

# **Western Canadian Organic Beef and Forage Industry *Current Market Conditions and Trends for the Future***

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## **Executive Summary**

The demand for organic food products by consumers has shown a much higher growth rate than total grocery sales over the past number of years. This heightened demand has raised the question of whether there are opportunities for growth of organic livestock production, including beef, and the related forage industry in Western Canada. The current study was undertaken to look at the status of the organic forage and beef industry in Saskatchewan and Western Canada as well as to identify potential areas of opportunity and obstacles to growth in these sectors. Literature review, web-based research and stakeholder consultation were the major sources of information for this study.

The organic forage industry is similar in structure to the conventional forage industry in that there is no formal marketing system and the majority of forage is used on-farm or sold from farm-gate to farm-gate. The majority of certified organic forage production is utilized by livestock on-farm with a small percentage trading between farms. In addition to livestock feed, forages are included in organic crop rotations as a regular practice in Western Canada. Sweet clover and alfalfa are the main species utilized for this purpose. There is currently only one organic forage pelleter in Saskatchewan located in the North-East region of the province. This operation utilizes approximately 5,000 acres of organic alfalfa to produce pellets which are largely sold into the United States dairy market. There are also a limited number of acres of organic forage seed in Saskatchewan and Western Canada. Canadian forage seed companies are currently marketing organic product into Eastern Canada, the United States and the European Union with a small amount sold in Saskatchewan.

The organic beef industry is currently a small sector of the organic agriculture community but has an appreciable presence in Saskatchewan, Alberta and to a smaller extent in Manitoba. Operations that have had success marketing certified organic beef either market directly to consumers (farmers' markets or directly from the farm-gate) or are working cooperatively in a value chain to market beef into retail outlets. Although there are a number of certified organic farms that have cattle, stakeholders have reported that many of these cattle do not belong to certified herds. There are also a large percentage of calves raised and certified organic that enter the conventional market after weaning. This appears to be happening due to the increased risk involved in finishing calves without the assurance of capturing premium price. Currently the major challenge to growth in the organic beef sector appears to be the

lack of market development for finished product and the inability to supply these markets with a consistent amount of product of consistent quality.

## Introduction

In the recently published report, “The Value of Saskatchewan’s Forage Industry – A Multi-Level Analysis” (Saskatchewan Forage Council, 2010), potential opportunities for organic forage production in Saskatchewan were identified, noting the direct link to the demand for organic food products. Consumer demand for organic products is indeed on the rise. While the growth rate for total grocery sales is in the two – four per cent range, one study cited a growth rate of 28 per cent for organic products between 2005 and 2006 in Canada ([Farm to Fork: Organics in Alberta](#), 2007). Also reported in this study during the same time period, was a 61 per cent growth rate for organic meat on a national scale. This study focused on Alberta market analysis, where the growth rate for organic meat products was reported to be 189 per cent. Organic meat had the highest growth rate of all organic products both nationally and in Alberta. Another study reported that 41 per cent of parents in the United States purchased more organic products than they did in the previous year ([Organic Trade Association Press Release](#), December 8, 2010). With growth numbers such as these, it stands to reason that there is interest in Saskatchewan and Western Canada in expanding the organic crop and livestock sectors.

Section 6.4.3 of the National Organic Standard in Canada regarding livestock feed states “for ruminants, that at least 60 per cent of the dry matter in daily rations consists of hay, fresh/dried fodder or silage and that when silage is fed dry hay is provided for at least 25 per cent of the forage ration.” ([Organic Production Systems General Principles and Management Standards](#)). This forage must be certified organic for the end product to bear the certified organic label. Therefore, growth in the organic beef sector will also require growth in the organic forage sector. There is a vast forage resource in Saskatchewan that would potentially be able to service this need if a market was available.

In addition to feed uses in the organic livestock sector, forages are widely used in the organic cropping sector as part of the crop rotation. Although much of the forage used in organic crop rotations are ploughed-down as whole crops for soil nutrient building, some production may be cut for hay or harvested for organic forage seed.

This project was undertaken to look into the growth potential in the organic forage industry with objectives to:

- conduct a scan of the current industry dynamics, including organic forage and beef production;

- forecast the potential growth or decline of organic beef production based on information gathered from stakeholders across Western Canada;
- present a final report summarizing the current state of the organic forage/beef industry and potential future developments.

### ***Organic Definitions***

There are a plethora of food labels in the market place making it difficult to determine the production practices which were used to produce a final product. Many of these labels and terms are used without the backing of standards or certification. For example the term “natural” can refer to a number of different production practices as there are no standards governing the application of this term. On the other hand, “certified organic” can only be used by products that have been certified by a reputable independent organic grower association.

A National Organic Standard was recently developed and is now in place for all certified organic products in Canada including forage and beef production. As of June 30, 2009, the [Organic Products Regulations \(SOR/2009-176\)](#) requires mandatory certification to the revised National Organic Standard for all agricultural products represented as organic in international and inter-provincial trade, or that bear the federal organic agricultural product legend (or federal logo). Compliance, monitoring and enforcement activities are carried out by the Canadian Food Inspection Agency (CFIA).

