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Organic soybean shortage squeezes U.S. producers

Food companies, livestock industry look to other nations to supply needs

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Before harvest, New Hampton organic farmer Tom Frantzen will cultivate and till his organic soybean acres at least four times to prevent weeds because he can't use chemicals to keep his rows clean.

His work spills onto the kitchen table and computer den, where he keeps three-ring binders of receipts, spreadsheets and an online journal of farm work - all required under U.S. Department of Agriculture organic rules.

The payoff for that effort is substantially bigger profits, said Frantzen and other Iowa organic soybean farmers.

Few farmers are switching over, however. With demand for organic soybeans rising fast, a shortage of beans in the United States and Canada has forced food companies and livestock producers to import organic soybeans from China and elsewhere.

"We desperately need more production of feed grains," said Roger Lansink, who grows organic soybeans and other crops in Odebolt and serves on the Iowa Organic Advisory Council. "The organic livestock industry is exploding."

Iowa is second to Minnesota in the number of organic soybean acres. Department of Agriculture data show that acreage in Iowa and nationwide is slightly down from 2002 to 2005, the most recent year available.

Lansink said farmers could see more profits if they switched to organic.

"The guys who are successful say their yields are similar to conventional yields," he said. "You're getting twice the price for the product and not spending as much on inputs."

Iowa State University researchers back up those claims with studies published in 2003 and 2006 showing organic corn and soybean farmers clear more money per acre than conventional farmers. In certain scenarios, organic soybean farmers made five times as much profit per acre, the study found.

Even with today's higher conventional corn and soybean prices driven by the biofuels boom, those margins remain, said Kathleen Delate, ISU associate professor and organic specialist.

Concerns sprout over organic farming

Farmers planted record acres of corn this year to meet the demand for ethanol and reap the higher prices.

"Everybody is scrambling," said David Bruce, a pool director with Organic Valley, a cooperative of more than 1,000 farmers. The LaFarge, Wis., company sells organic dairy, soy products and meat. "The organic livestock sector grew about 30 percent in the last year. The organic grain sector only grew 8 or 9 percent."

Maury Wills, who heads the organic program with the Iowa Department of Agriculture and Land Stewardship, said many conventional farmers fear fields of weeds if they go organic, but he said well-managed organic farms can be just as clean.

Lynn Clarkson, president of Clarkson Grain in Cerro Gordo, Ill., said some farmers might be deterred by the logistical challenges, from trying to prevent weeds without chemicals to finding a certified organic elevator to store their grain.

"The organic farmer has to have a lot more responsibility for management decisions and be closer to the land than the conventional farmer," he said. Organic farming also requires more crop rotation, management and record keeping than conventional farming.

Frantzen, who has been farming organically since 1995, talks about his crop rotation like a football coach devising an offensive play. Strategy is crucial, as are values, he said.

"It really comes down to quality of life and belief in what you're doing," he said.

Some conventional farmers don't want to switch because they believe organic crop methods that rely on frequent tilling and cultivating are eroding the soil. Organic researchers are working on ways to improve no-till organic farming by planting cover crops to control weeds instead.

Doing something different is a risk today's farmers don't want to take - even if it means bigger profits - when they're already making good money on conventional crops boosted by ethanol demand, Clarkson said.

"They don't want to be the butt of a joke at the table of wisdom in every coffee shop across the Midwest," he said, adding that the social stigma is still a powerful deterrent.

For some, it's just too much manual labor, said Tim Daley, a production agronomist with Stonebridge Ltd., a grain dealer in Cedar Falls. "We have old farmers. ... They don't want to be sitting on a tractor cultivating weeds," he said. "We need more younger farmers to get this thing off and going."

Dealers: U.S. firms prefer local produce

Daley and other grain dealers said U.S. companies would prefer to buy soybeans grown here. Imported beans aren't any cheaper than domestic organic soybeans once the cost of shipping is figured into the price, he said.

"There's really no difference. ... It's mainly the availability," he said.

Farmers and dealers agree, however, that imports have held the cost of organic soybeans steady.

Meanwhile, organic corn, which hasn't yet faced competition from imports, has almost doubled in price since last fall.

Because of the cost of trucking grain to the Midwest, Daley said most imported soybeans from China and Argentina for animal feed likely supply pork, chicken and dairy producers on the East and West coasts.

For food products, industry importers and processors say some smaller private-label brands and national big-name companies use Chinese soybeans.

In published reports, officials from Wal-Mart said they've used Chinese organic soybeans, as did a representative with WhiteWave, which produces the nation's leading organic soy milk brand, Silk. Representatives from the Boulder, Colo., company declined to comment for this article.

Some Iowa organic soybean farmers believe their beans are of better quality and worry that fraudulent organic soybean imports could cast doubt over the entire industry.

"The train is pulled by the engine of people who want a differentiated food because they believe what they're getting has value," Frantzen said. "If you water that down, you take away the power of that engine."

Peter Shortridge, president of Northland Organic Foods in St. Paul, Minn., said the Department of Agriculture could be spending more time devising incentives for farmers to switch to organic.

Organic supporters see some hope for help in the \$300 million for organic agriculture the House of Representatives approved in July in its version of the farm bill. Those funds could help farmers make the transition to organic and pay for certification. The proposal still has to pass Senate and presidential approval of the final farm bill.

Iowa agencies also are trying to assist farmers into making the switch.

For example, the Iowa Organic Advisory Council will offer a winter workshop to guide farmers through the myriad paperwork required in managing an organic farm, Lansink said.

He said more education can help farmers realize its potential and profits.

"When you produce a crop and it's a huge success, you can say, 'I produced that crop. I managed the weeds and the insects,' " Lansink said. "I can't say the Roundup or whatever herbicides worked really great this year.

"The self-satisfaction is tremendous."

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Graphic Table Source: USDA Economic Research Service - As demand for organic soybeans has increased, the number of acres has actually declined. Organic corn acres have risen, but suppliers say the increase is still not enough to meet the needs of organic foods and livestock. Minnesota and Iowa lead the nation in both crops.

Graphic Table Source: Clarson Grain in Cerro Gordo, Ill. - Organic profits soar: Organic corn and soybeans sell much more per bushel as their conventional counterparts.

Photos By: HARRY BAUMERT/THE REGISTER