RIDING *THE* ORGANIC WAVE

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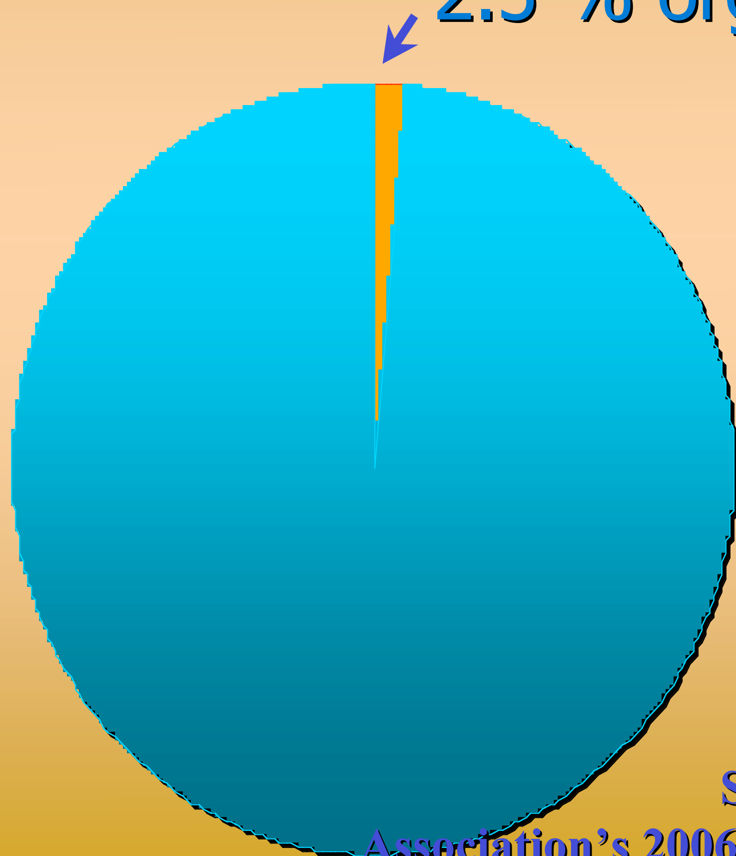
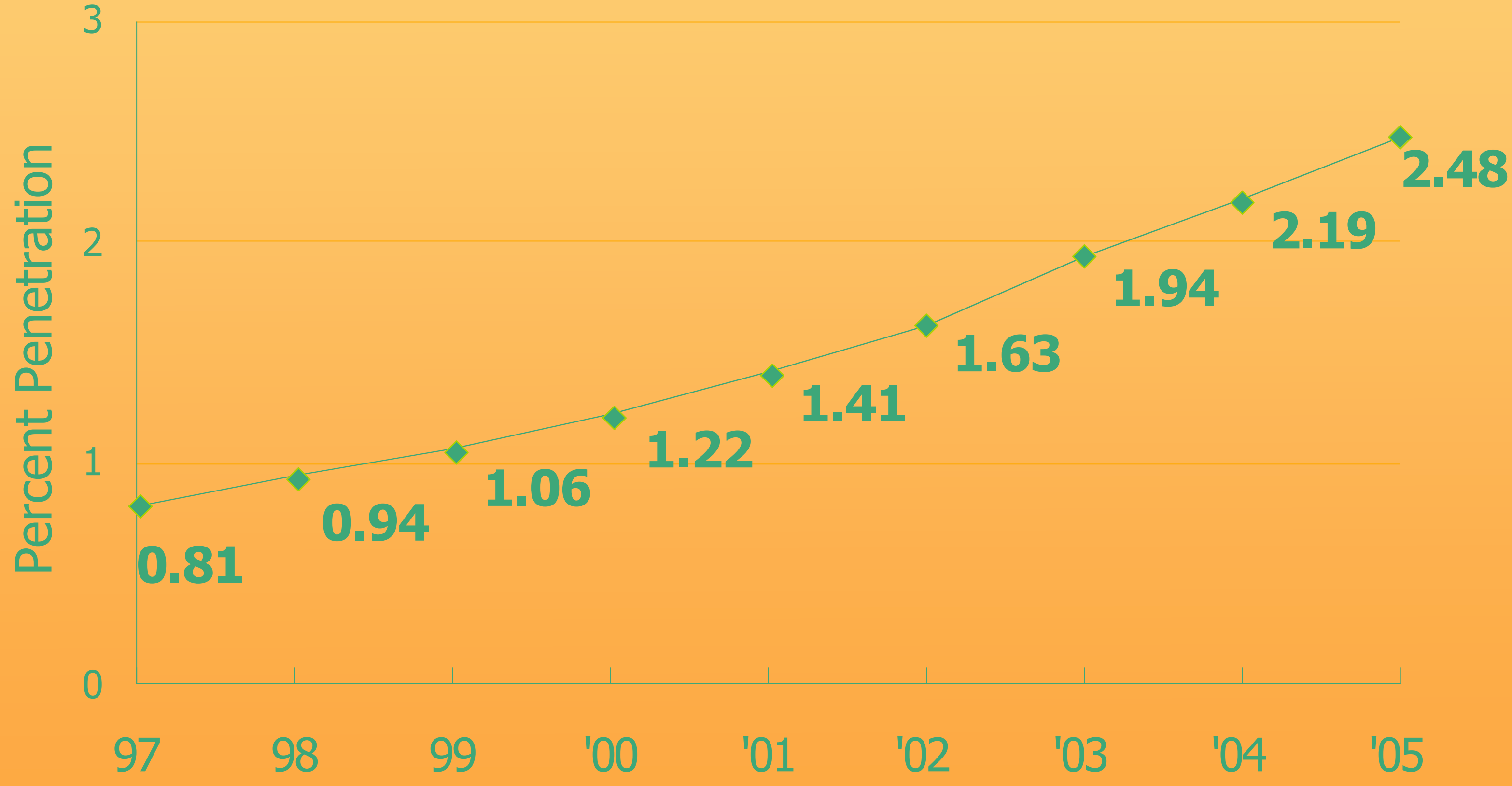
$556 BILLION US FOOD MARKET *in* 2005



