

Some opinions on

OPTIONS and OBSTACLES

to adopting organic agriculture.

Drastic changes in US agricultural structure

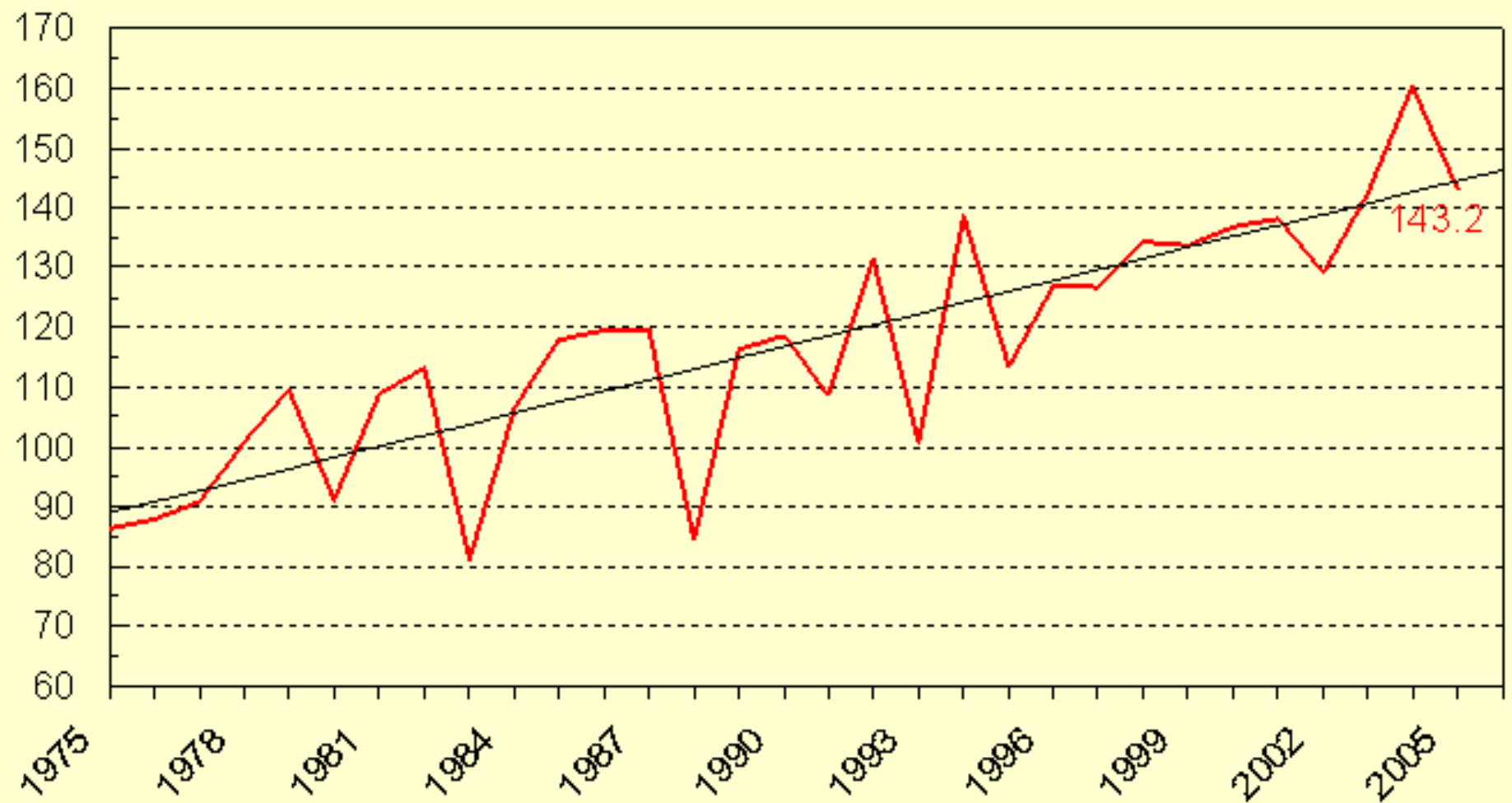
- Declining farm numbers (*income dependent)
- Competition for limited resources
- Specialized production
- Off farm employment, part time
- Consolidation (EVERYWHERE)
- Production technology

