

THE INDUSTRIALIZATION OF ORGANIC DAIRY



Giant Livestock
Factories and Family
Farms Sharing the
Same Organic Label



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The Cornucopia Institute is chartered as a tax-exempt public charity focusing on research and education. Cornucopia aims to empower organic producers, consumers, and wholesale buyers to make discerning marketplace decisions, protecting the credibility of the organic food and farming movement and the value it delivers to society.

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EXECUTIVE SUMMARY


SINCE THE CORNUCOPIA INSTITUTE'S ORIGINAL DAIRY REPORT in 2006, the industrialization of organic dairy has steadily progressed. Although USDA agricultural census data is somewhat dated, many industry observers believe more organic milk now comes from livestock factories. Most of these giant “organic” dairies employ suspect practices that are common in the conventional agriculture industry.

After years of aggressive growth, the annual increase in organic dairy consumption has flattened, while industrial-scale dairies continue to increase production, flooding the market with surplus milk. This has resulted in catastrophic cuts in farmgate pricing and production quotas. The current marketplace lot of organic milk has placed the livelihoods of organic dairy producers from around the country in jeopardy.

These industrial-organic dairies and the businesses marketing their milk skirt organic regulations, harm the environment, compromise the nutritional content of organic dairy products, and sacrifice the health and well-being of livestock. They also undermine the organic market, making it difficult for ethical family-scale* organic farmers to get a fair price for their milk and maintain their livelihoods.

To illustrate the grotesquely disproportionate scale of some of these “organic dairies” operating in the semi-desert conditions of Texas, Idaho, Colorado, and California, Texas alone produces 1.4 times more organic milk than Wisconsin. Wisconsin, commonly known as America’s Dairyland, has 75 times more organic producers (453 versus the six in Texas, according to the most recent USDA data).

Regulators, under pressure from large agribusiness interests, are failing to maintain the integrity of organic dairy. They could do so by enforcing existing regulations that would shut down or constrain these mammoth operations. With this report, Cornucopia urges conscientious consumers to differentiate between authentic organic production and greenwashing, to support family-scale organic dairies, and force the organic dairy industry to clean up its act. Cornucopia’s accompanying mobile-friendly Organic Dairy Brand Scorecard is designed to empower consumers and wholesale buyers to make these important marketplace decisions.



The organic seal is the only federally regulated label that mandates the process by which a product is grown and processed. The United States Department of Agriculture (USDA) controls the rules governing organic dairy production. Independent certifying agencies accredited by the USDA grant use of the label, giving certified organic farms and processors access to a growing niche market.

The organic seal represents an alternative to the environmental and human health problems created by the conventional industrial food system. These problems include the use of toxic agrichemicals and genetically modified organisms (GMOs), overuse of antibiotics and other drugs in livestock, and long-lasting consequences for human and environmental health.

Many consumers believe organic food is healthier and safer, and scientific evidence continues to accumulate to support this belief.^{3,4,5}

Additionally, consumers who have concerns about the humane treatment of livestock have turned to organics as an alternative.

* Most family farm dairy operations range from 50-100 cows. Although an exception, some dairies, with expert management and help from extended family members, can milk hundreds of cows successfully. Though a multi-generational model is a common occurrence in small organic producers, not every “family farm” represents a biological family’s farm ownership; it could be represented by an individual or on-farm co-op.

Markedly different approaches to milk production have emerged in the organic dairy sector, despite uniform federal standards. The label is threatened by powerful economic interests that want a share of the approximated \$47 billion organic market.² Loose interpretations and lax enforcement of the organic standards have led to a market where the organic seal is displayed on dairy products representing a wide range of production practices.

Pasturing ruminants is a prominent element in the federal organic regulations. Many organic dairy farmers embrace the use of grazing as a major part of their cows' diets, supplementing with organic grain in moderation. A few producers go above and beyond by maximizing grazing, sometimes feeding no grain or calorie supplements at all.

On the other side of the spectrum, organic concentrated animal feeding operations (CAFOs)* favor practices that are almost identical to conventional industrial-scale dairy production. These mega-dairies often feed large amounts of grain and raise cattle in confinement.

Despite these dramatic disparities, all organic dairy producers and their certifiers claim to be following the same federal standards. The reality is that administration of the regulations varies widely based on differing interpretations, working definitions, and applications of the standards. The USDA, intended by Congress to be the arbiters of industry disputes, has generally delegated the interpretation of the standards to independent certifying agencies hired by farm and agribusiness operators. Many of the largest certifiers (California Certified Organic Farmers, Quality Assurance International, Oregon Tilth, and others) have adopted the most liberal interpretations of the organic standards. Some of these lax interpretations have been challenged as illegal.

In order for consumers to trust and benefit from the organic label on dairy products, the standards for organic dairy production must have a straightforward and uniform interpretation.