Source: Organic Trade Association's 2006 Manufacturer Survey

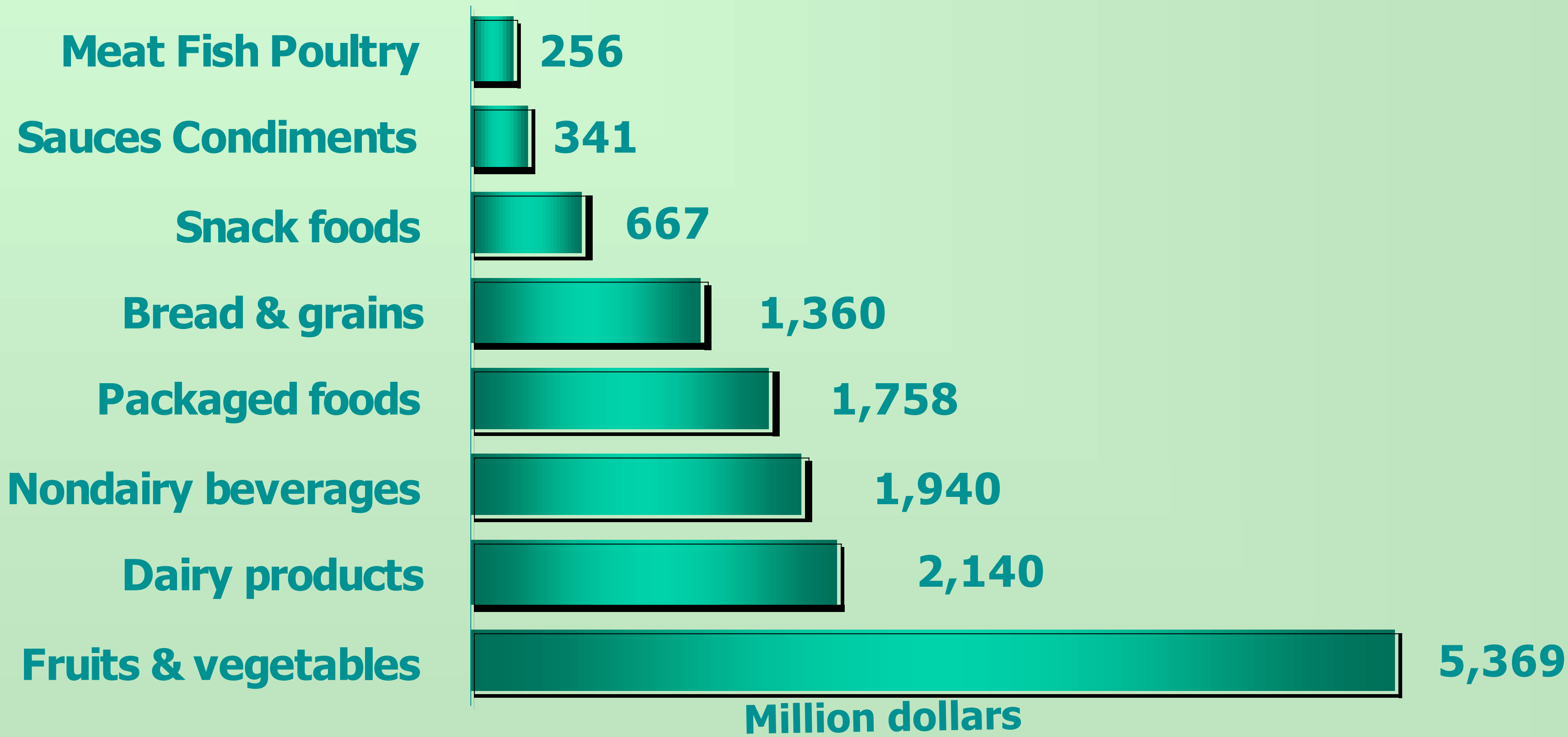
US ORGANIC FOODS PENETRATION 1997 - 2005



