

Organic Outlook

Sharon Raszap Skorbiansky
USDA Economic Research Service
Research Economist

Agricultural Outlook Forum
February 24, 2023

with contributions from Andrea Carlson, Matthew MacLachlan, and Gustavo Ferreira



Primer: Organic Agriculture

- **What is organic agriculture?**

- Strict organic standards overseen by authorized certifying agent
- Produced without excluded or prohibited methods
- Soil fertility managed through tillage and required cultivation practices
- Physical, mechanical, and biological practices for pest control

- **Why organic agriculture?**

- High-value market opportunity
- Climate-smart

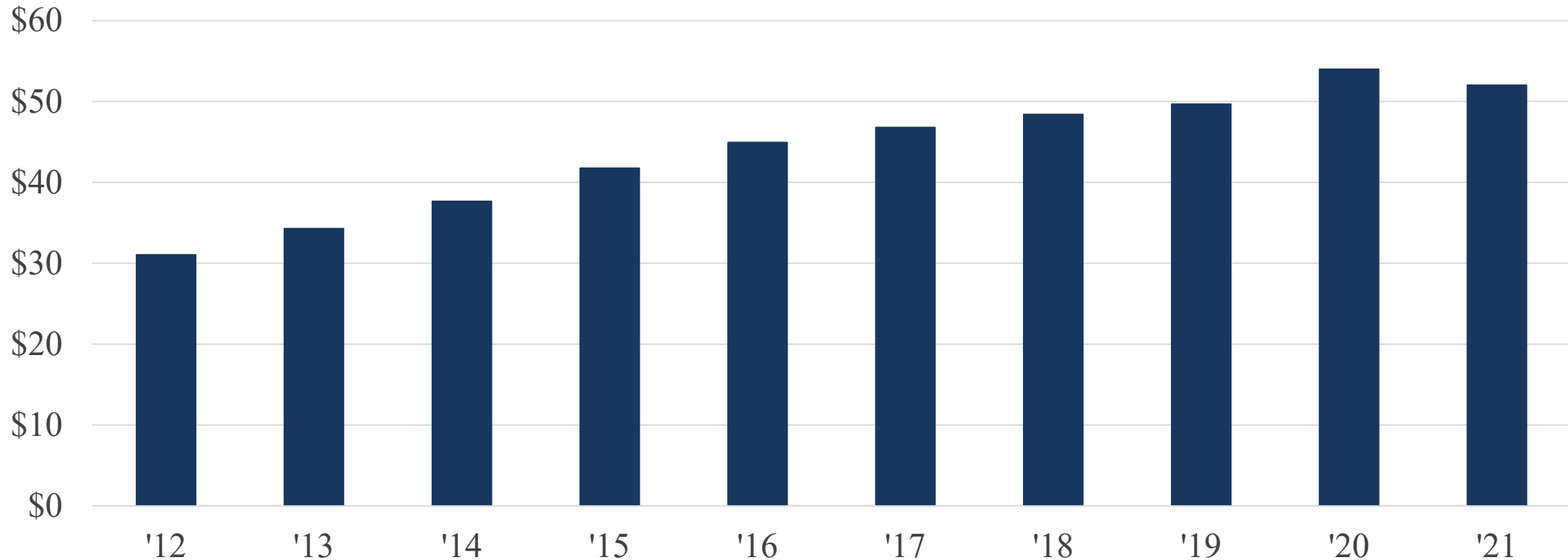
- **Who is the organic consumer?**

- Diverse population of all incomes, ages, races, and ethnicities
- Consumers purchase organic to avoid pesticide residue, and beliefs about environment and health benefits



