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Cost Share is back!

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In 2009, organic certification costs will once again be offset by the National Organic Certification Cost Share Program. The program will reimburse certified organic operations for 75% of the cost of certification up to a maximum payment of \$750.

Five million dollars was authorized in the 2002 Farm Bill for the National Organic Certification Cost Share Program. The program provided 75% of organic certification costs up to a maximum payment of \$500. From 2003 through March 2006 WSDA provided over \$500,000 to Washington certified organic producers and handlers to offset the cost of organic certification. Funding for the program ran out in 2006.

During the development of the 2008 Farm Bill, the National Association of State Organic Programs (NASOP) made funding of the cost share program its number one priority. Other organizations that supported the cost share program included the National Organic Coalition, the National Association of State Departments of Agriculture, and the Organic Trade Association. Initial drafts of the Farm Bill included \$25 million for the program. In the winter of 2008, when final negotiations of the Farm Bill were underway, NASOP learned that the House Subcommittee on Horticulture and Organic Agriculture was considering cutting the program. Subcommittee staff reported that there was not enough justification for the cost share program and that the \$25 million could be used for other programs. NASOP collected information from a number of large agricultural states on the positive impact of the program. This information was provided to the House Subcommittee and, in the end, NASOP and other's efforts resulted in \$22 million being authorized for the cost share program in the 2008 Farm Bill.

The reauthorized National Organic Certification Cost Share Program provides 75% of organic certification costs up to \$750 to all certified organic producers and handlers. WSDA will receive \$475,000 for the first year of the program. Cost share funds will be available for organic certification for the 2009 certification year. Applications for cost share funds will be provided in the 2009 application packets that will be sent out in December (producers) and January (handlers and processors). Cost share funds can be used for certification fees, new application fees and inspection fees. Cost share funds cannot be used for transitional certification or late fees.

Inspector Camp

For 3 days in July nine WSDA organic inspectors gathered in Grant County to conduct joint inspections and discuss ways to improve the inspection process. Every year we schedule a week for 'inspector camp.' After a day of inspections we meet in the evening to discuss the inspections, get updates about the program, and share tips on how to improve our process and ensure consistency. Inspector camp provides an opportunity for inspectors to work together, share knowledge and get a lot of work done in one area of the state. This year 30 inspections were completed during the 3-day camp. Next year we are planning on conducting inspector camp in Skagit County and including a number of farmers markets as part of the inspection blitz.

Farmers markets continue to expand

The local food movement is growing by leaps and bounds. The number of markets in Washington has more than doubled from a decade ago, increasing from 60 in 1998 to more than 125 sites in operation today. Statewide, farmers markets reported \$55 million sales in 2007, up from \$38 million in 2006. Most of these dollars go directly to Washington family farmers.

"Farmers markets are important meeting places that contribute to the economic and social vitality of communities and the markets educate consumers about their food and where it comes from," said Patrice Barrentine, WSDA Small Farm & Direct Marketing program coordinator. "The growth of the farmers market movement is driven by consumer demand for locally grown food. It gives producers more opportunities to sell their products and consumers more flexibility to buy high-quality produce."

Canadian Regulations delayed until June 30, 2009

The Canadian Organic Regime (COR) was scheduled for full implementation on December 14, 2008. The Canadian national election scheduled for October 2008 has caused a delay to the implementation date. On Sept. 17, 2009 the Canadian government announced that implementation would be delayed until June 30, 2009. The COR will require all products entering the Canada to meet the Canadian organic standards. WSDA is developing a Canadian organic certification program to meet the new Canadian organic standards. The International Organic Accreditation Service (IOAS) evaluated WSDA's Canadian program in July 2009. WSDA has obtained preliminary accreditation of its program by the Canadian Food Inspection Service (CFIS)

Watch for information in the 2009 WSDA Renewal Application Packets on how you can apply to have your organic products evaluated in accordance with the Canadian Organic Regime and ensure continued market access in Canada for your operation after June 30, 2009.

