Lessons from the Organic Experience

Katherine DiMatteo

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I am very please to describe to you the organic industry, its opportunities and obstacles, how these opportunities and obstacles have changed over time, and the lessons that the organic industry is still learning:

The Six Lessons

- #1 Sound bites create boxes that are difficult to get out of.
- #2 You can't be everything to everybody.
- #3 Labels and claims need to be defined and verified.
- #4 There is no end to defining standards.
- #5 Be careful what you ask for especially when you're working with the government.
- #6 Market demand is a powerful force.

What is Organic?

Is it pesticide free? Is it GMO free? Is it healthy for you? Is it safe? Safer? Does it keep chemicals off your plate? These are all sound bites I have seen and heard about organic. But they don't really get at what organic really is and in some cases mislead.

"Organic" stands for a commitment to agricultural practices that strive for a balance with nature, using methods and materials that are of low impact to the environment. Its about what you ARE doing, not what you are not doing. In addition to prohibiting the use of synthetic materials and methods - pesticides, fertilizers, antibiotics, growth hormones, irradiation and genetic engineering - organic means fostering diversity on the farm by planting a variety of crops to improve soil quality and to thwart pests and disease. Organic extends beyond the farm to processing facilities requiring that synthetic materials are avoided in pest control, equipment cleaners and processing aids, and that there is a verifiable audit trail of all organic ingredients.

The organic community, which has been defining itself as a market label for the past 30 years, had to decide at certain points what it was not in order to have a meaningful and practical system of verification. So, we've dropped social justice, labor issues, geographic criteria such as local or regional, size criteria - small versus large, and being only wholesome foods - we have snack foods, beer, fiber products, health and beauty aids. Right now "organic" means a type of agricultural production and the products made with organic ingredients. Other labels can take up additional criteria and issues. These labels can be added to organic - or can stand alone.

What is Certified Organic?

Certification is the guarantee that both the farmer and handler have followed the strict requirements of the organic agriculture system. Farms and processing facilities have to maintain detailed accounts, submit a written production plan and application, and receive an annual inspection to verify the information submitted to the certification agent.

Why is it Important?

Certification gives the consumer confidence in the product. It's not the certification seal that is important but the fact that there are consistent standards across the country and that there has been an oversight of these standards.

January, 1997, Rodale Institute survey found 54% say that an official seal of nationalcertification would make them more likely to buy organic produce.

Fall, 1997, Hartman & New Hope report found 74% of the environmentally-oriented Americans prefer environmental claims be certified

April, 1998, Lake Sosin Snell Perry & Associations in a nationwide poll found 85% strongly favor nationwide labeling standards for organic food.

Currently there are nineteen states that have no laws concerning organic agriculture or labeling. Of the thirty-one states which do have laws, nineteen require certification; fourteen of these nineteen states have state-run certification programs, the remaining five states using independent certification groups.

The Organic Trade Association (OTA) was formed in 1984 for the purpose of bringing the industry together and build consensus about the standards for organic production. On October 20, 1999 the Organic Trade Association board of directors approved a document - the American Organic Standards - which is being adopted by the OTA members including the certification organizations. These standards provide a benchmark for government and the public and are posted on the OTA web site: www.ota.com.

What about the National Organic Program?

In 1990 Congress passed the Organic Foods Production Act but it wasn't until December of 1997 that the USDA published a proposed regulation to implement this law. Unfortunately the proposed rule that had been written by USDA but tinkered with by the Office of Management and Budget and other agencies within the government was so flawed that 275,604 public comments were submitted with 98% asking rejecting the proposed regulation. The USDA on November 9, 1999 sent a revised proposed rule over to the Office of Management and Budget, so within the next several months the public will have another opportunity to make comments. Unfortunately even if all thing went smoothly, full implementation and enforcement of the national organic program won't be until 2002. In the meantime there are other countries - European Union, Argentina, Israel, Japan (on April 1, 2000) and to a lesser extent Canada and Australia, that are enforcing their own national organic programs which are creating trade barriers. The United Nations Codex Committee on Food Labeling in July 1999 approved international guidelines for organic production and labeling. While the U.S. struggles to get a 10-year old law implemented, the international community has agreed on minimum standards for trade.

Market demand for organic continues to drive sales!

In the U.S sales of organic were less than \$1 billion in 1990 but reached \$5.4 billion in 1998. It is expected to be \$6.6 billion at the end of 2000 and \$13.2 billion in 2003.

In Western Europe sales of organic were \$5.3 billion in 1998 which was a 71% increase from \$3.1 billion in 1995. In the United Kingdom 70% of the 1998 organic food sales were from imported product.

Why do consumers buy organic?

- 1. Individuals are concerned about the environment and health risks associated with pesticides and environmental pollution
- 2. Organic product appeal has improved better taste, appearance and availability
- 3. More retail stores carry organic products
- 4. Product proliferation has expanded available categories
- 5. Producer and distributor economies have reduced price premiums.

Conclusion:

The organic community is currently involved in a debate whether wild caught fish could or should be classified as organic. This debate exemplifies the six lessons:

Lesson 1: Isn't everything wild or natural - organic?

Lesson 2: Why not include fish? Don't exclude anything

Lesson 3: It's difficult to verify origin of fish and to manage feeding areas for wildlife

Lesson 4: Maybe there could be wild fish standards in the future - when we can redefine organic criteria for non land-based systems

Lesson 5: The Organic Foods Production Act opened the door for wild fish. Now Congress through a rider on the appropriations to USDA is requiring hearings on this issue and a decision on standards before October 1, 2000 because:

Lesson 6: the State of Alaska believes that the organic label has a stronger market appeal than their current market claim of "wild salmon caught in pristine Alaskan water."

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Establishing the Largest Organic Brand

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PowerPoint Presentation - slides



HORIZON ORGANIC DAIRY MISSION STATEMENT

Horizon Organic Dairy produces and sells quality organic milk products of good value to consumers who are concerned about food safety, the environment, animal welfare, and health and nutrition for themselves and their families.

Our mission is to be the leading brand of certified organic dairy products.

HORIZON ORGANIC DAIRY BELIEFS

We believe that organic agricultural practices are a proven and sustainable method of producing food without environmental pollution and resource degradation.

We believe that producing food using organic agricultural practices results in products that are safe as well as flavorful, healthful and wholesome.

We believe that food can and should be produced in harmony with nature, and that animals used for food production should be raised and nurtured with respect for their natural patterns.

We believe that for Horizon Organic Dairy to prosper, we must establish and conduct our business in a consistently ethical manner with regard to relationships with our employees, our suppliers, our customers and society at large.

