



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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OFARM Contacts

866-846-5511

Oren Holle, president
Telephone: 785/337-2662
979 Second Rd.
Bremen, KS 66412
oholle@kansas.net

John Bobbe, executive director
Telephone: 920/825-1369
9896 Co. Hwy D
Brussels, WI 54204
E-mail: jbobbe@itol.com

Visit us on the Web at:

www.ofarm.org

OFARM Puts Thousands in Producer Pockets

By: John Bobbe, OFARM executive director

Dick Levins, University of Minnesota agricultural economist noted in the February 2003 Successful Farming Magazine, "One example of a group [redistributing profits from the market place] is OFARM. It's a group of marketing co-ops of organic farmers that shares price information in order to negotiate better with buyers. They got a high price because they're organic. They're keeping a high price because they're organized."

Three examples come to the forefront of the advantages organized farmers have through OFARM and its facilitation of group marketing.

In the 2003 crop year, a company was going individually between Midwest Organic Farmers Coop and Great Lakes Organic trying to negotiate a contract for waxy corn. They originally were offering \$4.50 per bushel. Over a 5-month period of negotiations, the two organizations through OFARM presented a united negotiating front. The final negotiated contract resulted in an FOB farm price of \$5.50 per bushel. Through OFARM, the negotiated contract put over \$100,000 in added returns into organic producers pockets over the initial offering.

Forward contracting for new crop winter wheat through organized OFARM negotiations is bringing \$6.15 plus storage costs. Most industry offerings to individual producers were between \$5 and \$5.40 per bushel. OFARM member organization marketers, Earl Wright (KOPA), Kevin Brussell (MOFC) and Roger Rivest (GLO) were able to collaborate on information about current crop conditions for winter wheat on the High Plains.

By collaboration, they became aware that market conditions warranted prices 75 cents to \$1 per bushel more resulting in thousands of dollars of improved market returns over what the industry was initially willing to offer. Without this market information, they would not have been aware that they could capitalize on this opportunity to the benefit of farmers.

"Farmers should have contracts on their terms and negotiated in their best interests," according to Kevin Brussell, MOFC general manager. Through OFARM, marketers for Midwest Organic Farmers Coop, Great Lakes Organic and Kansas Organic Producers were able to negotiate their own contract on their own terms, rather than simply accepting the contract the buyer offered for soybeans.

"We need to continually remind ourselves that there is more power in numbers, then each of us going to the market place alone each time we have something to sell" observes Oren Holle, OFARM president and Kansas organic producer. Protecting and enhancing the producer farm gate prices for organic crops to reflect adequate returns is OFARM's major priority. In December, 2000, seven organic marketing groups from across the Midwest and Ontario, Canada came together to form a marketing agency in common under the OFARM umbrella for the purpose of developing effective marketing strategies to enhance the marketing opportunities for their producer members.

(Continued on Page 2...)

The President's Message

By: Oren Holle, OFARM president

The old adage 'hope springs eternal' certainly applies to producers each year at about this time. The annual production cycle of food and fiber has once again begun. As farmers we always look forward during this time with great anticipation. The world around us is greening up and most of us have high hopes for better production this year than last year. Weather conditions, in most areas, were responsible for crops far short of our expectations in both yield and quality. We also expected the markets to respond more favorably than they have so most of us are hopeful that the marketing year ahead will be better.

I can't help but ask the question, "Can we afford to leave our marketing to an attitude of hope and a chance that somehow it will be better?" I don't think we can and I do know that an opportunity exists to do much better. The OFARM marketing groups have made a conscious effort to do something different and are successfully beginning to establish a collective voice in their decisions about marketing to assist farmers.

As OFARM president, I have the privilege of participating in the regularly scheduled conference calls when the OFARM marketing specialists compare notes about marketing activities and discuss strategies for maximizing marketing opportunities and impact. The focus is on maintaining and improving the farmgate price for what you have to sell. I cannot imagine how I, as an individual producer, could possibly make intelligent and informed marketing decisions without the benefit of this process. The service fees needed to accomplish these tasks are a real bargain. I know that 100% of the effort those marketing specialists put into marketing your and my organic products is being done to make sure that we receive the best possible price and other terms of contracts.

OFARM's target price list has created a lot of discussion throughout the organic industry. (The most recent copy is on p. 3 of this newsletter.) Several comments have been made that we are not being realistic and are only using the target prices as a ploy to get producers into the OFARM network. They are absolutely right about wanting to get more producers involved. Bargaining strength comes from increasing the size of the block of production OFARM groups represent and continued growth is a key factor. As for being realistic, we have contracted for these prices, and they are certainly not too high. In most cases they are still well below levels needed to adequately sustain the economic viability of our farms.

