ORGANIC TRADE ASSOCIATION

April 21, 2025

Ms. Michelle Arsenault
National Organic Standards Board
USDA-AMS-NOP

Docket: AMS-NOP-24-0081

RE: Materials Subcommittee Discussion Document: Research Priorities

Dear Ms. Arsenault:

Thank you for this opportunity to provide feedback to the Materials Subcommittee on its discussion document related to research. The Organic Trade Association (OTA) is the membership-based business association for organic agriculture and products in North America. OTA is the leading voice for the organic trade in the United States. Our members include growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, brands, retailers, material input providers, and others. OTA's mission is to grow and protect organic with a unifying voice that serves and engages its diverse members from farm to marketplace.

OTA appreciates the Subcommittee's thoughtful effort to advance research priorities that balance the needs and priorities of several sectors. We appreciate the creation of the Research Priority Framework and the efforts to set priorities and offer the following recommendations for priority changes and addition of topics that are of high importance and not yet included on the current list.

We submit the following topics in support of the Subcommittee's continued work. Detailed comments on these topics follow.

1. **Imports/Exports and Trade Disparities**
2. **Economics of Organic: Certification, Production, and Profitability**
3. **Economic Impact of Organic on Regional Economies**
4. **Market Data and Supply/Demand Transparency**
5. **Organic Yield Gaps and System-Level Productivity**
6. **Organic Traceability and Supply Chain Technology**
7. **Corn and Soy Trade Deficits**
8. **Organic Livestock: Expand Pork Priority to Include Beef**

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1. Imports/Exports and Trade Disparities

Organic trade plays a pivotal role in meeting the demand for key organic commodities not currently produced in sufficient volume in the U.S. However, there is limited visibility into the size, scope, and composition of organic imports and exports due to incomplete statistical tracking and the lack of harmonized tariff codes. Comprehensive research is needed to create a clearer picture of the total market, including economic opportunity costs tied to imports of high-demand commodities such as soybeans, beef, and tropical fruits as well as export opportunities in value added products. Such research should include comparative trade flows between organic and conventional markets, an analysis of the trade deficit's economic and environmental implications, and assessments of how regulatory and logistical barriers limit U.S. organic exports. This information is essential to developing strategic policies and investments to improve market access and competitiveness.

Specific areas of research could include:

- Comparative analysis of organic vs. conventional trade flows across key commodities
- Economic assessment of lost value from reliance on imported organic goods
- Development of improved trade tracking systems and HTS code alignment
- Impact of phytosanitary and certification-related trade barriers on exports
- Opportunities for expanding organic exports in high-potential markets
- Case studies on import reliance for soy, corn and beef
- Infrastructure needs for scaling domestic export capacity
- Role of reciprocal equivalency agreements and trade policy alignment

2. Economics of Organic: Certification, Production, and Profitability

Despite continued growth in organic sales, there remains a gap in understanding the full economic picture of organic operations, especially for small and mid-size farms and middle supply chain actors like processors and distributors. Research is needed to quantify the costs associated with organic certification, compliance, and production, as well as to examine how premiums, market access, and value-added strategies contribute to profitability. Greater understanding of cost structures across different sectors and geographies can inform more effective technical assistance programs, risk management tools, and investment strategies. This research should also explore economic incentives and disincentives influencing the decision to adopt or maintain organic certification.

Key research areas should include:

- Cost breakdowns of organic production by sector and region
- Time and labor demands associated with certification and recordkeeping
- Costs of certification and inspection and how they have changed over time
- Profitability comparisons between organic and conventional systems
- Economic viability of mid-tier value chains and co-packing infrastructure
- Certification costs relative to operation size and revenue
- Barriers to entry for new market participants
- Return on investment from transition programs and technical assistance
- Business model innovations (e.g. cooperatives, CSAs, vertically integrated brands)

3. Economic Impact of Organic on Regional Economies

Organic agriculture contributes to regional economies not just through farm revenue, but through job creation, downstream economic activity, and community development. Yet few studies have captured this impact with sufficient detail. Research should assess the contribution of organic production and supply chains to employment, income stability, farmer retention, land values, and tax revenue. Special attention should be paid to the differential impacts in organic "hotspots" versus "coldspots," building on previous USDA-funded research and providing insights into how regional strategies can foster growth. This type of analysis is critical for making the case for public investment in organic and for aligning with broader federal and state economic development objectives.

Key research areas should include:

- Impacts of organic production on employment, household income, livelihoods/wellbeing metrics, farmer recruitment and retention
- Impacts of organic production and supply chains on the value and success of organic businesses and brands
- Assessments of the opportunities lost and gained by organic imports/exports at local to state levels
- Assessments of organic consumption and consumer perceptions of organic/non-organic, particularly in areas where the organic market is not currently thriving
- Comprehensive cost accounting of chemical farming externalities such as soil and water pollution cleanup, biodiversity loss/restoration, and the cost to address health issues related to chemical exposure
- Impacts of federal funding investments on organic transition, farmer retention, and income
- A refresh of the organic hotspots research (USDA ERS, 2015) and a contrasting look at coldspots to learn what is needed to transform them into growth regions

4. Market Data and Supply/Demand Transparency

Reliable market data is foundational for effective decision-making in any agricultural sector. For organic, current data availability is inconsistent and often delayed, making it difficult for producers and businesses to plan. The lack of data limits both private investment and policy development. A priority area of research is the design and implementation of a routine organic market reporting system, akin to USDA's WASDE, that provides acreage, yield, price, inventory, and consumption data. Additional research is needed on the feasibility of expanding organic data collection in NASS surveys and AMS market reports, as well as on how data transparency affects market performance and resilience.

