Successful Transitions: Considerations in Transitioning to Organic Grain Production

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February 19, 2020
Organic Agriculture

Transitioning to organic?
We can help.

www.purdue.edu/dffs/organicag
Organic Agriculture

According to the Organic Trade Association, sales of organic products in the U.S. have grown from $3.6 billion in 1997 to over $47 billion in 2016. While organic food sales make up just over 5% of total U.S. food sales, less than 1% of farmland is dedicated to organic production. Domestically, supply of organic commodities is not keeping up with growing demand. Much of the domestic organic supply shortfall is being satisfied with imports. For example, according to the USDA ERS, over 75% of organic soybean consumption was satisfied with imports in 2016. Organic processors and handlers continue to run into supply shortfalls and are seeking creative solutions to meet the needs of consumers who seek organic products.
Michelob ULTRA Pure Gold Launches 6 For 6-Pack Program to Support Organic Farming

PHOTO: U.S. farmers featured in Michelob ULTRA Pure Gold’s Super Bowl commercial toast an organic beer to 6 for 6-Pack.

Americans can help increase organic farmland by purchasing a 6-Pack of Pure Gold

(December 9, 2020) New York, NY – Less than one percent of America’s farmland is organic and American farmers hoping to transition their fields to organic face monumental challenges. Today, Michelob ULTRA Pure Gold is launching their :60 Super Bowl LIV spot featuring 6 For 6-Pack, a new program that allows consumers to join the brand in helping farmers transition six square feet of farmland into organic with each purchase of a 6-pack of Michelob ULTRA Pure Gold.

https://www.ccof.org/press/michelob-ultra-pure-gold-launches-6-6-pack-program-support-organic-farming
6 for 6-pack?

Let’s do the numbers....

- 43,560 sq. ft / acre → 7,260 6-packs
- 27.556 6-packs in a keg (1/2 bbl) → 263 kegs per acre!
- So, the next logical question.....
How many kegs of beer are consumed over a weekend at Purdue University?
CALLING ALL FARMERS

https://www.michelobultra.com/campaigns/contract-for-change.html

Near Idaho and ready to start growing organic barley? We'll help you make the change.

1-833-GROW-ORG  EMAIL US  APPLY

Michelob ULTRA Pure Gold's passion for organic goes beyond barley. They are funding $500,000 in grants to help farmers transition, in partnership with CCOF. If you want to make the transition to organic, you may be eligible for a $5,000 grant.

Apply today.

The CCOF Foundation is pleased to offer grants for organic transition in partnership with Anheuser Busch and their Michelob ULTRA Pure Gold Contract for Change program.


Eligibility:

1. Producers of all crop types are eligible for organic certification are encouraged to apply.
2. Please note, cannabis and hemp production are not eligible for funding.
3. Applicant must reside and farm in the United States (this includes U.S. territories)
4. Applicant must have a minimum of 3-years in production (3 Schedule F Tax return required for application)
5. Applicant must demonstrate their intent to farm organically
6. Grant funds may only be used to support the applicants transition to USDA NOP certified organic production methods
7. Applicant agrees to submit a final report at the end of the grant period and check in for the three years after the grant on the organic status of their fields
8. Applicants must be 21 years of age or older at the time the application is submitted

https://www.ccof.org/ccof-foundation/organic-transition-grants#eligibility
Will Michelob’s organic beer really transform American farmland?

$10 million
Estimated cost of the 60-second Michelob Pure Gold commercial that ran during the 2020 Super Bowl.

$1 million
The amount Michelob will give to farmers under its “Contract for Change” program, which helps conventional barley farmers transition to organic.

2 cents
For each six-pack of Pure Gold sold, Michelob has committed to spending 2 cents, the annual cost of helping transition six square feet of farmland to organic.

≈ 2.5 million acres
According to USDA, there were 2.5 million acres of barley planted in 2018.

≈ 2,300 acres
Michelob seeks to convert 300 million square feet of conventional farmland into organic. That’s only about 6,887 acres—but organic transition takes three years. So only about 2,300 acres could be fully transitioned.

≈ 0.001 percent
Over three years, Michelob’s Contract for Change would convert less than 0.001 percent of America’s barley acreage to organic.
What is organic agriculture???

Slides adapted from: Dr. Joel Gruver, WIU

https://www.slideshare.net/jbgruver/history-of-organic-agriculture-14808475
What is organic agriculture???

Slides adapted from:
Dr. Joel Gruver, WIU

https://www.slideshare.net/jbgruver/history-of-organic-agriculture-14808475
What is organic farming?

“Organic farming is a production system which avoids or largely excludes the use of synthetically compounded fertilizers, pesticides, growth regulators and livestock feed additives.

To the maximum extent feasible organic farming systems rely on crop rotations, crop residues, animal manures, legumes, green manures, off-farm organic wastes, mechanical cultivation, mineral-bearing rocks, and aspects of biological pest control to maintain soil productivity and tilth, to supply plant nutrients, and to control insects, weeds and other pests.”

