



June 12, 2017

Edward Gresser
Chair of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20006

Docket: USTR-2017-0006

RE: NAFTA Negotiations – Request for Comments on Negotiating Objectives Regarding Modernization of the North American Free Trade Agreement with Canada and Mexico

Dear Mr. Gresser:

The Organic Trade Association (OTA), the membership-based business association for organic agriculture and products in North America, is the leading voice for the organic trade in the United States, representing organic businesses across 50 states. OTA brings farmers and growers, ingredient suppliers, processors, manufacturers, distributors, retailers and others - consultants, brokers, certifiers, and those in international trade - together to promote and protect the growing organic sector. OTA's mission is to promote and protect ORGANIC with a unifying voice that serves and engages its diverse members from farm to marketplace.

The almost \$50 billion-a-year organic industry is a bright spot in the U.S. farm economy. U.S. organic sales have grown substantially from \$1 billion in 1990, when the organic law was signed, to \$8.6 billion in 2002 when the USDA seal was introduced, and now to \$47 billion in 2016. Organic has averaged double-digit growth over the last five years. The nearly \$50 billion-a-year industry is supported by more than 24,000 certified organic operations nationwide. Organic farms and businesses are present in all 50 states. When viewed as a commodity class, organic is the fourth largest food and feed commodity in the United States. While the number of organic operations grew by 13% in 2016, demand for organic regularly outpaces supply, making organic a viable opportunity for U.S. farmers.

We ask that the United States Trade Representative consider the following when re-negotiating NAFTA:

The North American Free Trade Agreement is of great importance to U.S. organic producers, traders, and retailers, not only because Canada and Mexico are our largest trading partners, but for three main reasons - market access, trade oversight, and, maintaining organic equivalency arrangements.

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Largest Trading Partners

The U.S. exports organic products to at least 104 different countries. On average, the U.S. organic exports value was \$505 million per year – or a total of \$3.03 billion from 2011 – 2016. Note, 2011 is the first year of available recorded USDA data. The main recipients of these exports were Canada and Mexico, which averaged over \$247 million and \$134 million in U.S. organic products per year respectively and thus accounted for over 75% of U.S. organic exports. Additionally, many U.S. businesses are dependent on Mexico for counter-seasonal supply of fresh produce. In fact, since 2013, a little over half of all the U.S. organic imports came from North and South America. Exports from Mexico and Canada to the United States represent \$324 million annually on average. Currently the U.S. has an organic trade surplus with NAFTA partners.

Modernizing NAFTA Presents Opportunities to Grow U.S. Organic Exports

A modernized NAFTA represents a significant opportunity to build and improve upon exiting agreements and other long negotiated regional trade proposals. Many overarching as well as specific opportunities exist to grow U.S. organic exports and support the organic farming and food manufacturing industry through a renegotiated NAFTA.

Market Access

Organic Dairy – OTA strongly supports increased access for U.S. organic dairy into Canada. Organic dairy represents 9% of U.S. dairy exports. A tremendous opportunity exists for U.S. organic dairy farms and processors to access Canadian markets for high value organic dairy including fluid milk, processed dairy products including bulk and processed milk, packaged dairy products, cheeses and milk powders.

Produce & Processing - U.S. organic produce exports to Canada are a cornerstone for U.S. fresh fruits and vegetables. U.S. producers and processors are also enjoying an expanded presence to Mexico. Importantly, counter seasonal supplies of Mexican fruit and vegetable ingredients, fuel the U.S. organic processing industry and result in significant high value processed foods to NAFTA partners.

Trade Oversight and Technical Exchange

The globally recognized USDA National Organic Program (NOP) is the gold standard for comprehensive regulations and rigorous enforcement. As well, NOP's strict adherence to, and enforcement of the U.S. organic regulations around the world is a bastion for the global integrity of [U.S.] organic products and programs.



The U.S. has an opportunity to significantly improve the Technical Barriers to Trade (TBT) Organic Annex developed during the Trans Pacific Partnership (TPP) negotiations. We have the opportunity to expand export opportunities for U.S. organic producers, organic processors and organic businesses; including NOP accredited certification agents to insure that U.S. businesses get a better deal in the NAFTA region.

A modernized NAFTA provides an opportunity to advance not only market access but also technical exchange and trade oversight. A modernized NAFTA creates a level playing field for farmers and manufacturers to compete from and the use of technology during implementation can relieve oversight burdens and duplication of efforts across borders.

Equivalency Arrangements

Protecting Organic Equivalency Arrangements- The United States pioneered the first-ever organic equivalency arrangement with Canada in 2009. Equivalency negotiations are underway with Mexico currently. An organic equivalency arrangement is a mutual recognition in the form of bilateral arrangements between key trading partners that allows for successful trade by reducing trade barriers and supporting the strengthening of the supply chain.

Organic equivalency recognizes two systems as comparable and verifiable, although not necessarily identical. This leads to numerous benefits such as reduced costs of doing business. In addition to facilitating trade, these arrangements help showcase U.S. produced, USDA certified organic products to foreign customers, thereby increasing demand and opportunity for the U.S. organic industry. For example, the Canadian equivalency policy generates a 455 percent predicted increase in annual U.S. organic exports to Canada (Jaenicke, 2016). We ask the USTR to maintain and protect the organic equivalency arrangement with Canada; and allow for direct negotiation on the Mexico organic equivalency arrangement outside of NAFTA proceedings.

Equivalency arrangements provides successful trade by reducing trade barriers and supporting the strengthening of the supply chain. A modernized 21st Century NAFTA that protects these arrangements, improves market access, strengthens and streamlines trade oversight, and leverages technology will be a benefit to the organic food and farming industry.

The U.S. organic industry is a major economic driver for rural communities. We are proud that the U.S. organic sector creates jobs that revitalize rural communities, and build the North American economy. The U.S. has only just begun to build the future



of our organic economies and modernizing NAFTA provides an opportunity for continued economic growth that will benefit the entire U.S. agriculture economy.

Thank you for the opportunity to provide feedback and we look forward to ongoing consultation.

Sincerely,

A handwritten signature in black ink that reads "Laura Batcha".

Laura Batcha
Executive Director/CEO