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The Outlook for Organic Agriculture

Gustavo Ferreira
USDA Economic Research Service
gustavo.ferreira@ers.usda.gov

With contributions from Catherine Greene, Andrea Carlson, Bryce Cooke, and Claudia Hitaj

Economic Research Service
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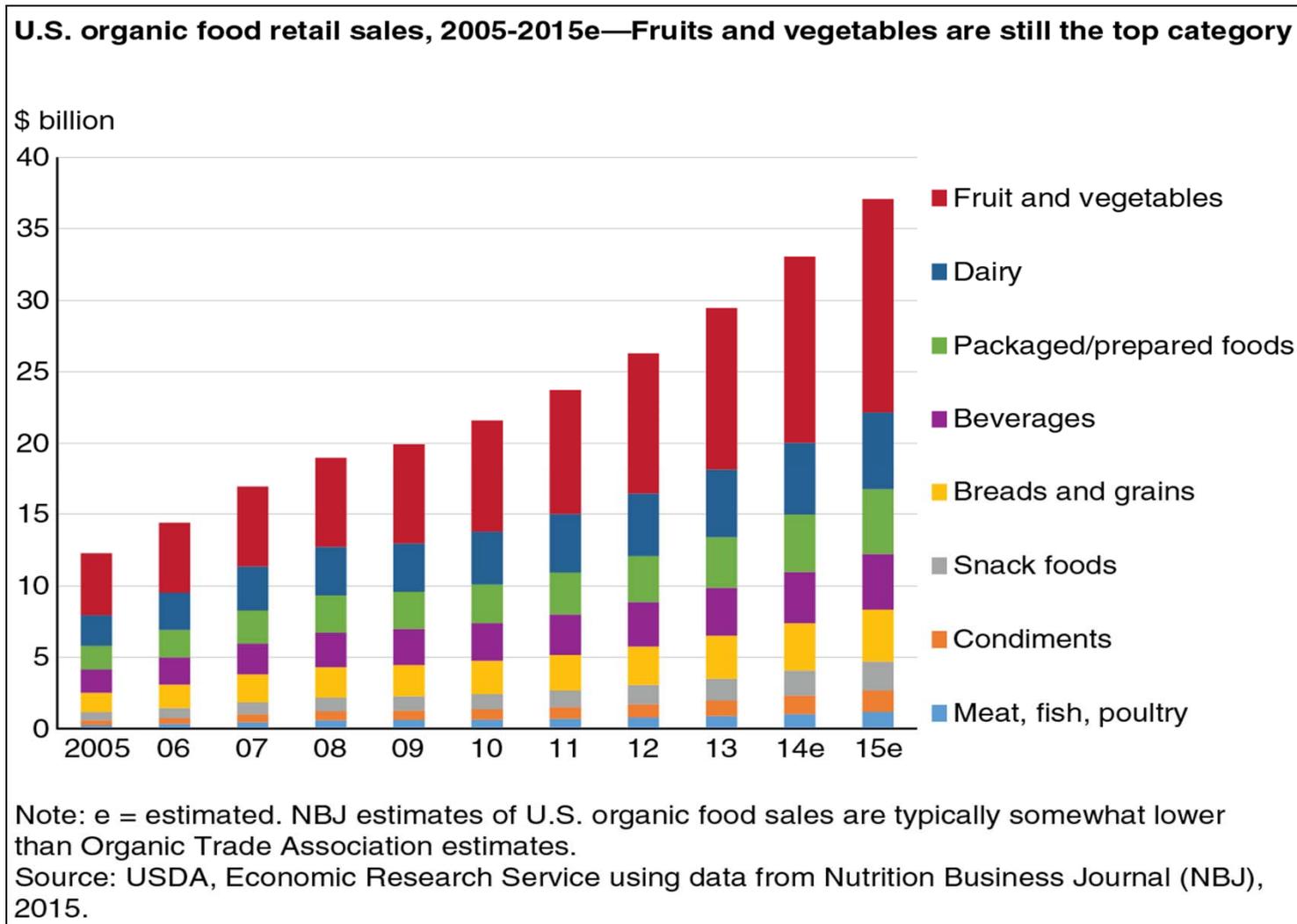


U.S. Organic Agriculture

- Organic agricultural systems use cultural, biological, and mechanical practices that support the cycling of on-farm resources, promote ecological balance, and conserve biodiversity.
- In 2014, the United States was the world's largest single market for organic foods (followed by Germany, France and China), and ranked third in terms of organic agricultural land.



