

Karen Watt

Past President

North American Farmers Direct
Marketing Association

NAFDMA

The North American Farmers Direct Marketing Association is an organization promoting and fostering the growth of farm direct marketing by offering education, networking, and fellowship opportunities to its members.

The association is committed to:

1. Be a primary source of information on farm direct marketing.
2. Support sustainable growth of farm direct marketing.
3. Encourage open dialog within all facets of the farm direct marketing industry.
4. Be a supportive public voice for our members and the industry.
5. Provide an umbrella organization for regional associations.
6. Encourage formation of regional and local associations.

Watt Farms



- **Watt Farms is a family owned business established in 1980 with the mission of growing the highest quality fruit in the Western New York fruit belt. We operate a retail market and storage for over 60,000 bushels of apples and 6 orchards in the Albion area.**

Watt Farms and Orchards

250 Acres of Orchards

7 locations, 3 townships

Growers of:

Apples, peaches, apricots, plums, pears, cherries, raspberries

Distribution through:

On-site retail market

Area farmers' market three days each week

Daily wholesale & delivery of soft fruits to 2 large grocery chains

Apples sold through brokers and packing houses

Cold Storage

Watt Farms Country Market 2001



Small Farms Definition

- In 1998, the USDA National Commission on Small Farms defined a Small Farm primarily by the criteria of sales less than \$250,000 per year
- What then are the implications for the thousands of farms above that arbitrary gross income?

Nationally

- Nationally, there are 157,000 farms in the US with annual sales of \$250,000 or more. 72% of all commodities are produced by these farmers.
- Another 190,000 farms have annual sales between \$100,000 and \$250,000, accounting for about 10% of production.
- 1.6 million farms report average annual sales of less than \$16,000, with almost all of their household income coming from off-farm jobs. In other words, of the close to 2 million farms in the US, 82% do not even gross \$16,000 per year.

Within New York State

- Of NY state's 39,000 farms, only 22% have sales over \$100,000, but they operate 49% of land.
- NY farms with sales of less than \$10,000 are almost 50% of total farm numbers.
- Are farmers who gross over \$250,000 annually less valuable in protecting and supporting rural NY? Or rural anywhere?

Small Farms Definition

- Defining a “small farm” by \$\$ leads to division within agriculture
- Prioritizing “value added”, “vertically integrated” and “entrepreneurship” may not be possible for all farms, regardless of gross income
- Bulk of agricultural production is still commodity driven, although more “niche” & “hobby” farms are being established

