

THE CULTIVATOR

News From The Cornucopia Institute

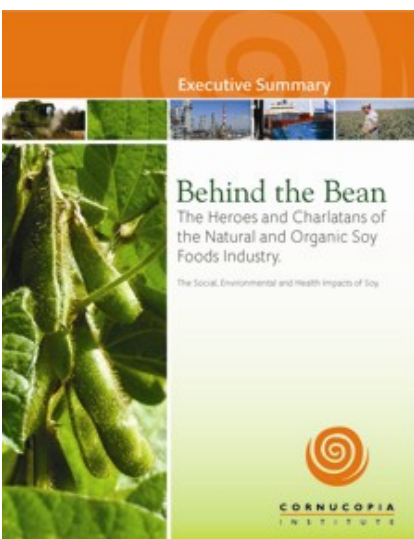
Spring 2009

New Cornucopia Report: Many Organic Soy Food Brands Importing Beans From China

**We no longer trust these imports to feed our pets
They have no place in organics**

Tremendous growth in the organic soy foods industry has occurred over the last two decades as consumers seek healthy dietary sources of protein. Many companies touting their "natural" or "organic" soy brands have found favor in the supermarket. A new report from The Cornucopia Institute, lifts the veil on some of these companies exposing widespread importation of soybeans from China and the processing of soy foods labeled as "natural" with toxic chemicals.

The report, *Beyond the Bean: The Heroes and Charlatans of the Natural and Organic Soyfoods Industry*, and an accompanying ratings scorecard of organic brands, separates industry heroes, that have gone out of their way to connect with domestic farmers, from agribusinesses that are exploiting the trust of consumers.



Part of the meteoric rise in organic food sales has been built on the expectation from consumers that they support a more environmentally sound form of agriculture and one that financially

rewards family farmers through their patronage. "Importing Chinese soybeans or contributing to the loss of rain forests by shipping in commodities from Brazil just flat-out contradicts the working definition of organic agriculture," said Mark Kastel, Cornucopia's Senior Farm Policy Analyst.

Through a nationwide survey of the industry, onsite farm and processor visits, and reviews of import data, Cornucopia assembled a rating system aimed at empowering consumers and wholesale buyers with the knowledge necessary to support brands that respect the fundamental tenets of organics.

"The good news in this report is that consumers can easily find, normally without paying any premium, organic soyfoods that truly meet their expectations," said Charlotte Vallaey, a Cornucopia researcher and the prime author of the report.

One company that had an excellent opportunity to meet consumer expectations by supporting the growth of organic acreage in North America was Dean Foods, makers of the industry's leading soy milk, *Silk*. Instead, after buying the *Silk* brand, Dean Foods quit purchasing soybeans from

American family farmers and switched their sourcing to China. This cost-cutting move helped them build their commanding soy milk market share using soybeans of questionable organic certification from China.

"White Wave (the operating division of Dean Foods that markets *Silk* and *Horizon* organic milk) had the opportunity to push organic and sustainable agriculture to incredible heights of production by working with North American farmers and traders to get more land in organic production, but what they did was pit cheap foreign soybeans against the U.S. organic farmer, taking away any attraction for conventional farmers to make the move into sustainable agriculture," said Merle Kramer, a marketer for the Midwestern Organic Farmers Cooperative.

And now Dean, the \$11 billion agribusiness behemoth and the nation's largest dairy concern, has quietly abandoned organic soybeans in most of the *Silk* product line, switching to even cheaper conventional soybeans without changing UPC codes for retailers or lowering pricing to consumers.

Cornucopia's Vallaey warned: "Health conscious shoppers should no longer associate *Silk* with organic, and should seek the green 'USDA certified organic' seal when purchasing soy products."

"As a vegetarian, for ethical reasons, I am appalled that some large corporations are profiteering on my trust in their brand," said Joan Levin, a Chicago consumer who says she is fiercely committed to organics. *(continued next page)*

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Meanwhile, highly committed companies like Eden Foods, one of the country's largest organic soyfoods producers, Small Planet Tofu, and Vermont Soy work directly with North American organic farmers.