- USDA Study Team on Organic Farming, 1980
What is organic agriculture?

"Organic agriculture is an ecological production management system that promotes and enhances biodiversity, biological cycles and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain and enhance ecological harmony.

‘Organic’ is a labeling term that denotes products produced under the authority of the Organic Foods Production Act.

The principal guidelines for organic production are to use materials and practices that enhance the ecological balance of natural systems and that integrate the parts of the farming system into an ecological whole. ... Organic food handlers, processors and retailers adhere to standards that maintain the integrity of organic agricultural products.

The primary goal of organic agriculture is to optimize the health and productivity of interdependent communities of soil life, plants, animals and people." — USDA NOSB defn, Apr 1995
7 CFR 205 – National Organic Program

http://www.ecfr.gov/cgi-bin/text-idx?SID=4afa25d8d8a865cd1938a45637e4d684&node=7:3.1.1.9.32&rgn=div5
What is organic production?

“Organic production [is] a production system that...respond[s] to site-specific conditions by integrating cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biological diversity” [§ 205.2].
“Organic is a labeling term for food or other agricultural products that have been produced according to the USDA organic regulations … Producers and handlers must meet these standards to use the word ‘organic’ or the USDA organic seal on food, feed, or fiber.
– Is Organic an Option for Me?” USDA, August 2012

“USDA Certified Organic products are grown and processed according to USDA’s national organic standards and certified by USDA-accredited … certification organizations.”
– USDA AMS website

NOP is a Process Verification Program (PVP)
What Lands May Be Certified as Organic?

• Land must have been free of prohibited substances for 3 years –

  WHY 3 YEARS?

• If the land has been free of prohibited substances for at least 3 years, the operation may be eligible for immediate certification

• Both conventional and organic production may occur on the same operation

• Buffer zones may be required, if prohibited substances are used on adjacent lands

• There are no size requirements: both small and large farms are eligible for organic certification
Getting Certified under the National Organic Program (NOP)
Certifiers
(18 Accredited Certifying Agents have clients in IN)

- A Bee Organic
- CCOF
- ECOCERT ICO
- Global Organic Alliance
- ICS
- MOSA
- MCIA
- MOFGA
- NICS
- OEFFA
- OneCert
- OnMark Certification
- OTCO
- OCIA
- PCO
- Pro-Cert
- QAI
- QCS

Organic Certification

of Farms and Businesses Producing Agricultural Products


What is organic?

Organic is a labeling term for food or other agricultural products that have been produced according to the USDA organic regulations. These standards require the integration of cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity. This means that organic operations must maintain or enhance soil and water quality while also conserving wetlands, woodlands, and wildlife. Synthetic fertilizers, sewage sludge, irradiation, and genetic engineering may not be used.

All organic crops and livestock must be raised in a production system that emphasizes protection of natural resources; plant and animal health; preventative management of pests, diseases, and predators; and compliant use of allowed materials. All organic products must be protected from prohibited substances and methods from the field to the point of final sale, whether it is a raw agricultural commodity or a multi-ingredient, processed product.

This publication provides an overview of organic certification and provides some additional resources for prospective organic farms and businesses.

What is organic certification?

Organic certification verifies that your farm or handling facility located anywhere in the world complies with the U.S. Department of Agriculture (USDA) organic regulations and allows you to sell, label, and represent your products as organic. These regulations describe the specific standards required for you to use the word “organic” or the USDA organic seal on food, feed, or fiber products. The USDA National Organic Program (NOP) administers these regulations, with substantial input from its citizen advisory board and the public.

Your farm or handling facility would be certified by a private, foreign, or State entity. These certifying agents are accredited by the USDA and are located throughout the United States.
CHAPTER 1
INTRODUCTION

New farmers, and farmers experienced in conventional agriculture, often find that obtaining organic certification for their crops is quite challenging. This guide is intended to help lead farmers through the organic certification process. Chapters 1 through 4 explain the National Organic Program (NOP) and describe the process of organic certification. Later chapters explain specific USDA organic regulations that apply to planting, soil fertility, pest management, and other farm practices. In addition to interpreting the regulations, this guide explains the practices and materials that are allowed for organic production.

Who should read this guide?
- Conventional farmers who are considering organic certification for their crops.
- Farmers in the process of converting to organic practices.
- Farmers who are new to organic certification.
- Farmers who are exempt from certification because they sell less than $5,000 of organic produce per year.
- Extension personnel and other information providers.

This guide was designed to be read before completing an application for organic certification. This is not a required document; it is a helpful guide that you may use as you wish.

