

OFARM

Organic Farmers' Agency for Relationship Marketing

Quarterly

*The dawn of a new era in
collective pricing, marketing and
inventory by and for
North America's organic farmers.*

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Your business interests: Proposed changes to the OFPA

By John Bobbe, OFARM Executive Director

There seems to be unreliable information floating around in the organic industry as a result of the controversy over the Harvey Lawsuit and proposed changes to the Organic Food Production Act (OFPA). In an effort to keep you informed, OFARM is reprinting an article written by George Siemon, CEO, CROPP/Organic Valley. We hope it provides clarity to questions you may have. OFARM will continue to update its members on this issue and others of concern.

Organic Farmer Sues USDA

Jan. 26, the U.S. Court of Appeals for the First Circuit, based in Boston, Mass., issued its decisions in a lawsuit brought by Arthur Harvey against Ann Veneman, former Secretary of Agriculture, concerning the National Organic Program regulations. In its 36-page opinion, posted at www.ioia.net/HarveySuit, the court ruled in favor of three of the seven issues Harvey raised, which alleged inconsistencies between the national organic standards implemented in 2002 and the Organic Foods Production Act (OFPA) of 1990 (the law that created the NOP).

The three NOP regulations that the Circuit Court identified for change are:

1) The NOP regulations have allowed synthetic substances to be used in organic processed foods on a limited basis. Most of the synthetics that have been approved up to now would no longer be allowed.
2) The NOP regulations have a special transition rule for when a whole dairy herd is converted to organic production. The rules have allowed the feeding of a minimum of 80% organic feed for the first nine months, switching to full organic feed after that. OFPA requires all organic dairy animals to receive organic feed for 12 months prior to the sale of milk or milk products. The special rule for newly converted herds violates OFPA and must be discontinued.

3) The Circuit Court has now ruled (Opinion, pages 10-13) that non-organic agricultural products should have individual reviews in order to be used in processed food

What Is At Stake for Organic Farmers - A letter from George Siemon, Sept. 23

The following is a clarification of the CROPP Cooperative position regarding efforts to go to Congress to fix the damage done by the Federal Court ruling, (referred to as the "Harvey Lawsuit"), that the USDA, through the National Organic Program (NOP) and the National Organic Standards Board (NOSB), went beyond the foundation enabling legislation – the Organic Foods Production Act of 1990 (OFPA).

For the record, since our inception in 1988, we have been consistent leaders helping define the standards that eventually led to the passage of OFPA. CROPP has been diligent through 13 years of NOSB process and have coordinated farmer response to the proposed rule. I was chair of the Organic Trade Association (OTA) Livestock Committee and am

President's Message

By: Oren Holle

I am taking a few minutes out of a busy fall harvest to share a few thoughts with you.

Harvest is going well with respectable yields, above average quality, decent harvest conditions. This is finally, after three years which were not so good.

How about marketing? If a buyer calls, I listen to the offer. I tell them I will share that information with my marketer and if they would like to contract I tell them how to reach him.

I talk to my marketer about the offer. We compare it against the other possibilities for contracts which he has accumulated from daily activities in the market. He normally has information about a number of other market opportunities. I can be sure that we will finalize contracts that will be in my best interest as a producer.

I could market on my own. I choose not to. Most members of our marketing group do the same. We commit our production to our group to build blocks of certified product. When our marketer knows it will be contracted by him it builds bargaining power, because of the accumulated volume and the commitment.

All this may sound like a simple process and I can hear some of you as producers saying, but my situation is different. I doubt it. As busy as we are on our farms there is no way we can be as informed as our marketing team who work with market issues every day.

As the OFARM leaders and marketers talk together during our conference calls and meetings I hear concerns about the

issue of member loyalty. Do you see your group as just another market or a place to get market information? Group marketing is much more.

To make group marketing work one of the ingredients is a producer attitude that 'together we will make our marketing program the best that it can be' and that we will do what is in the collective best interest so everyone benefits. I know that this is what makes marketing groups successful. It works in our group.

I could go on and on about this process but I do not want you to miss the point. Marketing groups are only as strong as the level of producer commitment. I've been around group marketing for more years than I care to think about. I've seen groups start and grow and I've seen them falter and fall apart. Successful groups thrive among members and leaders who embrace the basic principle, 'no one of us is a smart as all of us' and use the group to make that concept work to their long range benefit.