I would make these observations. We are making an effort to do two things. First, target prices are established with input from producers and, contrary to the belief of some in the industry; this is rightfully where price discussions should begin. It is time we stop letting someone else tell us what our products are worth. Secondly, we are serving notice to the organic industry that producers who are part of the OFARM marketing program are no longer willing to accept the dominance of the buyer side in determining what our price should be. Organic farming can only be sustainable if it remains economically viable. Maintaining fair prices is directly dependent on our willingness to stand united through OFARM.

OFARM: Collaboration Is The Key

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Each OFARM member cooperative or association has a marketing program in place. Through OFARM, marketers from each organization participate in monthly marketing calls to share price, sales, crop inventory, weather and future outlook information. This enables your local marketer to access strategic information to help you plan sales that reflect current conditions and the best possible marketing strategies to improve your profitability. Through the calls and information sharing, OFARM organic producers have been able to take advantage of market opportunities they would not normally have available on a local basis and to use their production with other producers to leverage better prices.

OFARM's constant goal is to continue to move prices to levels needed to cover all production costs and return a reasonable level of profitability. One of the tools we use in this effort is our Target Price List. (See page 3 and also posted on our website www.ofarm.org). We believe these prices are reasonable expectations for current marketing activities since they reflect prices that we have achieved or exceeded in some of our contracts. These price levels provide some upward pressure on current general market levels, depending somewhat on location, yet do not become immediately prohibitive to users of this grain, who in turn, must move their dairy, livestock, and poultry into the organic market.

As always, a current marketing challenge in the grain markets, especially corn and soybeans is to encourage participation in our collaborative efforts to correct market situations that are currently putting downward pressure on prices.

We need to keep in mind, Dr. Levins' words, "They got a high price because they're organic. They're keeping a high price because they're organized." That's what OFARM is all about.

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.

OFARM Target Price List Adopted February 26, 2003

Grain	Description	Target Price
Corn-Food Grade	#1 Yellow	\$4.60-\$5.50
<u>Feed Grade</u>	<u>#2 Yellow</u>	<u>\$4.25-\$4.75</u>
Soybeans-Food Grade	Vinton 81, HP204	\$18.00-\$20.00
<u>Food Grade</u>	<u>Iowa Types</u>	<u>\$17.00-\$19.00</u>
Food Grade	Clear Hylum	\$16.00-\$18.00
<u>Feed Grade</u>	<u>#2 or Screenings</u>	<u>\$10.00-\$12.00</u>
Barley-Milling Grade	48# Bushel	\$4.50-\$5.00
<u>Feed Grade</u>		<u>\$3.50-\$3.75</u>
Wheat-HR Winter	#2 12% Protein	\$7.00
<u>SR Winter</u>	<u>#2</u>	<u>\$6.50</u>
SW Winter	#2	\$6.75
<u>HW Winter</u>	<u>#2 12% Protein</u>	<u>\$7.25</u>
HR Spring	#2 13% Protein	\$7.50
<u>Feed Grade</u>	<u>11% and below Protein</u>	<u>\$5.00-\$5.50</u>
Buckwheat	48# Bushel	\$0.20-\$0.22/#
<u>Golden Flax-Food Grade</u>	<u>56# Bushel</u>	<u>\$0.50/#</u>
Brown Flax-Food Grade	56# Bushel	\$0.40/#
<u>Proso Millet</u>	<u>56 # Bushel</u>	<u>\$0.20-\$0.23/#</u>
Navy Beans		\$.50-.55/#
<u>Great Northern Beans</u>		<u>\$.65-.70/#</u>
Black Turtle Beans		\$.53-.60/#
<u>Pinto Beans</u>		<u>\$.55-.60/#</u>
Mexican Small Red Beans		\$.55-.60/#
<u>Dark Red Kidney Beans</u>		<u>\$.65-.75/#</u>
Adzuki Beans		\$.75-.85/#
<u>Cranberry Beans</u>		<u>\$.65-.70/#</u>
Spelt-Food Grade	10.5 Pro. 300+ Falling No.	\$0.13-\$0.15/#
<u>Oats-Feed Grade</u>	<u>32# Bushel</u>	<u>\$2.50-\$2.80</u>
Oats-Food Grade	36# Bushel	\$3.50
<u>Oats-Hulless</u>	<u>45# Bushel</u>	<u>\$6.50-\$7.00</u>
Popcorn-Yellow	Clean	\$0.35-\$0.40/#
Hay Class I	1/10 bud, no rain, 180+ RFV	\$180-\$280/T
Class II	1/3 bloom, 150-180 RFV	\$160-\$240/T
<u>Class III 1/3-1/2 bloom.</u>	<u>100-150 RFV</u>	<u>\$120-\$200/T</u>
Class IV	50% Bloom, <100 RFV	\$80-\$140/T

All Prices are FOB the Farm in U.S. Dollars plus storage and handling

Producer Portraits Robert, Ann and Earl Boettcher, Montana

Boettcher Family Changes With The Times

Robert and Ann Boettcher farm with their son Earl own Rob-An Family Farm outside Big Sandy, Montana (50 miles southwest of Havre)

Robert Boettcher has never been averse to change. Two decades ago, he looked around and saw cracks forming in Chouteau County's wall-to-wall grain production that to him spelled opportunity. They don't call that part of north-central Montana The Golden Triangle for nothing: One acre of dryland grain meets the next and so on as far as the Big Sky reaches.