Source: Organic Trade Association's 2006 Manufacturer Survey

US Retail Sales of Organic Food

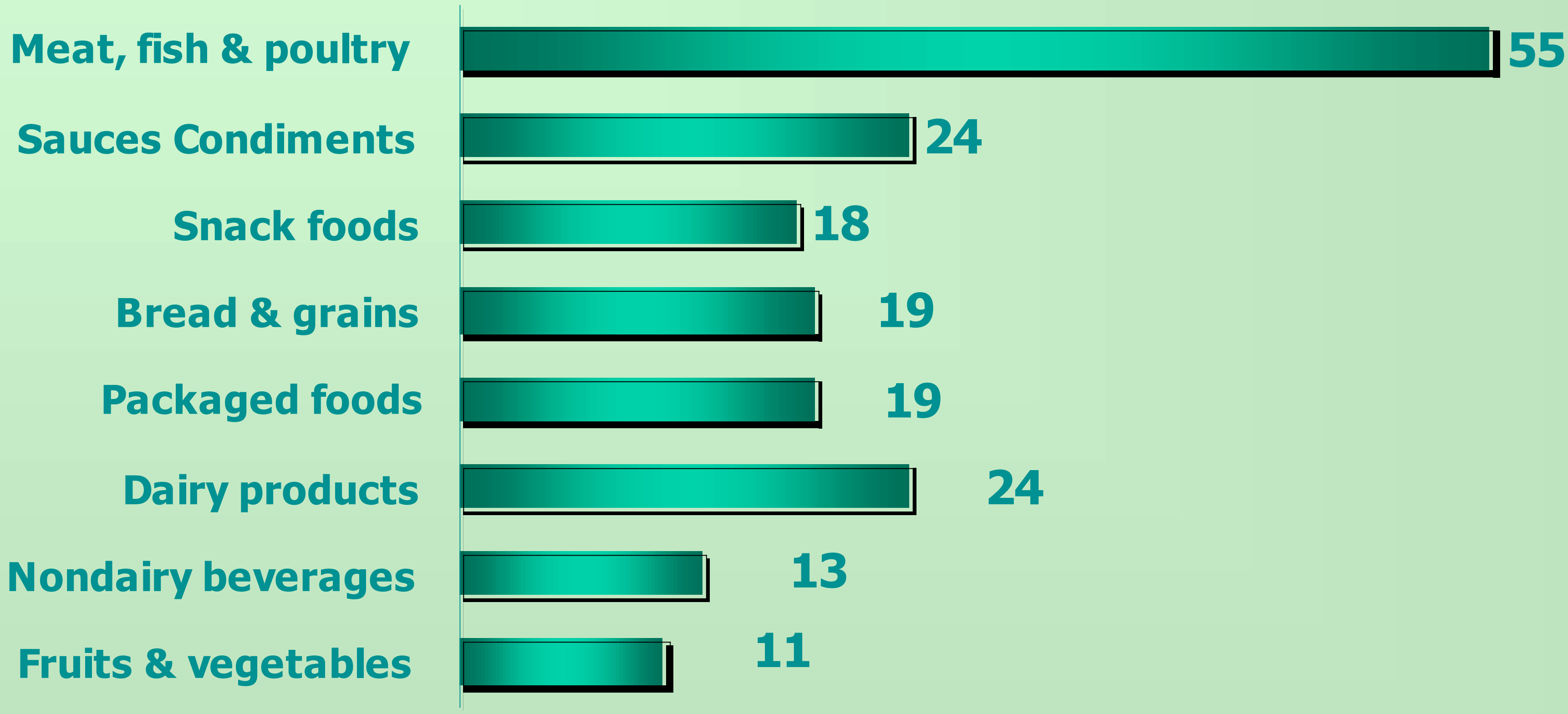
$13.8 Billion in 2006



Source: Organic Trade Association's 2006 Manufacturer Survey

US RETAIL SALES OF ORGANIC FOOD

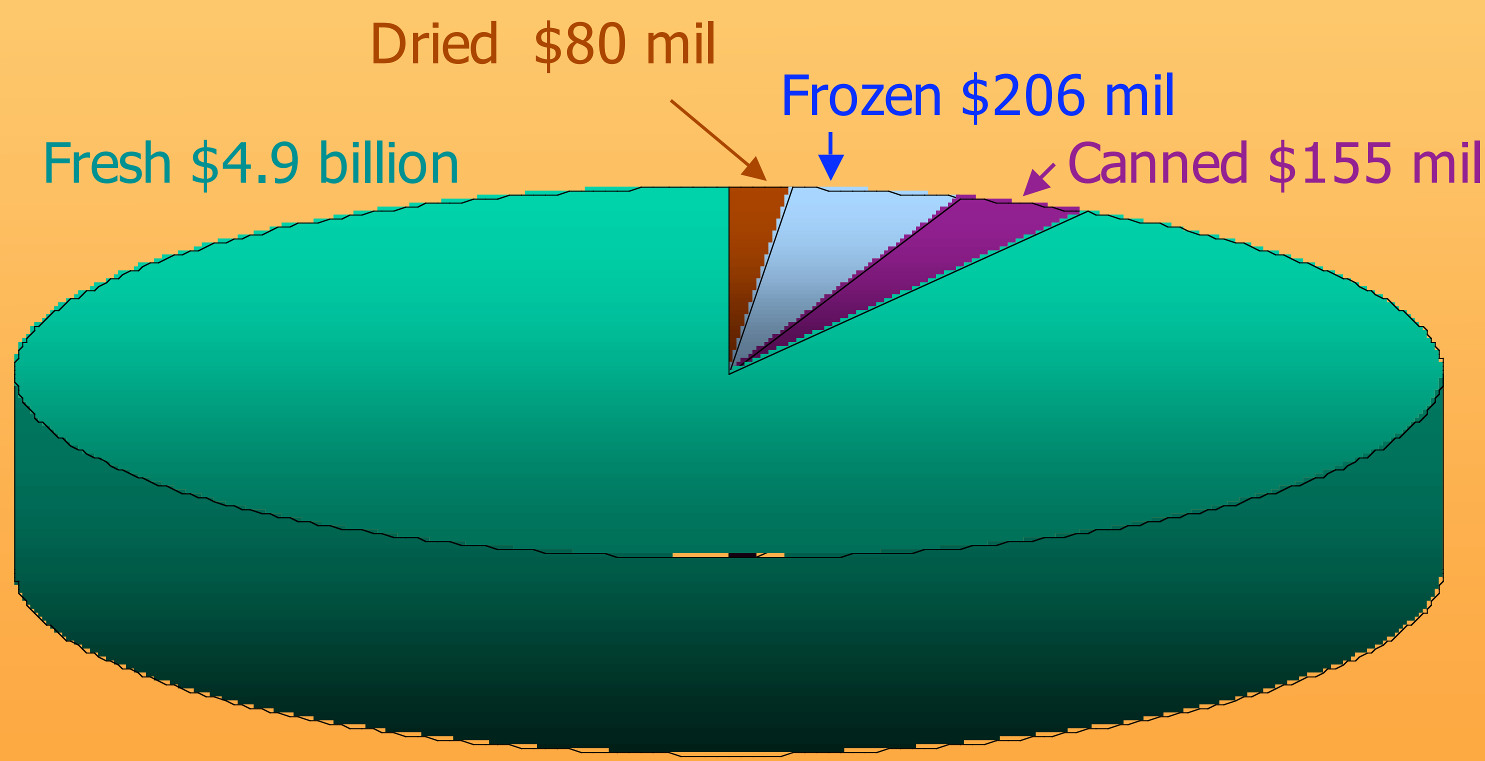
Per Cent Growth in 2006



Source: Organic Trade Association's 2006 Manufacturer Survey

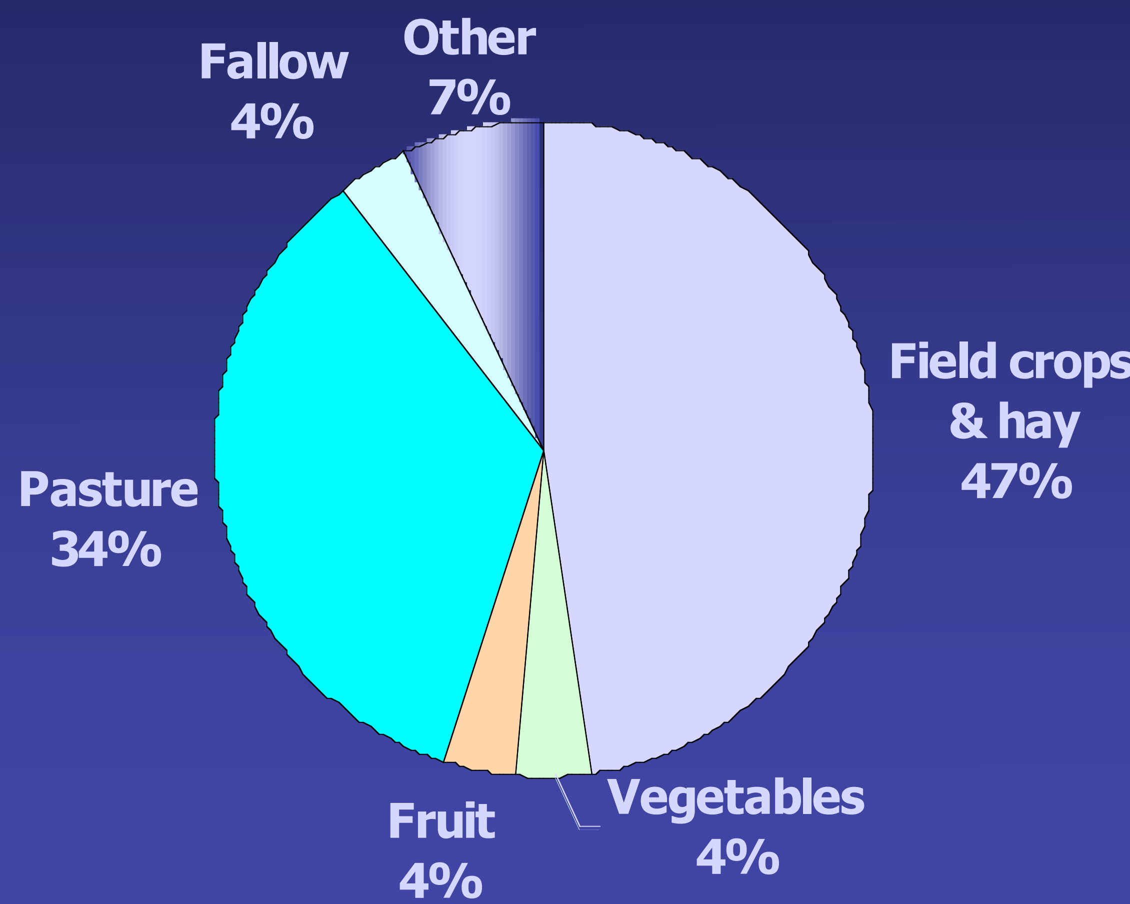
US ORGANIC FRUIT *and* VEGETABLES

$5.4 billion in retail sales - 2006



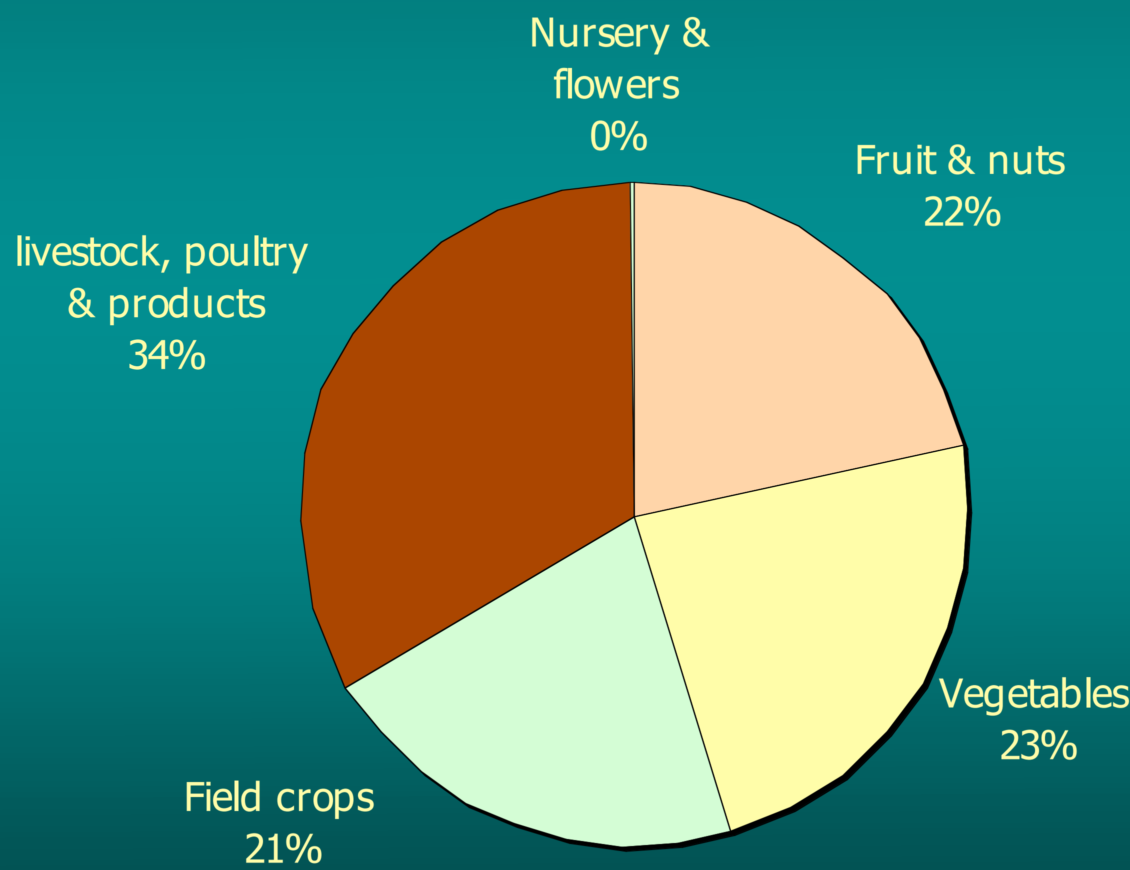
Source: Organic Trade Association's 2006 Manufacturer Survey

