

Organic suppliers unable to fill all their orders

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U.S. organic sales, including non-food products, hit \$39.1 billion in 2014, an 11.3 percent increase over the previous year, while sales of comparable conventional products grew by 3 percent, according to OTA. Imports of 21 organic food products tracked by USDA totaled \$1.3 billion.

By comparison, overall U.S. agricultural sales were \$394 billion in 2012, according to the USDA Census of Agriculture.

A shortfall in U.S. organic production has suppliers to domestic markets unable to fill all their orders and going farther afield to secure supplies. It's also forcing processors to hold off on new product development, said Nate Lewis, OTA senior crop and livestock specialist.

In addition to shortfalls in organic produce and other crops, organic milk is in short supply. More private labels are emerging as retailers offer organic milk under their own brands, and the organic milk cooperatives are recruiting new members to fill their tanker trucks, Lewis said.

A gallon of organic whole milk in April averaged \$4.28, compared with conventional whole milk, which averaged \$3.62, according to USDA.

The organic dairy sector posted \$5.46 billion in sales in 2014, an 11 percent jump from 2013. But the availability and price of organic feed is limiting milk production, with the price of feed increasing faster than processors can raise the price of organic milk, he said.

The shortage is getting to be a crisis in the grain sector, both in animal feed and ingredients for ready-to-eat foods, he said.

The phone is "ringing off the hook" at Hummingbird Wholesale, an organic wholesaler and distributor in Eugene, Ore., general manager Justin Freeman said.

The company primarily supplies such items as nuts, seeds, dried fruit, beans, grains and flour in bulk to independent and co-op grocery stores. It also sells to processors and restaurants. But now it's getting calls from more processors and restaurants and institutional buyers such as universities and hospitals.

"Everyone who eats is looking for organics these days. We're having to tell a lot of folks there's just not enough to go around," he said.

Farmers are also calling, interested in organic opportunities with the company, he said.

John O'Connor, owner of Farm Management Services in Buhl, Idaho, which manages 160 organic acres and owns 20, is getting calls, too.

He's had at least six unsolicited calls from buyers looking for dry beans and small grains from as far away as the East Coast. He's also seen premiums for organic crops increase even as prices for their conventional counterparts have decreased.

Increasing demand is plain to see in the growing organic options at grocery stores. At the Fred Meyer store in Twin Falls, Idaho, organic offerings have increased at least 300 percent in the last five years, he said.



Carol Ryan Dumas/Capital Press

Nate Jones of King Hill, Idaho, checks out his organic alfalfa field. He farms 680 acres of organic crops.

Certified organic acres and animals

Item	1995	2000	2005	2008	2011
Acres (Thousands)					
Pasture/rangeland	276.3	557.2	2,331.2	2,160.6	2,298.1
Cropland	638.5	1,218.9	1,723.3	2,643.2	3,085
U.S. total	914.8	1,776.1	4,054.4	4,803.8	5,383.1
Animals (Thousand head)					
Livestock*	0	52	123.2	313.4	361
Poultry**	0	3,047.7	12,965	14,952.5	35,811.9
U.S. total	0	3,099.7	13,088.2	15,266	36,172.9

*Beef and milk cows (does not include replacement heifers) **Layer hens, broilers and turkeys
Source: USDA NASS
Carol Ryan Dumas and Alan Kenagal/Capital Press

Opportunity abounds

Southern Idaho is booming with an influx of food processors and expansions, and some of those processors have expressed their need for more organic production.

California-based Amy's Kitchen, which already buys organic vegetables from Idaho growers, set up shop in Pocatello and is looking for even more organic production to feed its growing business. The company manufactures organic and non-genetically modified convenience and frozen foods.