Commodity Yields are Increasing

- **Steadily**
 - **Substantially**
-

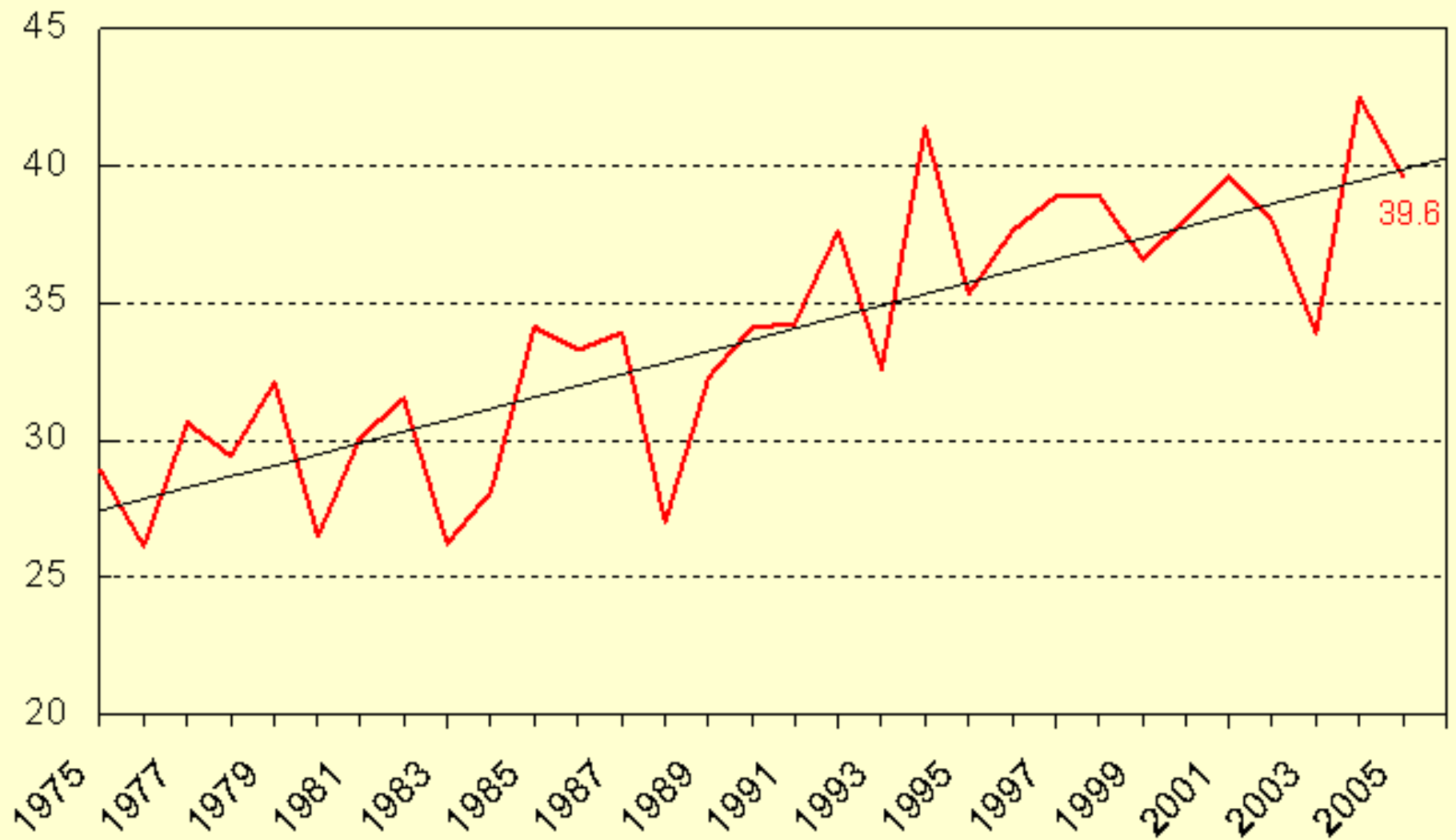
U.S. Corn Yield

Bushels/Acre



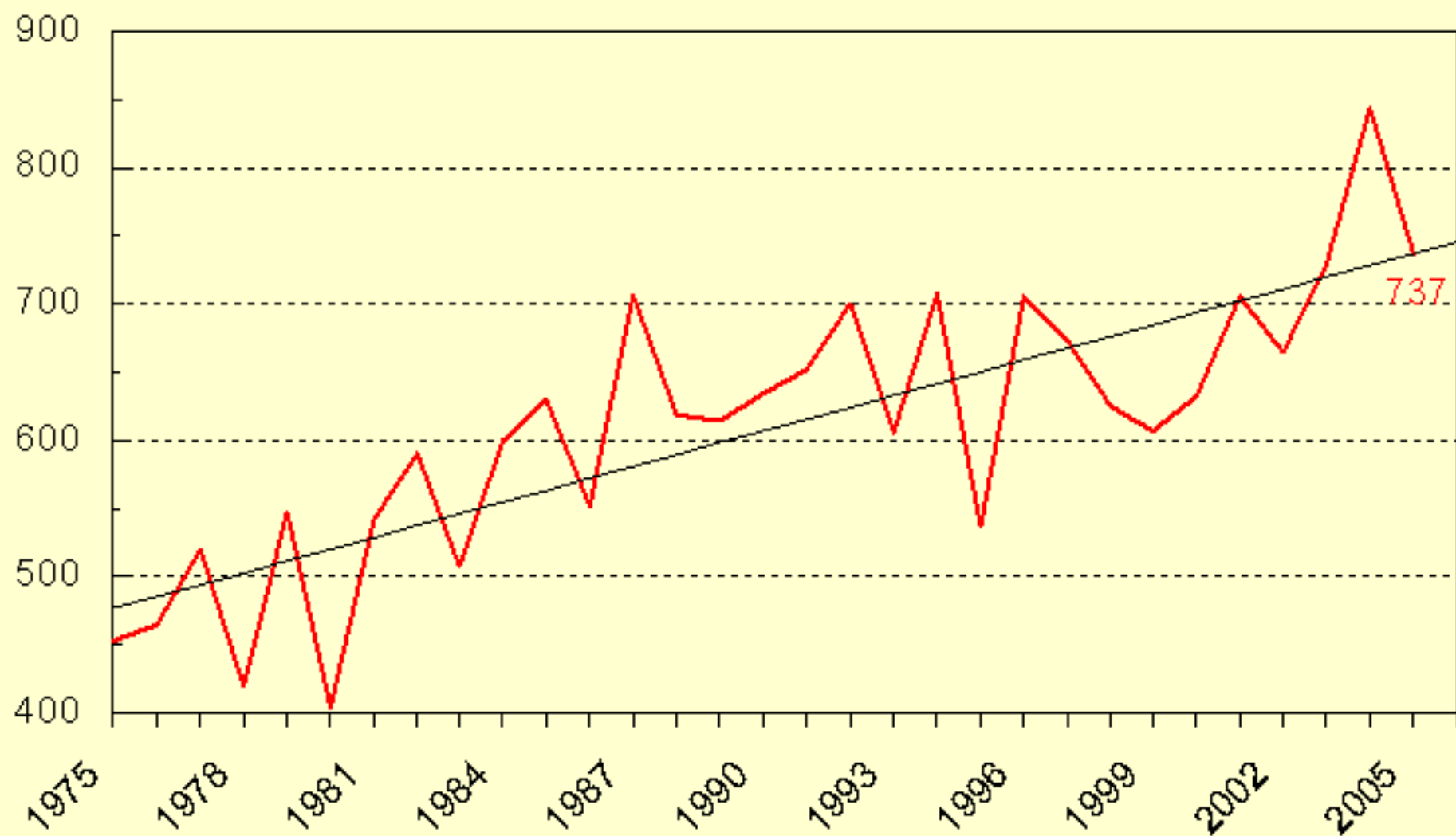
U.S. Soybean Yield

Bushels/Acre



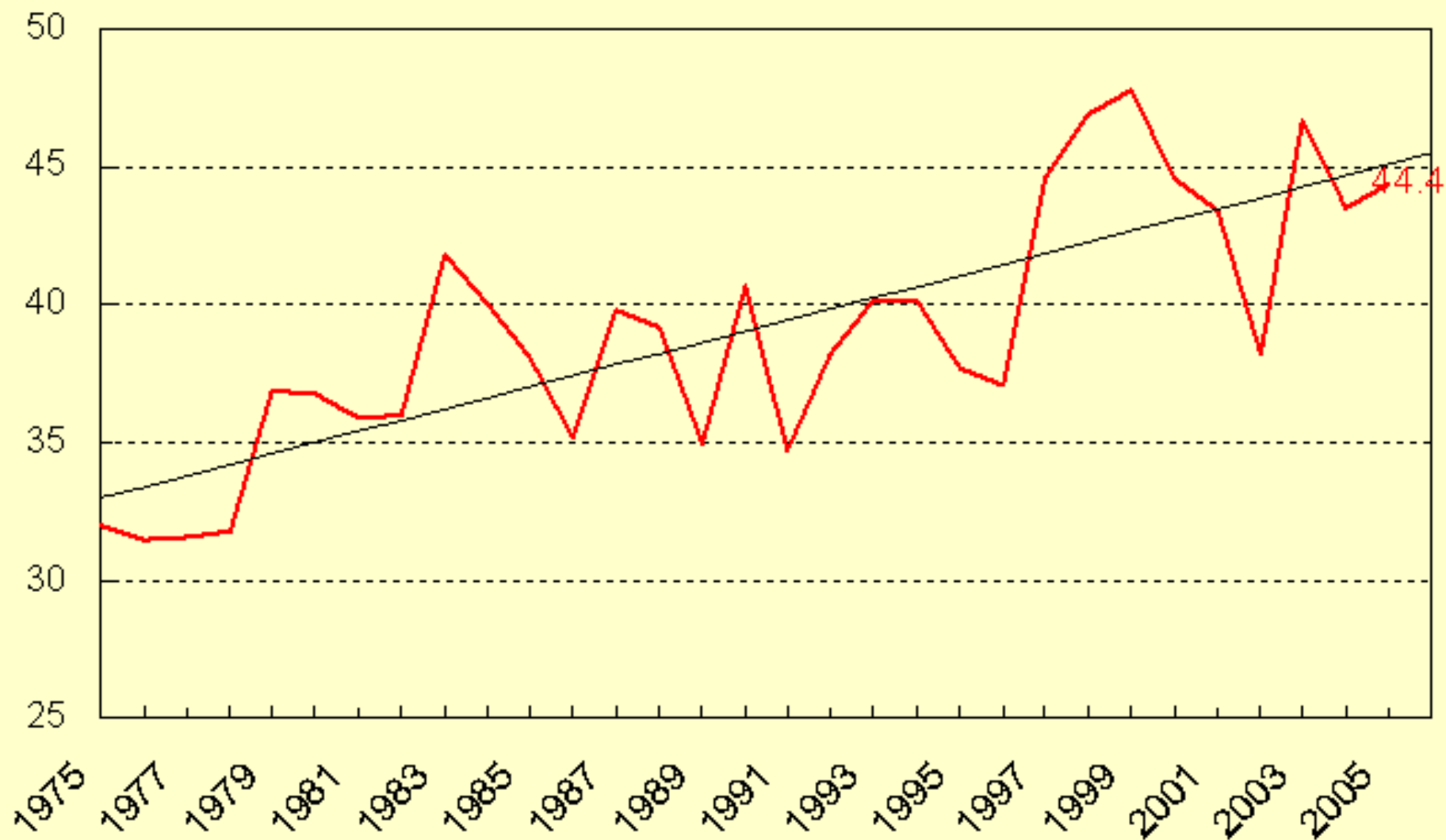
U.S. All Cotton Yield

Pounds/Acre



U.S. Winter Wheat Yields

Bushels



USDA-NASS
08-12-05

Government Influence

- Risk Management
- Disaster Assistance
- Farm Program
- Tax Issues

Farm Programs

Commodity price safety net

- Direct Payment
- Counter-Cyclical Payment
- Marketing Loan – Loan Deficiency Payment

Farm Programs

- **FAV (Fruit and Vegetable) restrictions**
- **CSP (Conservation Security Program)**
- **CRP (Conservation Reserve Program)**

New Ag Opportunity

- **Most farmers are still losing “ground”**

All Farm Index: Prices Received and Prices Paid All Items, U.S., Annual 1/

Percent (1990-92=100)



1/ Index values for 2005 are year-to-date averages.

USDA:NASS
August 31, 2005

Why do they do it?

- It is what they know - tradition.
- We all tend to like the familiar – Even if it is the devil we know.
- Optimistic - prices will increase.
- Big yields are appealing.
- Like steel and black smoke.

Why not try something new?