Organic retail sales dropped in 2021

Consumer sales, billion dollars



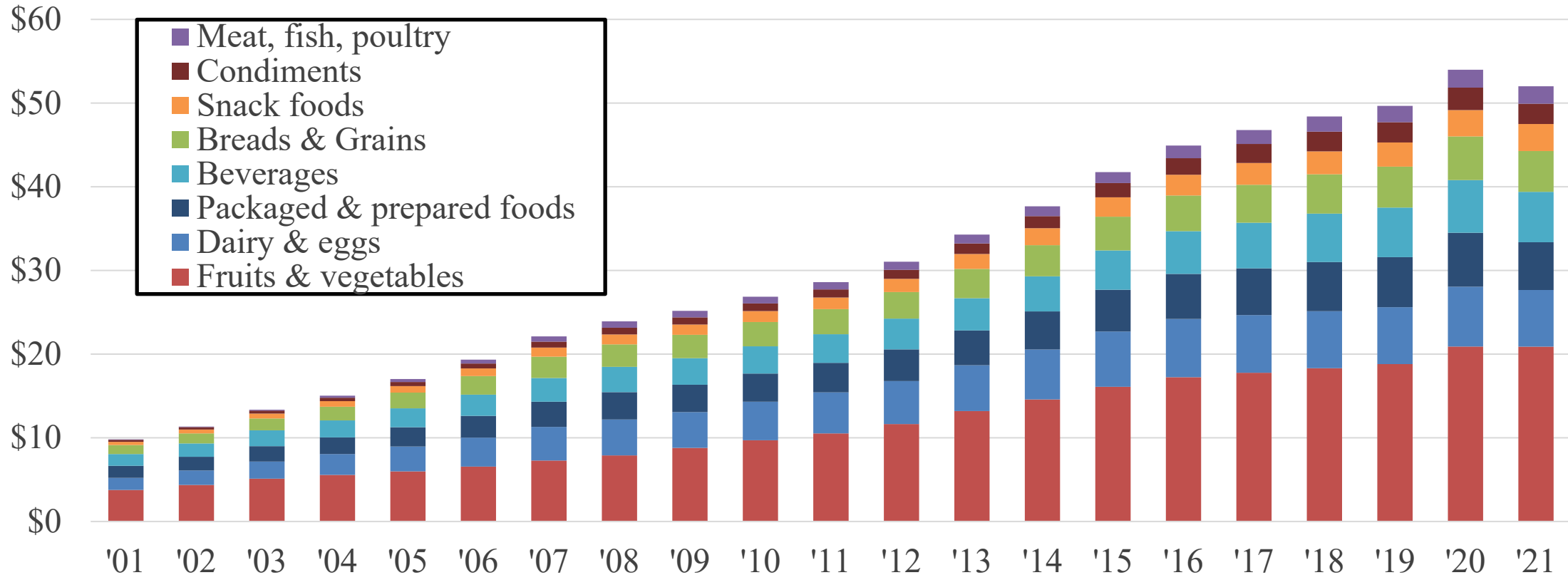
Source: USDA, Economic Research Service using data from Nutrition Business Journal (NBJ), U.S. Bureau of Labor Statistics Consumer Price Index for all Urban Consumers (CPI-U).

Note: NBJ estimates of U.S. organic food sales are typically lower than OTA estimates.



Fruit and vegetable lead organic sales

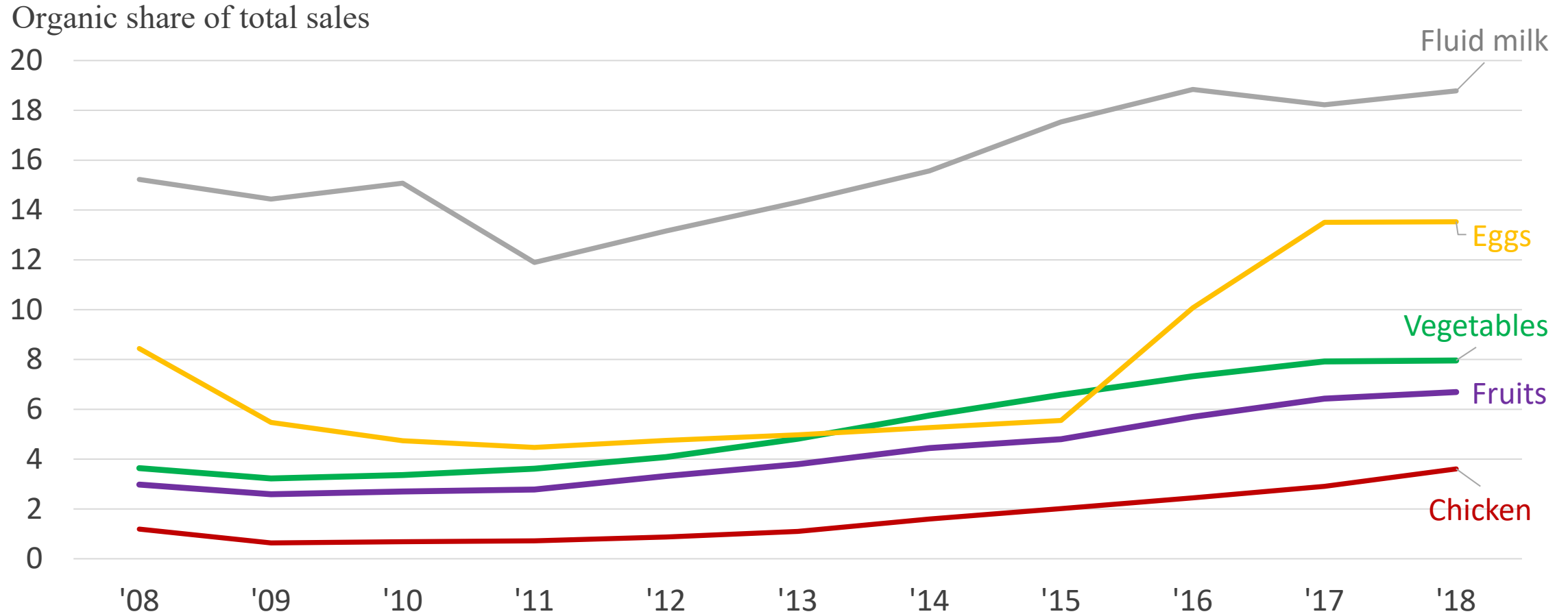
Consumer sales, billion dollars (inflation adjusted to 2021 dollars)