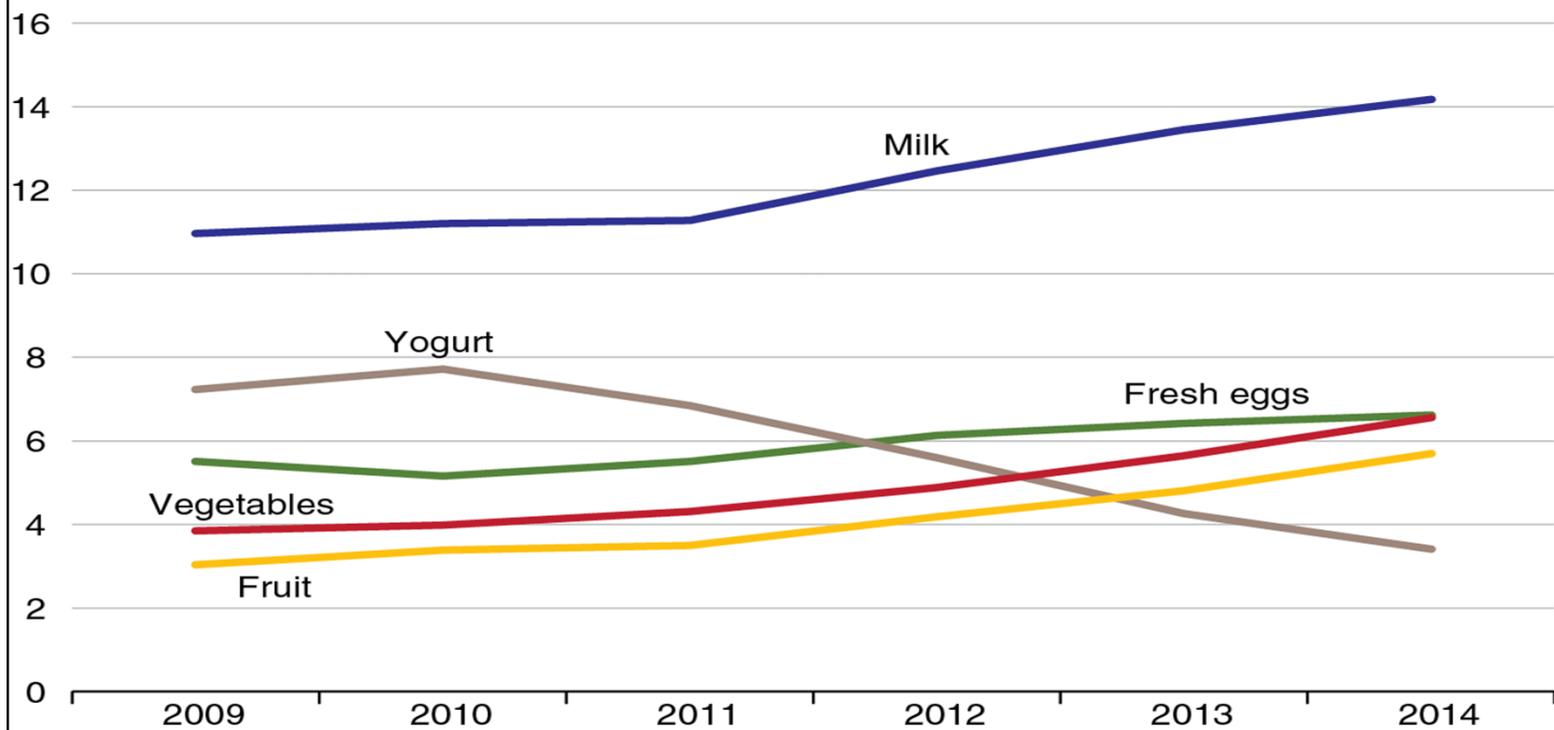
Fruits and vegetables is the top category in organic retail sales



Organic milk leads in terms of market penetration

Retail market share for organic eggs, milk, and the top fruits and vegetables increased from 2009 to 2014, matching commodity increases

Percent of total (organic and nonorganic) sales



Source: USDA, Economic Research Service and data from market research company IRI for the 2009-14 period.

