

# 28th Annual Ecological Farming Conference Asilomar—Pacific Grove, CA

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Workshop Session D, January 25, 2008—  
Nothing But the Facts!

## Organic Agriculture in the U.S.: Adoption, Growth, and Economic Characteristics

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Economic Research Service (ERS), USDA

[www.ers.usda.gov/briefing/organic](http://www.ers.usda.gov/briefing/organic)

# Presentation Overview

## Topics

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- **Findings on U .S. organic sector**
  - Location of operations
  - Growth in acreage & livestock
  - Adoption by sector
  - Results from USDA's organic dairy survey
  - **USDA's first apple survey underway**
  
- **Where to find ERS organic analysis**

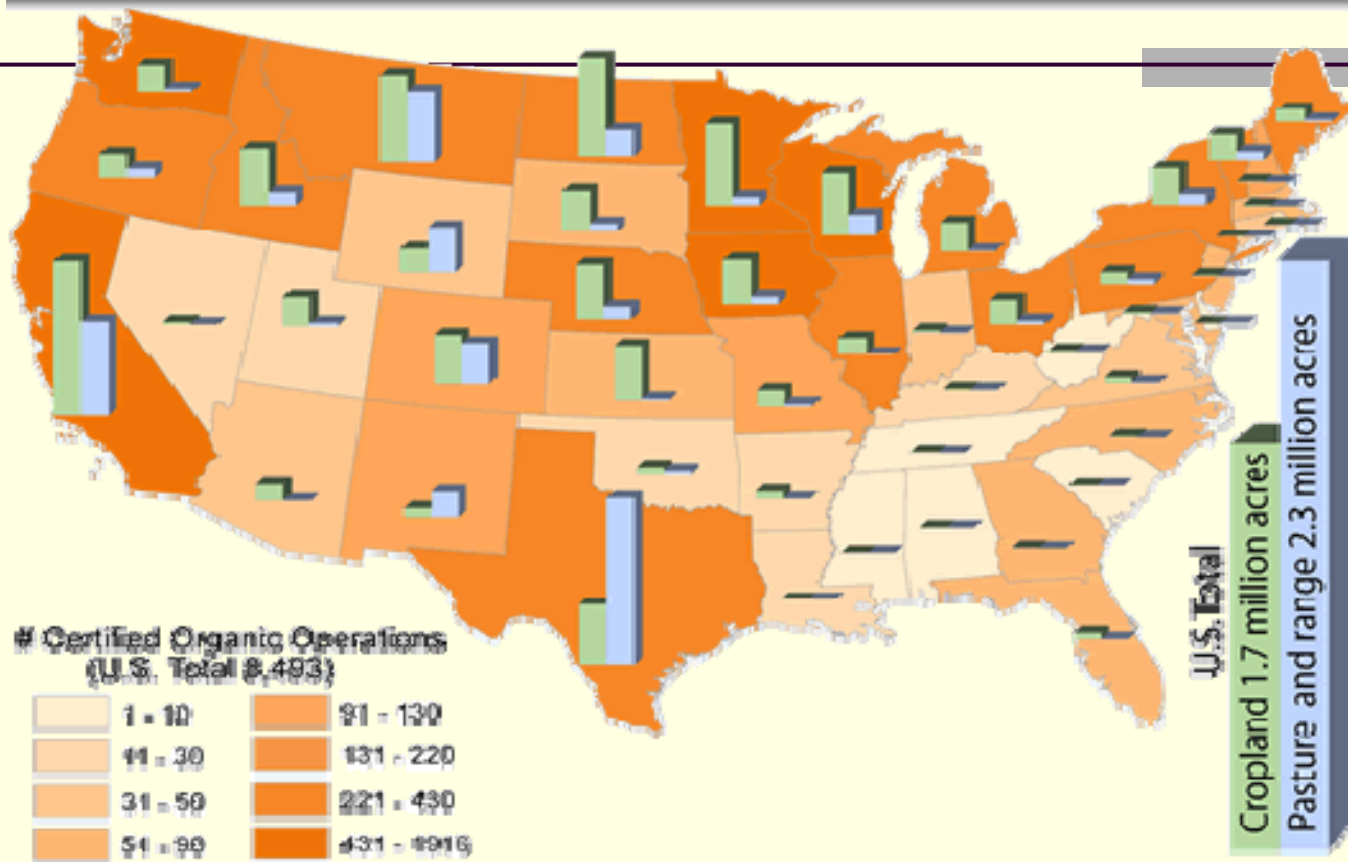
# ERS Organic Activities:

## Tracking adoption of organic agriculture

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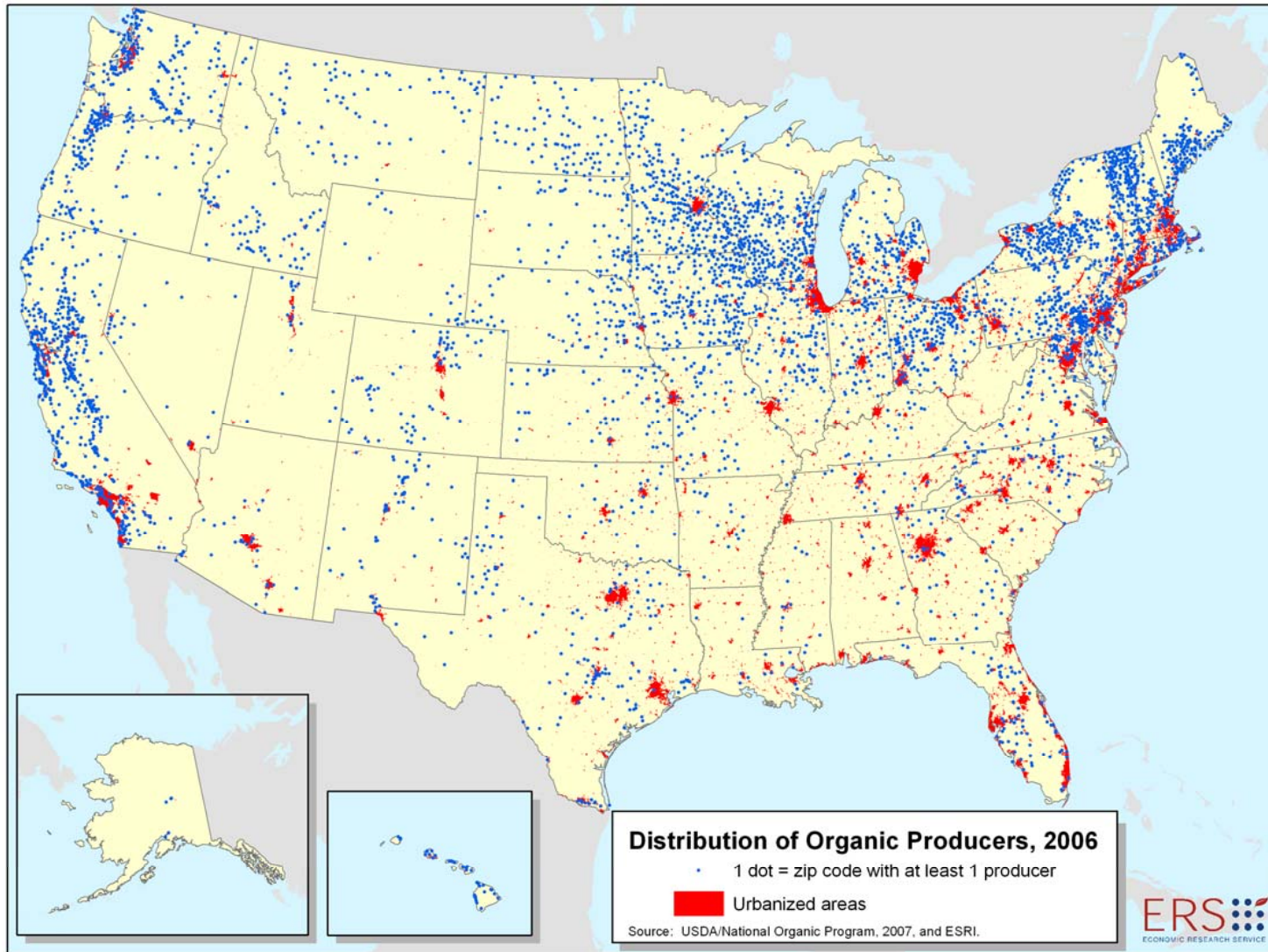
- ERS has tracked adoption of certified organic farming systems in the U.S since mid-1990s
- ERS collaborates with over 50 state and private certifiers and other agencies to make estimates
- Estimates available by commodity and state, 1997, 2001-2005,  
[www.ers.usda.gov/Data/Organic](http://www.ers.usda.gov/Data/Organic)

