

June 21, 2021

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Agricultural Marketing Service  
U.S. Department of Agriculture

**Docket: AMS–TM–21–0034**

**Federal Register Number 2021-08152**

**Re: Supply Chains for the Production of Agricultural Commodities and Food Products**

Thank you for the opportunity to provide input on USDA’s programs and spending related to increasing durability and reliance within the U.S. food supply chain. 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, representing over 9,500 organic businesses across 50 states. Our members include growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers and others. OTA’s mission is to promote and protect organic with a unifying voice that serves and engages its diverse members from farm to marketplace.

OTA appreciates USDA’s commitment to elevating the significance and importance of organic, and welcomes the recent USDA announcement<sup>1</sup> of an additional \$20 million for organic cost-share assistance. This is an important step to bridge the gap in previous short-falls for organic producer assistance, but **we caution against limiting organic programs to micro funding or not prioritizing the organic opportunity within the larger funding buckets**. Proportionally, the organic sector has historically been underfunded based on size and growth of market. USDA has a critical opportunity at this moment to correct the course, and meet the organic opportunity with big and bold investments in organic programming and resources.

**We call on USDA to make big and bold investments in organic.** The organic industry soared to a new high of nearly \$62 billion in 2020, jumping by a record 12.4 percent (more than twice the 2019 growth rate of organic)<sup>2</sup>. In 2020, almost 6 percent of the food sold in the U.S. was certified organic. As a bright spot in U.S. agriculture, the organic sector should command resources and support that are proportionate to the growth and size of the sector, and reflect the economic, environmental and health benefits provided to organic farmers, businesses, and consumers. Substantial investments are needed at orders of magnitude higher than any previous administration has ever offered. Increasing funding levels and removing caps on organic-specific programs are key to supporting the organic sector’s full potential to grow and thrive.

**Every dollar invested in organic agriculture drives co-benefits for rural economic development and beyond.** U.S. farms and business of all sizes across all 50 states are choosing to participate in voluntary market-based, federally backed, independently certified organic value chains, representing hundreds of specialty crops and grains, livestock, poultry, dairy, fiber, packaged goods and other value-added products. Organic hotspots—counties with high levels of organic agricultural activity whose neighboring counties also have a high level of

<sup>1</sup> <https://www.usda.gov/media/press-releases/2021/06/15/usda-announces-additional-aid-ag-producers-and-businesses-pandemic>

<sup>2</sup> <https://ota.com/news/press-releases/21755>

organic activity — boost median household incomes by an average of \$2,000, and reduce poverty levels by an average of 1.3 percentage points.<sup>3</sup> Thriving organic farming communities and the resulting co-benefits depend on farmers having access to handling, processing, and distribution infrastructure and market opportunities. Organic investments also drive climate benefits<sup>4</sup>, and other economic, environmental and health benefits for all those involved in our food system--from the grower and the processor, to the distributor and the consumer.

We offer the following specific recommendations of areas to support supply chain resiliency of the organic sector. Our recommended funding levels totaling \$300 million represent 6% of the \$5 billion in funds announced through USDA's Build Back Better Initiative, which is commensurate with organic's market share of the U.S. food industry.

## **ESTABLISH A NATIONAL ORGANIC TRANSITION PROGRAM AT USDA**

Organic farming presents a promising economic opportunity for U.S. farmers, yet less than one percent of domestic farmland is certified organic today. Many farmers face steep challenges and barriers when seeking to transition to organic production. The arduous three-year transition process is an important prerequisite to becoming eligible for organic certification, but there is little federal support to help farmers through this transition. Lack of agronomic and technical assistance, access to credit and loans, and adequate tools for managing on-farm risk are all significant barriers farmers face during the transition process.

Given the long-term economic and environmental benefits organic agriculture provides, USDA should wisely invest in programs that support farmers in successfully transitioning to, and staying in, organic production. We recommend that USDA establish a national program to support farmers transitioning to organic that includes the following elements.

