The Outlook for Organic Agriculture

Catherine Greene
Economic Research Service, USDA
cgreene@ers.usda.gov

with contributions from Claudia Hitaj, Maria Bowman, Bryce Cooke, Gustavo Ferreira, Andrea Carlson and William McBride
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

• **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

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

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)
In 2011, U.S. began tracking imports and exports for a small set of organic products.


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

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


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