



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 1,450 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.

PHONE:
413-774-7511

FAX:
413-774-6432

E-MAIL:
info@ota.com

WEB SITES:
www.ota.com
www.theorganicreport.com

OR WRITE:
P.O. Box 547
Greenfield, MA
01302



INFORMATION FLIER – A PUBLICATION OF THE ORGANIC TRADE ASSOCIATION

OTA survey: U.S. organic sales reach \$10.8 billion

Sales of U.S. organic food and non-food items grew by approximately 20 percent during 2003 to reach \$10.8 billion, according to the *Organic Trade Association's 2004 Manufacturer Survey*.

Survey results showed sales of organic foods were approximately \$10.38 billion in 2003, up 20.4 percent from 2002. Meanwhile, "non-food" organic products, such as personal care products, nutritional supplements, organic fiber, household cleaners, flowers and pet food, grew by 19.8 percent, to reach \$440 million in sales.

Organic food sales now represent approximately 2 percent of U.S. food sales. Experiencing approximately 20 percent sales growth in 2003, organic fruits and vegetables represented about 42 percent of organic food sales. Meanwhile, the category of organic meat, poultry and fish represented only 1 percent of organic food sales but experienced the largest spurt, growing by nearly 78 percent (see Figure 1, which shows the share of various organic product categories).

According to survey results, approximately 44 percent of organic food sales were sold at supermarkets and grocery stores, mass merchandisers and club stores. The natural food channel, including independent natural product and health food stores as well as natural grocery chains, accounted for 47 percent of sales.

The remaining 9 percent occurred at farmers' markets, through food service (such as restaurants), exports, and other non-retail store sales.

The graph below shows the growth in organic sales from 1991 through 2003. Survey results forecast an annual average growth rate of 18 percent for organic foods from 2004-2008. The meat, fish and poultry category, with 30.7 percent anticipated growth, is expected to have the highest growth rate, followed by fruit and vegetables, at 20.7 percent growth.

OTA's survey was conducted by *Nutrition Business Journal* (NBJ) of San Diego, CA. Copies of the 90-page *OTA's 2004 Manufacturer Survey* may be ordered from OTA via its web site: www.ota.com/bookstore/2.html. The price is \$195 for OTA members, and \$495 for non-members. A free executive summary is available for eligible members of the media by

contacting Lori Wyman at OTA (lwyman@ota.com).

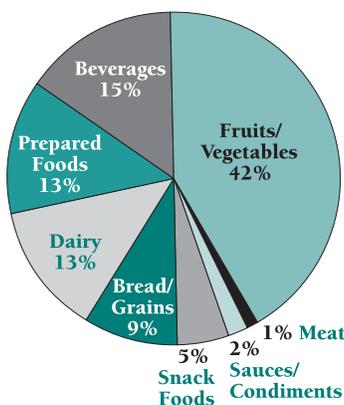
Benefits of organic

Meanwhile, as research findings from The Rodale Institute® and other research centers continue to show such environmental benefits of organic agriculture as nurturing healthy soil and increasing organic matter for the soil's carbon bank, efforts are also under way to collect data on additional benefits. As a start, The Organic Center for Education and Promotion has begun work on a series of State of the Science Reviews concerning organic agriculture and products.

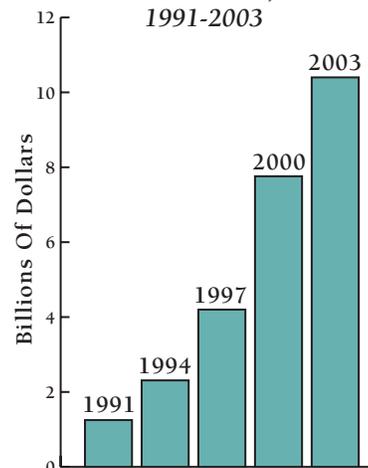
The first such review, entitled *Minimizing Pesticide Dietary Exposure Through the Consumption of Organic Food*, is now available. Prepared by Dr. Charles Benbrook, director of The Organic Center's Scientific and Technical Programs,

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Figure 1
Organic Food
Category Share, 2003



