



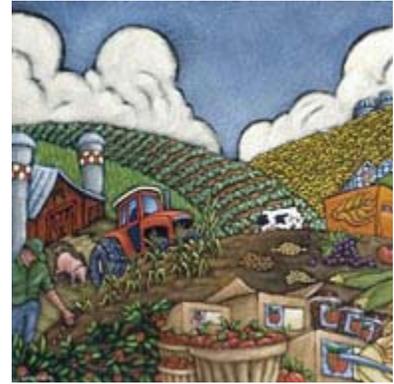
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Organic: from niche to mainstream

by Jenny Kendrick, Statistics Canada

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Photo: Rick Dunphy

It seems not a day goes by that you don't hear or see the term organic used to market food, cosmetics or clothing. It has become a catch-all term synonymous with healthier, better products. Because of consumer demand and increasing visibility, many organic food products in Canada are being showcased in grocery stores, natural food stores, farmers' markets and in community-supported agriculture projects. For consumers, the challenge is to know what "organic" really means. Is it the same as "certified organic?"

What is "organic" agriculture all about?

The organic agriculture movement stemmed from a move by some producers and consumers to seek out what they interpreted as more environmentally friendly and sustainable farming and food production practices. In general, organic agriculture seeks to avoid the use of chemical fertilizers, synthetic pesticides, synthetic veterinary drugs, genetically modified organisms, and certain food processing and preservation substances. It needs to be noted that many of these practices and products are now regulated for both conventional and organic operations – such as how and when livestock can or must be treated with veterinary drugs and the period



Photo: Jenny Kendrick

after treatment that their products must remain out of the market, the use of fertilizer and manure, the approval of pest control products and the licensing of applicators as well as the approval of food ingredients and processing standards.

What does certified organic mean?



Photo: Lynda Hall

Producers of certified organic products go through a formal process where a third party – known as a certifying body – verifies that the farm’s production methods follow a prescribed set of organic standards. What that has meant in practice is that an agent from one of the more than 30 certifying bodies active across Canada – which may be private Canadian groups or foreign groups – will visit farms or organic processing facilities and go through an audit to ensure that the producer complies with the standards of practice of that particular certifying body and/or the standards laid out by jurisdictions for which the body is accredited to certify. The current annual fee for this service can be \$1,000 or more depending upon the operation, and also requires additional administrative work on the part of the producer.

While Canada has had national organic standards since 1999, these have been voluntary, and as such the standards applied by individual certification bodies were subject to variation. As organic products have gained increasing market prominence a number of jurisdictions including the European Union, Japan, the United States and the province of Quebec have moved to implement governmentally certified organic standards. Some certifying agencies active in Canada certify producers to be in compliance with one or more of these national standards in order to have access to different markets around the world.

Canada moves to a National standard for certified organic products

Federal regulations for organic products – the Organic Products Regulations – are scheduled to come into full force on December 14, 2008. On this date, organic products marketed interprovincially or internationally must be certified by a certification body accredited by the Canadian Food Inspection Agency (CFIA). The National Standard for Organic Agriculture, which sets out the permitted and prohibited practices, can be accessed online at Canadian General Standards Board.



The Organic Premium



Other farmers (both conventional and organic but not certified) often follow the principles laid out in the certified organic regulations for stewardship, business and regulatory reasons. However, when operators adhere to all the regulations, their flexibility in managing their operation decreases and their administrative burden goes up. Consequently, consumers often pay a premium for certified organic

products. For example, certified organic crop producers often need to rely upon manual cultivation for weed control while conventional farms can within regulatory limits employ chemical weed controls where and when it makes operational sense.

Canadians checking out more certified organic products

In 2006, the Organic Agriculture Centre of Canada (OACC) oversaw a study on sales of certified organic products through the traditional mainstream supermarkets. It found that total sales of certified organic food had grown 28% overall from 2005 to 2006, with sales of pre-packaged certified organic goods up 31% while fresh products was up 22%. In spite of this impressive growth, less than 1% of the \$46.5 billion spent by Canadians in national grocery sales during 2006 was attributed to certified organic sales. (For more about the OACC, see OACC provides research and leadership.)