In order to use a certified organic seal a farmer must adhere to a number of restrictions including:

- growing, handling, and storing crops in accordance with an established set of minimum standards;
- signing an affidavit that all requirements have been met;
- being conscientious about soil building;
- not using genetically modified or engineered seeds, treatments, or soil amendments;
- keeping detailed records of all farming practices and materials used; and



- being inspected by an independent evaluator annually. ([Saskatchewan Organic Directorate](#))

While the National Organic Standard is the basis for all certification agencies operating in Canada, it is often employed as a minimum standard with certification agencies building upon these standards. Many of the certification agencies are approved to inspect products and operations that intend to export organic products to other countries. In those cases, the producer and certifier must ensure that they follow the regulations set out by the importing country. For a list of certifying bodies, please refer to Appendix B.

### ***Industry Organization***

There are currently many organizations representing Canadian organic growers and livestock producers at the national, provincial and local levels (Table 1). Organic grain and oilseed producers appear to have a better developed system of representation than those in the forage and livestock sectors, at both the provincial and national levels. Due to the fact that the organic livestock industry is less mature in terms of development, it is likely that more effective representation will follow as the industry grows and evolves.

There have been efforts to establish provincial representation for organic livestock producers. For example, Saskatchewan Organic Livestock (SOL) was developed to provide organic livestock producers with both information and representation. SOL was formed in 2005 as a non-profit member cooperative dedicated to educating the public, promoting organic meat, facilitating marketing for organic livestock and fostering connections between organic producers. The marketing branch of SOL worked on forming connections to facilitate sales of organic beef and exploring the development of a branded product that could be sold as boxed meat. When the organization began these marketing efforts, the group became divided. Those producers that were ready to move forward eventually formed Clear Creek Organics in 2007. After the formation of Clear Creek Organics, SOL continued with an education mandate, but slowly wound down and ceased operations in 2008.

**Table 1 – Organic Associations in Canada**

<b>Name</b>	<b>Scope</b>	<b>Main area of focus</b>	<b>Current Status</b>
Saskatchewan Organic Livestock (SOL)	Provincial	Education, promotion and marketing	No longer exist
Saskatchewan Organic Directorate (SOD)	Provincial	Extension, representation	Active
Canadian Organic Livestock Association (COLA)	National	Marketing, promotion	Somewhat active
Canadian Organic Growers (COG)	National	Extension, marketing initiatives	Active
Organic Trade Association (OTA)	North American	Promotion, trade issues, lobbying	Active
Organic Federation of Canada (OFC)	National	Regulatory oversight	Active
Organic Alberta	Provincial	Advocacy, marketing, extension, communications	Active
Manitoba Organic Alliance (MOA)	Provincial	Promotion, extension, advocacy	Active
Manitoba Organic Marketplace Trade Association (MOMA Trade)	Provincial	Marketing	Somewhat Active

Currently, Saskatchewan Organic Directorate (SOD) is an active organic membership group that works on many initiatives including information for producers, supporting organic research, extension activities, consumer education and representation of the industry on key issues ([SOD website](#)). This group is open to the general public and its members are not required to be organic producers.

In Alberta, Organic Alberta is a membership driven, non-profit organization that works to represent organic producers in the province. They concentrate on advocacy, facilitating marketing of organic products, extension and communication ([Organic Alberta website](#)). Organic Alberta collaborates with SOD and together they have developed a web-based organic directory open to producers and consumers.

In Manitoba, the Manitoba Organic Alliance (MOA) is a similar group that was formed in 2009 to connect partners in the organic sector and represent the organic value chain in the province. Their vision is to foster healthy, viable farms and to work for a diversified organic production system in Manitoba that



provides for local food security, enhanced export opportunities and sustainable economic development ([MOA website](#)).

Canadian Organic Livestock Association (COLA) is the predominant organic livestock association operating in Canada. Since its inception, COLA has created and maintained an active leadership position to promote the Canadian organic beef sector and raise the standard of production. Incorporated in 1998, COLA's focus is now on developing marketing opportunities for Canadian certified organic beef ([COLA website](#)). COLA was founded in Saskatchewan and operates mainly within Western Canada.

Canadian Organic Growers (COG), work on behalf of the organic industry at the national level. COG is structured as a charitable organization and has chapter memberships with organizations across Canada. However, there is no requirement within their structure to have one chapter in each province. COG's membership is diverse and includes farmers, gardeners, processors, retailers, educators, policy-makers, and consumers. Their main activities are providing production information and working on organic marketing initiatives with other groups such as the Organic Trade Association (OTA).

The Organic Trade Association (OTA) is a membership-based business association for the organic industry in North America. OTA's mission is to promote and protect organic trade to benefit the environment, farmers, the public, and the economy. OTA represents businesses across the organic supply chain and addresses all things organic ([OTA website](#)). There are currently two Canadian representatives on the OTA board. The group is active in government relations both in Canada and the United States.