How to use this guide
To be certified organic by the U.S. Department of Agriculture (USDA), farms must be managed in accordance with the regulations in Title 7, Part 205 of the Code of Federal Regulations. Where the USDA organic seal appears, the text quotes from these Federal regulations. The verbatim text of the regulations is in blue, and key sections are highlighted in yellow.
Consumer demand for organic has grown by double-digits nearly every year since the 1990s. Most impressively, organic sales have increased from $3.6 billion in 1997 to $43.3 billion in 2015.
U.S. organic sales break through $50 billion mark in 2018

Sales hit a record $52.5 billion as organic becomes mainstream, says Organic Trade Association survey

Contact: Maggie McNeil (mmcneil@ota.com, (202) 403-8514 or (202) 615-7997)

Washington, DC US (May 17, 2019) – Clean, transparent, fresh, sustainable. Environmentally friendly, animal humane, high quality, social activism. Those traits are all identified with organic, and in 2018 they all helped push organic sales to unprecedented levels. The U.S. organic market in 2018 broke through the $50 billion mark for the first time, with sales hitting a record $52.5 billion, up 6.3 percent from the previous year, according to the 2019 Organic Industry Survey released Friday by the Organic Trade Association.
“New records were made in both the organic food market and the organic non-food market. Organic food sales reached $47.9 billion, for an increase of 5.9 percent. Sales of organic non-food products jumped by 10.6 percent to $4.6 billion. The growth rate for organic continued to easily outpace the general market: in 2018, total food sales in the U.S. edged up just 2.3 percent while total non-food sales rose 3.7 percent.”

“Almost 6 percent (5.7 percent) of the food sold in this country is now organic.”
The ten countries with the largest markets for organic food 2016

Source: FiBL-AMI survey 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Retail sales in million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>38,938</td>
</tr>
<tr>
<td>Germany</td>
<td>9,478</td>
</tr>
<tr>
<td>France</td>
<td>6,736</td>
</tr>
<tr>
<td>China</td>
<td>5,900</td>
</tr>
<tr>
<td>Canada</td>
<td>3,002</td>
</tr>
<tr>
<td>Italy</td>
<td>2,644</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,460</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,298</td>
</tr>
<tr>
<td>Sweden</td>
<td>1,944</td>
</tr>
<tr>
<td>Spain</td>
<td>1,686</td>
</tr>
</tbody>
</table>
How much land in the U.S. is certified organic?
Certified organic operations are concentrated in the West, Northeast, and Upper Midwest.

<table>
<thead>
<tr>
<th>Operation type</th>
<th>Top 10 States in organic farm sales, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crops and livestock</td>
<td>California $2,436</td>
</tr>
<tr>
<td>Crops only</td>
<td>Washington $626</td>
</tr>
<tr>
<td>Food handlers only</td>
<td>Pennsylvania $332</td>
</tr>
<tr>
<td></td>
<td>Oregon $269</td>
</tr>
<tr>
<td></td>
<td>Wisconsin $222</td>
</tr>
<tr>
<td></td>
<td>New York $221</td>
</tr>
<tr>
<td></td>
<td>Texas $210</td>
</tr>
<tr>
<td></td>
<td>Michigan $187</td>
</tr>
<tr>
<td></td>
<td>Colorado $155</td>
</tr>
<tr>
<td></td>
<td>Arizona $129</td>
</tr>
</tbody>
</table>

Note: The category “Food handlers only” includes food processors, manufacturers, and other handlers.
We're working on finalizing the 2016 Annual List of Certified Organic Operations. In the meantime, you can quickly download recent data snapshots of the full list in the search results export format (http://go.usa.gov/x9P7X) and data submission template format (http://go.usa.gov/x9P7W).

Welcome to the Organic INTEGRITY Database!

Find a specific certified organic farm or business, or search for an operation with specific characteristics. Listings come from USDA Accredited Certifying Agents. Historical Annual Lists of Certified Organic Operations and monthly snapshots of the full data set are available for download on the Data History page. Only certified operations can sell, label or represent products as organic, unless exempt or excluded from certification.

<table>
<thead>
<tr>
<th>Operation</th>
<th>Certifier</th>
<th>Status</th>
<th>City</th>
<th>State/Province</th>
<th>Country</th>
<th>Certified Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot; VERHONESEROZSKY MPZ LTD.</td>
<td>[ECO] EcoCert S.A.</td>
<td>Certified</td>
<td>KHERSON</td>
<td></td>
<td></td>
<td>HANDLING: Other: Sunflower expeller, oil</td>
</tr>
<tr>
<td>&quot;Helianthus&quot; Ltd.</td>
<td>[ETKO] Ecological Farming Control Organization</td>
<td>Certified</td>
<td>Pereshchepino</td>
<td>Novomoskovsk distr.</td>
<td>Ukraine</td>
<td>CROPS: Other: Barley, Corn, Sunflowers</td>
</tr>
<tr>
<td>010 Ranch</td>
<td>[ISDA] Idaho State Department Of Agriculture</td>
<td>Certified</td>
<td>Fairfield</td>
<td>Idaho</td>
<td>United States of America</td>
<td>CROPS: Other: Alfalfa Hay, Barley, Grass Hay</td>
</tr>
<tr>
<td>1,2,3, Safran SARL</td>
<td>[ECO] EcoCert S.A.</td>
<td>Certified</td>
<td>Agadir</td>
<td>Morocco</td>
<td></td>
<td>CROPS: Other: Saffron - Local</td>
</tr>
</tbody>
</table>
770 certified organic operations (May 2018).
- 573 crops.
- 405 livestock.
- 117 handling.

