5.2% Organic dairy growth offers premiums, challenges

Progressive Dairymen Editor: Dave Notzke

The USDA’s latest Certified Organic Survey showed signs of a growing organic dairy industry—but one facing challenges.

The 2015 USDA survey was the fourth organic production and practices survey (previous surveys were in 2001, 2008 and 2014) on a national level. Volume and value of certified organic sales were up slightly in 2015, but the number of organic U.S. dairy herds and cows declined.

Milk again represented the lion’s share of U.S. dairy product sales in 2015. Sales volume was estimated at 232.2 billion pounds the year before. At $17.17 billion, the gross value of 2015 milk sales was up 8.3 percent.

Part of the stagnation in 2015 may be attributed to the types of herds surveyed. The 2014 survey also included “captive” herds, those meeting organic standards but with annual sales of less than $5,000 and exempt from USDA certification fees. The 2015 survey did not include that designation.

Additionally, many organic dairy producers faced production and economic challenges in 2015. Driven by poor pasture quality and high feed prices, milk supply shortfalls—not a decline in demand—limited organic sales growth throughout the year.

**Individual states**

Three states—Wisconsin, New York and Pennsylvania—were home to nearly one-half the certified organic dairy herds in the U.S. in 2015. However, California retained the crown for having the most cows producing certified organic milk.

**2016 a different story**

Organic certifiers from New York to Georgia and Texas to Idaho told Progressive Dairymen that interest in organic dairy and forage certification has grown substantially in 2016. With conventional milk prices in a prolonged slump, year-long contracts provided organic producers a more stable price, yielding regional organic premiums between $16 and $25 per hundredweight over conventional milk.

Better weather and processor efforts to increase the number of organic dairy producers and the amount of organic milk produced paid dividends. January-August 2016 total organic milk production was up 5.5 percent from the year prior.

Increased supplies are creating increased forage prices. The USDA National Agricultural Statistics Service reported that total forage production in the U.S. for 2015 was up 5.5 percent from the year prior.

**Data withheld to prevent disclosure of information from single operations or businesses.**