

# Organic



ISSUE

45

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 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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INFORMATION FLIER – A PUBLICATION OF THE ORGANIC TRADE ASSOCIATION

## Despite economy, consumers still are choosing organic

Tightening their spending habits amid economic uncertainty, U.S. families, however, are not giving up their purchases of organic products. In fact, nearly three-quarters (73 percent) of U.S. families buy organic products at least occasionally, chiefly for health reasons, according to a new study unveiled by the Organic Trade Association (OTA) at the All Things Organic™ Conference and Trade Show in June. The nationwide study managed by RMI Research and Consulting, LLC, was fielded among 1,197 U.S. households during April.

Findings from the *2009 U.S. Families' Organic Attitudes and Beliefs Study*, jointly sponsored by OTA and *KIWI Magazine*, also show that three in ten U.S. families (31 percent) are actually buying more organic foods compared to a year ago, with many parents preferring to reduce their spending in other areas before targeting organic product cuts. In fact, 17 percent of U.S. families said their largest increases in spending in the past year were for organic products.

Notably, 67 percent of consumers polled said they have cut household spending in restaurants. Over two in ten (22 percent) reported their most significant change in spending over the past year has been to eat out less and cook at home more. In addition, six



Photo: Irish Crappo

incorporating organic products into their and their children's lives, both in terms of product choices, as well as topics of discussion and environmental/social activities.

The survey showed 55 percent of parents who buy organic products do so because they believe them to be healthier for themselves or for their children. Over eight in ten (83 percent) report they

in ten parents (63 percent) indicated they more often buy ingredients to prepare meals at home compared to six months earlier.

The survey found that newly organic families, who have just begun purchasing organic products within the past two years, represented 32 percent of the households polled. Experienced organic families, who first bought organic products within the past two to five years, made up 20 percent of respondents. Seasoned organic families, who have been buying organic products for more than five years and in some cases, longer than 15 years, represented 21 percent of respondents.

Newly organic parents are younger than other organic buyer groups, with younger children. Furthermore, findings indicate it is these younger parents who are more active when it comes to

buy organic foods for everyone in the household, and not just for their children. The longer parents purchase organic products, the more categories they choose.

With today's wide selection of organic products and venues for selling those products, consumers have many choices of where to shop. Parents who choose to buy organic products do not limit their grocery shopping to mainstream supermarkets or mass merchandisers—although that is their chief source of organic products—but are significantly more likely than families overall to frequent a varied mix of retail outlets, including weekly visits to natural food chain stores, local health food and natural food stores, farmers' markets, and neighborhood co-ops.

Regardless of where they shop, 91 percent of parents who trust in the benefits of choosing organic



products buy organic produce at least sometimes. Other top categories include breads and grains (81 percent), snack foods (79 percent), packaged foods (77 percent) and dairy (77 percent).

Purchasing organic products is seen as a part of living a healthy lifestyle. These consumers also eat fresh fruits and vegetables, spend time outdoors, exercise, take vitamins and supplements, and try to get adequate sleep.

The final written report and an accompanying CD providing a PowerPoint presentation of study highlights are available for purchase from OTA via its online bookstore (<http://www.ota.com/bookstore/2.html>) or by contacting OTA staffer Don Fisher ([dfisher@ota.com](mailto:dfisher@ota.com)).

### Historic signing finalizes equivalency

Attendees at this year's All Things Organic™ Conference and Trade Show witnessed history in the making, as officials from the United States and Canada signed the first equivalency agreement in the world for the organic industry during the conference.



Photo: Trish Crapo

Signing the landmark bilateral agreement on June 17 were Barbara Robinson, Deputy Administrator for the U.S. Department of Agriculture (USDA), and Jaspinder Komal, Director of the Agrifood Division of the Canadian Food Inspection Agency (CFIA).

This historic equivalency agreement, which took effect June 30, allows the continued smooth flow of certified organic products between the two countries and supports the continued growth of this rapidly expanding market in North America, while still protecting the integrity of organic food and honoring the publicly developed standards of each domestic market. Both CFIA and USDA have their own set of organic standards and regulations, developed with their domestic organic sectors, that define organic production and enforce organic claims in the marketplace.