HORIZON ORGANIC DAIRY BELIEFS WHAT IS ORGANIC DAIRY? Cows are raised on 100% certified organic We believe that Horizon Organic Dairy's success depends feed for at least 12 months on our ability to serve those who buy our products. We seek to create a climate of confidence, credibility, and Feed is grown on land that has been free of satisfaction with our customers and our consumers by synthetic fertilizers, pesticides and providing the highest-quality organic dairy foods and herbicides for at least three years services that cultivate repeat business. Synthetic growth hormones (rBGH) and antibiotics are prohibited We believe that one proper measure of Horizon Organic Dairy's success is profitability, because profits allow us to Cows are treated humanely, including strengthen and enhance the organic industry, to support pasturing, free stalls and comfortable family farmers, to participate fully in our communities, to bedding attract the capital required for growth, and to validate our Organic milk is isolated throughout milking. beliefs and practices. transporting, processing and packaging WHO BUYS ORGANIC DAIRY? **BUT WHY ORGANIC DAIRY?** Because consumers are concerned about... Head of household under 44 years old food safety. Annual household income over \$60K (US) the treatment of animals in the production of Lives in an area with a population of 1M+ food. Heavy purchaser of entire dairy category the environmental impact of farming Less price sensitive than non-organic consumers practices. 95% of consumers who shop natural food stores also shop conventional preserving family farms and rural communities. WHY DOES ORGANIC DAIRY COST HORIZON ORGANIC PRODUCTS MORE? Certification

- Transportation
- ♦ Raw Material
- Isolation
- ♦ Culling
- Labor
- Start-up









CORE COMPETENCIES

- Brand Marketing Strength
- ♦ Organic Philosophy Understanding
- Organic Milk Procurement
- Organic Dairy Farming & Conversion
- National Dairy Logistics & Processing
- National Sales & Distribution
 Capabilities

HORIZON ORGANIC PARTNERS

- 10 farm milk sources (2 company owned)
- ♦ 7 fluid milk processors
- ♦ 15 dairy/juice processors
- 2 egg licensees (Glenwood and NuCal)
- 3 public warehouses
- Yogurt manufacturing (U.K./Rachel's)
- Takanashi Japanese licensee
- Suiza Foods







HOW WE'RE DOING				
Supermarkets (milk)	<u>Share</u>	<u>ACV</u>		
Horizon Organic	63.1%	26%		
Organic Cow	16.7%	8%		
Total Horizon	79.8%			
Natural Foods Supermarkets (milk)				
•Horizon (22.6%) leading milk brand, organic or conventional				
 Horizon leading milk and dairy brand 				
Horizon Organic	47.1%	87%		
Organic Cow	6.2%	18%		
Total Horizon	53.2%			

HORIZON'S LEADING POSITION

 Horizon's leading position in multiple dairy product categories in Natural Foods Supermarkets

Yogurt	45.4%	#1
Sour Cream	93.0%	#1
Cream Cheese	37.0%	#2
Butter	50.0%	#1
Cheese	44.0%	#2
Juice	55.0%	#1
Cottage Cheese	60.0%	#1



BUYER QUAN	ΓΙΤΥ	& OCCA	SIONS)
Ounces/Buyer	1997	1998	Change	
Conventional dairy Organic dairy Organic dairy, supermarket Horizon brand Occasions/Buver	1978 260 250 278	1907 348 350 746	-3.6% 34% 40% 71%	
Conventional dairy Organic dairy Organic dairy, supermarket Horizon brand	23.2 4.6 4.2 4.6	22.8 5.1 4.7 5.8	-1.7% 10.9% 11.9% 26.1%	

HOUSEHOLD PENETRATION (Conventional vs. Organic Dairy)				
	1997	1998	Change	
Organic dairy Organic dairy,	2.2%	2.6%	18.2%	
supermarkets	1.8%	2.2%	22.2%	
Horizon brand	0.8%	1.3%	62.5%	

DISTRIBUTION OF VOLUME				
Distribution	<u>Conventional</u>	<u>Organic</u>		
\$40K+ household income	46.9%	75.3%		
Some college/graduate	54.1%	86.3%		
Younger consumers – New families – Childless couples – Young singles	10.5%	54.1%		
Price/Ounce	\$.04	\$.06		

LEADING BRAND IMPERATIVES

- Technological innovation/leadership
- Commitment to quality/exceeding consumer expectations
- Building brand preference/loyalty/advocacy

STARTER STRATEGY

- Capture young people/young families early
- Product design that fits
- Build two-way communication channels

MARKETING INITIATIVES

- ♦ New products
- Consumer communications
- ♦ Building alliances



Awareness: Organic milk 8%

Horizon brand 6%





How to reach New Providers

- Continuous presence in key vehicles targeted toward prenatal, postnatal and parents of children 2 -5 years old
- Utilize influence of healthcare professionals, childbirth educators and caregivers - a key factor for this target audience



WHERE ARE WE GOING?

- All Horizon Organic products available to all customers in all markets
- Expand distribution of organic milk to over half ACV to 50% in 3 to 5 years
- Expand other dairy products into supermarkets
- Enter new categories of refrigerated organic products
- Expand international markets--Canada, Europe



NASDAQ: HCOW

HOLY COW!

IPM Label Products on Supermarket Shelves

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PowerPoint Presentation - slides



The IPM Continuum							
Chemical Based	Cultural Controls	Resistant Varieties	Pest Forecasting	Pest Thresholds	Bio- rationals	Biological Control	Information Based
Calendar Sprays	Rotation	Physical	Insects	Field Scouting	Mating Disruption	Parasites	Integrated Program
Hard Chemicals	Host-free Periods	Chemical	Weeds	Trapping	Bio- Insecticides	Predators	Soft Chemicals
High Impact Potential	Sanitation		Plant Pathogens	Action Thresholds		Competing Organisms	Low Impact Potential

What Happened in 1995...

- IPM education for fresh sweet corn growers
- One grower agreed to implement the Cornell IPM program on 30% of crop
- Marketed product in one Rochester store
- Wegmans did some simple customer education and monitored reaction

Graduate Thesis Survey...