"Small Planet Tofu has bought organic soybeans from me and other farmers I work with for the past 17 years," said Phil Lewis, an organic farmer in Kansas. "This relationship is priceless, because I know that I can count on them even if I have a bad year with droughts or floods," Lewis added.



An organic farmer in his field of organic soybeans in northern Illinois. Courtesy of Midwest Organic Farmers Cooperative.



"The top-rated companies that nurture relationships with American organic farmers should be rewarded in the marketplace. We hope that organic consumers will use Cornucopia's soy scorecard when deciding which organic soyfoods to buy," said Kastel.

Some soy food makers that did not participate in the scorecard study may have been hesitant to share their sourcing information because they also buy organic soybeans from China. "Their reluctance to disclose their sourcing information makes sense, given the USDA's weak oversight of certifying agents working in China," Kastel noted.

The USDA waited five years before sending auditors to China to examine the practices of that country's certifying agents. And even when in China, the USDA's auditors only visited two farms in the entire country. On these two farms, they found multiple noncompliances with U.S. organic standards. USDA auditors also discovered that Chinese-based organic certifying agents did not always provide a translated copy of the U.S. standards to clients who apply for organic certification.

The Chinese findings support concerns that American farmers have raised for years, which is that organic imports from China may not always be held to the same strict standards as American crops. They also raise

serious questions about whether Chinese farmers are adequately informed about the USDA organic standards and requirements.

"If the reputation of organic food is impugned through illegal and fraudulent activities in China and an incompetent level of oversight by the USDA, it will be the domestic farmers and entrepreneurs that built this industry who will be harmed," added Kastel.

Pacific Foods, another major organic manufacturer, for example, puts a "Certified to the Source™" seal on its organic soymilk packages, yet refused to share with customers and Cornucopia researchers any sourcing information. Additional Cornucopia research of available import databases indicates that Pacific Natural Foods buys hundreds of thousands of pounds of organic soybeans from China.

"The top-rated companies that nurture relationships with American organic farmers should be rewarded in the marketplace."

"Obviously, Pacific Foods knows their customers well enough that they felt sharing this information openly with them would not reflect well on their reputation," explained Vallaeys.

HEXANE: THE DIRTY LITTLE SECRET OF THE NATURAL SOY FOODS INDUSTRY

Behind the Bean also exposes the natural soy industry's "dirty little secret": its widespread use of the chemical solvent hexane. Hexane is used to process nearly all conventional soy protein ingredients and edible oils and is prohibited when processing organic foods.

Soybeans are bathed in hexane by food processors seeking to separate soy oil from the protein and fiber of grains. It is a cost-effective and highly efficient method for concentrating high-protein isolates. But hexane is also a neurotoxic chemical that poses serious occupational hazards to workers, is an environmental air pollutant, and can contaminate food.

Residue tests reveal that small amounts of hexane can and *(continued page 6)*

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Organic Dairy Farmers Fight for Justice—and Their Livelihoods

Organic farmers from around the country, and cooperatives and advocacy groups that represent them, converged on southern Ohio in May to plead with federal regulators to close loopholes exploited by a handful of giant factory farms. They argued that these mega-dairies were creating turmoil in the marketing of organic milk and forcing some family farmers out of business.

The USDA administrative law hearing, populated by many more lawyers than farmers, representing the interests of powerful dairy marketers on both sides of the argument, took testimony on the future of the "producer-handler exemption."

The nation's farm regulators, over 70 years ago, devised a system to fairly share the extra profits from bottled fluid milk, which is more profitable than cheese and other dairy manufacturing. They allowed for an *opt-out* for farmers who produced their own milk and bottled it on the farm. These direct-marketers were generally small family-owned operations serving local communities.

Flash forward to now: A number of giant producer-handlers are milking thousands of cows on industrial-scale dairies—certainly a far cry from the system that was established to benefit family farmers selling to local markets.