PCC searching for Washington grown organic beans

The PCC Natural Markets is looking to source organic beans from Washington State. Their current needs are for 1600 lb./month organic black beans, 400 lb./month organic mung beans and 400 lb./month organic adzuki beans. If you are interested in supplying PCC with organic beans please contact Elin Smith, PCC Grocery Merchandiser, at 206-547-1222.

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Back issues are posted on our website: <http://agr.wa.gov/FoodAnimal/Organic/default.htm>

Mission Statement

The WSDA Organic Food Program protects consumers and supports the organic food industry by ensuring the integrity of organic food products. The program certifies organic producers and handlers to US National Organic Standards and enforces organic standards in Washington State. The program supports the development of export markets by providing certification to foreign organic standards.

IFOAM World Congress and General Assembly

In June 2008, I had the privilege and pleasure to attend the International Federation of Organic Agriculture Movements (IFOAM) World Congress and General Assembly in northern Italy. There were nearly 2000 participants from 69 countries that participated in the events and truly represented the diversity of the organic community throughout the world. Workshops were held on a diversity of topics including organic fruit, organic wine, organic textiles, organic aquaculture, biodiversity, organic agriculture and climate change, women in agriculture, organic markets, social justice, genetically modified foods, and many more.

The most significant things that I learned on this trip include:

- Washington State is a leader in organic food production, certification and also with the local food movement. We have a lot to be proud of. We can also learn from others on how to make an even bigger impact here at home.
- Organic agriculture is as productive as conventional agriculture. Catherine Badgley of the University of Michigan assessed 293 comparison studies and found that organic systems are 92% as productive as conventional systems in developed countries and 132% as productive as conventional systems in developing countries. The reason for the higher productivity in developing countries is that organic farms tend to be smaller and more intensively farmed which leads to higher productivity and profitability per acre. If you would like to read Badgley's paper it is available <http://agr.wa.gov/FoodAnimal/Organic/Links.htm>, under "**Research & Education**", scroll down to "**Research Papers.**"
- Organic agriculture is soundly supported by many government programs in Europe and Asia. Norway has set a target for 10% organic production by 2015. Turkey requires government sponsored weekly 30 minute infomercials on the benefits of organic farming. Korea's government has put many resources into promoting organic farming and has a rapidly growing organic consumer market.
- Many countries including India, Brazil, Uganda and Korea are focusing on building the domestic organic market. Participatory Guarantee Systems (PGS) are widely utilized for local market development in Brazil, East Africa and India. Certified Naturally Grown (CNG) is the US version of PGS. There are 33 CNG farms in Washington State. CNG farms claim they are following organic standards, are inspected by their peers and make the inspection reports public on their website. More information is available at www.naturallygrown.org

The IFOAM General Assembly was held in the Vignola castle in the foothills of the Apennines. The General Assembly is a 3-day policy and governance meeting that sets IFOAM's direction for the next 3 years. The most contentious issue was proposed revisions to the IFOAM Global Guarantee System. The IFOAM Global Guarantee System includes the IFOAM Accreditation Program, the IFOAM Basic Standards and the IFOAM Accreditation Criteria. The IFOAM Global Guarantee System was developed by IFOAM to ensure the integrity of organic agriculture on an international level. WSDA obtained IFOAM Accreditation in 2004 in order to facilitate trade to Europe. WSDA is one of only 36 certifiers in the world to obtain IFOAM accreditation. The IFOAM Basic Standards are similar to the US National Organic Standards though they also include standards for social justice.



IFOAM World Assembly cont' on page 4

IFOAM World Assembly cont' from page 3

The IFOAM Accreditation Criteria are regarded as the most rigorous accreditation system for organic certification programs and include additional requirements for evaluating operations compliance with organic standards.

The World Board proposed an overhaul of the Global Guarantee System that would have abandoned the IFOAM Basic Standards and allowed more organic standards to be included under a new umbrella called the IFOAM Family of Standards. The World Board also proposed to cut support for the IFOAM Accreditation Program. Members who supported the proposal felt that it recognized the role that government's are playing in regulating international organic trade and respected the rights of countries to set their own organic standards. The proposal was also supported because it would open up the IFOAM Global Guarantee System to many more certifiers and members. Members who opposed the change felt that it would weaken IFOAM's role in standard setting and weaken organic standards worldwide.

