

News for Immediate Release

The Organic Ground Shifts (Again)

The prospects for Western Canadian organic grain growers have shifted again. The euphoric prices of 2008 are gone (for now) and organic producers must adjust to the new global organic market reality. This was the message given to some 112 prairie producers, processors and handlers at Pro-Cert Organic Systems 7th annual Update Meeting last Saturday, January 30th, 2010. Keynote speaker, Tom Cowell, organic operator, Manager and Trader for Growers International, in his “state of the industry” address outlined the new reality to a cross-section of Pro-Cert’s Western Canadian clients. He identified six key issues which have shifted the ground under Canadian organic exporters and domestic handlers.

1. Conventional market trends,
2. Transportation costs,
3. Competing country activities,
4. Government policy,
5. Competing claims, e.g. “natural”.

Conventional grain price trends are again strongly influencing organic grain prices; a change from recent years in which many organic crop prices moved independently of conventional prices. These trends are downward from the 2008 high.

Transportation costs – truck, rail, container – have all increased this year. The persistently high Canadian dollar has had a devastating effect on the competitiveness of Canadian organic products destined for the USA.

Foreign organic exporters – the USA, Australia, Argentina, Asia and Eastern European countries – are strongly and downwardly influencing prices. For example, large areas of land in former Soviet states such as Kazakhstan are being brought back into production as “organic” and certified to that effect by Western European (and other) certifying bodies. This land produces high quality bread wheat which compares and competes with that of Western Canada organic wheat. As a result the formerly lucrative Western European organic market for Canadian organic wheat has been severely reduced.

Adverse/protectionist decisions by importing countries can also be effective in depressing both commitment and organic grain prices. As well, policies such as the Organic Fixed Spread Contract program add costs to Canadian suppliers reducing our competitiveness in world markets.

The single biggest factor affecting North American organic sales are the unverified organic “knock-off” products of which “Natural” is the most prominent. These mostly misrepresented products are invading organic shelf space with the tacit support and approval of the large chain retailers. Essentially conventional products are re-labeled as

“natural”, priced slightly below organic and sold to confused consumers. Natural now competes one-on-one with organic in many food names.

Mr. Wallace Hamm, founder of Pro-Cert and chairperson of the sessions, made the further point that organic grain quality and, in particular, low wheat protein quality is also negatively affecting western Canadian organic exports. Mr. Hamm stated, “The organic grain quality factor in Western Canada is largely a function of agronomic ignorance. Protein is nitrogen (N). N is no longer supplied by the 100 year old prairie soils which have been summer-fallowed (mined) to death. Prairie organic soils need massive and on-going N infusions. These infusions can only be added by shifting land to perennial, biennial and annual legumes.” “The Hamm family organic farm near Saskatoon in 2010 will have some 760 acres in alfalfa (42%), 640 acres in plow-down peas (36%) and 400 acres in high quality cash crops”, says Hamm. “It makes no sense to farm every acre every year and produce large quantities of mediocre quality grain which has no market.” “The shift from summer-fallow dependant to legume dependant organic crop rotation in Western Canada is slow and variable” continued Hamm. “The legumes also mobilize highly bound phosphorous (P) from sub-surface depths not accessed by annual crop roots.” Legumes are a “win-win-win” scenario for organic producers.

For additional information on the above topic and the workshop contact:

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The slides used by the presenters may be viewed at Pro-Cert’s website www.pro-cert.org.