Photo: Jenny Kendrick

The top-selling certified organic foods included fresh vegetables, at 25% of the market, beverages (excluding milk), with 18%, fresh fruit at 13% and dairy products, with 11%. The remaining 33% of certified organic grocery sales was in other grocery items—a variety of products such as bread and grains, and packaged and prepared foods including frozen foods. Of the \$102 million in fresh certified organic vegetable sales, almost half was from the combined sales of bagged salad and broad-leaved vegetables. For the \$52 million in certified organic fruit sales, 25% was in bananas and 23% was from apples.

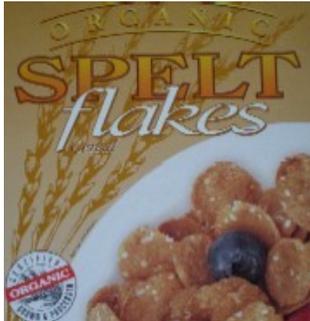


Photo: Jenny Kendrick

The study also found that demand for certified organic food is growing in all regions, with per capita demand greatest in British Columbia. B.C. has only 13% of Canada's population, but represents a striking 26% of all Canadian certified organic food sales. In terms of growth, Alberta supermarkets had the highest jump in sales from 2005 to 2006 (44%), followed by British Columbia and the Maritimes (34%), Ontario (24%) and Quebec (21%).

Canadian consumers have come to expect that a variety of fresh fruit and vegetables will be available year round. The average amount available for consumption by each Canadian in 2006 was 37.8 kilograms of fresh vegetables per person and 37.6 kilograms of fruit. Unfortunately, the proportion of fresh fruits and vegetables that was organic is unknown.

A visit to any grocery store confirms that a significant proportion of these fresh fruits and vegetables are not grown in Canada. For many fresh fruits and vegetables, Canadian farmers—whether organic or conventional—can't harvest more than one crop in a year. Others simply won't grow in Canada—two of the most popular fruits, bananas and oranges, being good examples. The high labour requirements associated with fruit and

vegetable farming, especially at harvest time, can also give a competitive advantage to countries with lower labour costs than Canada.

Filling the demand are imported products: 93% of our fresh fruit and 46% of our fresh vegetables were imported in 2006. With the exception of tomatoes, cucumbers and peppers that are available from Canadian greenhouses as well as storage vegetables like carrots, turnips, potatoes and squash, we have to look south for most of our fresh vegetables during the winter.

Main street or off-road?

While no formal studies exist for sales outside grocery supermarkets, the OACC study estimated that just under 60% of certified organic products are sold through other venues—smaller grocery chains, large natural food store chains, independent health food stores, warehouse clubs, the food service industry and other specialty stores. Direct sales at farmers' markets, at the farmgate and through food box deliveries by community-supported agriculture projects also contribute to these sales.

Some of the products sold at these locales may be referred to as organic even though the producer has not gone through formal certification. Other labels may include words such as “pesticide-free,” “biodynamic,” “free-range” or “natural.” These producers maintain a faithful clientele because of a personal relationship in which producer and consumer can discuss how the product was raised or grown. They may not need formal organic certification by a third party to sustain their business.



Photo: Jenny Kendrick

Certified organic players change as market grows

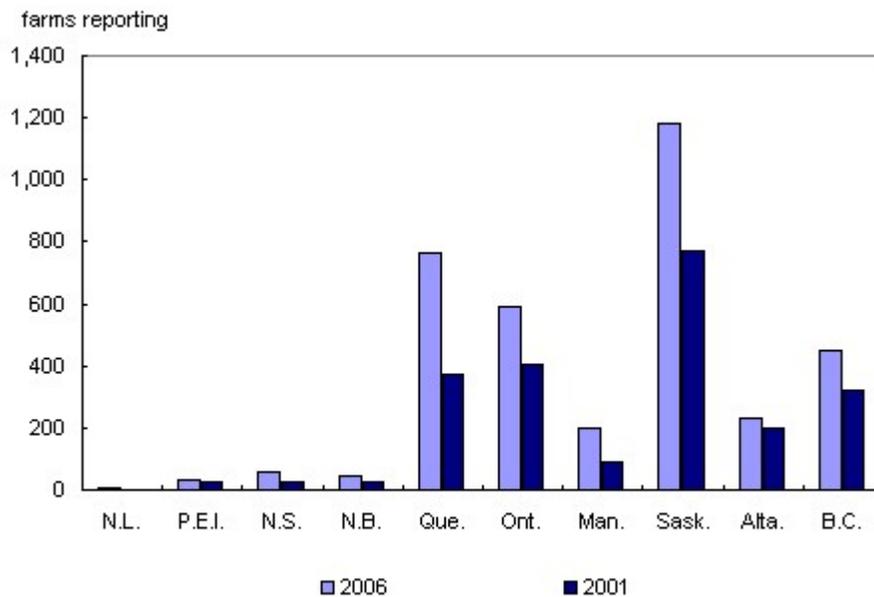
For some organic proponents, the mainstream adoption of certified organic standards has presented a dilemma. While certified organic production is strictly a regulatory framework outlining acceptable practices, for some adherents the principles incorporate a vision of small, community-based production and marketing—hallmarks of the industry prior to its mainstream growth. But in moving from niche to mainstream, organic standards have been adopted by many market players who have already successfully met mass market consumer demand for conventional products. These include large, centralized and specialized farms—often outside Canada in the case of fruit and vegetable producers—who can deliver large quantities of consistent, fresh product year-round to retailers who cater to the average shopper. Data collected by the 2006 Census of