Another national organic organization is the Organic Federation of Canada (OFC). OFC is the representative organization that oversees the Canadian Organic Standard and Regulation. As part of OFC's structure, each province has a membership position and a vote, with ex-officio representation from each province also on the Board. Representatives from OFC sit on the technical committees for the Canadian General Standards Board (CGSB) process and the Standards Interpretation Committee. OFC's major role is in regulatory oversight, working closely with the Canadian Food Inspection Agency (CFIA) which enforces regulations.

## Current Organic Production

Statistics Canada collects limited information on organic agriculture. Table 2 shows the number of organic farms reported in Canada and the number of farms reporting certified organic products from the 2001 and 2006 Agriculture Census. Certified organic farms represented 1.5 per cent of the total number of farms in Canada in 2008 with fruit and vegetables growers leading the way at 2.3 per cent ([Agriculture and Agri-Food Canada](#), 2008).

**Table 2 - Number of Farms Reporting Certified Organic Products**

	2001	2006	2001-2006	2001	2006
	number	Number	%	<i>As proportion of number of farms reporting certified organic products</i>	
				%	%
Farms reporting certified organic products	2,230	3,550	59.4		
Type of certified organic product					
<b>Hay or Field Crop</b>	<b>1,442</b>	<b>2,462</b>	<b>70.7</b>	<b>64.7</b>	<b>69.3</b>
Fruits, vegetables or greenhouse products	614	916	49.2	27.5	25.8
<b>Animals or animal products</b>	<b>381</b>	<b>673</b>	<b>76.6</b>	<b>17.1</b>	<b>18.9</b>
Maple products	129	299	131.8	5.8	8.4
Other (Herbs, etc.)	211	190	-10.0	9.5	5.3

(Source – Statistics Canada Census of Agriculture, 2006)

Canadian Organic Growers (COG) have published statistics since 1999 through collection of data from organic certification bodies (CBs) operating in Canada. Statistics are gathered on the number of certified organic producers and processors as well as production acreage and livestock numbers. It is not mandatory for CBs to submit this information, so data is not always complete. Comparisons of the data obtained by Statistics Canada Census of Agriculture (2006) and data gathered by COG for the same year do show differences, but COG clarifies these differences as follows:

- Census data is collected in May 2006, COG data is gathered in December 2006;
- COG collects data from the CBs while Statistics Canada collects data from individual farmers; COG records certified enterprises, the Census data records farmers so a multigenerational farm

might be recorded as one by COG and three by the Statistics Canada if the farmer and two adult sons were partners in the farm.

- The 2006 Census data also showed an increase of nearly 60 per cent in certified organic farms since the 2001 Census but clearly organic producers were overlooked in the 2001 Census. If COG data is used for 2001 the increase is only 9 per cent ([Canadian Organic Growers](#), 2006).

Both Statistics Canada and COG show a growth in organic farms in Canada over the past decade, however, much of this growth is attributed to grains, fruits and vegetables. Industry stakeholders report that growth in the livestock sector has been more moderate. In general there has also been an increase in the number of processors and handlers of organic products in the Prairie Provinces.

**Table 3 - Organic Farms, Processors, Handlers**

Year	Farms (total number)	Area in Production (acres)	In Transition (number of farms)	Processors (food manufacturers and seed cleaners)	Handlers (packers, distributors and retail)
<b>Saskatchewan</b>					
2005	1230	730,164	31	77	15
2006	1201	702,929	9	73	13
2007	1104	654,150	n/a		105*
2008	1039	824,204	26	81	21
<b>Alberta</b>					
2005	238	322,414	7	41	17
2006	231	375,605	2	42	6
2007	231	397,244	n/a		64
2008	259	282,903	4	62	8
<b>Manitoba</b>					
2005	232	67,948	24	32	9
2006	243	61,788	23	40	10
2007	181	91,333	n/a		49
2008	186	115,130	2	33	27

Source – Canadian Organic Growers

\*Note most years these figures are estimates based on actual data as well as some extrapolation.

## Organic Forage

Forages include a wide variety of vegetation including both native and tame species of hay, pasture, silage and other annual crops intended for livestock feed. The organic livestock industry is largely

dependent on a stable supply of organic forage products. According to the National Standard in Canada, in order to be certified organic beef, while the entire diet must consist of certified organic feeds, 60 per cent of the animal’s diet (dry matter basis) must consist of forage. Due to the extensive management practices (no application of commercial fertilizer, pesticide, or herbicide) often associated with forage crops (hay and pasture) in Western Canada, the vast majority of forages could be considered ‘uncertified organic’. This means there would potentially be a sizeable resource available in Saskatchewan to service any potential growth in the organic livestock industry.

There appears to be interest in marketing organic forage by organic producers who do not have livestock, but produce organic hay, or are incorporating forages into their organic crop rotations and would like to market hay in some years. The main limitations to marketing this commodity are transportation costs and availability of markets. Due to the bulkiness of this product, transport limits the effective marketing area. Also, most organic livestock producers are self-sufficient in forage production and market size is not expected to expand significantly even in the event that the organic livestock sector expands.

