



# ORGANIC FARMERS ASSOCIATION

June 20, 2021

Agricultural Marketing Service  
USDA  
Room 2055-S, STOP 0201  
1400 Independence Avenue SW  
Washington, DC 20250-0201

Re: Docket # AMS-TM-21-0034

Dear Secretary Vilsack:

The Organic Farmers Association (OFA) is a membership organization that represents U.S. certified organic farmers. Our organization was founded by and is controlled by certified organic farmers, and only domestic certified organic farmers vote on OFA's policies and leadership. We appreciate the opportunity to comment on "Supply Chains for the Production of Agricultural Commodities and Food Products."

## Introduction

Organic is a growing sector of the U.S. agriculture system, which can play a critical role in fighting climate change and helping the agriculture sector be more resilient. A fundamental principle at the foundation of organic farming is that organic management is a holistic production practice that aims to manage the farm as an ecological system. Therefore, an organic farmer doesn't merely focus on using best practices on a specific field, or on farming without chemicals, but must also consider soil health, crop diversification, crop rotation, fostering biodiversity in and around fields, and market diversification. A diverse ecological systems approach is the foundation of an organic farmer's operation because it not only builds carbon in soil and vegetation, but also builds resilience for the farm and its host ecosystem in the face of climate change and other disruptions.

Unfortunately, U.S. agricultural lands host a greatly diminished diversity, with a handful of commodity crops dominating the landscape and economy of farming. As a result, pragmatic farmers who have simply been responding to the economic imperatives laid before them, are now vulnerable to the long-term systemic effects of fossil fuel-intensive, non-diversified farming, i.e., flooding and/or drought, soil loss and degradation, dependence on imported

nitrogen fertilizers and expensive chemical inputs, and limited markets. This puts our nation's food security at risk, not to mention our long-term ecological stability.

Last year, disruptions caused by the Covid-19 pandemic placed the agriculture system under extreme stress. In sharp contrast to the disruption that happened in highly consolidated conventional supply chains, many organic farmers quickly adjusted to public health restrictions that affected where and how they market their products and challenges faced by their workforce, coming up with creative solutions that allowed them to feed their communities. We have attached two factsheets with case studies about how organic farmers adapted.

For some farmers serving local and direct-to-consumer markets, sales actually went up as a result of the pandemic as consumers seek out local sources of food. However, in many cases, costs also skyrocketed for these operations because of the additional investments in equipment, technology, sanitation, staffing, and transportation needed to meet social distancing and infection prevention protocols.

Organic is a growing sector of the U.S. agriculture system, with tremendous potential to address climate change, help family farms flourish, revive rural communities and protect public health. But for organic agriculture to meet its potential, we need USDA to take several steps to protect the integrity of the USDA certified organic label. The USDA sets the regulations and standards that must be met by products that bear the organic label. Certified organic farmers rely on this label to accurately convey information about their products in the marketplace. Because consumers believe in the integrity of the organic label, the organic sector has enjoyed tremendous growth and provided a path to economic viability for many family farms. But the USDA has considerable work to do to maintain the standing of the organic label with consumers and ensure a level playing field for organic farmers, including finishing long-delayed updates to regulations and increasing the agency's focus on enforcement. We describe short and longer term policy steps the USDA should take to protect the integrity of the organic label in later sections of this comment.

Any USDA program must be accessible and feasible for all types and sizes of farms – organic, diversified, small-scale, in all regions of the country. Historically, this has not always been the case for USDA programs, ranging from crop insurance to research to payment programs like the Coronavirus Food Assistance Program. It is vital that USDA's plan for supply chain resilience does not repeat past mistakes by focusing only on large-scale conventional farms raising commodity crops in a few regions of the country. USDA should prioritize further outreach to all types of farmers and engage communities of color in particular to find out how to design programs that will work for everyone.