US CERTIFIED ORGANIC ACREAGE *by* CATEGORY, 2003



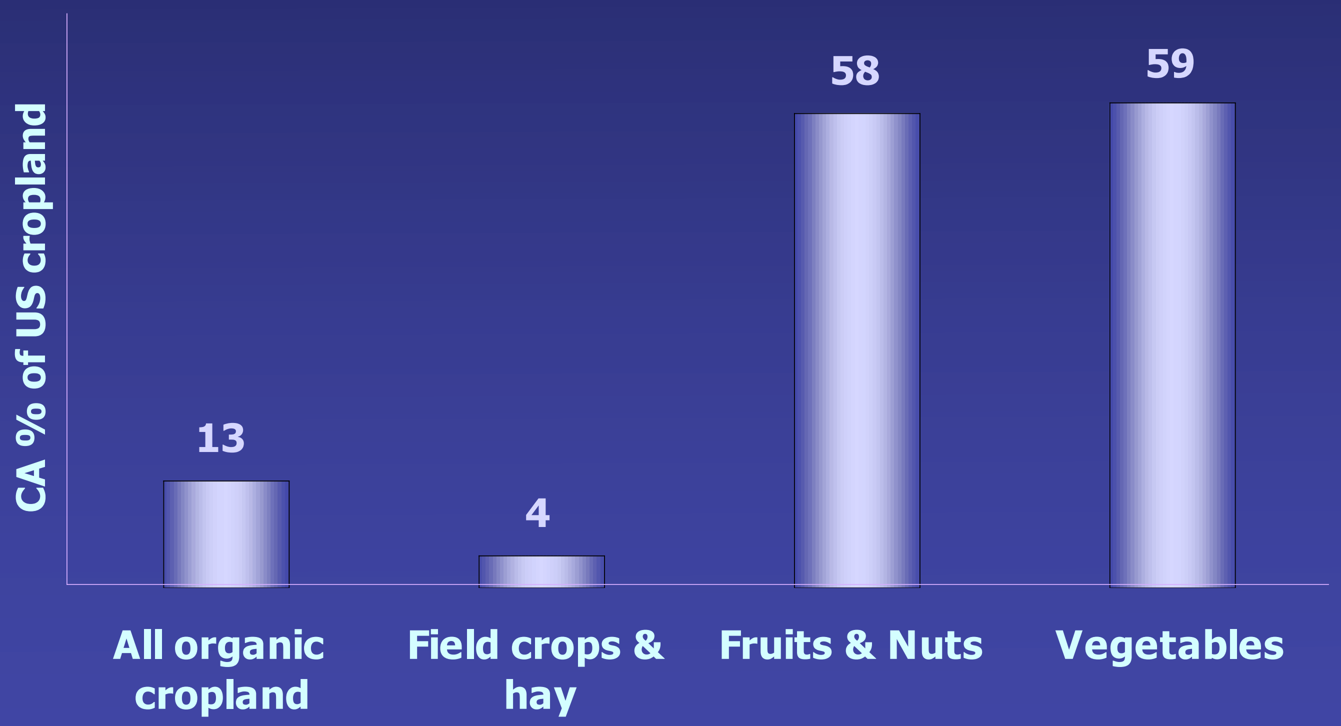
Source: Economic Research Service, USDA

ACRES OF CA ORGANIC COMMODITIES 2005 –194,907 ACRES



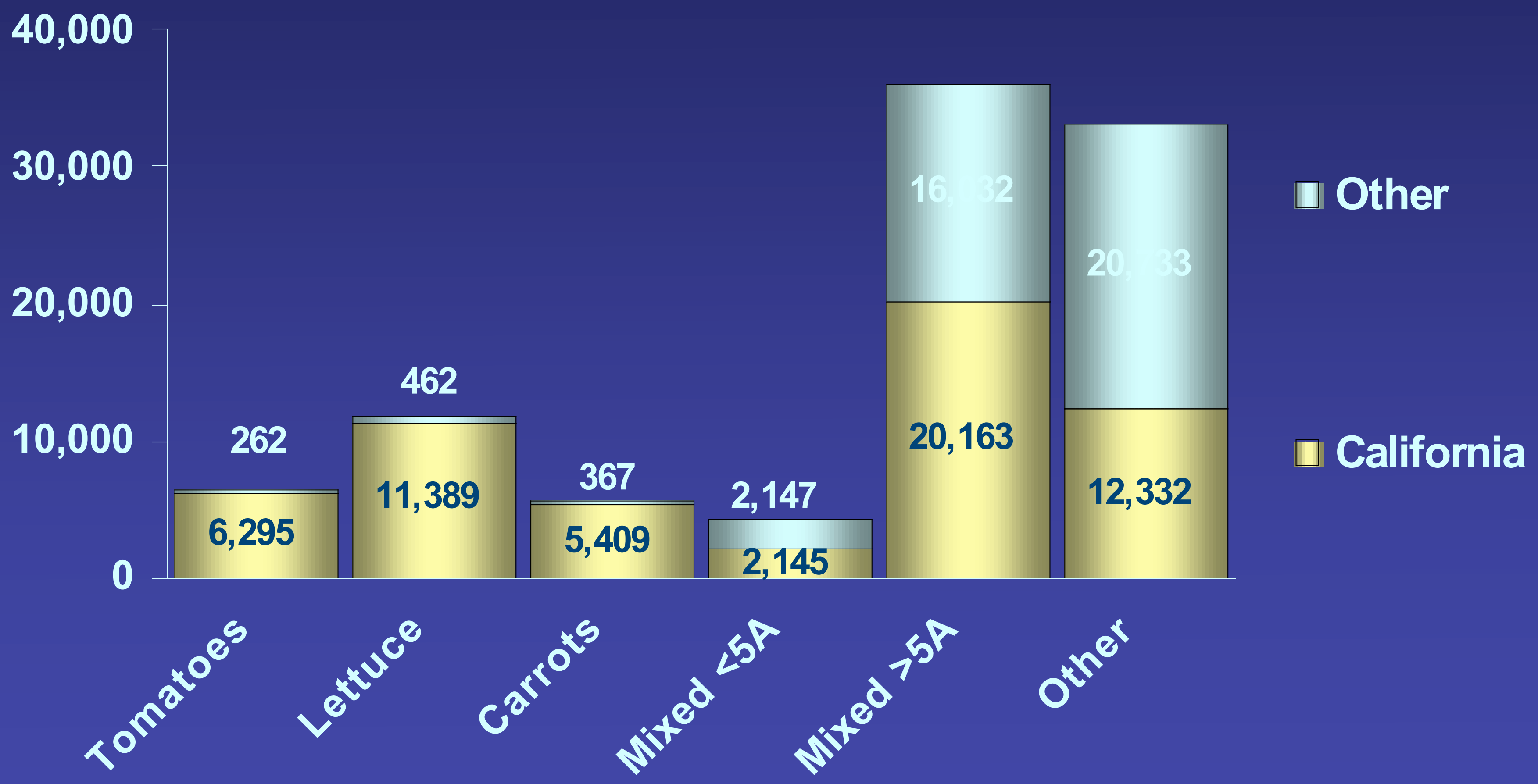
Source: CDFA Organic Program

CA PERCENTAGE *of* US CERTIFIED ORGANIC CROPLAND, 2005



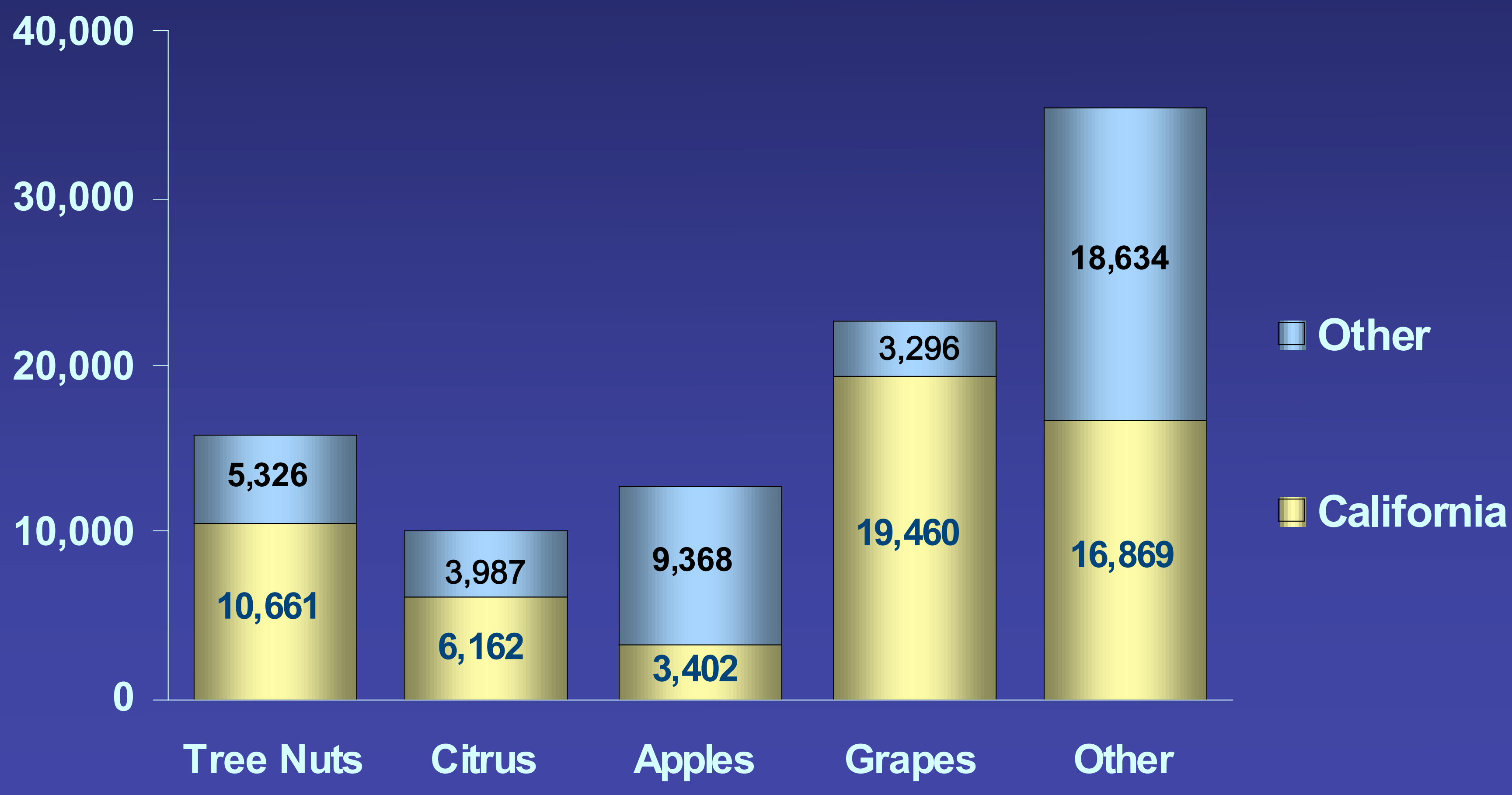
Source: Economic Research Service, USDA

