

**Minnesota Organic Advisory Task Force  
Meeting Minutes  
January 13, 2011**

Approved 7-15-11/mm

Members present: Elia Romano, Tony Schiller, Wes Moechnig, Karen Coune, Chuck Schwartau, Lynn Brakke, Paul Sobocinski, Susan Steward, Rob King Jackie Hoch (meeting chair)

Members absent: Robin Martinek, Michelle Menken, Jamie Pfuhl, Emily Zweber

Staffers present; John Byrnes (UMN), Meg Moynihan (MDA)

Jackie Hoch convened the meeting at 9:40 a.m.

**I. Review/Approve Minutes from 11-17-11**

Two corrections were offered: Rob King was absent from the meeting and Whole Foods is opening locations in both Minnetonka and Edina. **Motion to approve as corrected: Paul Sobocinski, Second: Karen Coune. Motion passed.**

**II. Housekeeping**

Meg explained process for replacing Lynn Archer, who resigned from the Task Force in January. The Commissioner will discuss applicants with the Deans and will then appoint a new chair. Under the open appointments process for the terms ending June 30, 2010, openings will be published by the Secretary of State in early April, applications will be due by June 1 and the Commissioner will be able to appoint sometime after mid-June.

Discussion of the Farmers Market Improvement Program call for proposals was added to the agenda.

**II. Sector updates**

**Lynn Brakke** (*organic farmer*) reported disproportionate price between conventional and organic (and low organic prices) are causing many organic grain growers to switch back to conventional. In some local markets, non-GMO is selling for more than certified organic.

**Rob King** (*U of MN faculty*) reported enrollment in food and agriculture classes is rising and the number of offerings is increasing. The student organic farm moved to new land near the horse barns. Rob is leading a USDA \$1.3 million, four years Organic Research and Extension project investigating the economics of transition. His project is seeking for recently certified or transitioning field crop and dairy farmers. Participants will get up to 90% scholarship for farm business management education. Grant will also provide some travel and reduced costs registration at MN Organic Conference.

The next USDA Organic Research and Extension Initiative applications are due in February. Rob expects UMN will submit proposals on dairy genetics and agronomy topics. Rob also reminded members that USDA sustainable agriculture and organic programs have sunset clauses and if they are not reauthorized in the next Farm Bill, they will end.

The organic dairy position in Morris was filled - Brad Heins has replaced Dennis Johnson. The organic cropping position in Lamberton, which has been open for two years, is still open. Rob is advising a graduate student doing economic analysis of long term trials in Lamberton. Will full or 50% premiums, organic rotations prove more profitable than conventional production?

**Chuck Schwartau** (*U of MN Extension*) commented that Brad has already begun looking at organic issue. He expects Brad will bring fresh approaches.

**Paul Sobocinski** (*Public*) reported he's been involved in discussions to build a new dairy research facility in Minnesota and he has been working to ensure that organic is considered in that process and that research will be tied to family size operations. If this program is included in the bonding bill, there needs to be money for faculty to do the research.

**Michelle Menken** (*organic certifier*) reported her certifying agency, MCIA, has been extremely busy. Some clients are leaving organic (mostly small row crop producers), while new clients are coming on (mostly processors and vegetable operations.) MCIA has been trying to connect producers with processors and would like to see the [MISA] buyer directory updated. Implementing new pasture rules has been time consuming. MCIA has added EU processor certification and is partnering with a Canadian group to offer this service. They plan to add EU and JAS certification for producers in the future. The EU is a good market for grain producers, so EU certification may help expand their marketing options.

**Tony Schiller** (*Organic processors*) reported the organic grain market is flooded right now, contributing to low prices. Canada recently implemented organic regulations but reciprocity is not working smoothly and sellers like SunOpta have to complete a great deal of additional paperwork (mainly because of sodium and Chilean nitrate restrictions that Canada has and US does not). Regulations regarding hydroponics and livestock density are also substantially different in Canada.

