

# **The New National Organic Program**

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Organic foods and farming have truly become a part of our agricultural landscape. After the implementation of the United States Department of Agriculture's (USDA) National Organic Program (NOP), one may logically be wondering what organic means now, and how federal regulations may change a food production system that has been embraced. The legislation highlights what's allowed, what's prohibited, and who must comply. We also need to explore the broader implications for food, farming, and consumer choices. In my extensive research, I plan to present a brief background of the USDA's involvement with the certification of organic products, extensively look into the specific legal ramifications of the NOP program, discuss Iowa's state organic program, and present the public's reaction to the new NOP in addition to where organic agriculture will be tomorrow.

## **BACKGROUND**

Organic certification began to take shape in the 1970s and 80s. Farmers and advocates organized private agencies to develop standards and create a framework for independent certification of organic methods. Eventually, several different private and state organic certification organizations emerged offering third-party organic certification to growers, processors, manufacturers, and a few retailers. Due to the fact that not all organic foods were certified (though many natural products stores did require certification for organic products), it was sometimes said that organic "didn't mean anything." Yet to many consumers, organic was widely understood by consumers to mean "no pesticides," but also to have a level of purity, integrity, and environmental wholesomeness that went beyond the simple omission of chemicals. When the agency released its first proposal for a national organic standard in 1997, the USDA discovered that organic meant a great deal to those growing, manufacturing, and buying organic products (Lipson, 2002).

The passage of the Organic Foods Production Act (OFPA) in 1990 dictated the development of a national organic standard. Through legislation sponsored by Democratic Senator Patrick Leahy of Vermont, OFPA was intended to protect the growing organic market from those who wished to either outlaw the label altogether and those who wanted to form weak

standards or use the term indiscriminately. OFPA mandated the formation of the National Organic Standards Board (NOSB), a citizens' advisory board that would make recommendations to the USDA for regulating and defining the organic label. With representatives from all sectors, including farmers, retailers, consumers, environmentalists, and food processors, NOSB worked for many years to arrive with a comprehensive set of policies to recommend to the USDA. In late 1997, USDA released its first proposed national organic standard to a watchful organic community. In a stunning dismissal of NOSB recommendations, USDA proposed a standard that did not reflect organic principles as NOSB had developed over the years, and that angered both consumers and farmers. Opposition focused on what became known as the "Big Three:" allowing genetic modification, irradiation, and the use of processed sewage sludge to be used in organic production methods (Lipson, 2002).

There were other transgressions as well, such as allowing antibiotics in organic livestock ranching. To the surprise of government bureaucrats who were accustomed to industries fighting against regulation, a large and very vocal segment of the population, including organic industry members, wanted restrictions for organic farming and foods that were stronger and tougher, not weaker (Lipson, 2002). These regulations are what separate organic from conventional in the marketplace and add value to organic products.

In late 2000, former U.S. Secretary of Agriculture Dan Glickman released a new proposal for the national organic standard. He called it the most rigorous organic standard in the world. The national organic standard, finalized in March 2001, with an 18-month implementation period ending October 21, 2002, held true to much of what consumers and the industry expected and had asked for in response to the first proposal.

## **LEGAL RAMIFICATIONS**

(According to official USDA National Organic Program website, <http://www.ams.usda.gov/nop>, unless stated otherwise.)

This final rule establishes the National Organic Program under the direction of the Agricultural Marketing Service (AMS), a branch of the USDA. This new national program will facilitate domestic and international marketing of fresh and processed food that is organically produced and assure consumers that such products meet consistent, uniform standards. The NOP program establishes a national standard for the production and handling of organically produced

products, including a National List of substances approved for and prohibited from use in organic production and handling. The final rule establishes a national-level accreditation program to be administered by AMS for State officials and private persons who want to be accredited as certifying agents. Certifying agents will certify production and handling operations in compliance with the requirements of the regulation and initiate compliance actions to enforce program requirements. The final rule includes requirements for labeling products as organic and containing organic ingredients. The new ruling also provides for importation of organic agricultural products from foreign programs determined to have equivalent organic program requirements. This program is authorized and amended under the Organic Foods Production Act (OFPA) of 1990.

Under the final rule, as mandated by OFPA, the USDA will implement a program of uniform standards of production and certification. The primary benefits from implementation of the USDA's NOP are standardized definitions and the manner in which organic product information is presented to consumers. State and private organic standards and elevating reciprocity negotiations to the national level.

The costs of this rule are the direct costs for accreditation and the costs of complying with the specific standards in the proposal, including the recordkeeping and reporting requirements. Certifiers will be assessed fees based on the actual costs of the accreditation work done by USDA staff. The smaller certifiers with less complex programs are expected to pay somewhat lower fees. Organic farmers, ranchers, wild-crop harvesters, and handlers will have to pay fees for organic certification from a private or State certifier, but will not be charged any additional fees by USDA. The magnitude of other compliance costs for adhering to this regulation have not been measured. These include the costs of becoming familiar with and adopting the national standards. The compliance cost may not be as large for organic farmers who adhere to State regulations or undergo third-party inspection and certification. For those who don't, the costs may be more substantial.

A few changes have been made in the final rule during its formation which generally clarify or add flexibility to producer and handler provisions or make them better reflect current industry standards. A major change was to raise the threshold for labeling products as "made with organic ingredients" from 50 percent organic content to 70 percent to be consistent with international industry standards. Another key change was to reduce the transition period for a

dairy operation to make a whole-herd conversion to organic production in order to make conversion affordable for a wider range of dairies, including smaller operations.

Why is there the need for national standards? For the last several decades, as market demand has grown from a handful of consumers bargaining directly with farmers to millions of consumers acquiring goods from supermarket shelves, a patchwork of State and private institutions have evolved to set standards and verify label claims. Organically produced food cannot be distinguished visually from conventional food and cannot necessarily be distinguished by taste; therefore, consumers must rely on labels and other advertising tools for product information. The USDA feels farmers, food handlers, and other businesses that produce and handle organically grown food have a financial incentive to advertise that information, because consumers have been willing to pay a price premium for these goods.

Many nonprofit, private organizations began developing certification standards in the early 1970's as a way to support organic farming, as well as to strengthen legitimate product claims. While most States still do not mandate third-party certification and many organic producers still market goods without certification, large food processors, grain traders, and retailers are increasingly requiring certification, and many growers have turned to certification as a marketing tool. The discrepancies between the State and private certifiers on organic standards on certification requirements have resulted in several impediments to market development. The variable standards have made for unstructured producer access to international and domestic organic markets. The recent emergence of the NOP standards may have mitigated some domestic access problems, but two important impediments remain: multi-ingredient certification disputes and barriers to foreign markets.