US CERTIFIED ORGANIC VEGETABLE ACREAGE *by* STATE, 2005



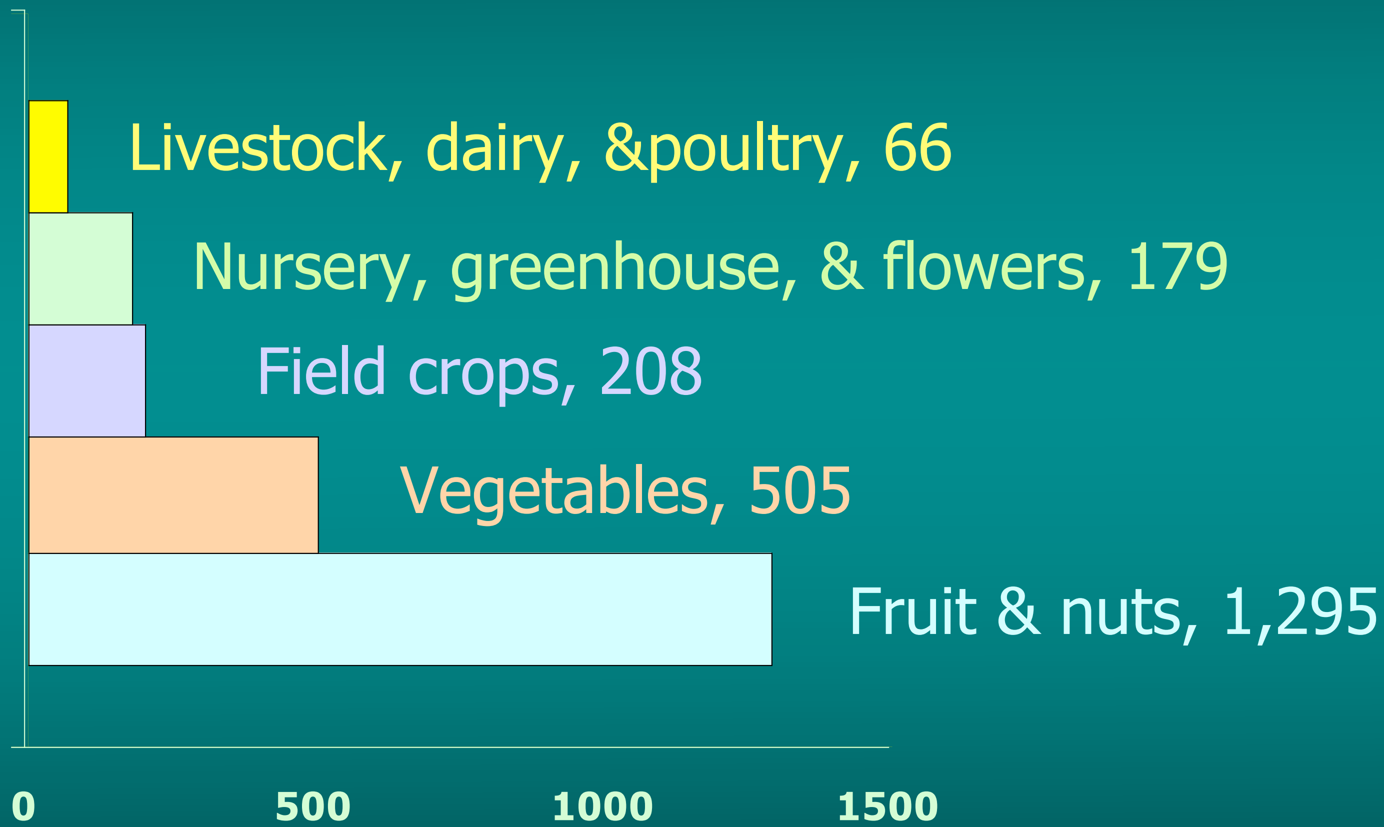
Source: Economic Research Service, USDA

US CERTIFIED ORGANIC FRUIT *and* NUT ACREAGE *by* STATE, 2005



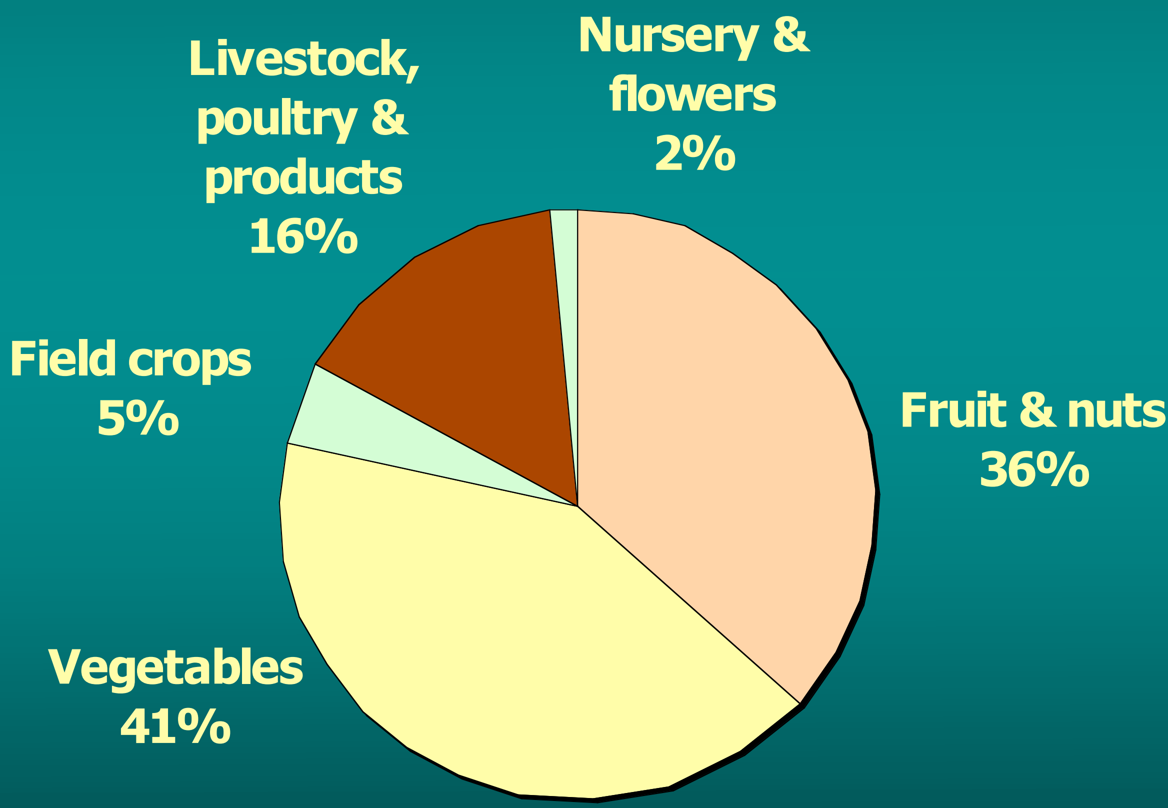
Source: Economic Research Service, USDA

CA ORGANIC GROWERS 2005 – 1,815



Source: CDFA Organic Program

CA Organic Sales 2005
$530 Million



