to the integrity of the program.

Provisions for organic agriculture in the 2008 Farm Bill have already resulted in better compliance with and enforcement of NOP standards, an improved appeals process, a final pasture rule and an organic equivalency agreement between the U.S. and Canada. These milestones would not have been possible without support from Congress to expand NOP staff from 14 in FY 2008 to 31 in FY 2010, with a total staff of 40 expected in FY 2011.

USDA recently proclaimed that the organic industry has entered an “Age of Enforcement” of organic standards. OTA supports this call to action, and asks Congress to provide the necessary resources for NOP staff to continue work on the following priorities:

Compliance and enforcement is fundamental to the integrity of the organic seal, and long-term health of the industry. The additional funds allow for full implementation of appeals decisions, including monitoring of final actions through having at least one audit over the following year, or six months for cease-and-desist, suspension or revocation adverse actions, reducing the backlog from previous years, and improving compliance resolution time, which averages 75 days.

Accreditation and training of certifying agents is necessary for consistent application of the standards in the field, and is a critical precursor to compliance and enforcement. The additional funds allow for improved qualifications and training of inspectors and auditors and create an up-to-date database of certified operations.

Development of equivalence agreements reduces and eliminates trade barriers for American organic producers who want to develop export markets. Over 70%¹ of organic companies surveyed currently export, or plan to export, good in the next few years. Currently organic exports are estimated to total \$1 to \$1.5 billion annually, creating between 6,000 and 9,000 jobs.² Requested funds allow for negotiations with the European Union on organic equivalence. Success in this negotiation would open up the world’s largest market to U.S. organic exports.

Funding NOP at the requested \$10.1 million will provide the resources needed to maintain the integrity of the organic label that both domestic and international consumers place their trust in and help to ensure the continued growth of the organic industry. It will give NOP the ability to deliver the improvements needed to address recommendations outlined in the March 18 release of USDA’s Office of Inspector General NOP audit report (<http://www.usda.gov/oig/webdocs/01601-03-HY.pdf>).

Organic Data Initiative

OTA supports fully funding the Organic Data Initiative (ODI) at \$5 million as authorized in the 2008 Farm Bill. ODI collects and disseminates data regarding organic agriculture through the Agricultural Marketing Service (AMS), the Economic Research Service (ERS) and the National

¹ *Organic Trade Association’s 2009 Organic Industry Survey*. May, 2009. Page 19.

² “Every \$1 billion increase in exports supports more than 6,000 additional jobs”. Remarks by President Obama at the Export-Import Bank’s Annual Conference. March 11, 2010.

Agricultural Statistics Service (NASS). This program has been highly successful in providing valuable information to Congress, government agencies and the organic industry at a low cost.

AMS collects organic prices and disseminates the data through Market News Reports, which give producers and buyers knowledge of farm-gate selling prices for several organic commodities, helping to create a more stable organic market. This is an excellent first step, but organic pricing information falls far behind what is available to conventional agriculture. Organic producers currently only receive farm-gate prices for a limited number of commodities, while conventional producers receive farm-gate, terminal and retail price information for many commodities in all regions of the country. Organic producers, processors and retailers need this information to maintain a stable organic market. We request \$3 million for AMS to continue and expand organic price reporting services in FY 2011.

NASS provides surveys based on *Census of Agriculture* data. In February 2010, NASS released the *Organic Production Survey (2008)*, the first to provide a state-by-state collection of the amount of farmland used for organic production and gross farm sales of organic products. Such information has been provided for conventional production, and should continue to be funded for organic production. OTA requests that NASS receive \$0.5 million in FY 2011, as requested in the President's Budget, to continue collecting and distributing organic agriculture statistics.

ERS published the consumer survey *Marketing U.S. Organic Foods: Recent Trends from Farms to Consumers (2009)*, and multiple other reports that used data collected by AMS and NASS in addition to surveying Americans about their organic consumption patterns. The reports provided valuable information regarding the growth of and trends in the organic industry.

ERS also plans to broaden its current research agenda to include economic analysis of international trade of organic products. In order to conduct sound economic research, data collected must be statistically reliable and of high quality. OTA hopes the International Trade Commission will expand the Harmonized System Codes (HS Codes) for organic products. With more than 70% of certified organic producers and handlers exporting or planning to export¹, these codes are needed to expand and simplify the trade of organic products. OTA requests that ERS be funded at \$1.5 million in FY 2011 for continued organic economic analysis and inclusion of organic trade data.

Unfortunately, the President's Budget only includes \$0.3 million for AMS organic price collection and \$0.5 million for NASS to conduct production surveys for organic agriculture, with no provision for funds for ERS to study organic data. Congress expressed its intention for comprehensive data collection and analyses in the 2008 Farm Bill by mandating \$5 million to start ODI the first year, then authorizing \$5 million in discretionary funds for each year following. Fully funding ODI at \$5 million will help provide critical data necessary for any agricultural sector to survive, and help increase organic exports.