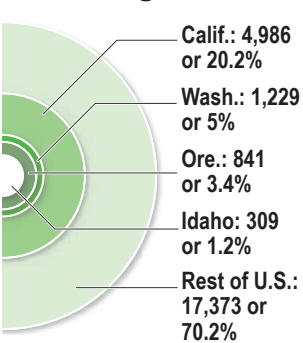
"Organic is a top priority for us — about 95 percent or more of our ingredients are organic. To supply our production needs this year, our raw material needs have increased by about 15 to 18 percent," said John Paneno, Amy's director of sourcing.

It's always been a challenge for Amy's to find the high-quality organic ingredients it requires for its food products, and demand for organic ingredients has gone up across the board, he said.

More food companies are insisting on non-genetically modified ingredients, and organic is non-GMO. Also, consumers are becoming more educated and concerned about their food choices, so consumer demand is increasing, he said.

"Overall, we're also seeing that the younger generation is more interested in their food choices and is seeking the assurance of organic certifica-

Certified organic operations, production and handling* (As of May 2015)



*Includes crop, livestock and wild crop producers, distributors, processors and brokers
Source: USDA, AMS
Carol Ryan Dumas and Alan Kenagal/Capital Press

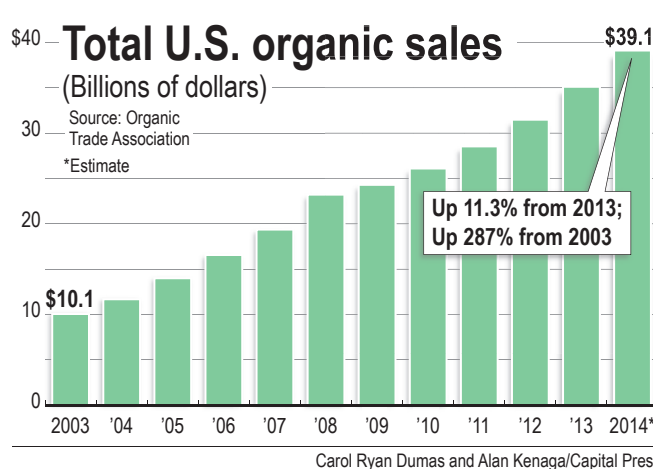
tion," he said.

Other processors are also entering the market.

California-based Clif Bar is building a bakery in Twin Falls and has expressed a desire to work with local growers to purchase organic milled grain.

Chobani Greek Yogurt, based in upstate New York, built the largest yogurt plant in the world in Twin Falls in 2012 and is trying to find an avenue for its milk producers to feed their cows organic feed.

Seneca, a long-time Buhl, Idaho, processor, is soliciting growers to raise organic beans and sweet corn, and Mountain States Oilseeds in American Falls is hungry for more organic mustard.



Organic growers recognize the need for more production, but some say they don't want an explosion that would saturate the market.

Jones said he likes the current scenario of buyers calling him "instead of me calling them asking what they'll pay."

OTA's Lewis said that's a valid concern and more production could eventually cause prices to decrease, but in no way has demand hit a ceiling. More production would stabilize supply and spur even more demand, he said.

A lot of processors are testing the waters on organic but are holding off going full bore because supplies are tight, he said.

And while prices for some organic crops can be double or even quadruple those of their conventional counterparts, going organic is a "pretty tough proposition for people looking at it from a strictly dollars and cents perspective," he said.

There's an awful lot of opportunity for growers in the organic market, but there are also significant barriers, he said.

High hurdles

Organic production has lots of room to grow. But in addition to tight water supplies, high land prices and labor shortages faced by growers as a whole in Western agriculture, getting into organic farming has unique challenges, said Cathy Calfo, executive di-

rector of California Certified Organic Farming, one of the many organizations and agencies that are accredited by the USDA to certify organic farms and processors.

The fundamental piece of organic systems is building the soil to support organic production, and USDA's national organic standards require a three-year transition period from conventional farming. No synthetic chemicals can be used during that time, she said.

That transition period can be costly because farmers face lower yields but are not able to sell the crop as organic to capture the organic price premium, she said.