- 19%... aware of IPM
- 95%... very or somewhat concerned about chemical pesticides in food they eat
- 60%... residues in food are a serious or moderate health hazard
- 68%... pesticides are a serious or moderate environmental contaminant

- Initial Customer Survey . . .
- <u>92%</u>... would prefer to purchase IPM corn
- <u>95%</u>... would like Wegmans to encourage our growers to adopt IPM practices
- <u>90%</u>... would like to see more produce grown with IPM practices
- <u>95%</u>... said that IPM was important to them
- 61%... will accept blemishes for either pesticide-free or IPM produce
- The difference between those willing to pay up to 9% more for pesticide-free or IPM produce is slight... 72 versus 75%
- 90%... more likely to purchase IPM grown than conventional produce

What Happened in 1996...

- Four growers implement Cornell IPM program for fresh sweet corn, 75% of fresh sweet corn sold in Rochester market area
- Consumer education...brochure, signs, in-store video, TV spot, newspaper ads
- Started IPM education for Syracuse growers

- Licensing agreement to use Cornell IPM logo on Wegmans brochures, signs, ads
- Introduced first of IPM products supplies by Comstock Michigan Fruit



What Happened in 1997...

- Added one more corn grower in Rochester and one grower in Southern Tier
- Finished education for Syracuse growers
- Cornell developed elements for sweet cherries and greenhouse tomatoes
- Others signed licensing agreements to use the Cornell logo
- Began discussions with Penn State about IPM education program for PA growers
- Worked with University of Wisconsin and a Wisconsin processor to supply IPM vegetables...a second source

What Happened in 1998...

- Added growers in Southern Tier, Buffalo, and Syracuse districts
- Expanded fresh market products... greenhouse and field tomatoes, melons, summer/winter squash, cucumbers, cauliflower, pumpkins
- Sweet corn in 56 stores, 35 growers

And in 1999	The Hartman Report
●IPM Asparagus	Majority of consumers interested in
 Cauliflower from Ontario, Canada and Stanley, New York 	buying environmentally menuly products
• Oregoed store in Princeton, NJ and storted	• 23% eager to buy "green"
conversations with Rutgers	Consumers need specific, personal
• "Jersey Fresh"	reasons"environmentally added value"

The Hartman Report	1997 Cornell Surveys
 Water quality is number one driver 	• <u>75 %</u> were concerned about health and environmental impacts of pesticides
 Combine production practices that reduce pesticide use and protect the quality of ground and surface water 	• <u>61%</u> <u>disagreed</u> that appearance of berries more important than how they were grown, only <u>19%</u> agreed!
• Make it easy to participatebuy IPM	 Consumers responded favorably to IPM, whether they understood it <u>or</u> not

 <u>Almost all</u> would choose IPM berries over conventional if available at same price 	Barriers to Success <u>Consumers</u>
• <u>61%</u> willing to <u>pay more</u> for minimized pesticide usage	 83%won't switch stores for IPM or organic 81% not familiar with IPM
 Majority ranked the effects of pesticides on groundwater as <u>number one</u> research priority 	 No connection to agriculture Need a good reason to care

Growers	Key Points
 Talking about pesticides, food safety 	 Partnershipfresh and processing growers, food processors, land-grant
Message about non-IPM products	universities and a retailer
 Record keeping, documentation and cost of third party verification 	 Formalized program with documented componentscan be quantified!
 Simply don't want toattitudes 	 3rd party verification

- Raised awareness and increased attention on IPM practices
- Raised level of IPM implementation by participating growers
- Rewards participating growers with access to markets and consumers
- Differentiates Wegmans

- Consumer education pieces are simple messages...reinforce attributes of IPM and give consumers a reason to care **
- Gives growers credit for the good things they are doing
- A <u>positive</u> story about environmental stewardship that should be told







William Pool: For more information see the New York State Web Site on IPM Labels: http://www.nysaes.cornell.edu/ipmnet/ny/program_news/labeff.html

Challenges for Land Grant University Personnel Resulting from Participation in Eco-labeling Efforts

Curtis Petzoldt

Assistant Director NYS IPM Program, Cornell University

An IPM labeling effort was begun in New York in 1996 by Wegmans Food Markets, Agrilink (then Comstock-Michigan Fruit), and a group of interested vegetable and berry growers. These groups approached the staff of the Cornell University IPM Program for assistance with the effort. The IPM labeling process was an outgrowth of an educational program with fresh market sweet corn suppliers of Wegmans begun in 1995 at their request.

There have been two types of challenges faced by the IPM Program at Cornell in its attempts to assist these groups as they have moved toward a verifiable IPM identification project. The first type of challenges faced were technical in nature and involved: a) defining IPM in a crop and region specific way that was documentable; b) establishing a process for verification that did not involve Cornell or Cornell Cooperative Extension as a certifier; and c) defining exactly what IPM means to consumers and expressing that in an understandable form. Expertise in all of these areas was available from the four partners engaged in the project and, although challenging at times, this was a straightforward and constructive process.

The second challenge faced by the IPM Program in New York has been much more difficult for the partners to address, and to this point in time, may not have been adequately addressed. It involves the political repercussions of dealing with an issue that some segments of the traditional land grant university stakeholder base do not endorse. As a result of participation in the IPM labeling project by the Cornell IPM Program, a highly influential segment of the agricultural community in New York has reviewed the IPM Program with negative results, lobbied against funding for the program, and recommended to change the structure and goals of the IPM Program in a manner that would preclude participation in IPM labeling. In an era when land grant university administrators must be increasingly sensitive to stakeholder input, the IPM Program and its partners in the IPM label project have had a very difficult time overcoming these challenges. The issue of how land grant universities should respond to stakeholder groups requesting assistance but that are philosophically opposed to each other is an issue that continues to challenge the IPM Program in New York.

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Environmental Management Systems and Standards: ISO 14000

Jeff Wilson

Owner, Birkbank Farm, Orton Ontario

I face the difficult task of trying to put to paper a talk that was based on a number of slides which contained quotes and quips, which used a few words to state what takes a paragraph to write. Fortunately I had the luxury of listening to the morning speakers, to get a sense of where they see things in their areas, and compare what, if anything we have done different in Ontario. In essence I tried to put some perspective on our initiative to get a sense of what others, whether they be different farm sectors, geographic areas, or initiatives instigated outside the farming community, have done, to determine if there are common threads which either eased or facilitated the process. I should note that our initiative is in fact a regional one, which fits in well with many of the other presentations which tended to be regional in nature. One of the key points I would identify is, how does a successful regionally oriented program, whether it be a marketing, environmental initiative, or quality assurance program, expand to a broader of larger audience whether it be national or international?

One key point I would identify is the following: If the farm community through its leadership of both commodity groups and general farm organizations, is not willing to "drive" the initiative, the chance for success is remote. With the best of intentions, many good ideas, programs, or initiatives, failed due to the fact that they were the agenda, however well intentioned, of groups or individuals outside of farming or agriculture.

