



Growing Organic

Demand for organic food is growing by leaps and bounds. How is this affecting the seed industry?

By Stephanie Fehr

A TRIP TO THE SUPERMARKET demonstrates organic products are taking over prime grocery shelf real estate. With the growing demand from consumers for everything from organic apples to ziti, the U.S. market for organic food has more than doubled in size over six years, reaching \$3.6 billion in 2006 according to a report by Mintel, a market research firm. With this market growth comes a shift in organic production from smaller to larger growers as the industry struggles to keep up with demand, thus creating both challenges and opportunities for the seed industry as it comes to terms with what this increased demand means.

While the organic movement started with smaller growers farming on 5 to 20 acres, Todd Zehr of Agricoat LLC, which offers

products to the organic industry such as organic seed coatings and enhancements, says, "Now you see big produce companies such as Earthbound Farm farming on thousands of acres."

The success of the organic market can be attributed to successful marketing plans, says Zehr. When organic food first hit the market in the 1980s it was primarily found in small "mom and pop shops" with limited product choice; today you see companies like Wal-Mart, Costco and Sam's Club getting in on the action. "The produce companies have spent millions and millions of dollars promoting organic produce and this also holds true to midwestern field crops," says Zehr. "With the bigger produce companies getting into organics, the market's been growing at a rate of 25% a year."

Organic Products

With the market growing so quickly, it's becoming a challenge to match demand to supply. Seeds of Change, one of the world's largest suppliers of 100% organic seeds, as well as organic food, has bred and produced its varieties under organic conditions for 10 to 20 years. "We do that because we believe if a plant or seed has been produced under organic conditions it will perform better in the future under organic conditions as compared to a conventional seed that has been produced organically for only one generation," says Marc Cool, Seed Director with Seeds of Change.

The company is on a mission to close the gap between the increasing demands for organic food and the supply of organically bred varieties. "One of the secrets in the organic food industry is that in order to get the National Organic Program label



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on your food you must use organic seed,” says Cool. “However, there’s a comma, and after the comma they say, ‘unless you can’t find something in a commercial volume.’” As more organic seed becomes commercially available, that market is expected to grow.

In addition to organic seed, there’s also been innovation in terms of crop protection products for the burgeoning industry. “We’re developing 100% organic coatings, pelleting and treating,” says Zehr. “A lot of what we produce is also going into the conventional market because it’s performing just as well as conventional treatments.”

With more acreage moving to organic, there are benefits for the consumer as well as the environment. “Growing on a larger scale, we’re able to offer organic produce at prices closer to conventional produce and we’re avoiding the use of about 11 million pounds of conventional agricultural chemicals every year,” says Samantha Cabaluna, Senior Communications Manager for Earthbound Farm, which started on two and a half acres 22 years ago. “That’s a significant positive impact on the environment, I think. We also offset our carbon emissions every year by planting trees with American Forests.”

While Earthbound Farm doesn’t mandate its growers use certified organic seed, Cabaluna notes that as per the NOP standards, where available growers use organic seed. However, the produce company is creating approved supplier lists.



“Everyone who grows for Earthbound Farm will have to obtain supplies, including seed, from an approved supplier,” says Cabaluna. “Based on our food safety programs, we will require that all growers obtain certificates of analysis from these seed suppliers ensuring that the seed has been tested for *E. coli* O157:H7, enterohaemorrhagic *E. coli* and *salmonella*.” Earthbound Farm is also developing an internal Organic Integrity Program that means unannounced NOP standards compliance inspections throughout the year, in addition to the annual certifier inspection the USDA requires.

Market Split

Zehr notes that the traditional, smaller organic grower typically serves farmers markets and high-end restaurants while the larger grower supplies commercial produce companies or retail supermarkets. Even so, some of the smaller growers are being squeezed out; however, Cabaluna says Earthbound Farm is supplied by a network of farmers ranging from 5 to 700 acres.

With growers on both sides of the spectrum, there are some challenges in meeting the differing needs of each camp. Johnny’s Selected Seeds, a vegetable and flower seed company based in Maine, does between 12 and 15% of its sales in the organic market. Bruce Harrington, Director of Sales and Marketing with the company, says they primarily supply organic seed to the smaller fresh market growers, although occasionally there is an organic seed sale to a large grower.

A challenge associated with serving the larger grower is ensuring adequate supply to fill contracts. “If you had a significant crop failure of a particular organic variety, the impact on the larger organic grower is much more significant,” says Harrington, “so you need more safety measures and more backup inventory to supply their needs.”

In terms of increasing its supply of seed to better serve the commercial grower, Harrington says it’s a Catch-22. While the demand for organic end-product is increasing, if a grower can’t find organic seed he doesn’t need to use it. “It’s all about the seed company making a decision to go into organic seed, because the grower could switch varieties if the pricing was too high,” says Harrington. “I’m not going to produce thousands of pounds of an organic variety that is significantly more expensive than conventional and put it on the market in hopes somebody will buy that seed. There are too many loopholes in the law that allows them to change varieties, and then I’m stuck with an inventory I can’t move.”

While currently there are some growing pains in organics, both in terms of supply of consumer products and organic seed, Zehr sees organic production as the evolution of agriculture. “Ten years ago our company would have died on the vine, but we started with smaller growers and now we’re working with commercial growers – that’s the evolution of the market. Just like we used to farm with horses and now we’ve moved to tractors.” **SW**

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