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Organic Situation Report, 2025 Edition

Sharon Raszap Skorbiansky

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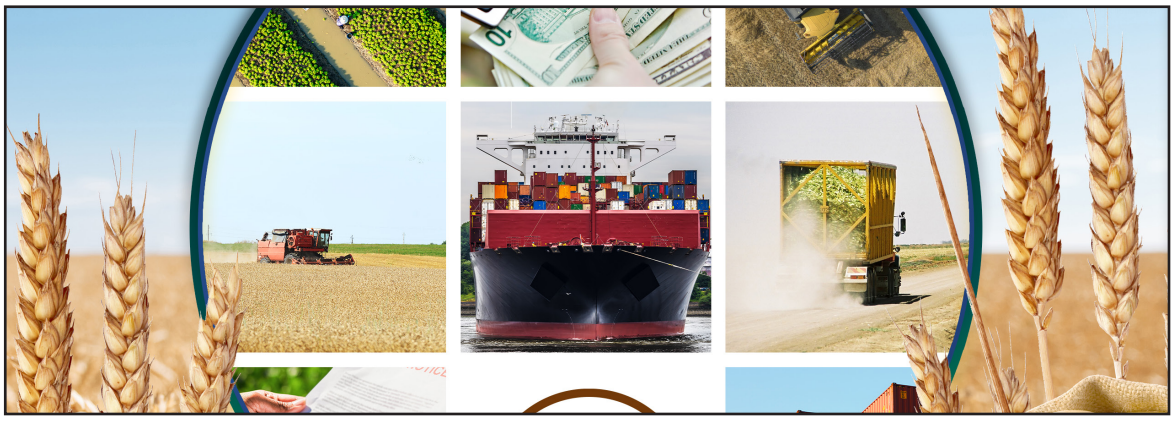

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Abstract

Organic agriculture is an important agricultural sector, experiencing substantial growth in sales for the past two decades. In 2023, total organic retail sales were $69.7 billion. Despite continued interest in organic products, domestic acreage devoted to organic commodities declined in recent years. This report analyzes current trends in domestic and global organic production, U.S. Department of Agriculture initiatives to remove barriers to transition, imports and exports, price premiums relative to conventional commodities, and value of retail sales. The report also includes a discussion on regenerative agriculture—a term not regulated by the U.S. Department of Agriculture—which, similarly to organic agriculture, is concerned with improvements in soil health.

Keywords: U.S. organic agriculture, organic prices, organic acreage, regenerative, Strengthening Organic Enforcement.

About the Author

Sharon Raszap Skorbiansky is a research economist at the USDA, Economic Research Service.

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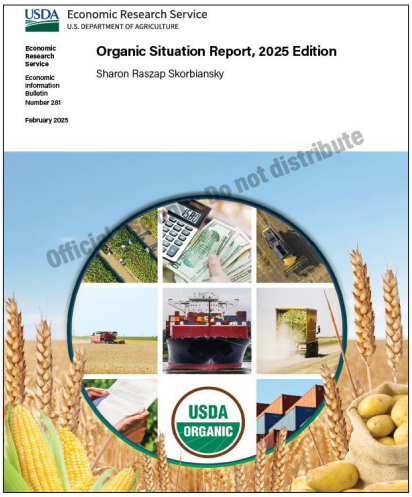
What Is the Issue?



Demand for organic agriculture at the retail level has risen substantially over the past two decades. From 2012 to 2023, the compounded annual growth rate of inflation-adjusted organic retail sales was more than 7 percent. However, acreage and transitioning acreage decreased in recent years. This report provides an overview of domestic and international organic production trends, USDA initiatives to ease the transition to organic production, exports and imports of organic commodities, organic prices and price premia, and retail sales. The report also discusses regenerative agriculture and the available regenerative labels.

What Did the Study Find?

In the United States, organic acreage has decreased in recent years:

- The latest USDA, National Agricultural Statistics Service Organic Survey conducted in 2021 reported a 10.9-percent decline in organic acres relative to 2019, driven by a drop in pasture and rangeland.
- Argus, a private company, forecast organic harvested acreage decreased by 6.8 percent in the marketing year 2023/24. Decreases in nonfield crop acreage and pasture and rangeland drove the decline.
- California is the leading State in organic acreage and organic value of production. The California Department of Food and Agriculture showed a 4-percent decline in California organic production acreage between 2018 and 2022. California experienced a severe drought from 2020 to 2022.

In response to a decrease in acreage transitioning into organic agriculture and large barriers to entry, in 2022, USDA announced an investment of $300 million for the Organic Transition Initiative. This initiative includes programs by the Risk Management Agency, the Natural Resources Conservation Service, and the Agricultural Marketing Service—all USDA agencies.

- In fiscal year 2023, USDA, Agricultural Marketing Service's Transition to Organic Partnership Program funded $99.5 million in technical assistance support. As of December 31, 2023, the program held 404 events for more than 20,000 attendees.

- In fiscal year 2023, USDA, Natural Resources Conservation Service created the Environmental Quality Incentives Program Organic Transition Initiative. In fiscal year 2023, 112 program contracts were supported covering 15,700 acres and obligating $12.1 million.
- USDA, Risk Management Agency's Transitional and Organic Grower Assistance Program automatically provided subsidized crop insurance to organic growers who purchased policies. In 2022, there were 10,646 certified organic crop insurance policies and 1,004 transitional organic crop insurance policies.

Globally, organic acreage is increasing:

- In 2022, global organic and transitioning to organic land comprised almost 240 million acres. Australia has the most organic and transitioning to organic acreage (131 million acres), with 97 percent devoted to extensive grazing.
- As U.S. organic acreage declined, so has its rank as a top global producer. The United States was ranked ninth for organically managed land in 2022, down from third in 2016.

Information on organic imported goods continues to improve:

- The number of organic-specific Harmonized Tariff Schedule codes used to identify organic products entering the country has increased.
- USDA, Agricultural Marketing Service created the Global Integrity Database which includes information on certified operations under governments with equivalence and recognition agreements with the National Organic Program. The database sheds additional light on organic products produced to be exported to the United States.

In 2023, the organic retail market experienced a third year of decreased inflation-adjusted sales. Despite the drop, inflation-adjusted sales are higher than the prepandemic level.

Some farmers have looked to alternative-to-organic labels to certify and market their products.

- Regenerative agriculture is an approach to farming, ranching, forestry, and aquaculture that seeks to create measurable enhancements to the health and quality of soil or other natural resources using diverse practices.
- Unlike organic, regenerative does not fall under the purview of USDA.
- The Regenerative Organic Certification label requires producers seeking certification to be USDA Organic certified. However, other regenerative labels do not require producers to be certified organic and do not include all USDA Organic standards within their practices.

How Was the Study Conducted?

This report uses data from various sources, drawing on public, proprietary, and USDA program administrative data that are not publicly available. Publicly available data sources used include USDA, National Agricultural Statistics Service; California Department of Food and Agriculture; Research Institute of Organic Agriculture; International Federation of Organic Agriculture Movements – Organics International; USDA, Risk Management Agency data on use of crop insurance by organic growers; USDA, Foreign Agricultural Service Global Agricultural Trade System; USDA, Agricultural Marketing Service's Global Integrity Database and conventional and organic price data from USDA, Agricultural Marketing Service's Market News. Proprietary market data sources used in this report come from Argus and the Organic Trade Association. Program administrative data from USDA agencies used in this report include Organic Transition Initiative statistics from Agricultural Marketing Service and Natural Resources Conservation Service.

List of Acronyms and Dictionary

AMS – USDA, Agricultural Marketing Service

CDFA – California Department of Food and Agriculture

CPI-U – Consumer Price Index for All Urban Consumers

EQIP – Environmental Quality Incentive Program. A USDA, Natural Resources Conservation Service program that provides financial and technical assistance to help agricultural producers to address natural resource concerns and deliver environmental benefits.

FiBL – Research Institute of Organic Agriculture

GE – Genetically engineered

GMO – Genetically modified organism

HS –Harmonized System

HTS – Harmonized Tariff Schedule

IFOAM – IFOAM - Organics International, formerly the International Federation of Organic Agriculture Movements.

GLOBAL INTEGRITY – USDA, Agricultural Marketing Services' Global Organic Integrity Database

NASS – USDA, National Agricultural Statistics Service

NOP – USDA, Agricultural Marketing Service, National Organic Program. Federal regulatory program that develops and enforces consistent national standards for organically produced agricultural products sold in the United States.

NRCS – USDA, Natural Resources Conservation Service

OFPA – Organic Foods Production Act of 1990. Legislation requiring USDA to create uniform standards for organic production and processing.

OID – Organic Integrity Database

OMDG – Organic Market Development Grant

OTA – Organic Trade Association

OTI – Organic Transition Initiative. A $300 million USDA initiative to support producers in transitioning to organic agriculture.

RMA – USDA, Risk Management Agency

ROC – Regenerative Organic Certification. A regenerative organic standard and label.

SOE - Strengthening Organic Enforcement final rule

TOPP – Transition to Organic Partnership Program

USITC – U.S. International Trade Commission

Organic Situation Report, 2025 Edition

Introduction

The Organic Foods Production Act of 1990 (OFPA) required the U.S. Department of Agriculture (USDA) to establish national standards governing the marketing of organic production to assure consumers of a consistent standard and to facilitate interstate commerce.[1] USDA finalized organic regulations in 2000 when it issued its National Organic Program (NOP) final rule and established national organic standards governing the production and handling of organic products.[2] The program became fully operational in October 2002. Since then, organic production and food sales in the United States exhibited considerable growth (Carlson et al., 2023). From 2000 to 2021, certified organic acres grew from 1.8 to 4.9 million. During the last two decades, organic food sales in the United States increased from about $11 billion to almost $64 billion (adjusted to 2023 dollars). Retail sales of organic products showed double-digit growth during most years since 2000, but inflation-adjusted sales have fallen in recent years.

Organic standards require operations to follow strict rules overseen by a USDA-authorized certifying agent. The organic label guarantees that production excludes prohibited methods, such as genetic engineering, ionizing radiation, or sewage sludge use; that soil fertility and crop nutrients are managed through tillage and cultivation practices, crop rotations, use of animal or green manures, and cover crops; and that pests and weeds are primarily controlled through physical, mechanical, and biological management practices (USDA, National Organic Program (NOP), 2015). Generally, operations may use nonsynthetic substances, and may not use nonsynthetic substance, unless specified in the National List of Allowed and Prohibited Substances (National List). The National List is changed through NOP rulemaking in response to recommendations by the National Organic Standards Board (NOSB).

Organic agriculture provides high-value market opportunities for producers because organic products typically carry a price premium over conventional products. Premiums vary product to product, depending on several factors, such as whether the products are intended for the animal feed or the food market, whether they are consumed fresh or processed, or whether there is a robust domestic market for the organic product. For example, organic feed corn producers generally receive a stable price premium over conventional producers as compensation for additional costs and commitments (Raszap Skorbiansky & Adjemian, 2020). The average price premium for organic feed-grade yellow corn from 2011 to 2021 was $5.66 per bushel, or 125.5 percent of the conventional price; the average price premium for organic food-grade yellow corn for the same time period was $3.27 per bushel, or 32.15 percent (Carlson et al., 2023). Retail price premiums vary as well, with organic produce typically receiving lower price premiums relative to eggs, dairy, and processed foods (Organic Trade Association, 2020). Retail price premiums can range from less than 10 percent to more than 120 percent (Çakır et al., 2022).

Organic consumers represent a diverse population as to income, age, race, and ethnicity. Consumers choose organic for various reasons including a reflection of their values, a desire to avoid pesticide residue, and a belief that organic food is better for the environment and healthier for them and their families. This report presents information from various public and private sources for a situation update and outlook on organic agriculture.

[1] OFPA, 7 U.S.C. §6501 et seq.

[2] 65 Federal Register 80548.