The question may be asked "how does one spark the farming community into action on the environmental front?" If one pays attention to events in a given area usually something happens to galvanize the farm community and their leadership to action. Here in Ontario back in the early 90's we elected on a whim, a socialist government. When they took power they appointed a minister of environment, who while an urbanite, had a clear vision and philosophy of what agriculture should entail in regards to responsibilities. We, as farm leadership quickly determined that the very future of agriculture was at stake, if we ignored this train of thought. On a stoke of good luck however the government appointed a minister of agriculture who, had very little background in practical agriculture, but was open-minded to reality, willing to consider practical solutions to issues raised, and willing to run interference with the minister of environment.

The logical conclusion we arrived at was to play ball with our minister of agriculture, take the high road, and arrive at solutions that not only worked but had a degree of public acceptability as well. Hence, what is now the Environmental Farm Plan. What this also allowed us to do was to interject our agenda into the public forum. A side benefit of this process was the discovery, not only our minister of environment had an agenda for agriculture, but apparently everyone else did as well. This was a watershed point. We went public with our perspective on environmental improvement, and have led the pack ever since. We also discovered that successive governments, after the demise of the government that instigated the process, have bought into the idea of the farm community as full partners in environmental initiatives. This is starting to serve us well on

issues such as nutrient management, water quality, water taking or usage, and environmental management systems, where we are integral to the solutions and hence policy.

Being at the cutting edge of the environmental front, we have accepted a responsibility for action and leadership, but that has been offset by the ability to formulate workable policy on behalf of our farmers for a win-win situation. This is time well spent as opposed to fighting government and others every step along the way. The current debate surrounding genetically modified crops, has allowed us a seat at the table, regarding input and perspective, something we question farmers in other areas have not been privy to.

Having said all this, it would be easy to say "okay the Ontario folks lucked out, the right place, right time..." but are there common points that are transferable to other areas or jurisdictions? All farmers recognize they have a responsibility to minimize their impact on the environment. By engaging the farm community, especially their leadership, to get them onside, would be time well spent. Rightly or wrongly we feel well intentioned people preach solutions to us without taking the time to properly put those solutions into perspective, regarding the impact. Reasonable people will usually come up with reasonable solutions. If I haven't used every cliché in the book to describe that a simple practical approach is a good first step, then I haven't served my purpose. No one has ever been accused of too much communication, especially at the initial stages. Assumptions, especially without dialogue, can often lead us down the wrong path. Is the future not worth taking that extra bit of time to do it right?

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Working Towards Registration for ISO 14001

Tom O'Neill

Manager, Norfolk Fruit Growers' Association, Simcoe Ontario

The Norfolk Fruit Growers' Association is a grower co-operative with 32 members. Based in Simcoe, Ontario, the group deals with the storing, packing, and marketing of apples. Empire is the predominant variety grown and is marketed mainly in the United Kingdom.

Recently, retailers in the UK are exerting influences on produce growers and packers to develop quality management systems. In response to these demands, the Norfolk Fruit Growers' Association is working towards registration for ISO 14001, an international environmental standard.

By implementing ISO 14001 there are many benefits and rewards. There has become an awareness of the environmental impacts our activities and services can have. By completion, we will be able to show that all due care to the environment was taken. It is also predicted that ISO 14001 will be beneficial to our marketing abilities, and may even give us an advantage in the marketplace.

To date, our experiences with this project have been positive. Although writing the manual has been time consuming, the experience has been worthwhile. A third party audit was completed to verify environmental compliance with the legislation. This audit gave a good base for establishing significant environmental impacts. Presently, the manual is still being written and the date of completion is November 15, 1999. At that time a pre-audit will be completed and the written procedures will start to be implemented. Any more necessary changes will be made between that time and the final audit in March 2000.

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Natural Foods Distribution and Marketing

Ron Lautrup

National Commodities Manager, United Natural Foods, Inc., Los Osos CA

I. UNFI Introduction

United Natural Foods, Inc. was created when Michael Funk and Norman Cloutier decided to merge their respective regionally powerful distribution networks in 1995-1996. The conception of United Natural Foods Inc. (UNFI) instantly made UNFI the nations dominant Natural Foods distributor. Since then, UNFI has acquired and merged with key competitors and related companies. With no exception, UNFI is the largest distributor of organic and natural products in the United States. UNFI services mainly natural food retailers, cross over mass markets, and conventional mass-market grocery stores respectively.

II. Supply Relations With UNFI

UNFI is always looking for new supplier and producer based relations. Major areas of interest are in branded organic and natural retail products, private labeling of organic and natural products, and organic and natural bulk commodities.

The best way to develop relations with UNFI on the supply side is to find or create a niche market or product that has favorable appeal to our customer base. The main key to your success with product development is to create products or brands that will meet the specification requirements of the natural retail sector and be appealing to both the natural foods customer and the conventional customer.

Please feel free to use myself as an initial contact at UNFI and I will either be able to further work with you or point you in the appropriate direction.

III. UNFI and Eco Labels

UNFI's main focus of support for eco-labeled products is in organics. Our directive really comes from our customer base. The largest demand in the natural foods marketplace is with organic products. We would be interested in looking at and exploring other eco-labeling options, especially if the retail demand is generated.

IV. GMO's

UNFI has extremely limited tolerance for GMO activity. "Limited tolerance" because some of our industry's top selling products are likely to be impacted by GMO's. Ideally, it would be zero tolerance. Still, UNFI is working diligently to greatly decrease the presence of GMO's in out industry. We are working with our suppliers and strongly requesting that they make the appropriate efforts. We are also working outside our direct supply chain in hopes of establishing more definitive policies regarding GMO's.

Long term, UNFI would like to move away from distributing all products known to be GMO contaminated.

V. Trends In The Marketplace

The most substantial trend in the marketplace is the growth in organics. Organic agriculture and the marketing of organic products depicts what the foundation of the natural foods industry is all about. It gives the veterans and the newcomers something to strive for and a "sustainable" common bond.

Organic products are just starting to infiltrate the conventional market sectors and that is an area of almost infinite growth potential. With "organic" becoming more of an acceptable term, look for significant growth over the next decade of organic products in the cross over and conventional mass markets. Look for organic products to continue to be the backbone for growth within the natural foods sector through the next decade.

Organic products are also rapidly growing in popularity overseas and are already a mainstay in the EU.

