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# The Outlook for Organic Agriculture

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# USDA Set National Organic Standards in 2000— Fast-paced market growth continues

- ❖ Fast-growing consumer demand is driving expansion in the U.S. organic sector
- ❖ High-value market opportunities producers in crop and livestock sectors
- ❖ USDA set comprehensive standards for production, processing and labeling, plus civil penalties for fraud—helping spur market growth



# Global Organic Retail Market At \$90 Billion in 2016

- ❖ U.S. had nearly half the global market—followed by Europe (nearly a third) and China (6 percent)
- ❖ USDA Foreign Agriculture Service reports good organic export prospects in Europe—including organic produce, dried fruit, nuts, specialty grains, processed products
- ❖ Nearly 180 countries reported organic acres in 2016—1.2% of global agricultural land



Source: FiBL & IFOAM, *The World of Organic Agriculture: Statistics & Emerging Trends 2018*



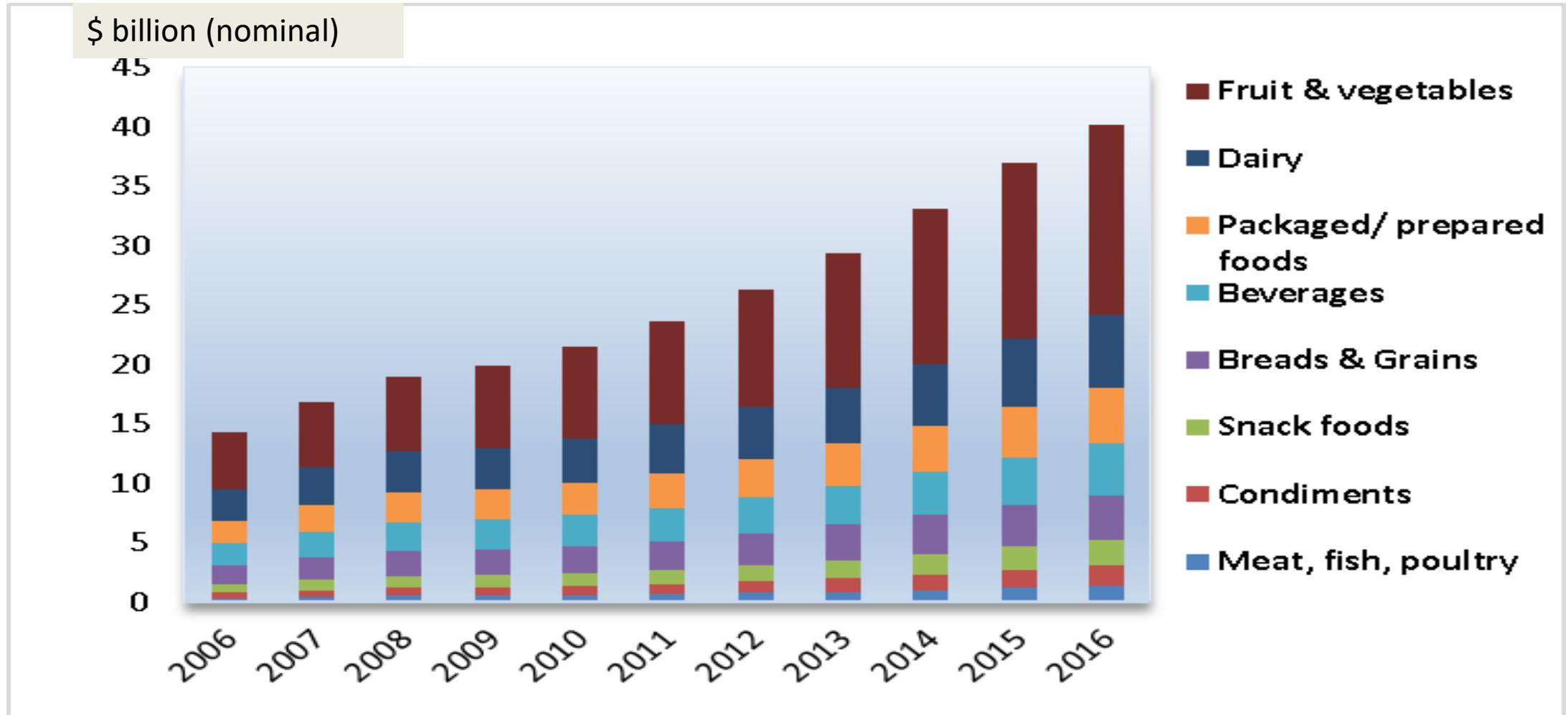
# Millennials Spur Growth in U.S. Organic Market