## U.S. certified organic acreage and operations, 2005

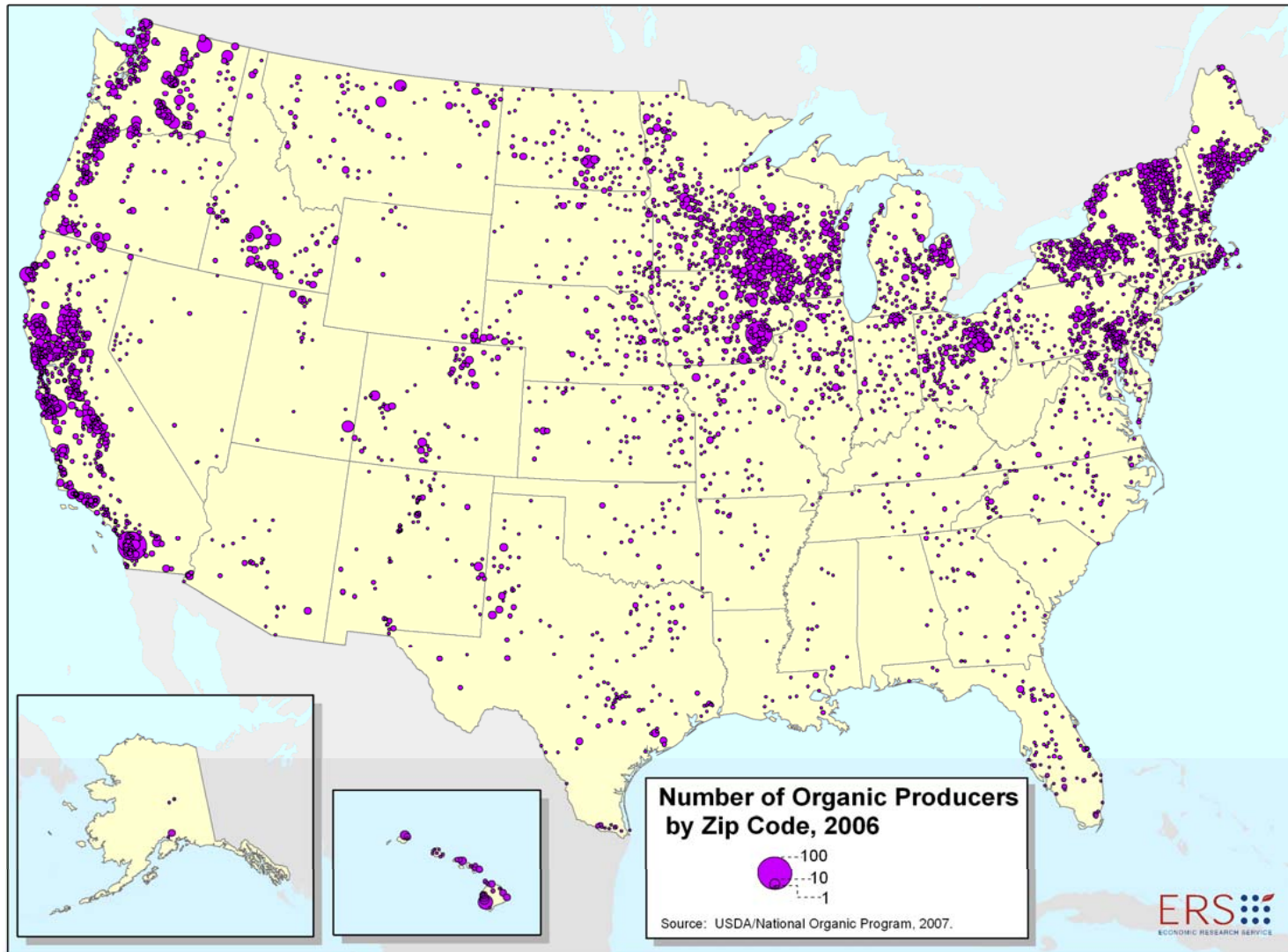


**Note:** Alaska and Hawaii are not shown; organic pasture/range in Alaska accounts for 60 percent of the U.S. total.  
**Source:** USDA, Economic Research Service, based on information from USDA-authorized State and private organic certifiers.