VI. Research and Development in Eco Labels

One of the largest areas for Research and Development to focus on is to determine what amount of consumer acceptance is in the marketplace for eco labels. And what amount of that is satisfied by intermediary eco-labels or non-organic eco labels. If that percentage is significant, then we need to further exploit the potential of eco labeling products. It needs to be determined if "organic" will fill a majority of that need for eco labels in the marketplace. If organic does fill a majority of the consumer demand for eco labels, then it gives us a clear and definitive task at hand: to focus and build upon the national and global successes of organics.

As far as actually labeling goes, it is critical that labels be developed to have appeal to both the "natural" customer base and the "mass" customer base. Some of the greatest forthcoming success will achieve this task in their labeling.

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Marketing Sustainable Agriculture with TFA-Approved

Deborah J. Kane Executive Director, The Food Alliance (TFA), Portland OR



The Food Alliance (TFA) is a non-profit organization dedicated to promoting expanded use of sustainable agricultural practices. We do this by recognizing and rewarding farmers who produce food in an environmentally and socially responsible way, while simultaneously educating consumers about sustainable agriculture practices.

To us, sustainable agriculture represents a long-term goal to make farming more environmentally sound, economically viable, and socially equitable. Farmers who practice sustainable agriculture produce healthy food, protect clean drinking water, conserve soil, reduce pesticide use, and care for the well being of farm workers and rural communities.

While increased regulations and growing environmental awareness are changing the face of agriculture, consumer habits and age-old farming techniques are slow to change. Yet, given the critical environmental and economic issues at stake, a new approach is imperative – one in which regulators, farmers and consumers work together to build a food system in which sustainable practices are encouraged not only by increasing regulation, but by support and incentives in the marketplace.

The Food Alliance has designed just such an approach. In partnership with producers, researchers, consumers, retailers, and others, TFA has developed a farm evaluation and approval program. Farmers practicing sustainable agriculture who meet our strict eligibility criteria label their products with the TFA seal of approval: **TFA-Approved**. Consumers look for the TFA-Approved seal when they shop, and buy with the knowledge that they are supporting environmentally friendly and socially responsible farming practices.

The Food Alliance's role in the community is threefold. We've yet to fully satisfy consumer desire for environmentally friendly and socially just products, while responsible farmers lack the resources to differentiate their products in the marketplace. The TFA-Approved program provides farmers with increased market share, retailers with a broader range of environmentally friendly products to offer their customers, and consumers greater access to healthy food and information about how it was produced.

Originally designed on a regional scale, today the TFA-Approved program connects farmers, ranchers, retailers and consumers across the Northwest. From lush row crops in the Willamette Valley, dry-land farms and ranches in Eastern Oregon and Washington, to cranberry bogs and dairies scattered along the coast – it is our intent to reinforce the principles of sustainable agriculture in communities throughout the Northwest. TFA-Approved products are increasingly accessible across the region, from Portland, Oregon grocery stores and rural farmers markets, to Holiday Inns in Montana and four-star restaurants in Seattle, Washington. TFA-Approved farmers, consumer members and supporters are spread across the Northwest and beyond.

In the past year and a half the TFA-Approved label has generated tremendous consumer support, as well as significant marketplace returns for TFA farmers. We believe we are now poised to grow our program significantly, delivering value to increasing numbers of farmers, retailers, manufacturers, and consumers. Our work is guided by four broad goals:

- 1. Increase the number and type of farmers who qualify for the TFA seal of approval.
- 2. Increase the number of farm stands, restaurants and grocery stores that carry TFA products.
- 3. Increase consumer awareness of and demand for TFA-Approved products.
- 4. Share lessons learned from our project so that the model can be replicated.

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Environmental Marketing and the Ontario EFP: Choices and Challenges for the 21st Century

Ellen Wall

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Presentation summary

If we focus on the choices and challenges that arise when examining the links between the Environmental Farm Plan and ISO 14000 in the environmental marketing context it is useful to isolate: GOALS, GEOGRAPHY and GUARANTEES for the purposes of comparison. For the EFP:

GOALS

The farm plan was instituted to meet 2 main goals:

demonstrate that the ag community is pro-active in terms of environmental management and therefore reduces need of government regulation

raise awareness about and improve environmental conditions in rural communities

-note economic marketing was not a founding objective

-to date has been very successful with meeting both these goals

GEOGRAPHY

Farm Plan began in Ontario based on ideas from Farm*A*Syst,

created in conjunction with Ontario based farm and rural community groups suited Ontario conditions and farming types.

-note EFP versions now in place in Maritimes/Atlantic region and future emphasis on becoming more national

GUARANTEES

EFP is essentially based on **TRUST** both within the ag community (peer review) and between ag community and immediate neighbors in rural/urban community.

Fast forward a few years from 1993-94 and arrive at 1996, when an international standard for Environmental Management Systems was published and has been gaining popularity in the non-farm industrial sector. In 1997, the possibility of adopting ISO 14001 in agricultural operations arose (Australian cotton producer and some Danish farms get certifications) and continues to be an important consideration. We can compare ISO with respect to the 3 dimensions used for the EFP:

GOALS

ISO 14001 comes out of the ISO organization. By adding an environmental angle to its main goal we get:

to encourage free flow of goods and services in global markets through standardizing environmental management systems so that barriers to trade are minimized by inconsistent national standards.

-note this is economic not environmental focus

GEOGRAPHY

ISO designs all its standards and standardizing schemes to be global and -uses the same approach and certification process in all countries and regions

GUARANTEES

Third Party certification/registration with regular audits and checks. -based on rational-legal relations

The similarities and differences in ISO and the EFP are obvious when comparing them in terms of the 3 dimensions we have been highlighting.

Goals: EFP focuses on environmental improvement while ISO concentrates on economics; both are aimed at limiting the need for government rules and regulations.

Geography: EFP is centered on regional or local conditions while ISO is oriented to the global scene

Guarantees..EFP relies on trust based on tradition while ISO is in essence a performance contract with legal implications

It is quite understandable then that difficulties arise when we try to use EFP in ISO realm and/ or ISO in EFP realm; it is clear that their fundamentals are not fully compatible. Yet the Ontario agricultural community is interested in moving the EFP goal toward an environmental marketing model which is something that New Zealand, Sweden among other countries and/or regions have done with their EFPs.