U.S. Organic Total Acreage Projected To Decrease in 2023/24

Two data sources are available on total U.S. organic farmland. USDA, National Agricultural Statistics Service (NASS) releases surveys periodically on organic operations and acreage. The latest NASS organic survey, released in December 2022, was a census of all known operations with certified and transitioning organic production in the United States for the 2021 calendar year. NASS uses consistent methodology that allows data users to track trends across time. However, the next acreage survey released by NASS will be part of the 2022 Census of Agriculture followup organic survey.[3] There will be no USDA statistics for organic acreage from 2022 to 2024. The second source for organic national acreage is Argus,[4] a private data company providing information on organic and nongenetically engineered (non-GMO) commodities. Argus data is published annually, thus providing timeline updates on organic acreage. The survey methodologies between NASS and Argus differ, therefore leading to disparate acreage estimates. For example, NASS collects harvested acreage from producers. Meanwhile, Argus collects certified acreage from certifiers and calculates the harvested acreage based on informed assumptions. Both sources include their own weighting methodology for the nonresponse and undercoverage of respondents. For 2021, NASS reported 4.9 million acres of organic land versus Argus' 9.1 million acres. These estimates comprise a very small fraction of total cropland and pastureland, either 0.6 percent (NASS, 2021) or 1.2 percent (Argus, 2024).[5] To put these numbers into context, they are less than 6 percent (NASS, 2021) and 11 percent (Argus, 2024) of marketing year (MY) 2021/22 total corn acreage (85 million acres).

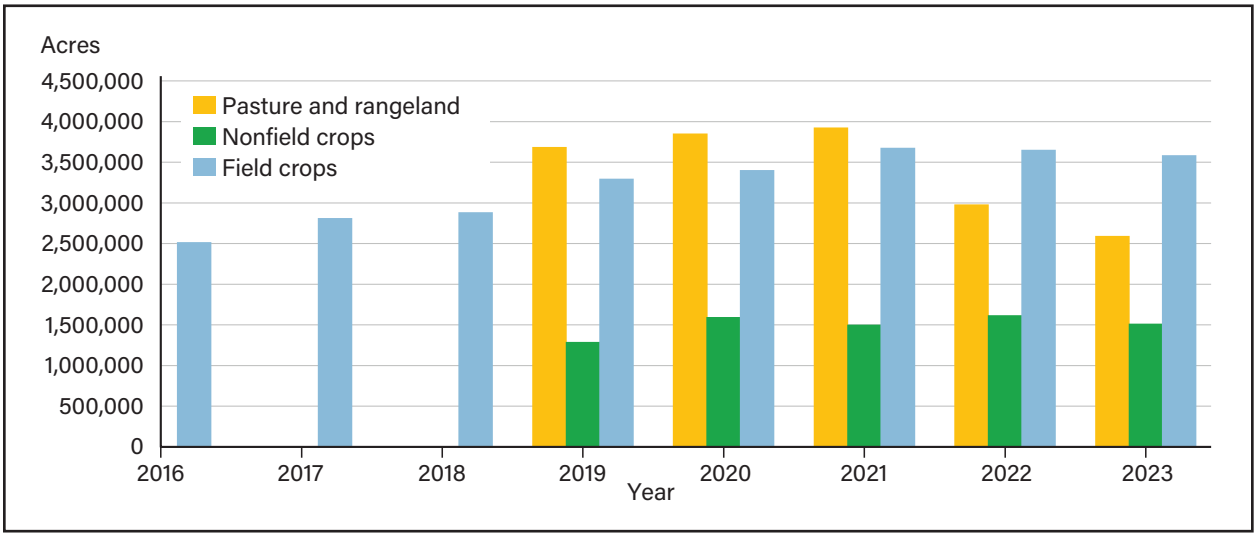
In recent years, NASS and Argus reported decreases in total organic acreage (cropland plus pasture and rangeland). For calendar year 2021, NASS reported a loss of 0.6 million acres relative to 2019, a drop of 10.9 percent. Argus showed a drop of 9.4 percent in total organic acres for MY 2022/23 and an additional loss of 6.8 percent in total organic acres for MY 2023/24 (figure 1). Regardless of source, decreases in organic pasture and rangeland largely drove the total decline in acres. U.S. pasture and rangeland primarily produce perennial grasses and legumes as forage for organically certified dairy cattle and other livestock that must have access to pasture during the grazing period and provide cover and food for birds and wildlife. Argus estimated a decrease of 13 percent in organic pasture and rangeland for MY 2023/24, but also recorded smaller decreases in field crop acreage (-1.9 percent), and nonfield crop acreage (-6.3 percent), which includes fruits, vegetables, mushrooms, and nuts. NASS also recorded drops in organically managed beef and dairy cow inventories between 2019 and 2021, by 13.5 percent and 3.1 percent, respectively. Just like other sectors of U.S. agriculture, organic producers were affected by the Coronavirus (COVID-19) pandemic, drought, the war in Ukraine, and high inflation. U.S. organic dairy producers faced unique challenges (Commodity Credit Corporation (CCC) & USDA, Farm Service Agency (FSA), 2023). These challenges included volatile prices for organic feed, exacerbated by drought in major forage-producing regions and disruptions of organic feed imports from Ukraine (Raszap Skorbiansky & Baldwin, 2024).

[3] USDA, NASS will release the 2025 Organic Survey on October 30, 2026.

[4] In 2023, Argus acquired Mercaris, the leading provider of sustainable agriculture prices in the United States.

[5] According to the 2022 Census of Agriculture, total cropland equaled 382,356,350 acres and pastureland, excluding woodland pastured, totaled 405,946,617 acres.

Figure 1
Argus U.S. organic acreage estimates, 2016–23



Note: Argus is a private data company providing information on organic and nongenetically engineered (non-GMO) commodities. Argus does not have data on organic pasture and rangeland for 2016–18. Field crops include grains and oilseed crops, such as corn, cotton, rice, sorghum, soybeans, wheat, and dry legumes (e.g., chickpeas or lentils). Nonfield crops include fruits, vegetables, mushrooms, and nuts. Non-field crop data before 2019 contained some pasture and rangeland acres and are thus excluded from this chart.

Source: USDA, Economic Research Service using Argus data.

California is the leading State in organic total acres and operations, comprising about 27 percent of acres and 16 percent of operations in 2023 (Argus, 2024). The State of California is the only State publishing annual updates to harvested acreage by county for select commodities and categories (see appendix table A.1), doing so through the California Department of Food and Agriculture (CDFA). Between 2019 and 2022, organic production acreage in California decreased, from 2.1 million to 1.8 million acres. Total area devoted to producing organic dairy, broiler chickens, and layer chickens decreased between 2019 and 2022, though land utilized for raising beef cows had a marked increased from 683.8 thousand acres in 2021 to 1.1 million acres in 2022. Fallowed land, which had increased by 235.5 percent in 2020 to 75,297 acres, but decreased to 59,619 acres in 2021, increased by an additional 56 percent to 93,027 acres. Changes in acreage, such as increases in fallowed land over the years, are likely related to California's severe drought years from 2020 to 2022.[6] For MY 2023/24, Argus estimated a 9.6-percent decrease in California total organic acres. The most recent California Air Resources Board (CARB) scoping plan calls for 20 percent of all California cultivated acres by 2045 to be organic to increase carbon storage (CARB, 2022). The plan is updated every 5 years, and its mission is to promote and protect public health, welfare and ecological resources through the effective and efficient reduction of air pollutants, recognizing effects on the economy. While California continues to be the largest U.S. producer of organic commodities, during the past decade, acreage and sales have increased throughout the country (Raszap Skorbiansky et al., 2023). For example, according to NASS, the Appalachia, Delta, and Southern Plains regions accounted for 1.2, 0.1, and 2.4 percent, respectively, of organic sales in 2012.[7] By 2021, these regions all saw gains in percentages of total organic sales, accounting for 4.7 (Appalachia), 1.3 (Delta), and 5.2 (Southern Plains). Appendix table A.2 shows Argus data by State for MY 2023.

[6] The 2020 to 2022 California drought was the driest 3-year period on record. The drought led to increases in fallowed land due to water delivery shortages. Some California producers of crops with high returns per acre were able to avoid fallowing by increasing groundwater pumping or engaging (Medellín-Azuara et al., 2022).

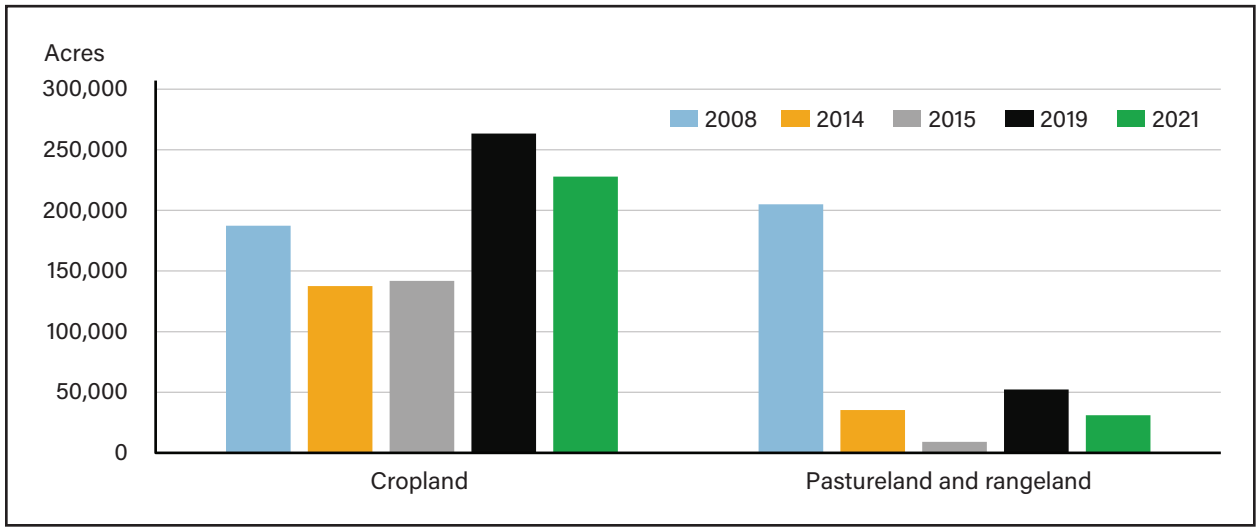
[7] Appalachia region includes the States Kentucky, North Carolina, Tennessee, Virginia, and West Virginia. The Delta region includes the States Arkansas, Louisiana, and Mississippi. The Southern Plains region includes the States Oklahoma and Texas.

New USDA Organic Transition Initiative Aims To Ease Transition Into Organic Production

Organic transitioning operations are not yet certified but have implemented organic practices to become certified. Prior to certification, producers cannot apply prohibited materials (including prohibited fertilizers or pesticides) to the land for 3 years.[8] During the transition period, growers employ organic production practices that may be more costly and cannot use the organic label. Some organic producers can receive price premiums during transition by partnering with private companies (Carlson et al., 2023). However, few operations report high price premiums received for products from land transitioning to organic. Seven percent of producers who already have a share of their land certified and are transitioning additional acres report receiving a price premium 50 percent over conventional from products produced on their transitional acres. Meanwhile, only 2 percent of fully noncertified operations report a price premium 50 percent over conventional from products produced on transitional acres (USDA, NASS, 2022).

USDA, NASS recorded 228,000 cropland acres in transition in 2021 (figure 2), with 80 percent from farms already holding organic certification for other acres. Transitioning cropland fell by 13 percent relative to 2019. Meanwhile, USDA, NASS recorded 31,000 pasture and rangeland acres in transition, a 41-percent decrease from 2019. Producers can immediately transition fallowed land and pastureland (if 3 years have passed since they applied any prohibited chemicals). This means that if the economic environment incentivizes the transition of these lands into organic production (e.g., with higher expected revenue or lower cost of production) certified organic land could increase faster.