After struggling to build market recognition and supply capacity for many decades, the organic farming industry has become one the fastest growing segments of U.S. agriculture. According to the USDA's Economic Research Service (ERS), I have gathered the following federal and Iowa statistics for 2001:

**Total Percentage Certified Organic Acreage Nationally**

Grain	Beans	Hay	Pasture	Vegetables	Fruit
1%	9%	11%	44%	3%	2%
TOTAL: 2,341,492 acres					

### **Amount of Total Percentage Organic in Iowa**

Grain	Beans	Hay	Pasture	Vegetables	Fruit
34%	35%	17%	44%	.3%	.01%
TOTAL: 80,357 acres					

(According to Iowa Organic Extension Specialist Kathlene Delate, she feels current Iowa acres certified is closer to 120,000 acres.)

### **Total Number of Certified Organic Livestock Nationally**

Beef Cows	Milk Cows	Swine	Sheep
15,197	48,677	3,135	4,207
TOTAL: 72,209			

### **Amount of Organic Livestock in Iowa**

Beef Cows	Milk Cows	Swine	Sheep
791	1,338	1,198	0
TOTAL: 3,327			

During the 1990's, growth in U.S. sales of organic products mirrors the growth in acreage devoted to producing these goods. The growth in organic production and sales has taken place in the absence of national organic standards, but with industry expectation that these standards were on the way.

Third party certification is an essential aspect of marketing products organically. The number of U.S. certification groups has fluctuated between 40 and 50 during the last decade. Currently, 49 organizations (36 private and 13 State) are advertising that they provide certification services to farmers, handlers, retailers, or other segments of the food industry. Some certifiers provide services to multiple segments of the food industry. Private certifying agents range from small nonprofit associations that certify only a few growers to large for-profit businesses operating in many States and certifying hundreds of producers. Certifying agents review organic production plans, inspect the farm fields and facilities to be certified, periodically reinspect, and have authority to conduct soil tests and tests for residues of prohibited substances.

Moving forward, we will discuss aspects of accreditation. Accreditation is the determination made by the U.S.D.A. Very few certifying agents operate with an external accreditation. This is due to the following facts: there is not a law which requires them to be accredited, the price may be unacceptably high in relation to expected benefits; the certifying agent may be unable to find an accrediting party willing to accredit the particular organic program the certifying agent is marketing; and State programs may believe that their status as a government entity obviates the need for external accreditation.

In regards to crop production in 1997, farmers in 49 States used organic production systems and third-party organic certification services on over a million acres of farmland and were raising certified organic livestock production in nearly half the States, according to USDA. Two-thirds of the farmland was used for growing crops. According to the ERS: Idaho, California, North Dakota, Montana, Minnesota, Wisconsin, Iowa, and Colorado are among the top producers in 2001. Colorado and Alaska had the most organic pasture and rangeland. California overwhelmingly had the most certified organic fruit and vegetable acreage in 1997.

Key production practices followed by certified organic producers include: abstaining from use of certain crop chemicals and animal drugs; ecologically based pest and nutrient management; segregation of organic fields and animals from nonorganic fields and animals; following an organic system plan with multiple goals, including sustainability; and recordkeeping to document practices and progress toward the plan's goals. Specific elements of organic production vary, but organic systems generally share a core set of practices. For example, the certification standards of virtually all State and private U.S. certifying agents prohibit the use of synthetic chemical pesticides or animal growth hormones. Most certification standards include a 3-year ban from the use of prohibited substances on cropland before production can be certified as organic.

On the other hand, certification standards for organic livestock production have been more variable for pasture, feed, and other practices. The USDA Food Safety and Inspection Service (FSIS) withheld approval for the use of organic labels on meat and poultry products pending the outcome of this rulemaking until 1999. However, the Secretary of Agriculture Dan Glickman announced a change in policy in January 1999. Meat and poultry products may be labeled "certified organic by (name of the certifying agent)" if handlers obtain previous label approval from FSIS and the claim meets certain basic criteria. Organic labels have been

permitted on dairy and eggs products, which are regulated by the Food and Drug Administration (FDA) throughout the 1990's. Yet most certifiers have not yet offered certification services for these products.

In addition to growers, who actually produce and harvest products to be marketed as organic, there are handlers who transform and resell the organic products. Not all certifiers have standards for handling organic products. Some certifiers have standards for parts of the food marketing system, such as restaurants, which are not explicitly covered by the OFPA nor encompassed by this final regulation.

Definitions of processing and handling vary between certifying agents and State laws. Some States, such as Washington, distinguish between a processor and a handler, specifying 21 actions which constitute processing and defining a handler as anyone who sells, distributes, or packs organic products. Other States do not distinguish between food processors and handlers. The term, "handler," under the final rule includes processors but not final retailers of agricultural products that do not process agricultural products.

The two largest marketing outlets for organically produced goods are natural foods stores and direct markets. These include farmers markets, roadside stands, and 'community supported agriculture' (CSA) networks. Natural foods stores increased in size and presence in the United States during the nineties and many are now the size of conventional supermarkets. USDA numbers suggests natural food supermarkets, which are similar to conventional in the range of supermarket offerings and amount of total sales, accounted for close to 1 percent of total supermarket sales by 1997. Organic product sales through the natural foods stores outlet, alone, in 1999 were estimated at \$4 billion, and sales through this outlet increased about 20-25 percent annually through the 1990's. Direct-to-consumer market sales ranged from \$270 to \$390 million during the early 1990's, accounting for between 17 and 22 percent of total organic sales during this period. Conventional food mass markets accounted for 6-7 percent of total sales during this period, and export sales accounted for 3-8 percent of the total.

The United States is both an importer and an exporter of organic foods. The United States does not restrict imports of organic foods and U.S. Customs accounts do not distinguish between organic and conventional products. The largest markets for organic foods outside the United States are in Japan, Europe, and Canada. Due to increasing pressure, particularly in Europe and Japan, the U.S. exports are expected to demonstrate that they meet a national standard rather than

a variety of private and State standards. France for example, has indicated to the USDA that it prefers to negotiate with a single national program, rather than the dozens of various State and private certifying programs currently operating in the U.S.

The European Union (EU) is the largest market for organic food outside the United States. According to the World Trade Organization (WTO), the organic food market in the EU was estimated to be worth \$5.2 billion in 1997. The largest organic retail sales markets in the EU in 1997 were Germany (\$1.8 billion), France (\$720 million), and Italy (\$750 million). Large organic markets outside of the EU include Canada and Australia, with approximately \$60 million and \$68 million, respectively, in organic retail sales during 1997.