Another key criteria for making sure that new programs to address the supply chain work for all types of farms and all types of farmers is for the USDA to focus on the core concept that farmers cannot increase the resilience of their operations if they can't afford to keep farming. Organic farms are often regarded as a success story in terms of farm economic viability. For example, according to USDA's Economic Research Service (ERS), the premiums associated with

certified organic crops “more than offset” higher production costs on organic farms raising crops like corn and soybeans. The ERS also found that “organic field crop production was, on average, conducted on farms with less total acreage and less field crop acreage than conventional farms. Despite having fewer acres, producers of some organic field crops were less likely to work off-farm.”<sup>1</sup> The USDA’s 2019 Organic Survey supports the concept that organic farms can survive economically at a smaller scale. The survey shows that 71 percent of organic farms in the U.S. had annual sales under \$250,000.<sup>2</sup>

The potential for economic viability for smaller farms has been a major strength of the organic sector, and is an important component of creating a domestic food supply that is resilient. But the dramatic growth of the overall organic sector and the comparative success of organic farms relative to their conventional peers does not mean that there are no risks that could undermine the continued success of the organic sector. OFA members are increasingly concerned about changes in the organic marketplace, ranging from a growing share of the demand for organic product that is being filled by imports to increased merger and acquisition activity among various buyers of organic crops. And the vibrant growth rate that the overall organic sector has enjoyed for many years disguises one troubling and persistent fact – that the rate of growth in organic food sales in the U.S. has exceeded the rate of growth in U.S. organic farmland for twenty years.<sup>3</sup>

The continued economic viability of farms and providing adequate infrastructure for thriving local and regional food economies must be stated goals for USDA’s efforts on supply chain resilience. For organic, that means improved organic standards and stepped up enforcement to make sure that organic markets provide a level playing field and a fair price for farmers and a fair wage for workers.

### Questions for Comment

(i) *“the critical goods and materials underlying agricultural and food product supply chains...”*

Longer Time to Market: While the overall organic sector has proven fairly resilient during the pandemic (see attached case studies), there are limitations unique to the organic sector that can limit the growth that is necessary to meet strong consumer demand. Because organic crops must be handled or processed by certified operations and segregated during many types of shipping, it can be challenging for organic supply chains to rapidly respond to increased demand. Additionally, the three-year transition period required for organic operations to use

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<sup>1</sup> William D. McBride et al. July 2015. “The Profit Potential of Certified Organic Field Crop Production.” [https://www.ers.usda.gov/webdocs/publications/45380/53408\\_err188\\_summary.pdf?v=3965.3](https://www.ers.usda.gov/webdocs/publications/45380/53408_err188_summary.pdf?v=3965.3)

<sup>2</sup> USDA National Agricultural Statistics Service. October 2020. ACH17-21. “Organic Farming: Results from the 2019 Organic Survey.” <https://www.nass.usda.gov/Publications/Highlights/2020/census-organics.pdf>

<sup>3</sup> Andrea Carlson et al. Presentation at USDA 2021 Ag Outlook Forum. “U.S. Organic Production, Markets, Consumers, and Policy, 2000-2020.” [https://www.usda.gov/sites/default/files/documents/S14\\_FINAL-Carlson\\_Andrea\\_Pres-v2.pdf](https://www.usda.gov/sites/default/files/documents/S14_FINAL-Carlson_Andrea_Pres-v2.pdf)

organic methods before they can be certified adds lag time to the response to increased demand.

2020 saw significant increases in sales for most categories of organic products, and consumers who were loading up pantries and shifting to more at-home meals during the pandemic often chose organic products. But because of multiple factors that are unique to organic, the time to market for new organic production can be longer than in conventional supply chains and in some cases, responding to sudden spikes in demand caused shortages later in the year.<sup>4</sup>

Inspection and Certification: Another factor unique to the organic supply chain is the infrastructure of certification and inspection that serves as the backstop to the organic label. The USDA's National Organic Program (NOP) has recognized the need to ensure a healthy ecosystem of organic certification agencies and trained organic inspectors through its Human Capital Capacity Building Initiative.<sup>5</sup> This infrastructure to provide quality, affordable, accessible inspection and certification for organic operations must grow as the organic sector grows in order to maintain the integrity of the organic label and consumer trust in it.