Organic Product Sales,
U.S. Dollars,
1991-2003





A World of News

Organic news

- Data from the 2002 Census of Agriculture conducted by USDA's National Agricultural Statistics Service show there were 11,998 certified organic farms in the United States in 2002, producing commodities valued at \$392,813,000. Census results are posted online at www.usda.gov/nass.
- The Organic Trade Association (OTA) has been allocated \$250,063 in Market Access Program (MAP) funds from the U.S. Department of Agriculture to promote U.S. organic agricultural products overseas for fiscal year 2004.
- From January to April, OTA ran 30-second TV advertisements in the Toronto area to promote sales of U.S. organic oranges. Sales on average increased 153 percent, with several stores reporting average monthly sales of organic oranges doubled or tripled. MAP money funded the campaign.
- USDA's Agricultural Marketing Service has posted a slide show on the National Organic Program (www.ams.usda.gov/nop/Publications.html, "Value through Verification").
- Kathleen Delate at Iowa State University holds the first tenured professor position in organic agriculture in the United States
- The New Farm web site from The Rodale Institute® has added a directory of farms at universities where students are using organic and sustainable ag practices. See: www.newfarm.org/features/0104/studentfarms/directory.shtml.
- Efforts by the non-profit group Appalachian Sustainable Development have encouraged farmers in southwest Virginia and northeast Tennessee to convert from tobacco farming to raising organic produce (www.appsusdev.org).
- The Rodale Institute® has received The Rachel Carson Council's Sense of Science Award in recognition of research for its research showing soils in organic production capture atmospheric carbon dioxide and convert it into soil organic matter.

Marketing news

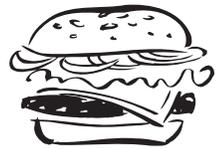
- Meijer Inc. is testing organic food items in several of its stores.
- The Hain Celestial Group has reached an agreement with Sesame Workshop to create co-branded organic food products for children under the Earth's Best brand using Sesame Street characters.



- Six Massachusetts high schools have added vending machines stocked with all natural and organic food as part of an experiment conducted in cooperation with Stonyfield Farm. They join several Rhode Island schools in offering such items as string cheese, pita chips, organic yogurt, soy nuts, dried fruit, carrots and dip. In addition, Stonyfield has placed vending machines in three San Francisco high schools, two Santa Barbara high schools, and a Santa Barbara junior high.
- Super Target grocery stores in Alabama, Colorado, Florida, Georgia, Indiana, Kansas, Minnesota, Nebraska, Texas and Utah now market organic boneless chicken breasts, organic gluten-free skinless frankfurters, organic gourmet chicken brats and jumbo hamburger patties produced by Wholesome Harvest.
- Bon Appétit Management Co. has begun recruiting growers to supply organic produce for companies and institutions it serves in Washington State. As a result, fresh organic produce will be on menus at the Seattle Art Museum, Amgen, and Seattle University.
- Dean Foods and the Physicians Committee for Responsible Medicine have joined together in an effort seeking to make soymilk a reimbursable beverage option in federal school feeding programs. Dean Foods has tested White Wave's Silk® in elementary schools in Florida, in California high school vending machines, and as an a la carte option in Boulder, CO, lunchrooms.

Consumer news

- Consumers using organic products daily grew from 8 percent in 2000 to 11 percent in 2003, according to findings from The Hartman Group. Consumers reporting weekly use grew from 9 percent to 16 percent, and monthly use grew from 5 percent to 10 percent. Those with occasional use dropped from 34 percent to 28 percent; however, the number of those never eating organic dropped from 45 percent to 34 percent.
- White Wave's half-gallon organic Silk® Chocolate is now America's single best-selling product in the chocolate milk category, according to grocery sales tracker Information Resources, Inc.



Quote of Note

“The current state of science continues to indicate that eating organic foods can support healthy development in young children and also lower the frequency of some health and reproductive problems that tend to strike later in life.”

—Executive Summary,
Minimizing Pesticide Dietary Exposure Through Consumption of Organic Foods

Research

- A doctoral thesis by Gabriel Pardo Sanclemente, Public University of Navarre in Spain (www.basqueresearch.com), found that growing cereal crops without using chemical additives and herbicides increased production two-fold. The greatest profitability resulted from using organic methods.
- Findings published in the *Journal of Dairy Science* by researchers at the Institute of Grassland and Environment, Aberystwyth, Wales, show organic milk contains two-thirds more omega-3 essential fatty acids than conventionally produced milk. Dr. Richard Dewhurst reported that milk samples from organic cows contained at least 64 percent more omega-3 fatty acids than milk from conventional cows.
- A research project undertaken by Meredith Redlin at South Dakota State University is surveying organic farms, game farms, agro-tourism and home-based industries that produce farm products to provide a better understanding of alternative farming's role in rural development in the northern Great Plains.
- Eight Northeast farmers were recently awarded \$43,765 in grants under the Northeast Sustainable Agriculture Research and Education Farmer/Grower program for organic-related projects. Two grants also were awarded to professionals who work directly with farmers for projects directly applicable to organic farming. Meanwhile, Anusuya Rangarajan at Cornell University received a \$120,000 grant for a three-year project to provide in-depth organic training for agricultural professionals.
- The popularity of U.S. farmers' markets has grown concurrently with organic production, according to the USDA Economic Research Service report, “Organic Produce, Price Premiums, and Eco-labeling in U.S. Farmers' Markets,” posted online at www.ers.usda.gov/publications/VGS/Apr04/vgs30101/.

