

Organic



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 nearly 1,600 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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Looking toward 2025: The organic industry of the future

As its 20th anniversary year draws to a close, the Organic Trade Association (OTA) has begun pondering what is in store for the organic industry in the next 20 years. As a result, OTA during 2005 conducted a survey of industry research organizations and long-time member companies to envision what the organic industry might look like in 20 years.

Here are some of the expectations, as revealed in the survey:

- The organic industry can be expected to continue to grow and thrive at a sturdy rate over the next 20 years, but at a slower pace than the current 20 percent average annual growth in sales.
- The average consumer household in 2025 will buy organic products on a regular basis. These will include food items as well as organic clothing, household cleaning products, and personal care items.
- Organic products by 2025 will be sold anywhere and everywhere. Increased sales in restaurants are among the expected trends.
- Increases in organic sales and acceptance will result in increased U.S. organic acreage.
- Younger shoppers will continue to be interested in organic foods, particularly as Gen Xers pass down their belief systems. Ethnic shoppers, including

Asian Americans and Hispanic Americans, will continue to be more likely to buy organic products in proportion to their representation in the general population.

- Government support of organic agriculture will be crucial to maintain the industry's growth potential. The U.S. government will need to support farmers in their transition to organic production, and to enforce the standards to minimize consumer confusion.

Respondents believe the current growth rate of 15-20 percent annually is not likely to continue. Instead, they predict the average annual growth rate by 2025 will be closer to five to ten percent. However, annual sales increases in the \$2 billion range are seen as

feasible. If this occurs, U.S. organic food sales could reach \$50 billion by 2025, representing nearly six percent of total U.S. food sales.

Asked what percentage of U.S. and world farmland would likely be certified organic by the year 2025, respondents gave answers ranging from 8 to 15 percent, for a projected average of 12.6 percent of acres certified organic, versus the less than one percent that today is certified.

Challenges

Among the challenges cited were consumer confusion about definitions around the organic labels, unbalanced governmental support and promotion of conventional farming methods at the expense of organic agriculture,

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OTA's mission and vision

As part of the reflection on what the association has achieved over its first 20 years and where it is going next, the Organic Trade Association (OTA) during 2005 adopted a vision statement and revised its mission statement.

OTA'S VISION:

Organic products are a significant part of everyday life, enhancing people's lives and the environment.

This vision statement paints a vibrant image of the future and OTA's aspirations for organic agriculture and products. The vision will be part of the framework used over the next several years by the association in setting its strategic goals.

OTA'S MISSION:

To promote and protect the growth of organic trade to benefit the environment, farmers, the public and the economy.

This revised mission statement emphasizes OTA's central purpose and fundamental reason for existence. The mission guides the association in its day-to-day work, helping it set priorities and program focus.

A World of News

Organic news

- Greenling, Inc., has launched an organic produce delivery service for consumers, businesses, restaurants and caterers in Austin, TX, and surrounding areas.
- Students, faculty and staff at California State University-Monterey Bay can purchase organic salad greens, vegetables, fruit and other items at the Otter Bay Café due to a partnership between foodservice provider Sodexo and Earthbound Farm.
- Taking part in the United Students Against Sweatshops' "Sweat-Free Campus Campaign," students at more than 200 universities are urging their administrations to switch to Fair Trade organic cotton for apparel that bears their school's logo. Meanwhile, the Sustainable Cotton Project is urging college bookstores to sell organic cotton apparel.
- The café menu at the new Nasher Museum of Art at Duke University in Durham, North Carolina, focuses on local and organic products.
- Food Lion has remodeled 63 stores in Maryland and Delaware to offer more fresh, natural and organic products. More than 40 of the stores have added a section devoted entirely to natural and organic products.
- Supervalu, Inc., will launch Sunflower® Market, a value-priced organic foods retail outlet, with the first to open in Indianapolis, IN, in January.
- A 92,000-square-foot Giant Super Food Store opened in October in Camp Hill, PA, with its natural and organic department featuring 3,500 stock-keeping units.
- Sam's Club stores began selling organic frozen blueberries in October.
- McDonald's restaurants are partnering with Green Mountain Coffee Roasters, Inc., to source, roast, and package Newman's Own Organics Blend coffee exclusively for more than 650 McDonald's restaurants in Massachusetts, Connecticut, Rhode Island, Vermont, New Hampshire, Maine, and Albany, NY. The blend is made from Fair Trade Certified™ and organic specialty coffees.