847 (May 2019).

917 (Feb 2020).
Organic product sales in Indiana 2016

- Crops, including nurseries and greenhouses: $10,859,000
- Livestock and poultry: $32,949,000
- Livestock and poultry products: $55,315,000
Table 1. Indiana places ninth in the Midwest for the number of certified organic acres, twelfth for cropland acreage, and seventh for pastureland or rangeland acreage.

<table>
<thead>
<tr>
<th>RANK</th>
<th>TOTAL ORGANIC ACRES</th>
<th>ORGANIC CROPLAND ACRES</th>
<th>ORGANIC PASTURELAND/RANGELAND ACRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wisconsin</td>
<td>Wisconsin</td>
<td>South Dakota</td>
</tr>
<tr>
<td>2</td>
<td>Minnesota</td>
<td>Minnesota</td>
<td>Wisconsin</td>
</tr>
<tr>
<td>3</td>
<td>North Dakota</td>
<td>North Dakota</td>
<td>Nebraska</td>
</tr>
<tr>
<td>4</td>
<td>South Dakota</td>
<td>Iowa</td>
<td>South Dakota</td>
</tr>
<tr>
<td>5</td>
<td>Nebraska</td>
<td>Nebraska</td>
<td>Minnesota</td>
</tr>
<tr>
<td>6</td>
<td>Iowa</td>
<td>Michigan</td>
<td>Iowa</td>
</tr>
<tr>
<td>7</td>
<td>Michigan</td>
<td>Ohio</td>
<td>Indiana</td>
</tr>
<tr>
<td>8</td>
<td>Kansas</td>
<td>South Dakota</td>
<td>Missouri</td>
</tr>
<tr>
<td>9</td>
<td>Indiana</td>
<td>Kansas</td>
<td>Michigan</td>
</tr>
<tr>
<td>10</td>
<td>Missouri</td>
<td>Illinois</td>
<td>Kansas</td>
</tr>
<tr>
<td>11</td>
<td>Illinois</td>
<td>Missouri</td>
<td>Illinois</td>
</tr>
<tr>
<td>12</td>
<td>Ohio</td>
<td>(D)</td>
<td>Indiana</td>
</tr>
</tbody>
</table>

Torres, Purdue HO-280-W
Mercaris 2018 Organic Acreage Report shows continued growth in organic field crop acres in Indiana

420 operations on 43,219 acres in 2016 (USDA) increased to 540 operations on 57,648 acres in 2018 (Mercaris)

29% increase in operations and 33% increase in acreage from 2016-2018
MEET YOUR NEW BOSS: THE MILLENNIALS

By Gene Johnston
2/19/2016

Just when you get the target in sight, it moves! Nothing is more true about America’s food target.

After decades of catering to every whim of the baby boomer generation, the boomers are becoming old news. A new generation – the millennials – is taking over, and this group will be just as dominant as the boomers have been for the last 30 years.

Consider:
Majority of adults have bought local and organic foods in past month, fewer have bought GMO-free products

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Several times/About once</th>
<th>Never</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought locally grown produce</td>
<td>73</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Decided to buy based on ingredients, nutrition label</td>
<td>71</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Bought organic food</td>
<td>68</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>Bought food labeled GMO-free</td>
<td>44</td>
<td>28</td>
<td>27</td>
</tr>
</tbody>
</table>

Note: Respondents who did not give an answer are not shown.
Source: Survey conducted May 10-June 6, 2016.
“The New Food Fights: U.S. Public Divides Over Food Science”

PEW RESEARCH CENTER
Rising demand for organic grains

U.S. corn & soybean growers contemplate premiums, risk-reward scenarios

PUBLISHED ON FEBRUARY 14TH, 2017

For U.S. farmers to satisfy this growing appetite for organic foods, analysts estimate between one and five million U.S. acres would have to be transitioned to organic production. (Charles Knowles, Flickr/Creative Commons)

Milk, egg, chicken, produce, cotton, grain, retail

Organic Reports

USDA Market News provides price, volume, and other related information for commodities and products that have been grown, processed and certified to USDA’s National Organic Program standards.