The concerns of the organic dairy community's approximate 1800 family farmers have focused on Aurora Dairy Corporation, a \$100 million vertically integrated producer that operates five dairies in Texas and Colorado, milking between 10,000 and 20,000 cows.

"Corporations such as Aurora Organic Dairy, which are currently claiming the exemption for producer-handlers, have caused catastrophic marketplace disruption in the organic dairy industry, in part as a result of this outdated regulation," said Cornucopia's Mark Kastel. The exemption saves Aurora millions of dollars that would otherwise be equitably shared with dairy farmers around the country.

Unlike small, local or regional producer-handlers, Aurora ships milk from a single processing plant, in central Colorado, nationwide. "They ship their milk from their one plant to Portland, Oregon, Portland, Wisconsin, and Portland, Maine—all regions of the country where family farmers milk cows locally, established a relationship with organic consumers, and have been building the business that Aurora is now exploiting," Kastel testified.

Aurora, the leading manufacturer of private-label organic milk for such giant retailers as Wal-Mart, Costco, Target and Safeway, is using the exemption to undercut family

farmers in every federal marketing order in the country.

Lawyers for Aurora and other dairy interests spent over an hour arguing with the administrative law judge in the hearing attempting to exclude Cornucopia's testimony. They especially objected to Kastel asserting the fact that Aurora is widely viewed as a "bad actor" in organics and thus their credibility in this matter is at question.

After investigating a legal complaint filed by Cornucopia, the USDA found in 2007 that Aurora had "willfully" violated 14 specific organic regulations including illegally operating a feedlot, rather than grazing their cattle as required, and bringing in conventional cattle that did not qualify to produce organic milk. USDA staff recommended Aurora's decertification, but Bush administration officials let the corporation off, requiring some operational changes and a

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The Cornucopia Institute Is:	
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	Carly Arnold

National Organic Standards Board Votes on Soy Lecithin De-Listing

The National Organic Standards Board (NOSB), at its recent May meeting, had its first ever opportunity to remove a conventional food ingredient from the “*National List*.” The National List includes minor food ingredients of which manufacturers may use conventional versions if the organic version is commercially unavailable.

Soy lecithin, used in foods such as chocolate, infant formula and cooking spray, has been available in organic form since 2004, yet some certifying agents allow food manufacturers to use the conventional version (conventional lecithin is cheaper, made with conventionally grown soybeans and processed with the hazardous petrochemical solvent hexane).

If the organic industry is to evolve—to grow in integrity as well as volume—companies that develop organic versions of minor ingredients should be rewarded for their efforts with a change in the regulations that removes ingredients as allowed substances on the National List. And only by appropriately removing ingredients from the National List will all food manufacturers be forced to use organic versions.

Cornucopia has been pushing for removal of soy lecithin from the National List and mounted a letter writing campaign to the NOSB favoring removal (more than half of the 500 public comments received in advance of the meeting concerned lecithin, with the vast majority supporting removal).



Cornucopia's Charlotte Vallaeys testifies in favor of removing conventional lecithin as an approved ingredient in organic foods at the May meeting of the National Organic Standards Board.

The NOSB voted in favor of the petition to remove liquid soy lecithin from the National List. But they then decided against removing a second version, de-oiled (“dry”) lecithin. Dry lecithin is not yet available in organic form because nobody has found an alternative to the solvent acetone that’s used for de-oiling. While a partial victory for organic integrity, the NOSB clearly caved to pressure from big corporations that came to lobby for dry lecithin (used as a matter of convenience by food manufacturers as it’s easier to handle than liquid lecithin).

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New Organic Farming Funds Available! Sign up Period: May 11 - May 29

The Natural Resources Conservation Services (NRCS) has created a special \$50 million pool of funding for a new Organic Initiative under the Environmental Quality Incentives Program (EQIP). The program will provide payments and technical assistance to transitioning and existing organic farmers who adopt NRCS conservation practices used in organic production systems.