The organic dairy industry is still considered one of the big success stories in contemporary agriculture.⁶ Consid-

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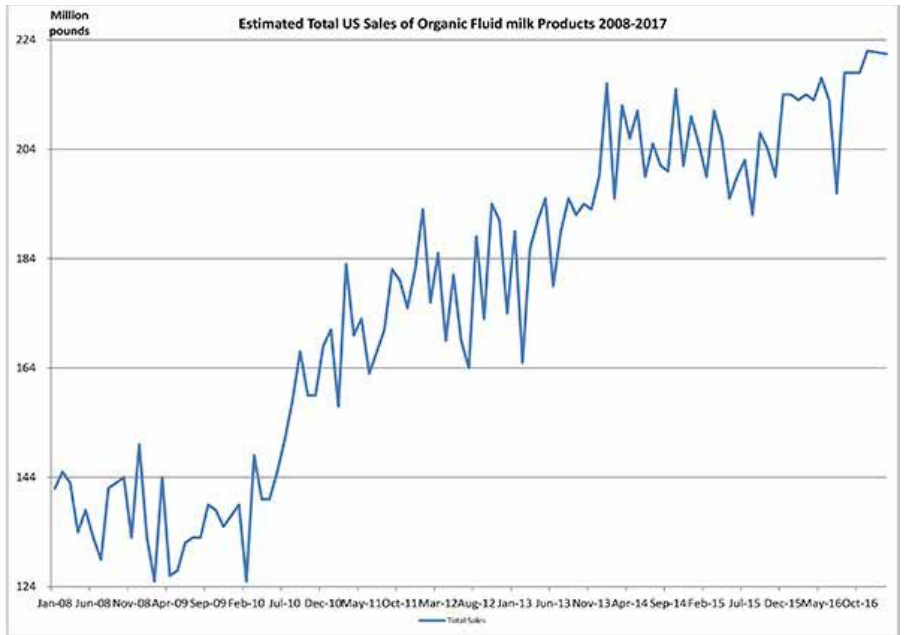


Figure 1. Estimated total US sales of Organic Fluid milk Products, 2008-2017. Note that a surplus gives buyers more leverage on pay price. For more charts, see nodpa.com/feed_payprice_update_032317.shtml

ering the market's tendencies in the past, sales of organic fluid milk more than tripled between 2007 and 2015, while sales of conventional (non-organic) fluid milk declined.⁷ In fact, there was a gradual but steady increase in demand for all organic dairy products between 2005 and 2015.^{8,9,10}

2017 bought change to these trends, however. At the end of 2017, new data was released showing organic milk sales had declined 2% in part because of a consumer shift toward plant-based beverages.¹¹ According to the USDA, retail prices for organic whole milk in December were down in a majority of the cities they surveyed, while rising or remaining unchanged in the remainder of surveyed cities (compared to January 2017).¹²

* The Environmental Protection Agency defines "CAFOs" as an agricultural enterprise with more than 1,000 animal units (an animal unit equates to 700 dairy cows) confined on site for more than 45 days during the year.

Since the creation of federal organic standards in the early 1990s, farmers that make the sometimes difficult transition to organic have been rewarded by being able to sell their products for a premium price. This premium covers the additional expenses required to be organic and provides these farmers with a stable income (although in some recent years profitability has been worse on some organic farms than conventional).

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Organic dairy farmers still enjoy greater pricing consistency than other commodity producers; however, a current surplus of organic milk, primarily driven by industrial sources, is now putting dramatic downward pressure on farm-gate prices. This downward pressure is also, in some cases, placing farmers on quotas that can create profound economic stress. This industrial organic milk not only undermines the livelihoods of family-scale farms, it also damages authentic organic producers by sowing the seeds of distrust among consumers. If consumers are unable to trust the organic label, the market security that has allowed ethical farmers to bring in a living wage could disappear.

What is the USDA's view of the rising industrialization of organic dairy? Unfortunately, the federal agency is largely silent on the subject. Most serious allegations of improprieties are redirected by the USDA for investigation to the organic certifiers that, in some cases, appear to be co-conspirators in violations of the organic standards. In other cases, the USDA and certifiers suggest that serious violations are an aberration in the industry. Meanwhile, factory farm dairies are producing an increasingly large percentage of organic milk.¹³

If this troubling trend is not stopped, the organic dairy market that originally tossed a lifeline to small and medium-scale producers, may push those same producers out of business. This is what happened in the conventional milk market; the organic dairy market would do well to heed this lesson.

This report illustrates how the success of organic dairy is threatened by lax regulators and industrial agricultural interests, and why it is essential for consumers to support organic dairy products that are produced with integrity.

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With this report's accompanying Organic Dairy Scorecard, Cornucopia showcases brands that partner with family-scale farmers from across the country who supply truly ethical organic dairy products that are worthy of the conscientious consumer's support. The new scorecard covers organic dairy farms and brands not previously rated by Cornucopia, and it includes expanded scoring criteria that highlight the best beyond organic practices discussed in this report, such as:

- The percentage of grass in a cow's diet;
- How much pasture is available for grazing;
- The level of control a brand has over its milk supply; and,
- How the farmer suppliers expand their milking herd (some are bringing in conventional cows).