COG publishes a limited amount of information on forage acres within the Prairie Provinces. There has been some reporting by CBs from 2005-2008, however reporting is not mandatory and the classification of acres is not always consistent. Thus figures cannot be easily compared from year to year. However, as Statistics Canada does not collect information on organic acres, the COG data is the best source of information.

**Table 4 - Organic Forage Acres**

Province	2005		2008	
	Forage <i>(includes pasture, hay, green manure and forage seed)</i>	Other	Forage <i>(includes pasture, hay, green manure and forage seed)</i>	Other
<b>Saskatchewan</b>	251,980	25,833	279,894	80,001
<b>Alberta</b>	170,980	28,229	276,657	63,102
<b>Manitoba</b>	51,184	320	30,134	3,002

Source – [Canadian Organic Growers Statistics Reports](#)

In Table 4, the “Other” category is referred to as wild land by COG and includes community range lands, woodlots, riparian areas and other wild lands on organic farms. Data was not available for 2006 (missing

acreage data for more than 85 per cent of Saskatchewan producers and more than 50 per cent of Alberta producers) and forage acres were not listed in the 2007 report by COG.

Although the certified organic acreage reported by COG appears to be small, most stakeholders have indicated that there are many more acres of organic forage that have not been certified due to the lack of markets. The number of acres that would fall into this category is not currently available as there is no collection of this information.

The organic forage industry is quite similar to the conventional forage industry in that there is no formal marketing system for this crop. The vast majority of this product is produced and used on-farm, or sold from farm-gate to farm-gate. This can make marketing hay difficult if a producer does not have a buyer in place prior to harvest. There are a limited number of places that buyers and sellers can connect on the internet (Table 5) however these resources all appear to be underutilized.

**Table 5 - Forage Listings On the Web**

<b>Listing Name</b>	<b>Listing By</b>
<a href="#">Forage Feed and Custom Service Listing</a>	Saskatchewan Agriculture
<a href="#">Hay, Straw and Pasture Listing</a>	Alberta Agriculture Food and Rural Development
<a href="#">Manitoba Hay Listing Service</a>	Manitoba Agriculture Food and Rural Initiatives
<a href="#">Organic Producers Directory</a>	Saskatchewan Organic Directorate and Organic Alberta

Also similar to the wider forage industry, there is limited price information available for organic forage products. However, the Saskatchewan Forage Council’s Forage Market Report has tracked available information related to organic hay since 2009. This market report gathers information from various sources to compile price data for a number of forage products. Table 6 shows price information for organic forages.

Caution must be exercised when analyzing this data as values are based on ‘asking’ prices unless otherwise listed. As well, organic forage prices are based on a very limited quantity of products. In looking at the market reports, organic forage prices seem to mirror those of the conventional market and largely reflect the year’s supply. Organic forage prices were compared to conventional forage prices during the same time period to calculate a potential premium for organic forage. As seen in Table 6, this premium ranges from \$0 - \$34/T. In consulting with organic producers, they report that finding a

market for organic hay that will pay a premium over the conventional price is often difficult and organic hay seems to be routinely sold into the conventional market at the corresponding price. There were no organic forage listings reported in July 2010. The market report stated that this could be due to the over-supply of forage products resulting from a wet year in 2010.

**Table 6 – Organic Forage Prices**

<b>Date</b>	<b>Organic Forage Quantity (T)</b>	<b>Organic Forage Average (\$/T)</b>	<b>Average Conventional (\$/T)</b>	<b>Potential Premium (\$/T)</b>
January 2009	644	132	98	34
July 2009	135	115	100	15
July 2009	23	62*	100	n/a
January 2010	450	112	87	25
July 2010	None found			

\* Settled price

Source: Saskatchewan Forage Council Forage Market Reports January 2009-July 2010.

In contacting industry stakeholders, it was indicated that it would be rare for an organic producer to focus on forage sales alone. Most producers incorporate forages as part of a crop and/or livestock operation. However, there are cases where organic producers are selling forages either as excess production that is not required within their livestock operation, or from a crop operation. Currently, marketing this hay can be a difficult task. One organic hay producer reported that over half of the hay produced on their farm goes into the conventional market. Any hay sold as conventional product was produced at a negative margin. The extra cost of certification makes selling into the conventional market unattractive due to lost premiums. In this particular situation, the farm does not have any livestock, is too far from the one organic pelleter in Saskatchewan and there is not enough demand locally for organic hay. In talking with stakeholders, this seems to be a common problem resulting in many of the potential organic forage acres not being certified.

Certification costs vary depending on the certification agency. In Saskatchewan, there are five active certifiers. Table 7 shows the annual certification fees for hay and pasture in Saskatchewan.