Source: CDFA Organic Program

CA ORGANIC *AND* CONVENTIONAL SALES - 2005

Commodity Group	% of all CA sales	% of CA organic sales	Organic as % of CA sales
Field crops	9%	5%	1%
Fruit and nut crops	30	37	2
Nursery, greenhouse & floriculture	10	2	.2
Vegetable crops	23	41	3
Livestock, poultry, and products	27	16	1

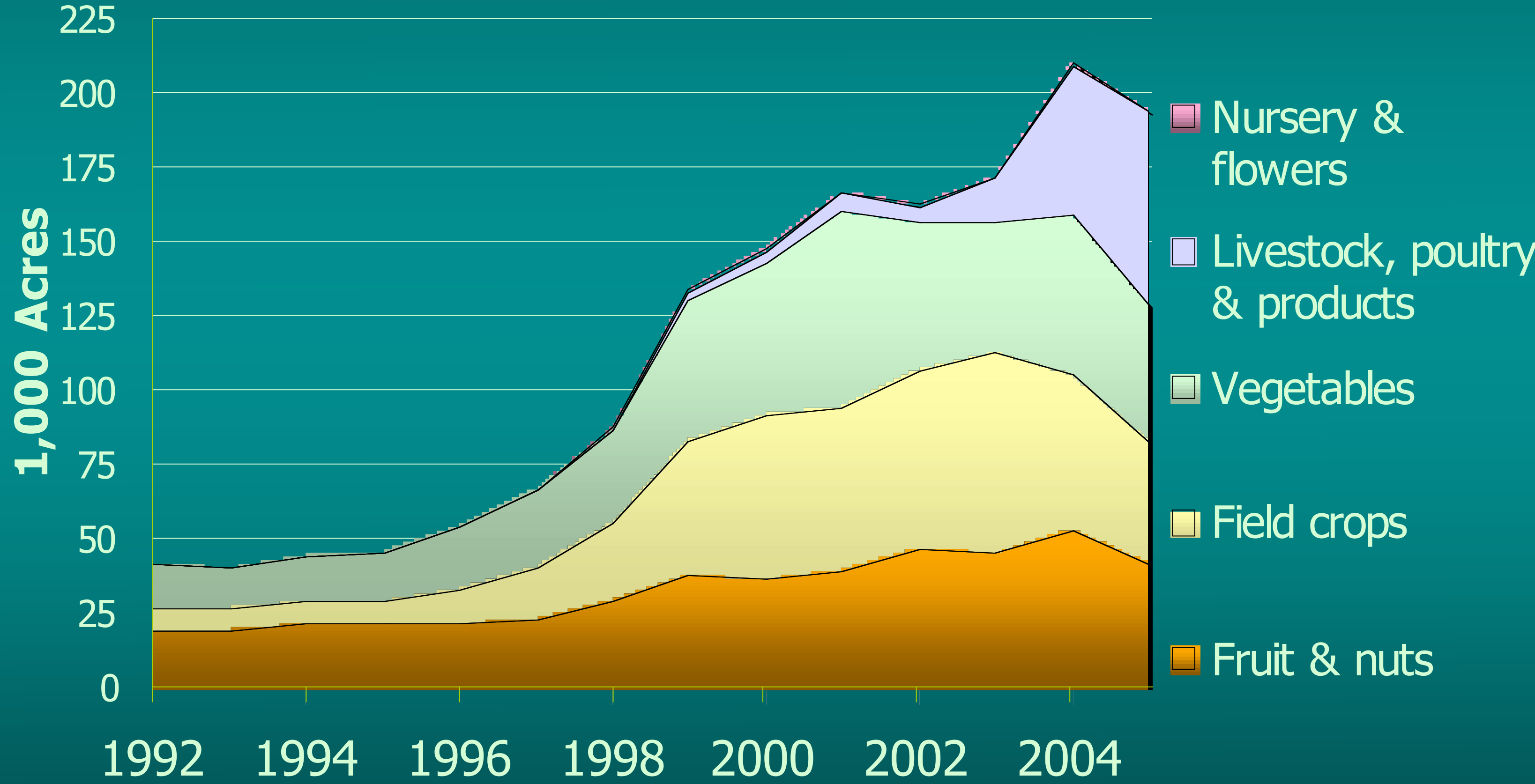
Sales of Top 10 Organic Commodities, CA 2005

