

# Organics

## Organic checkoff proposal exposes split in industry

By CAROL RYAN DUMAS  
Capital Press

A research and promotion checkoff for the organic industry is meeting with divided support as the USDA seeks public comment on the proposal.

The Organic Trade Association, which represents producers, handlers and processors, has worked for several years to formulate a checkoff that would meet the needs of the entire industry, which has grown to \$43 billion in domestic sales.

But the No Organic Checkoff Coalition, consisting mostly of farmer organizations, contends OTA has missed the mark and USDA has not satisfactorily addressed their concerns.

OTA has logged “thousands and thousands of miles” meeting with stakeholders to shape an effective program, Laura Batcha, OTA’s CEO and executive director, said in a telephone conference.

“We’re really thrilled to reach this milestone. ... It’s been a program that has gone through multiple iterations,” she said.

OTA has incorporated reforms based on stakeholder input and their concerns with other checkoffs to arrive at a unique program that spans the many commodities in the organic arena, she said.

The program puts heavy emphasis on research, information and extension to bolster organic production, educate consumers and provide value to the entire industry, she said.

The checkoff would provide money for production-based research, one of the areas of greatest interest to stakeholders. It would also facilitate the transfer of knowledge to those entering the industry and technical services to accelerate the adoption of organic practices, she said.

There is also a high interest in educating consumers so they fully understand the rigorous steps involved in organic production so farmers can realize prices that make sense for what they do. That understanding and promotion of organic brands will benefit processors as well, she said.

“This is really all about the (organic) sector coming together and investing in itself,” she said.

The coalition, however, contends the checkoff is more likely to promote large processors’ needs over those of family farmers.

### Representation

While the makeup of the board appears fairly balanced — with eight producers, seven processors, one importer and one at-large member — the reality is those producer seats would likely be filled by large-scale farmers, whose interests are more typically



Cows relax on an organic farm. Organic farmers are debating a proposed checkoff system to help fund research and other activities.

aligned with large agribusiness, said Kate Mendenhall, coalition coordinator and a beginning organic farmer in Iowa.

It’s a lot harder for small-scale farmers to leave their operations and travel to meetings, and large-scale farmers have ended up on checkoff boards in the past, she said.

In addition, farmers make up the majority of certified organic operations, and the board should mirror that, she said, adding that farmers are responsible for building the organic movement and market, and they should be better represented.

Another problem is that 60 percent of certified organic operators are small-scale farmers — whose sales fall below the mandatory assessment level — and they won’t have a vote in the referendum to establish a checkoff unless they volunteer to participate in the checkoff and incur burdensome assessments, she said.

Farmers, handlers and processors with gross organic revenue below \$250,000 can choose whether to participate. The assessment is set at one-tenth of 1 percent of net organic sales. The checkoff also applies to importers.

If small-scale farmers do choose to participate, it will be big industry on the board making decisions that will benefit bigger-scale production and small-scale farmers will be funding their own competition, Mendenhall said.

“History has shown in checkoffs that big industry wins out,” she said.

OTA contends it has worked hard to come up with a unique checkoff that better



represents all producers and addresses their needs and that even if small farmers decide not to participate, they will still receive the benefits of the program.

### Research money

The checkoff could provide more than \$30 million annually, and 50 to 75 percent would be earmarked for research and related activities, such as technical assistance and dissemination of research findings. It would require that 25 percent of the assessments from producers be used for local and regional research, according to OTA.

The proposed rule states that no less than 25 percent of the funds shall be allocated to research; 25 percent shall be allocated to information; 25 shall be allocated to promotion; and 25 percent shall remain discretionary, with no more than 15 percent expended for administration, maintenance and functioning of the board.

The checkoff would provide a stable, reliable source of funding to support research on organic production, dissemination of research information to farmers and the development of support systems to enable the expansion and success of organic

farmers, said Doug Crabtree, an organic farmer who raises grains, pulses and oilseeds in Montana.

“We see first-hand the need for more research,” he said during OTA’s conference call.

In particular, the industry needs seed varieties that work in organic systems, which rely on crop rotation to protect against weeds and pests. Non-organic varieties are less suited for organic production, and there is very little being done to develop viable varieties, he said.

Climate change and weather variations are also a huge challenge. Strong research and commitment are needed to address all the challenges in organic production, he said.

But the coalition also takes issue with the research part of the proposal, which states that the majority of research funds shall be allocated to agricultural research.

A majority could be as little as 12.6 percent, and that’s not enough; it should be 100 percent, Mendenhall said.

The remainder of the 25 percent research funding could end up going to other research, such as marketing or processing, she said.

“Everyone thinks we need more research dollars, we just think there’s a better way to get that money, she said.

Organic farmers have always thought outside the box. The industry can do better than a checkoff that’s bad for family farmers, she said.

### Organic growth

The checkoff would also support information to bring more farmers into organic

### Online

The proposed rule is available at: <http://bit.ly/2iTW01D>

production. Significant imports of organic commodities illustrate the amount of lost opportunity, Crabtree said.

Organic can be an economic engine for rural America, said Melissa Hughes, OTA president and general counsel for Organic Valley.

The checkoff will also allow the industry to speak with one voice to make sure consumers know what the organic seal means, she said.

“Now more than ever, the organic industry needs to come together and invest in its future,” Batcha, the OTA’s CEO and executive director, said.

But the coalition contends checkoffs are inherently bad for small-scale farmers, are another tax and come with restrictive guidelines, heavy bureaucracy, lack of accountability with a history of corruption and cost of administration.

“A failed federal program does not belong in organic,” Mendenhall said.

In addition, promoting organic sales now would increase imports, she said.

“We already have a supply problem in the U.S. We don’t need more promotion; we need help for producers to transition into organic production,” she said.

More demand would be filled by imports that would decrease prices and hit organic farmers the hardest. Growing organic acres and promotion need to go hand-in-hand, she said.

A referendum is required to put the program in place and every seven years to continue the program.

## USDA lowers hurdle for transitioning to organic

By CAROL RYAN DUMAS  
Capital Press

Transitioning from conventional farming to organic production is no easy feat, but it might have just gotten a little easier with a new national certification program for those making the switch.

Using standards developed by the Organic Trade Association, USDA is launching the National Certified Transition Program that will provide oversight for accredited agents offering transitional certification to producers.

The new program is expected to ease the three-year transition process, allow farmers to sell their products at a premium and help encourage more organic production.

“We view it as another tool to support producers who want to go into organic,” said Nate Lewis, OTA farm policy director.

There are significant obstacles to getting into organic production, but the biggest challenge is the financial hurdle of the transition period. Transitioning producers experience lower yields and aren’t yet able to benefit from organic price premiums, he said.

The new program “is a tool to help producers get over that hump,” he said.

A couple of years ago, OTA was approached by some members looking for a way to harmonize transitional certification programs. About a dozen certifying agencies, which were operating certification programs before the National Organic Program came into existence, still offer those programs, but their standards vary, he said.

OTA set up a task force to create one set of standards with the benefit of government oversight and to build the foundations for a potential market for transitional products. Such a market could offer some type of premium and lower the financial barriers of transitioning.

Some companies relying on organic production are offering economic incentives to transitioning producers to secure a supply once those growers are certified organic, he said.

“We hope this will foster more of those types of arrangements,” he said.

California Certified Organic Farmers offers transitional certification and it participated in the efforts to establish a transitional certification program under the National Organic Program, said Cathy Calfo, CCOF executive director.

“It will provide at least a uniform standard across all certifying agencies,” she said.

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