

The ORGANIC INTEGRITY QUARTERLY

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Organic Integrity from Farm to Table, Consumers Trust the Organic Label.

Deputy Administrator's Corner

Organic Integrity: Past, Present, and Future

We live in exciting times and a world of opportunity. Our organic farms and businesses are creating a thriving organic agriculture sector by creating jobs, protecting the environment, and ensuring that organic products meet consumer expectations.

A key part of our mission is to ensure the integrity of USDA organic products worldwide. In 2011, the NOP accomplished many important goals, including increasing participation in the Organic Certification Cost Share Programs by 20 percent and establishing a trade partnership with the European Union.

As we celebrate these accomplishments, we are also assessing the current landscape and identifying areas that need improvement:

Geographic-Specific Challenges

If we look at the distribution of certified organic operations across the U.S., we see a lot of operations in California, Washington, Wisconsin, and New York. But why do many states in the southeast region have less than 50 operations each? There is no shortage of good farmland there and there are plenty of organic markets – there just isn't much organic production. We know that pest management is a challenge in this part of the country – what organic management options might help? How can we provide outreach and technical assistance so all farmers are aware of the benefits and requirements of organic agriculture? This will allow all farms and businesses the opportunity to participate in the organic market.

Lack of Data

Changes to the USDA organic regulations potentially affect 30,000 organic farms and businesses. Unfortunately, we currently have limited data on organic production, growth, markets, price differentials, and costs. Without this information, it is difficult for us to accurately assess an action's impact on the organic community. This lack of data also makes it challenging for us to write clear, well-informed standards that will spur market growth while also meeting organic principles. Although there is now an organic production survey through the agricultural census, we need better economic information to help improve the quality of the regulatory actions we take (continued on page 2).





NOP Strategic Initiatives, continued from page 1

Lack of Consistency in How Certifying Agents Apply the USDA Organic Regulations

The USDA organic regulations have a very wide scope – in the same day, a certifying agent may need to instruct a farmer what types of vaccines she may administer to her chickens and ensure that a split apple processing facility is adequately preventing commingling with non-organic varieties. During audits and inspections, it has become clear that certifying agents don't always interpret and apply the standards in the same way. These inconsistencies need to be eliminated to create a level playing field for all operations.

Insufficient Technology to Serve the Organic Community

While our oversight capabilities have matured over the past decade, we currently lack the information technology needed to effectively enforce compliance with organic standards and to facilitate continued expansion of the global organic market. The resource most in need of a makeover, as identified by the Office of Inspector General, is the list of certified operations. We need a modern database that will connect certified operations across the globe and integrate many of our current web resources into one.

Limited Resources

We have accomplished a lot, but still need to fully implement the systems we have put in place. There are many NOSB recommendations that need to be implemented. Standards need to be developed for apiculture, aquaculture, pet food and mushrooms. Guidance is needed on many topics including grower groups, unannounced inspections and inspector qualifications. The NOP's budget has been stable for the last three years at seven million dollars. The current workload and limited resources make taking on new initiatives challenging.

Fairness and Transparency Through Clear Standards

Publishing clear standards is one of the most important things that we can do. This enables certifying agents to correctly interpret and apply the standards. Clear standards allow farms and businesses to design their structures and management practices accordingly.

Economic Opportunity Through Market Access

Organic agriculture offers economic opportunity to many farmers. One of USDA's goals is to increase the number of certified organic operations by 20 percent by 2015. We want to especially look in the Southeastern U.S. and other underrepresented areas to expand opportunities.

Consumer Confidence Through Consumer Protection

The strength of the USDA organic seal is ultimately defined by the strength of the enforcement of the standards. We continue to rigorously investigate reported violations and push for the timely resolution of all complaints. We also would like to conduct more compliance audits of certifying agents and trade partnerships.

Organic Integrity Through Information Technology

We need a modernized database that will connect certified operations across the global supply chain and integrate many of our current web resources into one. This would increase our ability to oversee a growing network of certifying agents and operators and provide better customer service to the organic community.