**Elia Romano** (*Organic processors*) reported organic seed sales are rebounding. His company has a lot of customers who have stopped growing organically and switched to conventional (from NY to MN). Genetically engineered (GE) alfalfa is a very hot topic right now. His industry is waiting to see the restrictions and how producers will be impacted. GE wheat is on the horizon.

**Wes Moechnig** (*Organic farmer*) reported that demand for organic dairy has been fairly strong and Organic Valley has been paying a premium between Dec and February to try to get more milk. However, complying with the pasture rule is requiring lots of work and increased recordkeeping and detail required. High energy costs are a big problem, and economic margins have been tight for some organic producers, although bankers don't appear to be reluctant to lend for organic

dairying. Some producers who have milk quality problems and need to modernize their milking facilities are choosing to exit dairy rather than invest in upgrades. (Not just leave organic but leave dairy). Farm transition (to a next generation) is a big issue in organic.

**Karen Coune** (*Consumer*) reported that opportunities to buy organic food in Twin Cities are increasing. Shakopee Mdewakanton Sioux just opened a grocery store in Prior Lake. There is a new food co-op in Long Lake and two new Whole Foods.

**Jackie Hoch** (*Organic farmer*) reported demand for local organic fruit remains very high. Last year was poor for apple production. Apples run in two year cycles and there's a concern that a big local crop next year might reduce demand for theirs. Demand for heirloom and heritage apples is very strong and the Organic Tree Fruit Association is pursuing a related grant.

**Susan Stewart** (*Wholesalers/distributors of organic*) Co-op Partners Warehouse sales continue to increase. They are adding growers and products, including Cedar Summit organic milk. On the retail front, many consumers have been signing petitions against approval of GE alfalfa and Wedge has it on their home page. Retail sales of organic remain strong; the percentage of Wedge's sales that are organic is in the 40s. About 81% of members buy organic products. Non-member purchases of organic are also up to 42% from 30%. November and December were huge organic month: sales were up 90%. 50% of SKUs among members.

### **III. Possible actions in response to reports of an increase in the number of operations deciding to get out of organic farming**

Lynn shared his concerns about a large number farmers leaving organic. Thinks "ship will right itself" in time and the long term future for organic looks bright, but Minnesota will lose organic farms in the meantime. While there may be nothing that can be done for/about these farmers in the short term, how do we prevent this from happening if/when prices fall again.

Discussion ensued:

- We got here through a predictable cycle - when prices go up, opportunists hop on (non-diversified opportunists). Economists would say the market is becoming more "perfectly competitive"
- FBM data show one third of organic farmers lost money last year. Yields sometimes half those of conventional producers
  - Why are our producers getting half of conventional yields? If that's the case, nobody should be surprised that farmers are leaving...
- Note was made of conflicting yield data: FBM reported data (lower yields) vs. university studies (higher yields) Why is this?
- There is currently a FBM High/Low cost investigation going on. Analyzing data to see if we can find discover factors that contribute to "high performing" organic farms and what factors affect "low performing" organic farms. MDA is leading this project w/ subcontracts to U of MN and MnSCU
- Organic farmers didn't pay attention until it hit our pocketbooks.

- It's hard to get anybody but farmers concerned about this. It seems like farm groups, buyers, and others just say "well, the situation will correct itself."
- It's organic, but is it sustainable? Jim Stordahl does a good job talking about this.
- A web site called fieldtomarket.org which uses a number of indicators to calculate sustainability of various farming options.
- Farmers with the poorest rotations seem to be suffering the worst

***Lack of diversification*** was identified as a major contributing factor:

- Need analysis/investigation - how big a problem IS this (diversification) & where and for whom?
- Need more info from farmers (focus groups and visits, not surveys)
- There is lots data about benefits of diversity, but we may need to focus more on helping farmers understand the implications
- Conventional production is about specialization; organic production is about diversification. Too many people try to fit the conventional model to organic production and the result is a train wreck.
- Diversification can be geographic - can involve farm-to-farm cooperating and networking (e.g. diversification among cooperating neighbors rather than all diversification on one farm)