In New Zealand we have the North Otago Sustainable Land Management Group. (NOSLaM) aims to have North Otago recognized in the market place, both nationally and internationally, as a community operating sustainable farming systems. They have done this with their ENVIRO-AG PLAN (Web site: <u>http://noslam.co.nz/</u>). The ENVIRO-AG certification process is based on the ISO14001 accreditation and HACCP. Six farms are now accredited to ISO 14001 and more have applied. Example is Pallisades winery in New Zealand an operation with ISO 14001 certification that was achieved through a group certification scheme where 4 wineries came together as "living wine" to share costs for ISO 14001 certification. More info at <u>http://www.palliser.co.nzrom</u>

In Sweden, Swedish Farmers Association (LRF) has developed a farmers' environmental plan which they are adopting to the demands in ISO 14001. In that effort they have started a consulting company to help farmers but the approach has been "top down" and perhaps has not been too successful in getting interest from farmers in adopting the plan for ISO certification.

But choosing to modify existing EMS based on BMP for ag has many challenges associated with it that can be summed up with these 2:

too many unknowns regarding costs/benefits. could disadvantage small to medium size farm enterprises Any considerations for developing agricultural EMS in the 21st Century will depend on how politically important environmental issues become which is related to public/consumer demands These are hard to predict..as we have seen in the biotech/gmo debates

If we want to learn from what has happened in those debates it might be worth considering some new avenues for expanding environmental marketing and

investigate the potential for food quality standards, haccp and ISO 14001 to be merged into one Quality Assurance certification scheme.

examine how to include biotech/GMO use or non-use in EMS

consider how to incorporate mitigation of Green House Gas Emissions into the EMS

We need to look ahead to potential issues that have environmental marketing appeal and see how they might be incorporated into existing EMS (ISO and EFP). Flexibility in the EMS is important.

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Chesapeake Milk[™], Eco-labeled by Environmental Quality Initiative: The Environmental Quality Initiative, For a Clean Environment and Profitable Farms

Lori Sandman

Executive Director, Environmental Quality Initiative Inc., Strausstown PA

The Environmental Quality Initiative, Inc., is a collaboration of diverse educational and environmental agencies and organizations. Formerly the Dairy Network Partnership, this newly incorporated non-profit has been created to provide voluntary, non-regulatory incentives for environmental protection. The Initiative has been designed to create a link between the farmers who produce our food and the consumers who purchase it.

EQI, Inc. is currently evaluating the feasibility of an eco-label, the EQI mark, through a one-year test market. The mark alerts consumers that a portion of their purchase price will be returned to participating farmers. The EQI mark was designed to be transferable to other geographic regions and commodities if the test market is successful.

In order to launch the EQI mark, the partner organizations developed Chesapeake MilkTM. Through the Chesapeake MilkTM program, cooperating processors package and distribute a premium-priced milk product. This fluid milk product, available in whole, 2%, and fat free, is not qualitatively different from other shelved products, but is environmentally labeled. A price premium of \$0.05 per half gallon is allocated to the "stewardship fund". This fund pays participating farmers a premium as an incentive for environmental performance.

Eligibility for the EQ premium is based on the Environmental Farmstead Evaluation, adapted from the national Farm*A*Syst program. A comprehensive set of site conditions is assessed, identifying both management weakness and stewardship excellence. All cooperating farmers are scored upon signing up, then annually. The Farmstead Evaluation score qualifies farmers for the EQ premium and prioritizes farms for EQI cost-share programs.

The EQI program is distinguished from other incentive programs in several ways. Farmers are recognized for their performance and prioritized for cost share funding based on their site-specific environmental management practices. They can earn an "environmental budget" to justify implementation of new practices. The program is completely voluntary, non-regulatory, and not tax-based. The program offers advantages to all stakeholders.

The Chesapeake Milk project is currently completing the one-year test market. The milk has, so far, been sold exclusively in Fresh Fields/Whole Foods Markets in the Chesapeake Bay region. The project has received considerable media coverage and political recognition.

Through the EQI, the partnership has reached several significant industry-related goals. Within the food industry, it has forged a link between a set of diverse educational/environmental interests and established commercial corporations. The partnership succeeded in developing and trade marking the eco-label and a new product. Many contacts have been established with retail chains and processors, creating the bridge for shared communications. The EQI succeeded in

getting product placed on the retail shelf. And, focus group and retail surveys have resulted in data that can be shared and combined with other eco-label efforts.

On-farm accomplishments of the project are also significant. The program received active participation by most eligible farmers. This was an interesting response considering the number of Amish participants who do not accept tax-based cost share money for environmental improvements. Participating farmers did receive premiums on their milk checks. Annual Farmstead Evaluations and farmer surveys were completed on all farms. Over 70% of farmers participating made environmental quality improvements, even though several of these farmers already qualified for the premium. The program also funded two demonstration projects that featured field events and on-farm demonstration sessions of farmstead enhancements.

There were several challenges that the EQI faced in implementing the eco-label program. First, convincing retailers that there was opportunity in a consumer-funded environmental initiative was difficult. Second, and maybe most imposing, was the inability to control shelf price. Chesapeake Milk[™] was, in some stores, priced as much as \$0.60 per half gallon over other conventionally produced milk. Since consumers were aware that \$0.05 of the purchase price was going to the stewardship fund, the price discrepancy turned many consumers off. Pre-order requirement from the distributor resulted in inconsistent availability. And finally, consumer confusion about the relationship to organic and new brand name recognition also posed difficulties.

Through this work, the EQI partners learned some valuable lessons. We learned that farmers are willing to participate in environmental audits with the prospect of a positive incentive, even a small one. We found that farmers made changes based on site-specific information and their own resources as a result of the audits and the intentions of the program. It was confirmed that consumers would not buy large volumes of eco-labeled products with high premiums, and that work needs to be done with retailers, distributors and processors to establish the final price to the consumer. These products must be promoted to result in sales, and consumer education is critical (although not well defined). For success, an eco-label program must have cooperative efforts from the whole chain in the food system.

Future plans for the EQI include expansion beyond the milk industry, and extension of the program to include other geographic regions. We wish to develop the EQI mark as a recognized eco-label for consumer support of environmentally protective products and production practices. The newly established non-profit will strive to be self-sustaining. Above all, EQI, Inc. hopes to partner with other organizations, agencies and corporations to leverage consumer support for environmental protection.

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IPM Institute of North America

Tom Green Ph.D.

President, IPM Institute of North America, Inc., Madison WI

We've heard a lot about IPM today, do we really understand what IPM is all about? IPM is a way to successfully address challenges by learning all we can about pests, letting the natural process take its course whenever possible, when we do need to act, choosing the least disruptive, lowest risk option at the right time.

Whenever possible, we want to focus our efforts on avoiding pest problems, before they occur, rather than responding after the fact.