Organic Agriculture Research and Extension Initiative

OTA requests \$35 million to fund the Organic Agriculture Research and Extension Initiative (OREI), USDA's flagship competitive research and education grant program specifically

¹ *Organic Trade Association's 2009 Organic Industry Survey*. May, 2009. Page 19.

dedicated to the investigation of organic agriculture and the delivery of its outcomes. OREI provides grants for a myriad of research projects that improve organic agriculture. The program is consistently oversubscribed and could only fund 17% of the funds requested in FY 2009.

Funds are given to land grant universities, for-profit organizations, individuals, private universities and state agricultural experiment stations to conduct organic research. Projects funded through OREI include improving organic farming systems and assessing their environmental impacts across agroeco-regions, enhancing productivity and soil borne disease control in intensive organic vegetable production, and improving weed and insect management.

This request includes \$20 million in mandatory funding plus \$15 million out of an authorized \$25 million of discretionary funds in the 2008 Farm Bill. We request \$15 million in discretionary funding because the President's Budget folds the Organic Transitions Integrated Research Program (below) into the Agriculture and Food Research Institute. If this occurs, less money will be appropriated specifically for organic research. If the Organic Transitions Integrated Research Program continues to receive funding, we will reduce OTA's request for OREI to \$30 million.

OREI projects have contributed to the health and sustainability of the environment and organic agriculture. Funding OREI at \$35 million will support continued organic research by educational, state, and private institutions.

Organic Transitions Integrated Research Program

OTA requests \$5 million to fund the Organic Transitions Integrated Research Program (ORG) in FY 2011. Authorized by Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998, ORG provides funding for research grants that specifically study the relationship between organic agriculture and improving critical water quality problems. This program consistently receives many more funding requests than it can accommodate.

The President's FY 2011 Budget cuts ORG as a separate program, and merges its responsibilities into the Agriculture and Food Research Initiative. We oppose merging the programs because the funds needed to continue this important grant program will be forced to compete with multiple proposals from all agriculture sectors instead of having dedicated resources. As organic retail sales have grown to 3.5% of retail agriculture sales, research funding provided to organic agriculture has only reached and estimated 1.76% as of FY 2009.¹ Ending ORG as an organic specific research grant program will likely increase this gap.

ORG grants have funded several projects that have led to a better understanding of the link between agriculture and water quality, with more worthy proposals waiting for resources. The project should be funded at \$5 million to continue and grow this important research. If ORG is not funded separately at \$5 million, we request an increase in the Organic Agriculture Research and Extension Initiative (see OREI request) to continue supporting this research.

¹ Estimate based on \$2.9 billion USDA's Research, Education and Economics Mission FY2011 funding request and FY 2010 funding of Organic Data Initiative, Organic Agriculture Research and Extension Initiative, Organic Transitions Integrated Research Program, Agriculture Research Service and other National Institute of Food and Agriculture requests.

Agriculture Research Service

OTA supports the ARS request for \$9.03 million in additional funds to study classical plant and animal breeding. Public resources for classical plant and animal breeding have dwindled in recent decades, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. This problem has been particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment. The Senate Agriculture Appropriations Report has registered the Committee's concern about this problem every year since FY 2005, in the context of the CSREES (now the National Institute of Food and Agriculture) section of the Report.

While USDA's statutory obligation to address this problem through the Agriculture and Food Research Initiative competitive grant program remains a strong need, USDA's ARS also has an obligation in this regard. ARS has the resources and expertise to help reverse this dangerous trend, but the agency has not made a concerted effort until now. The Administration's FY 2011 budget requests an increase of \$4.289 million for "crop breeding to enhance food and production security" and another \$4.75 million for "crop protection to enhance food and production security," with a clear focus on classical plant and animal breeding activities.

Research on breeding stocks for organic and sustainable agriculture has not kept pace with the rate at which the organic industry has grown. Providing ARS with the requested \$9.03 million to study classical plant and animal breeding will help to overcome this lack of needed research.

Appropriate Technology Transfer for Rural Areas

We request \$3 million to fund Appropriate Technology Transfer for Rural Areas (ATTRA), as authorized in the 2008 Farm Bill. The (ATTRA) project of the National Center for Appropriate Technology (NCAT) is a very helpful resource for both beginning and advanced organic farmers. It has been funded by Congress for many years and continues to develop resources, including organic system plan templates and technical sheets on organic production. ATTRA reports that 30% of the calls received are in regards to organic practices.

ATTRA helps thousands of organic and conventional farmers across the country. A sampling of topics that are routinely asked about are: reducing the use of herbicides and pesticides; employing farm practices that help protect air, water, and soil resources; reducing energy and water use; developing new marketing opportunities by focusing on local foods, farm-to-school, and farmers markets; and creating rural jobs by encouraging farming. OTA and NOP refer callers seeking technical information to ATTRA on a regular basis, whose toll-free number and bilingual capacity make it a national information resource. Funding ATTRA at \$3 million will enable its work to provide valuable information to both organic and conventional farmers.

Conclusion

Organic agriculture gives farmers more opportunities, improves and conserves the condition of the environment and gives consumers the choice to buy foods and other products that are produced to organic standards. Meeting these funding requests will help to insure the continued growth of U.S. organic agriculture by supporting the integrity of the organic label, providing important data and continuing to support research for organic agriculture.

I thank the Committee and look forward to working with you to advance the organic industry.