



## A healthy, growing industry

# Organic foods

Once seen as a niche category confined to farmers markets and health food stores, organic foods have hit the mainstream. While the sector has experienced its challenges along the way, a number of healthy developments suggest the future of organic foods is bright.

Statistically, the Canadian organic food market has grown at least 20 per cent annually for the past several years. Today, total sales in Canada are estimated at \$2 billion a year, with 41 per cent in conventional grocery stores.

"Organic food is reaching a critical mass in the marketplace, and the growth trends show it's not going away," says Matthew Holmes, managing director of the Organic Trade Association (OTA) in Canada. "And with this year's launch of federally regulated organic standards, the stage is set for greater consumer confidence in certified organic foods and further growth in demand."

Fresh vegetables and fruits are the most popular consumer choice, accounting for approximately 38 per cent of organic foods sold in grocery stores. The Canadian marketplace is also seeing growth in

pre-packaged organic products and organic dairy.

A number of factors are driving more consumers to buy organic foods, say industry experts, including the benefits of chemical-free and sustainable farming and a desire among Canadians to support smaller producers. The organic standards' commitment to animal welfare is another motivator.

According to a 2008 survey of organic food consumers by the OTA in Canada and the Canadian Organic Growers (COG) however, their primary reason for choosing organic was "Family health," with concern for the environment ranking a close second.

Gary Hirshberg is CEO of Stonyfield Farm, a leading manufacturer of organic yogurt that operates in partnership with Danone Canada. Evidence of the health benefits of organic food is increasing, says Mr. Hirshberg, and consumers are paying attention.

"At long last, we are getting some clinical data that incontrovertibly shows that you can get closer to balanced diets with organic foods," he says. "And consumers are now hearing medical experts say that omega-3 fatty acids

and antioxidants in food can help protect against disease, and it's proven that these are present in higher levels in organics."

Mr. Hirshberg agrees that environmental concerns are another key motivator. "It was the environment that drew me to the organic business. I was studying climate change and discovered there is an enormous carbon footprint to conventional agriculture, and that organic production offers environmental advantages."

The Canadian industry sees a wealth of opportunity in the expanding demand for organic, but hurdles remain. Even though more Canadian producers are moving to organic – with certified organic farms in the country reaching a record high of 3,782 in 2007 – Canadian demand for organic food is far outpacing the domestic supply.

For example, even though business is brisk for local producers such as Stonyfield Farm, which in its case has seen sales double annually for the past several years, Canada still relies on imports to meet up to 80 per cent of domestic demand for organic foods.

"As distributors of organic products in Canada, we

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would like to see more Canadian product on the market," says Roger Eacock, president of the SunOpta Distribution Group. SunOpta, a Canadian company, is one of the largest organic food companies in the world. Its annual revenues total \$1 billion, half from sales of organic products. "We purchase locally wherever we can, but we have to import to meet consumer demand," Mr. Eacock says. "At the same time, we want to help our domestic sector reach its potential, so we provide transitional support to Canadian growers to

bridge from conventional to organic production."

Canada is also in the early stages of developing new standards for non-food organic products, such as personal care and natural health products and textiles, and eventually the government will need to also regulate these products to assure consumers there is only one "organic" in the marketplace. This will create further opportunities for growth, says Mr. Eacock.

Beyond Canada's borders, the global marketplace awaits. Canada is a strong exporter of organic grains and

oilseeds, for example, but access to foreign markets has been limited by the lack of organic regulations in this country. Now, Canada and the U.S. have signed an equivalency agreement, and a similar deal with the European Union may be close.

"The U.S. organic sales market is 14 times the size of Canada's, and Europe's is larger," says Mr. Holmes. "Gaining access to those markets will have a huge impact on domestic production, and that means more organic farmers and more environmental benefits here in Canada." ■

## Organic farming and the environment

By Derek Lynch  
Canada Research Chair in Organic Agriculture, Nova Scotia Agricultural College



Statistics Canada's *Human Activity and the Environment* describes the environmental footprint of Canadian farming. Agricultural lands represent roughly 7 per cent of Canada: the same ribbon inhabited by most of our human population and over 500 species of wildlife, many at risk. Unfortunately, viable on-farm habitat shrank by 5 per cent between 1981 and 2001, becoming even less welcoming to wildlife.

Agriculture also contributes to global warming. Close to 9 per cent of Canada's greenhouse gas budget is related to food production, and agricultural greenhouse gas emissions rose 25 per cent between 1990 and 2006. Meanwhile, between 1971 and 2006 fertilizer use increased across the country, with a 381 per cent spike in the Prairie ecozone, while herbicide use jumped 190 per cent between 1970 and 2006.

The increase of intensive agriculture over the past 40 years has greatly expanded the risk and incidence of contamination of surface and ground waters by fertilizers and pesticides. This is happening even though we know that it costs society more to clean up our environment than it costs us to use appropriate soil conservation and environmental practices on-farm.

How can we farm sustainably if most of our farming relies on fossil fuel-based fertilizers? What is the long-term impact of diminished plant, animal, bird and insect diversity both for farming and for the planet? When we shop for groceries, aren't the costs of our agriculture just as important as the price of our food? If the true costs of food production were internalized to include environmental impact, the food we buy in shops today would be significantly more expensive and organic farming would become a bigger part of everyday life.

Scientific evidence shows that organic farming has solutions to these problems. Canada's Organic Standards require that farmers follow fundamental organic principles of environmental sustainability, which promote biodiversity, minimize erosion, recycle renewable resources, decrease pollution and increase soil fertility through non-chemical means.

Organic farming has proven benefits for soil quality, plant and wildlife diversity, reduced energy use and nutrient runoff, and climate change. Organic farms have higher soil organic carbon, which contributes to long-term yield stability and resilience in the face of unusual weather.

