



**TO: The USDA Presidential Transition Team**

**ISSUE: CONVERSION TO ORGANIC PRODUCTION (USDA-NRCS-EQIP)**

*December 9, 2008*

**Background:**

- The U.S. market for organic products is over \$21 billion, with approximately \$17 billion representing organic food and beverage sales. With annual growth rates in the 18% range, organic product sales in the U.S. are a bright spot for agriculture.
- Both domestically and internationally, demand for organic products is growing, and in the U.S., sales of organic food and beverage products are growing faster than sales of food and beverages overall, even in a challenging economy.
- Although organic food and beverage sales in the U.S. represent about 3-4% of the food and beverage market, certified organic acreage is only 0.5% of the farmland in the U.S.
- U.S. users of raw agricultural products are having to source organic ingredients and feed from outside the country, such as soybeans and oats; peanuts, and feed grade grains; and minimally processed farm products such as fruit juices and concentrates, tomato products, oils, and individual quick-frozen vegetables.
- The U.S. would benefit from increased domestic production of both organic commodities and organic specialty crops for both domestic and export use, though global trade is necessary because some crops (e.g., spices, cocoa, tea) are not grown in the U.S.
- Conversion to organic production is time-consuming (3 years) and knowledge-intensive. Farmers need good business plans, credit plans, and organic system plans. Preparation for certification is a must for any farm planning to earn over \$5000 from organic product sales.
- Farm Bill language for EQIP addresses this situation effectively, **PROVIDED**
  - *funds remain available (requiring positive Congressional relations),*
  - *technical assistance is provided in collaboration with private partners (requiring policy implementation), and*
  - *NRCS actively promotes conversion as a farming strategy (also requiring policy implementation).*

**Farm Bill:** EQIP Assistance for Conservation Practices Related to Organic Production

- The Farm Bill extends the purposes of EQIP to include assistance with conservation practices related to organic products, and specifically mentions the transition to organic production and organic production.
- Payments are limited to \$20,000 per year, or \$80,000 during any 6-year period, above any other payments for technical assistance.
- In the Joint Managers' Statement (JSM), page 49, the Managers encourage the Secretary to offer technical assistance for organic conversion through this EQIP program.

(See: Bill Sections 2501, 2502 and 2503 which Amends 16 USC § 3839aa, aa-1 and aa-2, JSM pages 47-49. Note that existing law has no provision for organic production in EQIP.)

**CONCLUSIONS:** 1) This EQIP provision is designed to grow the market for U.S. organic goods, providing more entry points for all producers, and will therefore "lift all boats." 2) OTA believes this modest provision, which covers all agricultural products, will not distort any part of the market or the market as a whole.