- **Invest in improvements to technical assistance, risk management, access to land, credit and capital, processing and distribution infrastructure and market development** – Financial, policy, and programmatic improvements are needed to make certified organic production accessible to all farmers who chose to participate in the thriving organic market. Specific focus on reducing financial risks, improving market and infrastructure development, increasing access to land and credit, providing technical assistance, and removing disincentives to transition. *Examples of these improvements are described throughout this document.*
- **Provide grant funding for projects that address barriers to transition** – Many organizations are actively pursuing initiatives that can help address some of the barriers to transitioning to and staying in organic production. USDA should support these efforts by developing a competitive grant program for organizations that provide programs and services that support farmers who are transitioning to organic. A portion of the funds should be designated for programs that support socially disadvantaged farmers with limited resources and/or are geographically isolated. *Additional details on grant programs for technical assistance projects are described below.*
- **Evaluate and address the various barriers associated with transitioning to organic** – USDA should conduct a needs assessment of transitioning farmers in the U.S. across production systems, scales,

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<sup>3</sup> [https://ota.com/sites/default/files/indexed\\_files/OTA-HotSpotsWhitePaper-OnlineVersion.pdf](https://ota.com/sites/default/files/indexed_files/OTA-HotSpotsWhitePaper-OnlineVersion.pdf)

<sup>4</sup> [https://ota.com/sites/default/files/indexed\\_files/OTA%20Climate-Smart%20Ag%20comments\\_FINAL.pdf](https://ota.com/sites/default/files/indexed_files/OTA%20Climate-Smart%20Ag%20comments_FINAL.pdf)

geographic regions, product types, and demographic background of farmers. The results of the analysis should be used to develop, publish, and implement a plan for overcoming the key barriers.

- **Identify staff responsible for assisting farmers who are transitioning to organic.** Farmers need access to a designated point-person at USDA who is able to answer technical, programmatic, and regulatory questions about organic under all USDA agencies, including FSA, RMA, and AMS.
- **Establish a USDA certified transitional program.** Certification of farms in transition can be a key aspect of encouraging increased domestic organic production by providing technical support and supply-chain recognition. While various certifiers have transitional certification programs, these are not harmonized and lack consistent oversight. Transitional certification can prevent “surprises” for operations going through the certification process, because the operation has been inspected and audited during each year of its transition. Furthermore, operations enrolling in a transitional certification program will support supply chain management as transparency in future growth of organic acreage can facilitate appropriate business planning and contract development for buyers and producers. The program would also help develop transitional markets, enabling a supply-chain premium for transitional crops that can incentivize producers to move towards organic and can reduce the financial burden that a three-year transition period poses. OTA submitted an application to USDA Agricultural Marketing Service’s Quality Systems Assessment Program to establish a USDA Certified Transitional Program. USDA made a formal announcement approving the program in early 2017 but months later withdrew the program with no explanation. USDA should reestablish this program, and begin accepting applications from qualified certifiers immediately.
- **Allocate \$50 million to support transition to organic.** In addition to providing certification cost-share assistance to transitioning farmers, USDA should invest a minimum of \$50 million across department programs to expand domestic organic production by supporting both producers and processors. Technical assistance, increased conservation funding for programs such as the EQIP Organic Initiative, and direct financial assistance should be provided to producers transitioning to organic. For example, conventional farmers transitioning to organic production-- an entirely distinct farming system that requires investments and learning new techniques--should be able to qualify under the definition of beginning farmers for USDA programs that provide grants and assistance to that population. Additionally, support for producers should be coupled with tax credits, low interest loans and grants for companies to invest, retool and build organic processing and infrastructure capacity. By supporting transition to organic, USDA will be incentivizing farmers to adopt climate-friendly agricultural practices, creating opportunities for small- and medium-sized farms to thrive, and supporting rural economic development.
- **Facilitate market connections between farmers and buyers.** One of the primary barriers that prevents farmers from going through the three-year transition process is uncertainty around whether or not they will have a long-term contract for their premium organic crops. USDA should facilitate links between transitioning growers and buyers, and provide incentives for buyers that offer long-term contracts to transitioning and organic producers.