IPM has entered the marketplace. A number of regionally and nationally active programs are marketing food grown using IPM to minimize impacts on the environment.

Our goals are very much the same as these organizations.

The IPM Institute is a non-profit organization formed a year ago to encourage broader adoption of IPM to improve the economic and environmental outcomes of food production.

What might we do to support the work of others and accelerate progress towards our mutual goals?

Lesson # 1. Writing requirements for participation in IPM-based programs is a big job. They need to be crop and region specific, updated annually based on input from producers, University and other experts, consumers, and environmental groups.

After many years of hard work, the industry is finally on the threshold of developing unified requirements for organic producers. We can head off this onerous task for IPM-based programs by creating and maintaining crop and region-specific standards for any organization to use. Your product might wear a *Food Alliance*, or a *Core Values* label for example, but you may be following very similar standards your program has adapted from the IPM Institute.

We will also develop a network of inspectors who can verify producer compliance with those standards.

This model is in place in Europe, where the International Organization for Biological Control has served this role, drafting an overarching set of standards for Integrated Tree Fruit Production, for example, standards that are adapted and used by a large portion of the fruit growers throughout Europe.

We will work to harmonize our Standards with others internationally, so that a producer exporting fruit to Europe might gain easier entry into markets looking for IPM product.

About these Standards. What are they? Why are they needed?

Lesson #2. Many producers use IPM. It's easy to use IPM. For example, "scouting" is an IPM technique that many, many producers use. You go out and walk the fields looking for pest problems and respond accordingly. But if you do this once or twice a year, but do not use any other IPM techniques, what kind of IPM producer are you?

The marketplace wants to know how much IPM went into that IPM-identified product, just like it wants to know how much real fruit juice is in that can of juice "drink".

We can classify IPM practices into three levels - Low, Medium, and High Level IPM:

Low Level IPM is basic IPM. Treat only when you need to, based on monitoring pests and conditions. Certainly it is an improvement over regularly scheduled pesticide applications without regard to need.

We can do better than that.

Medium Level IPM producers, when they need to use a fungicide to control disease, producers will choose one that won't harm natural enemies of insect pests, and one that represents the least risk to applicators. Medium Level IPM producers will treat only the portion of the crop that needs it, not the entire crop, when possible, reducing the overall pesticide load on the environment.

High Level IPM producers plan ahead. They choose crops that do well in their region without a lot of interventions. Crops that are naturally resistant to pests. Managing the soil to keep plants as healthy as possible.

How does this Low, Medium, High system work in practice? We use these levels as the basis for the Standards.

For example, apple growers need to deal with codling moth, a pest that results in wormy fruit. Depending on the level of IPM this producer practices, she can earn 6, 12 or 18 points towards IPM Certification. We make the producer's job easier, by providing preassigned ranks for pest control options. The most highly toxic, most environmentally disruptive pest controls go in the Red List. The least risk, lower impact pest controls are on the Green List.

Similarly, a school can earn more Certification points by implementing high level IPM.

The IPM Standards then become a list of these low, medium and high levels for all of the insect, disease, weed and other pests a producer, or a school pest manager, has to deal with. Plus all the other key issues that impact pests and ensure a safe, successful outcome.

The Standards we produce can be used for Education, Self-evaluation, or Certification. To become Certified requires a minimum score, verification by an approved inspector and submission of pesticide application records.

Why might anyone want to take this step? Here are some of the benefits the Institute can work to deliver for producers, and that other organizations which can use Institute-produced and maintained Standards are already delivering.

Lesson #3. Market recognition. Consumer recognition of IPM is low. How might we increase recognition? Our first major project is IPM certification for schools. Schools are under increasing pressure to develop and implement IPM-based programs for the pests they deal with in buildings and on grounds. We can help them solve their problem by laying out clearly in a set of Standards for IPM in Schools. A certified school will have a much easier time communicating to people who want to know what they are doing to reduce pesticide risks.

Certified schools can provide educational materials to help build recognition for IPM in the marketplace.

This program will be expanded into other areas, and expand consumer recognition of IPM.

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Audience-Led Discussion with Presenter Panel

Panel: Jeff Wilson, Daniel Burke, Ron Lautrup, Deborah Kane, Ellen Wall, Lori Sandman, and Thomas Green

Questions *some questions have been edited for length and relevance

Jane Forrest Redfern, Ohio Citizen Action

Q. Tom Green's program is the only program that I recollect seeing anything about water resources management and with the safe drinking water act being implemented in every state and people beginning to develop source water protection plans farmers, especially in Ohio, are going to be targeted as contamination sources of our public drinking water supplies. I am wondering how any of your programs address that and can be incorporated into source water protection and can it be found in any of the ISO 14000's or any of the management plans that any of you are working on?

A. Sandman: Our program does give points for having fully implemented NRCS conservation plans although they are mandated. Many folks do not have them completely implemented. We go out and look at those and the farm study evaluation, which is a score card targeted more for water quality. Those, in conjunction with the conservation plans can be looked at and evaluated for the impact on water quality specifically. So we can also track the improvements by looking at the score over time and looking to see that improvements are made and that changes are being put in place to protect water quality.

A. Wilson: Our environmental farm plan that I focused on is just one of three major initiatives that the coalition in Ontario is involved with. The other one is a water quality working group which has a water taking sub-group and a nutrient management group as well. But, there is only so much time to talk about these things. In our farm plan and in the evaluation there is probably a third of it would be around the issue of water quality, in terms of its self analysis. And then we would lead into ... if there is a problem—where do you go to find solutions?

A. Kane: Water issues are a third of what The Food Alliance is evaluating.

Ellen Rulseh, Sustainable Woods Coop

Q. Two questions relating to sustainability on the national and global level, first question directed to Ron. For example, *Whole Foods Market* sells food products that are processed down in Texas and they sell them up here in Wisconsin, so these food products are traveling long distances to get here and I am wondering why isn't there some support for processing food locally here within Wisconsin versus transporting food from Texas? What are we doing to support sustainable economic development in food? And then on a global level, question for Dan, I know that cereal is a new idea in the former Soviet Union, I imagine that cereal produced in the U.S. is being transported over there on jets and I am wondering what we can do to help farmers in the Soviet Union grow the grains to produce their own cereal.