The debate on the IFOAM Global Guarantee System took many hours of heated discussion. The General Assembly passed a number of motions that reiterated the importance of IFOAM's leadership in defining organic agriculture. The IFOAM Basic Standards and the IFOAM Accreditation Program will also be retained, at least for the next 3 years. More information about the specific motions that were passed is available in Jim Riddle and Joyce Ford's IFOAM report available on our website at <http://agr.wa.gov/FoodAnimal/Organic/Links.htm>. The assembly elected a new IFOAM World Board and Katherine DiMatteo, former Executive Director of the Organic Trade Association was elected president. The next IFOAM World Congress and General Assembly is planned for South Korea in 2011. *By Miles McEvoy, Organic Program Manager*

WSDA Organic Advisory Board

Fall Meeting:

November 6th, Bellingham, WA. This meeting will be in conjunction with the Washington Tilth Producers Conference. Contact Miles McEvoy at 360-902-1924, for more information.

Calendar of Events

Organic Certification in Alaska

WSDA has been providing organic certification to Alaska since 2003 under a Memorandum of Understanding with the Alaska Department of Agriculture (ADA). The cost of providing organic certification is paid through certification and inspection fees. WSDA certifies fourteen Alaskan organic producers and processors from Ketchikan to Fairbanks. Organic crops include potatoes, carrots, and many vegetables for local farmers markets. Two wild crop producers of organic birch syrup are certified organic as well as 2 coffee roasters.

Les Eklund, WSDA Organic Assistant Program Manager, conducts the Alaskan inspections. Over the last 5 years Les has provided training to the Alaskan organic food community and the ADA on organic standards. During this past summer Les Eklund conducted surveillance inspections at an Alaskan farmers market. Three vendors were identified that were selling organic products, had over \$5,000 in sales and were not certified organic. WSDA is working with the ADA and USDA to bring these farms into compliance with the National Organic Standards.



Three Easy Ways to Lose Organic Certification

The WSDA Organic Food Program evaluates hundreds of applications for certification each year. The following examples illustrate easy ways to lose organic certification. We hope by sharing these stories that we help people be more successful in obtaining organic certification.

1. Inadequate records

Organic certification involves verifying that an operation complies with the National Organic Standards. Part of this involves verifying that no prohibited materials have been applied for at least 3 years prior to the harvest of an organic crop. Many producers choose to obtain transitional certification in order to verify that organic standards are followed during the 3 years prior to certification. Transitional certification enables WSDA to review records and evaluate sites (orchards, fields, etc.) that documents compliance with the transitional requirements. Through the transitional certification process WSDA ensures that adequate records are maintained that verify organic status at the end of the 3 year transition period.

Producers who do not obtain transitional certification run the risk of having inadequate records to verify organic status. Records that could be maintained during the transitional period include material application records, harvest records, cultivation records, weeding records, labor records and sales records. Producers that have no records or inadequate records may not be eligible for organic status.

2. Late application

Organic certification requires inspection during a time where the land, facilities and activities that demonstrate compliance with the National Organic Standards can be observed. Operations that apply late for certification often fail to obtain organic certification because it is not possible for WSDA to observe the activities that demonstrate compliance with the standards. Applications should be received at least three and half months prior to harvest.

3. Inadequate cleaning of equipment

The following pictures tell the story of inadequate cleaning of equipment. In this case the grower used untreated seed. The custom seeder did not clean the seeder prior to planting the organic field. The organic field was planted with some captan-treated seeds. The use of captan-treated seeds is considered an application of a prohibited substance. Due to the inadequate cleaning of equipment the grower lost organic certification of this field for 3 years.

By Miles McEvoy, Organic Program Manager



Picture above shows: A closer look at the catwalk of the seeder reveals that treated seeds were left on the machine. The equipment was not cleaned prior to entering the organic field.

