

Organic Marketing for Field Crops in 2009, Dan Rossman, Gratiot County Extension Director

The lingering question that is on the minds of both producers and buyer is how much effect will the turn down in the economy have on demand and on organic prices in 2009. No one knows the answer for sure. A consistent statement being shared by individuals in the industry is that positive growth is expected to continue in 2009; however the rate of growth will be much slower or even flat.

Looking back on history the organic industry has experienced a sales growth over the last 15 years in the United States that is amazing. The Organic Trade Association has determined the sales of organic products in 1994 to be about \$2 billion dollars. The sales have grown by over 20% annually ever since with sales of nearly \$18 billion in 2006 and a projection of sales of over \$24 billion in 2008. These numbers include all organic products including vegetables, fruits, field crops, meats, and non food items such as personal care items, apparel, textiles, toys, supplements, and pet food. The growth has been influenced in part by the "main stream" food retailers taking on organic products in a serious way making them easily available to all consumers.

In Michigan, organic field crops have experienced a strong demand in the food grade markets and in recent years has benefited by an increased feed usage especially for organic dairy and poultry operations. What the "fair price" for organic field crops has always been a topic of intense discussion. The Organic Farmers of Michigan for years have tried to develop target prices that were fair to both buyer and producer. Ultimately, buyers with consideration of grower needs, alternative sources of product, competition, and their own cost / margin analysis have set prices or negotiated prices with growers to establish what the organic crop prices will be.

Organic crop prices in 2008 were notably higher than in 2007 reflecting in part the upswing in conventional crop prices but also the expanded demand for organic field crops. What follows are the rough prices from a very limited number of growers and buyers that I visited with. Reports for corn were \$10-\$12 per bushel. Dry beans were contracted in the 70 cents a lb range. Soybeans were over \$20 a bushel for feed usage, \$24-\$26 for soy milk, and \$28 plus for Tofu purposes. Oats sold for \$6 per bushel and Spelt traded at 23-25 cents per lb. Hard Red Spring Wheat was sold at \$20 per bushel. Soft winter wheat was variable and I am uncertain as to a range.

Organic crop prices are still in the stage of determination in 2009. Contracts for 2009 are changing as we speak and it is a very difficult time for buyers and growers. They are uneasy to commit and lock in a price due to the volatility of the market.