Figure 2
Land transitioning to organic in the United States, 2008–2021



Note: In 2008, 2014, 2019, and 2021, USDA, National Agricultural Statistics Service (NASS) collected transitioning acres from certified, exempt, and other farms not certified organic. In 2015, USDA, NASS collected transitioning acres only from certified farms.

Source: USDA, Economic Research Service using USDA, NASS data.

The 2022 Organic Transition Initiative (OTI) is a $300-million effort to help farmers overcome barriers to transition. In response to declining transitioning acreage, the initiative aims to increase the number of operations transitioning to organic agricultural systems to meet consumer demand (Baldwin et al., 2023).

[8] USDA's national List of Allowed and Prohibited substances identifies what may and may not be used in crop and livestock production.

OTI includes the following four programs led by the Risk Management Agency (RMA), Natural Resources Conservation Service (NRCS), and Agricultural Marketing Service (AMS)—all USDA agencies (table 1):

1. USDA, AMS Transition to Organic Partnership Program (TOPP). The program awarded $95.5 million in FY 2023 for 5-year contracts with regional and national partners to provide support to farmers transitioning to organic by connecting them with mentors; providing community building, technical assistance, and workforce development; and helping producers overcome challenges during and following certification. As of December 2023, the program held 404 events (such as field days, workshops, and group technical assistance) reaching 20,354 attendees.

2. USDA, AMS Organic Market Development Grant (OMDG) program. This is an up to $85-million grant program to help improve critical markets where there is a need for an increase in domestic supply or where the market requires additional processing and distribution capacity for a more robust supply chain. For example, organic grain production lagged in the United States for several reasons, one being the need for more infrastructure to handle organic products (Raszap Skorbiansky, 2022). As of June 2024, AMS awarded 3 rounds of funding for a total of $75.2 million and 93 projects. Sixty-nine percent of the projects funded are for small businesses, 16 percent for nonprofit organizations, 12 percent for medium and large businesses, and 3 percent funded for State and local government projects (AMS, 2024). As of August 2024, AMS awarded four rounds of funding for a total of $85 million and 106 projects in 36 states and the District of Columbia. Of the projects funded, 68 percent are for small businesses, 16 percent for nonprofit organizations, 12 percent for medium and large businesses, and 4 percent funded for State and local government projects (AMS, 2024).

3. USDA, NRCS OTI. With $70 million of OTI funds, this effort will invest in direct farmer assistance to help producers with a new organic management standard under the Environmental Quality Incentives Program (EQIP). The new organic management standard supports organic-related conservation practices, such as composting, outdoor access for livestock, and organic nutrient management. As of June 2024, USDA, NRCS had 112 contracts for 15,667 acres under the EQIP-OTI program. Thus far, USDA, NRCS obligated $12.1 million toward this effort. Additionally, USDA, NRCS is investing $5 million to create seven new technical expert positions to develop regional networks and support NRCS staff in hosting hands-on organic training, answering organic-related staff questions, and conducting organic research.

4. USDA, RMA Transitional and Organic Grower Assistance (TOGA) Program. This program provides $25 million of OTI assistance to reduce producers' overall crop insurance premium payments and help producers continue to farm organically. TOGA automatically provided premium assistance to organic policies for the 2023 reinsurance year (July 1, 2022, to June 30, 2023).

Table 1
Organic Transition Initiative statistics, 2022–2024

Program effects	Total
USDA, Agricultural Marketing Service	
Transition to Organic Partnership Program, fiscal year 2023	
Number of regional agreements	6
Number of national agreements	2
Funding awarded to region leads (millions of U.S. dollars)	$88,630
Funding awarded to national leads (millions of U.S. dollars)	$6,867
Organic Market Development Grant program, fiscal year 2024	
Funding awarded (millions of U.S. dollars)	$85.0
Number of projects funded	106
Natural Resources Conservation Service Environmental Quality Incentives Program, fiscal year 2023	
Number of contracts	112
Obligations for contracts (millions of U.S. dollars)	$12.1
Number of contract acres	15,667
Risk Management Agency Transitional and Organic Grower Assistance Program, crop year 2022	
Number of certified organic policies	10,646
Number of certified organic acres	1,854,303
Number of transitional organic policies	1,004
Number of transitional organic acreage	104,131

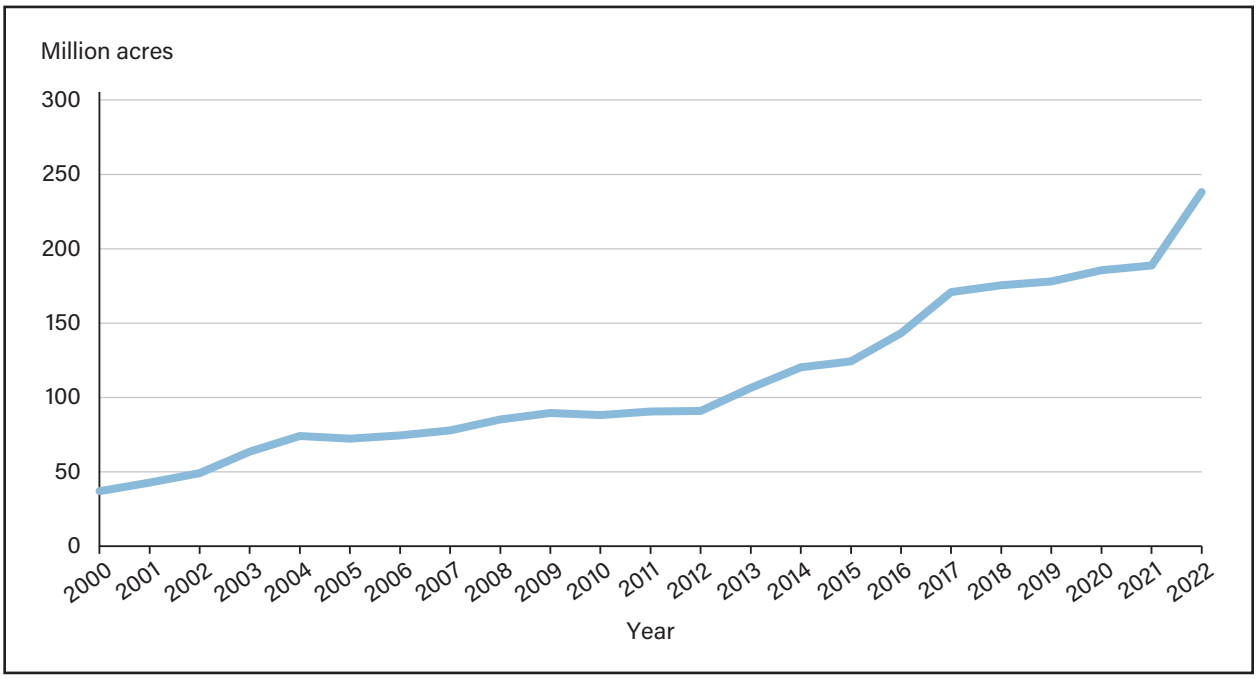
Note: USDA, Agricultural Marketing Service (AMS) Organic Market Development Grant program and USDA, Natural Resources Conservation Service (NRCS) data as of June 2024. AMS Transition to Organic Partnership Program as of December 2023.

Source: USDA, Economic Research Service using data from USDA, AMS National Organic Program; USDA, NRCS; and USDA, Risk Management Agency.

Organic Global Acreage Growing; Some Top-Producing Countries Hold More Than 10 percent of Total Acreage as Organic

Globally, organic and transitioning to organic land comprised almost 240 million acres in 2022 (figure 3), a 543-percent increase from global organic and transitioning land in 2000. In 2022, Australia had 131 million acres of organic land (certified and transitioning), holding the most organic land by any country (Research Institute of Organic Agriculture (FiBL) and IFOAM – Organics International, 2024). It is estimated that 97 percent of Australia's organic land is devoted to extensive grazing areas. As of June 2024, 523 Australia-based operations were USDA National Organic Program (NOP) certified, allowing producers to export their products to the United States. However, many of the operations in Australia report producing certified products for which the United States does not have an organic-specific trade code. For example, 166 Australian USDA NOP-certified operations list beef cattle as their organic certified product. Organic beef products are recorded under the general beef import code as they enter the country. For more information, see the "New Trade Codes Added to Provide Additional Information on U.S. Organic Exports and Imports" section.

Figure 3
Global organic and transitioning land, 2000–22



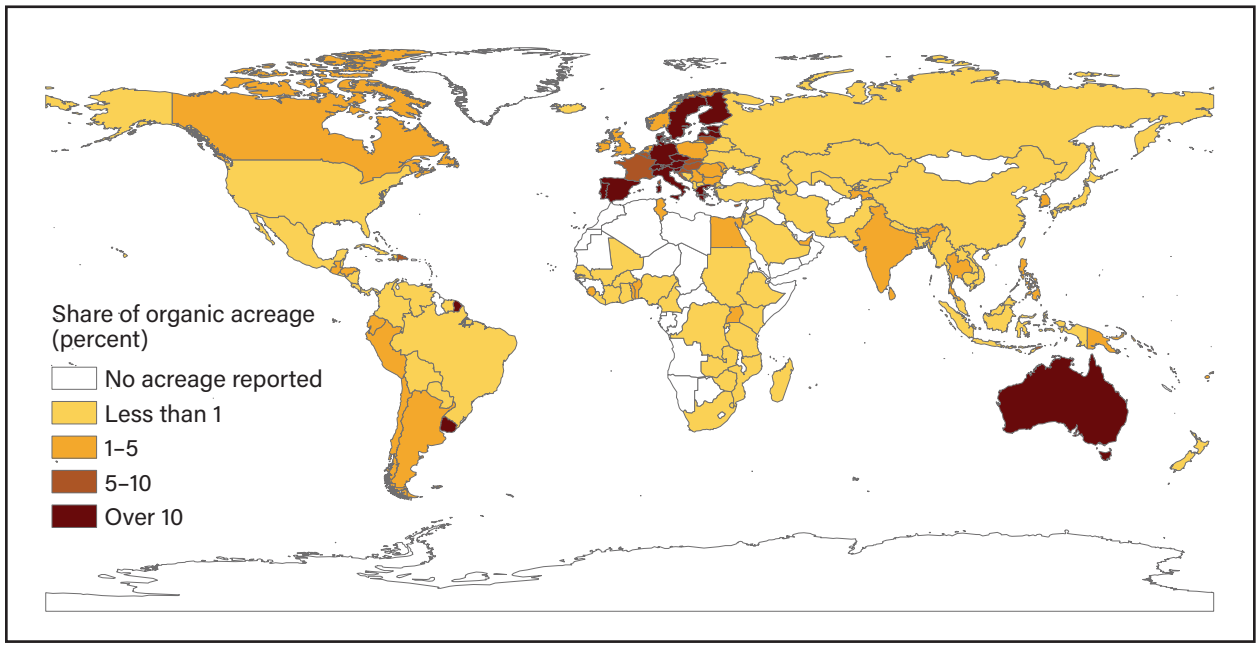
Source: USDA, Economic Research Service using data from the Research Institute of Organic Agriculture (FiBL) and IFOAM - Organics International.

While the United States was ranked ninth globally for organic acreage in 2022 and was still a top producer, that ranking was a drop from previous years. In 2021, the United States ranked eighth, and in 2015, third. The top 10 countries with organic acreage (certified and transitioning) in 2022 were Australia, India, Argentina, China, France, Uruguay, Spain, Italy, the United States, and Germany. From 2021 to 2022, the largest increases in organic and transitioning land were observed in Australia (42.8 million acres, or 49 percent) and India (5.1 million acres, or 78 percent). By continent, the highest absolute growth was in Oceania (48 percent) and Asia (36 percent). Between 2020 and 2021, Latin and North America had reported declining acreage. However, both continents saw increases between 2021 and 2021 of 11 percent and 0.6 percent, respectively. Meanwhile, between 2021 and 2022, organic acreage in Africa and Europe increased 5 percent and 1 percent, respectively.