## MARKET DEVELOPMENT & PROCESSING/DISTRIBUTION INFRASTRUCTURE

A significant limit to the continued growth and sustainability of the U.S. organic industry is a gap in domestic supply of organic ingredients and raw products. The growth of organic acreage in the U.S. has never kept pace with demand for organic products, and increasing amounts of imports continue to fill the gap. Overcoming barriers to the growth in domestic organic acreage will require a multi-faceted and regionally-oriented approach.

### Organic Processing and Distribution Capacity

- **Invest \$100 million in organic processing and infrastructure.** Investment in organic processing and distribution infrastructure is critical to support domestic supply chains. All processing facilities that handle organic product are required to maintain an organic certification and systems plan to ensure compliance with the organic regulations and prevent commingling and contamination of organic and non-organic product. To transition more acreage to organic and support farmers transitioning, USDA must put an equal emphasis on increasing processing capacity and supporting market development opportunities to ensure a healthy organic marketplace. USDA should establish a competitive grant program for market and infrastructure development to expand organic processing capacity. The program will assist companies in retooling, refurbishing and rebuilding processing facilities to meet organic market demand across all regions, commodities and scales.

### Organic Certification Continuity

The pandemic created supply chain disruptions such as capacity constraints, increased demand, supply shortages, and facility closures. Certified organic farmers and handlers need to quickly adjust to bring on new land, processing lines and/or facilities, and storage units. This creates a unique challenge for organic businesses because an on-site inspection must be conducted for a person or operation seeking new organic certification. For organic operations requesting an addition or update to its existing certification, the new land or facility must quickly move through the certification process, which typically includes an on-site inspection. Certified organic products must also meet very specific packaging and labeling requirements. Overall, this leads to reduced flexibility and unique supply chain challenges for organic businesses and farms when on-site inspections are not possible. The continuity of organic inspection operations is critical to the compliance of the organic supply chain, and the health and safety of organic farmers, processors and inspectors must remain at the center of all decision-making. Fortunately, there are many inspection tools and technologies that can be used to verify organic compliance while travel restrictions and advisories associated with the novel coronavirus are in place.

- During this unprecedented time, it is critical that USDA support the organic marketplace by allowing accredited certifiers to utilize emergency remote inspections when on-site inspections are not possible.

If a farmer or business fails to pay their organic certification fee on time, they are at risk of being issued a non-compliance by their certifier, and having their organic certification suspended. Certification cost-share was reduced and delayed so many operations experiencing financial strain from the pandemic weren't able to rely on full and timely certification cost-share assistance.

- USDA should provide flexibility to operations unable to pay their certification fees by delaying suspension of certification if the only non-compliance is related to late payments of certification fees.

## **Market Development**

- **Purchase \$100 million in organic food for nutrition programs.** Many U.S. commodities rely on USDA's purchasing power and nutrition procurement programs for supply chain management. However, organic food has largely been shut out of federal feeding programs such as the school lunch program, the Women, Infant, and Children (WIC) program, and emergency food assistance programs despite the fact that over 80% of U.S. households purchase some organic products on a regular basis. USDA should establish a pilot program, and work with states to increase purchases of organic food and reduce barriers to purchasing organic food within feeding programs. USDA nutrition programs must be modernized to meet consumer needs and demand while also supporting climate-friendly agriculture and reflecting the diversity of U.S. agriculture. Cost should not be a barrier. For example, USDA should purchase both certified organic and certified transitional to support farmers through the transition process with a stepped-up premium. At the very least, USDA should purchase organic food for feeding programs in line with organic's current overall market share to ensure equitable access. Over 15% of fruits and vegetables sold in the U.S. are certified organic and over 8% of dairy and eggs sold are organic. Therefore, at a minimum, federal nutrition purchasing should reflect the current market share for organic products.
- **Increase international market development funding to \$5 million annually.** Organic is persistently underfunded in the USDA market access program, receiving less than a million dollars annually to promote organic export development despite the fact that U.S. organic represents \$62 billion in annual sales. As a comparison, the U.S. Almond Board receives nearly \$5 million in USDA market access program funding even though the total global almond market is worth only \$11 billion.