- National Weekly Organic Summary (pdf)
- Annual Organic Cotton Market Report (pdf)

Cotton

Dairy
- Market Overview
- Retail Overview

News & Announcements
- 08/20 New Vendor Training from USDA Web-Based Supply Chain Management
- 07/18 Joint Letter to PACA Licensees, Organic Labels Must Be Removed from Fumigated Imports
- 05/23 USDA Warns Vendors of Fake ‘DocuSign’ Email Scam

Recent Blogs
- 11/10 Veterans Returning to Civilian Life
- 08/20 Organic Trade at a Glance
- 06/20 Organic Marketing Is More Than Just Hype
- 05/20 Organic Marketing Tips from the Pros
- 04/20 Organic Marketing for Small Producers
- 03/20 Organic Marketing: The Basics
- 02/20 Organic Marketing: How to Get Started
- 01/20 Organic Marketing: What You Need to Know
- 12/19 Organic Marketing 101
- 11/19 Organic Marketing: The Power of Social Media
- 10/19 Organic Marketing: How to Use Data to Drive Sales
- 09/19 Organic Marketing: The Importance of Branding
- 08/19 Organic Marketing: How to Stand Out in a Crowded Market
- 07/19 Organic Marketing: The Role of Sustainability
- 06/19 Organic Marketing: How to Build Trust with Customers
- 05/19 Organic Marketing: How to Leverage Influencers
- 04/19 Organic Marketing: How to Use Technology to Boost Sales
- 03/19 Organic Marketing: How to Market Your Organic Products
- 02/19 Organic Marketing: How to Market Your Organic Business
- 01/19 Organic Marketing: How to Market Your Organic Products
- 12/18 Organic Marketing: How to Market Your Organic Business
- 10/18 Organic Marketing: How to Market Your Organic Business
- 09/18 Organic Marketing: How to Market Your Organic Products
- 08/18 Organic Marketing: How to Market Your Organic Business
- 07/18 Organic Marketing: How to Market Your Organic Products
- 06/18 Organic Marketing: How to Market Your Organic Business
- 05/18 Organic Marketing: How to Market Your Organic Products
- 04/18 Organic Marketing: How to Market Your Organic Business
- 03/18 Organic Marketing: How to Market Your Organic Products
- 02/18 Organic Marketing: How to Market Your Organic Business
- 01/18 Organic Marketing: How to Market Your Organic Products
- 12/17 Organic Marketing: How to Market Your Organic Business
- 10/17 Organic Marketing: How to Market Your Organic Business
- 09/17 Organic Marketing: How to Market Your Organic Products
- 07/17 Organic Marketing: How to Market Your Organic Products
- 06/17 Organic Marketing: How to Market Your Organic Business
- 05/17 Organic Marketing: How to Market Your Organic Products
- 03/17 Organic Marketing: How to Market Your Organic Products
- 01/17 Organic Marketing: How to Market Your Organic Products
National Organic Grain and Feedstuffs Report
Agricultural Marketing Service
Livestock, Poultry, and Grain Market News
January 29, 2020

Grain and Feedstuffs Market Trend

Compared to last period: Trade activity and demand moderate on organic feed grade corn, trading 10 cents higher. The volume of forward contract activity is increasing for Q1 and Q2 2020. Cash bids mostly 7.50 to 8.15 delivered elevator. Trade moderate on good demand for organic feed grade soybeans, trading 1.66 higher due to a lack of availability. Cash bids mostly 18.00 to 19.25 delivered elevator. Trade activity and demand moderate on organic feed grade wheat. Bulk of trade was forward contracting for March-April delivery. Old crop contracting 75 cents lower than new crop contracts on average. Organic food grade wheat trade too limited to trend, but lower undertones are a reflection of lower protein levels and poor falling numbers. Trade inactive on all other organic grains. The next available report will be Wednesday, February 12, 2020.

Grower FOB Farm Gate Organic Grain

<table>
<thead>
<tr>
<th>Feed Grade</th>
<th>Unit</th>
<th>Price Range</th>
<th>Avg.</th>
<th>Change</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellow Corn</td>
<td>$/bu</td>
<td>7.60 - 9.50</td>
<td>8.18</td>
<td>0.10</td>
<td>9.49</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$/bu</td>
<td>18.80 - 20.00</td>
<td>19.63</td>
<td>1.66</td>
<td>18.62</td>
</tr>
<tr>
<td>Wheat</td>
<td>$/bu</td>
<td>N/A - N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Oats</td>
<td>$/bu</td>
<td>N/A - N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Feed Grade</th>
<th>Unit</th>
<th>Price Range</th>
<th>Delivery Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellow Corn</td>
<td>$/bu</td>
<td>7.67 - 8.40</td>
<td>Feb-20 - May-20</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$/bu</td>
<td>N/A - N/A</td>
<td>N/A - N/A</td>
</tr>
<tr>
<td>Wheat</td>
<td>$/bu</td>
<td>N/A - N/A</td>
<td>N/A - N/A</td>
</tr>
<tr>
<td>Oats</td>
<td>$/bu</td>
<td>N/A - N/A</td>
<td>N/A - N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Feed Grade</th>
<th>Unit</th>
<th>Price Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellow Corn</td>
<td>$/bu</td>
<td>8.00 - 8.00</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$/bu</td>
<td>N/A - N/A</td>
</tr>
<tr>
<td>Wheat</td>
<td>$/bu</td>
<td>N/A - N/A</td>
</tr>
<tr>
<td>Oats</td>
<td>$/bu</td>
<td>N/A - N/A</td>
</tr>
</tbody>
</table>