Source: USDA, Economic Research Service using data from Nutrition Business Journal (NBJ) and U.S. Bureau of Labor Statistics Consumer Price Index for all Urban Consumers (CPI-U).



Market shares differ greatly by product

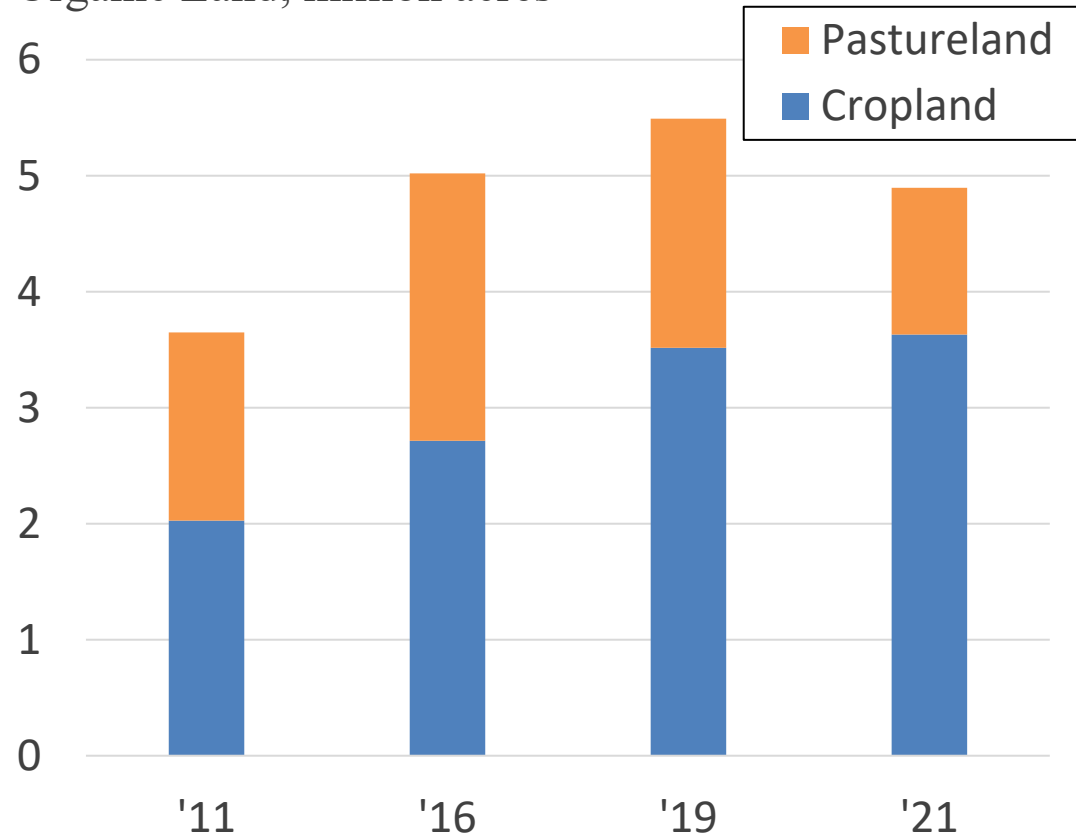


Source: USDA, Economic Research Service using data from Information Resources, Inc. (IRI) InfoScan data.