Globally, 2 percent of total agricultural land is managed organically. Comparing data from the 2021 NASS Organic Survey and the 2022 U.S. Census of Agriculture, organic farming systems were used on less than 1 percent of U.S. cropland and less than 1 percent of pasture and rangeland. This is not the case for all countries that rank highly in acreage managed organically. For example, 20 percent of Uruguay's acreage was organic in 2022, and 15 percent in Australia (figure 4). In 2022, the top 10 countries with the largest share of organic acreage were Liechtenstein (43 percent, 3,842 acres), Austria (28 percent, 1.7 million acres), Estonia (23 percent, 570,828 acres), São Tomé and Príncipe, (21 percent, 22,934 acres), Sweden (20 percent, 1.5 million acres), Uruguay (20 percent, 6.8 million acres), Portugal (19 percent, 1.9 million acres), Italy (18 percent, 5.8 million acres), Switzerland (18 percent, 460,434 acres), and Greece (18 percent, 2.3 million acres). The European Commission set a target of 25 percent organic land in the European Union (EU) by 2030 in its Farm to Fork and Biodiversity strategies. The EU's Common Agricultural Policy (CAP) is the main policy instrument used in providing payments to farmers, market measures, and rural development policies such as support for organic farming. The CAP Strategic Plan Regulation offers member states the responsibility and flexibility to design their plans at the national level. IFOAM - Organics International (formerly known as the International Federation of Organic Agriculture Movements) has reported on the

progress of this goal and found that without substantial changes in measures and budgets in future annual revisions of the CAP strategies, it is unlikely that the 25-percent goal will be met by 2030 (IFOAM – Organics International, 2024).

Figure 4
Share of domestic organic acreage by country, 2022



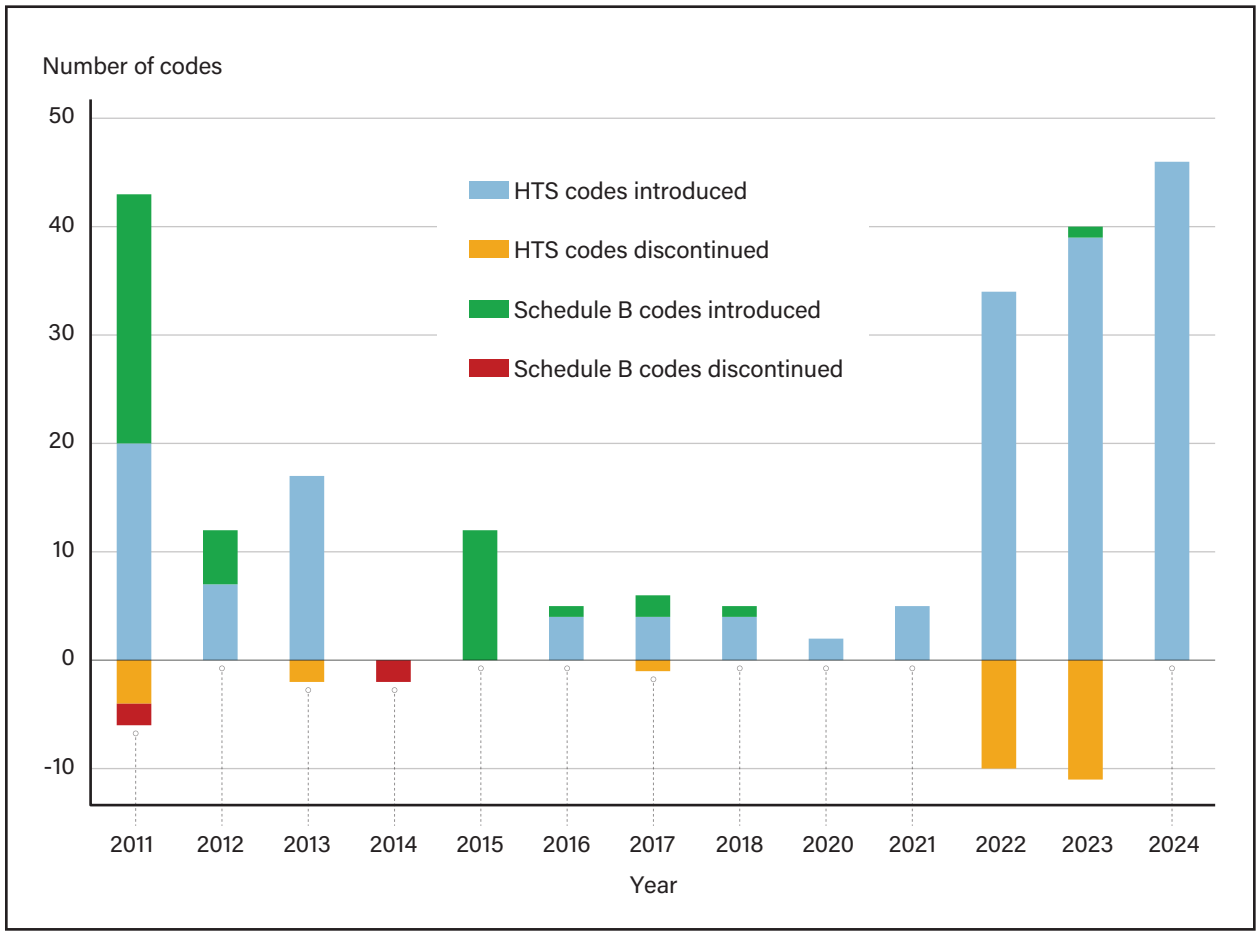
Source: USDA, Economic Research Service using data from Research Institute of Organic Agriculture (FiBL) and IFOAM - Organics International.

New Trade Codes Provide More Information on U.S. Organic Exports and Imports

Imports into the United States are categorized by product codes established by the World Customs Organization in a system called the International Harmonized Commodity Coding and Classification System or, simply the Harmonized System (HS). These codes are standardized worldwide and contain a chapter (2-digit number), a heading (4-digit number), and a subheading (6-digit number). As an example, semi-milled or wholly milled rice, whether or not polished or glazed is HS code 1006.30, which can be divided into chapter 10 (cereals), with the heading 06 (rice) and the subheading 30 (semi-milled or wholly milled, whether or not polished or glazed). There are about 5,000 commodity groups identified at the 6-digit code. Countries have the option of supplementing the international HS codes with greater detail. The U.S. International Trade Commission (USITC) administers the U.S. Harmonized Tariff Schedule (HTS), which further subdivides each product into 8-digit and 10-digit tariff lines. Following the rice example, the 8-digit code 1006.30.90 is semi-milled or wholly milled rice, whether or not polished or glazed, other. The 10-digit code 1006.30.90.15 further breaks down the other category and defines the product as certified organic semi-milled or wholly milled rice, whether or not polished or glazed, other than parboiled.

The United States has created several organic-specific codes for fruits and vegetables, feed crops, cereals, coffee and tea, condiments, and animal products (milk and honey). The number of organic-specific HTS codes has increased, particularly in the last few years. As of June 2024, there were 154 organic HTS codes. The U.S. Customs and Border Protection uses these codes to classify incoming shipments of products. Organic-specific codes help with the enforcement of organic standards and to better track the volume, value, and origin of organic imports. For a code to be created, it requires a request for tracking (i.e., the process is not automatic) to the USITC, annual imports of at least $1 million, and a minimum of three commodity traders. Commodities that do not have an organic-specific HTS code are instead recorded in a more general HTS grouping. In 2023, 39 new HTS organic-specific codes were introduced, and 46 were introduced in 2024 (figure 5). While all HTS codes added provide new information, some recent additions have further refined existing codes. For example, in 2023, six organic cucumber HTS codes were discontinued. In 2024, 14 new cucumber codes were introduced, further distinguishing between varieties (e.g., Persian, long seedless) and growing environments (e.g., greenhouse).[9]

Figure 5
Added and discontinued organic-specific Harmonized Tariff Schedule (HTS) codes, 2011–24

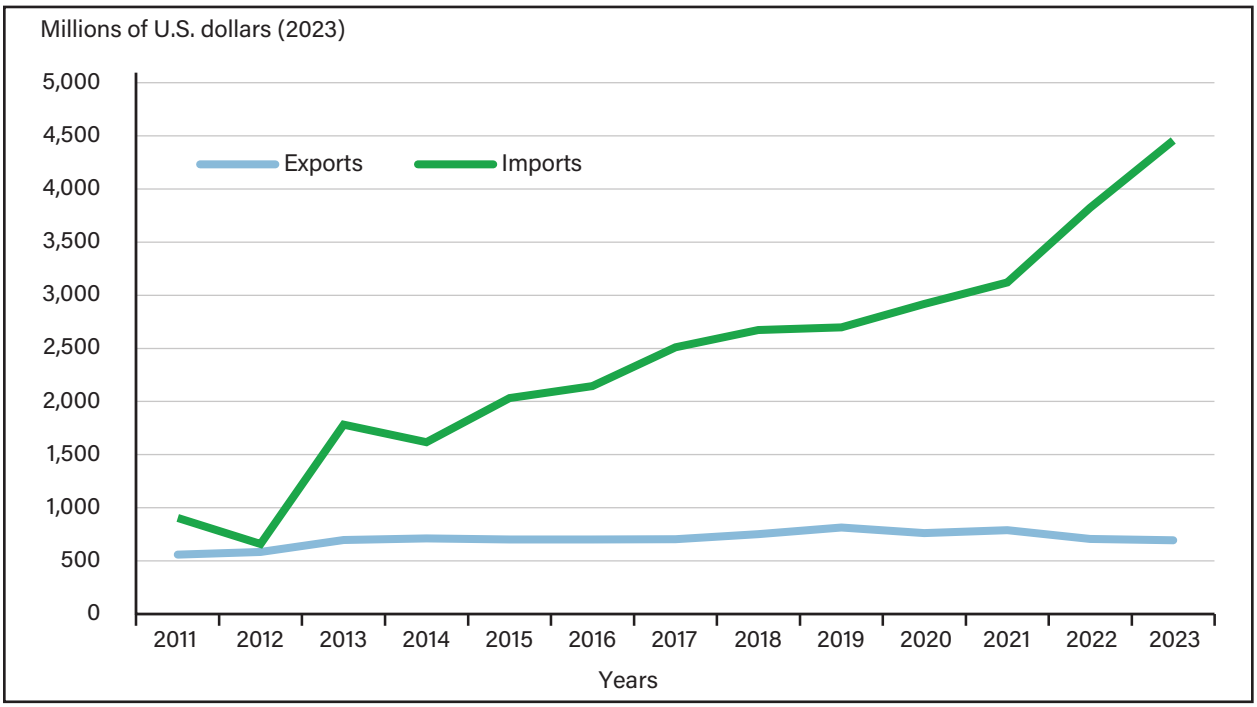


Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service.

[9] For current information on available import and export codes, please see the USDA, Foreign Agricultural Service, Global Agricultural Trade System Online, Organic-Selected HS Code Listing Report.

Over the years, the value of organic imports has increased (figure 6), not only because the United States is tracking more organic products, but also because of increased imports of high-value products, such as fresh cultivated blueberries and squash. For years with new HTS codes (e.g., 2013, 2022, 2023), increased value in tracked imports can be attributed to previously tracked and newly introduced HTS codes. The United States imports organic commodities for several reasons, including commodities that are not suited for production in much of the United States (e.g., tropical fruits such as bananas imported from Mexico and Ecuador), commodities that are grown domestically but whose domestic demand surpasses domestic supply (e.g., soybeans from Argentina and Turkey or soybean meal from India), and to keep supply constant during the off-season (e.g., blueberries from Peru and Mexico).

Figure 6
Inflation-adjusted U.S. exports and imports of organic products, 2011–2023



Note: U.S. dollars are adjusted for inflation to 2023 dollars based on the U.S. Bureau of Labor Statistics'(BLS) Consumer Price Index for All Urban Consumers (CPI-U).