- **Organic products have shifted from being a lifestyle choice** for a small segment of consumers to being consumed at least occasionally by many Americans
- **Gallup included organic questions** in its 2014 food consumption survey
- **Over half of millennials** actively tried to include organic foods in their diets—higher share than for other age groups
- Gallup also found that 42 percent of Americans with annual household income under \$30,000 actively tried to include organic foods, a similar share to those with over \$75,000 in household income (49 percent)

Source: Gallup's 2014 Food Consumption Survey



# U.S. Organic Retail Food Sales Topped \$40 Billion in 2016— over 5 percent of total U.S. at-home food consumption

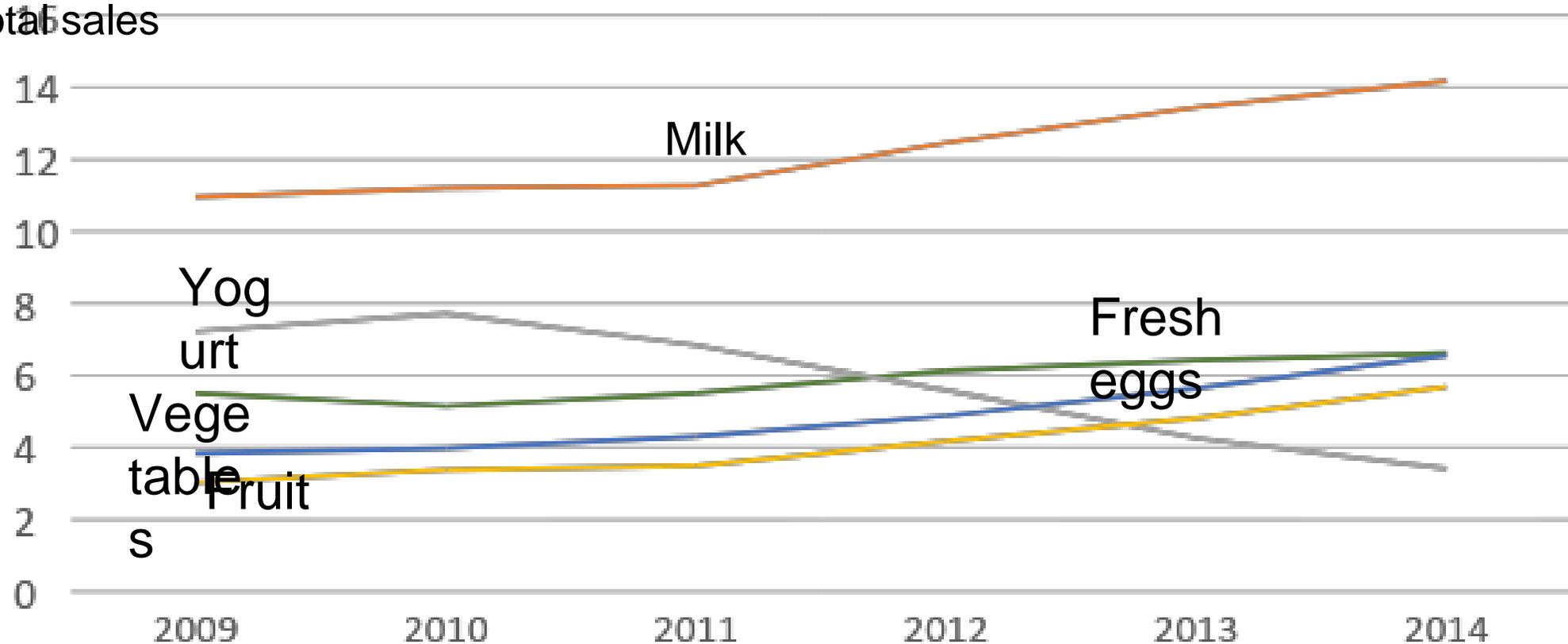


Source: USDA Economic Research Service using data from Nut. Business Journal



# Organic Milk, Eggs and Top Ten Fruits and Vegetables are Increasing as a Percent of Total U.S. Retail Sales

Percent of total sales



Source: USDA, Economic Research Service and data from IRI for the 2009-14 period.