- Transition period
- Tillage
- Livestock
- Labor
- Weed and insect pressure
- Fear of low yield
- Little research
- Segregation and handling issues
- Lack of established market

Other alternatives

Off-farm income

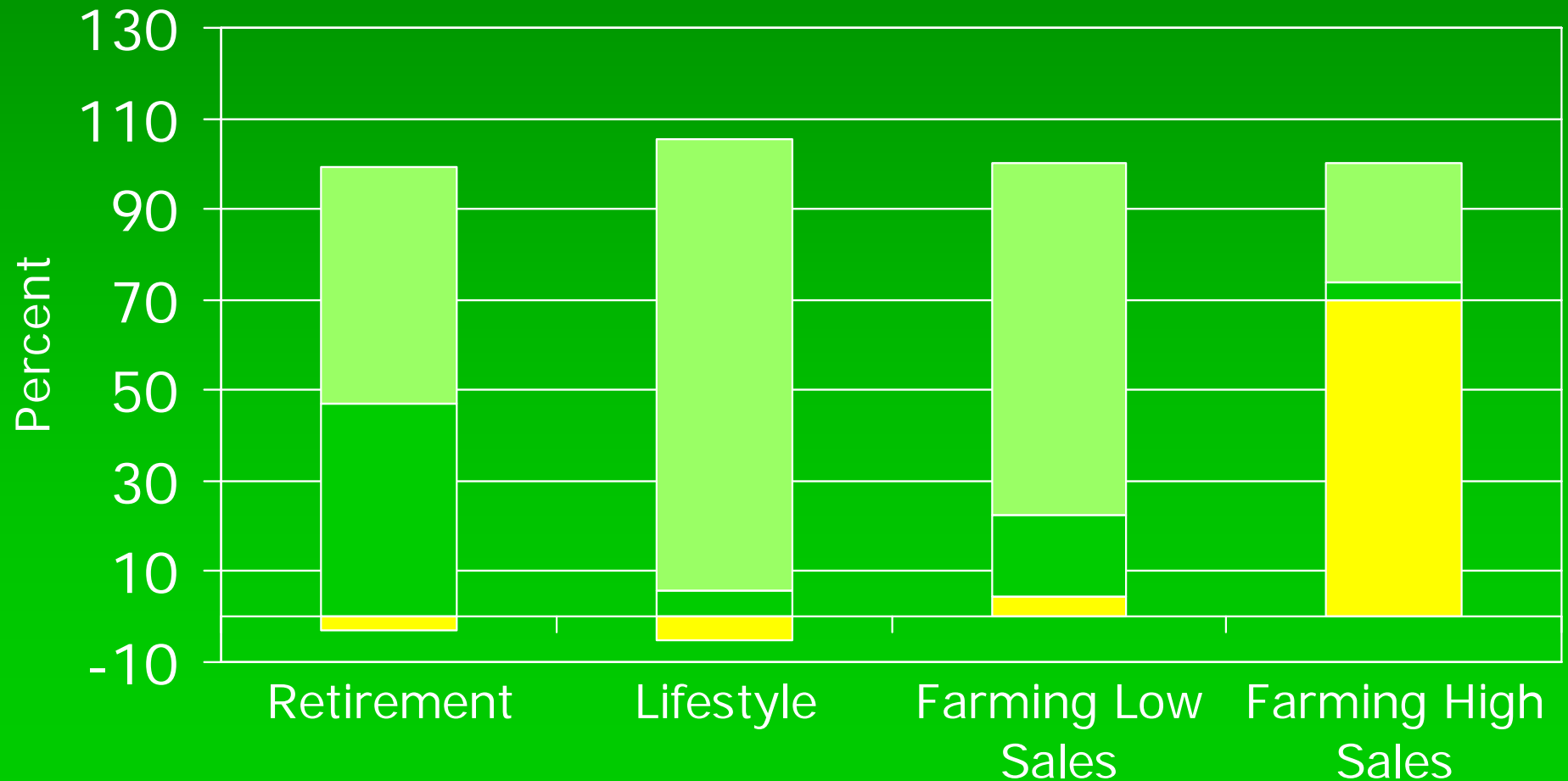
- Good alternatives in many areas
- Spreads the risk
 - Income insurance or a hedge
 - Something to fall back on
- Benefits – Health Care/Insurance

Segment Opportunity?

