

# North American organic livestock sector is in a jam

US livestock industry relies too heavily on imported feed and there are concerns of organic fraud



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North America's organic livestock industry needs an overhaul, according to an economist who spoke at the Beechwood Agri-Services grower meeting on April 11.

While feeding regulatory requirements for organic standards are largely being met in his opinion, the reliance on soybeans as a protein source, has led to a dysfunctional supply-chain when agronomic sustainability is considered, Ryan Koory said.

Koory, who works for Maryland-based company Mercaris, points to the large companies who've entered the organic industry in recent years as being part of the problem. They've been driving the demand for soybean meal, much of which is being imported.

"These are monoculture companies working with a monoculture philosophy," Koory said.

"We've been importing more and more organic soybean meal; the reason is the organic livestock industry. We're not meeting the need for soybean meal (with North American production) and I don't think we can ... We need 240 per cent more organic soybean acres in the US and 26 per cent more corn acres."

Between Canada and the US in 2017/18, close to 450,000 acres of organic corn and about 250,000 acres of organic soybeans were harvested, Koory said. However, the equivalent of 113,000 acres of corn and more than 600,000 acres of soybeans were imported.

The latest numbers put organic soybeans usage in the US at nearly 32.9 million bushels of which just over eight million bushels are produced domestically, Koory said. That leaves a huge shortfall that needs to be imported, increasingly in the form of meal, from Canada and such places as Turkey, India, East-

ern Europe and Russia via Turkey.

The imports have a paper trail but there's still a risk of commodities being sold as organic, Koory said. Government monitoring of the trade could be better, not just internationally but domestically in the US.

Meal imports have been increasing because of the feed demand. The import of whole beans, however, has been dropping because profit margins for organic soybean oil are slim, Koory said.

"We've been crushing fewer beans because we don't want the oil in North America."

While soybeans can be a successful part of organic rotations, they contribute little in the way of organic matter to the soil and are not a crop that should be grown every other year or even every third year for long-term agronomic success under organic practices.

Koory said this top-down demand equation needs to change as does the approach of the big companies raising organic livestock. In essence, what's being fed in North America needs to better reflect what can be grown in a sustainable organic rotation.

"Maybe what we need to do is change what we feed our livestock ... I think sunflowers are a big opportunity ... they work great in an organic rotation."

The challenge is to convince organic livestock producers to feed sunflowers along with other feed alternatives like barley and rye rather than the favoured ration of corn and soybeans. Another challenge is to build the necessary crushing capacity.

Koory said there were \$31.7

million in organic sunflower oil imports to the US in 2017/18 and 38.8 million pounds of seed. Together, that represents close to 200,000 acres of production.

The protein content of sunflower meal is from 25 to 30 per cent compared to 45 to 48 per cent for soybeans.

Overall, Canada had close to three million acres under organic production in 2017/18. In the US, there are now about 6.3 million acres.

The US organic dairy industry represents the greatest demand for organic feed, with close to 440,000 cows and heifers. However, Koory the market for organic milk has matured with annual growth pegged at a modest one per cent and smaller premiums as compared to conventional milk. In addition, there's been stiff competition from competing beverages like soy-milk.

Growth numbers for poultry are much stronger, especially with turkeys, and representative another strong source of demand for organic feed. Overall organic hog and beef numbers are still relatively low in the US but growth is strong, especially

outlook is similar to corn, prices either staying about the same with some downside potential.

With wheat, Koory said much still depends on how the crop looks coming out of winter. That said, corn tends to set the floor for wheat prices and, again, he sees a similar situation as with corn and soybeans.

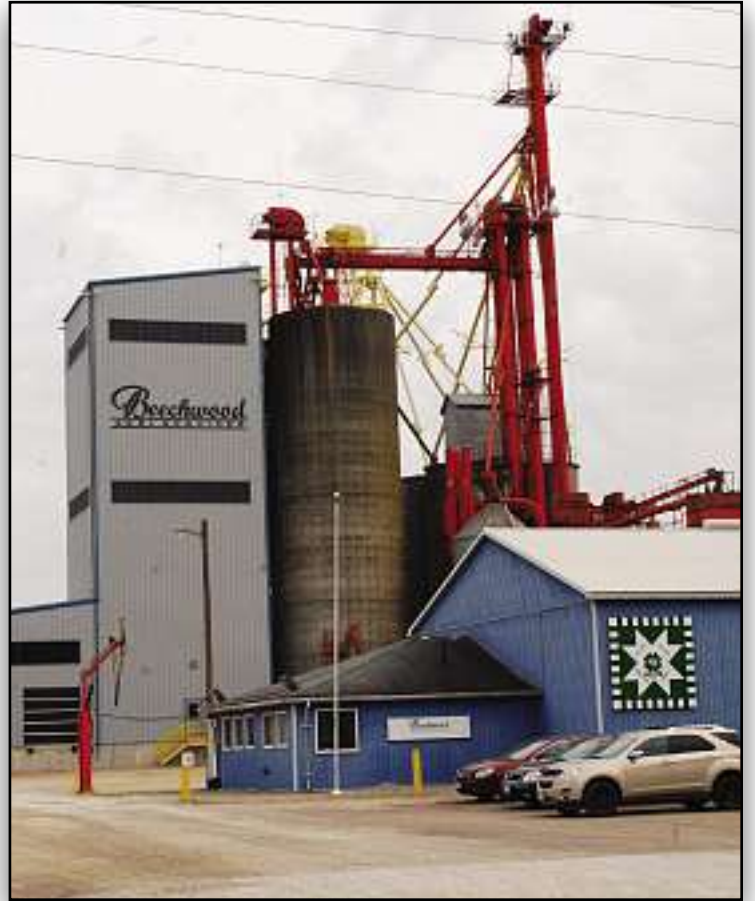
Koory said he looked but has a difficult time tracking Canadian organic commodity prices.

Carolyn Young, executive director of the Organic Council of Ontario forwarded some numbers to Ontario Farmer. According to a survey of buyers, organic corn, soybean, food-grade soybeans and winter wheat prices average \$11, \$13, \$24 and \$13 per bushel in 2018.

Yields, however, were lower, roughly 60 to 70 per cent that of conventional production.

Koory talked briefly about the erosion of organic standards in the US but didn't go into much detail.

According to the Organic Consumers Association, an organization founded by Minnesota farmer Ronnie Cummins, there are serious concerns that the standards themselves or the intent of the standards are not being met. The consumers' organization points to documented cases of import fraud relating grains and oilseeds entering the United States. There's also concern that the big play-



**Beechwood Agri-Services, with three locations in Southwestern Ontario, has grown to be an important player in the organic trade in the province**

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