



# Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses

## Process for Establishing an Organic Research and Promotion Program

The 2014 Farm Bill authorized the Secretary of Agriculture to issue, under the 1996 Act, an organic commodity promotion order. The 1996 Act authorizes the establishment of programs for developing, financing, and carrying out promotion, research, and information programs designed to strengthen the position of agricultural commodity industries in the marketplace, maintain and expand domestic and foreign markets and uses for agricultural commodities, develop new markets and uses for agricultural commodities, or assist producers in meeting their conservation objectives.

On May 12, 2015, USDA's Agricultural Marketing Service (AMS) received a proposal for an organic research and promotion program from the Organic Trade Association, and invited other stakeholders to submit alternative proposals or partial proposals to assist with the development of an organic promotion, research, and information program.

Below are the steps to establish an organic research and promotion order, and the requirements needed in a complete proposal.

## Steps for Establishing an Organic Research and Promotion Program

1. The Organic Trade Association submitted their proposal to USDA on May 12, 2015, and posted a letter of credit.
2. The deadline for submission of alternate proposals or partial proposals to USDA was July 20, 2015.
3. USDA will review all submissions against the requirements for a complete proposal.
4. At any time in the process, USDA may also hold public meetings on the proposal(s) (*optional*).
5. After analyzing the submissions, USDA will publish a proposed rule in the *Federal Register* for public comments. Ex parte communication begins.
6. The proposed rule(s) will include a 60-day comment period.
7. If, after reviewing the comments, USDA concludes that the program has merit and meets legislative intent, USDA will publish a final proposal in the *Federal Register* and announce a referendum.
8. USDA will conduct a referendum to determine industry support for a program.
9. If the program is approved by the industry voters in the referendum, USDA will publish a final rule to implement the program. If the referendum fails, the program will not be implemented.
10. If the program is implemented, USDA will seek nominations for board members.
11. The Secretary will appoint the board members and, in collaboration with the industry, set a date for the board's organizational meeting.
12. At its organizational meeting, the board will address such matters as bylaws, staff, office location, assessment collection, reporting forms and procedures, budget, and marketing plan.
13. The bylaws, budget, and marketing plan must be submitted to USDA for review and approval.
14. After USDA approval, the program becomes operational. Assessment collections begin.

## Proposal Requirements

Complete proposals submitted to USDA should include an overview of the industry and address objectives and details of the proposed program. Specific requirements are listed below:

### Industry Analysis

- Develop a profile of the industry, including such information as the volume, value, and geographic distribution of domestic production; the volume, value, and countries of origin of imports; and the number of large and small businesses.

### Justification

Determine the justification for a national program. Address questions such as:

- What marketing problems exist (e.g., declining sales or prices, lack of industry price support programs), and how would a national program address these problems?
- What alternatives were considered, and why were they rejected?
- How much income could the program expect to generate at the optimum assessment rate?
- How much would it cost to administer the program, including Government reimbursements (user fees)?
- After program administration costs are paid, how much funding would remain to finance the program?
- Could an effective research and promotion program be conducted with the remaining funds?

### Objectives

- Identify what the industry expects to achieve through the program.

### Impact on Small Business

- Describe how the program's reporting, recordkeeping, and other compliance requirements would affect small businesses.

The description should include an estimate of the types of small businesses that would be subject to the order and the type of professional skills necessary to prepare reports and otherwise comply with the program. This analysis should describe each compliance requirement, including the payment of assessments, and estimate the costs, comparing large and small entities. Distinguish initial costs from recurring or operating costs and indicate where different compliance requirements may be necessary for small businesses. In addition, identify all relevant federal rules that may duplicate, overlap, or conflict with the proposed program.

### Industry Support

- Determine the level of industry support for the program. USDA will not consider a proposal for which there is not substantial industry support.

### Text of the Proposal

- Draft the text for the proposed order or text for a partial order.

### Ex parte communication

Once the proposal is published in the *Federal Register*, ex parte communication about the substance of the proposal between any USDA representative involved in the decision process and interested persons about the substance of the proposed order is prohibited. Discussion about procedural matters and status reports are permitted.

### For more information about the proposal process, please visit:

[www.ams.usda.gov](http://www.ams.usda.gov), click on "Research and Promotion Programs," and follow links to "How to Propose a National Research and Promotion Program," and click on "Text of a Proposed Order for Research and Promotion Programs."