Farm Gate Feed Grade Corn

Farm Gate Feed Grade Soybeans

Purdue University Extension
ORGANIC AGRICULTURE

Michael J. O’Donnell
February 19, 2020
### Average Monthly North American Organic and Non-GMO Delivered Prices ($/bu)

<table>
<thead>
<tr>
<th></th>
<th>Oct-19</th>
<th>Nov-19</th>
<th>Dec-19</th>
<th>Dec-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corn (feed)</strong></td>
<td>$9.70</td>
<td>$8.87</td>
<td>$8.63</td>
<td>$9.61</td>
</tr>
<tr>
<td>Eastern Canada</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Corn Belt</td>
<td>$9.67</td>
<td>$8.85</td>
<td>$8.74</td>
<td>$9.33</td>
</tr>
<tr>
<td>East Coast</td>
<td>$10.59</td>
<td>N/A</td>
<td>N/A</td>
<td>$10.77</td>
</tr>
<tr>
<td><strong>Soybeans (feed)</strong></td>
<td>$19.48</td>
<td>$18.80</td>
<td>$18.93</td>
<td>$20.05</td>
</tr>
<tr>
<td>Eastern Canada</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Corn Belt</td>
<td>$19.56</td>
<td>$18.90</td>
<td>N/A</td>
<td>$20.19</td>
</tr>
<tr>
<td>East Coast</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Soybean Meal</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$693.05</td>
</tr>
<tr>
<td><strong>Wheat (feed)</strong></td>
<td>$10.95</td>
<td>$10.10</td>
<td>$8.99</td>
<td>$11.02</td>
</tr>
<tr>
<td>Canada</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Corn Belt</td>
<td>N/A</td>
<td>N/A</td>
<td>$9.59</td>
<td>$9.38</td>
</tr>
<tr>
<td>East Coast</td>
<td>N/A</td>
<td>N/A</td>
<td>$9.59</td>
<td>$12.00</td>
</tr>
<tr>
<td><strong>Barley (feed)</strong></td>
<td>$7.21</td>
<td>$7.00</td>
<td>$8.36</td>
<td>$8.36</td>
</tr>
<tr>
<td><strong>Oats (feed)</strong></td>
<td>$4.40</td>
<td>N/A</td>
<td>$4.97</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Corn (food)</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Soybeans (food)</strong></td>
<td>$20.69</td>
<td>$21.70</td>
<td>N/A</td>
<td>$22.33</td>
</tr>
<tr>
<td><strong>Wheat (food)</strong></td>
<td>$15.03</td>
<td>$14.15</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Durum</td>
<td>$15.03</td>
<td>$14.15</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Hard Red Spring</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Hard Red Winter</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$12.63</td>
</tr>
<tr>
<td>Soft Red Winter</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Non-GMO Premium

<table>
<thead>
<tr>
<th></th>
<th>Oct-19</th>
<th>Nov-19</th>
<th>Dec-19</th>
<th>Dec-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corn (feed)</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$0.63</td>
</tr>
<tr>
<td><strong>Corn (food)</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Soybeans (feed)</strong></td>
<td>N/A</td>
<td>$1.13</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Soybeans (food)</strong></td>
<td>N/A</td>
<td>$2.50</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Soybean Meal</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

^ $/Short Ton FOB
* Premium over local delivered cash price

### Comments

**Organic Feed Corn** prices remained volatile in December and dipped significantly below prices seen during the previous year. The delivered organic corn feed price averaged $8.63/bu, down $0.24/bu since November and down nearly $1/bu year-over-year.

### Mercaris Organic Commodity Prices (U.S.$ per BU)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Y/Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic Corn</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Grade</td>
<td>$11.70</td>
<td>$12.63</td>
<td>$1.13</td>
</tr>
<tr>
<td>Feed Grade</td>
<td>$9.57</td>
<td>$8.93</td>
<td>$0.64</td>
</tr>
<tr>
<td><strong>Organic Soybeans</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Grade</td>
<td>$21.48</td>
<td>$21.60</td>
<td>$0.12</td>
</tr>
<tr>
<td>Feed Grade</td>
<td>$19.99</td>
<td>$19.07</td>
<td>$0.92</td>
</tr>
</tbody>
</table>

Source: Mercaris
**Organic feed corn** delivered prices lost $0.06/bu since the prior two-week period and averaged $8.69/bu for the two-week period ending January 18. Delivered prices remained $0.81/bu below levels seen during the previous year. Organic feed corn contracting volumes were strong for several weeks throughout December and dramatically picked up pace during beginning to mid-January.

