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House Committee on Agriculture

Subcommittee on Biotechnology, Horticulture, and Research

A 2022 Review of the Farm Bill: Horticulture and Urban Agriculture

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Chairwoman Plaskett, Ranking Member Baird, and members of the Committee, thank you for holding this hearing and inviting me to testify on behalf of the organic sector on the upcoming farm bill. I am Laura Batcha, CEO and Executive Director of the Organic Trade Association (OTA), 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, representing over 9,500 organic businesses across 50 states. Our members represent the entire supply chain including growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers, and others.

Organic is an increasingly important part of American agriculture and represents one of the fastest-growing food and farming sectors in the U.S. and global marketplace. In 2020, U.S. organic sales grew by more than 12%, reaching a record high of \$62 billion. Today more than 15% of all produce sold in the U.S. is certified organic, nearly 10% of dairy and eggs are organic and more than 7% of packaged foods as well as grains are organic, demonstrating the importance consumers place on this sector.¹ Consumers are also driving demand globally, where the USDA organic label remains the gold standard. U.S. organic exports increased 8% in 2021.²

¹ Organic Trade Association's 2021 Organic Industry Survey.

² FAS Global Agricultural Trade System.

Organic in the farm bill

The farm bill provides critical support for the growing organic sector with many programs authorized to assist organic including the Organic Data Initiative, the Organic Research and Extension Initiative, the Organic Certification Cost-Share Program, the Environmental Quality Incentives Program Organic Initiative and more. Most importantly, every farm bill the Organic Foods Production Act (OFPA) the law that authorized federal organic standards, is amended and updated to reflect the latest policy and oversight measures that are needed to ensure a strong and healthy U.S. organic sector.

The 2018 farm bill included the Organic Farmer and Consumer Protection Act, legislation that was championed by members of this committee that gave the USDA National Organic Program (NOP) more resources and authority to combat global fraud in the organic trade. This spring we anticipate implementation of these provisions when USDA releases a final rule on Strengthening Organic Enforcement.

The rule should close gaps and eliminate major fraud risks in the organic supply chain by requiring all entities that handle organic products including brokers, traders, importers, and exporters to obtain organic certification. For the first time, all imports of certified organic product coming into the U.S. will be accompanied by an electronic import certificate that will be uploaded to the U.S. Customs and Border Protection's Automated Commercial Environment System. I will note that the release of this final rule is past the Congressional deadline set for implementation which is going to further delay the electronic import certificate tracking system. The rule will also require certifiers to conduct mass-balance and trace back audits as well as increase unannounced inspections of organic operations. Moving forward all certified operations will have to develop an organic fraud prevention plan.

The Organic Foods Production Act and the next farm bill

Looking ahead to the 2023 farm bill, OTA has engaged in an extensive outreach process to collect feedback from our members and other stakeholders on priorities. We hosted a series of in-depth workshops on the future of organic. Additionally, OTA's Farmers Advisory Council, a coalition that represents more than 8,500 organic farmers, held numerous working sessions to delve into the efficacy of current farm bill programs and outlined the most critical needs and recommendations of

organic farmers. We will release our full farm bill policy platform early this summer. Today I will provide a preview of our top priorities.

Organic is at a critical juncture and inflection point. We know that consumers recognize and trust the USDA organic label, fueling the strong growth of the industry over the last 20 years. But the marketplace is becoming more crowded with new certifications and label claims and consumer preferences on how their food is produced are evolving and shifting rapidly. What sets USDA organic apart from other private certification and marketing claims is that the standards are developed and enforced by federal law and regulations. It's a voluntary regulatory program that rewards businesses and farmers who choose to opt-in and meet strict standards through market premiums.

However, organic's greatest challenge and our biggest opportunity for the next farm bill lies in living up to the expectations that consumers and businesses have of the organic seal to continuously improve and advance the standards. When the federal organic regulations were implemented in 2002, it was known that additional modifications and updates would need to be made later down the road. There was still a lot that needed to be worked out and as the industry sky-rocketed in popularity, emerging sectors also wanted the opportunity to become certified organic.

Unfortunately, advancing and updating the standards regularly is not what has happened in practice and improving this process should be the major focus to support organic in the 2023 farm bill.

For the last 20 years the organic standards have remained static. In fact, when it comes to organic practices only one major update has been implemented by the USDA NOP, a final rule on livestock grazing and access to pasture. That was twelve years ago. It hasn't been for a lack of will on the private sector's part. Industry and stakeholders have come together and agreed upon recommendations to improve the standards nearly two dozen times at the National Organic Standards Board, a federal advisory board to the USDA that must be consulted on updates to the organic regulations. Some of those recommendations have been sitting on a shelf or in various stages of rulemaking limbo for more than fifteen years and they span everything from mushroom production, aquaculture, animal welfare, pet food, personal care, greenhouse standards and more.