# Organic Producers are Clustered Near Some Urban Areas

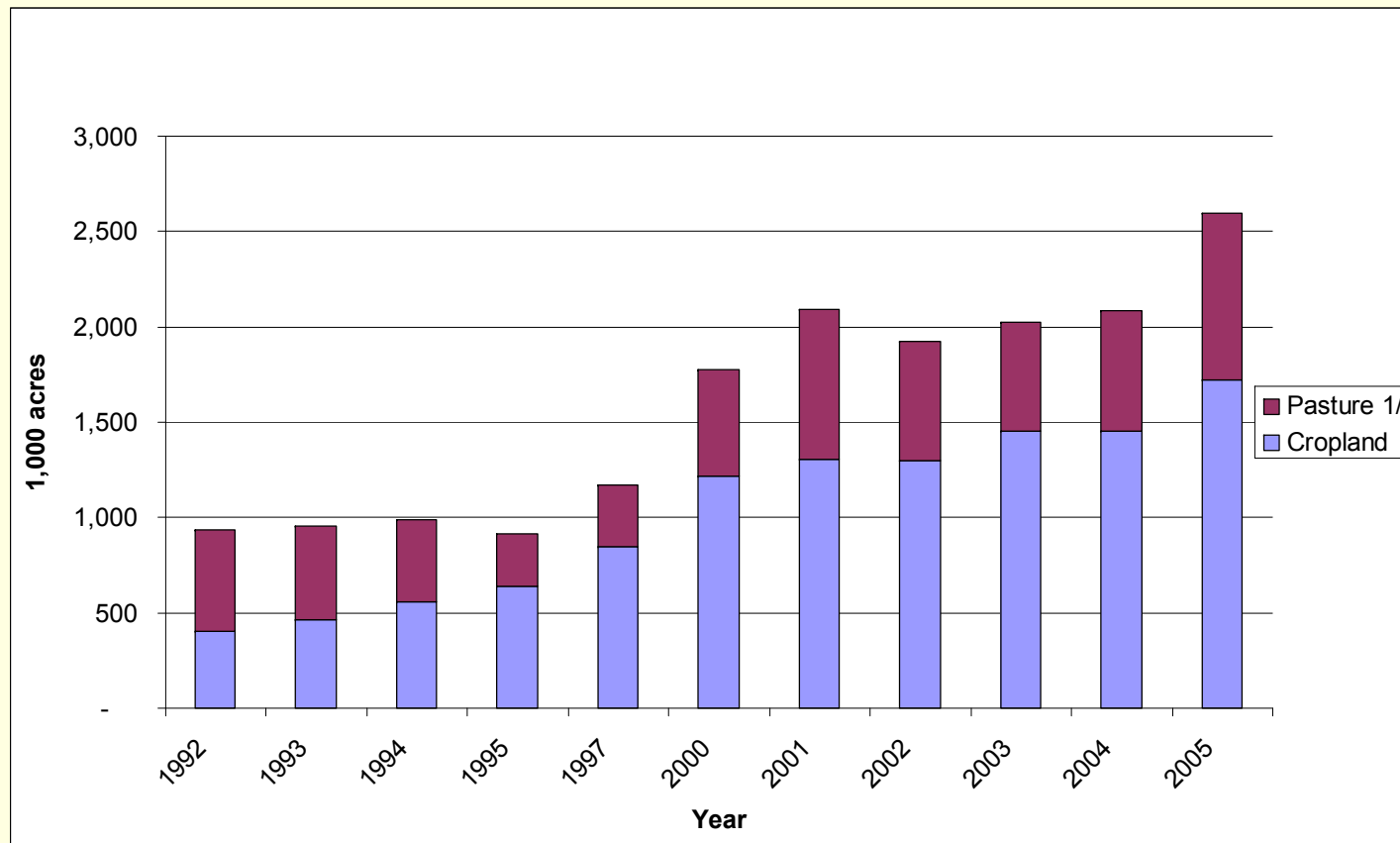


# Organic Operation Show Regional Concentration



# Tracking Adoption in Organic Agriculture

## U.S. Certified Organic Cropland and Pasture, 1992 - 2005



1/ Excluding Alaska

Sources: 1992-94 ,Agr. Marketing Service Economic Research Service, USDA; 1995 (including revisions of 1992-94 farmland), Agrisystems International; 1997, 2000-05, Economic Research Service, USDA.



# U.S. Organic Adoption Rate, Selected Sectors, 2005

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Certified organic crop acreage accounts for:

**0.2% U.S. corn acreage**

**0.2% U.S. soybean acreage**

**0.5% U.S. wheat acreage**

**0.8% U.S. rice acreage**

**1.0% U.S. dairy cows**

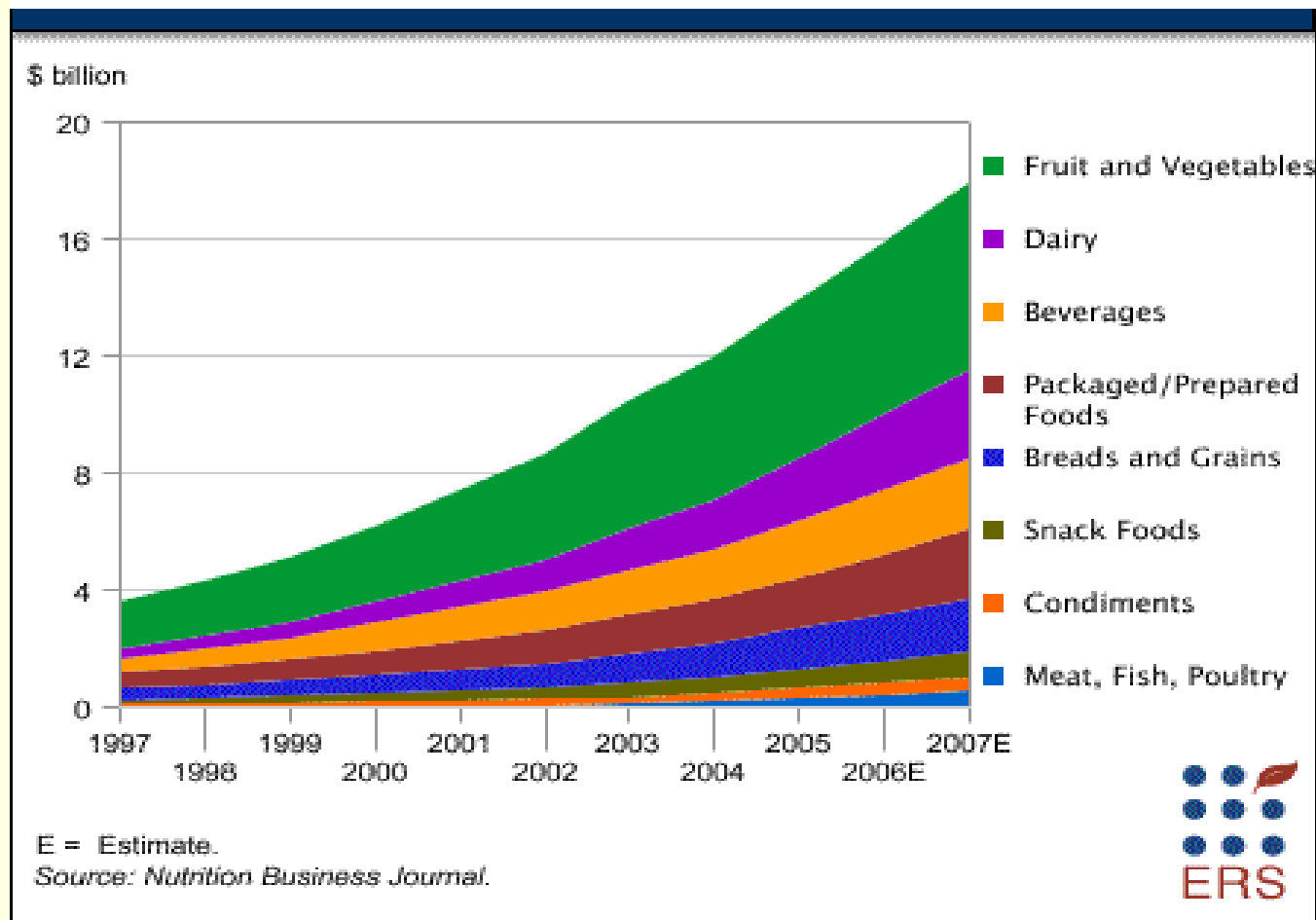
**3.4% U.S. apple acreage**

**5.0% U.S. vegetable acreage**

Source: USDA Economic Research Service

# Consumer Demand Drives Organic Sector Expansion

## U.S. Organic Retail Sales Continue to Rise



# ERS Organic Activities:

## Economic analysis of farms and farm households

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→Agricultural Resources and Management Survey—**ARMS**—is USDA's major economic survey

→**ARMS is used to examine:**

- commodity production practices
- costs and returns for crop & livestock production
- organization and performance of farms
- economics of alternative farming systems
- effects of economic and policy events on farms and farm households.

# Mandate for ARMS costs and returns data

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- USDA cost of production studies— **since 1919.**
- **Current mandate** dates to 1973 and successive farm bills
- “The Secretary of Agriculture... shall conduct a **cost of production study** of the **wheat, feed grain, cotton, and dairy** commodities under the various production practices and establish a current national weighted average cost of production.

# Why Expand the Set of Targeted Commodities?

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- Previous ARMS surveys have been focused on grain and oilseed crops, and livestock specialties
- Cotton, wheat, corn, rice, hogs, dairy, etc. typically rotated every 4-8 years
- Recent Congressional legislation—Title VII of the 2002 Farm Act—included a provision for **data development on organic production and marketing**

# Findings from ARMS 2005 Dairy Survey

## Survey characteristics

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- Targeted dairy operations in 24 states, 90 percent of U.S. milk production
- Included a sub-sample targeting organic dairy operations
- Sample: 1,462 conventional dairies, **325 organic dairies**, 18 transition, and 9 mixed dairies
- Organic dairies sold 90% or more of milk as certified organic

# **USDA's 2005 Dairy Producer Survey**

## **Organic dairy is still a small sector**

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- **In 2005, certified organic cows accounted for about 1 percent of total cows (ERS-USDA).**
- **In July 2007, organic milk sales accounted for 2.7% of total milk sales, up from 1.7% in January 2006 (AMS-USDA).**