Recommended research efforts include:

- Feasibility study for an organic WASDE-style report
- Organic price discovery and basis reporting for key commodities
- Farmer planting intentions and marketing channel preference surveys
- Analysis of supply volatility and seasonal price impacts
- Identification of data gaps in existing USDA organic datasets

- Expansion of certified handler and processor reporting metrics
- Creation of region-specific organic supply-demand baselines
- Case studies on price transmission across organic supply chains

5. Organic Yield Gaps and System-Level Productivity

Yield drag is frequently cited as a challenge for organic systems, yet there is limited research on the systemic factors that drive yield differences across crops, geographies, and practices. This research should go beyond simple yield comparisons and instead investigate the complex ecological and management factors that influence productivity in organic systems. These include soil health, nutrient cycling, varietal selection, weed and pest pressure, and climatic resilience. Furthermore, the research should assess yield stability under environmental stressors and evaluate how yield can be optimized without compromising organic principles.

Target research topics should include:

- Root cause analysis of yield drag in organic production
- Systems-based strategies to close the yield gap (e.g., rotations, intercropping)
- Development and performance trials of organic-optimized crop varieties
- Yield stability under drought, extreme temperatures, or pest outbreaks
- Relationship between soil health indicators and productivity in organic systems
- Use of cover crops and green manures to improve nutrient availability
- Synergies between yield and disease/pest resistance in biologically intensive systems
- Trade-offs between yield and other sustainability metrics (biodiversity, water, soil health, etc.)

6. Organic Traceability and Supply Chain Technology

The organic sector's traceability infrastructure, including the USDA Organic Integrity Database and certification recordkeeping systems, represents a unique and underutilized resource for innovation. As global regulatory frameworks such as the EU Deforestation Regulation (EUDR) begin to impact trade, organic systems may offer a competitive advantage if appropriately leveraged. Research should examine the economic and compliance benefits of enhanced traceability systems, as well as the integration of blockchain, digital ledger technologies, and other traceability tools. Additional research is needed to explore the cost, technical feasibility, and security considerations of digitizing certification and audit processes.

Research areas could include:

- Comparative analysis of the Organic Integrity Database vs. other traceability systems
- Blockchain or other emerging technologies for automated audits and mass balance
- Integration of USDA organic records with customs/import databases
- Role of digital traceability in compliance with the EU Deforestation Regulation (EUDR)
- Case studies of traceability-driven fraud prevention
- Economic and technical feasibility of digitizing organic certificates
- Stakeholder trust and data security concerns in traceable supply chains
- Traceability cost-sharing models for small and mid-sized operations

7. Corn and Soy Trade Deficits

The United States is a leading exporter of conventional corn and soybeans but remains heavily reliant on imports for these same crops in organic form. This trade imbalance undermines domestic feed security, weakens supply chain transparency, and exposes the market to import-related fraud risks. Research is needed to understand the market, agronomic, and policy factors that have contributed to this disparity and to identify viable solutions.

Research areas include:

- Regional assessments of agronomic suitability for organic corn and soy
- Cost competitiveness comparisons between U.S. and major exporting countries
- Infrastructure analysis (e.g., grain elevators, segregated storage, processing)
- Impact of crop insurance and commodity programs on organic acreage decisions
- Demand projections by feed sector (e.g., dairy, poultry, livestock)
- Risk assessment of imported organic feed fraud incidents
- Transportation and logistics bottlenecks in organic grain marketing
- Investment and subsidy options to increase domestic production

8. Organic Livestock: Expand Pork Priority to Include Beef

Organic beef is now the largest single category of organic imports by value, primarily sourced from Australia and Uruguay. Despite strong consumer demand, domestic organic beef production has lagged due to a range of constraints. Research is needed to understand the barriers to domestic organic beef expansion, including breed availability, feed systems, processing capacity, animal welfare standards, and competition from non-organic claims like grass-fed or pasture-raised. Economic modeling should be conducted to explore the feasibility and profitability of transitioning conventional beef systems to organic.

Suggested areas of research include:

- Market share and pricing comparison of organic vs. other claims-based beef
- Regional variation in processing access and inspection barriers
- Analysis of feed sourcing challenges for certified beef herds
- Lifecycle cost-benefit analysis of converting to organic beef systems
- Consumer demand and label perception studies
- Housing, pasture, and health management standards and their feasibility
- Breed selection and adaptation for pasture-based beef production
- Workforce and labor availability in certified organic beef supply chains

Recommendation on Structure: Several of these priorities intersect across crops, livestock, and handling. For example, trade-related research (imports/exports, soy/corn deficits) cuts across all sectors. We recommend the Subcommittee consider creating a fourth "Cross-Cutting" category in the Research Priorities Framework to accommodate multi-sectoral topics that are currently difficult to classify but are of critical importance.

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On behalf of our members, OTA thanks the NOSB and the Materials Subcommittee for your leadership on this issue. We are committed to supporting the development of a robust research priorities to help advance the organic sector.

Respectfully submitted,

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cc: Tom Chapman
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