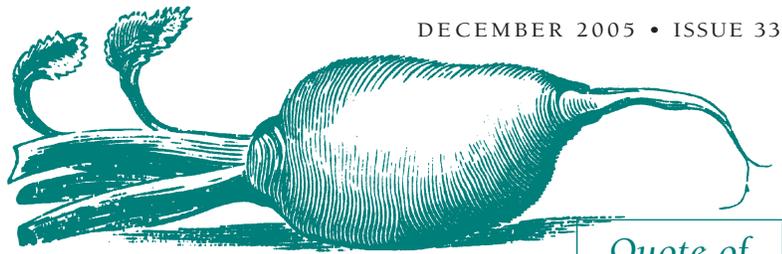


- Efforts are under way to help farmers transition to organic production. A partnership between Organic Valley and Stonyfield Farm provides transition premiums to dairy farmers. Meanwhile, California Certified Organic Farmers (CCOF) is expanding its Going Organic farmer training, education, and mentoring program. CCOF estimates its project will increase regional organic acreage by nearly five percent through converting 40 conventional farms in California's Central Valley, San Joaquin Valley, and the Napa and Sonoma regions.

Research updates

- A study funded by the U.S. Environmental Protection Agency has shown that children who switch to eating organic foods get "dramatic and immediate" reduced exposure to pesticides used on a variety of crops. In the study, environmental health scientists from the University of Washington, Emory University and the Centers for Disease Control and Prevention tested the urine of 23 children ages 3 to 11 in the Seattle area for 15 days. During the first three days and last seven, children ate their normal diets. During the middle five days, they were given organic items, including fruits, vegetables, juices and wheat- and corn-based processed items including cereal and pasta. Average levels of malathion and chlorpyrifos—two organophosphate pesticides—in the children's urine decreased to nondetectable levels immediately after the introduction of organic diets and remained nondetectable until the conventional diets were reintroduced, researchers reported in the Sept. 1, 2005, online version of *Environmental Health Perspectives*.
- A report, *Breaking the Mold—Impacts of Organic and Conventional Farming Systems on Mycotoxins in Food and Livestock Feed*, released by The Organic Center shows that organic farming practices can lessen the risk of dangerous mycotoxin contamination in foods, especially grain-based products. The report found that organic agricultural practices often reduce the prevalence of serious fungal infections, and hence mycotoxin risks in the food supply, by promoting diversity in the microorganisms colonizing plant tissues and living in the soil and by reducing the supply of nitrogen that is readily available to support pathogen growth. See: www.organic-center.org/science.htm?articleid=59.

To view this issue electronically, go to
<http://www.ota.com/news/whatsnews.html>



- Studying the connections between soil parameters and their infiltration capacity, scientists at the Institute of Plant Nutrition and Soil Science and the Institute of Organic Farming, Federal Agricultural Research Center in Germany, have concluded that organic farming helps provide “bio-pores” in the soil, improving infiltration and helping to counteract flooding. Their research found that organically managed soils have approximately seven times more earthworms and twice as high infiltration rates as soils on conventionally managed farms. Such positive effects are evident after only three years of organic management.
- Researchers with the International Centre of Insect Physiology and Ecology based in Kenya have announced the development of an organic pesticide to control deadly locust swarms in Africa. Tests conducted in Sudan have prevented such swarms by spraying juvenile locusts with a pheromone taken from adults.

Environmental news

- The negative effects from crop and livestock agriculture in the United States may cost society somewhere between \$5.7 and \$16.9 billion each year, according to findings published recently in the *International Journal of Agricultural Sustainability*. Looking at the costs of “externalities” related to U.S. agriculture in a study conducted during 2002 and 2003, Leopold Center scholar Erin Tegmeier and former associate director Mike Duffy found that U.S. crop production alone has external costs ranging from \$11.92 to \$38.74 per acre. As a result, they recommended that agricultural policy be restructured to shift production toward methods that lessen external impacts. To see the findings, go to www.leopold.iastate.edu/pubs/staff/files/externalcosts_IJAS2004.pdf.
- Results from five years of research to compare the differences between organic and non-organic cereal-producing farms in lowland England show that organic farming systems provide greater potential for biodiversity as a result of greater variability in habitats and more wildlife-friendly management practices, according to findings published in the Royal Society journal *Biology Letters* Aug. 3. In the integrated study covering 160 farms from Cornwall to Cumbria, researchers showed that organic farms supported higher numbers of species and overall abundance across most groups of plants and animals.
- Meanwhile, a three-year study conducted in southeastern France found that the great tit, a common European bird, thrived in organic apple orchards versus orchards where intensive spraying occurs. Findings, published in *Environmental Toxicology and*