# **USDA's 2005 Dairy Producer Survey**

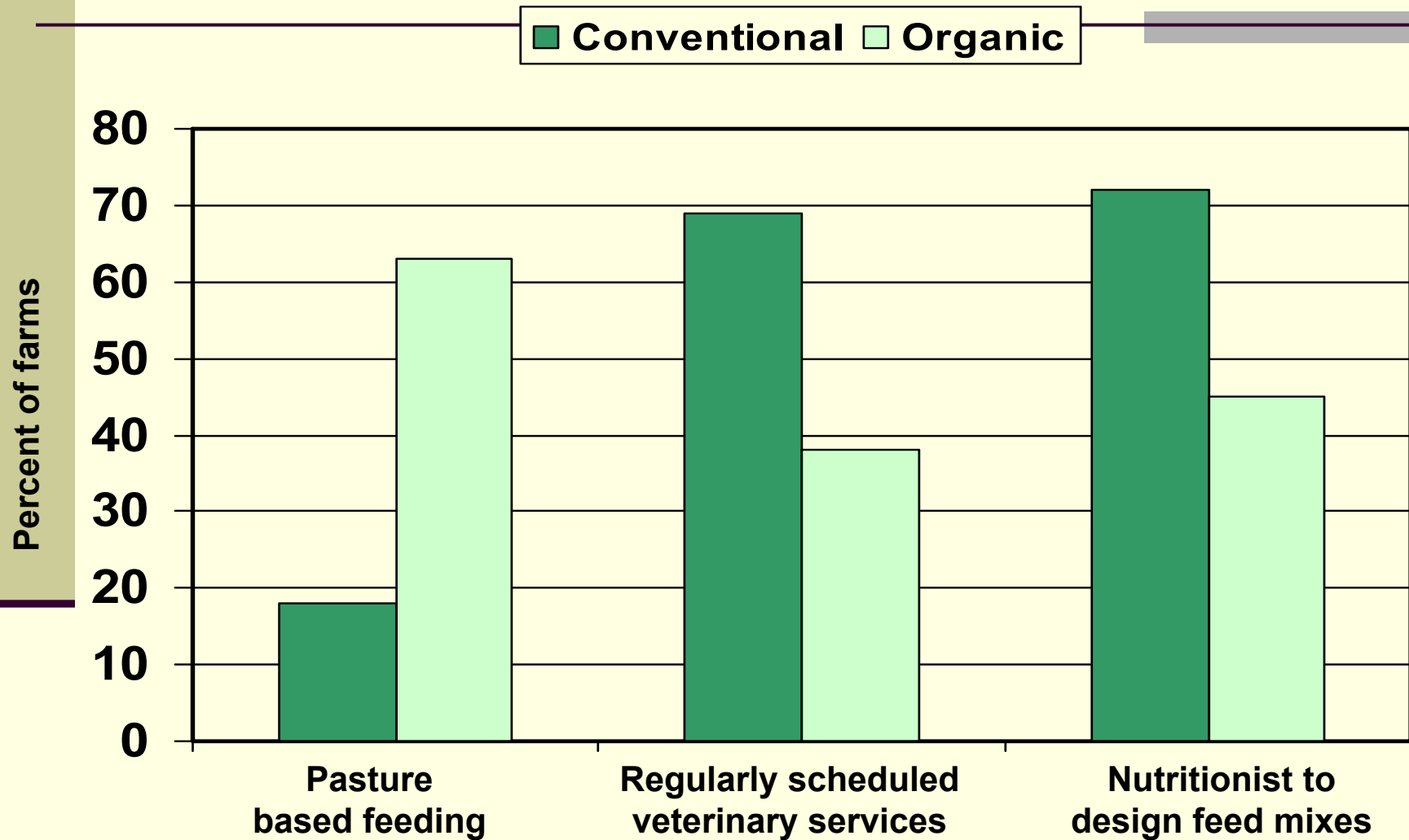
## **Issues with the Organic Dairy Sector**

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- **Small dairy operations are looking at organic milk production as a way to improve farm profitability and the likelihood of survival**
- **Interpretation and enforcement of the organic pasture rule has come under increasing scrutiny**
- **Little information is available about farms using the organic approach and the relative costs and returns of conventional and organic milk production**