Under the equivalency agreement, CFIA will allow for the import of organic food, livestock and crops produced according to U.S. organic standards by USDA-accredited certifying bodies under the National Organic Program. Likewise, USDA will allow for the import of organic products produced according to Canadian organic standards by CFIA-accredited certifying bodies under the Canadian system. This “free trade” in organic products applies to ingredients as well as final products. Organic products that come under this agreement also have

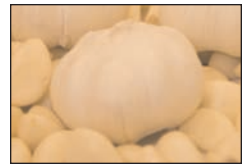
the option of carrying both official seals (the “USDA Organic” seal, and the “Biologique Canada Organic” logo), helping consumers know that the products meet domestic requirements.

Another milestone was achieved June 30, when Canada's long-awaited Organic Products Regulations (OPR) came into effect. The regulations make Canada's organic standards mandatory for food, drink, livestock, livestock feed, and the cultivation of plants.

With the coming into force of Canada's new system, CFIA has put in place a “Stream of Commerce and Enforcement Policy”, a two-year “soft” enforcement policy (to June 30, 2011) designed to minimize negative impact on current trade of the new requirements. During this time, those producing or importing non-compliant products will need to provide CFIA with a plan detailing how and when their products will come into full compliance with Canadian requirements. In addition to agricultural products and food handling and processing, this policy applies to labeling and packaging. CFIA will take a harder approach to enforcement following this initial period.

### Trend: Consumers are changing shopping choices.

- Consumers are changing their food shopping behaviors to focus on price and value at the supermarket, according to the Food Marketing Institute's 2009 *U.S. Grocery Shopper Trends* report. According to the findings, shoppers first save money on eating out by switching from fine dining to fast food, and seek supermarket meal solutions rather than restaurant fare. They then buy more private brands, use coupons, buy basic ingredients, and shop with a plan. They also switch store formats by choosing supercenters, warehouse clubs and limited assortment stores. Full-service supermarkets were identified by 56 percent of shoppers as their primary store. Meanwhile, 55 percent of consumers said they are preparing more meals at home than last year, which helps them control costs and provide healthy meals.
- The introduction of high quality store-brand organic products has changed consumers' perceptions of private label grocery brands, according to the J.D. Power and Associates *Private Label Industry Report*. The findings show that although private label pricing is a strong motivator for consumers, the quality and flavor of private label organic products drive the highest levels of positive sentiment.
- Consumer interest in organic jumped five percent during the past three years despite the recent economic downturn, according to a national survey of shoppers from the University of Oklahoma and the Glass Packaging Institute (<http://www.gpi.org/organic/>). Findings showed 57.8 percent of shoppers ages 18 to 34 purchased organic foods sometime during the year, compared to 38 percent of shoppers ages 55 and older. According to the poll, most organic shoppers believe glass keeps the flavor and taste (79.8 percent) and purity (77.3 percent) of a food product, with glass being the first choice of packaging for the organic shopper.



### Trend: Consumers continue to find more organic products offered.

- Sunflower Farmers Market in July opened a store in Santa Fe, NM, and was scheduled to open a store each in San Mateo and Albuquerque, NM, in August.
- The Minnesota Department of Health Women, Infants and Children (WIC) Nutrition Program started offering healthy food choices beginning Aug. 1 ([www.health.state.mn.us/divs/fh/wic/newwicfoods/pressrelease.pdf](http://www.health.state.mn.us/divs/fh/wic/newwicfoods/pressrelease.pdf)). Now, organic fruits and vegetables and other organic WIC-allowed products that are priced similarly to their non-organic counterparts will be available.
- Safeway has arranged agreements to sell its private label O Organics brand in Taiwan, Hong Kong, Singapore, Mexico, Chile, the Philippines and Saudi Arabia, and is expanding this marketing to 150 ShopRite stores in South Africa and 100 Exito supermarkets in Colombia. It also has rolled out O Organics house brand products at 249 Albertsons-LLC operated stores in the United States. According to *Supermarket News*, O Organics products are now also available at the Mandalay Bay Resort and Casino and at several other Las Vegas casinos.
- Carolina Care Plan, a Columbia, South Carolina, based subsidiary of Medical Mutual of Ohio, has partnered with The Chef's Garden, so that members of its healthcare plan can purchase fresh organic vegetables, herbs and greens that are then delivered to their homes.
- Stemilt Growers, Inc., which produces about 65 percent of Washington's soft fruit, now has 100 percent of its peach and nectarine crops certified as organic. These will now be sold under the "Artisan Organic" label. Also, about 40 percent of the company's apricots are organic.