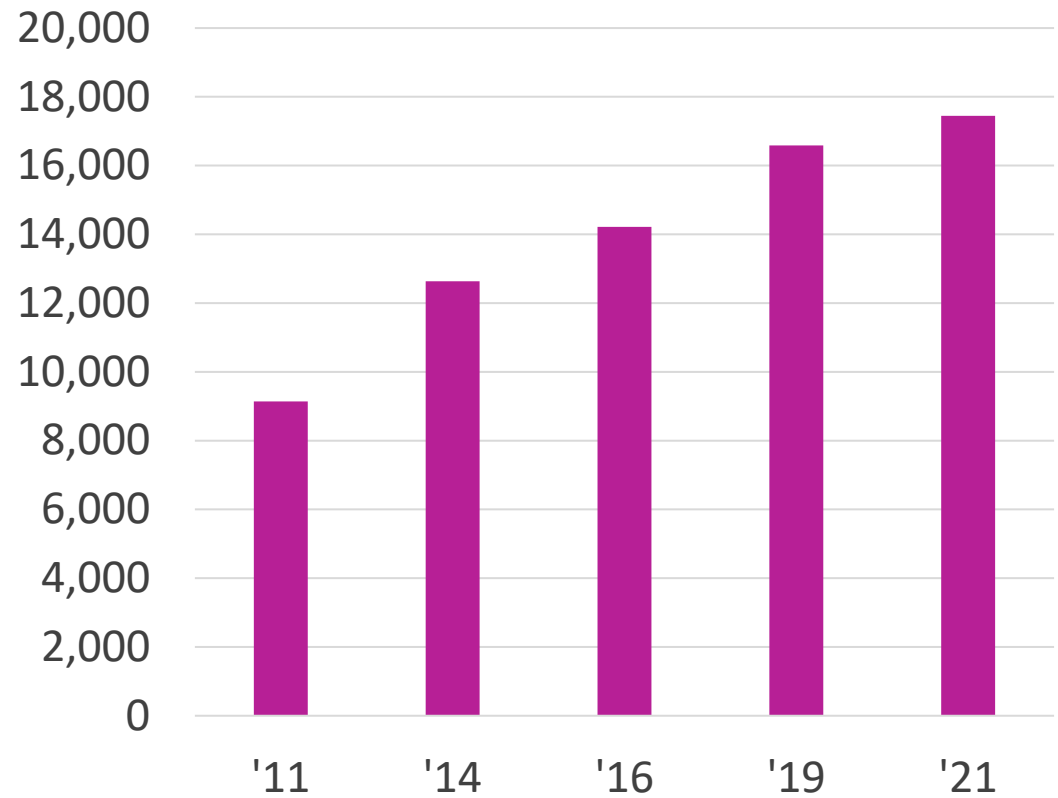


Certified organic land down; organic farms up

Organic Land, million acres



Certified Organic Farms

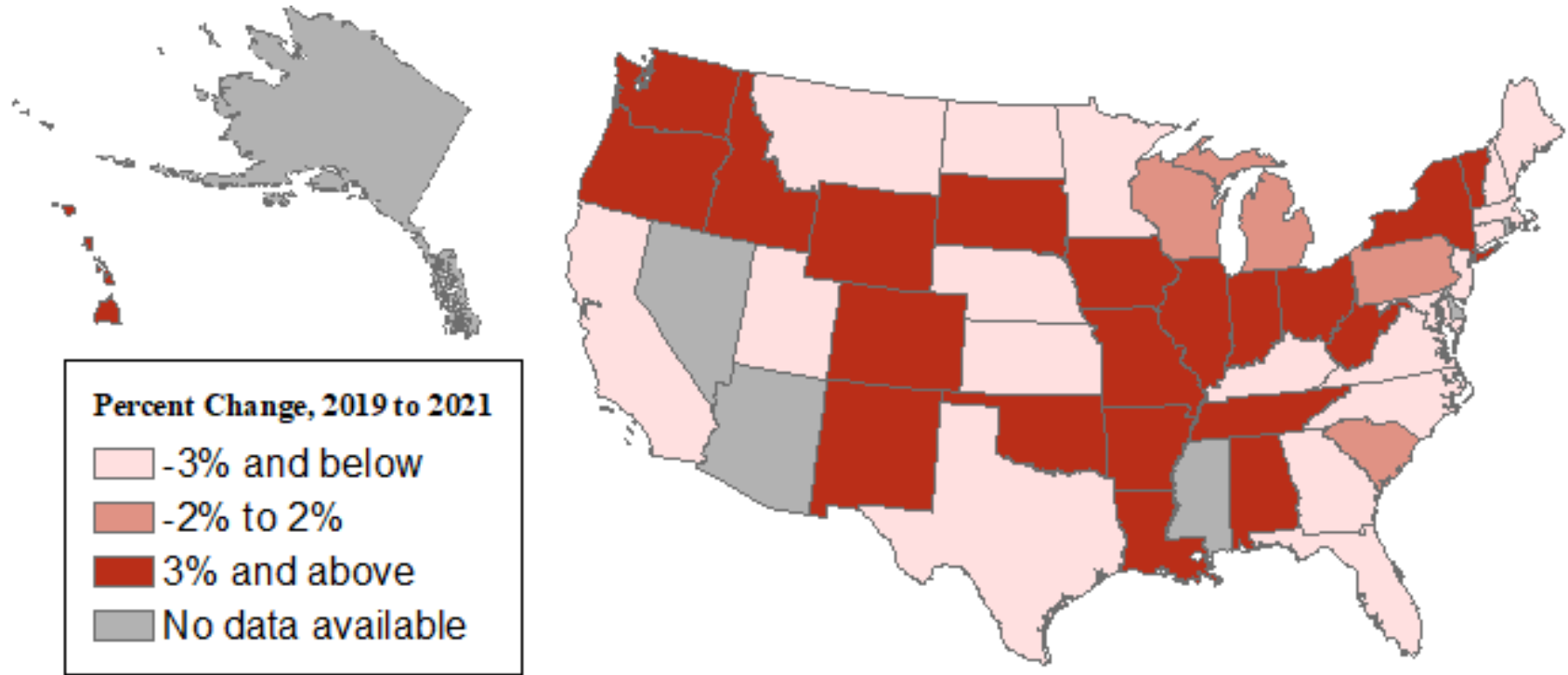


Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.

Note: The charts represent organic land and certified organic farms with operated acres.