# USDA's 2005 Dairy Producer Survey

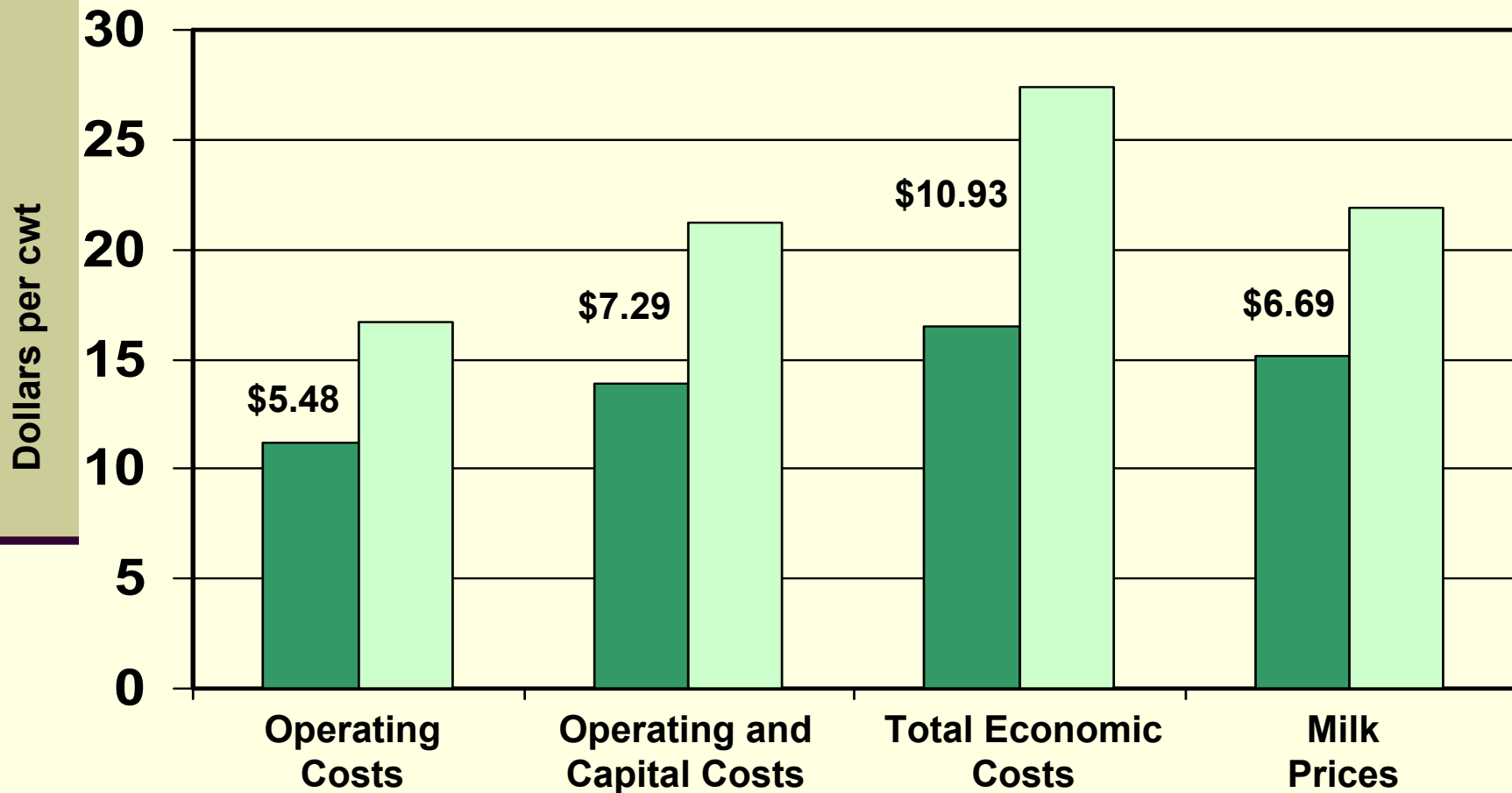
## Production Practices by Type of Dairy Operation