The scorecard also helps consumers find products with specific attributes they may desire, such as 100% grass-fed or dairies that use soy-free feed. The ratings help consumers separate brands that meet the spirit and letter of the law from industry scofflaws and profiteers.

Importantly, the scorecard ratings also spotlight family-scale organic farmstead dairies, in every region, that go beyond organic, making it easy for consumers to vote for integrity with their family's food dollars.

When we make informed decisions about the products we choose to consume, whole markets—and perhaps the planet—can be changed for the better.

CORNUCOPIA'S ORGANIC DAIRY SCORECARD

5 COWS: TOP-RATED—BEYOND ORGANIC

This category of producers represents the “gold standard” in dairy production. Producers in this top tier manage diverse small-to-medium-scale family farms. They emphasize well-managed pasture. Pasture and other forage makes up the majority, sometimes even 100%, of their animals’ feed.

These brands generally sell locally or regionally under their farm’s name, mostly through farmers markets, food cooperatives, and independently owned food stores. Many of these brands also grow most of their own feed. The majority practice superior use of manure as fertilizer and naturally control crop pests and weeds through rotations and cover crops. These brands also have “closed herds”—raising their own replacements from the young animals born on the farm.

Top-rated producers deserve accolades for going *beyond organic*. Some long-time practitioners would argue that this is the essence of true organic farming.

4 COWS: EXCELLENT—COMMITMENT TO GRAZING

Producers in this category provide ample pasture for their animals and make a credible effort to encourage natural behaviors. These brands may get milk or feed from outside sources that are certified organic. If multiple farms produce the milk for a brand, the management has close oversight and control over the practices of those farms. Dairy products from these brands come from animals that have been raised organically, at least since the last third of gestation, even if animals were purchased off-farm.

3 COWS: VERY GOOD—COMPLYING WITH MINIMUM USDA STANDARDS

Brands with a 3-cow rating are meeting the standards to qualify for legal organic status. Many are good choices for consumers. All producers in this category appear committed to meeting at least the minimum pasture requirement. In this category, replacement animals may be purchased from outside sources, sometimes from conventional management where calves have received antibiotics and young cattle might have been fed conventional and/or GMO grains.

2 COWS: FAIR—COMPLIANCE WITH FEDERAL STANDARDS IS NOT CLEAR

These brands represent industrial-scale operations or others with outstanding questions regarding their compliance with USDA organic regulations. Private-label dairy products often fall into this category because they may be getting all, or some, of their milk from factory-farm sources. These brands may have a lack of control over their milk supply due to reduced oversight at the farms that supply their milk. None of the 2-cow rated brands was willing to participate in Cornucopia’s research.

1 COW: INDUSTRIAL ORGANICS

Brands with a 1-cow rating generally depend on industrial-scale dairy operations, some milking thousands of cows each, that almost universally skirt or misrepresent the pasture requirements. No producers in this category were willing to participate in Cornucopia’s study. Transparency is a hallmark of the organic food movement, and Cornucopia believes it is essential that producers remain open with their customers to maintain the confidence consumers have in the organic seal. At a minimum, these operations are not following the spirit of the organic label. Generally, private-label products fall into this category because of their lack of transparency and the fact that most get some of their milk from factory-farm sources.

Where Cornucopia’s investigation has found that producers may not be meeting the federally set minimum requirements for pasturing—allowing animals to exhibit their natural behaviors, or other elements of the organic requirements—a 1-cow rating has been applied. We have shared what information we have available on these operations and, when appropriate, have filed formal legal complaints with the USDA.

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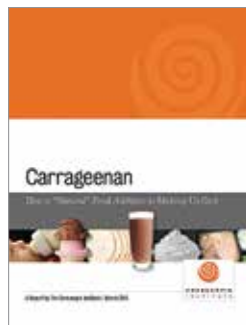
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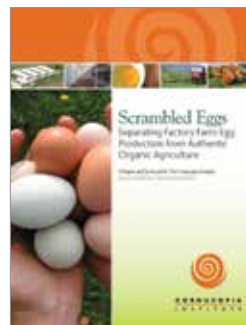
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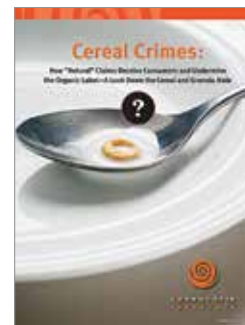
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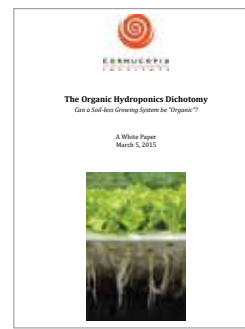
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THE CORNUCOPIA INSTITUTE is engaged in research and educational activities supporting the ecological principles and economic wisdom underlying sustainable and organic agriculture. Through research and investigations on agricultural and food issues, The Cornucopia Institute provides needed information to family farmers, consumers, stakeholders involved in the good food movement, and the media.

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