Consolidation in Processing, Distribution and Retail: The trend of consolidation through mergers and acquisitions is widely acknowledged in conventional agriculture supply chains, while the organic and natural food sector is often regarded as home to more innovative start-up operations and brands. But the organic sector has not escaped the consolidation trend, in consumer facing brands and also distribution. This trend has been documented by Dr. Phil Howard, a researcher at Michigan State University, who notes that the trends of consolidation "have only intensified, to the point that nearly all of the 30 largest processors in North America have acquired organic brands."<sup>6</sup> This roll up of organic processing and consumer brands results in less competition in organic markets, potentially lowering prices paid for farm products and creating tighter linkages between large processors and large retailers that can thwart the access of new entrants to organic retail shelf space. A particularly dramatic consolidation trend in the organic sector has been in distribution. Dr. Howard notes that in 1982 there were 28 consumer cooperative distributors, but by 2008 there was just one.<sup>7</sup>

*(iv) "the defense, intelligence, cyber, homeland security, health, climate, environmental, natural, market, economic, geopolitical, human-rights or forced labor risks or other contingencies that may disrupt, strain, compromise or eliminate the supply chain...."*

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<sup>4</sup> Laura Batcha. Organic Trade Association presentation at USDA 2021 Ag Outlook Forum.

[https://www.usda.gov/sites/default/files/documents/S14\\_Laura%20Batcha\\_OrganicTradeAssociation.pdf](https://www.usda.gov/sites/default/files/documents/S14_Laura%20Batcha_OrganicTradeAssociation.pdf)

<sup>5</sup> USDA Agriculture Marketing Service, National Organic Program. "Request for Applications: Human Capital Capacity Building." <https://www.ams.usda.gov/sites/default/files/media/NOPHumanCapitalRFAMRP.pdf>

<sup>6</sup> Philip H. Howard. "Organic Processing Industry Structure 2020." <https://philhoward.net/2020/09/24/organic-processing-industry-structure-2020/>

<sup>7</sup> Philip H. Howard. "Organic Distribution & Retail Structure." <https://philhoward.net/2011/11/01/organic-distribution-retail-structure/>

Climate Disruption: Like farmers across the country and world, OFA members have been documenting climate change on their farms for decades through careful recording of changes in planting and harvest dates, frost dates, rainfall and temperature patterns. In recent years, severe weather events have been a more forceful reminder that the climate is changing, with droughts, wildfires, late freezes, extreme rainfall and other erratic weather events becoming a regular occurrence.

Inadequate Tools for Risk Management: Organic farmers historically have not received the same support that conventional farmers do for risk management such as crop insurance. Despite some improvements in recent Farm Bills to create crop insurance products that are better suited to diversified and organic farms, many gaps remain that leave organic producers without the same access to risk management programs as conventional operations. A 2019 report by the National Center for Appropriate Technology found that “contrary to a common stereotype, organic growers are just as interested in crop insurance as any others. Their main problem is not a lack of interest or education, but rather the cost, usefulness, and reliability of the products and services available to them. Organic field crop growers are already purchasing crop insurance at high rates. Low overall participation rates among organic producers can largely be explained by the limited availability of coverage for horticultural crops—fruits, vegetables, and other specialty crops—which make up the great majority of production from organic farms.”<sup>8</sup> Another factor that can limit the usefulness of crop insurance for many organic farmers is that most crop insurance policies do not fit well with intensive production techniques (such as growing the same crop in quick succession, but only having crop insurance coverage for one of the crops per year.)

Inadequate Support for Organic Research: Many of the challenges facing the organic sector can be addressed with increased research. Organic research often investigates practices and challenges that are also relevant to farmers who are not certified organic or who farm conventionally. An increased focus on soil health, alternatives to chemical pest management and cover crops across all sectors of agriculture show that this kind of research can serve an audience that is wider than certified organic. Yet, USDA Agricultural Research Service (ARS) funding for organic research has declined from over \$15 million in FY07 to just \$12 million in FY20. This is less than one percent of the ARS research budget, versus organic’s market share of six percent.

Limited Options for Seeds and Breeds: Organic farmers need access to seeds and animal breeds adapted to their unique farming systems, soils and climates, including seeds developed to flourish without synthetic inputs. The Organic Seed Alliance tracks the state of the organic seed industry and finds that while the use of organic seeds is increasing, there are still obstacles to increasing the prevalence of organic seed use, including lack of availability of specific varieties, insufficient quantities in seed, and a lack of desirable traits.<sup>9</sup> There is a growing call in the

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<sup>8</sup> National Center for Appropriate Technology. 2019. “Is Organic Farming Risky? Improving Crop Insurance for Organic Farms.” <https://sustainableagriculture.net/wp-content/uploads/2019/10/Is-Organic-Farming-Risky.pdf>

<sup>9</sup> Organic Seed Alliance. 2016. “State of Organic Seed.” <https://stateoforganicseed.org/key-findings/>

organic community for organic farms to use organic seed exclusively. To achieve this, research is needed to increase the availability of organic varieties.