### ***Barriers to Diversification***

- Lack of livestock
- Habit/mindset
- Investment/infrastructure required
- Complexity
- More work
- Need markets for diverse crops/livestock products
- May not have skills required
- Shrinking Extension resources
- Lack of affordable crop insurance

### ***Needs and ideas for Action/solutions:***

- Education about rotations
- **Farmer to farmer** marketing discussions needed
  - Find role models/leaders to share info/ideas.
- Having livestock in system helps. Purchased fertilizer costly.
- Research -
  - compare with/without livestock
  - investigate economics (cost/benefit) of purchased inputs (e.g., gypsum)
  - use of crops for fertility (hay)
  - livestock and influence on nutrients

- Do better job communicating to farmers about work that has already been done
- Extension presentations @ state and local meetings
- FBM Education 1:1 and meetings
  - Focus on production systems
- E-organic (internet delivery of extension) and farm learning groups
- Rob King's data, Tim Delbridge's study
- Educate new producers - Use MDA. New commissioner to draw folks in (along w/ Extension)
- Involve farm groups (Needs discussion/exploration)
- Organic Valley has a three year plan that helps farmers expand rotations. Could this be a model?
- Hay in rotation is key. Network people w/ hay markets so they can/will include three years alfalfa in their rotation.

Using today's flipcharts, a subcommittee will prepare recommendations regarding top three or four things MDA, and U of MN and producer groups can/should do regarding needs identified today, then discuss with full OATF and deans. Members: Lynn, Paul, Rob, Tony, Elia (Meg). Meg will also review the material and propose some possible actions by MDA.

#### **IV. Recommendations for new Minnesota Department of Agriculture Commissioner**

##### **CONTEXT**

##### ***Top Organic Issues***

- Farmers leaving
- Low prices
- Organic promotion to consumers
- Economics - lack price premium
- Low farm profitability (based on premium for organic)
- GE cross contamination issues
- Drift laws for pollen (lack of)
- Organic promotion to consumers/consumer understanding of organic

##### ***Needs***

- Leadership position for organic crops
- Public education: what organic means
- Best practices education for producers
- Outreach to farmers
- Connect producers and processors
- Variety development
  - Oat breeding

##### ***Advice for MDA***

- Continue work with FBM program
- Connect producers, consumers, certifiers -- this will increase the number of organic producers as a result of better profit potential for organic production and the public dollars invested in organic
- Increase \$ for organic (program activities)
- Appreciate Meg and need for organic staff
- Continued support and support for growth in organic
- Connection to/with farmers.
- Education on No Drift laws and how to handle cross-contamination

## **V. Organic Outreach Campaign**

Meg described new organic consumer outreach materials – one to two minute videos the MDA developed for YouTube with assistance from The Wedge. Audio-visual equipment was not working, so videos weren't shown.

## **VI. Other Committee Updates and Business**

There were no other committee reports.

Meg Moynihan asked for ideas suitable for the Federal State Market Improvement Program. Ideas were:

- Consumer education about what organic was/is
- Producer marketing education
  - Directories
  - Meat processing
  - Promo MN grown organic label

John Byrnes reported the University is planning for 5 to 15% budget cuts. Federal funds could also decrease back to 2008 levels this year (would be an 8% reduction). The Minnesota "ag state special" (which has funded organic work at the U in the past) is down to \$46 million from \$53 million. Bayer and Monsanto have partnered with several Land Grant Universities (including Kansas State) on development of GMO wheat. There is also a non-GMO coop from France that is reportedly moving into the US. John will try to get more information about both items.

## **VII. Dates and locations for next meeting**

Next meeting: Friday April 1, 10 a.m - 2:00 p.m. (to include lunch) at MN Department of Agriculture in Saint Paul.

Meeting adjourned approximately 12:30 p.m.