Chemistry (Vol. 24, No. 11), showed that the birds produced more young in organic orchards than in those where pesticides are used. The authors credited the difference to the loss of insect prey killed by pesticides in the non-organic orchards.

Consumer trends

- In a consumer survey conducted by the Soil Association in the United Kingdom, 95 percent of respondents said they buy organic products to avoid pesticides and food additives. Meanwhile, 72 percent said organic fruits and vegetables taste better than their non-organic counterparts, and 71 percent said they preferred the taste of organic meat.
- Consumers are extending the concept of health and wellness from personal health to that of planetary health and wellness, according to the Natural Marketing Institute's *Health & Wellness Trends Database*™. “Almost one in four American consumers state that when given the choice to buy a product or service, they make decisions with an understanding of the effect the purchase will have on the health and sustainability of the world, its environment and people,” said NMI managing partner Steve French.
- An online survey conducted by GCI Group and Equation Research in June 2005 found that 68 percent of expectant mothers willingly make changes to their eating habits after becoming pregnant. Of those, 26 percent started eating more natural and organic foods, according to Whole Foods Market. Forty-two percent of all expectant and new moms completing the survey said eating natural or organic products is important, and 37 percent said they believe natural and organic foods offer health advantages. A total of 2,344 persons completed the survey.
- Based on an August 2005 ESP™ (E-Screener Panel) study conducted by the Natural Marketing Institute, consumers using one natural/organic product category were three to 12 times more likely to use another natural/organic category. ❖

Quote of Note

“Organic production is a complex system that integrates soil fertility, crop rotation, water management, and pest and disease control. It requires a systems approach, but agricultural research has historically tended to focus on narrow, single-issue problems.”

—Carol Shennan,
Director, The Center
for Agroecology and
Sustainable Food
Systems, University
of California,
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The organic industry
of the future
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Labels on Organic Products

National organic standards offer U.S. consumers the assurance that all food products labeled as organic in the United States are governed by consistent standards.

U.S. organic standards allow four different labeling options based on the percentage of organic ingredients in a product. These include three distinct categories, and a fourth option for products that contain organic ingredients but not at a high enough level to meet one of the three labeling categories:



- **Category 1: 100 percent organic.** Only products that have been exclusively produced using organic methods are allowed to carry a label declaring “100 percent organic.”
- **Category 2: Organic.** This signifies that at least 95 percent of the ingredients (by weight, excluding water and salt) in a processed product have been organically produced. The remaining contents can only be natural or synthetic ingredients recommended by the National Organic Standards Board and allowed on the National List.
- **Category 3: Made with organic.** Products with 70 to 95 percent organic ingredients may display “Made with organic [with up to three specific organic ingredients or food groups listed]” on the front panel.
- Products with less than 70 percent organic ingredients can list the organic items only in the ingredient panel. There can be no mention of organic on the main panel.

In the first two labeling categories, the product cannot use both organic and non-organic versions of any ingredient that is listed as organic. For instance, if a loaf of bread is made with organic wheat, all of the wheat in the bread must be organic. All three categories prohibit the inclusion of any ingredients produced using genetic engineering, irradiation, or sewage sludge.

To assist consumers, USDA has designed a seal that may be used only on products labeled as “100 percent organic” or “organic.” Use of the seal is voluntary, but is seen as a useful tool to market to consumers.

The actual percent of organic content may be displayed on all products, regardless of label category. However, the rule specifies the actual dimensions that are allowed in displaying the content, and the percentage for products with less than 70 organic ingredients can only be displayed in the information panel.

Looking Toward 2025 — *Continued from Page 1*

and the acceptance of value of organic packaged products versus perishables in the marketplace.

Overall, however, survey participants indicated that all kinds of organic products will be accepted and used as part of every day life by the year 2025. Through both strong consumer and government support, the organic industry will continue to thrive and grow in its innovative and unique way. ❖