**Organic feed soybean** delivered prices averaged $20.02/bu for the two-week period ending January 18, gaining $0.29/bu from 2018's value of $19.73/bu. Contracting volumes were moderate during mid-January.

Organic feed wheat average delivered prices were $9.23/bu at the conclusion of the two-week period ending January 18, losing $1.96/bu from year-ago levels. Contracting volumes were lower during January compared to previous years.

**Recent Mercaris Trading Platform Transactions**

<table>
<thead>
<tr>
<th>Contract</th>
<th>Date</th>
<th>Location</th>
<th>Volume</th>
<th>Price</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Soft White Wheat</td>
<td>1/22/2020</td>
<td>Washington</td>
<td>10,000 bu</td>
<td>$12.47</td>
<td>FOB</td>
</tr>
<tr>
<td>(food)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic Wheat Midds</td>
<td>1/14/2020</td>
<td>N/A</td>
<td>275 short tons</td>
<td>$2.85</td>
<td>Delivered</td>
</tr>
<tr>
<td>Organic White Corn</td>
<td>1/7/2020</td>
<td>Midwest</td>
<td>9500 bu</td>
<td>$14.00</td>
<td>Delivered</td>
</tr>
<tr>
<td>Organic Soft White Wheat</td>
<td>1/3/2020</td>
<td>Colorado</td>
<td>12,000 bu</td>
<td>$10.20</td>
<td>FOB</td>
</tr>
<tr>
<td>(food)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic Blue Corn</td>
<td>12/20/2019</td>
<td>Midwest</td>
<td>15,000 bu</td>
<td>$17.55</td>
<td>FOB</td>
</tr>
</tbody>
</table>
Comparison of Organic and Conventional Crop Rotations

By: Michael Langemeier  
July 2019

Download the Comparison Spreadsheet (xlsx).

This spreadsheet compares conventional and organic rotations over a ten-year horizon. Specifically, net returns are compared for a conventional corn/soybean rotation, a conventional corn/soybean/wheat rotation, and an organic corn/soybean/wheat

C-B-W Organic

### Corn/Soybean/Wheat Organic Rotation

<table>
<thead>
<tr>
<th></th>
<th>Corn</th>
<th>T Soy</th>
<th>Wheat</th>
<th>T Wheat</th>
<th>Org Corn</th>
<th>Org Soy</th>
<th>Org Wheat</th>
<th>Rotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Return</td>
<td>728.75</td>
<td>381.18</td>
<td>435.02</td>
<td>335.53</td>
<td>1184.24</td>
<td>827.79</td>
<td>559.13</td>
<td>759.05</td>
</tr>
<tr>
<td>Variable Cost</td>
<td>459.73</td>
<td>225.19</td>
<td>189.23</td>
<td>193.10</td>
<td>353.90</td>
<td>208.45</td>
<td>193.10</td>
<td>260.09</td>
</tr>
<tr>
<td>Contribution Margin</td>
<td>269.02</td>
<td>155.98</td>
<td>245.78</td>
<td>142.43</td>
<td>830.34</td>
<td>619.33</td>
<td>366.03</td>
<td>498.96</td>
</tr>
<tr>
<td>Fixed Cost</td>
<td>316.64</td>
<td>376.83</td>
<td>309.09</td>
<td>351.73</td>
<td>432.86</td>
<td>400.06</td>
<td>374.96</td>
<td>388.58</td>
</tr>
<tr>
<td>Earnings</td>
<td>-47.62</td>
<td>-220.85</td>
<td>-63.30</td>
<td>-209.29</td>
<td>397.48</td>
<td>219.27</td>
<td>-8.93</td>
<td>110.39</td>
</tr>
<tr>
<td>Percent of Acres</td>
<td>6.7%</td>
<td>3.3%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>26.7%</td>
<td>23.3%</td>
<td>20.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Langemeier, 2019**
We don't have enough organic farms. Why not?

Organic food sales in the U.S. doubled over the last decade, but organic farming hasn't kept pace. That may change as farmers partner with brands.

https://www.nationalgeographic.com/environment/future-of-food/organic-farming-crops-consumers/?fbclid=IwAR2kGf6YVlbSLPuYPbDRuimV_WtnDW_Cpt6OMp0euNCpIrzU_1oXjEdodI
It takes a high level of skill and will to be a successful organic farmer!
Barriers to Transition

- Access to information
- Low yields during first 3+ years
- Initial cost increase and learning period
- Retooling and new equipment; storage
- Market uncertainty
- Lender support through transition years
- Risk management options
- Support network
- Barriers “between the ears”
Shift in mindset –

- Not input substitution

- Organic mgmt. is not prescriptive: Site and management specific

- “What about the cropping system allows a given pest to thrive or find a niche? Identify it and ‘close the door!’” – Klaas Marten

- Redirect annual chemical costs to equipment (and labor / management)

- “You’ll need more than just financial reasons” – Carmen Fernholz

- Not an abandonment of technology
The term **transition** has two facets:

- **transition as a process** from one farming system to another;
- **transition to meet organic standards** set out by the industry, as verified by a third party.