# Forecast U.S. Sales of Fast Growing Organic Packaged Food Products (2016-2021)



**Organic savory snacks**

60%

**Organic confectionery**

59%



**Organic sauces, dressings & condiments**

56%

**Organic spreads**

41%

**Organic bread**

39%

**Organic Sweet Biscuits, Snack Bars & Fruit Snacks**

28%

Source: Euromonitor International



# Farm Sector Growth— U.S. Organic Commodity Sales Reached \$7.6 Billion in 2016

## Top States, 2016 (change from 2015):

- California - \$2.9 bil. (up 19%)
- Pennsylvania - \$660 mil. (up 99%)
- Washington - \$636 mil. (up 2%)
- Oregon - \$351 mil. (up 30%)
- Texas - \$298 mil. (up 42%)
- Wisconsin - \$256 mil. (up 15%)
- New York - \$216 mil. (down 2%)
- Michigan - \$201 mil. (up 7%)
- Colorado - \$181 mil. (up 17%)
- North Carolina - \$145 mil. (up 77%)

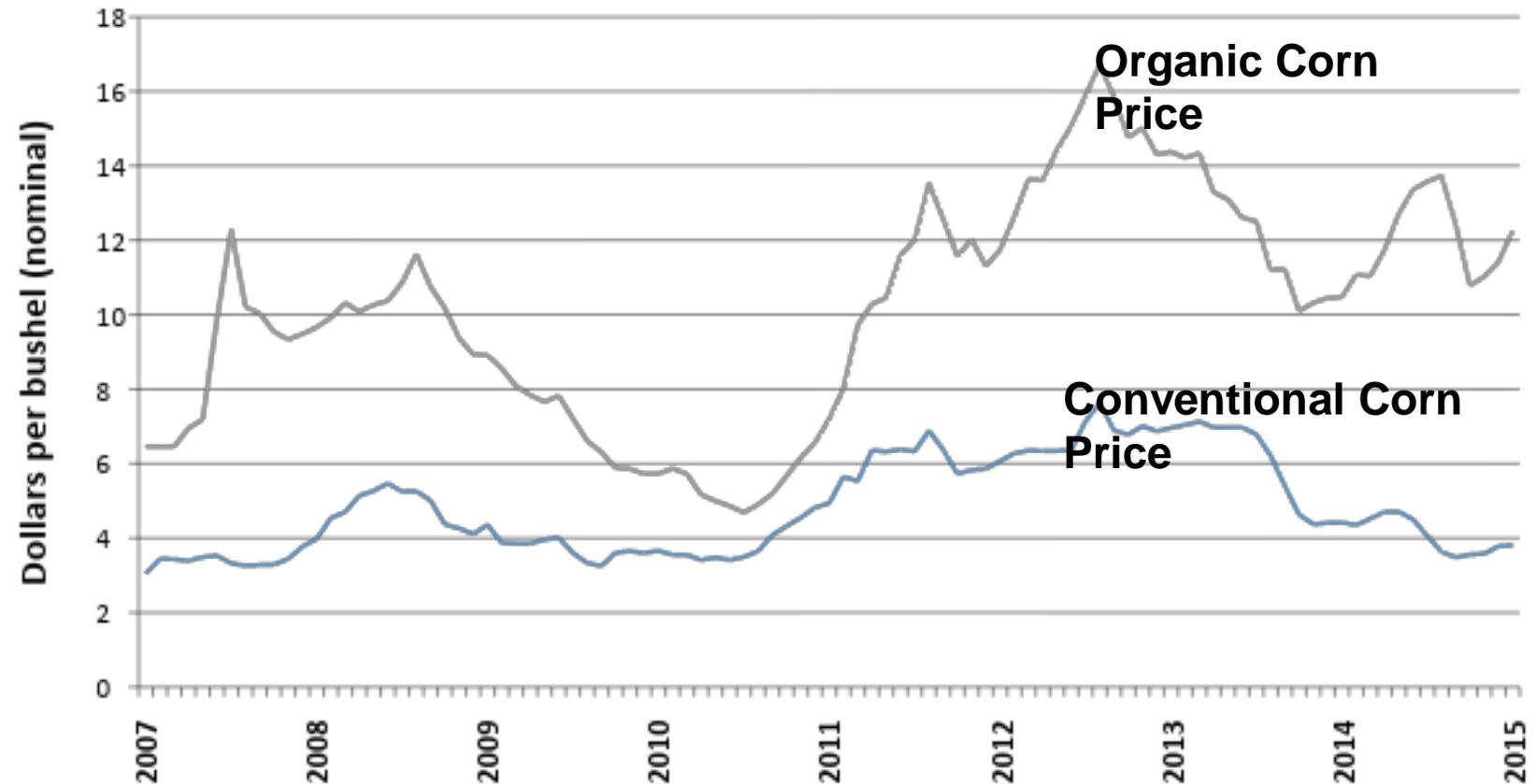
- ❖ **U.S. organic commodity sales in 2016** were up **23% from 2015**—and more than **double 2011 sales** (in nominal terms)
- ❖ Specialty crops - \$3.4 bil.  
Livestock and products - \$3.4 bil.  
Field crops - \$0.8 bil.
- ❖ **Biggest increases** for organic potatoes (up 127%), tomatoes (102%), and broiler chickens (up 78%)