Based on this current landscape, the NOP is focusing on the following strategic initiatives (continued on page 3): Given our budget constraints, implementing these changes will require both innovation and collaboration across the community: to do more with less. It will require that the organic community—as we have many times before—unite around a common goal. The future is abundant if we embrace these opportunities to promote environmental stewardship, meet consumer expectations, and develop new markets for organic products.

A tenet in the organic movement is to work toward continuous improvement. The NOP appreciates your support as we strive towards effective oversight of all USDA organic products. We look forward to continuing to serve the organic community in all of its diversity.

Miles McEvoy



NOSB in Albuquerque: Spring 2012 Meeting Summary

The National Organic Standards Board (NOSB) held its public meeting May 22 – 25, 2012, in Albuquerque, New Mexico. At the beginning, the NOP provided an update on its activities, priorities, and the role of the NOSB. Over the course of four days, the NOSB heard comments from over 70 members of the public on a wide range of issues. The NOSB discussed these and other suggested changes to their proposals from about 1,700 written public comments. A summary of the NOSB's subsequent votes is provided below (continued on page 4).

Note: NOSB is an advisory body to the Secretary of Agriculture. NOSB recommendations are not NOP policy unless the NOP issues final rules, final guidance, final instructions, or a policy memorandum that adopts the NOSB recommendations. They are not part of the USDA organic standards unless such action is taken.



NOSB in Albuquerque, continued from page 3

Petitioned Substances

The NOSB responded to several petitions to add the following substances to the National List:

Substance	Section	Petitioned Action	NOSB Recommendation	Notes
Gibberellic Acid	§ 205.605(a)	Add to the list (allow)	Motion failed	
Choline	§ 205.605(b)	Add to the list (allow)	Add to the list with the following annotation:	Choline chloride (CAS# 67-48-1) and Choline bitartrate (CAS # 87-67-2) for use in infant formula and medical nutritional enteral products
Inositol	§ 205.605(b)	Add to the list (allow)	Add to the list with the following annotation:	CAS # 87-89-9 (myo-inositol) and 6917-35-7 (non-specific isomer) for use in infant formula and medical nutritional enteral products
Citrus Hystrix	§ 205.606	Add to the list (allow)	Add to the list	
Curry Leaf	§ 205.606	Add to the list (allow)	Add to the list	

Sunset 2013 Substances

The NOSB must review all National List substances every five years and recommend renewing, removing, or changing each listing. This process is commonly referred to as “Sunset” review. The NOSB made recommendations on the following National List substances as part of their Sunset 2013 review (continued on page 5):

Substance	Section	NOSB Recommendation	Notes
EPA List 3 Inerts	§ 205.601	Relist with the following amended annotation:	Inert ingredients exempt from the requirement of a tolerance under 40 CFR 180.1122 that were formerly on EPA List 3 in passive polymeric dispenser products may be used until October 21, 2017.
Agar Agar	§ 205.605(a)	Relist	
Calcium sulfate	§ 205.605(a)	Relist	
Carrageenan	§ 205.605(a)	Relist with the following new annotation:	CAS # 9000-07-1 (general), 9062-07-1 (iota), 11114-20-8 (kappa), and 9064-57-7 (lambda). Carrageenan would not be allowed for use in infant formulas.

NOSB in Albuquerque, continued from page 4

Substance	Section	NOSB Recommendation	Notes
Glucono delta-lactone	§ 205.605(a)	Relist	
Cellulose	§ 205.605(b)	Relist with the following amended annotation:	For use in regenerative casing, powdered cellulose as an anti-caking agent (non-chlorine bleached) and filtering aid.

Materials review organizations. In December 2011, the NOSB recommended that all material review organizations be accredited or formally recognized in a new material review scope. At the May 2012 meeting, the NOSB recommended that the NOP develop guidance materials to material review organizations to promote consistency and uniformity in the short term. Their recommendation outlined a range of criteria and processes that these groups should use when reviewing substances.

Letter to Secretary Vilsack. The NOSB voted to send a letter to the Secretary of Agriculture regarding their establishment of a Genetically Modified Organism (GMO) ad-hoc sub-committee. The letter outlined some of the issues this sub-committee intends to address.

