

Colorado's Expanding Organic Industry

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In 1989, the Colorado Department of Agriculture was the first state agency to begin a certification program for organic farmers. Since then some farmers, ranchers and processors are choosing organic production and processing to differentiate their products and seek greater farm revenues. Colorado's food processors are either adding an organic line to their products, or creating totally organic processing companies.

Colorado's organic industry consists of 268 certified organic farms and ranches with more organic certified acres than any other state (according to the USDA report on national organic certification statistics). In addition, Colorado now has over 60 food processors that are producing some or all of their food products under organic certification regulations. These companies sell in excess of \$840 million in products, of which over \$560 million is certified organic. These companies create over 2000 jobs with these companies, of which over 900 are attributable to organic food production and marketing.

Colorado Organic Industry Quick Facts

- 268 Organic Farms and Ranches
 - Over 580,000 certified acres
- 61 Organic Food Processors and handlers
 - Over 920 Direct jobs
 - Over \$560 million in sales
- 2,087 jobs related to trade show, trade magazine, retail and support services
- Colorado's national ranking
 - 1st Total organic acres
 - 3rd Organic vegetable acreage
 - 7th Organic fruit acreage

The third element of Colorado's growing organic industry is the support services that have located in Colorado to service not just Colorado's organic industry, but national and global markets as well. Key trade magazines, as well as trade show organizers are located in Colorado. The second largest retail chain for the organic and natural foods sector also calls Colorado home, providing additional jobs with the state as a part of this expanding dynamic industry. This sector represents an additional 2,087 jobs according to a Colorado Department of Agriculture survey.

Colorado farm and ranch trends:

The USDA report on organic certification notes that Colorado has more organic certified acres than any other state with 581,614 certified acres, representing 25% of total certified organic acreage in the U.S. Colorado's leadership in organic acreage is due to our acreage in

Certified organic acres by top states 1997, 2000, and 2001

	<u>1997</u>	<u>2000</u>	<u>2001</u>
US Total	1,346,558	2,029,073	2,343,857
Colorado	258,873	602,463	581,614
Texas	30,880	100,726	266,320
Montana	80,112	121,175	209,025
California	102,819	157,804	163,158
North Dakota	90,790	153,737	159,300

USDA/ERS report on organic production

certified pastureland. Will the U.S. has growing organic acreage, it should be noted that total U.S. certified acreage represents only 0.3% of all agricultural lands, versus 3.24% in the European Union and 2.31% in Australia.

California leads the nation in organic fruits and vegetables. Colorado ranks third, behind

2001 Certified organic fruit and vegetable acreage		
	<u>Vegetable</u>	<u>Fruit</u>
US Total	71,667	55,675
California	40,632	29,084
Washington	7,174	9,289
Colorado	4,889	1,170

California and Washington for vegetable production and is 7th in organic fruit production.

There are seven different agencies certifying organic acreage, according to the USDA. While it is not possible to obtain detailed information from all certified organic farms and ranches it is useful to review the profiles of the farms and ranches CDA certifies. *The figures in this report are often from different years (national rankings from 2001, Colorado analysis from only CDA certification for 2003), so there will be differences.*

In 2003, 44,570 acres were certified by the Colorado Department of Agriculture. Over 100 farms, ranchers and processors are now certified by the CDA. A breakdown of these acres follows:

- 45 farms utilize 10,700 acres for vegetable production, placing Colorado third in the nation for organic vegetable acreage.
- 39 farms produce various grains on over 13,660 acres.
- 30 farms produce organic fruit on over 550 acres.
- 28 farms have certified range and pasture on over 19,650.

Organic Food Processing in Colorado:

In a survey of the Colorado food processors in 2004, CDA identified 61 food processors in Colorado who manufacture some or all of their products with organic certification. These food processors employ over 2,000 Coloradans. Total corporate sales exceeds \$660 million, of which over \$400 million represents their "certified organic" sales. The organic processing and sales from these companies is directly responsible for 919 jobs in Colorado in the 2003.

Colorado's Trade Support Services Industry for the U.S. Organic Industry

Colorado is often viewed nationally as one of the "centers" for the U.S. organic industry. Colorado has a wide range of companies that exist to support and promote the U.S. organic and natural foods industry. This sector includes publications dedicated to the industry, trade show companies, as well as research, public relations and market support companies with a focus on the growing organic and natural foods industry.

These Colorado companies employ over 2,087 staff to focus on this industry sector.

U.S. market trends:

The U.S. market for organic and natural foods continues to represent one of the fastest growing sectors of the U.S. food industry. According to a Datamonitor analysis, the U.S. organic market is projected to reach a value of \$30.7 billion by 2007, with a five-year compound annual growth rate of 21.4 percent between 2002 and 2007, (21.2 percent growth rate between 1997 and 2002.)

In 2002, sales of organic foods within the conventional supermarket channels in the U.S. for the first time surpassed the sales within the natural foods retail store channel. Some reports indicate that organic products stocked by conventional stores represent 5% of the products offered while the natural foods sector will feature 50% or more of the products as organic in origin.

The, USDA's Economic Research Service publication *Amber Waves* (February 2003) reports that organic agriculture is expanding rapidly in the United States, as consumer interest continues to gather momentum and new organic production and marketing systems evolve. In the wake of USDA's implementation of national organic standards in October, 2002, continued growth in the industry is expected. Organic products are now available in nearly 20,000 natural food stores and 73 percent of conventional grocery stores, and account for approximately 1-2 percent of total food sales in the U.S.

The *2002 Organic Consumer Trends Report*, produced by The Natural Marketing Institute (NMI) and SPINS, in October 2002, reports:

Thirty-nine percent of the U.S. population uses organic products. U.S. organic consumers can be categorized in three segments:

- The Organic Integrated Group (37 percent of all organic users) consumes organic products more than once a day.
- The Organic Middle Group (39 percent of all organic users) consumes organic products at least weekly.
- The Organic Fringe Group (24 percent of all organic users) eats organic products occasionally.

Continued growth in the organic production and processing sector within the U.S. and Colorado is forecast to remain a strong alternative for farmers, ranchers and processors.