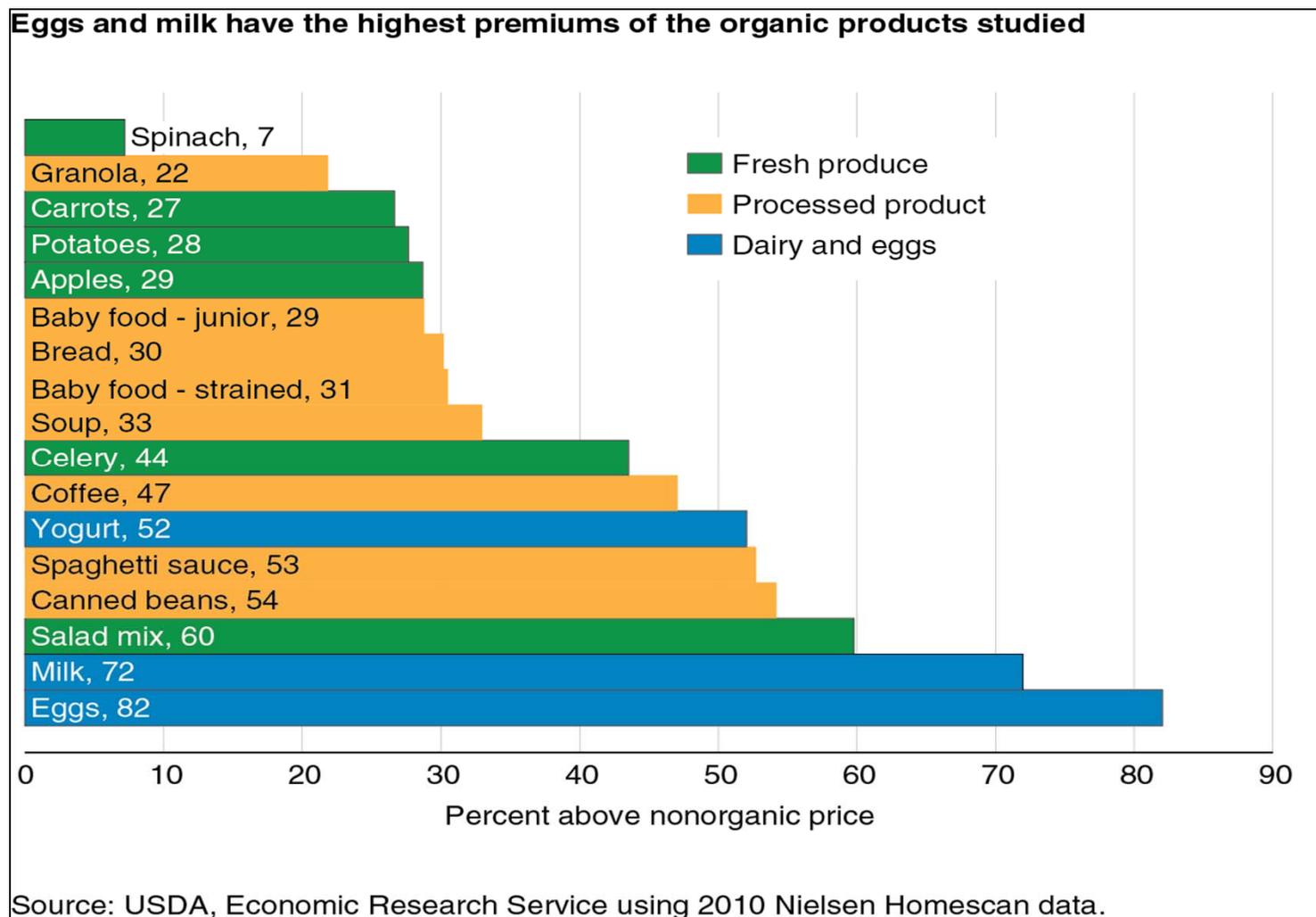


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Organic milk and eggs command highest premiums



Forecast Sales of Fastest Growing Organic Packaged Food Products (2015-2020)