Research priorities framework. The NOSB recommended a set of criteria for identifying research needs and a process for the NOSB to develop and publish a yearly recommendation on emerging research needs.

GMO vaccines. The NOSB requested additional information from the NOP before it makes a recommendation.

Policy and Procedures Manual. Based on additional information from the NOP, the NOSB intends to do additional work on its three Policy and Procedures Manual proposals before voting on them.

For additional information about the meeting, please visit www.ams.usda.gov/NOSBMeetings.



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<http://bit.ly/NOPOrganicInsider>

National List Update

National List Petitions. The following petitions to amend the National List were recently sent to the National Organic Standards Board for review:

Vinasse, petitioned to § 205.601
 Carbon dioxide, petitioned for aquaculture use

The following petitions have been withdrawn by the petitioner from consideration by the NOSB:

Dextrin, petitioned to § 205.605

Technical Reports. Technical reports are now available on the NOP website for the following substances:

Pheromones, listed on § 205.601
 Propylene glycol monolaurate, petitioned to § 205.601
 Methionine, petitioned amendment to § 205.603
 Nonanoic acid, petitioned to § 205.603
 Gibberellic acid, petitioned to § 205.605
 Inositol, petitioned to § 205.605
 Nucleotides, petitioned to § 205.605
 Taurine, petitioned to § 205.605

[View petitions and technical reports](http://www.ams.usda.gov/NOPNationalList)

www.ams.usda.gov/NOPNationalList

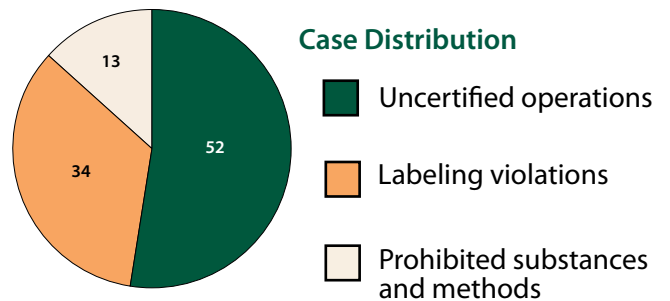


Organic Integrity Update

The NOP is committed to protecting the integrity of USDA organic products and creating a level playing field for certified operations. To accomplish these goals, the NOP punishes willful violators of the USDA organic regulations to the fullest extent possible while protecting compliant operations from undue harm.

2012 Compliance and Enforcement Actions

NOP issued three penalties to willful violators totalling 20 thousand dollars. The NOP also opened 91 complaint cases received from members of the public and closed 99 cases of suspected regulatory violations, taking enforcement action when the complaint was validated. The distribution of closed case types is shown to the right.



Certifying Agent and Trade Agreement Compliance Audits

The NOP audits certifying agents around the world to ensure they are applying the USDA organic regulations in an appropriate, fair, and consistent manner. In 2011, NOP and other USDA staff conducted 29 compliance audits (11 domestic certifying agents and 18 foreign certifying agents and trade agreements). While most met accreditation and certification criteria, NOP issued non-compliances and is implementing corrective actions for the following violations:

- Approving incomplete Organic System Plans
- Issuing incomplete organic certificates
- Not adequately identifying noncompliances
- Not submitting required information to NOP

In 2012, NOP and other USDA staff have conducted the following compliance audits, with 25 remaining this year:

Colorado Department of Agriculture - Colorado
 New Jersey Department of Agriculture - New Jersey
 Oklahoma Department of Agriculture - Oklahoma
 Organic Certifiers, Inc. - California
 Quality Assurance International - California
 Texas Department of Agriculture - Texas

Australian Certified Organic - Australia
 IBD Certifications Ltda. - Brazil
 Organizacion Internacional Agropecuaria - Argentina
 The Organic Food Chain - Australia
 U.S. / Israel Recognition Agreement - Israel



A Veterans Sustainable Agriculture Training (VSAT) student prepares living basil for market.



Karen Archipley, VSAT co-founder, shows Miles McEvoy their hydroponic living basil system.