Photo: Trish Crapo

### Trend: More funding and recognition become available for organic products and farming.

- A roof-top garden project is underway atop the offices of USDA's Economic Research Service in Washington, D.C., as part of USDA's 'People's Garden' initiative. The garden, dubbed GardenERS, will be maintained using organic practices.
- USDA in May announced \$50 million in new funding to encourage greater production of organic food in the United States. A portion of the funding was allocated for every state and was available through a special signup under the Environmental Quality Incentives Program administered by USDA's Natural Resources Conservation Service. To qualify, a producer had to be certified through the National Organic Program or be in the process of transitioning to organic production. Under the

initiative, new contracts for organic production were offered for six core practices—conservation crop rotation, cover crops, nutrient management, pest management, prescribed grazing, and forage harvest management. Funding is capped at \$20,000 per year.

- Kathleen Merrigan, USDA's Deputy Secretary of Agriculture, earlier this year announced that USDA intends to create a division dedicated to organic agriculture within USDA. Currently, the National Organic Program is part of the Transportation and Marketing Program within USDA's Agricultural Marketing Service.

Barbara Robinson, Deputy Administrator of Transportation and Marketing, had told attendees at OTA's Policy Conference in late March that she believed the National Organic Program was now ready to stand on its two legs.

- More definitive data on the value of organic dairy practices may soon be available. Researchers from Oregon State University, Cornell University and the University of Wisconsin-Madison have launched a four-year study to examine the impact organic and conventional management practices have on the health of cows at 300 dairy farms in their states. USDA is providing \$987,048 in funding for the study, which will look at correlations between management practices, incidences of diseases and the amount of milk produced.

- The Organic Farming Research Foundation (OFRF) this spring awarded ten new grants totaling nearly \$128,000 to research and education projects throughout the country. Projects aimed at improving organic fruit production gained significant support as did research into pest management and organic seed production.
- At its annual meeting in Chicago in mid-June, the American Medical Association approved a policy resolution supporting practices and policies within health care systems that promote healthy and ecologically sustainable food system. The new sustainable food policy builds on a report from AMA's Council on Science and Public Health, which favored the use of locally produced and organic foods.

### Trend: More resources concerning organic agriculture and products are becoming available.

- Organic Insights, Inc., has created an Organic Intelligence Organic Products Import Database. For the first time it is now possible to track U.S. organic import data. For more information, e-mail [wf@organicinsights.com](mailto:wf@organicinsights.com), visit [www.organicinsights.com](http://www.organicinsights.com) or call 518-794-0026.
- USDA's Economic Research Service has posted an online update of farm gate and wholesale prices for select organic and



conventional fruits and vegetables, wholesale prices for organic and conventional poultry and eggs, as well as f.o.b. and spot prices for organic grain and feedstuffs (<http://www.ers.usda.gov/Data/OrganicPrices/>).