Organic confectionery

60%

Organic sweet and savory snacks

34%

Organic ice cream and frozen desserts

32%

Organic baby food

29%

Organic soups

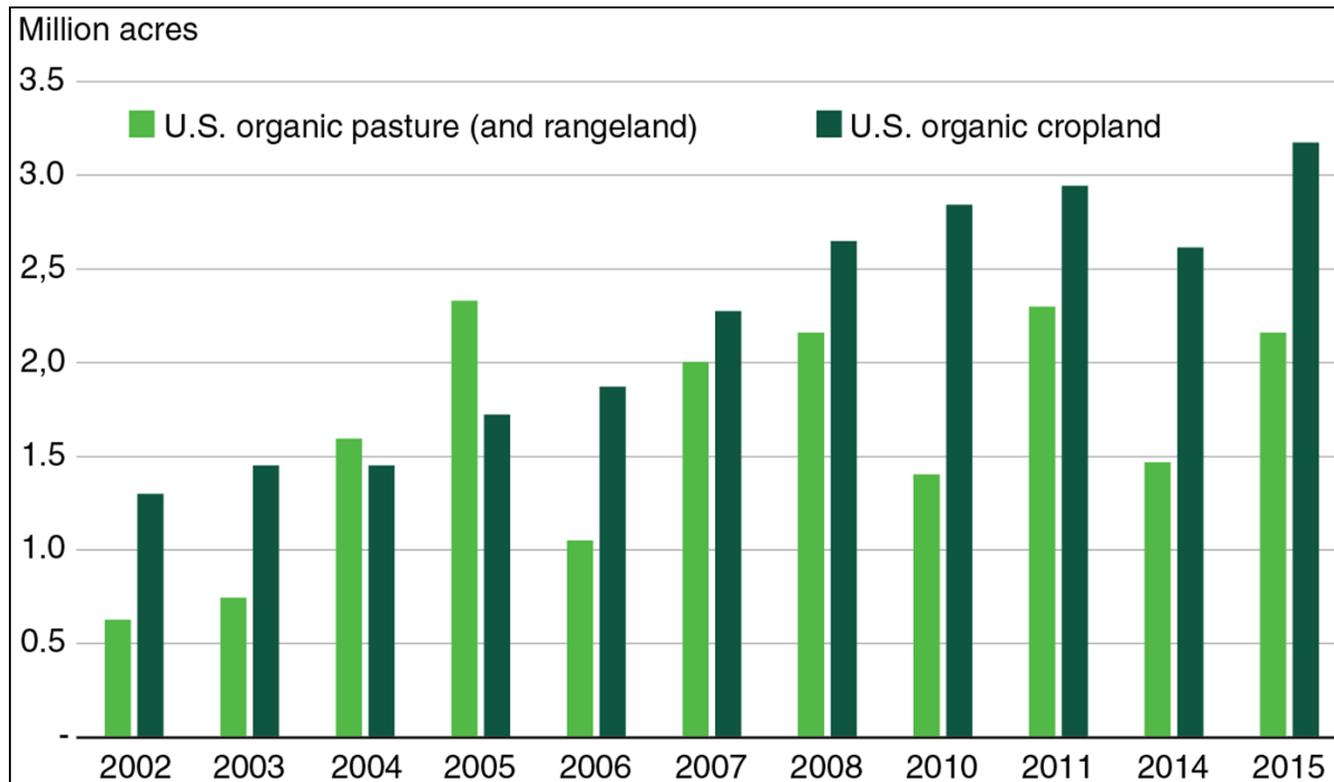
29%

Organic sauces, dressings & condiments

28%



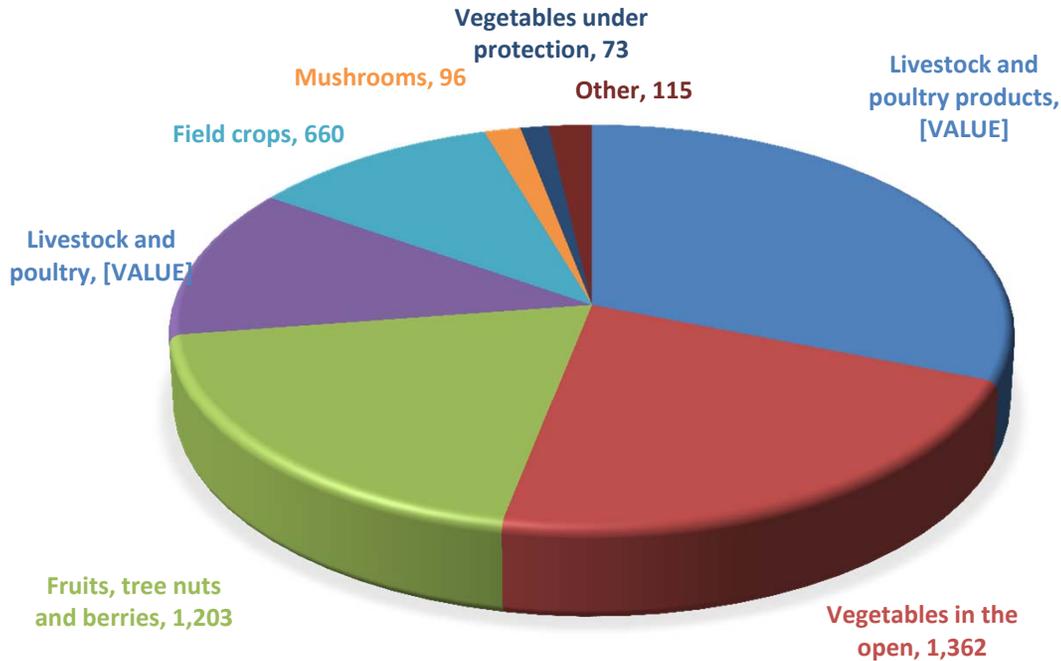
U.S. certified organic cropland has increased in most years since 2002¹



¹Estimates for 2011 and prior years may be more comprehensive because USDA obtained an incomplete response or no response from some certifiers in the 2014-15 organic certifier survey. Source: USDA, Economic Research Service, based on information from USDA Accredited State and private organic certifiers (2002-08, 2010-11) and USDA, National Agricultural Statistics Service, based a survey of USDA Accredited State and private organic certifiers (2014 and 2015).



In 2015, the market value of certified organic agricultural products was \$6.2 billion



Top Commodities – Certified Organic Farm Sales (\$million)

Top livestock/poultry sales:

1. Milk (1,174)
2. Eggs (732)
3. Broiler chickens (420)
4. Cattle (233)

Top crop sales:

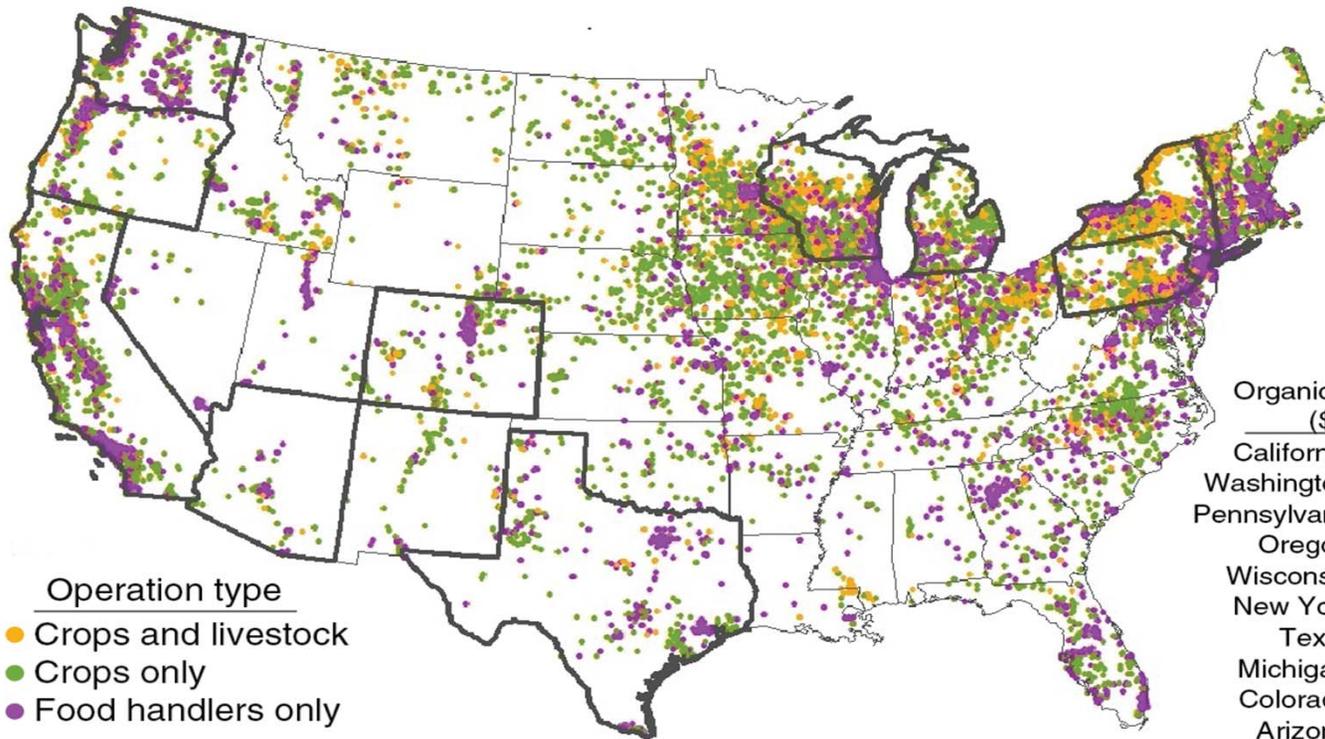
1. Apples (302)
2. Lettuce (262)
3. Grapes(210)
4. Spinach (154)
5. Strawberries (151)
6. Blueberries (124)
7. Corn for grain (129)

Source: USDA-NASS 2015 Certified Organic Survey



Certified organic operations are concentrated in the West, Northeast and Upper Midwest

These states accounted for 78% of all certified organic farm sales



Operation type
 ● Crops and livestock
 ● Crops only
 ● Food handlers only

Organic sales in 2015 (\$ million)	
California	\$2,436
Washington	\$626
Pennsylvania	\$332
Oregon	\$269
Wisconsin	\$222
New York	\$221
Texas	\$210
Michigan	\$187
Colorado	\$155
Arizona	\$129

▭ Top 10 States in organic farm sales, 2015

Note: The category “Food handlers only” includes food processors, manufacturers, and other handlers.

Source: USDA, Economic Research Service using data from USDA’s National Organic Program, Organic Integrity Database (U.S. certified operations in January 2016), and USDA’s National Agricultural Statistics Service, 2015 Certified Organic Survey.