BRAND NAME MATERIAL LIST UPDATE

September 11, 2008

This list is to be used as an addendum to the Brand Name Material List distributed to all new and renewal applicants for certification. All materials listed below are approved as of September 11, 2008. You may access a complete updated Brand Name Materials List at the WSDA Organic Food Program website:

<http://agr.wa.gov/foodanimal/organic/default.htm>

| Product | Company | Sub-Type | Type | Restrictions |
|---------------------------------------|--|---------------------|-----------------------------|---|
| Hercon® Micro-Tac II | Aberdeen Road Company d/b/a Hercon Environmental | Spray Adjuvant | Disease & Pest Control | Must only be used with an approved pesticide |
| NUE Fulvic Acids | Bio-Gro, Inc. | Fulvic Acid | Fertilizer & Soil Amendment | None |
| NitroGrow™ Big Red 13-0-0 | California Organic Fertilizers | Nitrogen Fertilizer | Fertilizer & Soil Amendment | None |
| NitroFlow™ 250 | California Organic Fertilizers, Inc. | Liquid Fertilizer | Fertilizer & Soil Amendment | None |
| NitroFlow™ 434 | California Organic Fertilizers, Inc. | Liquid Fertilizer | Fertilizer & Soil Amendment | None |
| NitroFlow™ 801 | California Organic Fertilizers, Inc. | Liquid Fertilizer | Fertilizer & Soil Amendment | None |
| NitroGrow™ Bone Meal 4-14-0 | California Organic Fertilizers, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | None |
| NitroGrow™ Ichaboe Plus™ 11-10-3 | California Organic Fertilizers, Inc. | Processed Manure | Fertilizer & Soil Amendment | None |
| NitroGrow™ Leafy Green Special™ 8-1-2 | California Organic Fertilizers, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | None |
| NitroGrow™ Pre-Plant Plus™ 7-5-7 | California Organic Fertilizers, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | None |
| NitroGrow™ Super "N"™ 13-0-0 | California Organic Fertilizers, Inc. | Nitrogen Fertilizer | Fertilizer & Soil Amendment | None |
| NitroGrow™ Veggie-Mix™ 8-5-1 | California Organic Fertilizers, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | None |
| MICRONA Agricultural Gardening Lime | Columbia River Carbonates | Limestone | Fertilizer & Soil Amendment | None |
| Aqueous Nitrate 6-0-0 | Converted Organics, Inc. | Sodium Nitrate | Fertilizer & Soil Amendment | Use restricted to no more than 20% of the crops total nitrogen requirement [205.602(g)] |
| Aqueous Potash 0-0-10 | Converted Organics, Inc. | Potassium Chloride | Fertilizer & Soil Amendment | Must be applied in a manner that minimizes chloride accumulation in the soil [205.602(e)] |
| Biolizer 521 | Converted Organics, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | Use restricted to no more than 20% of the crops total nitrogen requirement [205.602(g)] |
| Biolizer XK | Converted Organics, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | None |

