

## NATIONAL ORGANIC PROGRAM OVERVIEW

The 146-page NOP Final Rule, available on the Internet at [www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/), settles questions of what can be labeled “organic” that have been actively debated since 1990, when Congress passed the OFPA legislation directing the USDA to write organic standards. The NOP Final Rule covers the complete range of foods that are currently marketed in organic versions, including fruits, vegetables, grains, livestock products (such as meat, poultry and eggs) and processed foods. It prescribes organic practices that will apply not only to farms but also to food facilities that process, package or store organic foods. While retail stores are generally exempt, they are covered if they do any processing of organic foods. Although not addressed explicitly in the Final Rule, USDA has acknowledged the applicability of the NOP principals to products such as cosmetics, dietary supplements, over-the-counter medications, and body care products. In a policy statement issued on May 2, 2002, USDA noted that “[b]ecause these and other products, classes of products, and production systems contain agricultural products the producers and handlers of such products . . . are eligible to seek certification under the NOP.” (A copy of this policy statement is reprinted in Appendix G, along with a number of other important policy documents. The importance of these policy statements is discussed in a later section of the this Primer.)

The Final Rule defines “organic production” generally as a system that integrates “cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.” 7 CFR § 205.2. The specific on-farm requirements in the NOP Final Rule deal with cropland, seed, crop rotation, pest management, and the care and feeding of livestock. They prohibit the use in organic production of synthetic chemicals, sewage sludge as fertilizer, hormones to promote animal growth, antibiotics given to animals, and biotechnology. In food processing there may be no irradiation. Anyone producing or handling organically produced food along with non-organic products must not commingle them and at all stages of production must guard against the organic food coming in contact with any substances that are not allowed in organic production. Any person who knowingly sells a product as organic that is not in accordance with the NOP Final Rule is subject to a civil penalty of up to \$10,000 per violation.<sup>3</sup>

When then-Secretary of Agriculture Dan Glickman unveiled the NOP Final Rule, he proudly called it “the strongest and the most comprehensive organic standard in the world.”<sup>4</sup> Most organic industry leaders share his satisfaction with the new rule. They believe that with a USDA organic seal and a single set of nationally recognized standards, organic food will assume a new level of acceptance in the food marketplace and will attract a new surge of consumer interest.

Even before the NOP Final Rule, organic food outgrew its previous status as an obscure niche within the U.S. food industry. Annual sales of organic food in the U.S have skyrocketed, increasing from \$78 million in 1980 to \$1.4 billion in 1990<sup>5</sup> and \$6.4 billion in 1999.<sup>6</sup> Analysts expect these sales to keep growing by 20 percent annually.<sup>7</sup> Sales of organic food in Europe total \$7-9 billion yearly, with a similar growth rate.<sup>8</sup> This is especially remarkable in light of the fact that organic food products typically can command premium prices that are 20 to 50 percent higher than comparable conventional foods. Organic foods are thus doubly attractive to the food industry, since they are both a fast-growing sector and one with higher-end price levels. While these price levels principally reflect the higher costs entailed in producing organic foods, they still offer the potential for greater profit margins than in other food sectors. This has led a substantial number of companies either to start or acquire an organic line.

While U.S. national organic standards are a novel development, organic standards themselves are not new. Prior to the NOP, whenever a farm, food processing plant or other facility selling “organic” products has wanted to be “certified” by a third party as an “organic” operation, it had to arrange with some organization to for certification. These individual certification bodies developed their own separate organic standards, which they have then applied in certifying operations as “organic.” These organic certification bodies included State government agencies, private non-profit organizations and private for-profit firms. Under the NOP Final Rule, this patchwork system of State and private organic certification has been replaced by a single set of nationwide organic certification standards.