I was impressed by the panel of farmers who spoke to the OFARM Board and organization marketers at our fall board meeting in Kansas. (See article on page 5)

Jim Keating who farms near Bennington, Kan. summed it up, "We either have to make this work or all of us as farmers are going to lose." That's the reason for OFARM and its member organizations coming together.

Calendar of Events

Nov. 11-13, 2005

Montana Organic Association Third Annual Conference, Billings, Montana

Contact: (406) 887-2869, moaconference@aol.com

Nov. 14, 2005

Iowa Organic Conference, Ames, Iowa
 Website: <http://extension.agron.iastate.edu/organicag>
 Scheman Auditorium, Iowa State University
 Contact: Haley Cook, 515/294-0196

Dec. 8 - 10, 2005

2005 Acres U.S.A. Conference, Indianapolis, Indiana

Website: www.acresusa.com

Adam's Mark Airport Hotel

Contact: 512/892-4400, info@acresusa.com

Jan. 11 - 12, 2006

Illinois Organic Production Conference, Bloomington, Illinois

Website: www.aces.uiuc.edu/asap/orgconf

Interstate Center

Contact: Dan Anderson, 217/333-1588, aslan@uiuc.edu

Jan. 20 - 21, 2006

2006 Minnesota Organic Conference & Trade Show, St. Cloud, Minnesota

Website: www.mda.state.mn.us/esap/organic
 St. Cloud Civic Center

Contact: Mary Hanks, 651/296-1277, mary.hanks@state.mn.us

Feb. 10 - 11, 2006

NPSAS Annual Winter Conference, Fargo, North Dakota

Doublewood Inn

Contact: Lynn Nelson, 701/883-4304, lnpsas@drtel.net

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OFARM Quarterly

Organic Farmers' Agency for Relationship Marketing

OFARM Member Organizations

Buckwheat Growers Association of Minnesota

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Great Lakes Organic (Petrolia): 519/882-4526
Website: www.greatlakesorganic.com

Kansas Organic Producers Association

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Midwest Organic Farmers Co-op (Illinois)

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NFOrganics/National Farmers Organization

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Organic Farmers of Michigan

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Wisconsin Organic Marketing Alliance

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Website: http://organicmarketingalliance.org

OFARM Target Price List

These target prices represent the historical levels received through **ORGANIC COOPERATIVES** and **ASSOCIATIONS** and represent the levels necessary to sustain a fair return for organic farmers. Actual prices received by **individual** organic farmers are often lower. If you want to be assured of the **BEST** price for your products join the **OFARM** coordinated marketing effort.

Revised September 21, 2005

GRAIN	DESCRIPTION	TARGET PRICE
Corn		
-Food Grade	#1 Yellow	\$5.30-\$6.30
-Feed Grade	#2 Yellow	\$4.65-\$5.20
Soybeans		
-Food Grade	Vinton 81, HP204	\$20.00-\$22.00
-Food Grade	Iowa Types	\$17.50-\$19.50
-Food Grade	Clear Hylum	\$16.50-\$18.50
-Feed Grade	#2 or Screenings	\$13.00-\$14.50
Barley		
-Milling Grade	48# Bushel	\$4.50-\$5.00
-Feed Grade		\$4.10-\$4.35
Wheat		
-HR Winter	#2 12% Protein	\$7.00
-SR Winter	#2	\$6.50
-SW Winter	#2	\$6.75
-HW Winter	#2 12% Protein	\$7.25
-HR Spring	#2 13% Protein	\$7.50
-Low Protein	11% and below	\$5.00-\$5.50
-Non-Milling(Feed)		\$3.50-\$4.50
-Buckwheat(Feed)		\$0.20-\$0.22/#
-Buckwheat(Food)	48# Bushel	\$0.22-\$0.24/#
Golden Flax		
-Food Grade	56# Bushel	\$0.60/#
Brown Flax		
-Food Grade	56# Bushel	\$0.45/#
Flax Screenings		
	91% flax	\$0.22/#
Proso Millet		
	56 # Bushel	\$0.14-\$0.17/#
Beans		
-Navy		\$0.50-\$0.55/#
-Great Northern		\$.65-.70/#
-Black Turtle		\$.53-.60/#
-Pinto		\$.55-.60/#
-Mexican Small Red		\$.55-.60/#

All prices are "FOB the farm" in U.S. dollars. Storage and handling extra. Price ranges reflect regional variations.