### **Requirements of the Final Rule**

The final rule follows the structure established by the OFPA. By adopting this alternative, the USDA is following the legislative direction in the OFPA. All products marketed as organic will have to be produced and handled as stated in the OFPA and these regulations. Compared to current organic practices, the final rule establishes a somewhat tighter system of requirements.

Among many alternatives, two alternatives to the final rule are discussed in this section: continuation of the status quo and use of industry-developed standards. Given the statutory responsibility, USDA is implementing the requirements of the OFPA. Yet under the status quo alternative, there wouldn't be a national standard or national program of accreditation and certification. No federal appropriations would be used, there would be no transfer from federal taxpayers at large to organic market participants, and there wouldn't be federal regulatory barriers to entry into organic production and handling. However, growers and handlers would still not have level access, under uniform standards, to the domestic market, and there may be significant enforcement gaps at the state level. International pressure for additional verification would continue to build and would be likely to lead to an increased use of public and private verification and accreditation services, which are provided on a user-fee basis with full cost recovery. Establishing reciprocity between certifying agents in the domestic organic market would continue to be expensive and may hinder growth in trade of organic products.

Under the other industry-developed standards alternative, the USDA could eliminate the costs associated with establishing reciprocity in the domestic market and establish equivalency for access to international markets, but it would be difficult for industry to develop consensus

standards. For example, the industry-developed standards recently proposed by the Organic Trade Association were developed with significant industry input but with little public comment. In contrast, several hundred thousand comments were submitted, most of which electronically (Lipson, 2002) in the course of the USDA rulemaking process. In addition, the OFPA mandated an advisory role for a 15-member National Organic Standards Board (NOSB), which has wide representation from the organic community and includes members who are farmers, retailers, handlers, consumers, environmentalists, certifiers, and scientists. The NOSB has assisted in developing the standards promulgated in this final rule and will play an advisory role for the NOP even after the final rule is in place.

**USDA's final rule will be implemented by the NOP staff in the Agricultural Marketing Service (AMS). Major features of the NOP include the following 8 areas:**

1.) Accreditation and Certification

The rule specifies the accreditation and certification process. People providing certification services for organic production and handling must be accredited by USDA through the Program. Applicants for accreditation must document their abilities to certify according to these standards and to oversee their client's compliance with the requirements of the OFPA and NOP regulations. An accredited certifying agent must certify producers and handlers of organic products. Producers and handlers are required to document their organic plans and procedures to ensure compliance with the OFPA.

All certifying agents would have to be accredited, and certification by producers and handlers would be mandatory. The exceptions are: (1) growers and handlers with gross organic sales of \$5,000 or less would be exempt from certification, and (2) a handling operation may be exempt or excluded from certification according to provisions described in the rule's subpart B.

2.) Applicability

The USDA will charge applicants for accreditation and accreditation renewal, which is required every 5 years, at a \$500 fee during the time of application. USDA will also charge applicants for costs over \$500 for site evaluation of the applicant's business. The applicant would be charged for travel costs, per diem expenses, and any miscellaneous costs incurred with a site evaluation. USDA will also charge accredited certifiers at an hourly rate to review their annual reports.

Producers and handlers will not pay certification fees to USDA. Certification fees will be established by the accredited certifying agents. USDA won't set fees. The rule requires certifying agents to submit a copy of their fee schedules to USDA, post their fees, and provide applicants estimates of the costs for initial certification and for renewal of certification.

### 3.) Production and Handling

The Program establishes standards for organic production of crops and livestock and handling of organic products. These standards were developed from specific requirements in the OFPA, recommendations from the NOSB, by review of existing organic industry practices and standards, public comments received about the 1997 proposal and subsequent issue papers, public meetings, and public comments received on the 2000 proposal.

The final rule establishes a number of requirements for producers and handlers of organic food. These requirements will affect farming operations, packaging operations, processing operations and retailers. Some of the major provisions are: (1) land requirements, (2) crop nutrient requirements, (3) crop rotation requirements, (4) pest management requirements, (5) livestock management requirements, (6) processing and handling requirements, and (7) commingling requirements.

### 4.) National List

The National List dictates allowed synthetic substances and prohibited nonsynthetic substances that may or may not be used in organic production and handling operations. The list identifies the synthetic substances, which would otherwise be prohibited, that may be used in organic production based on the recommendations of the NOSB. The National List also identifies those natural substances that may not be used in organic production, as determined by the Secretary based on the NOSB recommendations.

### 5.) Testing

When certifying agents have reason to believe organic products contain a prohibited substance; they may proceed with residue testing.

### 6.) Labeling

The rule also states how organic products may be labeled and permitted uses of the USDA organic seal. In addition to the USDA seal and the certifying agent's seal, information on organic food content may be displayed. Small businesses, which are certified, may use the USDA seal.

## 7.) Recordkeeping

The NOP requires certifying agents, producers, and handlers to maintain certain records. Certifying agents are required to file periodic reports with USDA. Producers and handlers are required to notify and submit reports to their certifying agent. While recordkeeping is a standard practice in conventional and organic farming, the final rule requires additional recordkeeping and reporting that do not exist for growers and handlers operating without certification. The rule permits certifying agent logos and requires the name of the certifying agent on processed organic foods.

## 8.) Enforcement

Organic operations that falsely sell or label a product as organic will be subject to civil penalties up to \$10,000 per offense. The provisions of the final regulation apply to all persons who sell, label, or represent their agricultural product as organic, including those operations that aren't certified, and the civil penalties of up to \$10,000 apply to these operations as well. Certifying agents, State organic programs' governing State officials and USDA shall receive complaints alleging violations of the Act or these regulations. In States in which there isn't a State organic program, the USDA will investigate allegations of violations of the Act.

## **Benefits of the Final Rule**

The benefits of implementing uniform standards of organic production and certification include the following: (1) providing a common set of definitions on organic attributes and standardizing the manner in which the product information is presented, which may reduce the cost associated with enforcement actions in consumer fraud cases; (2) reduction in administrative costs; and (3) improved access to organic markets.

## Information

Potential benefits to consumers as a result of the final rule include providing a common set of definitions on organic attributes and standardizing the manner in which organic product information is presented. This standardization may reduce the cost associated with enforcement actions in consumer fraud cases.

Organic products cannot be distinguished from conventionally produced products by sight inspection; therefore consumers rely on verification methods such as certification to ensure that organic claims are true. Self-policing by certifiers of growers and handlers that are certified

has been difficult because some certifiers have been under pressure to use weak standards and loose enforcement procedures in order to keep their producer and processor clients from taking their business to other private or state certifiers.