In some cases, the recommendations are to create clear, enforceable standards for emerging sectors and in other cases some of the updates are sorely needed to address inconsistencies and lack of clarity of the existing regulations that have led to competitive harm and market failure. The very purpose of the Organic Foods Production Act is to create uniform, robust standards for the

marketing of organic products. The failure of the government to keep pace with these expectations has stifled industry innovation, put organic businesses and farmers at a competitive disadvantage, resulted in varying interpretations and inconsistent application of the standards by certifiers, and led to declining consumer trust in the seal.

OTA supports H.R. 2918, the Continuous Improvement and Accountability in Organic Standards Act, bipartisan legislation introduced by Representatives Peter DeFazio, Rodney Davis, Chellie Pingree, Ron Kind, Dan Newhouse and Jimmy Panetta. The bill requires the USDA NOP to clear the backlog of stalled recommendations to update the standards, sets forth a future process by which the NOP must respond to industry recommendations in a more timely and transparent fashion, and requires the NOP to audit certifiers and ensure that new regulations and updates to the standards are being applied consistently. Regularly updating the standards was Congress' intent when the OFPA was included in the 1990 farm bill but that has not been fulfilled due to the administrative challenges at USDA. It is the role of Congress to amend the Act to make it very clear that standards development is a core requirement that must be followed through by USDA.

We are encouraged that USDA has started the process of moving forward on the regulatory backlog by taking public comment from stakeholders on priorities for implementation. However, in the next farm bill we would like to see this legislation be reintroduced with a focus on institutionalizing a more stable future for organic. The next farm bill should restructure the public-private partnership, invest in oversight and enforcement, and prioritize continuous improvement.

We believe the structure of the NOP should be updated to allow for prioritizing standards and market development *along with* maintaining strong compliance and enforcement. Specific funding and resources must be allocated for standards development and implementation at the NOP. There should be a clear statutory requirement for USDA to review and update organic practice standards beyond just the National List of allowed and prohibited substances used in organic.

Although progress has been made in recent farm bills to provide NOP with more resources, authority, and tools to increase enforcement and prevent fraud in the marketplace, there are still loopholes that remain. USDA's scope of authority must be expanded to combat the improper use of the term organic on uncertified products such as personal care, textiles, dietary supplements and businesses such as grocery stores, dry cleaners and restaurants. The fraudulent use of the term organic misleads consumers and hurts the USDA organic label and brand. The NOP's accreditation

function should also be updated to align with best practices in third-party certification systems and auditing.

Continuous improvement is the bedrock of organic but it is not expressly required by the law or regulations. USDA must collaborate with accredited certifiers to advance the outcomes on farms, ranches, and facilities certified to the organic standards.

We know that this is critical to maintain consumer trust. OTA recently commissioned the firm Edelman to conduct a study on consumer perception of organic, an organic follow-on study to their widely cited consumer trust barometer. What they found was that 89% of consumers say that the USDA should review and update the organic standards periodically. 87% of consumers expect that the organic standards should be updated to reflect evolving understandings about soil, climate, health, animal welfare and more.

We look forward to working with this committee to ensure that organic continues to have a bright, successful future by creating oversight and tools for continuous improvement in the next farm bill. This is essential for USDA organic to remain the gold standard in certification and marketing.

Other core priorities to advance in organic in the 2023 farm bill

In addition to making updates to the Organic Foods Production Act, there are also several other priorities that could advance organic in the next farm bill. The committee can support growth and market development in the U.S. organic sector by providing funding and incentives for those seeking to transition to organic, increase processing and infrastructure capacity, and stabilize supply chains by facilitating more domestic production of targeted organic crops where market demand exceeds supply.

The next farm bill is an opportunity to increase conservation and technical assistance for organic and transitioning farmers. Organic agriculture is a regenerative system requiring practices that advance sustainability in agriculture like crop rotation, cover cropping, building soil health, increasing biodiversity, and reducing nutrient pollution. However, many agronomists, extension agents, NRCS staff, and farm consultants lack in the knowledge and understanding of organic systems making them ill-equipped to support organic farmers and those interesting in adopting organic practices.

There are also core farm bill programs that support organic such as the Organic Research and Education Initiative (OREI) and the Organic Certification Cost-Share Program. Robust funding for both of these programs is necessary to keep pace with the growth of the industry. Increased funding for the Market Access Program, Foreign Market Development Program and Technical Assistance for Specialty Crops will provide U.S. organic businesses with export opportunities and reduce trade barriers.

Lastly, not every problem requires more spending. There are several programmatic changes that can be made to existing farm bill programs to streamline access and reduce barriers for organic farmers. Improvements to organic certification cost-share, crop insurance, conservation, risk management and other farm bill programs are always ripe for consideration.

In conclusion, organic provides economic opportunities for farmers and businesses, creating jobs and lifting rural economies, while also utilizing sustainable farming practices that are proven to help mitigate the threat of climate change. Organic provides a safe, healthy choice to consumers, who are increasingly seeking out the trusted USDA organic seal on the food and products they purchase for their families.

We look forward to working with Congress and members of this committee to advance organic in the 2023 farm bill. Thank you for the opportunity to provide feedback to inform federal farm policy. I'm happy to address any of your questions.