**Table 7 Certification Fees for Organic Forage in Saskatchewan**

<b>Certifier</b>	<b>Base Fee (Annually)</b>	<b>Additional Fees</b>	<b>Example Total (for 640ac of organic hay)</b>	<b>Notes</b>
Ecocert	\$415/yr in year one \$350/yr after year one	\$1.50/ac/yr for hay \$2.50/AU/yr for pasture	\$1375/yr for hay in year one \$1310/yr for hay after year one	\$1.50/ac tops out at 1250 acres. Above 1250, no extra charge.
Pro-Cert	\$450/yr in year one \$400/yr after year one	\$0.70/ac/yr in year one for hay \$0.60/ac/yr after year one for hay \$0.30/ac/yr in year one for pasture \$0.25/ac/yr after year one for pasture	\$898/yr hay in year one \$784/yr hay after year one \$642/yr pasture in year one \$560/yr pasture after year one	
OCIA	\$1080/yr	\$0.50/ac/yr hay \$0.01/ac/yr pasture	\$1400/yr hay \$1086.40/yr pasture	In the past also took a percentage of sales, but have stopped this practice.
OPAM	\$1500/yr	\$0.50/ac/yr for first 1000 acres \$0.25/ac/yr for acres over 1000	\$1820/yr	
QAI	\$1095-3595/yr for hay \$295-995/yr for pasture	Fee increases based on range of acres to be certified	\$3095/yr for hay \$995/yr for pasture	Can certify to international standards as well for added fee

There is one alfalfa pelleter in Saskatchewan currently marketing certified organic alfalfa pellets. Pelleting allows for transport of the product to a much greater area. Currently their product is marketed to dairy (80 per cent of products) and some poultry operations. Eighty per cent of the product goes into the United States with a limited amount being used domestically or moving overseas. There is a large market for organic pellets in the European Union (EU) and some opportunity into Japan, but accessing these markets is often difficult. Regulations and requirements by importing countries are often different than those in Canada, so additional costs may be incurred to meet these requirements and producers must be able to adhere to the importing country's regulations to ensure an acceptable product. There are also a number of economic factors (such as currency rates, regional subsidies and

general economic climates) that need to be considered when exporting any product in a global economy.

There are a limited number of organic forage seed growers and suppliers in the Prairies and there is no method for tracking organic forage seed sales at this time. Although the Saskatchewan Forage Seed Development Commission does collect levy on organic forage seed sales, they do not segregate this class of seed for reporting purposes.

Two small suppliers of organic forage seed were contacted in Saskatchewan for this report. Ag Vision Seeds in Carrot River reports that they sell some retail and wholesale organic forage seed as a relatively small part of their business. Organic seed sales have remained fairly consistent over the past number of years. Most of their sales are into Eastern Canada with red clover, sweet clover, timothy and alfalfa as the main products. Nordrick Norsask Seed in Tisdale reports that the majority of their organic forage seed sales go into the United States (US) for dairy hay production with some sales in Canada. They have seen some limited growth in the past few years and attribute this slight increase to organic crop producers including forages in their rotations. They estimate that approximately 50 per cent of the organic forage seed they sell will be used for livestock feed and 50 per cent within crop rotations. It was suggested that more organic forage seed growers are required to service the current demand and that agronomics need to be updated on organic forage seed. Stakeholders predict that the market for organic forage seed will continue to grow especially if they are able to gain access into the European Union (EU).

Interlake Forage Seed in Manitoba credits itself as the largest organic forage seed supplier located in Canada. They have been contracting organic forage seed growers for the past five to six years and indicate that markets are stable for the short term. Currently most of their product is going into the EU and US. They reported organic alfalfa seed has growth potential due to expansion of the organic dairy industry both in Canada and the US.

Stakeholders indicated that forages would be included (on average) in most crop rotations on the Prairies one year in every four. Sweet clover and alfalfa are the two main forages utilized for this purpose. While sweet clover is used primarily as a plough-down or green manure crop, alfalfa may be



included in a longer rotation and cut as a hay crop for a few years followed by plough-down for green manure.

Many organic crop producers that include forages in their rotation are able to utilize the product on their farm as they are often livestock producers as well. For those organic crop producers that grow forages and do not have livestock on their farm, hay is a commodity that must also be marketed.

## Organic Beef

The [Organic Producers Directory](#) maintained by Saskatchewan Organic Directorate (SOD) and Organic Alberta lists 71 producers of organic beef in Saskatchewan, 51 producers in Alberta and does not list producers in Manitoba. SOD does not collect information on animal numbers. Manitoba Agriculture Food and Rural Initiatives (MAFRI) reported approximately 23 producers of organic beef in their [organic directory](#) (2009-2010).

Canadian Organic Growers (COG) collects more detailed information than Statistics Canada and is able to break down the numbers on organic products and livestock. Again, because certifying bodies (CBs) are not required to submit data, there are gaps in the information. It is unclear as to the classification of animals reported as there is no defined requirement for reporting animals. For example, some CBs report all classes of livestock (breeding stock, slaughter, replacements, etc.), while others report only breeding animals. The numbers reported in 2008 (Table 8) can be considered a reasonable estimate of organic beef in the Prairie Provinces ([COG Statistics 2008](#)).