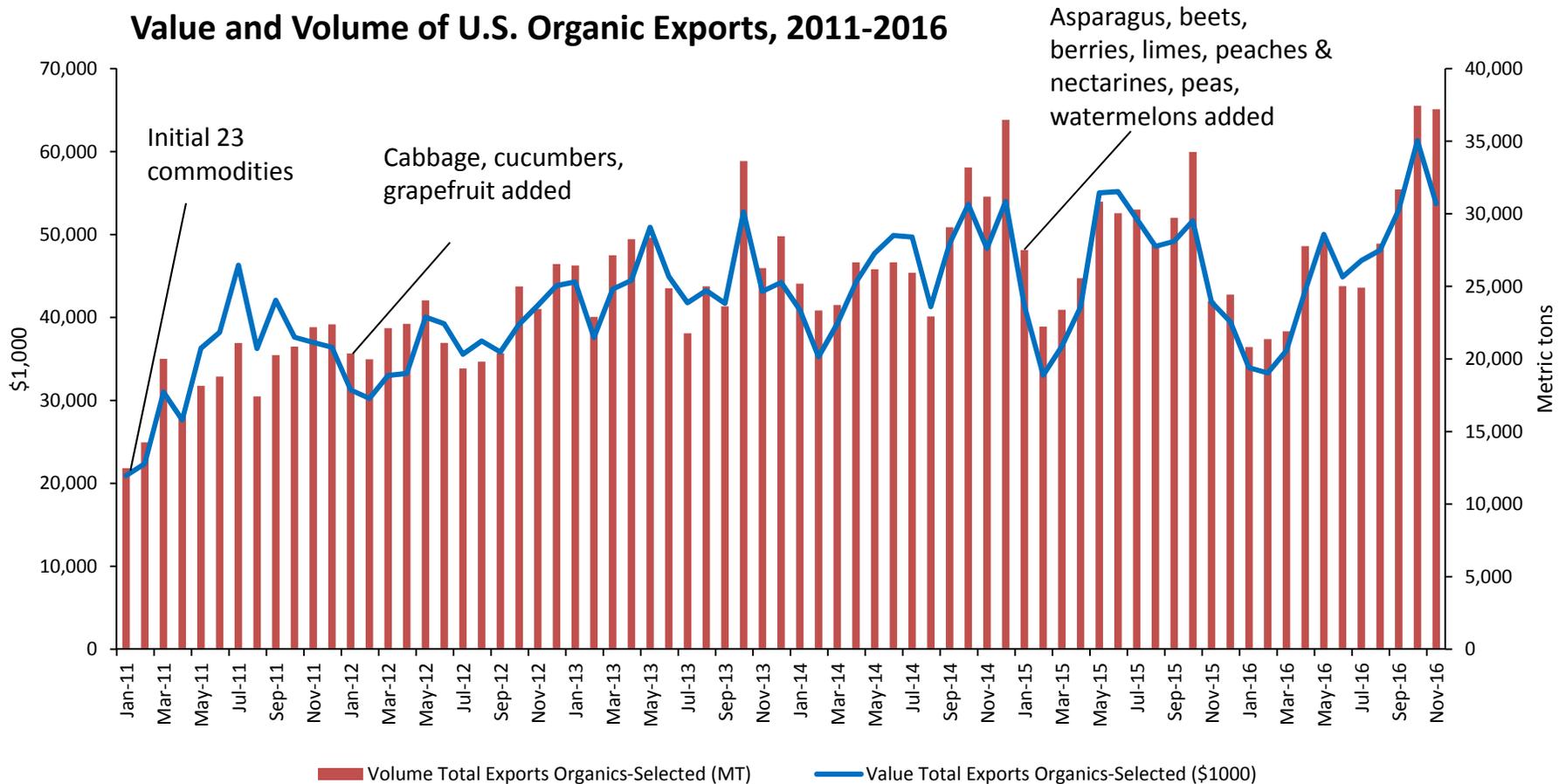


31 organic export commodities tracked - mostly fruits & vegetables

In 2015, the value of U.S. organic tracked exports was \$545 million

Canada and Mexico are the two top organic export markets (78%)