The most recent farm bill that Congress passed "is not reflective of that challenge. Growing organic production is going to come down to investments in how we address the economic challenge of that three-year period," she said.

OTA's Lewis agrees the transition period is the most significant barrier to increasing organic production and said some processors and retailers that rely on organic production are stepping in to offer economic incentives, but other challenges remain.

Crop insurance is another issue. Some crop insurance is available for organic production but it doesn't cover the full value of the crops. Without that coverage, it's difficult to get an operating loan, he said.

"The safety net is just not there for organic producers,"

he said.

Research to combat weeds and pests in organic systems is also woefully lacking, adding to the risks of organic farming, he said.

Farmers Brossy and Jones said once an organic system is established, yields can match conventional yields on some crops, such as dry beans.

Brossy said organic potatoes and beets won't yield as much as their conventional counterparts, and Jones said most organic crops get two-thirds to three-fourths the yield of conventional crops. But over time, organic will have lower input costs, the farmers said.

Cultural obstacles

Aside from the economic challenges of increasing production, one intriguing obstacle is the cultural element, Lewis said.

The coffee-shop talk and what a producer's neighboring conventional farmers might say about going organic "could be the straw that breaks the camel's back" as a farmer decides whether to convert, he said.

Organic farmers Brossy and Jones acknowledge that organic farming is not for everyone.

For the majority of organic farmers Brossy knows, organic farming is a philosophy. It's about taking care of the soil and the environment. It's impossible to do "no" harm in farming, but organic growers strive to minimize the harm, he said.

"There's no way you're in it just to make a buck. It's too much work just to do it for the money," he said.

Organic systems demand a lot of crop rotation, and if a grower doesn't adhere to that he's going to stub his toe quickly. Eventually, he'll find it too hard to keep the system going and won't last, he said.

"It's a different kind of person who does organic farming," Jones said.

"It takes talent. Many conventional farmers are not cut out for it," he said.

High demand for graduates with ag-related degrees

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There is high demand for graduates with degrees in ag business economics, ag education, field crop management, food science and security, ag technology, viticulture and entomology, she said.

At Oregon State Universi-

ty, job placement has been particularly strong for graduates with crop and soil science, horticulture and animal and rangeland science degrees, said Dan Arp, dean of OSU's College of Agricultural Sciences.

Students are aware agriculture weathered the recession better than most sectors

of the economy, Arp said. Agricultural studies appeal to students who want to "make a difference" by helping feed the world and manage the landscape in a sustainable manner, he said.

Data management, ag economics and the technology of precision agriculture attract

students as well. "It's a good time to get an applied STEM degree," Arp said.

About 46 percent of the national job openings are projected to be in management and business; 27 percent in science, technology, engineering and mathematics; 15 percent in sustainable foods and

bio-materials production; and 12 percent in education, communication and government services.

Women do particularly well in ag-related fields, according to the report. They make up more than half the graduates overall and out-number men in animal sciences, botany

and plant pathology, conservation and wildlife biology, food and nutrition science, entomology and other studies. Women earn 77 percent of the veterinary medicine degrees, according to the report.

The report is at <https://www.purdue.edu/usda/employment/>

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should continue to feed the Columbia River this summer.

Otherwise, the outlook is dry.

Streamflow projections as

of May 1 are well below average in most of the West, and irrigators who rely on streams will most likely face shortages. Reservoir storage is below normal in the Southwest, Ne-

vada and Oregon, according to NRCS.

Many NRCS automated snow stations registered record low snowfall totals this winter. In Oregon and Wash-

ington, much of the precipitation fell as rain rather than snow, Garen said, while California was just dry.

The snowpack deficit means "the mountains are

missing several feet of water" that is normally in frozen storage at higher elevations, according to NRCS.

"It's quite striking," Garen said.

Online

<http://www.wcc.nrcs.usda.gov/ftpref/downloads/wsf/201505wsfwww.pdf>