Military Veterans: the Next Generation of Organic Farmers

Compost tea, hydroponic living basil, and organic certification are terms that, at first glance, may not have much of a connection to military veterans. Colin Archipley, a decorated Marine sergeant, and his wife Karen however saw the combination as a win-win when they founded the Veterans Sustainable Agriculture Training (VSAT) program outside San Diego, California.

Many veterans who have served our country have challenges transitioning to civilian life and struggle with Post-Traumatic Stress Disorder and high unemployment rates. After three tours in Iraq, Colin found his solace working on the Archipleys' newly-purchased three-acre neglected avocado farm outside of Camp Pendleton, a Marine Corps base.

When the Archipleys received their first water bill, they determined their farm needed to be more sustainable. They decided to move to a water-efficient organic hydroponic system (roots placed in nutrient-rich water instead of soil) that reduces water use by up to 90%. They received a loan from the USDA Farm Service Administration to build a larger greenhouse, tripling their production.

They also got certified organic by California-based CCOF Certification Services (accredited and overseen by the NOP) and use their hydroponic system to grow organic basil, tomatoes, and variety of greens and other herbs. Produce is delivered as living plants (with roots still attached) to local farmers markets and stores, which saves water and retains freshness.

Colin wanted to help other veterans heal their wounds through organic farming—and to use their acquired skills to start to agricultural businesses of their own. The VSAT program has partnered with local community and state colleges to offer veterans an intensive six-week course to learn how to grow organic hydroponic crops from seed to market. Participants then take an exam and present their business plan to potential investors, produce buyers, and human resources personnel. At the end of the course, participants have a solid business plan and the know-how to start their own similar operation.

Miles McEvoy attended the business plan presentations and graduation of a recent VSAT class. "It was very inspiring to see what the Archipleys have done," he noted. "Both how they have helped fellow combat veterans transition to civilian life and that they saw organic agriculture as part of that path."

The Veterans Sustainable Agriculture Training Program has helped over 100 military veterans transition to the civilian work force, with other locations on the horizon. One memorable graduate was Mike Hanes, a decorated veteran. He went from being homeless and unable to re-engage in civilian life to creating his own organic hot sauce, DANG!!!, which is now for sale at grocery stores around the country.

Based on the last agricultural census, the average American farmer is 57 years of age and nearly 30 percent of American farmers are over the age of 65. Nearly 45 percent of the military come from a rural background, and USDA is pushing for 100,000 new farmers. We applaud the Archipleys for continuing to serve their country by supporting our heroes and building the next generation of organic farmers. Learn more: <http://www.vsatusa.com>



Know Your Farmer, Know Your Food Compass

Are you a farmer, rancher or food business entrepreneur interested in local and regionally-produced food? Are you a community leader wondering how local and regional food systems can help your local economy? Are you a consumer interested in learning more about where your food comes from?

Now you can learn more about USDA's support of local and regional food through the new Know Your Farmer, Know Your Food Compass. The Compass is an online multi-media narrative with stories, pictures and video about USDA's support for local and regional food systems and an interactive map of USDA-supported local and regional food activities in all 50 states. With the Compass, you can navigate USDA resources for local and regional food; meet farmers, ranchers, businesses and communities in your state that are participating in local food chains; and learn about local and regional food projects across the country.

Released earlier this year, the Compass showcases USDA's Know Your Farmer, Know Your Food Initiative. The Initiative was launched in 2009 to coordinate the work of USDA's 17 agencies and many staff offices that invest in local and regional food systems. Since then, USDA has supported nearly 4,500 seasonal high tunnels (or "hoop houses") to help farmers extend their growing seasons. We've also seen the number of farm to school programs jump from 400 in 2004 to over 2,300 in 2011 and the number of operating farmers markets blossom from 4,685 in 2008 to over 7,100 in 2011.

But we at the USDA know that local food is about so much more. It's about places like Idaho's Bounty Food Coop in Ketchum, Idaho which received a USDA Rural Business Enterprise Grant to expand delivery of local food from warehouse to retail. It's about Ohio State University in Cleveland Ohio which used a Beginning Farmer and Rancher Development Program grant to expand BEAN's (Beginning Entrepreneurs in Agricultural Networks) ability to train new farmers and to develop 3,300 city acres into food enterprises. It's about the Diamond B Farm in New Durham, New Hampshire where farmer Meghan Bickford secured funding from the Environmental Quality Incentives Program (EQIP) to create a rotational grazing plan for her herd of Belted Galloway and Angus cattle, build a ground gutter and grassed waterway to treat barnyard runoff, and implement a forest stand improvement plan. You can read these and other stories at <http://1.usa.gov/kyf2-compass>.