Value and Volume of U.S. Organic Exports, 2011-2016



Source: USDA/FAS GATS database

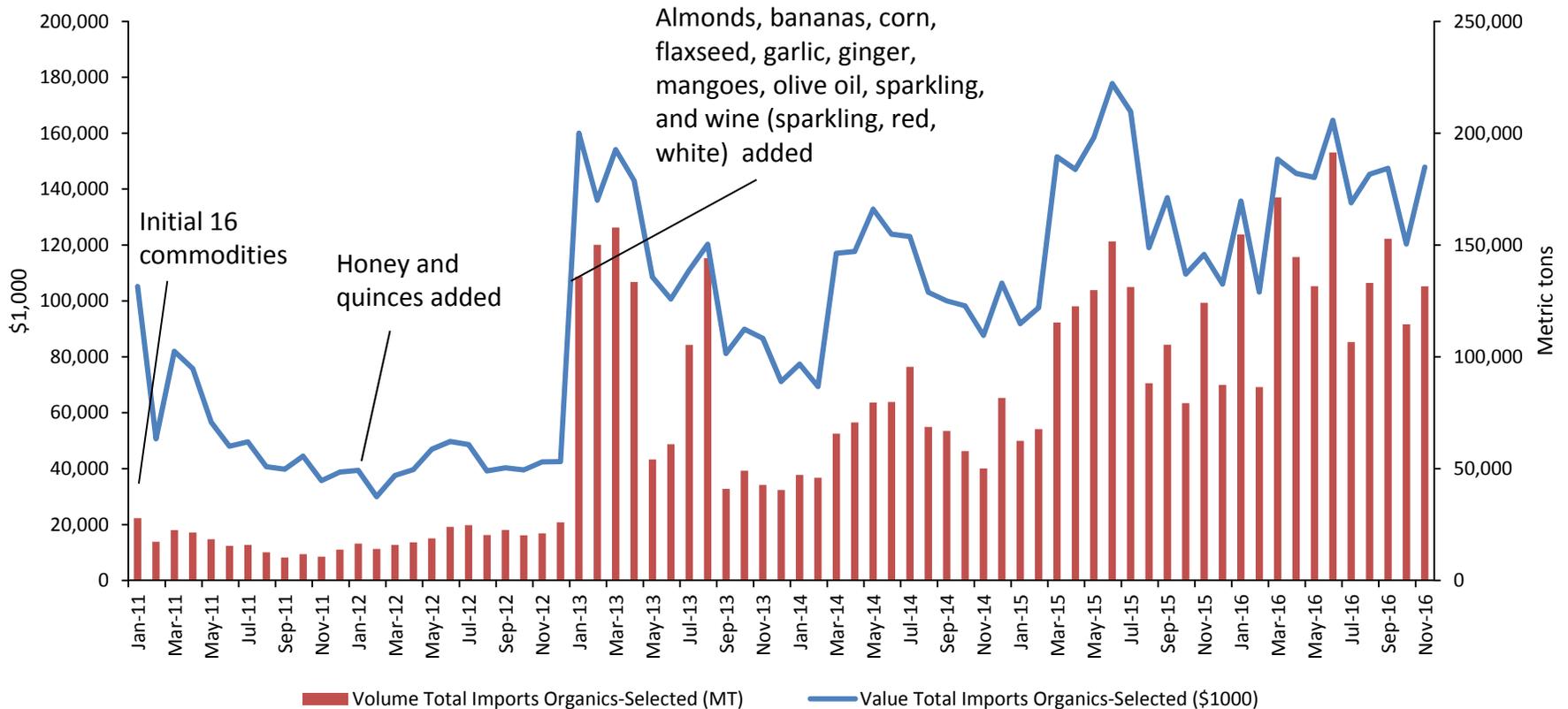


33 organic import commodities tracked

In 2015, the value of U.S. organic tracked imports was \$1.6 billion

In 2015, the top U.S. organic imports were bananas, coffee, and olive oil

Value and Volume of U.S Organic Imports, 2011-2016



Source: USDA/FAS GATS database

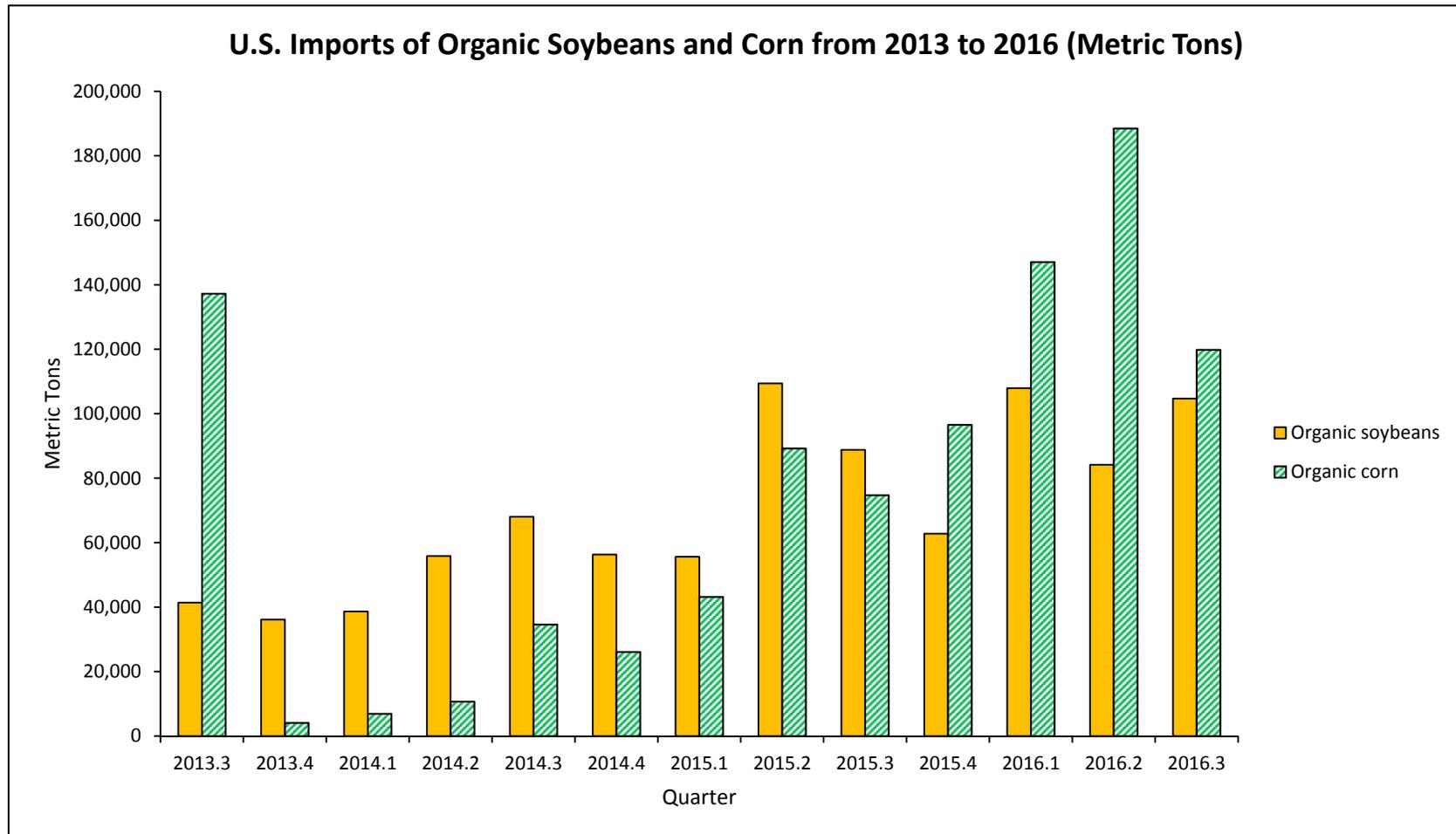


Supply & Demand of Organic Grains in the United States

- There is a growing demand for organic meat and milk products; however, these two sectors are currently facing shortages of domestically-produced organic feed grains and soybeans.
- Field crops remain a very small portion of the U.S. organic agriculture. Organic corn accounts for 0.3% share of total corn production, whereas organic soybeans have a 0.2 % share.