### Goals of transition

- To build healthy, fertile soil
- To manage weeds, pests and diseases within tolerable levels, without the use of chemicals
- To establish all aspects of organic farm management as required by organic standards, including record keeping and certification
- To prepare for marketing certified organic products
- To maintain a viable level of income

Source: Canadian Organic Growers
Ken Marisett, ON  The most important aspect is the transition of the mind. If you’re not with it mentally, it’s not going to work.

Rudy Zubler, ON  The hardest part of going organic is to believe in it yourself. You gain experience and become better. You learn as you go.

Cal Cowan, SK  My biggest problem was being so stubborn and not getting into the thinking. I already had a diverse rotation before changing to organic and knew it was a valuable tool. But you need to use companion cropping, cover crops. You need to change your way of thinking and take it all seriously from the start.

Pieter Biemond, ON  The main barrier was believing that it would work. The biggest change is between your ears.

Robert Dagenais, SK  Going organic was the best move I ever made. I wouldn’t be farming any more if I was still using chemicals. Karen had a sense of the need for clean, healthy food and wanted our farm to produce this type of food. She was very encouraging and supportive. I listened to her and should have listened to her sooner. It’s a problem that too few men listen to their wives about food quality. The women know about these things.

Source: Canadian Organic Growers
Transition considerations

• Timing of transition (year 3 crop certified)

• Plan rotation to hit highest premium crop (corn?) in year 1 of certification

• Whole farm, Phased, Split/Parallel
USDA Programs to support organic

• Organic Certification Cost-Share Program (USDA FSA)

• USDA NRCS programs – CAP 138 and EQIP

• Federal Crop Insurance covering organic commodity production (USDA RMA)
RABO AGRIFINANCE DESIGNS INDUSTRY’S FIRST ORGANIC TRANSITION LOAN OFFERING

Loan Terms Reflect Challenges – and Opportunities – for Farmers to Change Production Practices

ST. LOUIS (Oct. 24, 2019) – Rabo AgriFinance has announced a new loan product that can make it more financially viable for farmers to seek organic certification on all or part of their crop operations.

With guidance from Pipeline Foods, Rabo AgriFinance has developed a financial framework that gives farmers the flexibility to receive the capital needed for upfront costs associated with changing production practices. Farmers can schedule repayments when they receive the additional revenue from selling certified organic goods.

The U.S. Department of Agriculture requires a three-year transition period for farmers to certify their land as organic.

“During that period, farmers often experience yield loss in comparison to conventional production, and they cannot begin to collect organic premiums for that land’s production to compensate for the lower yield,” explains Shawn Smeins, deputy head of Rabo AgriFinance. “This challenge has created a financial barrier, especially after several years of tight margins and decreasing cash reserves, to many farmers who may be interested in entering into organic or expanding their organic footprint.”

SOLUTIONS AS UNIQUE AND HARDWORKING AS YOUR OPERATION.

If your farm is a non-traditional agricultural operation marketing products directly to consumers or through local and regional food systems, Compeer Financial* can help.

ORGANIC BRIDGE LOAN PROGRAM

We understand that business transitions can be difficult. When your operation is looking to transition from conventional to organic grain production, we are here to help. Our new Organic Bridge Loan program will help maintain liquidity to suit your needs.

Loan proceeds can be drawn for two or three years during the transition process and you are only required to pay the annual interest during the transition.

Once you have achieved organic certification, the loan converts to a term-loan with fully amortized principal and interest payments. The length of the loan term will be determined based on available cash flow.

Compeer Financial is a member-owned Farm Credit cooperative that provides financial services, resources and expertise to champion the hopes and dreams of agriculture and rural America.
Organic Farming

At Flanagan State Bank, we’ve understood the farming business for over 100 years and we’re dedicated to supporting our agricultural community, whether traditional or organic. We offer Ag operating, real estate, and equipment loans. Our established Ag team has decades of experience—talk with them today.

Organic Event Calendar

For your convenience, our Ag team has compiled a list of upcoming organic events in our general area.
Considerations with transition

– Build a support network, attend meetings
– Study the NOP standard
– Develop a record keeping system
– Find an ACA
– Develop a business plan for navigating transition, find a lender that understands organic
– Don’t bet the farm
– Transition your best fields first
– Explore / identify markets
– Diversify your crop rotation
– Develop holistic and adaptive approach to weed and fertility management
Thank You

Michael J. O’Donnell

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"The real Arsenal of Democracy is a fertile soil, the fresh produce of which is the birthright of the nations."
-- Sir Albert Howard