## **RISK MANAGEMENT TOOLS & ACCESS TO LAND, CREDIT AND CAPITAL**

### **Crop Insurance policy improvements**

Crop insurance is an important financial safety net for farms. Yet organic and transitioning farmers face challenges in finding appropriate crop insurance tools for their operations. Some of the challenges and barriers include: limited availability of policies for the crops and locations where they are growing, difficulty insuring the full value of organic crops; inappropriate restrictions and penalties for using legitimate organic farming practices; contradictions between requirements for crop insurance and other USDA programs; and lack of access to insurance agents who understand organic farming and certification.

These challenges have systemically put organic farmers at a disadvantage for decades. The absence of these safety nets put organic farms at an *even greater disadvantage* during the pandemic, and they experienced supply chain disruptions, revenues losses, and price reductions on top of extreme weather-related yield reductions. Improvements are needed to help organic and transitioning farmers overcome barriers to fully benefit from crop insurance as a risk management tool and farm safety net. USDA should expand or adapt policy options that better accommodate organic crops and production systems, and eliminate policies that penalize farms when transitioning to organic production.

Several specific examples of policy improvements are listed below:

When farms successfully transition from conventional to organic, they can anticipate significant increases in revenue. However, current RMA policies on Whole Farm Revenue Protection (WFRP) coverage limit expansion of revenue coverage to 30%. RMA should ensure that all producers, including rapidly expanding operations and operations that have recently obtained access to premium markets like organic, are able to obtain coverage under this policy.

- Under the Whole-Farm Revenue Protection Program, recognize the change in farm revenue after a farm has transitioned to organic. Eliminate the 30% cap on increased production value under the expansion provision.

Organic farmers can obtain contract prices that far exceed two-times the conventional price for a specific commodity. However, current RMA policies cap the amount a producer can insure against at two-times the conventional price election regardless of the price indicated on the contract.

- RMA should evaluate whether current caps on the Contract Price Addendum (CPA) improperly limits the ability of an organic producer to obtain crop insurance, and determine whether to eliminate or raise the caps if they do limit the organic producers' ability to obtain crop insurance with the CPA option.

When farmers successfully transition from conventional to organic, they currently cannot utilize their previous conventional or transitional production histories when calculating actual production history for their crop insurance coverage.

- RMA should allow producers to utilize previous yield history, whether conventional or transitional, with appropriate discounts for known reductions in yields that may occur when employing organic production practices, when calculating Actual Production History for their organic crop insurance coverage.

### **Loan program improvements**

Many USDA risk management programs administered across various mission areas such as the Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, etc. place unnecessary and arbitrary caps on organic producers which minimizes their effectiveness.

- USDA should remove all caps on loans and programs for organic producers if similar caps are not in place for conventional producers.

Organic producers may obtain Marketing Assistance Loans for their crops in storage, but the loan rates are not adjusted for the premium prices that organic commodities receive in the market.

- FSA should make adjusted Marketing Assistance Loans available to organic producers with crops in storage, and provide organic loan rates for certified organic commodities under existing adjustment authority.

- Organic farmers' crops command premiums at market, and FSA should incorporate organic price premiums when determining loan rates for their Farm Storage Facility Loan Program.