Trade data shows increases in imports of organic corn and soybeans

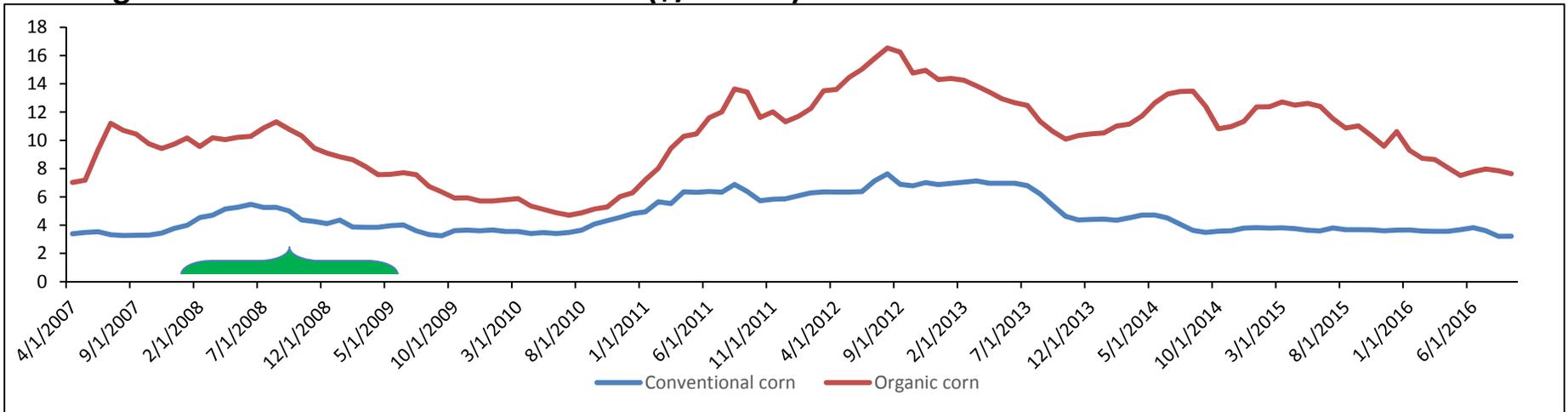


Source: USDA/FAS GATS database

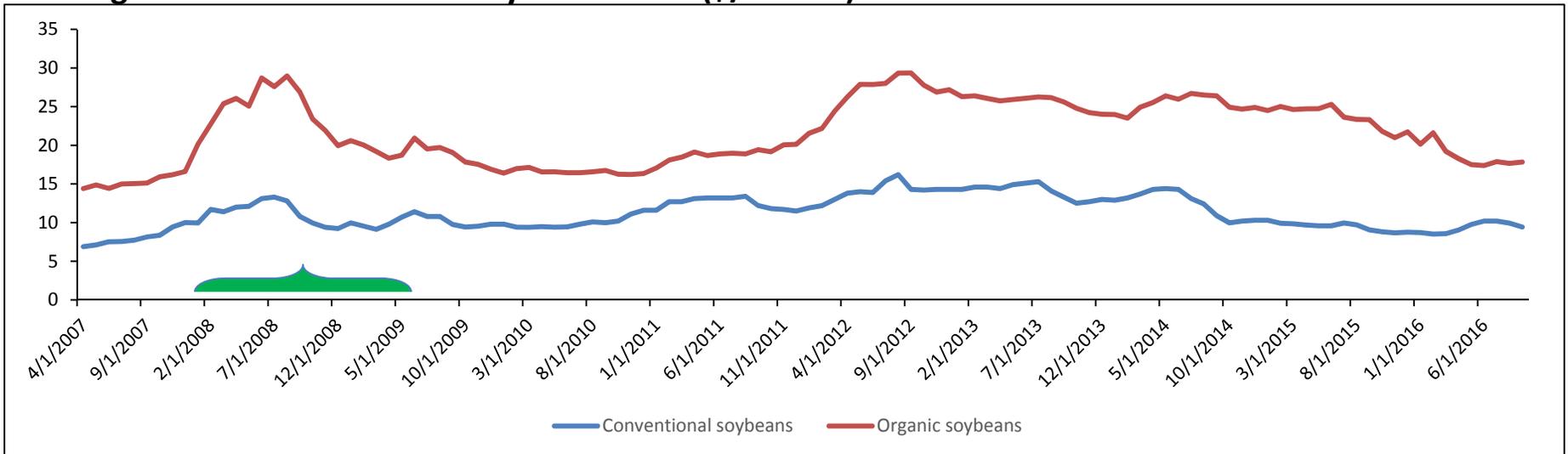


Organic price premiums of corn and soybeans diminished during the economic recession

U.S. Organic and Conventional Corn Prices (\$/bushel) 2007-2016



U.S. Organic and Conventional Soybean Prices (\$/bushel) 2007-2016



Sources: USDA National Organic Grain and Feedstuffs Biweekly Reports and USDA-NASS, Agricultural Prices.



USDA information on organics

USDA-ERS Organic Topic Page (links to ERS reports, articles, and data products)

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

USDA Organic Topic Page

<https://www.usda.gov/wps/portal/usda/usdahome?navid=organic-agriculture>

USDA-AMS Organic Integrity Database

<https://organic.ams.usda.gov/integrity/>

