Public-Private Partnerships to Grow Organic

U.S. Foodmakers: Strategies to Expand Domestic Sourcing of Organic Supplies – USDA Ag Outlook Forum 2019
USE OF ORGANIC AT CLIF BAR & COMPANY

>1 BILLION POUNDS of organic ingredients used since 2003

76% of all ingredients we buy are organic

12 organic brands
3 conventional

56 crop types
>140 unique ingredients
Exhibit 1: Organic food sales have steadily grown as a % of total food sales

Source: Organic Trade Association, 2017 Organic Industry Survey
Exhibit 2: Organic spending is shifting away from premier and specialty stores toward the mainstream

Source: Nielsen Answers On-Demand Syndicated Panel, 52 weeks ending 07/29/2017.
MARKET POTENTIAL FOR PRODUCERS

6.5% annual growth in organic cropland

Expected to accelerate

- Steady growth in consumer demand for organics
- Increased scrutiny of organic imports creating favorable conditions for domestic production
- Slump in conventional commodity prices creates incentive to transition

Source: USDA ERS; Rabobank
Exhibit 3: Corn, soybeans, and wheat comprise only 9% of organic crop sales

Exhibit 4: Organic corn shows persistent historical price premium over conventional alternative

Source: Organic prices from author correspondence with USDA AMS (Agricultural Marketing Service), midpoint of national range for organic feed corn. Conventional prices from USDA NASS (National Agricultural Statistics Survey), U.S. Total monthly price received.
## CONSTRAINTS TO ORGANIC

### Agronomics
- **30-40%** yield gap between conventional and organic crops in our supply chain
- 0 organic extension agents in California (out of 288)
- 0.7% the share of USDA research funding earmarked for organic
- **A dozen** organic plant breeders in the US (out of >1,000)

### Economics
- 3 years to transition
- 3+ crop rotations – and hence more land – required
- 75% of transitioning farmers cite the cost of organic inputs as an obstacle
- **-45%** drop in Mercaris Organic Grain Index* from 2013 to 2016
- **40:1** conventional to organic processing facilities in Illinois

### Culture
- **83%** percent of organic farmers in NYFC** survey who are first generation and thus lack direct access to land or know-how
- 1st ranking of “mentoring from experienced organic farmers” as a type of support for transition

(*) Price index for organic corn, soy, and wheat bought in the US; (**) National Young Farmers Coalition
Exhibit 5: Average yields per acre for organic crops are substantially lower than conventional counterparts

THE VALLEY OF DEATH

Exhibit 8: Organic transition is a complex, multi-step process
SOLUTIONS

• Industry pre-competitive collaboration
  • OTA Organic Grain Council
  • Organic Agronomy Training Series

• Long Term Price Contracts

• Research and Technical Assistance to close yield gap

• Infrastructure and other investments
US Organic Grain—
How to Keep it Growing
February 2019
• **Technical assistance**: funding for variety trials, farmer field days, on-farm instruction, etc.

• **Innovation**: investments in the development and scale-up of input innovation

• **Infrastructure**: assessment & mapping of organic storage and processing capacity

• **Demand creation**: cost share and/or transition price premiums (with purchasing contracts)
Thank You

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