Agriculture give a glimpse of how Canadian agriculture is meeting the increasing demand for fresh organic products and what changes have occurred since 2001.

As demand grows, so does the industry

The number of certified organic farms in Canada has grown nearly 60% since 2001, from 2,230 farms reporting certified organic products on their 2001 Census of Agriculture questionnaires, to 3,555 in 2006—1.5% of all farms in Canada. Saskatchewan continues to be the province with the most farms reporting certified organic products. Saskatchewan also had the greatest increase in the number of farms reporting with Quebec having the second largest increase. Together, Quebec and Saskatchewan accounted for over half of the total increase in farms with certified organic production in Canada (Figure 1).

Figure 1
Farms reporting certified organic products, by province, 2006 and 2001



Source: Statistics Canada, Census of Agriculture.

Farmers were also asked to report “organic but not certified” products on the 2006 Census of Agriculture. This provided a chance for the nearly 12,000 producers who use organic practices but do not go through formal certification to identify themselves. Many sell through farmers’ markets, community-supported agriculture or other direct-sales ventures. Ontario had the highest number of farms reporting in this category, followed by British Columbia and Alberta (Table 1).

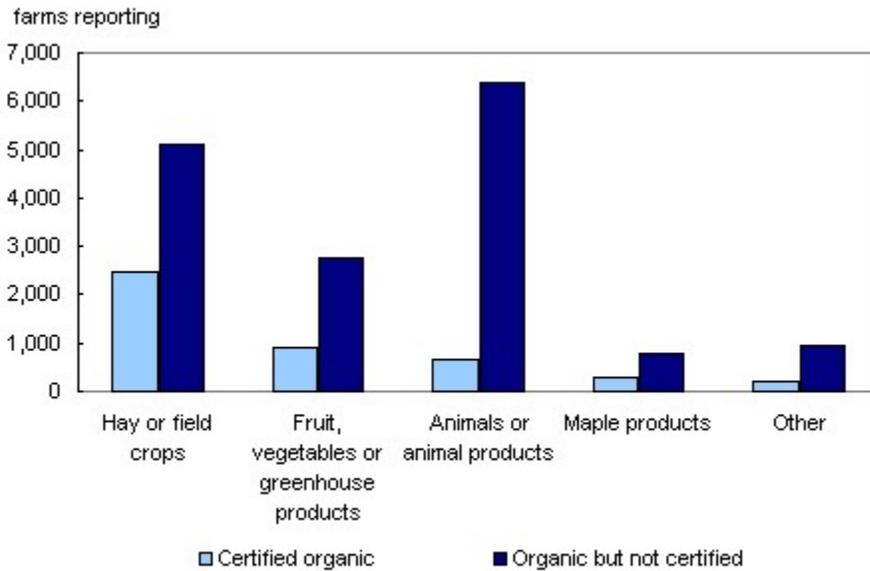
Table 1
Organic but not certified producers by product type, 2006

Province	Farms reporting Organic but not certified products	Hay or field crops	Fruit, vegetable or greenhouse products	Animals or animal products	Maple products	Other
Newfoundland and Labrador	49	16	27	21	0	6
Prince Edward Island	49	17	9	30	1	4
Nova Scotia	294	67	130	141	15	40
New Brunswick	196	60	79	87	33	26
Quebec	1,500	483	373	510	481	91
Ontario	2,989	1,350	746	1,545	254	326
Manitoba	600	308	91	303	8	55
Saskatchewan	1,088	684	88	568	0	42
Alberta	2,405	1,388	212	1,455	0	98
British Columbia	2,767	753	999	1,720	6	258
Canada	11,937	5,126	2,754	6,380	798	946

Source: Statistics Canada, Census of Agriculture.