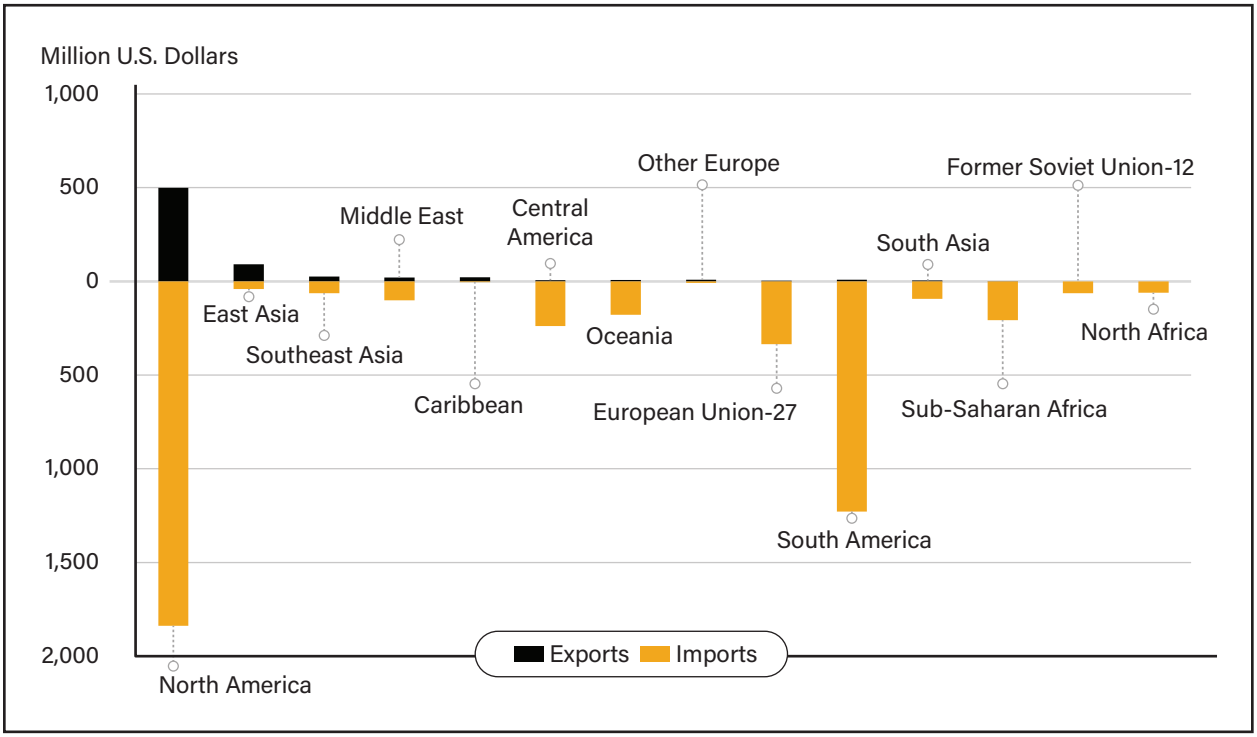
Source: USDA, Economic Research Service using USDA, Foreign Agricultural Service, Global Agricultural Trade System data and BLS CPI-U data.

The United States export codes (called Schedule B) are administered by the U.S. Department of Commerce, Bureau of the Census. There are fewer organic-specific export codes relative to HTS codes, and only one new organic export code was added in 2023, (for certified organic dates, fresh or dried). The value of organic exports remained relatively stable since 2011 but declined in 2022 and 2023 (inflation-adjusted to 2023 U.S. dollars). In terms of value, the largest U.S. organic exports in 2023 were fresh organic apples ($145 million), followed by not-head lettuce ($62 million) and spinach ($42 million). The three top exported organic commodities are mostly destined for Mexico and Canada. For example, in 2023, 62 percent of the organic fresh apple value was exported to Mexico, and 14 percent was exported to Canada. Meanwhile, 54 percent of organic lettuce exports were purchased by Canada, and 26 percent of organic lettuce by Mexico in 2023.

North America (Mexico and Canada) is the largest organic import and export trading partner for the United States (figure 7). Trade competitiveness will differ from commodity to commodity, including weather shocks, tariffs and subsidies, trade policies, and the U.S. dollar's strength. The strength of the U.S. dollar

can also affect trade. Commodities are relatively cheaper to import when the dollar is more valuable than other currencies. A strong dollar also affects exports because a valuable dollar—relative to currencies from importing countries—makes U.S. products relatively more expensive.

Figure 7
Total global organic exports and imports by region, 2023



Note: Regions are defined by USDA, Foreign Agricultural Service (FSA) Partner Group, geographical regions in the Global Agricultural Trade System.

Source: USDA, Economic Research Service using USDA, Foreign Agricultural Service, Global Agricultural Trade System data.

New Global Organic Integrity Database Provides Insights into Products Certified by USDA National Organic Program Trade Partners

USDA, Agricultural Marketing Service (AMS) publishes the Organic Integrity Database (OID), a list of all certified organic operations under USDA's National Organic Program (NOP). The database includes operation name, certifier name, certification status, geographic information (e.g., city, State, and country), scope (e.g., crops, handling, or livestock), and certified products (e.g., vegetables grown on farm). Because the OID includes the operation's country and products certified, it can be used to understand where products may originate when an organic HTS code is unavailable. For example, as of April 2024, 30 Australian operations listed sheep meat as a certified product under the NOP livestock scope, a traded commodity with no organic HTS code. However, OID does not include operations certified under a government with an organic international trade agreement. NOP has organic equivalence agreements with Canada, the European Union, Japan, Korea, Switzerland, Taiwan, and the United Kingdom, and recognition agreements with Israel and

New Zealand.[10] [11] The lack of inclusion in the OID can introduce a gap in understanding a particular product's supply if an HTS code is unavailable. For example, according to the Organic Trade Association (OTA), Canada and Denmark are the primary sources of organic pork (OTA, 2023), a detail that could not be confirmed by trade or OID statistics.

In 2023, NOP published the Strengthening Organic Enforcement (SOE) final rule. The rule amended organic regulations to strengthen oversight and enforcement of organic agricultural products' production, handling, and sale. Because organic products are credence goods (i.e., consumers cannot know that a product is organic by just looking at it or buying it), the consumer's trust in the label is of utmost importance. SOE reduces the number of uncertified entities in the organic supply chain by:

- requiring brokers, traders, exporters, and importers who are not certified acquire organic certification;
- requiring the use of electronic import certificates for all organic imports; and,
- increasing supply chain traceability (e.g., any nonretail container used to ship or store organic products needs to be labeled with organic identity and must be traceable for auditing).

All USDA-certified organic operations have standardized organic certificates, as mandatory compliance began March 19, 2024. As part of this effort and in collaboration with U.S. Customs and Border Protection, organic certifiers, organic importers and exporters, and organic programs in other countries, NOP begun implementing the new Global Organic Integrity Database (GLOBAL INTEGRITY). Unlike OID, GLOBAL INTEGRITY displays operations, certifier, status, and operation-specific characteristics (city, State/province, country, certified products) for operations that are operating under a trade agreement and are importing to the United States. For example, as of June 2024, more than 3,300 operations certified under the Canadian Food Inspection Agency (CFIA) Canada Organic Regime (COR) had information in the GLOBAL INTEGRITY.

Terminal Prices of Organic Strawberries, Spinach, and Apples are Stable, but Price Premiums Relative to Conventional Decreased in Recent Years

Organic products typically receive a price premium relative to conventional goods, with premiums varying from commodity to commodity. Organic premiums allow producers to recoup additional costs associated with organic systems and allow producers to face the additional challenges presented by organic production (Raszap Skorbiansky & Adjemian, 2020). The top two organic fruits and vegetables with the highest value of production, according to the USDA, NASS 2021 Organic Survey are apples, $606 million; strawberries, $336 million; lettuce, $276 million; and spinach, $215 million. During the last several years, nominal prices of these selected commodities remained relatively stable (figure 8). Between 2018 and 2023, the monthly average price of apples (all varieties, nonorganic), as observed in the San Francisco terminal market by USDA,

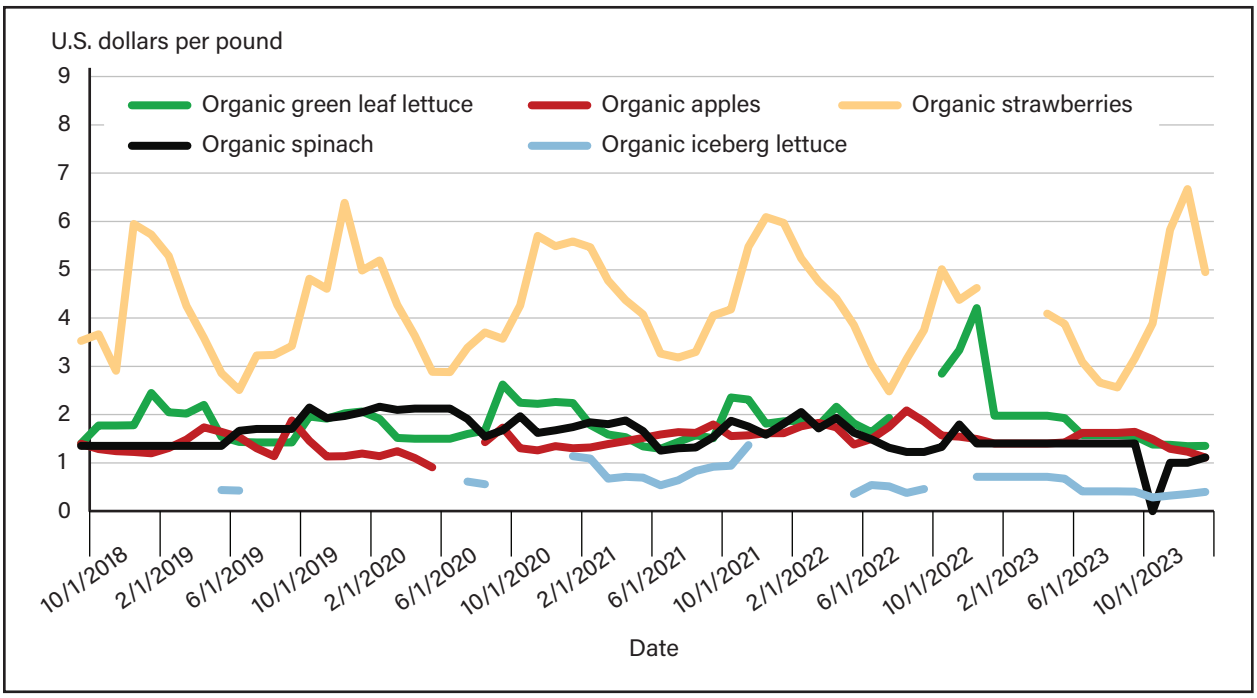
[10] An equivalence agreement is a trade arrangement between the United States and a foreign government that grants USDA-certified organic products access to the foreign market and grants the foreign government's certified organic products access to the U.S. market without additional certification. A recognition agreement authorizes foreign governments to accredit certifying agents to the USDA organic standards.

[11] Equivalence agreements are also referred to as equivalency arrangements.

AMS, ranged between $40.81 to $45.96 per carton tray pack.[12] These containers are pressed trays made with molded cups between layers, with a net weight of 40 pounds of apples. Taking this into account, the average price of apples in the San Francisco terminal market was between $1.02 and $1.15 per pound.

Despite generally stable organic lettuce prices since 2018, in late 2022, organic green leaf and iceberg lettuce prices spiked. This spike was also observed in conventional lettuce varieties due to weather and heavy pest pressure damaging crops in California and Arizona, as well as higher input prices and local shortages of irrigation water in California, persisting to the end of the season (Davis et al., 2022; Davis et al., 2023). While the price of organic lettuce increased, the organic price premium (the difference between the organic and the conventional price) fell sharply during the 2022 supply disruption, particularly for iceberg lettuce (figure 9). While organic apples, spinach, and strawberries continue to receive a price premium over conventional prices, the price premiums have been trending downward. Given the higher price of organic products, organic producers were hesitant to raise prices further during the Coronavirus (COVID-19) pandemic (OTA, 2023).