Case studies have shown that consumer fraud involving organic food does occur, and that nineties. In 1997, Minnesota's Attorney General successfully prosecuted felony charges against the president of Glacial Ridge Foods, a wholesale supplier of beans and grains, for repackaging conventionally produced product and selling approximately \$700,000 worth labeled as certified organic. The San Diego City Attorney's office successfully prosecuted felony charges against Petrou Foods, Inc. Based on an investigation by the California Department of Health Services, the evidence found this organic oil and vinegar distributor was misbranding conventional products. Also in California, the Department of Food and Agriculture performed spot checks of 51 uncertified organic growers during the mid-nineties, based on complaints. The department unearthed 32 violations of California's organic standards. However, only about half of the States have any organic legislation, and few of those States have laws with enough teeth to permit prosecution of organic fraud. In States without similar laws, the costs associated with remedies via the tort system may be extreme. The NOP establishment of the final rule is expected to fill in important State and regional gaps in enforcement regarding organic fraud cases. The USDA organic seal will also provide consumers with a quick tool to verify that goods offered for sale as organic are in fact organic.

#### Reduced Administrative Costs

Another area of benefit concerns reduced administrative costs. The rule addresses the problem of existing certifying agents using different standards and not granting reciprocity to other certifying agents. By accrediting certifying agents, the rule establishes the requirements and enforcement mechanisms that would reduce inconsistent certification services and lack of reciprocity between certifying agents. In the former system, the certifying agent of an end product is not required to recognize the certification of an intermediate product. Both food handlers and farmers may face the risk of being unable to sell a certified organic product especially when more than one certifying agent is involved. By implementing a common standard for certification and production, the costs associated with establishing reciprocity between certifying agents will be eliminated, and the market dampening effects that these costs impose will be smoothed over. Industry-wide certification training costs may also decrease.

USDA's uniform standards of production and certification should enable organic inspectors to move more easily from one certifying agent to another than under the current system.

### Domestic and International Markets

The final rule also has an advantageous effect on domestic and international markets. This rule is expected to improve the access to domestic and foreign markets for organically produced goods. The current patchwork of differing State certification requirements and private standards has given producers and handlers uneven access to the domestic organic market and to the price premiums associated with this market. Livestock producers, in particular, may have limited their organic production because they lacked access to a State or private organic livestock certification program or were uncertain about the standards that would be implemented under the NOP.

The final rule could also improve access to European Union and other foreign markets for U.S. organic products. For example, the EU may determine that the NOP is acceptable. Article 11 of EU Reg. 2092/91 establishes the conditions under which organic products may be imported from third countries and addresses the framework for equivalency. This new national program is intended to be acceptable by the EU and other foreign governments. Foreign acceptance of the U.S. national standard would also reduce costs of negotiating and documenting shipment by shipment. Reducing these transaction costs may reduce entry costs for U.S. producers into foreign organic markets. Although these benefits would not accrue until after negotiations for an equivalency agreement have been held and completed successfully, which could be an extended process.

It is estimated that five percent of total U.S. sales are from exports. Currently, despite restricted access to the European market, the United States is the most important non-EU supplier of organic products to EU countries. Import authorizations have been granted for a number of raw and processed commodities, including, beans, buckwheat, sunflowers, apples, and sugar.

### **Costs of the Final Rule**

The costs of the regulation are the direct costs of complying with the specific standards. It is important to note that while some costs associated with accreditation and certification are

quantified, costs stemming from other provisions of the final regulations aren't as well captured. In addition, this is a short-term analysis. The analysis examines the costs that may be incurred through 2002. It is not possible at this time to conduct a longer-term analysis because the USDA does not know enough about the fundamental supply and demand relationships to make economically sound long-run projections.

#### Accreditation Costs

The USDA has identified 36 private certifying agents and 13 State programs providing certification in the United States. During the first 18 months of implementation, these 49 entities are considered to be likely applicants during which the USDA will not charge application fees or hourly fees for accreditation.

The program allows the USDA to collect fees from certifying agents for USDA accreditation. The first proposal would have permitted USDA to collect fees from producers and handlers as well, but USDA decided that it would be administratively simpler to collect fees only from certifiers and would enable State programs to keep client costs low.

Applicants for accreditation will be required to submit a nonrefundable fee of \$500 at time of application, which will be applied, to the applicant's fees for service account. This means the nonrefundable fee paid at the time of application is credited against any subsequent costs of accreditation arising from the initial review and the site evaluation. The \$500 fee is the direct cost to applicants who are denied accreditation based on the initial review of the information submitted by their application. Charges for the site evaluation visit will cover travel costs from the duty station of USDA employees, per diem expenses for USDA employees performing the site evaluation, an hourly charge- per each employee for services- during normal working hours (higher hourly rates will be charged for overtime and for work on holidays), and other costs associated with providing service to the certifying agent or applicant.

Currently, few private certifying agents are operating with third-party accreditation. All of these were large, private certifying agents. Those certifying agents currently accredited by third parties will likely pay less for USDA accreditation.

The 18-month NOP implementation period affects the distribution of program costs between the organic industry and the taxpayer. Some of the costs of accreditation would be absorbed by the NOP operation budget appropriated by Congress. The total cost of accreditation would approach an estimated \$1 million without this subsidy.

The direct accreditation costs to an estimated 59 certifying agents during the first 18 months following the final rule, are approximately \$92,000 to \$124,000. In addition, the USDA will use appropriated funds to cover approximately \$270,000-\$448,000 in hourly charges for site evaluation. USDA will also use appropriated funds to cover the costs of producing and publishing an accreditation handbook in many languages, translating USDA reports to foreign clients, and developing and funding a peer review panel to evaluate NOP's adherence to its accreditation procedures. If more than the estimated 59 certifiers apply for accreditation during the first 18 months of the program, USDA will use appropriated funds to provide for additional hourly charges for site evaluation.

Private certifying agents and State programs that do not reflect the regulation may incur additional costs to change their programs in order to adopt the national standards. Also, certifying agents who have been operating without third party accreditation will face new costs. For certifying agents who currently obtain third-party accreditation, the direct costs of USDA accreditation, which are only incurred every 5 years, may be lower on an annual basis compared to the direct costs for third-party certification. The direct costs for certifying agents obtaining accreditation during the first 18 months, when the USDA will not impose an application fee or hourly charges, will be limited to travel, per diem, and miscellaneous expenses.