**Table 8 - Organic beef cattle numbers in 2008**

Year	Saskatchewan	Alberta	Manitoba
2008	11,629	15,302	4,524

Source – Canadian Organic Growers

Stakeholders estimate the number of certified beef cattle (breeding animals only) in Saskatchewan is actually in the 5,000-7,000 head range (cow numbers) and 10,000-11,000 head (cow numbers) in Alberta (January 2011). Stakeholders throughout Western Canada have also indicated that numbers of organic beef cattle are stable or slightly reduced over the past few years. This is attributed to many of the same factors experienced in the conventional beef industry including the inflated Canadian dollar

hindering exports, the small margin in finishing calves and the general downturn in the world economy. However, when talking with stakeholders the main reason cited for the stagnant growth in the organic beef industry is the inability to receive a consistent premium price for their end product.

Stakeholders have indicated that many of the calves raised as certified organic are sold at or shortly after weaning into the conventional system. This appears to be occurring due to the risk involved in feeding out certified organic calves without assurance of a market for finished animals. Stakeholders also agree that there are many beef cows on organic farms that do not belong to a certified herd. This appears to be occurring due to the extra cost of certification combined with the inability to secure a premium price for the product. These animals are all entering the conventional beef system.

### ***Organic Beef Markets***

Producers of organic beef on the Prairies generally fall into three categories:

- individual producers who market their beef independently;
- producers who belong to a small group or cooperative (less than 10 producers) who market their products collectively; and
- producers who belong to a larger group or cooperative that market their products through a more elaborate distribution system

As a means to explore the practical aspects of organic beef production on the Prairies, a number of producers were contacted to establish the current situation within their individual operations. Of these, three operations were more closely examined.

Glen and Dawn Ekert operate an organic farm near Wapella, Saskatchewan and have been certified organic for more than 25 years. They currently have a cow herd of approximately 130 cows with approximately 350 head in total (cows and calves) on farm. They calve in May and June, winter calves on the cow and wean in the spring at which time they strategically select animals to begin the finishing process. They contract directly with three separate retailers and have agreed to provide beef year-round under these contracts. Animals are sent to a provincial plant for slaughter in Manitoba as all three stores are located within that province. Currently, cull cows are sold into the conventional marketplace.

The Ekerts seem to be the exception to the rule as they purchase all of their forage for winter feeding and have done this for the past six to eight years. The reason cited was “by purchasing hay to use in our operation, we are importing nutrients from another farm onto ours.” A bale grazing system (placement of bales in a field or pasture allowing animals access in a more extensive manner than traditional confined winter feeding) is employed during the winter feeding period, placing hay bales on pastures that require nutrients. The Ekerts have been very pleased with the results that bale grazing provides in terms of increased forage yields. As far as purchasing organic forage, the Ekerts have had no problem sourcing enough feed. They suggested that once people are aware that you are purchasing organic forage, word gets around and they now receive calls from forage producers who are looking to sell their product. On average they are able to purchase certified organic forage at a 15-20 per cent premium over conventional hay prices depending on the availability of forages in a particular year.

Clear Creek Organics (CCO) is made up of 20-30 organic beef producers in Saskatchewan and Manitoba that supply organic beef direct to retail as well as marketing wholesale product. Their vision is to be the number one supplier of organic fresh and processed meat in Canada. This group has been successful in marketing both fresh and processed beef products and has retail space in specialty stores in both Regina and Saskatoon as well as several stores in Winnipeg.

The group began with Saskatchewan Organic Livestock (SOL) and Manitoba Organic Marketplace Trade Association (MOMA Trade). It was decided that to avoid duplication by these two groups, a new organization would be formed with the Saskatchewan arm responsible for the marketing and value-added opportunities and the Manitoba branch looking after live animal sales. Producers belonging to this group provide the raw material for fresh and processed organic beef products that are sold by the company. The success of this company lies with the established protocols that provide a consistent end product as well as the ability of the group to provide a consistent supply. Gene Kessler, CEO of Clear Creek Organics, feels that establishing markets is a priority for growth in the organic livestock sector. There is significant opportunity overseas and CCO is interested in accessing these markets, but this will take time. Another hurdle for this group is the absence of a federally-inspected slaughter plant in Saskatchewan. Products to be sold outside of Saskatchewan must be slaughtered in a federal facility in either Alberta or at a provincially-inspected plant located in the province where it will be sold. This adds a level of logistical difficulty to the process. On the forage side, Kessler feels that there is not a lot of opportunity for growth as most producers are self-sufficient in forage production. Also, the fact that

organic crop producers utilize forage crops in their rotations, there is normally a surplus of organic forage available.

Diamond Willow is an Alberta based cooperative that consists of seven member families who produce and sell beef under the Diamond Willow organic beef brand. Since its inception, Diamond Willow has increased sales and now also purchases organic cattle from certified producers across Western Canada (BC, Alberta, Saskatchewan and Manitoba). They currently process approximately 3,000 head per year with 90 per cent of end products being sold in British Columbia through the Save-On-Foods chain. In addition, Diamond Willow sells organic beef in retail stores in Alberta as well as providing product to several high-end restaurants in the Calgary area.