### **Organic Certification Cost-Share improvements**

The organic certification cost-share program is one of the only avenues of federal financial support for organic farmers, and it is especially important for small- and medium-sized farms and for attracting new, young farmers to organic. Last fall, USDA delayed the release of funds and unexpectedly announced that the reimbursement rate would be reduced to a maximum of 50% of certification costs, cutting funding for organic farmers when they needed it most. We are pleased by USDA's recent announcement to include \$20 million in additional funding for this program, and expanding the program to include farmers who are transitioning to organic production. Making improvements to the certification cost-share program is one of the most efficient and effective ways to get money into the pockets of organic farmers. Annual certification costs continue to rise, and failure to pay can lead to non-compliance and potential revocation and loss of certification status. Funding this program is essential to keeping farmers enrolled and benefiting from organic certification.

- FSA should increase the maximum reimbursement rate from \$750 per certification scope to \$1,500 per certification scope, and cover 100% of the costs of certification for qualified small- and mid-sized producers and socially disadvantaged farmers.
- FSA should streamline and improve program efficiency by setting up agreements with USDA accredited certifiers to disburse cost-share assistance. Eligible producers could be reimbursed directly by certifiers rather than having to apply and submit paperwork annually through FSA.

### **Provide tax credits to landowners offering long-term leases**

Organic agriculture production relies on long-term soil-building practices that help to manage fertility and control weeds and disease pressures. Farmers who operate on leased land need security and assurance that they can farm on the land long enough to reap the economic and environmental benefits of their agricultural management investments. Landowners should be incentivized to offer long-term leases to organic and transitioning farmers. This policy can particularly support socially disadvantaged farmers who may be more likely to lease than own land.

- Provide tax credits to landowners offering long-term leases.

## TECHNICAL ASSISTANCE

**Invest \$50 million in organic technical assistance.** Successful organic and transitioning farmers need to rely on agronomists and extension agents who are trained in organic production methods. However, there is a large gap in technical assistance investment to meet the needs of organic and transitioning farmers across production systems, scales, and geographic regions. There is a lack of crop advisors, extension agents, and other agricultural service providers with organic management literacy to support farmers. A substantial investment across various programs and services is critical to expanding access for organic and transitioning farmers to organic technical assistance. Improved technical assistance gets more organic acres under organic management, develops more domestically-grown organic products, and improves the environmental impact of supply chains.

- **Develop a competitive grant program for organizations providing technical assistance to transitioning farmers.** Many organizations are actively pursuing initiatives that can help address the shortage of organic-focused technical assistance for transitioning farmers in the U.S. USDA should support these efforts by developing a competitive grant program for organizations that provide regionally adapted programs and services that support farmers transitioning to organic. A portion of the funds should be designated for programs that support socially disadvantaged farmers, farmers with limited resources, and/or are geographically isolated.

Topics for funded projects should include:

- Basics of organic production: weed control, nutrient management, crop rotation, pest management
- Systems thinking & long-term strategies for success in organic production
- Managing risk during transition
- Organic certification process & record keeping
- National Organic Program regulations
- Organic marketing and profitability
- On-farm & hands-on experiential learning on organic operations
- Mentoring
- Farmer-to-Famer peer learning networks

USDA's investments can help support public-private partnerships that expand the availability of technical assistance. Partnerships across organizations, sectors, and supply chain participants create public goods while allowing private businesses to strengthen their own supply chains. For example, the Organic Agronomy Training Service (OATS), sponsored by the Organic Trade Association, seeks to expand the network of agronomists and technical service providers for organic and transitioning farmers. A "train-the-trainer" model, OATS provides science-based trainings for agriculture professionals to gain competency in organic systems to better serve their farmer clients. Over the four training events held in 2019-2020, OATS trained 140 agricultural professionals who have directly impacted management decisions on almost a half million acres of organic and transitional farmland.

- **Expand USDA National Organic Program's Organic Integrity Database to facilitate producer-to-producer information exchange on organic practices and resources at a regional level.** Producer-to-producer information sharing is a highly effective method of practice implementation. USDA's Organic Integrity Database is a tremendous resource for organic operation information, and could be expanded to



facilitate information exchange on organic production practices and resources at a regional level. Extension agencies and NRCS support show the effectiveness of such a model, and this should be expanded to organic specific resources.