"So much of this area is farmed in a monoculture," says Boettcher, who has 1,000 acres near Big Sandy. "Farmers have created their own problems" Boettcher and his son, Earl, now rotate their grains with sunflowers, lentils and green-manure crops such as alfalfa, lentils and peas. Organic since 1992, he uses no chemical pesticides or fertilizers and estimates he loses less than 1 percent of his crops to pests.

Count insect pests? He doesn't have enough troublesome critters to bother tallying them up. Weed problems? "It's almost frustrating: We have very few weeds and the neighbors still won't admit we're doing something right."

Crop rotation "sort of sets everything off balance," says Boettcher of the pests he rarely sees. His problem-with wheat stem sawfly-a nasty pest that began flaring in the Big Sandy area about a half dozen years ago-have been "insignificant."

During the first year of a three-year study of Boettcher's farm, Montana State University scientists found just half -the number of damaging insects in his diverse, rotation with sunflowers and lentils than in a more typical wheat-barley-summer fallow rotation.

"The Boettchers use more complex rotations, with more crops that aren't hosts," says Andy Lenssen, associate research professor in MSU-Bozeman's Dept. of Entomology.

Dryland grain crops growing under Montana's big skies are less prone to insect pests and foliar diseases than those produced in more humid environments, Lenssen says. "In a lot of ways, it's an ideal place to be an organic producer of grains." But the dryness that bakes out foliar disease organisms also protects insect pests

from the fungi, bacteria and viruses that might otherwise curtail their numbers. So the effects of Montana's climate are mixed.

The Boettchers try to crop three-quarters of their ground. On the other fourth— green manure grown on what used to be summer fallow-they kill the legume with a chisel plow and leave as much residue as possible to blanket the soil. In the winter, they leave high grain stubble to catch snow.

Dense plantings during the growing season not only protect soils but also thwart weeds. Boettcher plants his lentils and his grains- barley, buckwheat durums, soft whites and hard reds-with 6- to 7-inch spacings. "You get a ground cover really quick, and if there are some weeds there, the ground cover shades them out" he says.

Generally, though, weeds do not flourish there. Boettcher works the ground once before he plants, cultivates the resulting weed flushes, then drills. That is one of the most striking differences between the Boettchers' farm and most other Golden Triangle operations, says Lenssen., "In conventional systems, it's very unusual to go without herbicides-and they are one of the more expensive inputs." With significantly lower production costs, Boettcher says his operation, is consistently more profitable than conventional farms. His yields are often within 80 to 90 percent of theirs, but the prices he gets for his organic crops can be up to three times higher.

Ecologically based pest management has not brought dramatic surprises just steady, satisfying improvement.

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National Farmers Organization

National Farmers Organization (NFO) Ames, Iowa started marketing organic grain (NForganics) in 1999. NForganics provides the connection between organic producers and companies looking for quality grains from a dependable supply source, enabling producers to gain the power of group marketing. Organic crops marketed through Nforganics: food and feed grade corn, food and feed grade soybeans, all wheat, flax, hay and other specialty crops.

Area covered but not limited to:
IA, MN, WI, SD OH, MT

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“Some significant changes have happened in the soil,” he says. “Its texture has changed, completely.” Where the farm used to experience water erosion, his new soil-building practices have virtually eliminated storm-caused ditches.

“Maybe we’re doing some things right,” Boettcher says., “We’re on track for trying to build up the soil and get it to a more healthy condition. We don’t have many worries about pests and our plants are healthier.”

Boettcher, Big Sandy farmer for the past 33 years, recently received a National Soil Water Conservation Society honors award for his assistance in promoting the wise use of Montana’s resources. Robert has volunteered his time to many conservation-minded organizations. He is an associate supervisor for the Big Sandy Conservation District, a member of the NRCS State Technical Committee, the National Farmers Organization, Alternative’ Energy Resource Organization (AERO), the Western Sustainable Agriculture Working Group, and is currently serving as treasurer for the Organic Crop Improvement Association. He is also an alternate OFARM director for National Farmers Organization.