Eligible Farmers:

- Farmers just beginning or in the process of transitioning to organic production;
- Existing certified organic farmers who want to transition additional acres or animals;
- Existing certified organic farmers who need to adopt additional conservation measures;
- Producers who sell less than \$5,000 in agricultural products and are thus exempt from formal certification are still eligible for Organic Initiative payments.

The program will be available in every state and county. **Sign up begins for this special pool of funds on Monday, May 11th and continues through May 29th.** Organic or transitioning farmers who have already applied for EQIP funding may choose to move their application into the special organic pool which will have higher payment rates for some practices than the regular EQIP program and a \$20,000 per year (\$80,000 over 6 years) payment limit. Costs of technical assistance provided by NRCS will not count against the payment limitation.

Transitioning farmers are also being offered an opportunity to develop a “conservation activity plan” as part of their EQIP Organic Initiative contract. A conservation activity plan will be needed to meet National Organic Program certification requirements and is an important step toward certification.



Dairy cows "pasturing" on the Aurora Texas farm.

("Organic Dairy Farmers" continued from page 3)

one-year probation. Aurora is now facing 19 class-action, consumer fraud lawsuits.

Rick Segalla, a certified organic dairy farmer milking 115 cows in Canann, CT, and representing the Northeast Organic Dairy Producers Alliance, testified in support of a production cap of 450,000 lbs of milk per month to qualify as a producer-handler. "This honors the original intent and purpose of the exemption, makes allowance for existing small businesses, who have made capital investments, and takes into account the size of organic dairy herds in the twenty-first century," Segalla said.

Another farmer who made a trip to Cincinnati was Kathie Arnold, of Truxton, NY. Along with her husband and brother-in-law she described their investments converting their 30-year-old business, managing 250 head of cattle, to organics.

"One of the basic principles of the Federal Milk Marketing Order system is to provide equity between producers. That principle is being compromised with the current producer handler exemption ... when some of today's producer handlers are milking many thousands of cows. The economic advantage they have by not paying pooling costs creates an inequitable playing field," Arnold said.

After the hearing, USDA milk marketing administrators will make a recommendation on potential reforms to USDA Secretary Vilsack.

"[The NOP] had received 19,000 public comments on the controversial pasture draft issued last October.. ...A final rule may be out in September."

Washington Report: Pasture/Livestock Rule Update and Change @ USDA

Barbara Robinson, the *acting director* of the National Organic Program (NOP), informed the National Organic Standards Board (NOSB) at their May meeting that release of the pasture/livestock rule was still months away. Staff from Cornucopia was present at the meeting and provided public testimony on several issues.

Robinson reported that they had received 19,000 public comments on the controversial draft issued last October. Cornucopia was among many groups and individuals highlighting serious impacts of the rule on organic livestock family farmers, collaborating on nearly 50 proposed changes to the draft rule. A final rule, Robinson indicated, may be out in September.

A highlight of the NOSB meeting was a visit by Dr. Kathleen Merrigan, who is now 2nd in command at the USDA. Merrigan is a strong and enthusiastic supporter of organics. She helped write the Organic Foods Production Act, as a staffer for Sen. Patrick Leahy. The 1990 federal law established the nation's organic program. Before assuming her new position as USDA Deputy Secretary, Merrigan was an assistant professor at Tufts University and director of its Agriculture, Food and Environment program inside the Friedman School of Nutrition Science and Policy.

Merrigan spoke for about a half hour and then took a number of questions from the NOSB and the 75 members of the public at the meeting. She made two important pronouncements. First, she said that enforcement of federal organic rules and regulations would receive more attention. And she mentioned that the National Organic Program would hire a full-time manager to direct its operations, with a hiring goal of sometime in June.

Both of these actions are essential to resolving problems in the organic community that Cornucopia has been raising for five years. While some of Cornucopia's formal legal complaints to the NOP documenting abuses of organic standards occurring at confinement livestock dairies milking thousands of cows have been investigated (leading to enforcement actions), the majority are either languishing in the enforcement pipeline or have gone uninvestigated.

