



# U.S. Farm Policy: USDA-Certified Organic Production



Foods produced using recognized organic farming methods, as certified by the U.S. Department of Agriculture (USDA) and bearing the *USDA Organic* seal (shown here), account for a small but growing share of the U.S. agricultural industry.

Sales of USDA-certified organic foods totaled \$61.7 billion in 2022, representing 6% of all U.S. food sales (**Figure 1**).

## USDA-Certified Organic Agriculture

USDA defines *organic agriculture* as a production system that is managed in accordance with the Organic Foods Production Act (OFPA, 7 U.S.C. §6501 et seq.). USDA regulations describe organic agriculture as “the application of a set of cultural, biological, and mechanical practices that support the cycling of on-farm resources, promote ecological balance, and conserve biodiversity.” Practices cover maintaining or enhancing soil and water quality; conserving wetlands, woodlands, and wildlife; and avoiding use of synthetic fertilizers, sewage sludge, irradiation, and genetic engineering. Regulations are at 7 C.F.R. Part 205.

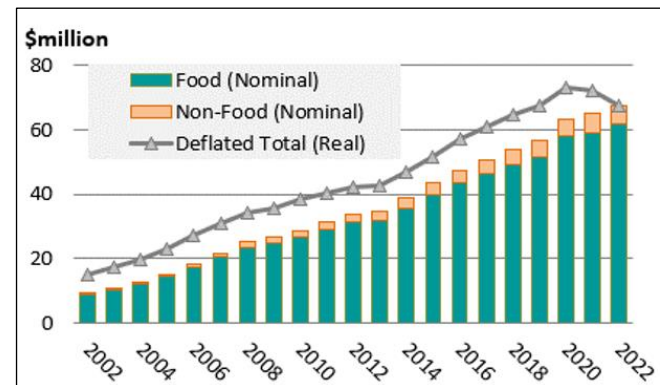
Demand for organically and/or sustainably produced foods and consumer products became increasingly popular in the United States during the 1970s. Following the industry’s failed efforts to reach consensus on production and certification standards, and USDA’s publication of a 1979 study (*Report and Recommendations on Organic Farming*) on how to improve and regulate organic production, industry representatives petitioned Congress to establish a certification program in the late 1980s. Among the stated goals were to improve consumer confidence in the legitimacy of products sold as *organically produced*; allow for legal action against those who use the term fraudulently; increase the supply and variety of available products; and facilitate international trade in organic products.

Congress enacted OFPA as part of the 1990 farm bill (P.L. 101-624, Title XXI). OFPA authorized USDA to establish the National Organic Program (NOP), a voluntary organic certification program for producers and handlers of agricultural products that have been produced using approved organic methods. Administered by USDA’s Agricultural Marketing Service (AMS), NOP specifies the methods, practices, and materials that may be used to grow, raise, and process USDA-certified organic products. A USDA-accredited certifying agent must verify these requirements for a product to be labeled *USDA Organic*. USDA finalized regulations in 2000 (65 *Federal Register* 80548); NOP became fully operational in October 2002.

Under the program, USDA oversees and enforces NOP marketing and labeling requirements and oversees the accreditation process for the roughly 80 domestic and international organic certifying agents. NOP labeling

categories include the following four labels: (1) 100% organic, (2) organic, (3) “made with” organic ingredients, and (4) specific organic ingredient listings. The National Organic Standards Board (NOSB), an advisory board authorized under OFPA, makes recommendations to USDA on a range of production issues. USDA also oversees the periodic review and changes to the *National List of Allowed and Prohibited Substances* (7 C.F.R. Part 205, Subpart G), which lists exceptions to NOP standards and allows for certain synthetic substances to be used when producing USDA-certified organic products. Allowed and prohibited substances, methods, and ingredients in organic production and handling are listed in 7 C.F.R. §205.105. Some substances and processes are specifically not allowed. For example, genetically engineered ingredients are an “excluded method” (7 C.F.R. §205.2).

**Figure 1. USDA-Certified Organic Sales, 2000-2022**



**Source:** CRS from survey (nominal) data reported by the Organic Trade Association. Data are adjusted for inflation using the annual Consumer Price Index (CPI) for Food at Home.

OFPA provides for USDA’s approval of a state organic certification program that may contain “additional guidelines governing the production or handling of products sold or labeled as organically produced” (7 U.S.C. §6506). One state (California) has a state organic program. Aside from USDA’s program, private certification schemes include stand-alone programs and programs intended to augment or supplement USDA’s national requirements (but not administered or enforced by USDA). Such programs might impose additional requirements (e.g., animal welfare protections) or restrict certain practices or substances (e.g., favoring soil-based over hydroponic systems). Some selected private programs include Certified Naturally Grown, Real Organic Project, and Regenerative Organic Alliance. Likewise, many producer organizations exist and illustrate a diversity of interests in the U.S. organic agriculture sector.