A national accreditation program may shrink the market for a third-party accreditation. Certifying agents will have little incentive to maintain or obtain a second accreditation by a private organization unless that accreditation sufficiently enhances the market value of the certifying agent's services. Thus, the market will determine whether other accrediting entities continue to have a U.S. market for their services.

Training programs are currently offered by the Independent Organic Inspectors Association (IOIA), an organization of approximately 165 organic certification inspectors, and by some of the larger certifying agents (IOIA). Costs to existing certifying agents to provide additional training to other staff are difficult to quantify in the absence of information on current staff skill levels or the existence of formal training other than inspector training. Some agencies rely on volunteer staff who may not have had formal training, but the extent of this practice is unknown. AMS intends to offer assistance to certifying agents, producers, and handlers by providing accreditation training for certification agents and other printed material that would enable participants to better understand the regulations. In addition, the AMS intends to continue

open and frequent communication with certifying agents and inspectors to provide as much information as possible in order to aid them in fulfilling the requirements of the regulations.

Implementation of the final rule will also impose a less tangible cost on some certifiers. Some private certifiers have advertised their program and logo as representing higher standards than other programs. The brand value associated with the logos of these certifiers will be lost when uniform standards are implemented as part of the national program. However, certifiers will still be able to distinguish themselves to clients based on the quality of their services and other characteristics.

A key change was made in the final rule, based on comments to the March 2000 proposal, to make the standard used by certifiers to determine maximum allowable pesticide residues (the level above which a product could not be called organic) consistent with the current industry standard and with NOSB recommendations. In the final rule, the standard will be set at 5 percent of the pesticide residue tolerances calculated by the Environmental Protection Agency (EPA). This change could conceptually reduce costs, but the magnitude of this reduction is unknown.

#### Certification Costs

According to the final rule, the USDA will not impose any direct fees for certification costs on producers and handlers. Certifying agents will establish a fee schedule for their certification services that will be filed with the Secretary. Certifying agents will provide all persons inquiring about the application process with a copy of their fees. The certifying agent will provide each applicant with an estimate of the total cost of certification and an estimate of the annual costs of updating the certification. Under the proposed rule, certifiers could charge a maximum of \$250 at the time of application, but under the final rule, certifiers are not limited in the amount of certification fees that they may charge at the time of application.

Some States charge minimal fees for certification by subsidizing operating costs from general revenues. Many certifying agents structure their fee schedules on a sliding scale based on a measure of size, usually represented by the client's gross sales of organic products, but sometimes based on the acres operated. Some certifying agents charge an hourly fee for inspection and audit services.

In response to comments, the March 2000 proposal was amended to provide that if a conflict of interest is identified within 12 months of certification, the certifying agent must

reconsider the application and may reinspect the operation if necessary. Additionally, if a conflict of interest is identified, the certifying agent must refer the operation to a different accredited certifying agent.

### Producers and Handlers

In regards to producers and handlers, those currently active in the organic industry may bear costs beneath the national standards. While most provisions of the program reflect current industry practices, there are a few differences. In addition to the cost associated with becoming familiar with the national program, any adjustments stemming from these differences will result in costs. The March 2000 proposal adhered closely to recommendations from the NOSB. Marginal changes have been made in the final rule in response to comments on the March 2000 proposal. In general these changes have been made to clarify or add flexibility to producer and handler provisions.

### Producers

Producers of organic food will face numerous provisions, which will regulate their production methods. Certified organic farmers currently follow many of the requirements. The costs associated with adjusting to provisions in the final rule may be minimal for certified and State-registered growers but may be more substantial for noncertified organic producers that do not follow a specific set of guidelines or regulations. Some organic producers are neither certified nor registered and, therefore, can not practice the requirements in the final rule. Major provisions of the final rule including the withdrawal period required for land to be free of prohibited substances, the National List, animal drug use, and residue testing are discussed to illustrate costs.

A 3-year withdrawal period, during which prohibited materials cannot be applied to a field to be certified as organic, is currently required by most private and State organic standards. The effect of this provision on the current certified organic operations may be minimal, but the effect on farming operations that are neither certified nor registered may be significant. Farming operations that have completed a 3-year withdrawal period will not be affected by this requirement. To stay in the organic industry, those who have not completed the 3-year period must comply with this requirement. They may incur the cost of organic production for a significant length of time, yet not be allowed to sell their products as organic. Thus leading to some small organic operations leaving the industry.

The impact of the National List, which lists allowed synthetic substances and prohibited nonsynthetic substances that may or may not be used in organic production and handling operations, will be determined by how the national standards differ from current certification standards and from actual practice methods. Lists of approved synthetic materials, including soil amendments and pesticides, vary from one certification agency to another, but a detailed analysis of specific differences in the various existing materials lists shows them to be overlapping in most cases with each other and with the National List. The degree of overlap should mitigate the costs for certified operations, but farming operations, particularly those which aren't certified, may need to make some adjustments to comply with the list. These adjustments will impose costs on these operations.

Where livestock standards have been adopted by existing State programs and by private certifying agents, most prohibit the use of animal drugs except for the treatment of a specific disease condition, and use of animal drugs is generally prohibited within 90 days prior to the sale of milk or eggs as organic. Some State and private certifiers allow the use of animal drugs in animals for slaughter under certain conditions, while programs prohibit the use of animal drugs. The standards of the final rule would prohibit the sale as organic of edible products derived from an animal treated with antibiotics or other unapproved substances. The standards may not differ from existing State or private standards in prohibiting the use of drugs on healthy animals.

Additional costs may be imposed by several further changes to the March 2000 proposal. These changes involve the use of treated lumber, confinement requirements, and the commercial availability of ingredients in products labeled "organic."

The replacement of lumber treated with prohibited substances which comes into contact with soil, crops, or livestock under organic management with treated lumber is now specifically prohibited in organic systems. Since the use of lumber treated with prohibited substances for the purpose of preventing degradation is an uncommon practice in livestock production; this prohibition is not expected to increase producer costs substantially. The exact magnitude of any increase is uncertain and mainly dependent upon the number of producers seeking organic certification that currently use treated lumber in their operations and that are planning to replace the lumber.

The confinement provisions in the March 2000 proposal have been slightly modified. Access to the outdoors is now an explicitly required element for all organically raised livestock.

Since most producers raising organic livestock already provide access to the outdoors, we expect this change to have a minor impact on overall producer costs. In addition the term, "pasture," has been defined to emphasize that livestock producers must manage their land to provide nutritional benefit to grazing animals while maintaining or improving soil, water, and vegetative resources of the operation. Livestock production costs will increase for producers currently raising livestock, which contradict these conditions.