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OFARM Annual Meeting

Wednesday, Feb. 22, 2006

LaCrosse Center, LaCrosse, WI
Registration: 8:30 a.m.
Committees meet Tuesday, Feb. 21

For more information:
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The OFARM Annual Meeting will be held just prior to the Upper Midwest Organic Farming Conference.

Business will include:

- ♦ A review of the organization's accomplishments for 2005 and goals for 2006.
- ♦ Delegates will also review and approve OFARM's Target Price list for 2006.

Watch for more information on OFARM's Website at www.ofarm.org and the next issue of the OFARM newsletter.

SIEMON: What is at stake for organic farmers

Continued from page 1

currently retiring NOSB Livestock chair, having spent the past five years serving on the NOSB.

For the past 13 years we have tirelessly and consistently pressed for both the strictest standards in all areas of production while fighting for standards that allow family farmers to convert to organic. For example we have fought for what is referred to as "the new entry herd clause" that makes it possible for family farmers to enter organic dairy. We stubbornly fought for the elimination of antibiotics and added synthetic hormones in organic (both of these were a real struggle in 1993-99). Throughout this we have seen a vibrant public process through NOSB as the key vehicle that reflects the organic community's desire to be openly engaged in participating in the writing of the standard and rule making. Many were, and still are concerned that forces in the USDA may steer our program down the wrong path. NOSB has a most unique status in the USDA and the retention of that process is a critical element to our relationship to USDA.

The Harvey lawsuit declared that some of the work of NOSB was illegal (not reflecting OFPA), but it does not say that the standards vetted by the NOSB public process were the wrong standards. After all these years meeting to reach consensus, we at CROPP feel we need to honor that process and that the critical and safe position now is to support the NOSB standards as we have hammered them out. To do that, we need to go to Congress and change the wording of OFPA to reflect our hard work of the past thirteen years.

We support restoring the new herd clause as a crucial clause to encourage family farms to enter organic dairy. Besides helping family dairy farmers convert to organic, the new herd clause ties the animals to the land. Without it the organic milk supply will be tilted to large dairies that enter through the "12 month heifer clause". They simply raise heifers off the land and drop them in their lots after 12 months. CROPP family farms will fight for regaining this clause.

The next primary issue is losing the use of synthetics in organic processed products. CROPP hardly uses any

synthetics in our products. Hydrogen peroxide, a synthetic, is used to sterilize milk cartons, for example. However, without allowing the minimal amount of benign synthetics approved by NOSB in the organic seal, most manufactured products will be forced to "made with organic" – which means using only 70 percent organic ingredients. Products manufacturers will be forced to use 'made with organics' (70 percent organics instead of 95 percent). This will have a large impact on demand for organic production and therefore on organic farmers. As the organic ingredient market disappears, so will the manufacturers' ability to "balance" their supply further damaging organic producers globally and domestic producer cooperatives such as CROPP.

I could go on as this is a complex issue but let it be enough that CROPP's position represents hundreds of hours of meetings in the last 16 years, and deep experience working for what is best for the organic farmer and all the organic stakeholders including the organic consumers. The result has been the toughest, strictest standard in the world.

OTA has taken the lead with CROPP's support to do the right thing and correct the OFPA to uphold this standard. CROPP has always felt that any process should be an open process as we have many passionate stakeholders who must be at the table. Unfortunately, the lawsuit resulted in a split organic community. I have done everything I could to weld them together, however, that did not happen, and we are now seeing a divided camp while we are going to Congress which is an extremely risky move. I am not happy about the lack of cohesion and don't want to point fingers as to why that has happened. I feel that it is crucial to all sit down and work through this and to let our love of organics be our guide and not allow factions and sensationalism blur our past commitment to consensus. Organics to me is about 'the parts making a whole' and throwing rocks at each other is not organic and will not protect our common love of organic foods.

George L. Siemon
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Producer Portraits

Three Kansas organic producers share their stories

The OFARM fall board of directors meeting was held recently in Kansas. The OFARM board, OFARM member organization marketers and managers took time to hear from three Kansas Organic Producers' Association members about their farming operations and the challenges they face as organic producers.

Darrell Parks

Darrell Parks farms near Manhattan, in northeast Kansas. He has been farming organically since 1996. He has 55 sows and markets hogs through Organic Valley. As he looks back at marketing, a goal is to have enough cash flow in the checking account to keep the bills paid. At the same time, he wants to sell in some fashion to hit OFARM's target prices. Marketing difficulties in the past have included having to store crops for a year and a half and living through \$6 per cwt. hogs.