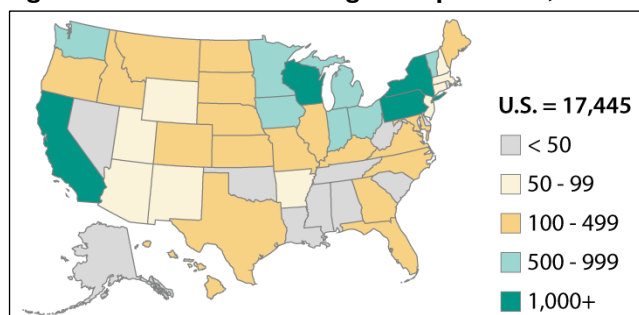
## USDA-Certified Organic Market

USDA-certified organic agriculture is composed of both food and non-food products, including personal care products, household products, dietary supplements, pet foods, flowers, and textile products. Survey data reported by the Organic Trade Association indicate that USDA-certified organic retail sales of both food and non-food products totaled \$67.6 billion in 2022. This compares to pre-NOP sales of \$6.5 billion in 1999, as reported by USDA (not adjusted for inflation). Food sales comprise the bulk (90%-95%) of total retail sales. Sales have grown at a rate exceeding inflation; however, inflationary pressures since 2020 have resulted in declining sales on a real (inflation-adjusted) basis even though sales have continued to grow (**Figure 1**). By value, leading food categories include milk and dairy products, fruits and vegetables, meat and poultry, beverages, snacks, and processed foods.

USDA reports that U.S. exports of USDA-certified organic products exceeded an estimated \$0.7 billion in 2021, based on limited available tracked data. U.S. imports of organic products totaled \$2.4 billion in 2021, exceeding U.S. exports. (The U.S. Department of Commerce tracks organically produced foods across 37 export and 57 import categories.) Canada and Mexico account for about half of the value of U.S. exports, with China recently becoming the third-largest market for U.S. organic products. To facilitate trade, the United States has established *equivalency agreements* with several leading trading partners, including Canada, Korea, Japan, the European Union, the United Kingdom, Taiwan, and Switzerland. The United States also has *recognition agreements* with Israel, Taiwan, and New Zealand. The United States terminated a recognition agreement with India in 2021 due to concerns over insufficient organic integrity control systems.

At the farm level, USDA reported an estimated 17,445 USDA-certified organic operations in 2021, with an additional 657 operations transitioning to organic. This compares to 2014 when there were 14,217 operations and to 2008 when there were fewer than 11,000. (These estimates include organic producers exempt from USDA certification, grossing less than \$5,000 in annual organic sales.) Each state reports having USDA-certified organic operations, but most operations are concentrated in the western coastal states, Northeast, and Midwest (**Figure 2**). California is the largest organic producer, accounting for 17.5% (3,061) of all organic operations, followed by Wisconsin (1,455), New York (1,407), and Pennsylvania (1,125).

**Figure 2. USDA-Certified Organic Operations, 2021**



Source: CRS from USDA, "Results from the 2021 Organic Survey."

## Support for USDA-Certified Organic

The 2008 farm bill (P.L. 110-246) represents the first time that programs supporting organic farming were formally included as part of the periodic omnibus farm bill, aside from the 1990 farm bill when OFPA was originally enacted. The 2014 farm bill (P.L. 113-79) and the 2018 farm bill (P.L. 115-334) reauthorized and expanded many of the 2008 farm bill provisions supporting organic agriculture. See the **text box** for selected changes in the 2018 farm bill.

### Selected Organic Agriculture Provisions in the 2018 Farm Bill (P.L. 115-334)

**Organic Certification.** Made changes intended to enhance enforcement, limit fraud, and promote program integrity (e.g., accreditation and tracking of certifying agents through USDA's Organic Integrity Database, verification of import certificates). Amended NOSB eligibility and consultation requirements. Provided mandatory Commodity Credit Corporation funds for technology upgrades and authorized annual appropriations for USDA to administer NOP. (§10104)

**Organic Production and Market Data.** Reauthorized mandatory funding of \$5 million annually. (§10103)

**National Organic Certification Cost-Share Program.** Reauthorized mandatory funding of \$8 million annually in FY2022-FY2023 to remain available until expended. (§10105)

**Organic Agriculture Research and Extension Initiative.** Reauthorized program and increases mandatory funding, rising to \$50 million annually in FY2023. (§7210)

#### Environmental Quality Incentives Program (EQIP)

**Organic Initiative.** Raised funding limits for organic and transitioning producers to \$140,000 per year. (§2304)

**Source:** CRS. See CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

In 2022, USDA announced the allocation of \$300 million for its Organic Transition Initiative (OTI), a Biden Administration initiative to support organic transition and marketing. The initiative uses supplemental one-time funding provided in the American Rescue Plan Act of 2021 (P.L. 117-2). OTI spans activities within AMS and USDA's Natural Resources Conservation Service (NRCS) and Risk Management Agency (RMA). Among OTI's activities are the following: (1) AMS Transition to Organic Partnership Program, which funds cooperative agreements with nonprofit organizations that provide technical assistance for transitioning and existing organic farmers; (2) AMS Organic Market Development Grant Program, which funds businesses that transition to or initiate organic production or processing systems that expand markets for domestically produced organic products; (3) RMA's Transitional Organic Grower Assistance Program, which provides insurance premium assistance to agricultural producers who have purchased crop insurance for crops in transition to organic or a certified organic grain or feed crop; and (4) NRCS direct financial and technical assistance to farmers implementing organic management standards.

As Congress debates a new farm bill, it may consider changes to programs and policies supporting USDA-certified organic production and its market development.

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