Animal products were the most commonly reported “organic but not certified” product, with 6,380 operations reporting (Figure 2). The majority of these operations were found in British Columbia (27%), Ontario (24%), and Alberta (23%).

Figure 2
Organic production by product type, Canada, 2006



Source: Statistics Canada, Census of Agriculture.

In 2006, 640 farms in Canada reported producing a transitional product, meaning they were in the process of converting all or part of their farm operation to certified organic standards.

The most common certified organic product?

Probably not what you think—but it’s what we grow best

Field crops and hay are the predominant certified organic commodity, with 2,462 operations reporting. Nearly half of these farms are in Saskatchewan, with Ontario a distant second, at 19% (Table 2).

Canada has a competitive advantage for growing grains and oilseeds because of the climate and large expanses of cropland suited to mechanization. So it makes sense that organic field crops and hay would be the most common certified organic product. Many of the field crops grown organically are sold internationally—not processed, sold or eaten in Canada.



Photo: Paul Rainville



Photo: Organic Agriculture Centre of Canada

According to the Canadian Wheat Board, over 71,000 tonnes of Western Canadian certified organic wheat, durum, and barley were sold in 2005: 50.7% to the United States, 31.2% to the European Union, 1.4% to Japan with only 16.7% sold to the domestic market. Certified organic barley exports include designated barley, which refers to commercially produced barley varieties selected for malt production and sold at a premium price. In Canada, only about 20% of all malt barley production is actually selected for malting each year. From the crop years 2000/2001 to 2005/2006, the amount of certified organic grain sold through the Canadian Wheat Board rose 87.3%.

Canada also grows and exports other certified organic grains and oilseeds besides wheat, durum and barley. Certified organic producers also produce specialty varieties of ancient grains such as spelt and kamut used as an alternative grain for people who have trouble digesting wheat flour. Other certified organic crops grown include soybeans, oats, flax, hemp, rye, buckwheat, lentils, peas, mint, echinacea and lavender.

Table 2
Certified organic production by province, 2006 and 2001

Province	Farms reporting certified organic products		Hay or field crops		Fruit, vegetable or greenhouse products		Animals or animal products		Maple products		Other	
	2006	2001	2006	2001	2006	2001	2006	2001	2006	2001	2006	2001
Newfoundland and Labrador	4	3	0	0	4	3	0	0	0	0	1	1
Prince Edward Island	31	23	19	11	24	17	4	3	0	0	2	6
Nova Scotia	61	23	16	6	50	20	12	10	3	0	14	5
New Brunswick	42	25	14	6	27	16	8	6	8	4	7	3
Quebec	765	372	303	105	208	125	161	53	279	119	42	35
Ontario	593	405	467	308	174	120	172	120	8	6	34	32
Manitoba	196	90	170	74	21	7	44	17	0	0	3	8
Saskatchewan	1,181	773	1,170	720	19	18	102	59	1	0	11	46
Alberta	230	197	193	142	31	21	84	60	0	0	13	30
British Columbia	452	319	110	70	358	267	86	53	0	0	63	45
Canada	3,555	2,230	2,462	1,442	916	614	673	381	299	129	190	211

Source: Statistics Canada, Census of Agriculture.

Certified fruits, vegetables and greenhouse products up in all provinces

Despite Canada's climatic challenges, a significant number of certified organic operations do report fruit and vegetable production. As in 2001, the second most commonly reported certified organic product category continues to be "fruit, vegetable and greenhouse products". While every province showed growth in the number of farms reporting under this category since the last census, some provinces stand out.