Lautrop: What we are looking at is a food production system that is no longer based on A. local or regional inputs. We are looking at a production system both in conventional, natural and organic foods that are based on national and international abilities. And I don't want to burst the bubble but Whole Foods Market has a significant amount of overseas projects also. What the question is, where can companies like Whole Foods-and others that are packaging productswhere can they 1) most efficiently pack their products and 2) most cost effectively pack their products and 3) where are the highest quality ingredients going to come from? You look at that as an equation, you analyze it and merge it, and you come up with your answer. Now actually in Whole Foods case, I do not think most of their products are processed in Texas. What they do is— its just a disclaimer that they use that as their corporate address, distributed and/or manufactured by Whole Foods, Austin, Texas. Much as United Naturals will say distributed and/or manufactured by United Naturals, Dayville, Connecticut. Sometimes that might be tuna fish from overseas or pasta from Italy or oats from North Dakota. So if that answers your question its just a continuum of national and global economies, basically. And if you really want to achieve that regional connection, its there for you but you really have to make it happen there are farmers markets, local bakeries ... you have to go out of the way to make it happen. If you are going to go to the conventional grocery store for products, you are going to be getting products that are nationally and internationally targeted.

A. Burke: I think another thing that begins to happen and also happens in the organic industry is that we begin to have an economy of scale. And as the percentage of product in Madison for example rises, for example from whatever it is today (3 or 4 percent) in organic foods rises to 10 or 20 percent—if it does then you will have more local manufacturing, because there will be a greater market opportunity. Relative to the question you had about cereal in Moscow, I really can't address, but will say generally speaking in Western Europe there is a great deal of cereal type products consumed, not the kind we know, but of a more substantial hardy nature which is muslei. And going further, talking about some of the Eastern European countries, many of the countries in the former Soviet block are becoming major suppliers of certified organic grains, nuts, dried fruit, etc. and also processed fruits and vegetables that are going to western European countries. And as an example, we are involved in a project that we are just starting with an associated company that we do some business with—another trader, based in Europe. We are doing a small organic soybean project in one of the eastern European countries. Again, it makes more sense to transport that product more locally when it is possible.

Margaret Wittenberg, Whole Foods Market

Q. Thanks Ron that was a good explanation of how we deal with sourcing products and labeling. My question is to Tom, I know the organization is only a year old but do you have any projected timing on the development of standards for crops and who is going to develop them; and also, if you are an inspectors network, what will be the criteria for developing that?

A. Tom Green [conference organizer]: Our first major project we are starting will be IPM in schools and our process has been to create a technical review committee of IPM experts from around the country who have been working on the school issue with environmental representatives and school administrator representatives. We have just formed this past month this technical review committee. We'll be doing a similar thing for our crop and region specific requirements as well. We expect that we will be doing the grunt work in-house in terms of drafting these things from the materials that are available and out there already. And, there are

some excellent materials available from the land grants and in every crop and region of the country that allow you to draft these things—as I did personally for The Food Alliance—and get them in pretty good shape for someone to look at them from that region ... and they can say, "you're off here," "we need to fix this". ... We expect to have the schools program available this spring in April or May, 2000 at the latest. It will have multiple reviews of these standards both for structural and for exterior. We are working with some regional programs now and are talking with The Food Alliance about potential collaborating. We are talking to Food Choices which is a program here {Minnesota] and the [IPM] Institute has actually drafted some base standards for that program to take and then adapt to their own needs. So I think you'll be seeing them come out in dribs and drabs as people request them. And they will be posted on the website when each item is completed. In terms of the verifiers ... -we will have to have some verifiers in place once the IPM in schools rolls out but those verifiers would not necessarily be qualified for crops. We will be looking at late next year before we would have any verifiers in place for crops, although there are people out there now doing that work for Wegman's, for example, and we will be working with them to develop this program. We can also certify pest control operators so that their yellow page advertisement could have this IPM logo on it and show that they are qualified by a third party saying that they do IPM.

Speaker did not identify herself

Q. Ellen, this question is about ISO 14000. My perception of it from doing a little bit of investigating is that they are very process oriented standards as distinct from having a real basis in the substance of what needs to be done, which is quite different in that sense from environmental farm plans which have both process and substance involved in them. So I know there is a debate in some circles about, internationally, the use of ISO processes actually a way of weakening and undermining environmental standards. Could you please comment on any of that in the context of agricultural situations?

A. Ellen Wall: ISO is very objectable in the sense that the standards a grower has to meet are standards that he/she have set. They are not rules and regulations—other than meeting the minimal legal requirements from the jurisdiction that they are in. So a grower could decide to have a standard and to put some very concrete goals and objectives in place in terms of lowering parts per million of nitrate that wash into a neighboring stream. Or, in the case of Mike Logan, his farm workers have blood and urine samples taken annually to see what happen to pesticides, metals, and he has demonstrated lowering them. This was his choice, he did not have to monitor these levels. So yes, on the one hand, ISO is very process and management system orientated; and on the other hand, it is open enough that you can introduce whatever substantial concrete measures you want to into it.

Speaker did not identify herself

Q. I wanted to bring up the issue again of regional marketing. Are we trying to market a regional label as opposed to a national label? Many of you market yourself from a region and I am wondering what your perceptions about this are and whether the Hartman group has ever asked consumers whether eating locally is something that they care about.

A. Lautrup: I would just like to reiterate what I was trying to state—the national presence of processing and branding. But in no way shape or form was I discrediting or saying that regional production and/or consumption had application and it actually has the most application and

personally I shop and do most of my acquiring regionally. I just wanted to make sure before the question was answered that I was understood. I am totally pro-regional and pro-local food procurement.

Kane: From The Food Alliance's perspective, it's an issue we are still really grappling A. with. Originally, it was the Northwest Food Alliance and WFA, and then it became The Food Alliance for the sole purpose that we wanted to grow the program beyond the Northwest region. Right now we are a regional program and indorse farmers from Oregon and Washington. The other day we received our first application from California and expect to receive others from Montana and Idaho in the next few weeks. We did some focus groups with consumers ... and it wasn't something we added into the Hartman report questions—we were not really thinking about "local" back then in 1997. But since then, we have done some consumer focus groups and we ask them what does "local" mean to you. In the Northwest it means everything from Oregon and Washington to including Idaho and Montana, but definitely not California! (laughter) So for our program and our group of growers who are producing crops in OR and WA, when those crops are sold in OR and WA retail outlets, those retailers tell their consumers that these are locally-grown products. But, its not a pre-qualifier for Food Alliance approval-much like Katherine was saying, we have no limitations on geographic scope and it becomes complicated because the best thing I can do to preserve Gary Well's operation in Hoodriver, Oregon-an apple grower on 400 acres, is find for him markets outside of the Northwest. The best way to preserve that family farm is to take his product outside of the Northwest.

Questions and answers transcribed and edited by Stephanie Lundeen.