U.S. Cropland up 3%, but change varies by state



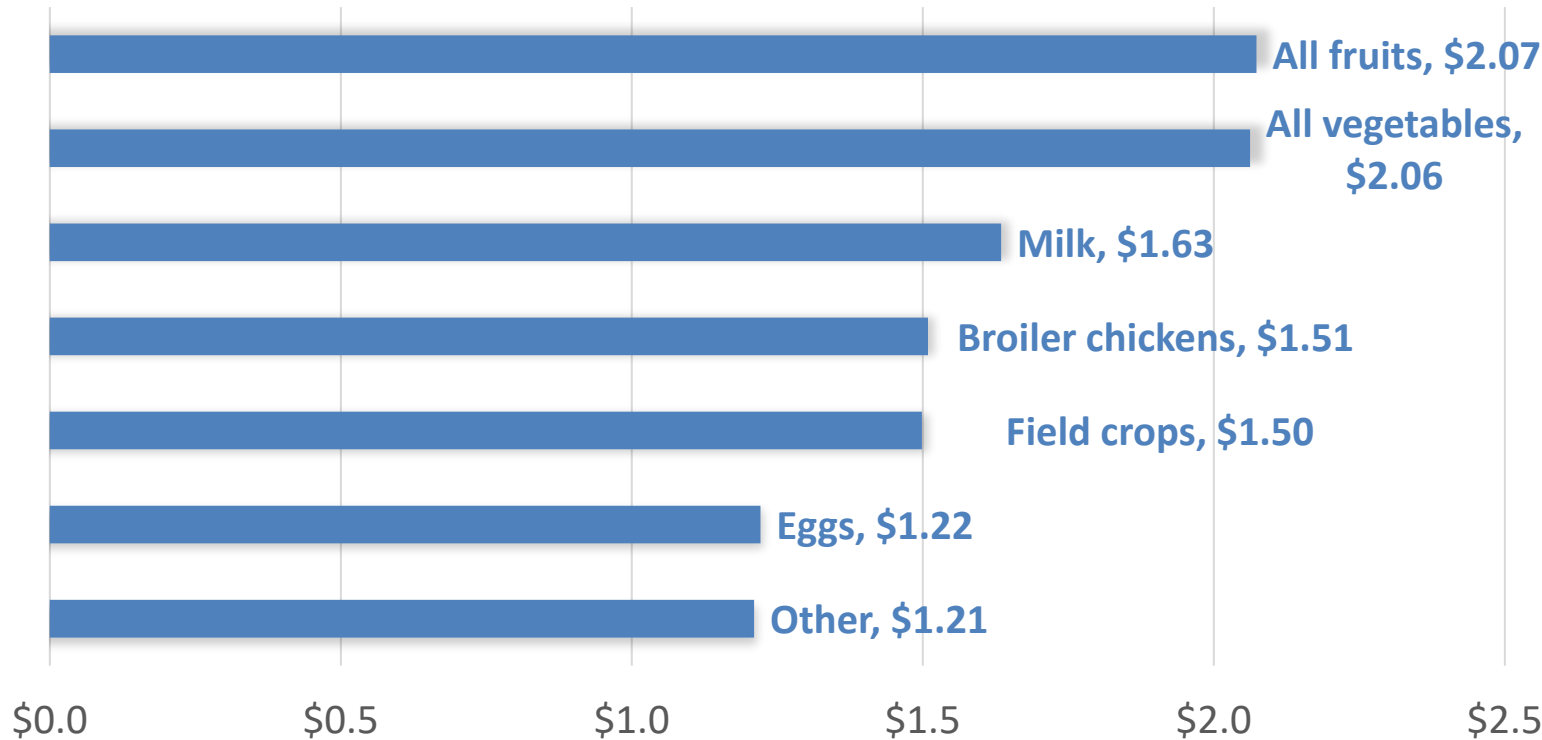
Organic Cropland, 2021 Total: 3.6 million acres	
California	411,175
Montana	262,139
New York	256,920
Texas	198,990
Wisconsin	184,815
Idaho	177,132
Vermont	163,608
Iowa	156,885
Colorado	149,727
Oregon	140,304

Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.



Value of certified organic agricultural products surpassed \$11 billion

Billion dollars



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service.
 Note: All vegetables includes open and under protection.

Top Commodities in 2021 – Certified Organic Farm Sales (billion dollars; % change from 2019)

Top crop sales:

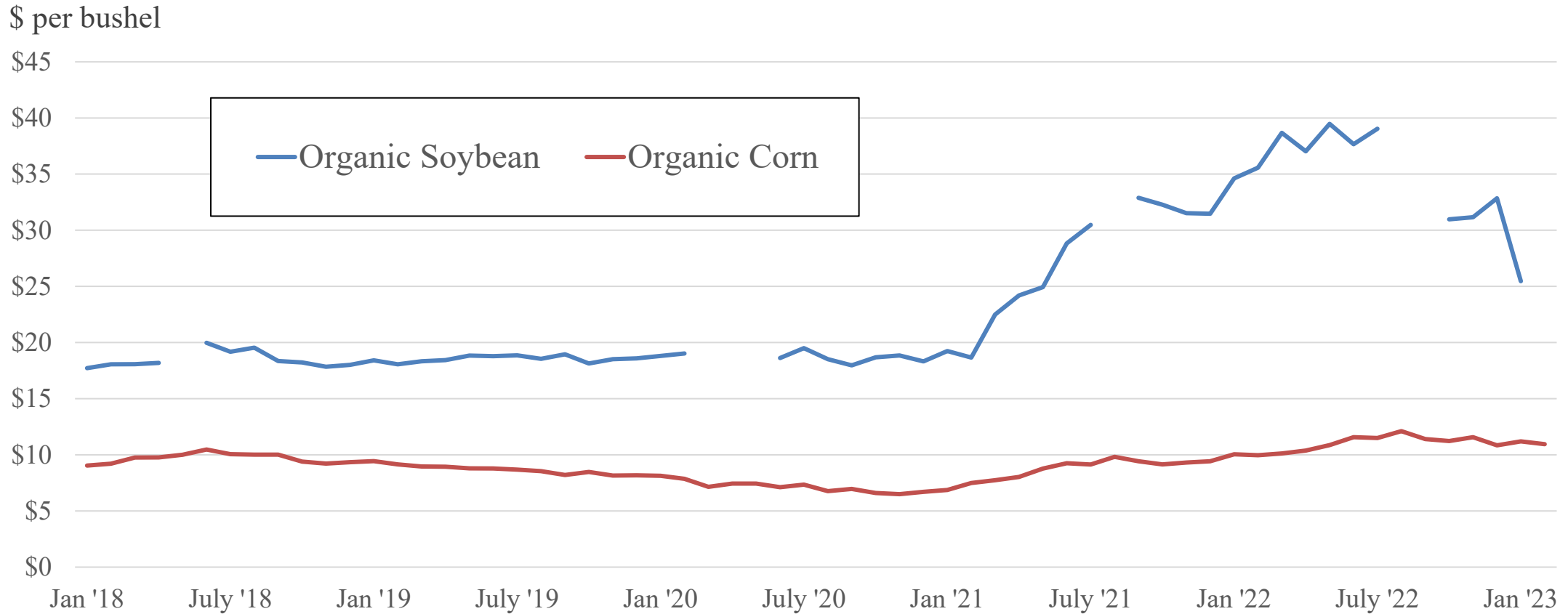
1. Apples (0.6; 32%)
2. Corn for grain (0.4; 53%)
3. Strawberries (0.3; 5%)

Top animal products:

1. Milk (1.6; 3%)
2. Broiler chickens (1.5; 35%)
3. Eggs (1.2; 38%)



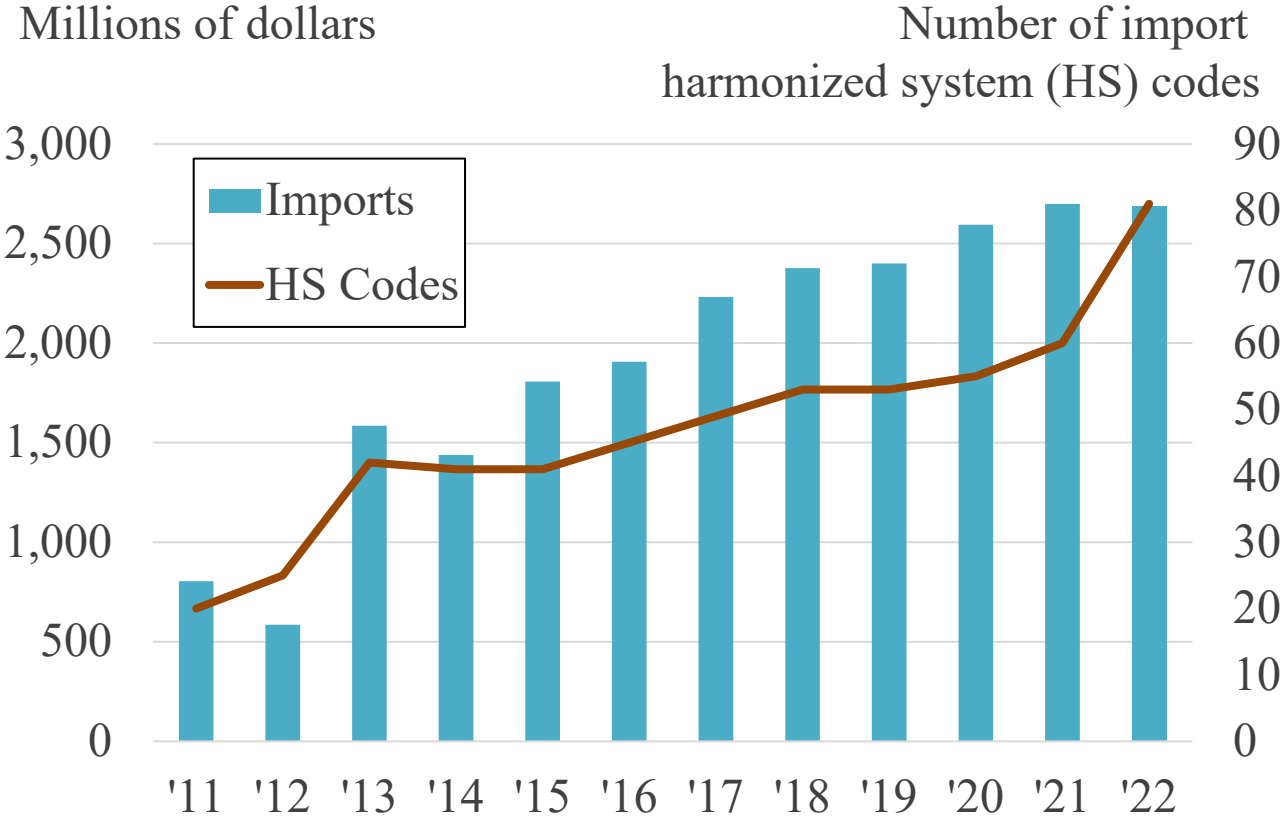
Organic soybean prices remain elevated



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service.



Organic products are imported to meet domestic demand



1. Tropical crops

- Bananas from Ecuador and Mexico
- Coffee from Peru and Honduras
- Sugar from Brazil and Colombia