**Trend: Research offers intriguing information about organic practices.**

- Findings by University of Wisconsin agronomists suggest that governmental policies supporting monoculture agricultural systems are outdated and should be replaced by programs promoting crop rotations and organic farming practices. Looking at the profitability of organic and conventional production systems, Joshua L. Posner and colleagues working in the Wisconsin Integrated Cropping Systems Trial found that intensive rotational grazing and organic grain and forage systems were the most profitable systems on land in southern Wisconsin. Findings were published in the *Agronomy Journal*, Vol. 101, Issue 2 (March-April 2009). Related findings from the trial indicating that diverse, low-input cropping systems can be as productive per unit of land as conventional systems were published in the March-April 2008 issue of *Agronomy Journal*.
- Findings from a new study from Germany published in the *Journal of Agriculture and Food Chemistry* (online April 23, 2009) show that organically produced apples have 15 percent higher antioxidant capacity than conventionally produced apples. Researchers led by Bernhard Watzl from the Federal Research Institute of Nutrition and Food in Karlsruhe noted that the organically produced Golden Delicious apples had higher phytochemical concentration and antioxidant capacity.
- The Food and Agriculture Organization of the United Nations (FAO) has published a report entitled "Certification in the Value Chain for Fresh Fruits: The example of the banana industry." Among the voluntary certifications described are organic and Fair Trade™. The report is available from FAO's web site (<http://www.fao.org/es/esc/en/15/190/index.html>).
- Stonyfield Farm has undertaken a pilot program to naturally decrease global warming gases caused by cows' burps by changing the feed given to its cows. The Stonyfield Greener Cow pilot program began in late 2008 with 15 Vermont Organic Valley farms that supply the milk for Stonyfield yogurts. In the program, cows are fed a diet high in natural omega-3 sources, such as alfalfa, flax and grasses. Preliminary results show the reduction of enteric emissions from the cows by as much as 18 percent, and an average of 12 percent. Meanwhile, the omega-3 content in the milk was up by nearly one third, increasing the nutritional value of the milk.
- "That First Step: Organic Food and a Healthier Future," a report



Photo: Irish Crapo

released in May by The Organic Center, outlines six ways in which a balanced organic diet, both before and during pregnancy, can positively affect a child's health. Recommending an organic Mediterranean-style diet and breastfeeding for at least six months, the report was based on findings from over 150 studies.

**Trend: Practices not allowed in organic production are again linked to environmental and health concerns.**

- **Tests on pesticides:** The U.S. Environmental Protection Agency will require pesticide manufacturers to test 67 chemicals to see if they disrupt the endocrine system, according to an April 16 article by Juliet Eilperin in *The Washington Post*. The tests will focus on whether these chemicals affect estrogen, androgen and thyroid systems.
- **Risk of Parkinson's:** In an epidemiological study, researchers at the University of California at Los Angeles have found that years of exposure to the combination of the fungicide maneb and the herbicide paraquat increased the risk of Parkinson's disease by 75 percent in Central Valley, CA, residents. Findings are included in the April 15 issue of the *American Journal of Epidemiology*.
- **Birth defects:** The herbicide glyphosate can cause brain, intestinal and heart defects in fetuses, according to findings from a scientific study released in the *Latin American Herald Tribune* April 16. Embryology professor Andrés Carrasco, director of the Molecular Embryology Laboratory in Buenos Aires, Argentina, reported that although the study used amphibian embryos, the results could be applicable to the development of a human embryo. The research found that pure glyphosate, in doses lower than those generally used, causes the defects.
- **Human cells at risk:** In a study from the University of Caen in France, researchers reported that one of the inert ingredients in the glyphosate herbicide Roundup can kill human cells, including embryonic, placental and umbilical cord cells. In the study, the inert ingredient polyethoxylated tallowamine was more deadly to the human cells than the herbicide itself. The research was published in the January 2009 issue of the journal *Chemical Research in Toxicology*.
- **Antibiotic resistance:** The June 2009 issue of *Environmental Health Perspectives* includes a focus article entitled "The Landscape of Antibiotic Resistance" (<http://www.ehponline.org/docs/2009/117-6/focus-abs.html>). Included are references to research showing that the practice of using antibiotics at sub-therapeutic levels in livestock feed and water has led to the persistence of these antibiotics in the environment and the possibility of antibiotic-resistant bacteria.

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