The Know Your Farmer, Know Your Food Compass is a valuable resource documenting the innovation, entrepreneurship and impact of local food systems across the country. It is driving job growth, keeping farmers and on the land, and keeping wealth in rural communities. We invite you to dive deep into this new tool, and be inspired by the stories it tells and the ideas it can spur for you and your community.



Organics: World Markets and Trade, USDA Foreign Agricultural Service

The growing market for organic products demonstrates that consumers are willing to pay a higher price for a differentiated product. The U.S.' organic equivalence arrangements with countries such as Canada and, most recently, the European Union (EU), have provided stimulus for further trade. The market for organic commodities has grown in recent years, although it remains a small proportion of the total food market. In 2011 the U.S. exported \$410 million of selected organic products, primarily to Canada.

Product Differentiation Commands Higher Price

According to the NOP, "Organic is a labeling term that indicates that the food or other agricultural product has been produced through approved methods that integrate cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity." Surveys have indicated that there are various reasons that U.S. consumers choose to purchase organic products. Some consumers purchase them in the belief that organic foods are healthier, or out of concern for the effects of pesticides, or as a means to avoid highly processed or artificial ingredients. Others perceive that organic foods are safer, more nutritious, or better for the environment and prefer to support farms and communities by purchasing organic products. Foreign consumers may have similar reasons for choosing to buy organic goods.

The additional price that consumers are willing to pay varies greatly by market and by commodity. Market studies have estimated that U.S. consumers pay a price premium of about 30 percent for organic apples and grapes and 20 percent for carrots. Recent U.S. export data indicates that Japanese consumers pay more for imported organic grapes, compared with conventionally grown imported grapes. Chinese consumers reportedly purchase domestically produced organic vegetables for 3-15 times the price of conventionally grown vegetables. Mexican consumers are reportedly paying about 30 percent more for both domestic and imported organic products.

Equivalence Arrangements Facilitate Trade

An analysis of data for 23 organic commodities shows that those commodities accounted for \$410 million in export sales in 2011, nearly evenly split between fruits and vegetables. More than half of the selected export sales of organics went to Canada.

An organic equivalence arrangement allows certified organic products from one country to be marketed as organic in the partner country without going through a separate certification process. The U.S. has had an organic equivalence arrangement with Canada since June 2009, which undoubtedly has helped facilitate U.S. exports.

On February 15, 2012, the U.S. entered into an organic equivalence arrangement with the EU. This partnership is expected to provide additional export opportunities to U.S. producers. The EU is a high-income region with many consumers who are concerned about the use of genetically engineered organisms or artificial products. Japan is also a major market for U.S. food and agriculture exports, and health-conscious consumers with high incomes provide potential for growth in natural and organic markets. Current export arrangements with Japan, as well as with Taiwan, help facilitate U.S. organic exports (continued on page 10).



Organics: World Markets and Trade, continued from page 9

The Organic Market is Relatively Small, but Expected to Grow

Fruits and vegetables are the primary organic products produced in the U.S. Of the selected organic vegetables analyzed, lettuce, carrots, and spinach had the highest export sales. Organic lettuce, for instance, comprised about 16 percent of all lettuce exports. Of the organic fruits analyzed, grapes, apples, and cherries had the highest export sales. Organic apples, for example, comprised 4 percent of all apple exports. As the U.S. enters into organic trade arrangements with additional trading partners, international sales of organic products are expected to grow.

For more information, including instructions for accessing organic trade data from the FAS Global Agricultural Trade System, visit the FAS Organic Products web page at <http://1.usa.gov/fas-organic>.

European Union Trade Update

Beginning June 1, 2012, organic products certified in Europe or in the U.S. that meet the terms of the equivalency arrangement may be sold as organic in either region.