Rank	Commodity	Number of Growers	Acres	Sales
1	Salad mix	87	8,895	$39,184,000
2	Cattle	17	14,504	38,171,000
3	Walnut	159	4,018	31,882,000
4	Strawberry	112	1,406	25,141,000
5	Carrots	133	3,092	24,858,000
6	Table Grapes	75	2,830	24,648,000
7	Lettuce, all	173	4,362	19,223,000
8	Wine grapes	138	6,781	18,424,000
9	Spinach	121	3,321	17,155,000
10	Chicken – meat	3	3	14,452,000

SALES *of* TOP ORGANIC COMMODITIES, CA 2005

Rank	Commodity	Number of Growers	Acres	Sales
11	Dairy	12	2,512	$12,324,000
12	Layer hens	41	445	12,057,000
13	Rice	70	14,475	11,531,000
14	Almond	75	3,470	11,252,000
15	Raisin grapes	53	4,445	10,657,000
16	Broccoli	143	2,997	10,253,000
17	Raspberry	56	332	9,718,033
18	Avocado	179	1,876	8,134,000
19	Tomato – fresh	231	668	7,480,000
20	Tomato–processing	29	4,173	7,372,000

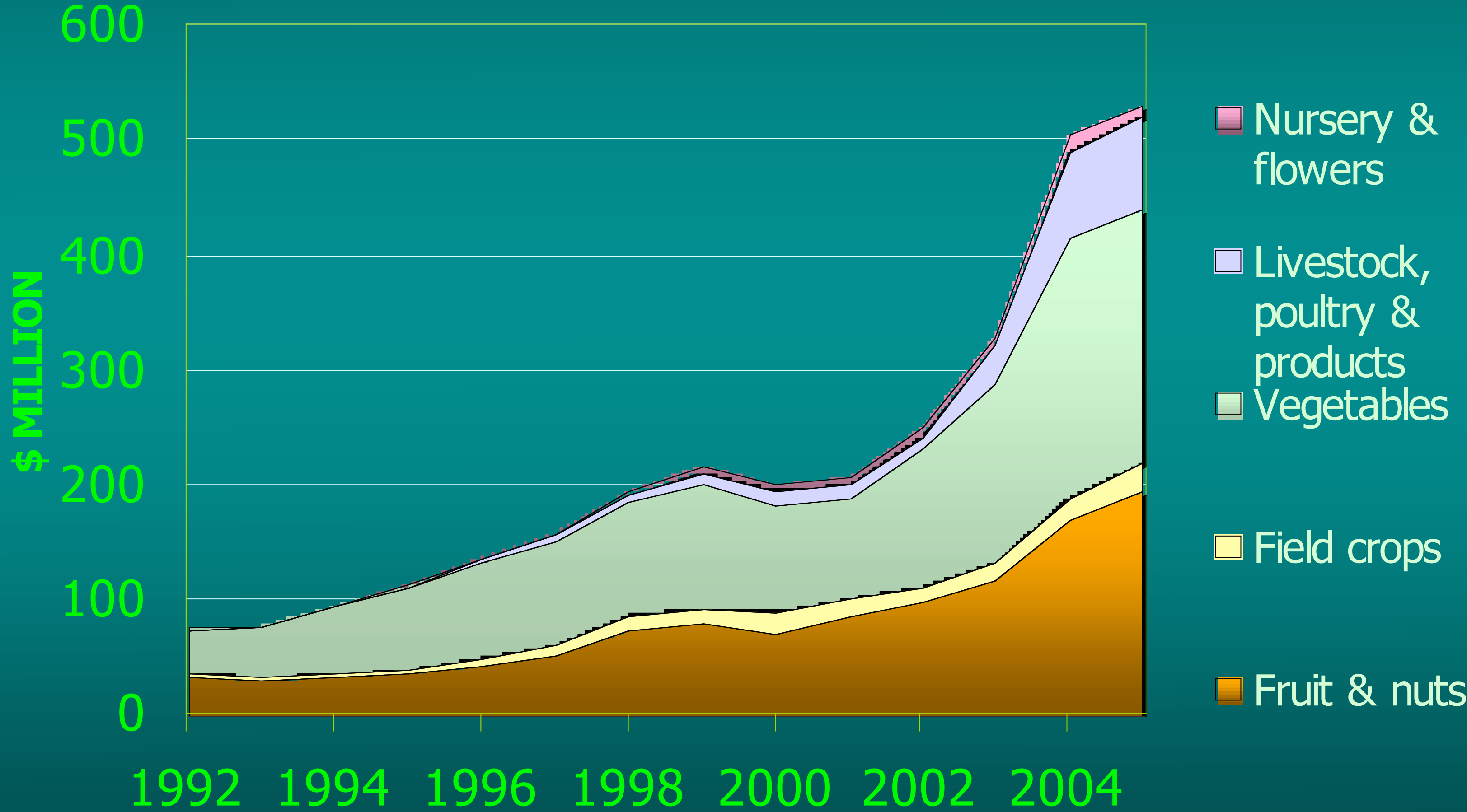
CA ORGANIC ACREAGE
194,907 ACRES in 2005