- **Reduce or waive industry contributions under USDA-NRCS cooperative agreements from 50:50 to 25:75 for organic technical assistance providers.** NRCS cooperative agreements are one way that USDA can support organic expertise within NRCS. However, it has been difficult for stakeholders to resource the matching funds needed to establish these positions.

## **WORKFORCE SAFETY, AVAILABILITY & TRAINING**

The pandemic caused major disruptions in the agriculture workforce and further exposed systemic vulnerabilities. From farm to shelf, at the forefront of our membership's mind is concern about maintaining the safety of their workforce. In general, organic farming is more labor-intensive. Like other food and agriculture businesses, organic farms are challenged to protect essential workers while also facing astronomical operational costs. We echo the concerns that have already been raised by a majority of agriculture stakeholders for the need to maintain a stable supply of labor. Investments in workforce training and human capacity building are also critical.

- USDA should continue to work with other federal agencies such as FEMA to ensure that an adequate supply of personal protective equipment, sanitation supplies, and vaccines are available to the food and agriculture sectors. Small businesses are especially at a disadvantage for acquiring these resources, so we ask that you provide them enhanced support.
- Tax relief should be provided to businesses that have had to make massive investments to their operations to protect their workforce. In addition to purchasing supplies, business have had to change operational dynamics to accommodate social distancing, as well as cover costs of replacing employees who are sick or quarantining.
- The pandemic has also further exposed the vulnerability of an agricultural workforce that is in short supply, does not have legal status and lacks basic protections. Agricultural workforce policies must support the health, safety and legal standing of agricultural farmworkers, including assistance to protect workers during the COVID-19 pandemic.
- The organic industry is currently experiencing a decline in well-trained and well-qualified inspectors and certification reviewers. USDA should continue and expand efforts to develop human capital within the organic inspector and certification community.
- USDA should explore options for improving the accessibility and affordability of healthcare for farmers, especially socially disadvantages farmers and new or beginning farmers and ranchers.

## ORGANIC STANDARDS DEVELOPMENT

Strong standards provide the foundation for the USDA organic program. For the organic premium to be recognized in the marketplace, there has to be a clear distinction backed by consistent, enforceable standards. Organic is a voluntary regulatory program for farmers and businesses who choose to meet strict standards and market their products under the USDA Organic seal. However, the federal regulatory apparatus at USDA has stifled innovation and continuous improvement within the industry. In the past 10 years, industry has advanced 20 consensus recommendations for improvements to the organic standards, yet USDA has not completed rulemaking on a single one of them. USDA should work with industry to repair the public-private partnership and advance organic standards. This is the number one challenge facing the organic sector and without addressing it, all other assistance and investments USDA makes in organic will be meaningless.

- USDA should realign staffing and resources at the National Organic Program to include an increased focus on organic standards development. Currently, NOP has 63 full-time staff yet only two are dedicated to organic standards development.
- USDA should publish in the *Federal Register* and take public comment on an Organic Improvement Action Plan comprised of the backlog of NOSB recommendations that have not been implemented. The plan must include detailed timelines, prioritization, and implementation plans for dealing with each recommendation.
- Establish a new framework for advancing federal organic standards to keep up with the marketplace and ensure the credibility of the USDA Organic seal.
- Improve oversight and ensure consistent enforcement of USDA accredited third-party certification agents by including the specific evaluation of how certifiers are interpreting and implementing new regulations and updates to the standards.

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 the global marketplace, achieving \$62 billion in annual sales in 2020. Organic provides economic opportunities for farmers, creating jobs and lifting rural economies, while also utilizing sustainable farming practices proven to help mitigate the threat of climate change. Organic also 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. Thank you for providing this opportunity to comment on building a more resilient, equitable and climate-friendly food system.

Sincerely,



Laura Batcha  
Executive Director/CEO  
Organic Trade Association