The organic program now requires using organically produced minor agricultural ingredients unless not commercially available. This applies to the previously allowed 5-percent nonorganic agricultural and other ingredients in products labeled "organic." Handlers of organically produced minor ingredients, especially herbs and spices, are likely to benefit from this market incentive, while producers of nonorganic minor ingredients will likely be adversely affected. Producers will also realize a burden associated with providing the documentation of commercial availability for ingredients in the 5-percent component.

Producers will also have administrative costs for reporting and recordkeeping, although producers who currently are active in the organic industry already perform most of these administrative functions, and additional costs to them would depend upon the extent to which their current practices are different from the requirements of the final rule.

There were also several key changes made in the final rule, based on comments to the March 2000 proposal, which will add flexibility to producer standards. A specific type of production facility was required for composting manure in the proposal, and this provision has been modified to ensure that manure is adequately composted while allowing variation in the type of facility that is used. Also, the transition period of a dairy operation to make a whole-herd conversion to organic production has been reduced so that to make dairy conversions affordable for a wider range of dairy farms, including smaller operations. The requirement that slaughter stock sold, labeled, or represented as organic to be under continuous organic management from birth was amended to require continuous organic management from the last third of gestation. This change is expected to provide possible cost savings and added flexibility for producers.

#### Handlers

Handlers of organic food are defined and regulated differently between certifying agents and States. Due to the differences, handlers may incur some cost associated with complying with the requirements of the regulation. Many key changes were made in the final rule, based on

comments to the March 2000 proposal, to make handler standards more consistent with current industry standards. The proposal prohibited the addition of sulfites to wine as required by OFPA. The statute has been changed since March, and the final rule will permit added sulfites in wine labeled "made with organic grapes," consistent with industry standards and NOSB recommendations.

Also, the March proposal required products labeled "made with organic ingredients" to have ingredients that were at least 50 percent organic. This threshold has been heightened to 70 percent in the final rule. Some certifiers set their thresholds at 50 percent, others at 70 percent, while others restrict labeling to individual ingredients only. The international industry standard outside of the United States is set at 70 percent. The threshold is set at 70 percent in the final rule in response to comments received on the proposal and to be consistent with international standards, that is intended to help ease export of U.S. organic product into those markets. Alternatively, to the extent handlers do not currently meet the 70-percent threshold to label products "made with organic ingredients," handlers may accrue additional costs to reach the threshold or exit the industry.

In addition to the labeling requirement, a handler's current use of nonsynthetic and synthetic substances may change in response to the final rule. The March 2000 proposal provided for the use of any prohibited substance to prevent or control pests. This provision has been changed to first limit the use of nonsynthetic and synthetic substances to substances, which are on the National List before allowing the use of any synthetic substance.

The commercial availability requirement in the final rule, described in the producer costs section, may also make for burden on handlers to consistently apply the standard. Handlers seeking the "organic" label for their products will incur additional costs to the extent to which sourcing organically produced ingredients in excess of 95 percent of the finished product is more expensive than sourcing nonorganically produced ingredients,

Handlers will also have administrative costs for reporting and recordkeeping, although handlers who currently are active in the organic industry already perform most of these administrative functions. Additional costs to handlers would depend upon the extent to which their current practices are different from the requirements of the final rule.

### Labeling Costs

Certified handlers must now comply with requirements regarding the approved use of labels. Additionally any producers, handlers, and retailers who are not currently certified, but package organic products are also subject to the labeling requirements. Similarly, certified handlers will have to design their labels in compliance with the regulation.

### Reporting and Recordkeeping Costs

The Paperwork Reduction Act of 1995 requires an estimate of the annual reporting and recordkeeping burden of the NOP. The estimated annual reporting and recordkeeping burden reported is approximately \$13 million. This figure should be understood within the context of the requirements of the Paperwork Reduction Act. The Paperwork Reduction Act requires the estimation of the amount of time necessary for participants to comply with the regulation in addition to the burden, which they currently have.

### Certifying Agents

This regulation will impose administrative costs on certifying agents for reporting and recordkeeping. The actual amount of the additional administrative costs that would be imposed by the rule is expected to be different for those entities that would begin their activities only after the national program is implemented. Active certifying agents that currently are in the organic industry already perform most of these administrative functions; therefore, the additional costs to them would depend upon the extent to which their current practices are different from the requirements of the regulation

The following list describes several of the most significant administrative requirements or optional submissions and the probable resources required for NOP compliance.

- 1.) A list of currently certified farmers, wild-crop harvesters, and handlers. This information can be derived from existing records. After implementation, certifying agents will be required to submit on a quarterly basis a list of operations certified during that quarter.
- 2.) A copy of procedures used for certification decisions, complying with recordkeeping requirements, maintaining confidentiality of client's business-related information, preventing conflicts of interest, sampling and residue testing, training and supervising personnel, and public disclosure of prescribed information concerning operations they have certified and laboratory analyses. These policies may have to be formed or modified to conform to the regulation.

- 3.) Documentation on the qualifications of all personnel used in the certification operation, annual performance appraisals for each inspector and personnel involved in the certification, and an annual internal program evaluation. Existing certifying agents may already perform these operations. New certifying agents will have to establish procedures to achieve these functions.
- 4.) Documentation on the financial capacity and compliance with other administrative requirements (e.g., fee structure, reasonable security to protect the rights of the certifying agent's clients as provided in the NOP, and business relationships showing absence of conflicts of interest). Some of this information can be compiled from existing records; e.g., fee schedules, and other information may be generated from other sources.
- 5.) Copies must be submitted to the USDA of all notices that are issued on certification denial, noncompliance, and suspension or revocation of certification. This requirement will be fulfilled simultaneously with sending notices to applicants or clients.
- 6.) An annual report to the Administrator including an update of previously submitted business information, information supporting any requested changes in the areas of accreditation, and steps taken to respond to previously identified concerns of the Administrator regarding the certifying agent's suitability for continued accreditation. The annual report requirement will draw upon records maintained in the normal course of business.
- 7.) Retention of records made by the certifying agent regarding applicants and certified operations for not less than 10 years, retention of records obtained from applicants and certified operations for not less than 5 years, and retention of other records created or received for USDA accreditation for not less than 5 years. This activity requires records, database management capabilities, and resources (storage space, file cabinets, electronic storage, etc.). In an informal inquiry, AMS found that most existing certifying agents currently retain records for at least 10 years and use both electronic and paper storage. It is believed that this requirement will not pose an additional burden on existing certifying agents.
- 8.) Public access to certification records, such as a list of certified farmers and handlers, their dates of certification, products produced, and the results of pesticide residue tests. This requirement will have minimal impact given the requirements for retaining records.
- 9.) Providing program information to certification applicants. To comply with this requirement, certifying agents may need to modify existing standards and practices. The criteria for qualified personnel in the rule may likely result in an increase in labor costs for some existing certifying

agents and an initial increase in training costs. The amount of additional costs to these certifying agents would depend upon the level of expertise among current certification agency staff, the extent to which certifying agents currently rely on volunteers, and the current costs of training certification staff.