BNML continued from page 6

| Product | Company | Sub-Type | Type | Restrictions |
|--|-----------------------------------|---------------------|-----------------------------|--|
| Pacific Choice Hydrolyzed Fish | Converted Organics, Inc. | Fish Fertilizer | Fertilizer & Soil Amendment | None |
| SoilStart 10-1-0 | Converted Organics, Inc. | Blended Fertilizer | Fertilizer & Soil Amendment | None |
| SoilStart 7-1-1 | Converted Organics, Inc. | Plant Extract | Fertilizer & Soil Amendment | None |
| Agri-Plus | Horizon Ag Products, L.P. | Humic Acid | Fertilizer & Soil Amendment | None |
| Liquid Onyx | Horizon Ag Products, L.P. | Humic Acid | Fertilizer & Soil Amendment | None |
| Magrabar Organic 3000 | Magrabar Chemical Corporation | Defoamer | Processing Aid | Label Use Only |
| Magrabar Organic 3200 | Magrabar Chemical Corporation | Defoamer | Processing Aid | Label Use Only |
| Magrabar Organic 3300 | Magrabar Chemical Corporation | Defoamer | Processing Aid | Label Use Only |
| SucraShield | Natural Forces, LLC | Insecticide | Disease & Pest Control | Label Use Only |
| Yeoman Organic N 5% | Northwest Agricultural Products | Blended Fertilizer | Fertilizer & Soil Amendment | Must be used in compliance with NOP 205.203 (c)(1); Sodium nitrate supplies no more than 20% of the product's total nitrogen [NOP 205.602 (g)] |
| Nature's Shield 110-NCL | Pace International LLC | Fruit Wash | Post Harvest Material | Label Use Only |
| Nature's Shield 330-ALK | Pace International LLC | Fruit Wash | Post Harvest Material | Label Use Only |
| Diasource Diatomaceous Earth Grain Storage Insecticide | Paulson Ag Products, Inc. | Diatomaceous Earth | Post Harvest Material | Label Use Only |
| Root Web | Soil Health Solutions dba Bountea | Microbial Product | Fertilizer & Soil Amendment | None |
| Pear Float N | Steri-Seal LLC | Sodium Silicate | Post Harvest Material | For use only as a floatation agent for tree fruit and fiber processing [NOP 205.601(l)(2)] |
| Tiger Micronutrients Sulphur 55% + Iron 22% | Tiger-Sul Products (Canada) Co. | Blended Fertilizer | Fertilizer & Soil Amendment | Soil deficiency must be documented by testing |
| V-126 Organic | Viking Industries | Defoamer | Processing Aid | Label Use Only |
| BioLink Acidifier | Westbridge Agricultural Products | Acidifying Agent | Crop Production Aid | None |
| Grow Getter Plus | Westbridge Agricultural Products | Blended Fertilizer | Fertilizer & Soil Amendment | Soil deficiency must be documented by testing |
| RSA Liquid Organics Copper 5% | Winfield Solutions | Chelated Fertilizer | Fertilizer & Soil Amendment | Soil deficiency must be documented by testing |

Certifying Agents Recognize WSDA Brand Name Material List

On March 5, 2008, the USDA issued a statement to all organic certifying agents regarding the verification of materials used under the National Organic Program. The National Organic Program amended its policy to allow accredited certifying agents to consult with other certifiers to determine the acceptability of formulated (branded) products.

Since then, twenty-one certifiers have signed a Materials Evaluation Recognition Agreement with the Washington State Department of Agriculture (WSDA). This agreement allows the certifier to use the WSDA Brand Name Material List as a resource for products allowed for use in organic agricultural production and processing

Each certifier is ultimately responsible for the decision to allow the use of materials on the WSDA Brand Name Material List. Operators certified by a certification agency other than the WSDA should check with their certifier prior to the use of any material.

The full text of the March 5, 2008 USDA statement is available at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5066877&acct=nopgeninfo>.

Departures and Arrivals

In June, 2008, WSDA Organic Inspector **Pamela Coleman** decided she wanted to get her hands in the soil. She is now working for a WSDA certified organic farm in Pierce County- Zestful Gardens, a diversified organic vegetable farm in the Puyallup River Valley. She is also staying busy working as a freelance writer, independent inspector, consultant, and volunteer board member of PCC Farmland Trust, a non-profit that preserves organic farms. Pam had been with the Organic Program since 2005 when she began as an Organic Certification Specialist in the office before becoming an inspector in the Grant County area. Pam had been our Organic Quarterly Report editor for the last 7 issues. According to Organic Program Manager Miles McEvoy “She helped the program improve our quality system through her program development work. Her contributions will make a positive impact on the program for years to come.” Best of luck to you Pam!



Departures and Arrivals cont'

We are sad to announce that **Richard Carr** will be leaving our program to go back to the Midwest.