# USDA's 2005 Dairy Producer Survey

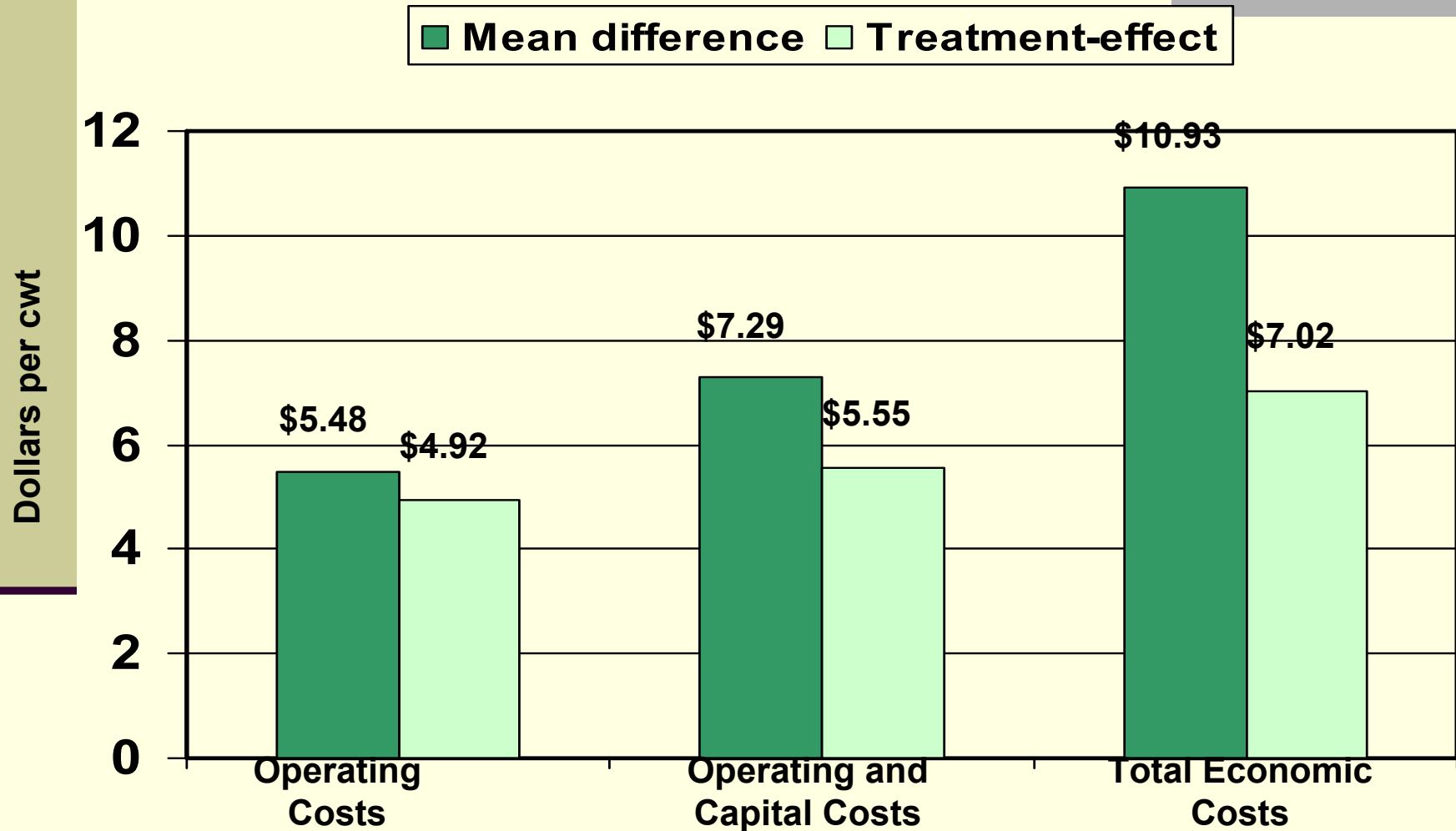
## Milk Production Costs and Prices by Type of Dairy Operation

■ Conventional ■ Organic



# USDA's 2005 Dairy Producer Survey

## Organic & Conventional Production Costs: Gap Narrows After Controlling For Farm Size And Other Factors



## Public interest in specialty crops is also emerging

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- “On July 27, 2007, the U.S. House of Representatives passed a Farm Bill that makes **historic investments in fruit and vegetable production**, conservation, nutrition and renewable energy while maintaining a strong safety net for America's farmers.”

# USDA-ARMS Apple Survey

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- Growers in seven states: **California, Michigan, New York, North Carolina, Oregon, Pennsylvania and Washington**
- Overall: 1,700 apple growers
- Over-sample: 441 organic growers
- Survey administered in two parts—costs and practices in fall 2007; marketing in winter 2008

# USDA-ARMS apple survey objectives

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- Estimate **variable costs** for conventional and organic apple enterprises
- Estimate and analyze **net returns** to conventional and organic apple enterprises
- Examine economic and other characteristics of apple production for **various regions** across the U.S.

# Good Fruit Grower, May 1, 2007: “Organic Has Arrived”

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- “Ten years ago, many ... tree fruit growers thought of organic tree fruit as inherently inferior to conventional fruit.”
- “Yet there were some individuals, companies, and research centers who elected to put their time and resources into finding better ways to produce organic tree fruit...”
- **“The results of their efforts are nothing short of astounding.”**

--Jim Black, Managing Editor, **Good Fruit Grower**

# For more information

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ERS Organic Briefing Room,

[www.ers.usda.gov/briefing/organic](http://www.ers.usda.gov/briefing/organic)

—links to all ERS organic reports... including organic acreage data, adoption reports, consumer demand studies, and workshop proceedings

ERS Commodity Costs and Returns Webpage

[www.ers.usda.gov/data/CostsandReturns](http://www.ers.usda.gov/data/CostsandReturns)

—links to all ERS reports on production costs and returns... including studies on conventional and organic dairy