### Producers and Handlers

The regulation will impose administrative costs on producers and handlers for reporting and recordkeeping. The actual amount of the additional administrative costs, which would be imposed by the final rule, is expected to be different for those entities that would begin their activities only after the national program has been implemented. Producers and handlers who currently are active in the organic industry already perform most of these administrative functions. Therefore, the additional costs to them would depend upon the extent to which their current practices are different from the requirements of the final regulation.

The following list illustrates several administrative requirements or optional submissions and the probable resources required for compliance.

- 1.) Establish, implement, and update an annual organic production or handling plan. Organic plans are a standard feature in the organic industry and are required by certifying agents. Thus, producers and handlers who are already involved in organic agriculture can rely on their current plan with revisions as needed to meet the elements of the national program, which are new to them or differ from their current practice. Although producers and handlers are generally aware of the goals of organic plans, current practice may fall short of the rigor that will be required by the national program. New producers and handlers will have higher costs because they will have to prepare a plan from scratch.
- 2.) Maintain records pertaining to their organic operation for at least 5 years and allow authorized representatives of the Secretary, the applicable State organic program's governing State official, and the certifying agent access to records. Existing organic producers and handlers maintain records. New producers and handlers will have to develop records systems. Access is expected to be infrequent, will require little time of the certified entity, and will not require buildings or equipment other than what is required for storing records.
- 3.) Notify the certifying agent as required (e.g., when drift of a prohibited substance may have occurred) and complete a statement of compliance with the provisions of the NOP. Notifications are expected to be infrequent.

The total recordkeeping burden is the amount of time needed to store and maintain records. For the purpose of measuring the recordkeeping burden, the year 2002 is used as the reporting year for which the largest number of records might be maintained and stored.

### Small Business Ramifications

The USDA's final rule has an 18-month period during which applicants for accreditation would not be charged for hourly services. The rationale for this transition period is to reduce the costs to certifying agents. In turn, increase the prospect that certifying agents, producers, and handlers ability to afford to participate in the national program. The choice of 18 months is intended to provide sufficient time for parties desiring accreditation to submit their application and prepare for a site evaluation.

USDA will operate the program partially with appropriated funds, in effect sharing the cost of the program between taxpayers and the organic industry, to respond to public concerns regarding the effects of the regulation on small businesses. Thousands of comments were received opposing the first proposal's fee provisions with most focusing on the substantial impact on small certifying agencies.

It is important to note that many small organic operations may not be certified currently. In California, for example, many small farms are registered but not certified. Even if certifying agents pass on the cost savings of the 18-month period provision to applicants for certification, the cost of certification may be higher than the cost of registration. Hence, becoming a certified operation for small organic producers and handlers may be more costly than the current practices.

The costs imposed on small operations may be mitigated by a \$5000 certification exemption to aid the smallest organic operations. These operations, however, are still subject to other requirements of the regulation. Complying with the national standards may be costly for exempt operations to the extent that these requirements differ from their current practices. In addition, the certification exemption allowed under the regulation includes limits on what an exempt operation is allowed to do. Small organic operations may not display the USDA seal and may not use a certifying agent's seal without the certification. If the consumers of organic food view the seals as important information tools on organic food, the inability of small operations to display these seals may prevent them from gaining the price premiums associated with certified organic products.

## Industry Composition

The imposition of the national standards may change the composition of the organic industry. Even with the small business exemptions, some small organic operations may choose to exit the industry, and small organic operations may also be discouraged from entering the industry, resulting in a higher concentration of larger firms. Livestock standards that prohibit confinement production on the other hand may make it easier for small operations to comply with certain NOP standards. Such as the requirement to feed livestock 100 percent organic feed. State and Federal certification and conservation cost-share and other government programs may help lessen the impact on small producers.

## Enforcement costs

Enforcement costs will fall upon USDA's NOP, States operating State organic programs and on State and private certifying agents. Certifying agents will review clients' operations and will notify clients of deficiencies. Certifying agents can initiate suspension or revocation of certification. Certifying agents must become aware of these overhead costs, and establish fee schedules that will cover these costs. Actual costs to certifying agents for enforcement activities will depend upon the number of clients, how well informed clients are of their obligations, and client conduct. State certifying agents will face the same obligations and types of costs as private certifying agents.

In States operating State Organic Programs (SOP), State enforcement costs are costs associated with ensuring that certified operations fulfill their obligations. These States will bear the costs of investigating complaints, monitoring use of the State organic seal and organic labeling, and taking corrective action when needed. These States will bear costs related to reviewing an applicant's or certified operation's appeal and for administrative proceedings. Many of these activities are already routine as a part of the States' certification programs. The USDA will provide enforcement in States that choose not to have programs.

USDA's enforcement costs are costs associated with ensuring that certifying agents fulfill their obligations. In States without an organic program, the USDA will bear the costs of investigating complaints, monitoring use of the USDA organic seal and organic labeling, and taking corrective action when needed. USDA will bear costs related to reviewing an applicant's or certified or accredited operation's appeal and for administrative proceedings. USDA expects to

effectively carry out its enforcement responsibilities using funds that are already allocated through the NOP.

### State Program Costs

State laws vary significantly concerning organic certification and registration. Some States, such as California, require only that an organic producer register and make certification voluntary. Other states, such as Texas, require certification by the State's own agents, while Minnesota and others accept certification by a private certifying agent. About half of the States have laws that regulate organic production and processing.

The national program may impose additional costs on States by requiring changes in their existing programs. The rule encompasses most of the principles of existing State programs.

Where State standards are below Federal standards or where elements of the Federal standards are missing from a State program, these States will be required to make changes in their programs that they may otherwise not make. Where State programs have standards in addition to the Federal standards and they are not approved by the Secretary, States also would be required to make changes in their programs. States without organic standards or whose current standards either would conform to those of the national program or would be approved by the Secretary would not incur additional costs resulting from required changes. Currently, USDA cannot predict which States will be required to adjust their existing programs. States that conduct certification activities will be charged for accreditation, a charge the States had previously forgone.

### **IOWA'S STATE ORGANIC STANDARDS**

(According to the official booklet of "Iowa Organic Program Regulations," unless stated otherwise.)