- **Farms by Income Type**
 - **High Sales**
 - **Low Sales**
 - **Lifestyle**
 - **Retirement**

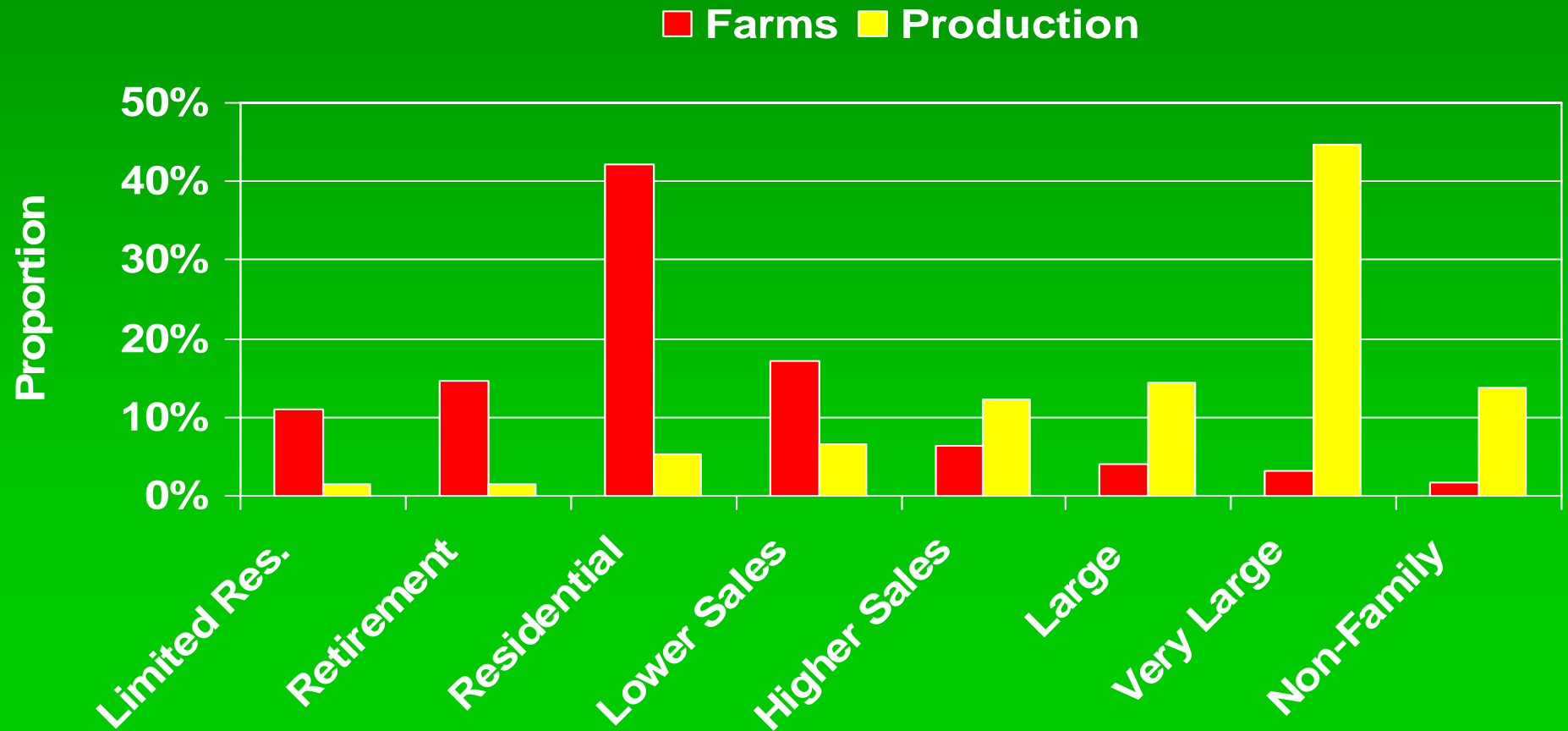
Farm Family Income by Source and Type

■ Farm Sources ■ Social Security ■ Off-Farm Sources



Dual Structure?

Proportion of Farms and Production by Type in 2003



Organic Opportunity

- Many consumers are willing to pay more for food.
- Many farmers are interested in product concept.
- Farmers want to gain more control.
- Landowner interest?

Not to argue the point BUT . . .

- Non organic farmers are VERY upset when organic producers claim that their production is much more healthy.
- It has driven a wedge between organic and non!
- Dual structure rather than a dueling structure.

My farm? Maybe . . .

- My 100 acres
 - 60 (traditional corn and soybeans)
 - 25 woods
 - 5 farmstead
 - 10 in hay
 - Has not had any chemical application for 4 years