"I'm not savvy enough to do it myself," he said, regarding marketing. "It is a good thing to market through a channel." For him that is Kansas Organic Producers and Organic Valley. "We have successfully gotten into markets that I didn't even know existed," he said. "As an organic producer I'm just a small piece of a big puzzle. KOP helps me find the place to fit."

Jim Keating

Jim Keating farms near Bennington, in central Kansas. He came to farming after a career in higher education. He has 165 acres and has planted some specialty crops, including pinto and black beans, as well as asparagus. Challenges to farming include available water resources and high nitrates from the past due to high applications of manure and fertilizer. Pigweed is a major challenge.

"I'm not a marketer," he said. "I don't even attempt to market myself." Challenges to marketing include a need for storage and he doesn't have semi-loads of grain for pick up. That's why he depends on the Kansas Organic Producers marketing

expertise of Earl Wright and Harry Bennett to assist in pooling loads to save on transportation costs.

"I've gotten calls about my grain from buyers," he noted. "I tell them I belong to Kansas Organic Producers. We either have to make this work or all of us as farmers or we are going to lose. Buyers call and make offers, but I don't know what is good. I never talk to a buyer unless I have to. I agreed to serve on the KOP board of directors because we need to put our ideas together to be successful."

Lennis Koehn

Lennis Koehn has been farming organically since 1986 in west central Kansas. He farms about 1,300 acres with 450 acres of corn and wheat plus summer fallow. Rainfall is a major challenge, as the area only receives about 17 inches of rain annually. Waterhemp is the major weed challenge.

Another challenge is the widening gap between organic and conventional crops and GMO's versus organically grown crops.

His marketing priorities are to start marketing right after harvest, in order to have his crops sold before the next harvest. He emphasized the need to communicate with your marketer, in this case Kansas Organic Producer's Earl Wright and Harry Bennett.

He points out that there is always the threat to a fair price. "I hope it never gets tied to Wall Street," he said. "I hope they never trade organics. When I'm marketing with Earl and KOP, I know that I am always going to be at the top end of the market. The transportation is arranged for me. KOP and its connection with OFARM gives me access to all the markets out there."

All of them cited concerns and uncertainty of the coming year, with major issues such as the cost of fuel and the state of the economy on consumers and their demand for organic food.

OFARM TARGET PRICES

New OFARM member organizations are invited to add their grains and prices to this list.

GRAIN	DESCRIPTION	TARGET PRICE
Beans (cont)		
-Dark Red Kidney		\$.65-.75/#
-Adzuki		\$.75-.85/#
-Cranberry		\$.65-.70/#
Spelt		
-Food Grade	10.5 Pro.300+ Falling No.	\$0.15-\$0.17/#
Oats		
-Feed Grade	32# Bushel	\$2.60-\$2.90
-Food Grade	38# Bushel	\$3.50
-Hulless (Feed)	40-45#/Bushel	\$0.12-\$0.13
-Hulless (Food)	45# Bushel	\$0.14-\$0.16/#
Popcorn		
-Yellow	Clean/Bagged	\$0.35-\$0.40/#
Blue Corn		\$0.18-\$0.25/#
White Corn		\$0.11-\$0.13/#
Hay		
-Class I	1/10 bud, no rain, 180+ RFV	\$180-\$280/T
-Class II	1/3 bloom, 150-180 RFV	\$160-\$240/T
-Class III	1/3-1/2 bloom, 100-150 RFV	\$120-\$200/T
-Class IV	50% Bloom, <100 RFV	\$80-\$140/T
Field Peas (Feed)	60# Bushel	\$8.25-\$8.75

Calendar of Events

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Feb. 19 - 23, 2006

OICA International Annual Meeting, LaCrosse, Wisconsin

Radisson Hotel

Contact: Dale Johnson, 920/822-1261, johnsonorganics@hotmail.com

Wednesday, Feb. 22, 2006

OFARM Annual Meeting, LaCrosse, Wisconsin

LaCrosse Center

Contact: Oren Holle, 866/846-5544, oholle@bluevalley.net

Feb. 23 - 25, 2006

Upper Midwest Organic Farming Conference, LaCrosse, Wisconsin

Website: www.mosesorganic.org

LaCrosse Center

Contact: 715/772-3153, info@mosesorganic.org

Feb. 24, 2006

MODPA Annual Meeting, LaCrosse, Wisconsin

LaCrosse Center

Contact: Steve Pechacek, 715/262-5879