

National Organic Standards Board
Certification, Accreditation, Compliance Subcommittee (CACs)
Organic Food System Capacity and Constraints
Discussion Document
February 7, 2024

Introduction:

The organic market continues to be a bright spot in agriculture. With near double-digit growth since 2020, and historic investments by stakeholders, including the USDA, organic holds the promise of being an opportunity for everyone in the supply chain.

The historic investment by USDA in the Transition to Organic Partnership Program (TOPP) represents an unmatched opportunity to help bring new producers into organic certification. While growth in new organic operations is essential, the NOSB heard from public commenters at both the spring and fall 2023 public meetings that current producers around the United States are at risk of exiting certification or refraining from growing their operations due to price instability due to limited market opportunities.

Background and Comments:

To encourage farmers to transition there needs to be a consistent market on the other side of that transition. Additionally, several existing organic producers from Montana, Iowa, South Dakota, Nebraska, Texas, and Oregon producers commented that crops such as corn, fruits, vegetables, produce, and soybeans, peanuts, as well as beef, lamb, and dairy said that more robust markets are needed for producers to maintain organic certification. In summary, to retain organic producers who have already transitioned and to allow for more producers that are interested in transitioning, markets must be stable and fair.

Several commenters highlighted the necessity of matching growth in production to demand.

1. A produce wholesaler, “is concerned about the possibility of repercussions in the marketplace if programs encouraging transition are not balanced with an equal, or greater, emphasis on market growth and development.” “...asserts that the organic community must ensure that we are not setting up transitioning farmers for failure or unintended hardship through unrealistic promises of premium pricing and markets for their goods.”
2. A certifier commented, “In the Northwest region there are producers who would grow more certified organic crops if there was a clear market opportunity. Several buyers of organic products in the region have reported a saturation of the organic produce market in specific crop categories, for example. Market data is needed to clearly identify crop categories where demand still exceeds supply or where market expansion opportunities exist. With such insights, pinpointed market development efforts can fill supply gaps and respond to opportunities for growth.
3. An Advocacy group mentioned that we “need a conversation about oversupplied organic markets and where there is a need for more products”
4. An organic consultant stated, “USDA has chosen to launch this program without actually having a goal, and I think that’s problematic...maybe the NOSB could be a factor in getting the department to do that.... creating a dialogue that would help the industry or the community create a goal.....there’s important economic analysis that could be done. ERS should be part of this process to establish.... realistic but ambitious goal that’s differentiated in different segments of the supply chain. And the emphasis absolutely needs to be on domestic production.... we’re relying on imports.”

Part of NOSB's role is to advise the Secretary on implementing the Organic Foods Production Act, and, by extension, the programs the agency develops to support organic. Therefore, the Board believes that examination of current and future markets, gaps in supply chain infrastructure, and market-related risk management tools will support the agency's efforts in transitioning additional producers into organics, retaining current organic producers, and helping to ensure the ongoing success of the organic marketplace.

The CAC Subcommittee's goal is to build on our previous work on climate change that focused on addressing managing on-farm risk. In this phase, we propose examining market development as a risk management tool, where the key risks organic farmers face include price and market access risks.

Questions to Stakeholders:

1. Are we retaining our existing organic acres and producers or are we experiencing overall loss of current organic producers?
2. Are existing organic producers expanding or contracting acres of organic production?
3. What additional infrastructure is needed to make organic supply chains more lean and more efficient?
4. What organic processing capability do we need to establish?

Subcommittee Vote:

Motion to accept the discussion document on Organic Food System Capacity and Constraints

Motion by: Nate Powell-Palm

Seconded by: Amy Bruch

Yes: 6 No: 0 Abstain: 1 Recuse: 0 Absent: 1