Robinson, as acting director, has other USDA job responsibilities. But when there, her mismanagement has directly contributed to ignoring and/or watering down enforcement actions (as documented by Cornucopia FOIAs), failing to ensure that the nation's organic certifying agencies are properly performing their jobs with competent staff, and the improper evaluation of some materials and ingredients used in organic food and agriculture.

Hopefully, change we can believe in is coming to the NOP.

Farmers and Others Needed for NOSB Positions

The USDA is seeking nominations to fill five upcoming vacancies on the National Organic Standards Board (NOSB). The Secretary of Agriculture will appoint five persons to serve a five-year term of office that will begin in 2010. The NOSB is a 15-member expert advisory board advising the National Organic Program.

Seats on the NOSB are allocated among specific constituencies. Upcoming vacancies include two slots for farmers, one environmentalist, one retailer, and one organic handler. The NOSB meets twice a year and has several committees that its members are active on. While no pay is provided for the service, at least meeting expenses are covered. It is a significant time commitment.

Recent appointments to the NOSB have tilted towards big corporate players in organics with a similar shift in policy positions. In light of this, it is critical that we find and help support qualified candidates who truly represent the slots they are serving in and who believe in the integrity of organic agriculture and food.

One third of the board's positions will be appointed making for an incredible opportunity to re-energize support for the best organic food and farming policies and practices. If you are interested or have more questions, Cornucopia staff would be delighted to help you.

Written nominations, with cover letters and resumes, must be postmarked on or before July 17, 2009. They should be sent to Katherine E. Benham, National Organic Program, USDA-AMS-TM-NOP, 1400 Independence Avenue, SW., Room 4004-S, Ag Stop 0268, Washington, D.C. 20250. For more specifics, contact Katherine Benham at (202) 205-7806.

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do appear in ingredients processed with the toxic chemical. The government does not require that companies test for hexane residues before selling foods to consumers, including soy-based infant formula.

"Consumers who are concerned with the purity and healthfulness of their food should continue to seek out organic alternatives as part of their diet and support the many high-integrity brands outlined in our study," Vallaeys stated.

The full Cornucopia Institute report, including the scorecard of organic soy brands, can be found at: www.cornucopia.org

Raw Almond Fight Twisting Through Courts

Lawyers for almond farmers challenging the USDA's raw almond pasteurization mandate have filed motions asking the judge to reconsider several key points in her decision on March 9 dismissing their lawsuit on procedural grounds. Washington, D.C. Federal District Court judge Ellen Segal Huvelle's ruled that the almond farmers have no right to have their concerns about the alleged illegal nature of the almond treatment scheme heard in court.

But lawyers representing the farmers say that the judge's ruling was erroneous. In particular, they note that one key area where the judge mistakenly asserts that the interests of the almond farmers are adequately represented by almond handlers in the regulatory process. Handlers buy almonds from farmers, process them and ship the nuts to market. One can see that the interests of the buyer (handler) are not necessarily always the same as those of the seller (farmer).

The judge also mistakenly concluded that several of the farmer plaintiffs, who sell their own raw almonds, are handlers. In fact, they are not handlers, nor have they ever claimed to be handlers - a classification which would require a license from the state of California.

Most importantly, Judge Huvelle's decision sidestepped the merits and substance of the lawsuit contesting the legality, efficacy and impacts of the raw almond pasteurization mandate. These arguments have yet to be debated in court.

New legal motions were filed with the judge asking her to reconsider her ruling. A decision can be expected by mid-June. Should Judge Huvelle refuse to change her ruling, an appeal will be pursued at the next judicial level in an effort to win for farmers their right to be heard in court. Cornucopia is continuing to help coordinate the farmers' legal strategy and has been raising funds for legal costs associated with that effort.

It has also been learned that the Almond Board of California has decided to establish a subcommittee of organic almond handlers. While this development is certainly welcome, it would have helped if this had been done several years ago so that the organic sector could have weighed in on the controversial raw almond pasteurization plan.