Figure 8
Prices of organic apples, strawberries, spinach, and lettuce in the San Francisco terminal, 2018–23

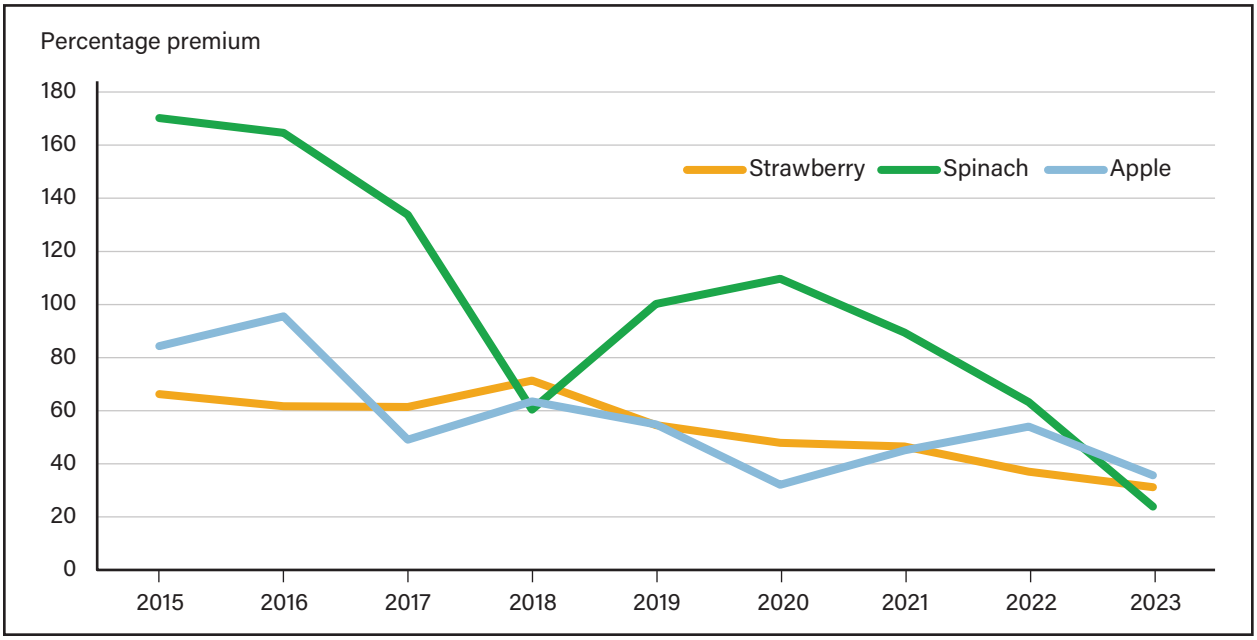


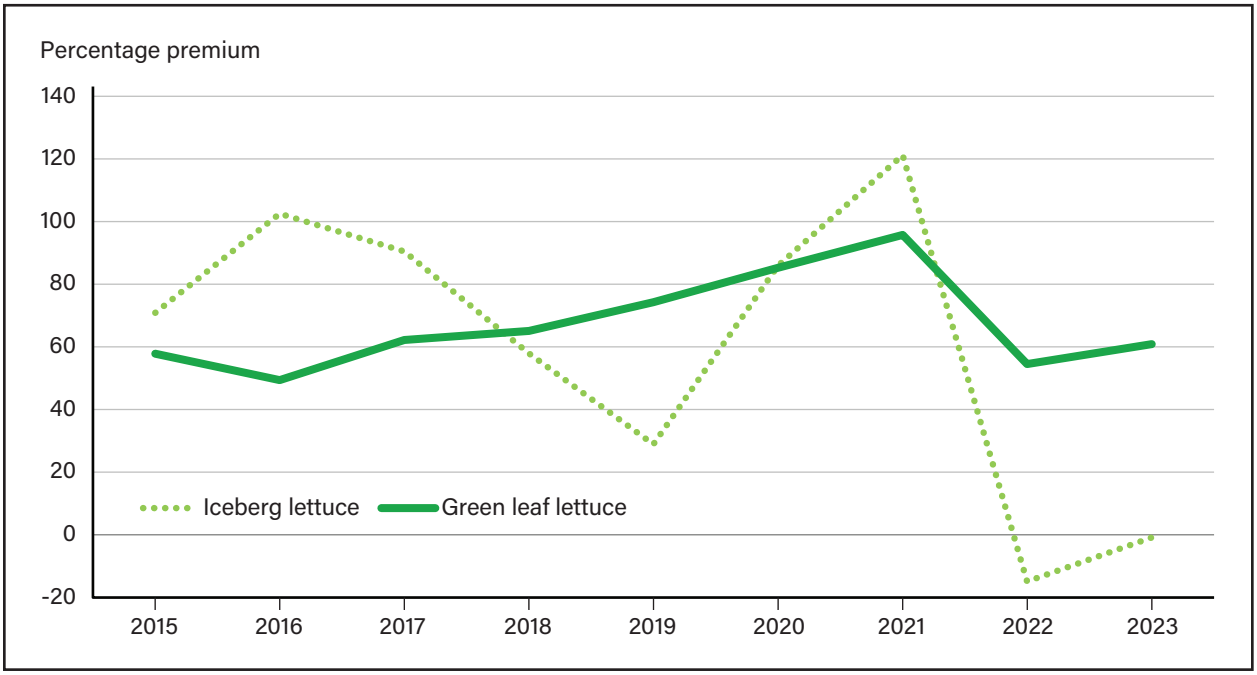
Note: Prices collected by the USDA, Agricultural Marketing Service (AMS) at the San Francisco terminal market. Prices collected for apples in cartons tray pack (net weight 40 pounds); lettuces in cartons (iceberg lettuce net weight 50 pounds and green leaf lettuce 20 pounds); spinach in bunched cartons (net weight 20 pounds); strawberries in flats 8 1-pound containers with lids (net weight 8 pounds).

Source: USDA, Economic Research Service calculations using data from USDA, AMS.

[12] USDA, AMS Terminal Prices data do not allow for weighted averages. Averages calculated in this report are the average of the highest price recorded and lowest price recorded.

Figure 9
Organic produce price premiums, percentage over conventional, 2015–23





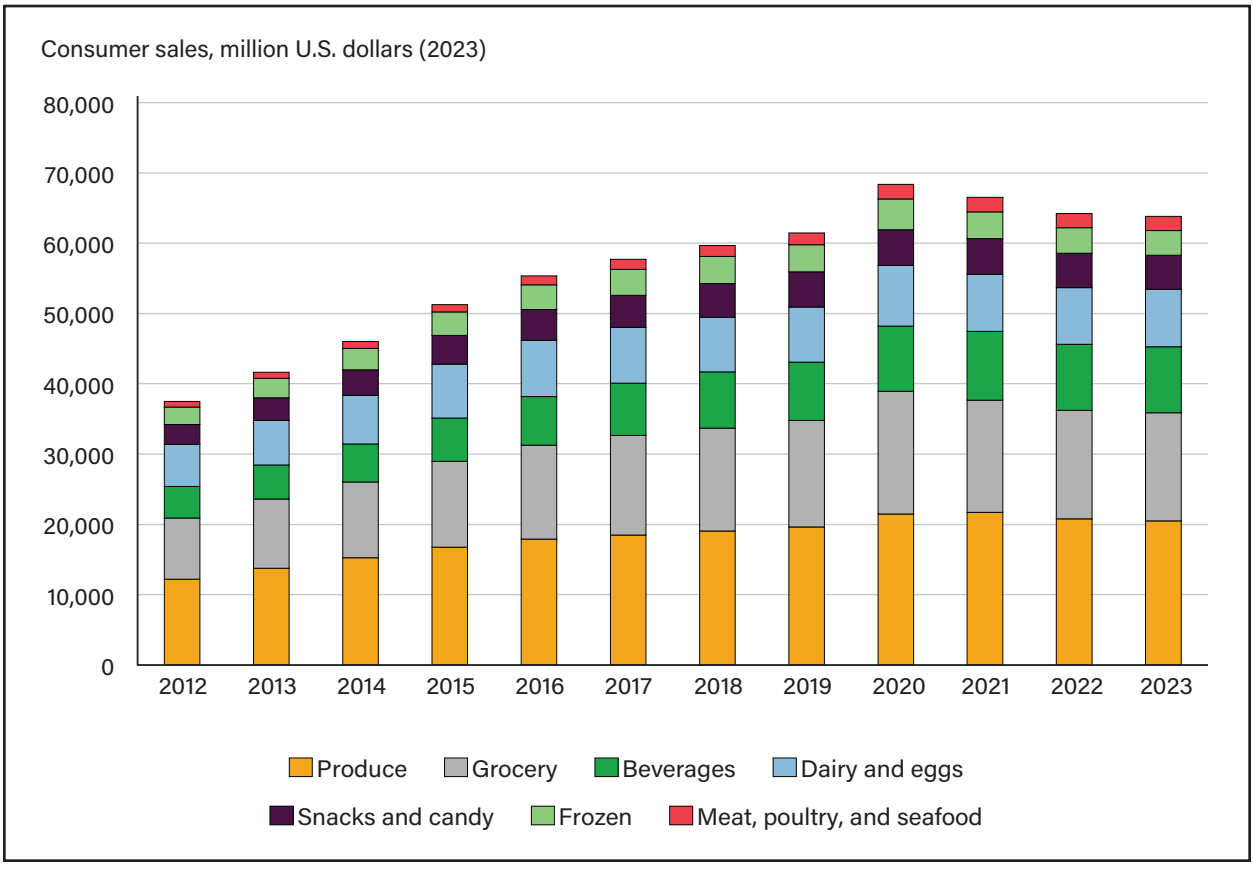
Note: An organic premium is the difference between the organic price and the conventional price of a commodity as collected by the USDA, Agricultural Marketing Service (AMS) at the San Francisco terminal market.

Source: USDA, Economic Research Service using data from USDA, AMS.

Inflation-Adjusted Organic Retail Sales Decreased in 2021 and 2022 but Remained Higher Than Prepandemic Levels

The organic retail market, both for food and nonfood products, experienced increased demand during the first year of the COVID-19 pandemic (figures 10 and 11). Several factors increased demand for organic foods, including changes in patterns of retail food sales; McLaughlin et al. (2022) found substantial growth in real food-at-home expenditures between March 2020 and March 2021 (10.7 percent after adjusting for inflation), which followed a shift from food-away-from-home (e.g., restaurants) consumption to food-at-home consumption (e.g., grocery stores). Additionally, organic food is often associated with health (OTA, 2021), and organic produce is the most popular category in organic retail sales. Okrent and Zeballos (2022) showed that the share of household food and alcohol budget for fruits increased in 2020 from 4.7 in 2016–19 to 5.6 percent in 2020. Organic produce sales increased by almost 10 percent in 2020.