Photo: Lynda Hall

In 2006 almost 80% (358) of all certified organic farms in British Columbia reported growing certified fruit, vegetable and greenhouse products (Table 3). Quebec, with 208 farms, had the second-highest number of certified producers in Canada reporting the fruit and vegetable and greenhouse category. Atlantic Canada also had a high percentage reporting this category: 76.1%, or 105 farms in the region.

According to Table 3, British Columbia (39.1%) followed by Quebec (22.7%) and Ontario (19.0%) make up the majority (80.8%) of all organic producers reporting fruit, vegetable or greenhouse products. Since the last census, in terms of significant growth, Nova Scotia producers reporting under this category grew from 20 to 50 farms while Manitoba increased from 7 to 21 farms.

Table 3
Farms reporting certified organic fruit, vegetables or greenhouse products, Canada and provinces, 2006 and 2001

Province	farms reporting		percentage distribution	
	2006	2001	2006	2001
Newfoundland and Labrador	4	3	0.4	0.5
Prince Edward Island	24	17	2.6	2.8
Nova Scotia	50	20	5.5	3.3
New Brunswick	27	16	2.9	2.6
Quebec	208	125	22.7	20.4
Ontario	174	120	19.0	19.5
Manitoba	21	7	2.3	1.1
Saskatchewan	19	18	2.1	2.9
Alberta	31	21	3.4	3.4
British Columbia	358	267	39.1	43.5
Canada	916	614	100.0	100.0

Source: Statistics Canada, Census of Agriculture.

Certified organic milk production nearly quadruples

Quebec, Ontario and British Columbia have most of the organic cows' milk production in Canada. Quebec's share is the largest, with 51.7% of all certified organic milk production for the year 2005/2006, while Ontario had 28.4% and British Columbia almost 19.9%.

Certified organic milk production in Canada almost quadrupled, from 10.7 million litres for the dairy year 2000/2001 to more than 40.8 million litres for the year 2005/2006. While the demand for certified organic cows' milk has continued to grow and organic milk production has increased substantially, organic dairy products made up less than 1% of the 74 billion litres in total milk production for 2005/2006. (The dairy year runs from August 1 to July 31 of the following year and is timed so that the annual supply management quota period starts after the peak summer production period.)

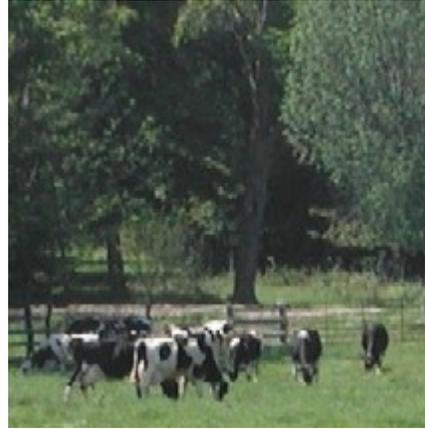


Photo: Stewart Wells

Growing organic market brings conventional market challenges

The Census of Agriculture results and the OACC study show that demand for organic food products is increasing, and Canadian farmers are doing their best to meet it—as far as our climate and economic conditions allow.

Yet, as the specialized organic market moves from niche to mainstream, it brings with it many of the same challenges and opportunities as those in the general farming community.

While organic fruits and vegetables are among the most prominent products on market shelves, domestic production lags behind demand for the same reasons that challenge conventional Canadian fruit and vegetable producers. Chief among those reasons are our winters and consumer expectations of fresh product year round.

However, organic field crop producers have exploited the same competitive advantages; of climate and large expanses of cropland suited to mechanization, as their conventional counterparts to succeed domestically and internationally.

OACC provides research and leadership



Photo: Erik Dorff

The Organic Agriculture Centre of Canada (OACC), founded in 2001 and located at the Nova Scotia Agricultural College (NSAC) in Truro, Nova Scotia, plays a leading role in organic research and education in Canada. In addition to the NSAC, the OACC co-ordinates and develops research projects and web-based courses in organic agriculture in affiliation with agricultural schools at the universities of British Columbia, Alberta, Saskatchewan, Manitoba, Guelph, McGill, and Laval.

OACC staff participate in on-farm research and report to regional and national conferences. Research results are published in farm papers, and the OACC website (www.organicagcentre.ca) provides research summaries, files of all OACC newspaper articles, links to Canadian organic organizations, virtual farm tours and many other resources.

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