Lack of Enforcement Reduces Consumer Confidence: Organic producers typically have lower yields than their conventional counterparts, but many are able to remain economically viable because of premiums paid for certified organic product. This premium is built on consumer confidence and trust in the organic label. If USDA's oversight of the organic standards and enforcement process is not vigilant, consumers could abandon the label, taking the economic viability of the organic marketplace with them. We outline specific steps below that the USDA should take to improve the organic standards and enforcement capabilities.

Complex Multinational Supply Chains: U.S. organic farmers have already experienced significant economic harm from fraud in organic markets, in both domestic and import supply chains. The need for stronger enforcement efforts by the NOP was brought to the forefront by years of effort by organic farmers and advocates.<sup>10</sup> U.S organic grain farmers reported negative impacts on the prices they could get for their products after increased volumes of organic grains abruptly started to arrive in the United States several years ago. Since then, imports from regions with questionable oversight and that seem to lack sufficient organic acreage to produce the amount of organic product being exported from that region have continued, while several high profile investigations have also revealed large-scale domestic efforts to sell fraudulent organic products. The net effect of both domestic and imported products being revealed or suspected to be fraudulent has not only economic impacts on the producers who are complying with organic standards but are being undercut in the market by fraudulent products, but also in consumer confidence in the organic label as a whole. Below we outline steps the USDA should take, including rapid implementation of the Strengthening Organic Enforcement rule, to reduce the threat of fraud and we have also attached a more in-depth article about the impact of fraud on organic markets.

Access to Land: Access to affordable high-quality land is a growing concern for all types of farmers, including organic farmers, in most regions of the country. But in particular, access to land is a frequently cited obstacle for young or beginning farmers and people of color who want to enter farming. The National Young Farmers Coalition states that "regardless of geography, or whether or not they grew up on a farm, finding secure access to high-quality land is the greatest barrier faced by farmers and aspiring farmers, and the number one reason farmers are leaving agriculture."<sup>11</sup>

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<sup>10</sup> "U.S. Farmers Stalk Fraudulent Imports to Save Their Markets." Minneapolis Star Tribune. July 16, 2019. <https://www.startribune.com/organic-farmers-stalk-fraudulent-imports/511952972/?refresh=true>; "The Labels Said 'Organic.' But These Massive Imports of Corn and Soybeans Weren't." *Washington Post*. May 12, 2017. [https://www.washingtonpost.com/business/economy/the-labels-said-organic-but-these-massive-imports-of-corn-and-soybeans-werent/2017/05/12/6d165984-2b76-11e7-a616-d7c8a68c1a66\\_story.html?utm\\_term=.bc595122d7b9](https://www.washingtonpost.com/business/economy/the-labels-said-organic-but-these-massive-imports-of-corn-and-soybeans-werent/2017/05/12/6d165984-2b76-11e7-a616-d7c8a68c1a66_story.html?utm_term=.bc595122d7b9); "the Tragedy of Fraud." Organic Farmers Association. Summer 2020. <https://organicfarmersassociation.org/news/the-tragedy-of-fraud/>.

<sup>11</sup> National Young Farmers Coalition. 2020. "Land Policy: Towards a More Equitable Farming Future." <https://www.youngfarmers.org/land/wp-content/uploads/2020/11/LandPolicyReport.pdf>

Access to Labor: Labor shortages are a major concern for almost every sector of agriculture, including many organic farmers. But organic farms have not been well-served by the H-2A program. The H-2A framework was created for short-season farm labor demand of East Coast growers who had difficulty attracting workers and has been used by them for many decades. On the West Coast, it has recently been used by some large farming operations, but the program is cost-prohibitive for small and medium-sized businesses, in part due to the housing requirement. Not only is housing extremely expensive in states such as California, it is virtually impossible to obtain permits to build dormitories for the large numbers of single male farm workers contemplated by a guest worker program.