Keith Everts, founder and member rancher with Diamond Willow commented that demand for their product has been rather steady over the past few years. He believes that conversion to organic beef production is closely tied to happenings in the conventional system. For example, when beef prices were poor there was more interest in converting to organic due to the premiums that could be paid for organic product. However, because prices are currently higher in the conventional cattle market, there is currently not a big incentive for conventional producers to consider shifting to organic. For this reason he predicts that growth on the organic beef side will be slow. With respect to forage, he reiterated the comments from other stakeholders in that most producers grow adequate forage to meet their feed requirements therefore increased demand for organic forage is unlikely.

## **Future Trends**

### ***Growth Potential***

Consumer demand indicates that growth of organic farms in Canada is warranted. As stated earlier, while the growth rate for total grocery sales ranges from two to four per cent, one study found a growth rate of twenty eight per cent for organic products between 2005 and 2006 in Canada ([Farm to Fork: Organics in Alberta](#), 2007). Also reported in this study, was a 61 per cent growth rate for organic meat products on a national scale between 2005 and 2006 and as this study focused on Alberta, the growth rate for organic meat products in that province was 189 per cent. Organic meat had the highest growth rate of all organic products both nationally and in Alberta. Another recent study reported that 41 per

cent of United States parents bought more organic products than they did the year previous ([Organic Trade Association](#), 2010).

There appears to be a number of farms with the potential to produce certified organic beef and forage if markets are developed for these products. For example, in 2006 the Canadian Census of Agriculture reported that there were 683 farms with certified organic animals or animal products while there were 568 with uncertified organic animals or animal products in Saskatchewan. While not all farms would have beef cattle, there appears to be a large pool of producers at the ready if markets were developed for organic beef. The same is true for organic forage in that there is a large pool of uncertified organic acres which could become certified if demand warranted.

Organic dairy operations are another venue for organic forage sales and normally purchase more off-farm hay than beef operations. There are currently three organic dairies operating in Alberta, five in Manitoba but none reported in Saskatchewan. If consumer interest in organic dairy products continues to grow, there may be potential for organic dairy production in Saskatchewan. Based on the National Standard, cattle must be supplied a minimum of 60 per cent of their diet as forage. As dairy operations traditionally purchase more feed off-farm than beef operations, there may be some opportunity for organic forage growers to supply this sector. Growth of organic dairies in other provinces and in the United States may also create markets for high quality organic hay or other organic forage products from Saskatchewan. Due to the higher value of dairy quality forage, transportation over a wider area is more cost effective.

There also appears to be opportunities to supply the United States and European Union with organic forage seed. The companies that are currently servicing some of these markets report that they are unable to capture new markets due to their current limited available supply.

In June of 2009, Canada entered into an equivalency agreement regarding trade of organic products with the United States ([CFIA, 2009](#)). This agreement states that imported organic products certified in compliance with an equivalent foreign regulatory regime do not require re-certification to the domestic standards by a domestically accredited Certification Body. Likewise, exports, if certified to the domestic standards (with exceptions where applicable), would be deemed to meet the importing countries requirements and thus not require re-certification to the importing country's domestic standards. This

agreement could potentially increase the flow of organic exports into the United States due to reduced costs of re-certification.

### ***Obstacles***

Most stakeholders consulted during this study believe that there is limited opportunity for certified organic forage at the current time due to a number of factors including:

- majority of livestock operations being self-sufficient in forage production, and rarely need to purchase forages off-farm;
- certified organic beef is not growing at a significant rate in the Prairies;
- export markets for processed forage products are depressed due to the high Canadian dollar and transport infrastructure to move product to port is problematic.

Market development was the main hurdle cited by stakeholders to growth and expansion of the organic livestock industry. Although consumers are sending signals that would encourage growth of organic meat products, accessing markets, providing a consistent year-round supply and having a market for the entire beef carcass are all challenges that must be addressed. Other factors such as the lack of processing facilities, distribution chains and consumer education were also suggested as issues that will need to be addressed for this industry to have a major impact.

When speaking with stakeholders, there is caution regarding the growth potential of organic beef in the overall food market due to limitations with customers. In fact one stakeholder stated, “the organic consumer tends to be a fresh vegetable, legume eater rather than a red meat eater. The big meat eaters are unlikely to purchase certified organic meat.” Organic product sales agree with this assessment, as the report from Alberta showed that meat accounts for only one per cent of the organic products sold in Canada ([Farm to Fork: Organics in Alberta, 2007](#)). This study attributes this to the fact that many organic customers are vegetarian eaters. For the organic meat sector to grow significantly, new customers will have to be secured.

### ***Organizational Representation***

Effective representation both at the provincial and national levels is needed to gain attention both in the eyes of the public and with governments. There are currently many organizations working on similar

initiatives. If these groups were able to join forces or form an umbrella organization, their efforts may prove more fruitful.

