

THE RISE OF ORGANIC FARMING

A recent study released from the U.S. Department of Agriculture (USDA) Economic Research Service demonstrates that organic products have made significant in-roads in the overall \$598 billion food U.S. food market.¹

Even though the number of organic farmers has steadily increased, it has been difficult for the farmers to keep up with the even more increasing demand for organic products.

Organic Farmers

According to the Organic Farming Research Foundation (OFRF), there were approximately 13,000 certified organic producers in the U.S. in 2007.² There are a number of producers who are not certified organic and/or are in the process of becoming certified. The USDA

National Organic Standards typically requires that farmland be dedicated to organic farming for three years before that farm's products can be labeled as organic.

The OFRF also reports that approximately 2% of the U.S. food supply is grown using organic methods.³

Yields

Organic farming yields may also closely match the yields generated from more conventional farming methods. A 2001 OFRF study notes that, "based on 154 growing seasons' worth of data on various crops, organic crops yielded 95% of crops grown under conventional, high-input conditions." (Liebhardt, B. "Get the facts straight: organic agriculture yields are good." OFRF *Information Bulletin* #10, Summer 2001).

A more recent 2007 study produced by the Leopold Center for Sustainable Agriculture demonstrates that high yields from organic farming are continuing⁴: "organic rotation farming produced 52 percent more gross sales revenue, 110 percent more value added, and 182 percent more labor income than from the same 1,000 acres farmed using conventional corn-soybean rotation practices." The study further noted that organic corn, soybean, oat and alfalfa rotation produces \$510,750 per year, which is \$131,545 more than the conventional farming rotation output of \$379,205.

One organic farmer in Iowa recently reported that his 2009 soybean yield was 64.5 bushels per acre. This compares to an average 2009 soybean yield of 52 bushels per acre in Iowa. Also, the same organic farmer reported that his corn yield in 2009 was 165 bushels per acre compared to the Iowa average of 183 bushels per acre.

What is organic farming?

The Organic Farming Research Foundation provides a working definition of organic farming:

Organic farming refers to agricultural production systems used to produce food and fiber. Organic farming management relies on developing biological diversity in the field to disrupt habitat for pest organisms, and the purposeful maintenance and replenishment of soil fertility. Organic farmers are not allowed to use synthetic pesticides or fertilizers.

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Prices

Organic soybean prices have generally been in the range of \$18-20 per bushel for high grade beans, which is about double the prices for nonorganic soybeans. High grade organic corn prices have ranged from \$5-6 per bushel. Nonorganic corn prices have ranged about \$2 lower.

Consumer Demand

While organic products initially could only be found in local health food or organic stores, the USDA reports that organic products are now “mainstream.”⁵ A September 2009 report from the USDA noted that organic food and beverages have exhibited strong, double digit growth, even amid the current economic downturn. The USDA marketing service report said, “Organic products have shifted from being a lifestyle choice for a small share of consumers to being consumed at least occasionally by a majority of Americans.”⁶

Organic food sales in the U.S. have quintupled since 1997, from \$3.6 billion to \$21.1 billion. According to the USDA report, this amounts to 3% of the total US food sales in 2008. Organic sales grew at a much faster rate than general U.S. food sales, which grew about 4.9% in 2008.

Organic fruit and vegetables account for the majority of organic food sales in the U.S., at 37%. Organic dairy sales are next, occupying 16% of the organic food market while beverages and packaged foods follow with 13% each of the organic sales.

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¹ Scott-Thomas, C. “Organic foods are now ‘mainstream’ says USDA.” ©2000/2009 – Decision News Media SAS – All Rights Reserved. Sept. 14, 2009.

^{2,3} Organic Farming Research Foundation © 2008 <http://ofrf.org/index.html>

⁴ Swenson, David, Liesl Eathington, and Craig Chase. 2007. *Determining the Methods for Measuring the Economic and Fiscal Impacts Associated with Organic Crop Conversion in Iowa*. Ames, IA: Leopold Center for Sustainable Agriculture.

⁵ Scott-Thomas, C. “Organic foods are now ‘mainstream’ says USDA.” ©2000/2009 – Decision News Media SAS – All Rights Reserved. Sept. 14, 2009.