Environmental and Health News

- The Ontario College of Family Physicians in Canada (OCFP) has recommended that people reduce their exposure to pesticides wherever possible. Reviewing research on the chronic effects of pesticides exposure on human health, OCFP's report, *Systematic Review of Pesticides Human Health Effects*, found pesticides are consistently linked to such illnesses as cancer, reproductive problems and neurological disease.
- Many U.S. residents have unhealthy pesticide levels in their bodies, with children, women and Mexican-Americans disproportionately exposed to toxic chemicals, according to a new report, *Chemical Trespass: Pesticides in Our Bodies and Corporate Accountability*, released by Pesticide Action Network

North America (see www.panna.org/campaigns/docsTrespass/chemicalTrespass2004.dv.html).

- There is growing evidence suggesting parental exposure to pesticides may contribute to childhood cancer risk. Finding a possible link between farm exposures to pesticides and childhood lymphoma, Kori Flower of the University of North Carolina-Chapel Hill and colleagues said there is the need for larger studies to clarify potential cancer risks from pesticides (*Environmental Health Perspectives*, April 2004).
- Occupational exposures to pesticides may increase parental risk of infertility and threaten pregnancy outcomes, according to a scientific paper published in *Environmental Health Perspectives*, Vol. 112, pages 703-709 (2004).
- Veterinary researchers at Purdue University have found that exposure to herbicide-treated lawns and gardens increases the risk of bladder cancer in Scottish terriers (April 15, 2004, issue of the *Journal of the American Veterinary Medicine Association*).
- A report, “Global Environment Outlook Year Book,” from the United Nations Environment Program shows there are nearly 150 oxygen-starved “dead zones” in the world's oceans and seas (www.unep.org/geo/yearbook). Such zones are linked to an excess of nutrients, and are correlated with the excess use of synthetic agricultural fertilizers.
- New research shows waste from poultry raised in industrial chicken houses contains bacteria with antibiotic multi-resistance genes. For the study, Anne Summers and colleagues from the University of Georgia collected samples of chicken litter from Georgia chicken houses over a 13-week period. See *Proceedings of the National Academy of Sciences*, April 19-23, 2004, online edition.
- In a paper published May 3 in *Environmental Health Perspectives*, toxicologist Ellen K. Silbergeld said the use of arsenic-laced drugs used to keep conventionally raised chickens healthy may pose an increased risk of concern for consumers and could affect ground water exposed to manure from the birds. ❖



Organic sales top \$10.8 billion (Page 1)

Check out The O'Mama Report (www.theorganicreport.org), OTA's online resource for consumers.

OTA survey *Continued from page 1*

the review is posted as a 63-page pdf version on The Organic Center's web site (www.organic-center.org).

In the United States alone, more than one billion pounds of pesticides are deliberately released into the environment each year, Benbrook found. As a result, people are exposed daily, in food, drinking water, air, dust, surfaces inside homes and at work, and in public places.

Extensive pesticide residue testing by the U.S. Department of Agriculture shows that conventional fruits and vegetables are three to more than four times more likely on average to contain residues than organic produce, eight to 11 times more likely to contain multiple pesticide residues than organic samples, and contain residues at levels three to ten times higher than corresponding

residues in organic samples.

Although scientists who study pesticide risks in the diet generally agree that the levels in conventional food rarely pose significant risks to healthy adults, they agree that developing fetuses in pregnant women, infants, children, people who are exposed on the job (i.e., farm workers), and people with compromised immune systems are vulnerable to health problems following exposures to synthetic pesticides.

"The opportunity to nearly eliminate pesticide exposure via the diet by consuming organic food is borne out by extensive testing in both the United States and countries abroad," Benbrook says.

Thus, organic food can reduce pesticide dietary risks, Benbrook notes. "For vulnerable population groups, especially infants and children, the differences are significant and promise measurable public health benefits." ❖

Organic Harvest Month™

September is Organic Harvest Month™. In 1992, the Organic Trade Association (OTA) implemented Organic Harvest Month™ as a widespread promotion of organic food and agriculture through regional and local events and a media campaign.



"The objective of Organic Harvest Month™ is to highlight organic agriculture and the growing organic products industry," says Katherine DiMatteo, executive director of OTA. September is also an ideal time for consumers and retailers to celebrate the bounty of the organic harvest.

Events and celebrations of all shapes and sizes take place across North America, in

parks, schools, stores, farmers' markets, and at restaurants. Events in the past have included gastronomic walking tours, organic country fairs, organic-themed barn dances, special displays and tastings at supermarkets, and special pullout sections in local newspapers.

Soon OTA will be posting activities planned for this year's observance on its web site, at www.ota.com/news/ohmcalendar.html.