2. Domestic supply not meeting demand

- Soybeans from Argentina, Turkey, Ukraine

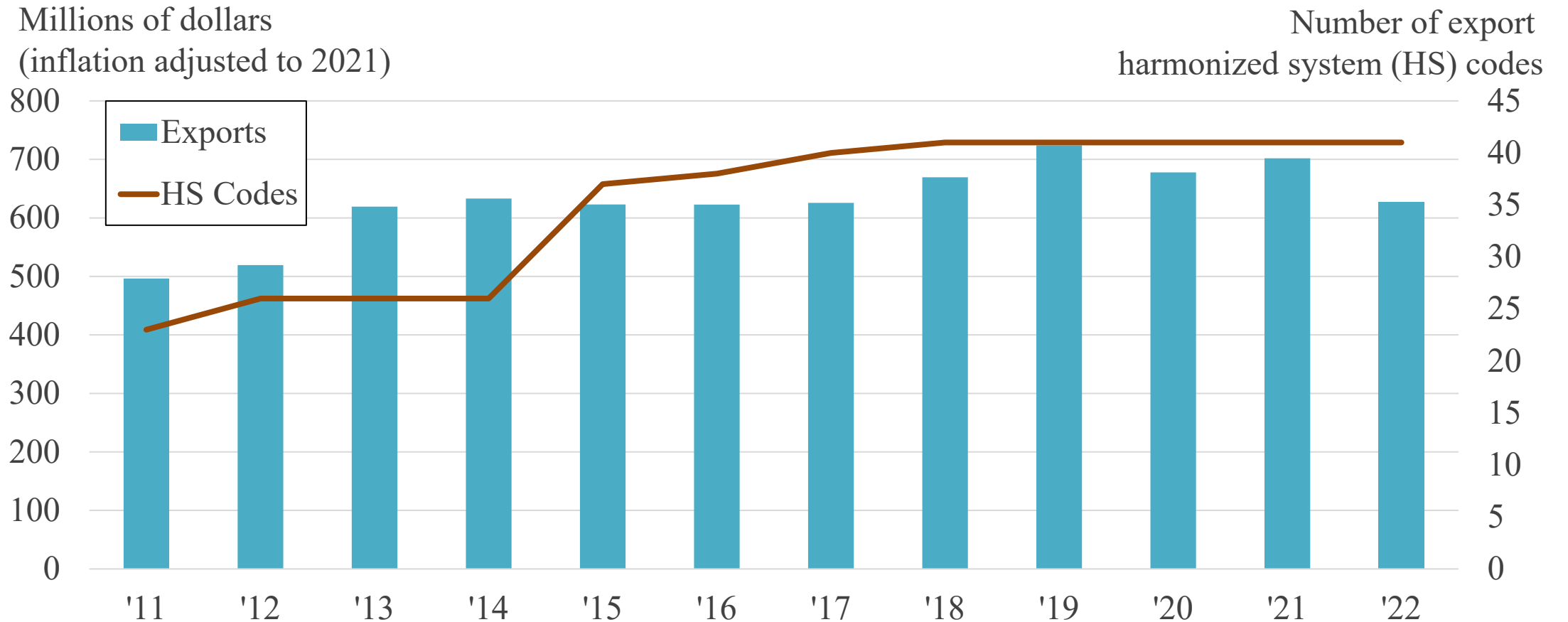
3. Seasonality

- Blueberries from Peru and Mexico

Source: USDA, Economic Research Service using data from USDA, Foreign Agriculture Service and U.S. Department of Commerce, Bureau of the Census.



Value of organic tracked exports declined in 2022



Source: USDA, Economic Research Service using data from USDA, Foreign Agriculture Service and U.S. Department of Commerce, Bureau of the Census.



USDA Launches \$300 million Organic Transition Initiative

Agricultural Marketing Service: Transition to Organic Partnership Program (TOPP)

- Farmer-to-farmer mentoring network and training opportunities

Agricultural Marketing Service: Pinpointed Organic Market Development

- Grant program to develop and expand targeted domestic organic products

Risk Management Agency: Transitional and Organic Grower Assistance Program (TOGA)

- Premium assistance to transitioning growers

Natural Resources Conservation Agency: New Organic Management Program

- Will offer financial and technical expert production assistance



Final Rule published by the Agricultural Marketing Service

- Increased complexity in organic supply chains
 - Reduced transparency
 - Led to documented cases of organic fraud
- The Strengthening Organic Enforcement (SOE) Final Rule will:
 - Reduce the number of uncertified entities
 - Require electronic import certificates for all products entering the United States
 - Increase supply chain traceability
 - Clarify enforcement and oversight
- Relevant dates:
 - Comes into effect March 20, 2023
 - Implementation date is March 19, 2024



Visit the ERS Organic Topic Page

USDA-ERS Organic Topic Page

<https://www.ers.usda.gov/topics/natural-resourcesenvironment/organic-agriculture.aspx>

 Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE

Economic
Research
Service

Economic
Research
Report
Number 303

February 2022

Organic Feed Grains and Livestock: Factors That Influence Outcomes in Thinly Traded Markets

Jeffrey Hadachek, Tina L. Saitone, Richard J. Sexton, Sharon Raszap Skorbiansky, Suzanne Thornsbury, and Anne Effland



Sharon Raszap Skorbiansky
USDA Economic Research Service
Research Economist

sharon.raszap@usda.gov