In some regions of the country, farm workers are settled in the rural towns with their families, which supports the rural economies and social life of these towns. They work where they choose to and often string together multiple farm and non-farm jobs over the course of the year. Instead of fitting all future farm worker immigration into the H-2A program, OFA favors extending the Blue Card or Certified Agricultural Worker visa program to include a continued flow of future workers. These workers could be required to work a certain number of days in agriculture for a defined number of years in order to renew the visa or eventually apply for a green card, but they would be treated like any other worker in the U.S. economy, able to change employers and come and go from the country.

*(v) “the resilience and capacity of American manufacturing supply chains, including food processing (e.g., meat, poultry, and seafood processing) and distribution, and the industrial and agricultural base...including an assessment of”*

*(A) “The manufacturing or other needed capacities of the United States, including the ability to modernize to meet future needs, including food processing (such as meat, poultry, and seafood processing) and distribution;”*

The challenge of finding processing capacity for small producers, especially livestock producers, has been discussed in the organic and small-farm communities for many years. But the disruption caused by the pandemic in 2020 brought the issue into the headlines. As large, industrialized slaughterhouses and meat processing facilities shut down, causing massive bottlenecks in conventional livestock supply chains, it quickly became apparent that there was nowhere near enough capacity in independent, regional processing facilities to take up the slack. In fact, these small operations were often booked to capacity before the increased demand for their services caused by shutdowns or slowdowns at large plants during the pandemic. It is not unusual for organic livestock producers to find that there are no processing appointments for their animals within the next year<sup>12</sup> or that processors will no longer accept

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<sup>12</sup> Ching Lee. March 10, 2021. *Ag Alert*. “Lack of processing hampers the organic meat business <https://www.agalert.com/story/?id=14779>”

their animals because they do not have a large enough volume to supply. This lack of processing capacity in plants that have gone through the process to obtain organic certification (allowing the products to be labeled as organic) is a major obstacle to expanding the organic livestock sector, and also the organic grain sector that could supply organic feed to organic livestock. Organic producers know that there is growing demand for organic meat and poultry from local farms. But lack of processing capacity prevents local farms from serving that market.

*(J) “the risks posed by climate change to the availability, production, or transportation of critical goods and materials and other essential goods and materials, as identified in subsections (i) and (ii) of this section.*

See answers to question (iv) about extreme weather, inadequate risk management tools and lack of organic research.

In addition to those issues, another aspect of climate disruption for organic operations is the smaller network for technical assistance to assist certified organic operations as they try to adapt to changing conditions or disruptions caused by extreme weather. For example, organic operations cannot deal with an unusual pest pressure situation caused by extreme weather with synthetic pesticides or use synthetic fertilizers to compensate for temperature fluctuations as might be done on conventional operations. Because the techniques used on organic farms are different, organic farms need different avenues for technical assistance that USDA has historically been very slow to build. USDA should increase funding for organic agriculture, education, and technical assistance by non-governmental organizations, land-grant universities, and extension, provide internal staff education on organic agriculture, and hire leadership with demonstrated organic experience throughout the USDA and state agencies.

*(ix) “specific policy recommendations important to transforming the food system and increasing reliance in the supply chain for the sector... “*

In addition to the policy suggestions listed above, we urge the USDA to address the following.

**Strengthening Organic Enforcement Rule:** The organic market has grown so rapidly that the NOP has lagged behind in building the enforcement capacity and authority necessary to oversee a \$50 billion industry with global supply chains. U.S organic grain farmers reported negative impacts on the prices they could get for their products after increased volumes of organic grains abruptly started to arrive in the United States several years ago. Since then, imports from regions with questionable oversight and that seem to lack sufficient organic acreage to produce the amount of organic product being exported have continued, while several high profile investigations have also revealed large-scale schemes in the United States to sell fraudulent organic products. After years of advocacy to draw attention to the impacts of fraud on domestic markets, organic farmers need full and consistent enforcement of the USDA organic standards and increased capacity at the NOP to detect and prevent fraud in organic supply chains.



The USDA must finalize and implement the “Strengthening Organic Enforcement” proposed rule as quickly as possible. This rule is required by the 2018 Farm Bill and the organic community weighed in during a public comment period earlier this fall. As well as putting the rule into effect as soon as possible, the NOP must continue to coordinate with other USDA agencies as well as U.S. Customs and Border Protection to increase awareness of organic commodities that are likely to be imported (and the potential for fraud) and to leverage other agencies’ inspection resources at ports of entry.