It also appears that due to the smaller impact of the organic livestock industry, livestock producers may be under-represented in existing organic organizations. A dedicated provincial and or national organic livestock group or an increased presence in existing groups would likely aid the efforts of current organic beef producers and possibly encourage growth in the sector attracting new producers.

## **Conclusions**

Consumer demand for organic products is on the rise and has caught the attention of agricultural producers in Western Canada. This increase in demand has lead producers to examine opportunities for growth in the organic forage and beef sectors. The current study was undertaken to define the status of the existing organic forage and beef industries as well as identify potential for growth in these sectors in the future. Current challenges to expansion were also identified as part of this study.

Due to the dependence of ruminant livestock production on a stable supply of forages, any growth in the organic beef industry would also require the certification of more forage acres to provide additional organic feed. Stakeholders, including producers, government extension, cooperatives, buyers and distributors were consulted to solicit opinions and gather information on the current status of organic beef and forage production in Western Canada.

It was concluded that in general stakeholders were cautious regarding the growth potential for organic forage. This is mostly due to the fact that most users of organic forage produce adequate home-grown supplies and do not purchase much product off-farm. There is also organic forage available from organic crop producers who use forages within their rotations and often do not have livestock on their operations, so there is normally a surplus on the market. In the event that the organic dairy sector expands, there may be some limited opportunities to supply high quality organic forage as dairy operations generally purchase more hay off-farm than do beef operations.

There is currently one processor of organic forage products in Saskatchewan and this company reports that there is opportunity for growth, in particular for organic alfalfa pellets going into the European Union and Japan. However, there are a number of limiting factors at the current time including the high Canadian dollar and problems with transporting product to port. There is also potential for growth in the organic forage seed sector if Canadian companies are able to access additional markets in the European Union and United States.

Growth potential of the organic beef sector was also found to be conservative and stakeholders are cautiously optimistic about the future of this industry. While consumers are definitely purchasing more organic products each year, moving product into markets where demand exists at a price that is reasonable both to consumers and producers is a challenging task. Consistent supply and consistent quality is currently difficult to deliver as there are a relatively small number of organic beef producers. Those who are successful at this time are either selling direct to consumers or have formed cooperatives to increase the number of animals available to supply a contract.

Saskatchewan is uniquely positioned to capitalize on any future potential opportunities in the organic forage and beef industry. This province has a vast forage resource of over 23 million acres ([Value of Saskatchewan's Forage Industry](#), 2010), a significant portion of which could potentially be certified organic. Saskatchewan has the second largest beef herd in Canada ([Cattle Statistics](#), Statistics Canada 2010) and is currently home to the highest number of organic farms in Canada ([Canadian Organic Growers Statistics](#)). These factors suggest that if the organic beef industry does begin to expand significantly, Saskatchewan producers are well positioned to meet the demand for organic forage, whether within their own organic livestock operations or to those producers who may purchase certified forage.

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*Data collection and report compilation conducted by Spring Creek Land & Cattle Consulting.*



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## Appendix A

### Stakeholder Consultation

Ag Vision Seeds – Carrot River, SK

Alberta Meat and Livestock Agency (ALMA)

Becky Lipton – Organic Alberta

Beef Information Centre

Bert Dening – Alberta Agriculture

Brenda Frick – Organic Agriculture Centre of Canada

Carol Robbins – Organic Forage Producer, Harris, SK

Chantal Jacobs – Provincial Organic Specialist, Saskatchewan Ministry of Agriculture

Daphne Cruise – Saskatchewan Ministry of Agriculture

Debbie Miller – Manager, Organic Crop Improvement Association (OCIA)

Gene Kessler – CEO, Clear Creek Organics

Glen Ekert – Organic Beef Producer, Wapella, SK

Interlake Forage Seed - Manitoba

Jason Freeman – Manager, Farmer Direct Cooperatives

John Hollinger – Provincial Organic Specialist, Manitoba Agriculture Food and Rural Initiatives

Keith Everts – Founder, and organic beef producer Diamond Willow Organic Beef

Leroy Bader – Saskatchewan Ministry of Agriculture

Nordricks Norsask Seed – Tisdale, SK

Sam Rhode – Canadian Organic Livestock Association (COLA Beef) and organic beef producer

Western Alfalfa Milling – Norquay, SK

## **Appendix B**

### **Organic Certification Agencies (operating in Saskatchewan)**

Centre for Systems Integration (CSI) – Ottawa, ON

Ecocert Canada – West Division, Tisdale, SK

Global Organic Alliance (GOA) – Bellefontaine, OH

OCIA Canada – Regional Office, Humboldt, SK

Organic Producers Association of Manitoba Cooperative Inc (OPAM) – Virden, MB

Pacific Agricultural Certification Society (PACS) – Vernon, BC

Pro-Cert Organic Systems – Saskatoon, SK

QMI Organic Inc (QMI– SAI Global) – Richmond, BC

Quality Assurance International (QAI) – San Diego, CA