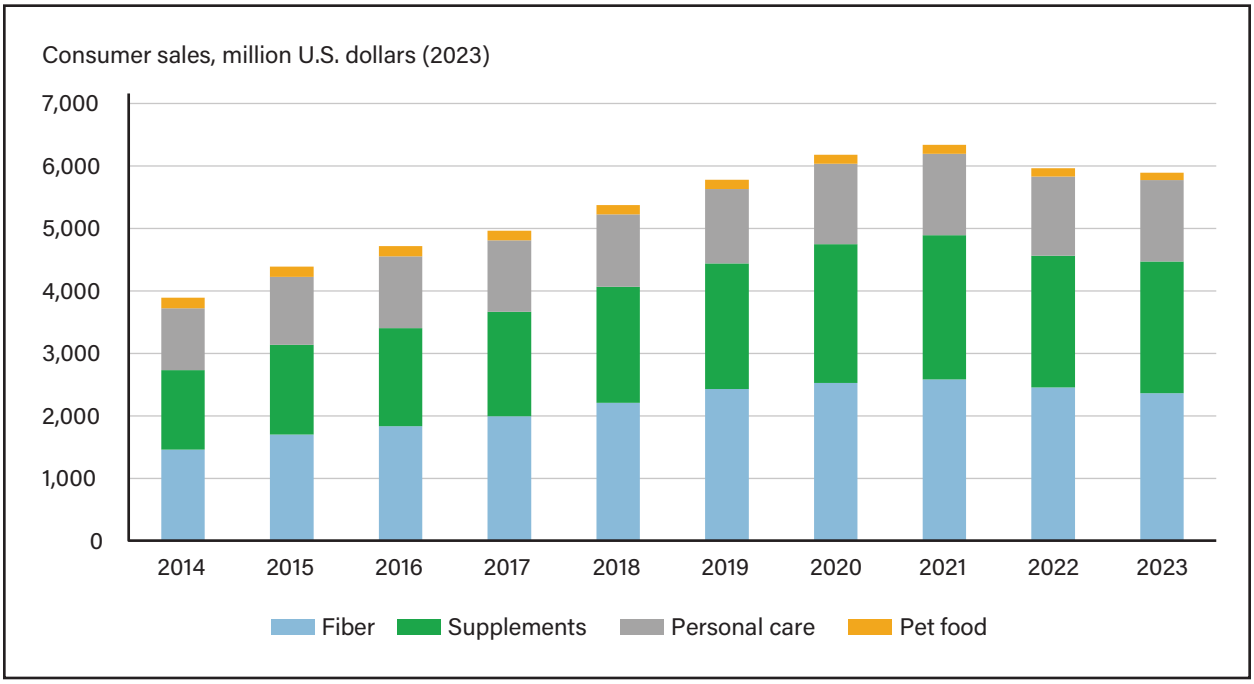
Figure 10
Organic food retail sales, 2012–2023



Note: U.S. dollars are adjusted for inflation to 2023 dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U). The grocery category includes the following subcategories: instore bakery and fresh breads; dry breakfast goods; baby food and formula; shelf stable soups, stews, and broths; oil, shortening, and vinegars; canned fruits and vegetables; spices; condiments; sweeteners; dried beans, fruits, and vegetables; deli and refrigerated prepared foods; dried prepared foods; baking needs; rice, grains, and potatoes; nut butters, jams, and preserves; pasta; tofu and tempeh; salad dressing and dips; pasta sauces; salsa; and meat alternative and veggie burgers. The frozen category includes the following subcategories: frozen prepared foods; frozen fruits and vegetables; desserts; ice cream; and frozen juice.

Source: USDA, Economic Research Service using data from the Organic Trade Association.

Figure 11
Organic nonfood retail sales, 2014–2023



Note: U.S. dollars are adjusted for inflation to 2023 dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U).

Source: USDA, Economic Research Service using data from the Organic Trade Association.

In 2021, inflation-adjusted organic food retail sales fell about 3 percent relative to 2020, the first recorded decline since the beginning of the series in 2012. In 2022, inflation-adjusted organic retail food sales decreased almost 3.5 percent relative to 2021. As stay-at-home restrictions started to ease and restaurants began to see more customers, inflationary pressure also affected sales. The United States experienced the fastest annual increase in food prices in 2022 (9.9 percent), as measured by the Food Consumer Price Index, since 1979. The market share of organic products remained stable for most categories (table 2).

Table 2
Organic sales as a share of total retail sales, 2014–23

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Produce	12.3	13.1	13.7	14.3	14.8	15.2	15.3	15.7	15.1	15.2
Dairy and eggs	7.3	7.9	8.4	8.5	8.5	8.6	8.6	8.6	8.2	8.4
Meat, poultry, and seafood	0.45	0.49	0.59	0.68	0.74	0.79	0.84	0.85	0.84	0.90
Grocery	5.6	6.2	6.8	7.2	7.5	7.8	8.1	7.7	7.1	7.0
Beverages	2.8	3.1	3.5	3.8	4.1	4.1	4.3	4.4	4.2	4.2
Snacks and candy	4.4	4.8	5.1	5.3	5.6	5.7	5.6	5.4	5.0	4.8
Frozen	5.8	6.2	6.6	6.9	7.2	7.3	7.0	6.3	5.7	5.5
Fiber	0.40	0.46	0.51	0.56	0.61	0.67	0.87	0.82	0.79	0.76
Supplements	2.7	2.9	3.0	3.1	3.3	3.4	3.4	3.4	3.3	3.3
Personal care	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4

Note: The produce category includes the following subcategories: instore bakery and fresh breads; dry breakfast goods; baby food and formula; shelf stable soups, stews, and broths; oil, shortening, and vinegars; canned fruits and vegetables; spices; condiments; sweeteners; dried beans, fruits, and vegetables; deli and refrigerated prepared foods; dried prepared foods; baking needs; rice, grains, and potatoes; nut butters, jams, and preserves; pasta; tofu and tempeh; salad dressing and dips; pasta sauces; salsa; and meat alternative and veggie burgers. The frozen category includes the following subcategories: frozen prepared foods; frozen fruits and vegetables; desserts; ice cream; and frozen juice.

Source: USDA, Economic Research Service using data from the Organic Trade Association.

In 2023, organic retail food sales were $63.8 billion. While organic food sales in 2023 were lower than 2020's $68.4 billion (inflation-adjusted to 2023), the sales were higher than 2019's $61.5 billion (inflation-adjusted to 2023). Additionally, nominal sales have still increased year to year. Inflation-adjusted sales in 2020 were above the 2012 to 2019 trend, though in 2022 and 2023 organic food sales were below the trend. Nonfood retail sales experienced similar trends to food sales, though the sector saw its first decrease in inflation-adjusted sales in 2022. In 2023, total nonfood organic sales equaled $5.9 billion. Sales in 2023 for nonfood products were also higher than those in 2019 (figure 11). Fibers (lines and clothing) are the highest nonfood retail sale categories, followed by supplements. Despite consumer interest in organic products, these products typically carry a premium, and consumers' budgets may not accommodate rapid growth in the industry in the coming years. The OTA anticipates inflationary price increases to continue driving growth in sales of organic products (OTA, 2023).

Aside from inflationary pressures, the USDA Organic seal faces competitive pressure with other sustainability labels and products labeled with holistic attributes (Kuchler et al., 2017). The organic label is a multi-attribute label encompassing claims regarding the use of chemicals, production practices, and animal welfare, but several single-attribute or similar multi-attribute labels are available in the market. Some of the competition may arise from consumers' lack of awareness of specific characteristics included in the USDA Organic certification. An OTA survey found that about half of surveyed consumers knew only four or fewer characteristics associated with organic products. Forty percent of consumers surveyed were not aware that organic products do not involve the use of genetically modified organisms (GMOs) or genetic engineering (GE) techniques (OTA, 2024).[13] In some cases, processors and retailers have required organic producers to obtain Non-GMO

[13] USDA's NOP defines genetic engineering as a variety of methods used to genetically modify organisms or influence their growth and development by means that are not possible under natural conditions or processes.

Project verification (Kuchler et al., 2017).[14] Additionally, some consumers may substitute purchases of organic products with single-attribute products if they care more about one specific attribute than the additional organic attributes (Kuchler et al., 2017).

Similarly, organic agriculture may face competition from regenerative agriculture. Regenerative agriculture is an approach to farming, ranching, forestry, and aquaculture that seeks to create measurable enhancements to the health and quality of soil or other natural resources using diverse practices. Regenerative agriculture has gained attention as an alternative production practice that, like organic agriculture, aims to improve soil health. Regenerative agriculture dates back to Gabel (1979) and Rodale (1983), but aside from initial interest in the 1980s, it received little attention until its resurgence starting in 2016 (Giller et al., 2021). In the 1980s, Rodale defined regenerative farming as a management system that uses few off-farm fertility inputs, strongly relying on capturing nitrogen from the air and minerals from the soil (Rodale, 1984). However, regenerative agriculture has no single, universally applicable list of well-defined practices or technologies but a body of principles (Morgan, 1985). According to the Organic Trade Association, 47 percent of organic consumers believe the term regenerative to be important when purchasing organic foods or beverages (OTA, 2024).

Several labels exist in the market with differing definitions of regenerative agriculture (see box 1). The Regenerative Organic Certification (ROC) program uses USDA organic standards as the benchmark, requiring ROC-certified producers to first be USDA Organic certified.[15] Increased demand for ROC certification would lead to an increase in ROC-certified land. New ROC-certified land could be land already holding organic certification (in which case no new land would be converted to organic) or previously not certified land (in which case organic certified land would increase). In that sense, the labels may be seen as complements. However, from an organic producer's point-of-view who is not ROC-certified, the popularity of ROC labeling could decrease demand in solely USDA-certified products. From an organic consumer's point-of-view, ROC certification could add additional benefits of interest over the USDA Organic label. Other regenerative labels do not require USDA Organic certification and do not overlap all standards set by USDA's NOP, though these labels can also be paired with a USDA organic seal (i.e., products can be certified separately both under USDA Organic and other regenerative labels). These labels can pose similar competitive pressures as those described for non-GMO products.

[14] While the non-GMO Project provides a label for foods that are not produced using genetic engineering (GE) methods, the USDA requires that bioengineered (BE) food is appropriately disclosed, with the options of conveying the information via text, symbol, electronic or digital link, and/or text message. Small food manufacturers or small and very small packages also have the option of a phone number or a web address.

[15] Similarly, the Real Organic Project offers a label which requires a producer to be USDA organic certified first, but imposes additional restrictions, including not allowing for hydroponic systems.

Regenerative Agriculture and Other Relevant Labels

Regenerative agriculture generally focuses on soil regeneration, often expanding to include other natural resources, such as water and biodiversity, though definitions vary through the several regenerative labels available in the marketplace today. Regenerative labels available today, the organizations that offer them, and each label's definition of regenerative follow:

1. **The Regenerative Organic Alliance's Regenerative Organic Certification (ROC) program** describes regenerative as a collection of practices that focus on regenerating soil health and the full farm ecosystem, including cover cropping, crop rotation, low- to no-till, composting, and zero use of persistent chemical pesticides and fertilizers. ROC-certified operations must first be USDA organic certified or certified by an international equivalent formally recognized by National Organic Program (NOP). ROC has three levels (Gold, Silver, Bronze) representing the portion of the producing land and revenue that are ROC-certified, with the Gold level requiring 100 percent of managed land to be certified. For example, to claim the Bronze (Silver) level, at least 10 (50) percent of land producing fiber or food must be certified at initial certification and must reach 50 (75) percent by year 5, or the certified portion may represent at least 10 (50) percent of the operations revenue. Using the USDA organic standards as the benchmark, ROC adds requirements in three areas: soil health and land management (e.g., required minimums crop rotation depending on ROC level and soil health laboratory tests), animal welfare (e.g., does not allow for use of concentrated animal feed operations (CAFOs)), and farmer and worker fairness (e.g., proof of social fairness certification, documentation of commitment of equal pay for all workers) (ROC, 2023). As of June 2024, ROC reported 15,020,799 acres certified globally. In the United States, ROC reported having more than 118 thousand acres across 91 farms (ROC, 2024).

2. **Land to Market's Verified Regenerative program** focuses on improving indicators for ground cover, water infiltration, biodiversity, soil carbon, and soil health using the trademarked Ecological Outcome Verification (EOV) protocol created in collaboration with the Savory Institute, Michigan State University, Texas A&M, and others. Land to Market is outcome-based, working with each operation to achieve specific outcomes. The outcomes can be achieved using nonorganic practices. For example, focus may be given to soil health, but synthetic products may be used. Land to Market focuses on livestock operations generating raw materials for the marketplace, such as meat, dairy, leather, and wool. As of June 2024, Land to Market had verified more than 6 million acres of land globally and 1 million in the United States, as well as partnered with over 100 brands (Land to Market, 2024).