Source: USDA Economic Research Service using data from National Agricultural Statistics Service 2016 Organic Survey



# ERS Shows Higher Production Costs for Organic Grains— But also Higher Profitability

- ❖ **Organic price premiums offset higher production costs for organic grain**
- ❖ **Lower conventional prices—and strong U.S. demand for organic livestock feed—spurred increased U.S. corn and soybean production in 2016**



Source: ERS report on profitability in the U.S. organic grain sector (July 2015)



# U.S. Tracking Organic Exports Mostly for Fresh Produce-- Wider Set of Organic Imports are Tracked

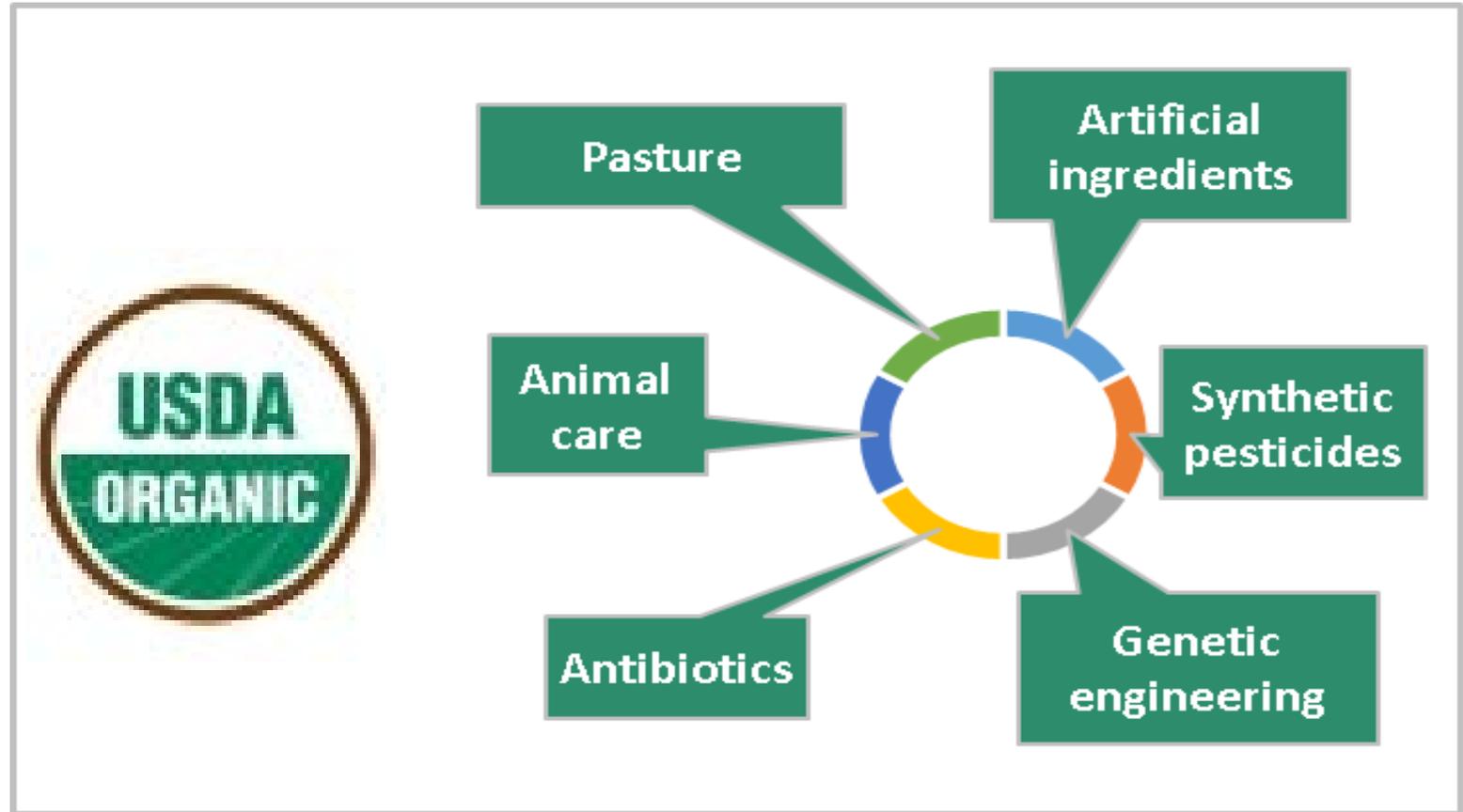
- ❖ **In 2011, U.S. began tracking imports and exports for a small set of organic products**
- ❖ **Value of U.S. organic exports up modestly** since 2011—to \$565 mil. in 2017. Export growth for top U.S. organic export—apples—slowed as domestic demand increased. Also, many U.S. exports aren't captured in trade data
- ❖ **U.S. organic import value up sharply** since 2011—to over \$2 bil., with new tracked imports, and with growth in tropical imports and feed grains. Top tracked organic imports increased between 2016 and 2017: coffee (up 15%), olive oil (up 54%), soybeans (up 9%) and bananas (up 11%)

Source: USDA, Foreign Agricultural Service and U.S. Department of Commerce, U.S. Census Bureau



# Federal Organic Label Paved the Way for Single-Trait Labels such as Non-GMO

- ❖ Organic growth led to label claims for a single practice
- ❖ Single-trait claims provide more choice
- ❖ Consumers may confuse single-trait claims with comprehensive USDA Organic label



Source: USDA-Economic Research Service report on food labeling (Nov. 2017)



# Final Points



- ❖ U.S. organic food sales continue fast-paced growth--and U.S. organic commodity sales show fast-paced growth since 2011
- ❖ Additional U.S. States and regions are starting to expand their organic sectors with steady increase in organic market
- ❖ Expanding organic demand presents high-value opportunities for field crop producers—as well as specialty crop and livestock producers



## For more information

**USDA-ERS Organic Topic Page** <http://www.ers.usda.gov/topics/natural-resources-environment/organic-agriculture.aspx>

**Organic Topic Page links to recent ERS reports on organic price premiums, profitability in the organic grain sector, and food labeling—as well as ERS organic data products**