The Boettcher’s market their production through National Farmers NFOrganics, an OFARM member organization. Robert notes, “OFARM and group marketing go hand in hand. In my view this is the only way to survive in this crazy world we live in. The bigger these companies in the organic industry get that we deal with the more imperative it is that we join together to be effective in getting a price for our commodities. The current corn marketing issue of low prices in the Midwest is a prime example of why we must network to market. What we are seeing may only be the start of this problem. I think we can see the potential of OFARM and that ability to help producers by the interest we are getting from

Canada and some other states. The biggest obstacle is informing farmers about the help that is out there through OFARM”.

(Parts of this article first appeared in January, 2003, issue of The Germinator published by the Northern Plains Sustainable Agriculture Society.)

OFARM Helps Repeal Livestock Feeding Bill

OFARM board members and farmers from member organizations worked to repeal Section 771 of the Omnibus Appropriations Bill which would have allowed exemptions for feeding non-organic grains to organic livestock.

In mid-April, both the House and Senate voted to repeal the amendment. President Bush subsequently signed the bill repealing Section 771. The original provision enacted in February affected the seven-month-old national organic standards and labeling program run by USDA.

The repealed rider, allegedly written to benefit one Georgia producer, was intended to allow producers to feed non-organic feeds to livestock if USDA finds that organic feed is too expensive or hard to find, yet at the same time label their meat and dairy products “organic” even though they do not meet USDA’s criteria.

The original amendment was broad enough that organic agriculture advocates, including OFARM, charged it essentially created a loophole for any livestock producer in the country to get around the organic feed requirement.

Proactive Producers Can Help Protect Our Premium Prices

By Carmen Fernholz

(Carmen is a Madison, Minnesota certified organic flax producer and OFARM vice president.)

The talk around the rural coffee shops in western Minnesota, North Dakota and much of Canada these days is the rewarding prices being paid for both golden and brown flax, and millet not to mention certified organic product. I am very quickly reminded of the mind set that has so often prevailed in the conventional agriculture circles over the past 50 years whenever a specific crop suddenly began to generate some rather impressive incomes. I am also very sadly reminded of the consequences of producer action driven by these extraordinary prices, the undisciplined march towards over production and an ultimate crash and burn endgame. This situation is occurring not only in flax but also crops such as millet as well. In organic production systems there needs to be discipline before us at all times; disciplined

marketing, management and inventory. Without producers planning their marketing efforts, flax prices won’t hold at their present price levels and will soon follow the path of food grade soybean price levels which have declined from their late ‘90’s levels. However, it is our responsibility to retain as much of this value as we can for the logical reason that we now know what buyers and ultimately consumers are willing to pay for our quality production. Therefore I urge each of you as flax producers to contract together and not as individuals.

Seek out fellow producers of the crops you produce and work in associations. From a reliable source educate yourselves on what the buyers are asking and what they are willing to contract for. And then only contract from a position of strength as an association or pool rather than as an individual. Call the OFARM at 1-886-846-5511 to see how you can help protect the premiums we presently enjoy in flax and other organic crops.

Calendar of Events

-- May 14-17 --

Organic Trade Association
convention, Convention Center,
Austin, TX

Contact: Organic Trade
Association, 413/774-7511

*(OFARM, Great Lakes Organic and
Organic Grain and Bean Marketing
will have booths at the "All Things
Organic" show as part of the
Organic Trade Association
Convention in Austin.*

*OFARM marketers will be working
at the show to develop relationships
and markets and establish contacts
as they work to maintain your
profitability.)*

OFARM Member Organizations

Midwest Organic Farmers Co-op (Illinois)

Kevin Brussell, telephone: 217/923-2702, E-mail: rainyckkb@rr1.net
Website: www.midwestorganic.com

Organic Farmers of Michigan

Randy Hampshire, telephone: 989/683-3161, E-mail: hmpshrfm@avci.net

Organic Bean and Grain Marketing (Michigan)

Mark Vollmar, telephone: 989/673-6402, E-mail: mark@orbng.com
Website: www.orbng.com

Buckwheat Growers Association of Minnesota

Tom Bilek, telephone: 218/631-9212, E-mail: info@buckwheatgrowers.com
Website: www.buckwheatgrowers.com

Great Lakes Organic (Ontario, Canada)

Roger Rivest, telephone: 519/882-4526, E-mail: nlfarms@sprint.com
Beatrix Enter, telephone: 877/409-9917, E-mail: benter@greatlakesorganic.com
Website: www.greatlakesorganic.com

Kansas Organic Producers Association

Ed Reznicek, telephone: 785/939-2032, E-mail: amerugi@jbntelco.com

National Farmers Organization

LuAnn Robinson, telephone: 515/292-2000, E-mail: lrobinson@nfo.org
Website: www.nforganics.org

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