Origin of Livestock Rule: The NOP’s failure to strengthen the standards for organic livestock has allowed large-scale organic dairies to undermine those organic farms that comply with the intent of the organic label. Organic dairy farmers need a level playing field. Years of delay in closing loopholes in the organic standards for livestock have caused ongoing economic harm. We need the NOP to finalize an enforceable rule on Origin of Livestock as quickly as possible. Cycling dairy animals in and out of organic production must be prohibited, and once a distinct herd is transitioned to organic, all animals must be raised organically from the last third of gestation.

Organic Livestock and Poultry Practices Rule: The Organic Livestock and Poultry Practices (OLPP) rule is another long-overdue measure to strengthen the organic standards, which was delayed and ultimately withdrawn by the Trump Administration. The OLPP final rule would allow the NOP to consistently enforce stronger animal welfare standards on organic farms and close loopholes being taken advantage of by some large operations. The rule was discussed and vetted in the organic community for more than a decade and has widespread support. We urge the USDA to reinstate the final OLPP rule as quickly as possible.

Ensuring that Organic Farming is Soil-Based: Healthy soil is essential to healthy organic food, healthy ecosystems and efforts to address climate change. The Organic Foods Production Act lays out requirements for soil fertility for organic farms and building soil health is a foundational principle of organic agriculture. The NOP’s decision to allow hydroponic (soil-less) operations to be certified organic, as well as controversy over inconsistent interpretation of the NOP’s guidance for how container operations transition to organic, could undermine consumer confidence in the organic label overall and reduces the potential for organic agriculture to sequester carbon. The NOP should clarify that organic farming occurs in the soil and ensure that all organic certifiers are consistently applying this requirement. For organic agriculture to maximize its potential as climate-friendly agriculture, soil must be recognized as the cornerstone of organic production.

Organic Certification Cost-Share Program: All certified organic operations must complete annual inspection and certification. Since 2008, the federal government has reimbursed up to 75 percent of organic certification fees paid by organic farms and businesses, with a maximum reimbursement of \$750 per certification scope (crops, livestock or handling) per operation. This summer, USDA’s Farm Services Agency (FSA) cut reimbursement rates for 2020 certification costs to 50 percent, up to a maximum of \$500 per scope. This action leaves organic operations – who had been planning on being reimbursed for their certification costs at the same level as

previous years – burdened with an unplanned expense, in the midst of a period of higher costs and disrupted markets caused by the pandemic. The cost share program is particularly important to small and mid-sized organic farms, and those who are just starting out with organic certification.

The 2018 Farm Bill provided new funding for the organic certification cost share program, and written commitments made by USDA to use pre-2018 Farm Bill carryover balances to fund current program needs were used to calculate the funding provided in the 2018 Farm Bill. But the agency has struggled to track program spending, which led the agency to provide inaccurate reports of the carryover balances to Congress as the funding provided in the 2018 Farm Bill was being considered, and has resulted in a shortfall for the program for the rest of the years of the Farm Bill cycle. We urge you to act quickly to restore the funding levels for this program mandated by Congress. While a relatively small amount in the scope of the USDA's budget, restoring the reimbursement level could make a big difference to many small organic operations. We also hope that the FSA will examine the administrative problems that led to this year's shortfall and swiftly develop a plan to ensure this does not happen again, as well as starting the process to increase reimbursement rates above 75 percent to reflect increased costs of certification.

Oversight and Accreditation: One of the critical roles played by the NOP is providing oversight of accredited certifying agencies who inspect and certify organic operations. But many of the controversies that have been long-debated in the organic community boil down to inconsistent interpretation or application of organic regulations by certifiers. We urge the NOP to take seriously its role as an accreditor and to acknowledge that this role is inextricably tied to its enforcement mandate. Ensuring that certifiers consistently interpret and apply the standards, everywhere they operate, is critical to the integrity of the organic label. The NOP is the only entity that can ensure that this happens.

We appreciate the opportunity to comment on these critical issues. If you have questions or need more information, please contact our policy director, Patty Lovera, [patty@organicfarmersassociation.org](mailto:patty@organicfarmersassociation.org), (202) 526-2726.

Sincerely,



Kate Mendenhall  
Director

Attachments:

OFA articles on pandemic response (2)  
OFA article on fraud in organic supply chains