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The Des Moines Register

Published October 8, 2005

## Organic food producers lose ground to imports

### Market has been seen as a niche for small U.S. farms

By PHILIP BRASHER  
REGISTER WASHINGTON BUREAU

Advocates tout organic food as a salvation for small U.S. farms. But more and more, organic food isn't American at all. The apples included.

Companies are cutting costs by importing not only bananas and coffee but also all-American commodities like soybeans, fruits and vegetables, and now even beef. The imports also feed U.S. consumers' growing demand for organic products — sales are increasing 20 percent a year nationwide.

A major U.S. organic grain supplier, Clarkson Grain Co. of Cerro Gordo, Ill., has lost 25 percent of its soybean business during the past year because of surging imports from China and South America.

U.S. farmers "will lose their markets overwhelmingly if they don't meet this competition," said the grain company's president, Lynn Clarkson.

One of the most popular brands of organic soy milk, Silk, is now made in part with imported soybeans.

Organic Valley, a Wisconsin-based farmer cooperative, imports some of its beef from Australia.

Cascadian Farm, a major name in organic frozen produce that started out buying commodities in the Pacific Northwest, now buys many of its fruits and vegetables from overseas.

According to package labels, the broccoli is from Mexico, the asparagus from China, the green peas from New Zealand, and the cherries and raspberries from Chile. Even the California-style vegetable mix isn't entirely American; some of the veggies originate in China.

Trader Joe's, a fast-growing grocery chain that attracts upscale shoppers with moderately priced natural foods, also is going to China and South America for its produce.

Fresh organic produce, including Chilean apples and Mexican vegetables, also is being widely imported by U.S. stores when domestic product is out of season, according to the Organic Trade Association.

All of these imported foods carry the U.S. Agriculture Department's green-and-white seal that certifies that they were grown according to the USDA's organic standards, which bar the use of synthetic pesticides and fertilizer.

The foreign farms must be inspected by a USDA-approved certification agency.

This appetite for imports is not what many organic-food enthusiasts had in mind.

"This issue is going to become huge," said Ronnie Cummins of the Organic Consumers Association, which advocates buying from smaller-scale U.S. growers.

Consumers "don't realize that the USDA seal does not mean made in the USA," said Wende Elliott of Colo, Ia., who founded a cooperative of organic livestock producers.

Elliott's cooperative, Wholesome Harvest, sells meat to Sysco Food Services, Whole Foods Market, Hy-Vee and Dahl's, and competes with the foreign-grown products.

Buying imported food robs local communities of the environmental benefits of organic farming, she said. "It's great to clean up



DOUG WELLS/REGISTER PHOTOS

**Iowa goods:** The Wholesome Harvest cooperative sells its products, including these organic frankfurters, to several Iowa outlets.

#### Winners and losers

What increased organic imports mean for:

**FARMERS:** Small U.S. growers have disadvantages competing with foreign producers, which can grow organic food more cheaply.

**CONSUMERS:** Imports reduce prices and increase availability of organic products for shoppers.

**ENVIRONMENT:** Buying organic foods produced in Iowa helps the state's environment by reducing chemical use and encouraging land stewardship, advocates say.

China and Argentina, but that doesn't help our local drinking water situation in Iowa," she said.

There are no reliable data on organic imports. The government does not keep separate numbers on organic and conventional food shipments.

However, a recent USDA study estimated that the United States imported as much as \$1.5 billion in organic food in 2002, while exporting as little as \$125 million worth of organic products.

U.S. growers face distinct disadvantages, according to the study. Growing crops without chemicals requires more workers to cultivate the crops, and cheap labor is plentiful in poorer countries. Canada has a shorter growing season, which means fewer weeds to pick. The European Union directly subsidizes farmers to grow organic crops.

The USDA has appointed 99 companies and government agencies to certify organic farms and processors. Forty-three of those certifiers are based overseas, and some U.S. agencies also handle foreign certifications.

Industry experts say it is difficult to get many U.S. growers to convert to organic farming, given the lack of subsidies or other financial incentives. Farms cannot sell their crops as organic until they have been free of prohibited chemicals for three years. For organic cattle producers, there also is the high cost of feed — organic grain can be up to three times the cost of conventional.

The fear of foreign competition also has been giving farmers pause, and "that concern is now proving true because people have been so reluctant" to go organic, said Katherine DiMatteo, executive director of the Organic Trade Association.

That reluctance has in turn forced food companies to look overseas.

Organic Valley, which sells meat under the label Organic Prairie, started buying beef from Australia last year because there wasn't enough domestic meat available.

The maker of Silk soy milk, White Wave Inc., started importing organic soybeans from China, Brazil and Argentina because of shortages in 2003, said Doug Rudi, marketing director for Silk. The majority of the soybeans are still domestic, he said in a statement.

"We are committed to making practical decisions that are consistent with sustainable business principles," he said.

The problem for organic farmers in the Midwest is that processors can buy imported soybeans for less than they obtain them domestically, said Clarkson, the Illinois grain buyer.

West Coast processors are buying Chinese soybeans for \$14.50 to \$15 a bushel. Midwest soybeans will cost as much as \$19 per bushel after shipping costs are figured in, he said.

Because of the foreign competition, Clarkson expects the prices for domestic soybeans to drop by \$2 to \$4 a bushel, depending on the quality.

"We're saying we would love to buy your beans . . . but we've got to be able to sell them," Clarkson said.

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