To clarify the requirements for products traded under the arrangement, the NOP published several documents:



For EU-Authorized Control Bodies and Control Authorities

Memo. Addresses production and labeling requirements for products exported to the U.S., including wine.

NOP Import Certificate. Must be completed by EU-authorized body and travel with all products traded under the partnership.

View documents, terms of the arrangement, and more at <http://1.usa.gov/eu-trade>

For NOP-Accredited Certifying Agents Operating in the U.S.

Memo. Addresses production and labeling requirements for products exported to the EU, including wine.



Japan Trade Update

March 11-13, members of Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) traveled to Anaheim, California for technical trade talks with NOP and Foreign Agricultural Service staff. The purpose of the MAFF delegates' visit was to continue organic technical discussions in an effort to move towards equivalence.

Prior to the technical talks, through the assistance of Organic Trade Association (OTA) and Quality Assurance International (QAI), the MAFF delegates spent a day touring two certified organic operations. In the morning, the delegates visited a date farm in Thermal, California, where they were able to observe farm workers thinning this year's crop and gathering pollen for the medjool dates. They were also able to tour the harvest and packing facility, as well as the processing plant. They spent the afternoon at a processing facility in San Dimas that formulates, processes and custom packages cereals, granolas, and trail mixes. During these tours, the MAFF members were able to examine the distinct roles within the U.S. certification system: certifying agents, organic inspectors, and certified operations.

During the technical talks, both NOP and MAFF gave a brief overview of their organic program. They then discussed allowed and prohibited substances and labeling issues for traded products. Overall, the discussions were positive and represented progress towards an organic equivalency arrangement. USDA and MAFF will continue their discussions over the summer.

Currently, MAFF is authorized to accredit certifying agents in Japan to the USDA organic regulations via the U.S. – Japan Recognition Agreement; this arrangement allows Japan to export USDA organic products to the U.S. A separate agreement allows the U.S. to export USDA organic products to Japan. Establishing an equivalency arrangement with Japan would simplify trade and could provide additional market opportunities for USDA organic producers.





Standards Update

Parasiticides. Effective May 16, 2012, organic livestock producers may use two parasiticides—fenbendazole and moxidectin—as emergency treatment for dairy and breeder stock when approved preventive management fails to prevent parasite infestation. The use of both substances is restricted; they may only be used as described in the National List of Allowed and Prohibited Substances. The synthetic substances will not be allowed for organic slaughter stock. Milk and milk products from a treated organic animal may not be labeled as organic for 90 days following treatment. The USDA organic regulations prohibit the routine use of synthetic parasiticides. Organic livestock producers are first and foremost responsible for managing parasites through practices specified in their organic system plans, including selection of disease resistant breeds, rotational grazing and culling of susceptible animals. <http://1.usa.gov/parasiticides>

Lecithin. Earlier this year, the NOP published a Final Rule in the Federal Register that impacted two listings for lecithin on the National List of Allowed and Prohibited Substances. Lecithin is currently used in organic processed products as a natural mixing agent (emulsifier) or lubricant. The NOP subsequently published questions and answers to clarify the types of lecithin allowed in organic processed products. <http://1.usa.gov/lecithin-faqs>

Staff Update: Welcome to the NOP!

The NOP is pleased to announce the addition of two new staff members. Please join us in welcoming them to our team!



Cheri Courtney

Director, Accreditation & International Activities Division

Cheri comes to NOP from the Fruit and Vegetable Program within the USDA Agricultural Marketing Service. As their Fresh Products Branch Deputy Director, she negotiated cooperative agreements with states; managed inspection activities for 150 employees; oversaw the Fresh Products standards, training, and audit programs; and managed the division budget. Over a short time, Cheri has already provided strong leadership for the Accreditation and International Activities Division.

Rita Meade

Secretary

Having worked for the Natural Resources and Conservation Service, the National Park Service, and the Food and Drug Administration, Rita brings NOP a wealth of federal experience. She is one class away from completing her Bachelor's Degree in Business Management with a concentration in accounting. She enjoys learning about organic practices, policies, and rules and looks forward to the many experiences, challenges, and opportunities as a member of the NOP team.