Richard started as an Organic Inspector in 2002 and then joined the office staff as a Certification Specialist in 2005, making him very versatile and knowledgeable in many areas of the Program. He has worked with crops, livestock, handlers and processors. Program Manager Miles McEvoy- "Richard understands both the letter and intent of the organic standards which enabled him to be a very effective inspector and reviewer. Richard's sense of humor made the office a fun place to work. We will miss his insight, his jokes and his laughter." His last day will be October 15, 2008.



Jennifer Gridley joined our Program in April as an Organic Certification Specialist. Jennifer comes to the Program with a fantastic background in small-scale agriculture and organic processing. Her most recent work was as Head Brewer for Fish Brewing Company, a WSDA Certified Organic Beer Processor. Jennifer



worked to put together an organic system and maintained organic records for Fish Brewing Company, as well as meeting with the WSDA inspector during annual inspections. She understands the challenges and issues that a company may face in becoming certified organic and we are excited about the perspective and knowledge Jennifer brings to WSDA. Jennifer currently works with Handlers and Processors that are applying for certification, in addition to farms that are also producing value added processed products. Please join us in welcoming Jennifer to the Organic Program staff!

In case you are wondering what happened to Katherine Withey, here's the answer- it's a boy!!!! **Jude Thomas Withey** was born 3 weeks ahead of schedule on June 7, 2008, and weighed in at 7 pounds, 4 ounces. Jude has captivated our whole office with his darn cuteness! Katherine will be back to work in December.



Departures and Arrivals cont' from page 9



We welcomed **Edward Lee Graham (Lee)** to the Organic Program in July to take Pam's position as the Grant County Inspector. Lee has an undergraduate degree from WSU in Horticulture and a graduate degree from Colorado State University with a major in Plant Breeding and has worked in many areas of agriculture, from the field to the processing plant. He became intrigued in organic methods of crop production while working for the Conservation District writing dairy nutrient management plans, and joined Washington Tilth to learn more about organic agriculture. Lee said, "It became apparent that one could farm and grow food without depending entirely on the input of harsh chemicals." For the last 5 years, Lee has worked for the WSDA Seed Program inspecting seed in the

fields for compliance with Seed Certification rules and seed in the warehouses for compliance with Phytosanitary Seed Certification requirements. We are excited about the experience he brings to our Program and hope that you will welcome him if you see him in your field or plant this year!

Registering Materials to International Organic Standards

The WSDA Organic Food Program receives many questions about materials when organic products are destined for export. In response to these requests, the 2009 Brand Name Material List (BNML) will identify products that have been approved under the organic standards used in the European Union (EEC 2092/91), Japan, and Canada.

Producers and handlers who export their organic products outside of the United States must comply with the organic standards of the destination country, in addition to the USDA National Organic Standards. This includes using compliant material inputs such as fertilizers, pesticides and processing aids.

Some materials allowed under the National Organic Standards are prohibited under international organic standards. The following materials are prohibited under EEC 2092/91 for products exported to the European Union: Chilean nitrate (sodium nitrate); Vitamins B1, C, E; Gibberellic acid; antibiotics (streptomycin, terramycin); hydrated lime for disease control; peat for soil conditioning; and lignin sulfonate for floating tree fruit. Manure from factory farms is also prohibited.

The Japanese Agricultural Standard prohibits the use of potassium bicarbonate, lignin sulfonate and alkali extracted humic acids.

The Canadian organic standards include "Permitted Substances Lists" for crop production, livestock production, and processing and sanitation. For crop production, the use of iron sulfate and zinc sulfate produced using sulfuric acid is prohibited. Fish products may be pH adjusted with (in preferential order) organic vinegar, organic citric acid or phosphoric acid. Genetically modified soybean meal is prohibited.

Applicants for the Brand Name Material List may choose to have their products reviewed to any combination of the international standards for an additional fee.

Certified organic operators are reminded to contact the WSDA Organic Food Program for any changes to their organic system plan, including updating their material lists with products from the Brand Name Material List. Operations certified by a certification agency other than the WSDA should check with their certifier prior to use of any material. *By Lisa Brines*

Fee increases

Over the last few years the WSDA Organic Food Program has expanded as the organic industry grew. New staff members have been added to conduct inspections and provide organic certification. The program has more resources for conducting surveillance inspections and protecting organic integrity. The program has improved its response time and continues to work on reducing unnecessary paperwork. The program plans to continue to put resources into protecting organic integrity through unannounced inspections, sampling, conducting surveillance inspections, and taking enforcement actions when violations occur.