Source: CDFA Organic Program

CA ORGANIC SALES

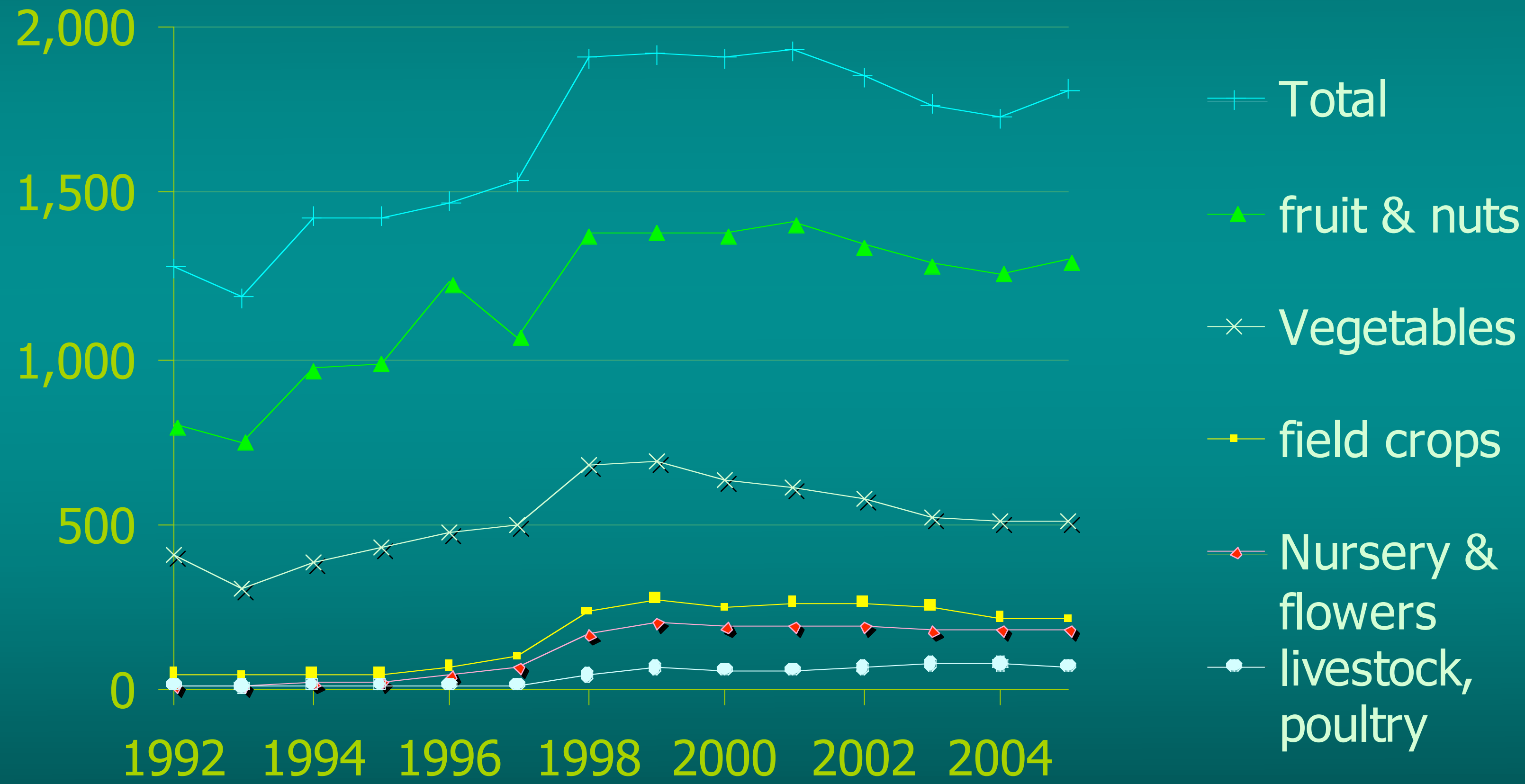
$530 MILLION in 2005



Source: CDFA Organic Program

NUMBER OF CA ORGANIC GROWERS

2005 – 1,815 GROWERS*

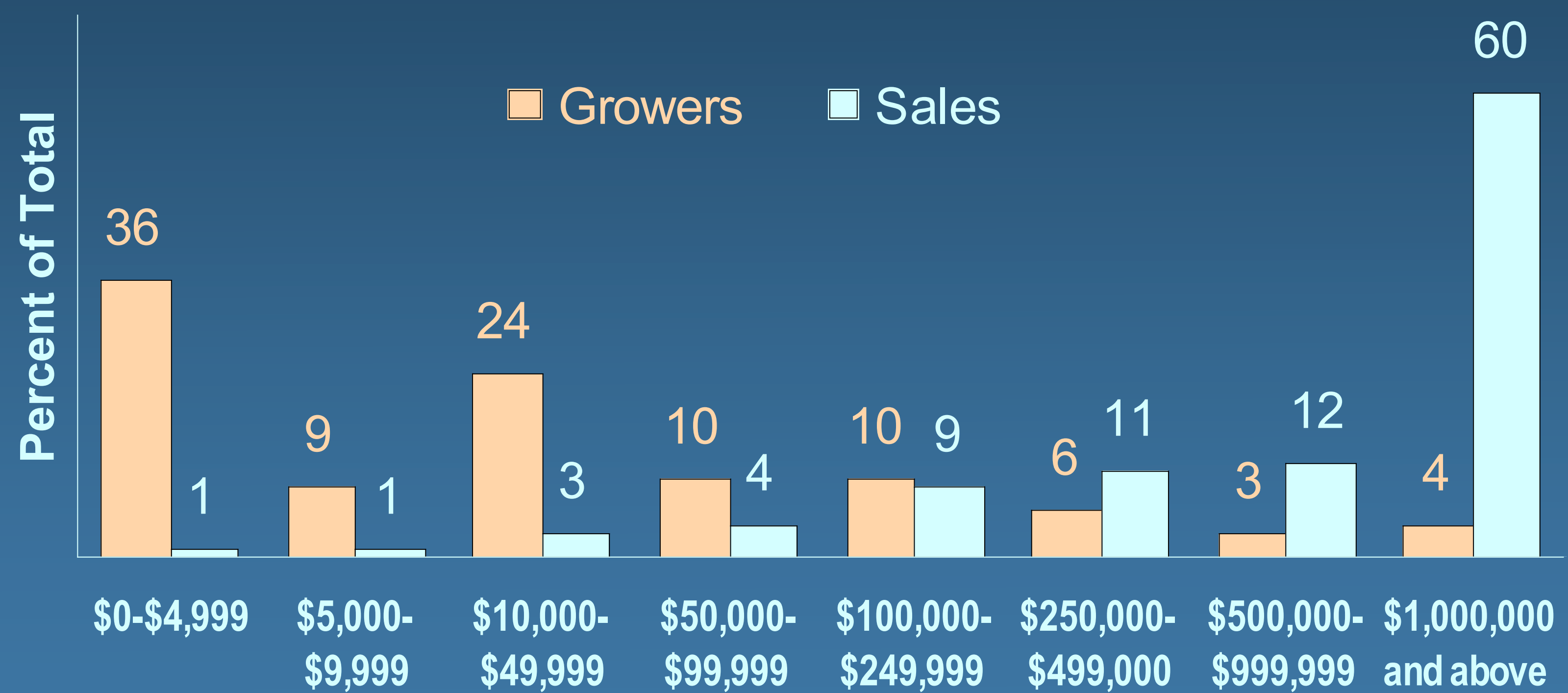


*** Excludes registered growers reporting no sales** Source: CDFA Organic Program

CASCADE - SIERRA ORGANIC AG 2005

County	Growers	Acres	Sales
Modoc	6	2,513	$574,000
Shasta	15	524	637,000
Trinity	7	32	62,000
Plumas	4	3,000	59,000
Tehama	12	943	1,474,000
Siskiyou	24	16,333	3,264,000

INCOME CONCENTRATION *in* CA ORGANIC AG, 2003



OVERALL TRENDS

- Organic sales in CA are growing at double digit rates without an increase in the number of growers.
- Vegetable crops and fruits dominate.
- Livestock and poultry sales are now growing at a faster rate than produce.

ORGANIC ISSUES

- Production
- Marketing
- Price
- Regulatory
- Management

Production Issues

- Poor quality/high rates of unmarketable product
- Weed related yield losses
- Pest and disease related losses
- Fertility related losses
- Access to technical assistance & info
- Labor not available

Marketing Issues

- Could not find organic market
- Could not supply enough volume for customer(s)
- Could not find enough customers to absorb production
- Problems with handler/wholesaler

PRICE ISSUES

- Price premiums too low
- Premiums only available for part of the season
- Premiums only available for part of production
- Price too inconsistent
- Lack of organic price information

Regulatory Issues

- Certification costs
- Too much paperwork
- Difficulty finding a certifier
- Difficult to meet regulatory requirements
- Lost certification

Management Issues

- Field management too time consuming
- Marketing too time consuming
- Labor management too time consuming
- Access to credit difficult
- Difficulty in learning new methods

UCCE COST & RETURN STUDIES http://coststudies.ucdavis.edu

- Narrative describing production practices
- Costs of production by operation including details of labor, materials, and equipment use
- Monthly cash flow
- Equipment list
- Ranging analysis of net returns over costs at varying prices and yields

ORGANIC COST AND RETURN STUDIES AVAILABLE

Commodity	Location	Year
Almonds	San Joaquin Valley	2002
Apples	Central and North Coasts	1994
Beef	Lake and Mendocino	2005
Broccoli	Central Coast	2004
Grapes / Wine	Napa and Sonoma	2005
Grapes / Raisins	San Joaquin Valley	1997

ORGANIC COST AND RETURN STUDIES AVAILABLE cont.

Commodity	Location	Year
Lemons	South Coast	1997
Lettuce	Central Coast	2004
Oranges	South Coast	1997
Rice	Sacramento Valley	1992
Strawberries	Central Coast	2003
Tomatoes	Sacramento Valley	1994
Walnuts	Sacramento Valley	1994