"It has also been learned that the Almond Board of California has decided to establish a subcommittee of organic almond handlers."

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("Raw Almond Fight" continued from previous page)

This year's almond harvest is forecast to total around 1.5 billion pounds, marking another bumper crop. Conventional prices have plummeted in the last couple of years and price pressure is also impacting organic almonds, although not as severely. Meanwhile, imports – especially untreated and unpasteurized raw imports – are booming and have displaced California raw almonds in many retail stores. This is a most unfortunate and distressing situation for those almond farmers who had been supplying a growing and vibrant raw niche market.

Cornucopia is committed to fighting for the return to grocers' shelves of an American-grown, highly nutritional raw food that's been eaten with confidence and enjoyment for decades. To stay abreast of our activities, watch the Authentic Raw Almond Project page on Cornucopia's website.

(see back page for Cornucopia's Almond Fundraising Challenge)

("National Organic Standards" from page 4)

We urge you to check ingredient labels and avoid organic foods with non-organic soy lecithin. But we do not think it's the consumer's responsibility to check labels for non-organic ingredients in organic foods. Organic consumers should be able to trust the green "USDA Certified Organic" seal. The NOSB let us down when they decided to keep a hexane-extracted, acetone-extracted, conventional soy lecithin in organic foods for the convenience of food manufacturers. We will continue the fight for the integrity of the organic seal!

(A much fuller accounting of the hexane-soy relationship is contained in our new report, Behind the Bean – see page 1)

Meet Our Membership Coordinator

Gayle Nielsen is the membership coordinator at the Cornucopia Institute. She has a BA in Visual Communications, with a digital design emphasis, from American Intercontinental University as well as an Associate of Science in Electro-Mechanical Technology.



With a black belt in several martial arts, she teaches those as well other types of mind/body/spirit movement and exploration through her hypnotherapy practice. She is also currently finishing her work on a PhD in Clinical Hypnotherapy.

After a sixteen year career with a large corporation in the Information Technology field, she now focuses on her true passion of educating people in healthy, sustainable lifestyles through her practice and through her work with The Cornucopia Institute.

She and her husband live on a small farm near Westby, Wisconsin, where they are experimenting with solar greenhouse gardening and researching renewable forms of energy. Gayle teaches Nia and martial arts classes at the small studio they recently completed on the farm, and does Cornucopia work from her virtual office.

Profit Sharing?

Many of the consumer-owned natural foods co-ops around the country have figured out clever ways of financially supporting the work of The Cornucopia Institute—building bridges between the organic farming community and consumers.

Here, Codirector Mark Kastel greets customers at Viroqua Food Co-op, in Wisconsin, where, in addition to a grant this year, a portion of the profit from their sales on December 15 went to support Cornucopia.



Support the Authentic Raw Almond Legal Campaign

We are asking if you can help support the next phase of the legal campaign seeking repeal of the raw almond treatment scheme.

Living Tree Community Foods, headed by Dr. Jesse Schwartz, has made a generous offer. They will provide three jars of their Alive, Organic Almond Butter to individuals who donate \$500 or more to the legal campaign.

Living Tree, which is CCOF certified organic, makes their wonderful product slowly, in small batches, and with sliced almonds to create a butter that is "fresh and alive". Perhaps this promotion can help us keep the raw almond struggle, and your taste buds, alive.

Thank you for your ongoing interest in restoring our right to the best raw almonds in the world, grown by California farmers.



Cornucopia Improves Electronic Communications

Those of you who have visited our web page may have noticed a vast improvement. We upgraded presentation and content on the site and added a few new features to improve our ability to communicate with visitors. If you haven't been there lately, stop by www.cornucopia.org.

And we have also entered the age of Twitter. For those of you struck by the desire to more quickly track developments in the organic and farm community, you can now receive our tweets. A few hundred of our closest friends are now using this tool, which you can sign up for on our web page.

In the very near future, Cornucopia will soon have a Facebook page that will have an event calendar and the opportunity to provide feedback and discussion.



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