The program is reducing expenses so that we can continue to protect organic integrity at a reasonable cost to our applicants and clients. Electronic reports are being used for more of our work to eliminate paper and postage. Four hybrid vehicles have been purchased to reduce fuel expenses. The program is also working to cluster inspections in a manner that reduces travel time and expense. We will continue to seek efficiencies while ensuring a quality certification process and protecting organic integrity.

The WSDA Organic Food Program operates entirely on certification fees, no general fund tax dollars go into supporting the program's work. Revenue is needed for staff, travel, and office expenses. In Fiscal Year 08 (July 07 – June 08) the program received \$1,891,467 in revenue. Expenses for Fiscal Year 08 were \$1,896,380. We have reexamined certification fees to ensure that all parts of the program are covering the cost of providing certification. An initial review indicates two areas that are not covering the cost of providing certification.

The first area that doesn't adequately cover its operating costs is the European Organic Program. Fees for the European Organic Program were established in 2004 at \$200 per application. The fee was based on \$40/hour assessment for five hours of work, which includes application review, administration, travel, inspection, and final review. We have recalculated the time involved in providing European Certification and determined that 10 hours is a more realistic estimate of the time involved with this type of certification work. In 2009 fees for International Organic Certification will reflect the new time estimate.

The second area that is not covering its operating costs is the certification fees at the lower end of the fee schedule. The minimum annual fee is \$200 per year for producers, processors and handlers. We estimate that the minimum cost for providing organic certification is \$440/year. Costs include staff time for reviewing applications, travel, conducting inspections, scheduling, writing reports, issuing certificates, copying, mailing and quality assurance. Other costs include phone, postage, office space, gas, cars and computers. A proposal to raise the minimum certification fees will be presented to the WSDA Organic Advisory Board on November 6, 2008 in Bellingham, Washington. The agenda and directions to the meeting will be posted on our web site. In order to raise the minimum certification fee WSDA needs approval from the legislature. We plan to bring a proposal to the legislature in 2010. The earliest that the minimum certification fees would be raised would be for the 2011 certification year.

Washington's Organic Food Industry Continues to Expand

Washington State's organic food industry continues to grow and prosper. Farm gate production grew by 42% from \$149 million in 2006 to \$212 million in 2007. The overall value of Washington organic products increased from \$504 million to \$654 million, a 30% increase.

WA Organic Food Continues to Expand cont' on page 12

WSDA Organic Food Program

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WA Organic Food Continues to Expand cont' from page 11

WSDA Certified operations

| | 2006 | 2007 | 2008 |
|---|--------------|---------------|---------------|
| Producers (1) | 636 | 743 | 791 |
| Handlers (processors, handlers and retailers) (2) | 315 | 351 | 397 |
| Acreage – includes both organic and transitional land (3) | 70,000 acres | 100,000 acres | 119,000 acres |

Note 1: Includes 50 producers in Alaska and Oregon.
Note 2: Includes 50 handlers and processors in Oregon, Idaho, California, Alaska, Japan, British Columbia, Pennsylvania, Illinois, Georgia, Missouri and Minnesota.
Note 3: WSDA certifies approximately 11,000 acres in Oregon and 1,000 acres in Alaska.

Washington State Organic Sales (does not include WSDA certified organic businesses in other states)

| Type of operation | 2005 | 2006 | 2007 | % Annual Increase |
|---------------------------------|----------------------|----------------------|----------------------|-------------------|
| Producers (crops and livestock) | \$112 million | \$149 million | \$212 million | 42% |
| Processors | \$82 million | \$94 million | \$129 million | 37% |
| Handlers | \$244 million | \$261 million | \$313 million | 20% |
| Total | \$438 million | \$503 million | \$654 million | 30% |