With the state standards, it is important to realize that organic farmers have the option to comply with either the State's set of standards through the Iowa Department of Agriculture and Land Stewardship (IDALS) or one of several private certification agencies such as Midwest Organic Services Association (MOSA) or Organic Crop Improvement Association (OCIA). According to Kathlene Delate, only state organic programs can have stricter requirements if approved by the USDA. Some private certifiers can have stricter rules, but their farmers could challenge the requirements if they desire to. Prospective organic farmers have the option of

reading the rules of the particular agency and decide if they can abide by these rules before they join. Due to the abundance of agencies to choose from, farmers can shop around for the one, which suits them best. As long as the private agency's standards are as strict as the federal rule, and the agency is accredited by the USDA-NOP.

The Iowa standards are much similar to the Federal standards given a few more strict provisions. Geraldine Fridlington, an independent organic inspector and IDALS employee, said two of the major differences between the Federal NOP and Iowa's SOP involve regulations regulating buffer strips and transition periods for dairy cattle. Iowa requires a 30-foot buffer strip between certified organic land and conventional field, while the federal doesn't specify a specific limit. In regards to dairy livestock, Iowa laws require that during the transition period cows must eat 100% organic feed all year. The federal law allows a minimum of 80% organic feed for up to the first nine months and 100% organic feed during the last two months during the transition period.

Iowa has established an organic standards board within IDALS to provide recommendations for Iowa's organic standards. The powers of the board are vested and shall be exercised by eleven members appointed by the governor and secretary of agriculture. The board contains members with the following backgrounds:

- Five persons who operate farms producing organic agricultural products.
- Two persons who operate businesses processing organic agricultural products.
- One person appointed by the Secretary which shall be either of the following:
  - \* a person who operates a business selling organic products or
  - \* a person who operates a business handling organic products.
- Two persons who have an educational degree and experience in agricultural or food science
- One person appointed by the governor, who represents the public interest, natural environment, or consumers.

According Secretary of Agriculture Patty Judge at the 2002, 2<sup>nd</sup> Annual Iowa Organic Conference, the state certified thirty operations in 2000, ninety operations in 2001, and so far one hundred and fifty operations in 2002. This is the third year IDALS has operated as a certifier for Iowa and is currently the only Midwest state to have an accredited state program by the USDA given the new NOP program.

## **PUBLIC REACTION TO THE NOP & IMPLICATIONS FOR TOMORROW**

The benefits of the national organic standard are substantial. The standards provide a great deal of information about how food is grown, and a guarantee better than any other established label for food production. Yet for some, the philosophical distinctions between organic and conventional food industries are increasingly blurred, and mandatory certification under USDA is no help at all (Lipson, 2002).

The cost of certification is an obstacle for some small farmers who exceed the low \$5,000 annual threshold for exemption. According to the Santa Cruz, Calif.-based Organic Farming Research Foundation, most organic farms are still relatively small. Many of these farmers feel the squeeze of a USDA-accredited certification requirement that adds to financial pressures. Without certification, small farmers will lose the market advantage and lifeline that the organic marketplace has provided (Lipson, 2002).

According to Iowa State Daily article, "Finding their Roots," Brian Keehner, volunteer for the organic farm, stated things used on the ISU organic farm might change. The university farm is exempt from the new NOP regulations due to its size and sale of \$5000 worth of produce or less. The farm isn't registered with the state and isn't required to certify with a third party.

According to Agri-View article, "New USDA Organic Seal Makes Its Debut," some within the organic industry believe the USDA's regulations are too strong while others believe they're not tough enough. Many conventional growers looking to earn quick profits want looser regulations to more easily adjust to the market. New conglomerates entering the organic market include Heinz and General Mills. According Newsweek's article, "Certified Organic," the new organic is not about uneven food quality and wormy apples. The article stated, "The new organic is all about bigger farms, heartier crops, better distribution, slicker packaging and promotion." The USDA continually emphasizes that the new ruling is not about food safety (Agri-view, Newsweek).

For these reasons many small farmers are worried about keeping tough standards intact. Independent inspectors working with State and private certification agencies feel the National standards are diluted and want to maintain the high quality of standards private certification agencies have to offer (2002 Iowa Organic Conference). According to Organic Broadcaster article, "The N-O-P is N-O-W," "Most people in the organic industry seem to think the NOP is a

good thing for farmers, consumers and communities. But, everyone involved with implementation is still struggling to strike a balance between the need for flexible standards, in a world where every farm is unique, and the slow-moving structure of bureaucracy.” According to Dave Engel, MOSA program director, small organic farmers who cannot afford certification are being unfairly deprived of using the word “organic”. He states the soul of organics is being given away to the highest bidder and the larger players jumping on the bandwagon. “Organic agriculture doesn’t, and never has belonged to us. It is a part of a wider effort to improve agriculture as a whole. ...we gave it away. The real question is: what we want to give away 25 years from today?”

Farm advocates will be watchful as the practical applications of the National Organic Program take shape due to its capacity to evolve and allow for adjustments to be made. If, under the new program, only larger organic farms can successfully participate, it's likely that many will demand the aspects of the program be re-evaluated to better accommodate small and family farms (Lipson, 2002).

If you're a consumer and your values include supporting small farms and rural communities, you'll still have to make the effort to choose foods from the companies, which share these values. The USDA Organic label is no guarantee that your purchase will necessarily be in support of small-scale farming. Lipson states, “If you are concerned about the environmental consequences of increasing "miles to market," or the distance food travels, if you want to encourage local and regional food production over uniformity in the marketplace, if you want a direct relationship with those who grow your food—then conditions are outside the scope of the national organic standard.” Achieving local and community food security means gaining more people in support of this ideal and remains something to be worked for.

Having the opportunity to research and compose an extensive report regarding the new National Organic Program truly been a great learning experience. In my report, I have covered the background of the USDA's involvement with the certification of organic products, took an extensive look into the specific legal ramifications of the NOP program, discussed Iowa's state organic program, and presented some of the public's reaction to the new NOP in addition to where organic agriculture will be tomorrow. I became interested in the area of sustainable agriculture when my family's dairy farm converted into a rotational grazing system and eventually turned organic. I believe the organic industry needs tough standards to maintain the

level of quality consumer's demand and the premium farmers deserve for their stewardship. In my career path, I intend to search out a job in sustainable agriculture and enlist into training to become a third party organic inspector for farms. Involving myself with this subject enhanced my knowledge of the organic industry and community. This project also has allowed me to make several new contacts and friends I hope to keep for many years.

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