Program Crops Vs Alternatives

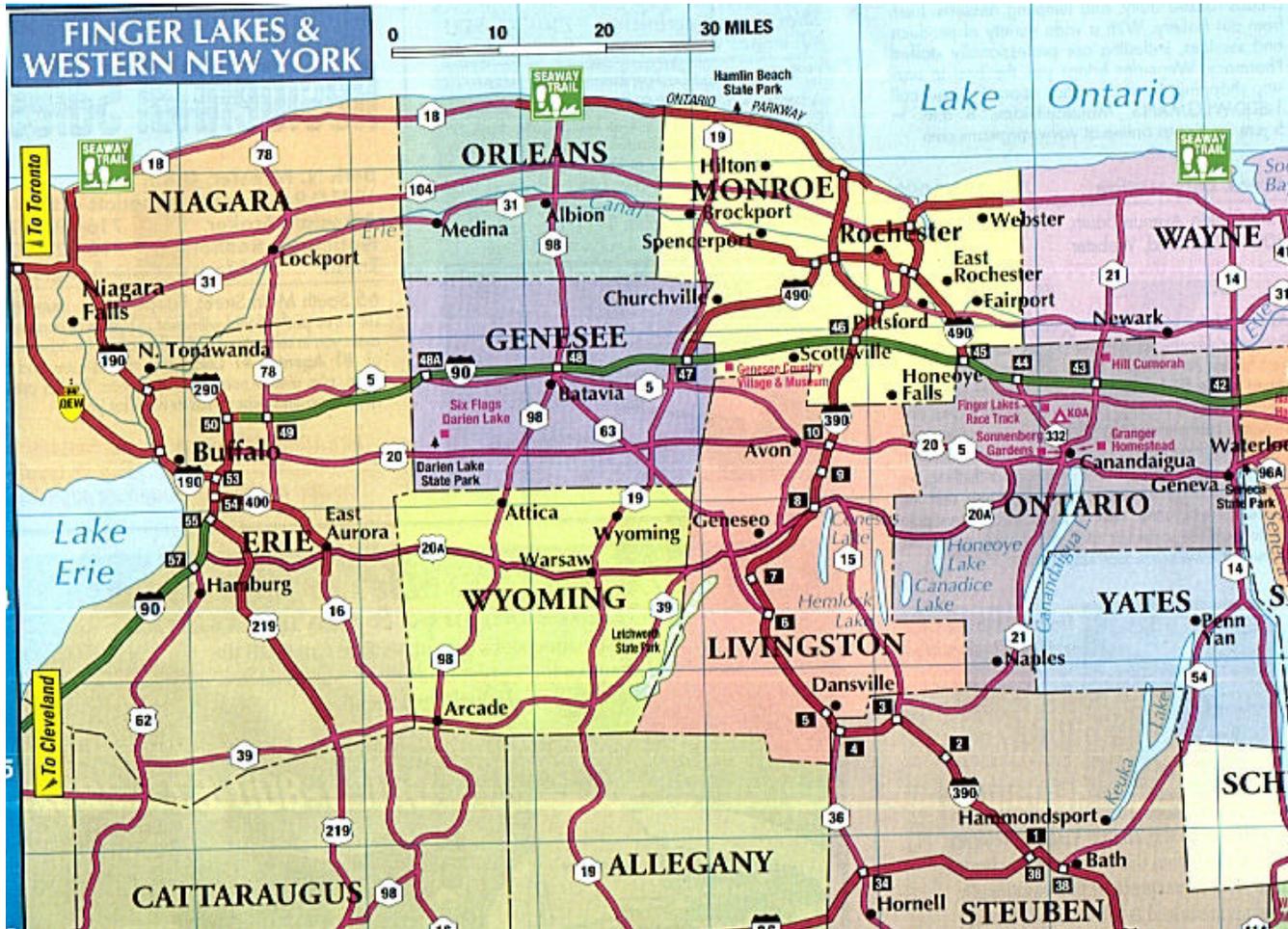
- **Many small commercial farmers gross over \$250,000**
- **Development of alternative enterprises would lead to downsizing of commercial farm & resultant financial difficulties**
- **USDA's attention to small farm development and \$250,000 threshold is arbitrary and not based in farm economic reality**

Labor Day Disaster '98

- **120,000bu lost**
- **\$1/2 million + on the ground**
- **15 minutes at over \$33,333 losses per minute!**
- **130mph winds**
- **Followed by hail**



Demographics



Up Close Hail Damage



Challenges for “small” farms

- Access to technical expertise, both in producing efficiently and marketing
- Better knowledge of grant opportunities
- Land grant institutions can focus more on assisting marketing efforts
 - e.g. Northeast Center for Food Entrepreneurship, Geneva Agricultural Experiment Station, Cornell University
- Local Government Restrictions

Beginning the Transition



- **1986-88**
- **Low Overhead**
- **Tent**
- **No storage**
- **No coolers**
- **No expenses**
- **No worries**

Inaugural Run through the Orchards



Over the bridge...



Challenges for Small Farms

- **Not everyone has the skills to be a direct marketer, nor are there always nearby populations for niche markets**
- **USDA cannot limit new initiatives to ONLY farms grossing under \$250,000**
- **All farmers, regardless of gross, can and should benefit from any new technical, financial, regulatory assistance**

“Mainstream” Agriculture

- Mid sized farms need emphasis from USDA/Farm Bill also**
- Specialty crop producers are neglected by federal programs**
- Full time family farms, regardless of size, need assistance with capital investments to transition a farm to meet future production trends**
 - e.g. apple industry switch from processing to fresh marketing**

Farm Bill Policy Implications

- **Risk Management Strategies are critical**
 - **crop insurance for non-traditional crops**
 - **expanded options/futures pilot programs for dairy farmers**
 - **Market Loss Assistance Payments?**
- **Trade rules must be enforced and better negotiated for agricultural producers**
- **Increased flexibility to states through block grants to better meet diverse agricultural needs**