3. **A Greener World's (AGW) Certified Regenerative by AGW program** defines regenerative as a management practice that restores ecological balance and focuses on soil to promote continual improvement and to mitigate the negative impacts on humans and animals. This certification does not allow for split systems, prohibits activities that may have a negative impact on the land (e.g., fracking, mining, topsoil removal), and requires those certified to hold a regenerative plan to address the health and success of the site's soil, water, air, cropping systems, livestock, biodiversity, wild harvest, and humans/society. In 2023, AGW worked with over 6,000 farmers who managed over 3 million acres globally (A Greener World, 2023).

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4. **Regenified's Certified Regenified program** defines regenerative as farming and ranching methods that repair, rebuild, revitalize, and restore ecosystems starting from the soil up, refraining from practices that deplete natural resources and communities. According to Regenified, regenerative cultivates synergistic relationships among people, animals, and the land, serving as a catalyst for building soil organic matter, cycling nutrients, and enhancing water infiltration and retention while fostering healthy ecosystems. Certification contains a 1–5 tier system, with farms required to move up in tiers over time. Depending on the tier, practices must be applied to a percentage of the agricultural land. Each farm is required to have a plan on six principles (principles of context, disturbance, armor, diversity, living roots, and livestock integration) and three rules (rules of compounding, diversity, and disruption). The plan asks the farm operators to list the practices to achieve each principle or rule, such as a list of practices that will be used to reduce disturbances to soil. Third-party soil tests are performed to show improvements from previous verifications (Regenified, 2023). As of April 2024, Regenified had certified 805,358 acres in the United States and more than 1 million acres globally (Regenified, 2024).

5. **Green America's Soil Carbon Initiative (Soil & Climate Initiative)** describes regenerative as a system that promotes healthier soil, improved biodiversity, a better climate, and flourishing rural communities. The program has seven pillars of regenerative management: minimizing soil disturbance, living roots in the ground year-round, keeping year-round soil coverage, maximizing diversity above and below ground, reducing synthetic inputs, continuous learning, and appropriate integration of livestock. The program has four levels. For example, level one requires a farm to submit documentation for calculating synthetic fertilizer and pesticide usage baseline, whereas level two requires that the 3-year rolling average of synthetic fertilizer and pesticide usage decline over the baseline. Generally, the program requires farms to progress to the next verification level by the third year, based on factors such as declining synthetic fertilizer and pesticide usage, use of non-GMO and nonpesticide treated seed, third-party verified soil testing results, and continuous learning (e.g., participating in agricultural or regenerative inperson (GPO6.11) classes or webinars). Farms with proof of previous efforts to improve soil health, such as being certified USDA Organic or participation in NRCS conservation can receive credit in their level for transition already undertaken (Soil Carbon Initiative, 2023). As of June 2024, over 100 farmers certified over 150,000 acres under the standard (Soil & Climate Initiative, 2024).

As interest in regenerative agriculture continues to grow, more labels may continue to enter the market.

Other Relevant Labels

The Non-GMO Project: nonprofit organization which provides third-party verification for nongenetic modification. In 2023, the Non-GMO Project was used on more than 120,000 stock keeping units (SKUs) (Non-GMO Project, 2023)

The Real Organic Project: provides an add-on label to the USDA Organic label to distinguish soil-grown and pasture-raised organic products. Farmers must be USDA certified organic before applying for an add-on. Unlike the USDA Organic label, the Real Organic Project certification does not allow for hydroponic systems or concentrated animal feed operations (CAFOs). As of 2024, the Real Organic project certified over 1,000 farms in the United States (Real Organic Project, 2024).

Conclusion

This report updates the state of organic agriculture, including changes in domestic and global production, initiatives to increase domestic acreage, trends in imports and exports, U.S. regulations pertaining to organic agriculture, prices of popular commodities at the farm level, and retail sales of food and nonfood products. To examine trends in organic agriculture, the report utilizes sources from public and private data sources.

While global organic acreage continues to increase, particularly in Australia, which has 131 million acres of certified and transitioning organic land, U.S. acres decreased in recent years. According to Argus, a private data company providing information on organic agriculture, total certified organic land decreased 9.4 percent in marketing year 2022/23 relative to 2021/22 and dropped an additional 6.8 percent in 2023/24 relative to 2022/23. The most recent USDA, National Agricultural Statistics Service Organic Survey also showed land transitioning to organic dropped between 2019 and 2021. Responding to declines in transitioning acreage, USDA introduced the Organic Transition Initiative to help producers overcome several barriers to becoming certified. In fiscal year (FY) 2023, USDA, Agricultural Marketing Service's Transition to Organic Partnership Program funded $99.5 million in technical assistance support and USDA, Natural Resources Conservation Service's Environmental Quality Incentives Program Organic Transition Initiative obligated $12.1 million. In FY 2024, USDA, AMS's Organic Market Development Grant program already funded more than $75 million in grants to support target markets.

Despite declines in acreage, organic demand remains strong. U.S. organic imports continue to increase. For example, in 2023 the U.S. tracked over $4 billion of organic imported goods. While some of this increase can be attributed to new organic-specific Harmonized Tariff Schedule codes, the value of already tracked commodities increased as well. At the domestic retail level, organic retail sales spiked in 2020, when food-at-home expenditures increased and consumers spent more on fruits, a popular organic product. Organic retail sales decreased relative to 2020 in 2021 and again in 2022. However, food price inflation in 2022 was at its highest since 1979, and given the price premium associated with organic products, it may not indicate a decline in organic demand, but a decrease in quantity demanded given the higher price associated with inflation. Observing price premiums for the highest value fruits and vegetables at the farm level (apples, lettuce, spinach, and strawberries) shows that price premiums persist but recently have been declining for apples, spinach, and strawberries. Price premiums help producers recoup additional product costs and added risks to organic farming. However, lower price premiums would increase the quantity demanded of organic goods, particularly as these goods face competition from alternative labels.

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Appendix

Table A.1
California organic harvested acres for selected commodities, 2019–22

	2019	2020	2021	2022	Percent change 2019–20	Percent change 2020–21	Percent change 2021–22
Animals		Production acreage					
Beef cows	1,094,264	624,751	683,801	1,088,279	-42.9	9.5	59.2
Dairy cows	85,586	75,009	74,056	64,218	-12.4	-1.3	-13.3
Broiler chickens	17,619	16,265	4,361	4,403	-7.7	-73.2	1.0
Layer chickens	41,807	18,374	3,640	3,712	-56.1	-80.2	2.0
Other	17,999	18,150	17,997	3,427	0.8	-0.8	-81.0
Specialty crops		Harvested acreage					
Lettuce	31,696	44,044	42,954	43,706	39.0	-2.5	1.8
Almonds	15,206	26,567	29,861	41,059	74.7	12.4	37.5
Grapes	39,167	43,164	48,764	55,792	10.2	13.0	14.4
Spinach	21,025	24,424	25,339	25,000	16.2	3.7	-1.3
Carrots	6,896	19,439	21,251	20,511	181.9	9.3	-3.5
Broccoli	11,668	11,976	16,656	16,161	2.6	39.1	-3.0
Tomatoes	11,704	12,801	16,340	14,991	9.4	27.6	-8.3
Stone fruit	8,842	14,321	11,520	12,393	62.0	-19.6	7.6
Pome fruit	4,493	3,920	4,130	4,083	-12.7	5.4	-1.1
Strawberries	5,510	5,501	5,871	6,741	-0.2	6.7	14.8
Celery	4,122	4,354	7,251	6,217	5.6	66.5	-14.3
Citrus	20,340	19,049	21,115	25,100	-6.3	10.8	18.9
Other	128,763	138,118	159,181	140,797	7.3	15.3	-11.5
Other		Harvested acreage					
Field crops (includes pasture and rangeland)	647,288	1,103,815	725,025	627,297	70.5	-34.3	-13.5
Fallow	22,444	75,297	59,619	93,027	235.5	-20.8	56.0
Seed crops	41,061	17,360	27,256	21,135	-57.7	57.0	-22.5
Propagation	456	6,066	12,025	4,748	1,229.1	98.2	-60.5
Totals							
Harvested acreage	2,277,956	2,322,763	2,018,014	2,322,796	2.0	-13.1	15.1
Animal area	1,257,276	752,548	783,855	1,164,039	-40.1	4.2	48.5
Nonfield crop acreage	350,949	391,103	449,514	438,433	11.4	14.9	-2.5

Note: The category "Other" under "Animals" includes all other poultry/livestock and all other dairy and dairy products; the category "Other" under "Specialty crops" includes all other vegetables, all other fruit crops, all other nut crops, all other berries, and all other commodities or areas not previously reported or listed (e.g., apiculture, herbs, mushrooms).

Source: USDA, Economic Research Service using California Department of Food and Agriculture (2021, 2022, 2023, 2024).

Table A.2

Argus-reported organic harvested acreage by State, market year 2023

	Nonfield crops	Pasture and rangeland	Total field crops	Total organic
Alabama	691	1,971	6,124	8,787
Alaska	1,078	NA	NA	1,245
Arizona	52,440	33,774	18,592	104,806
Arkansas	13,293	4,099	20,285	37,677
California	491,621	1,205,624	394,623	2,091,868
Colorado	41,358	168,148	127,779	337,286
Connecticut	41,740	155	850	42,745
Delaware	155	100	1,664	1,919
Florida	20,816	420	10,295	31,532
Georgia	12,383	957	13,459	26,800
Hawaii	15,738	47,576	277	63,590
Idaho	30,666	44,936	154,245	229,847
Illinois	6,244	3,928	119,261	129,433
Indiana	6,865	25,752	57,420	90,037
Iowa	7,438	17,130	144,720	169,288
Kansas	13,895	3,419	86,296	103,610
Kentucky	2,786	6,494	11,014	20,294
Louisiana	NA	NA	1,179	1,903
Maine	27,949	8,784	15,857	52,590
Maryland	1,653	3,769	19,299	24,721
Massachusetts	5,415	913	2,155	8,482
Michigan	12,358	8,007	121,835	142,200
Minnesota	10,924	17,099	133,730	161,753
Mississippi	NA	NA	1,100	3,450
Missouri	7,411	13,745	48,310	69,467
Montana	110,585	47,518	338,725	496,828
Nebraska	27,978	65,074	181,584	274,636
Nevada	2,080	211,230	20,149	233,459
New Hampshire	5,108	826	2,182	8,116
New Jersey	3,070	459	2,283	5,811
New Mexico	6,496	6,897	18,796	32,189
New York	72,967	86,160	247,940	407,068
North Carolina	25,978	1,445	31,300	58,723
North Dakota	47,041	6,054	83,351	136,446
Ohio	3,417	25,626	107,748	136,791
Oklahoma	2,956	2,960	12,163	18,079
Oregon	64,543	211,453	155,148	431,145
Pennsylvania	12,260	29,059	90,408	131,728
Rhode Island	NA	NA	NA	3,521
South Carolina	3,504	244	3,281	7,029
South Dakota	8,401	34,102	76,477	118,981

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	Nonfield crops	Pasture and rangeland	Total field crops	Total organic
Tennessee	768	906	3,211	4,885
Texas	39,916	46,024	306,712	392,653
Utah	27,585	84,276	53,325	165,186
Vermont	106,163	30,189	43,768	180,120
Virginia	6,468	9,175	21,732	37,375
Washington	66,358	15,594	58,693	140,644
West Virginia	314	5,107	1,942	7,363
Wisconsin	25,058	41,264	132,422	198,744
Wyoming	16,001	15,961	82,221	114,183

Note: NA = not available.

Source: USDA, Economic Research Service using data from Argus.