Organic farms also appear to harbour more plant species than those in conventional systems, and they have a richness and abundance in birds and insect pollinators. This is significant in a period when colony collapse disorder and other challenges are dramatically reducing bee populations relied upon by all agriculture.

Energy use is lower in organic agriculture. A 12-year Manitoba study found energy use was 50 per cent lower under organic management, while other research has found a 30 per cent reduction in energy inputs.

Studies into various forms of farming have found that no-till and organic methods have the lowest global warming potential. These methods pull carbon out of the atmosphere and "sequester" it back into the soil. Because they avoid the use of fossil fuel-based fertilizers, organic farms also emit less nitrous oxide and other greenhouse gases.

Consumers and policymakers have a responsibility to demand more information about how food is produced and what it costs our environment. We must begin the work of bringing our agricultural and environmental public policy goals together. The role organic farming can play in uniting these two important arenas remains to be seen, but a growing body of scientific research suggests organic farming has much to contribute. ■

*This opinion editorial is based in part on an article published in the Canadian Journal of Plant Science (July 2009).*

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2 A new Canada Organic logo on foods signals the advent of regulations praised by organic food producers.

3 Organics a growing challenge writes Canadian Organic Growers National Director Laura Telford.

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## New regulations building consumer trust, open global markets for producers

A new 'Canada Organic' logo is expected to become a frequent sight on produce bins, store shelves and packages in this country, and it is a symbol that will come with a federal government guarantee, say sources.

The Canadian Food Inspection Agency (CFIA) is now the ultimate authority when it comes to assuring consumers that rigorous and consistent standards were used in

the production and processing of organic food.

Canada's Organic Products Regulations (OPR) took effect June 30, 2009 – making it mandatory for all organic food, beverage and livestock products sold across provincial borders or imported into Canada to be certified to the new Canadian Organic Standards.

"As an industry, we went to the CFIA and asked to be reg-

ulated, which you don't generally see in the food sector," says Matthew Holmes, managing director of the Organic Trade Association (OTA) in Canada.

The Canadian organic sector has had voluntary standards since 1999, but these were not legally binding or enforceable, and there were several different standards based on internationally recognized organic principles.

The organic sector sought a mandatory national standard to give consumers more clarity and confidence, says Mr. Holmes. "It was getting confusing with different standards and logos at play. We wanted consumers to know that everyone is meeting the same requirements."

The regulations require organic food labels to contain specific information (for example, the name of the certifying body and the percentage of organic ingredients). Only certified products containing more than 95 per cent organic ingredients may be labelled as 'organic' and carry the Canada Organic logo. Although the logo is not mandatory, the industry expects it will be widely used – as a strong federal 'seal of approval' that will benefit both consumers and the organic sector.

"A mandatory national standard provides a long-awaited level playing field and everyone stands to gain," says Maureen Kirkpatrick, standards co-ordinator with The Big Carrot Natural Food Market in Toronto. "The consumer is better protected from misleading or false claims, and greater consumer confidence can only lead to growth in the industry."

The other key reason for seeking regulatory oversight was trade. Just as producers from abroad have to meet Canada's organic requirements

Trying to meet different standards internationally can be onerous, but as Canada moved into its mandatory organic regime, it became possible to reach a new deal with the United States.

to sell in this country, Canadian exporters of organic products must meet standards in foreign markets.

Trying to meet different standards internationally can be onerous and limit access, but as Canada moved into its mandatory organic regime, it became possible to reach a new deal with the United States – organic certification in one country is now recognized in the other.

"We breathed a sigh of relief when the Canadians and Americans signed an equivalency agreement," says Steve Cavell, CEO of Canada's Organic Meadow Co-operative Inc., representing over 100 family farms producing organic milk, eggs, grains and oilseeds. "The next most important one is Europe, both as a market and as a source of products that our consumers buy. And then within Canada, we want to see standards in

those provinces that currently don't have them."

Discussions on an equivalency agreement with the European Union are proceeding well, according to Mr. Holmes.

On the provincial front, Quebec and B.C. have mandatory provincial standards for organic food produced and sold within their borders. This leaves a gap in other provinces, where food made and sold within a province isn't covered by federal regulations unless a producer wants to use the Canada Organic logo.

"Most of the organic products we buy have crossed provincial or international borders," Mr. Holmes says. "But we're definitely encouraging all provinces to adopt the federal system, so that we can give consumers clarity and trust in the entire organic market."

### TOP REASONS TO CHOOSE ORGANIC

#### REDUCE THE TOXIC LOAD

Organic farming helps keep harmful synthetic chemicals out of the air, water, soil and our bodies. What's healthy for the world is healthy for you.

#### PROTECT YOUR BABY

We don't yet know how the chemical cocktail of toxins in our world and food chain is affecting our children: do what you can to minimize their exposure.

#### PROMOTE BIODIVERSITY

Organic farms have a greater diversity and abundance of life – both above and below the soil.

#### SLOW GLOBAL WARMING

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bans fossil fuel-based fertilizers; uses 30-50% less energy than other farm systems; and with more organic matter in the soil, organic farms are pulling carbon from the atmosphere back into our soil, where it belongs.

#### SAVE THE FARMERS

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## Organic means more than fresh and wholesome

Buying a jar of Crofter's Organic fruit spreads, made in Parry Sound, Ontario, helps support environmental and social development in Brazil – a link that Crofter's founder Gerhard Latka sees as fundamental to the organic food movement.

"Organic is so much more than lists of prohibited and permitted substances," says Mr. Latka, whose 20-year-old company has become the largest organic jam manufacturer in North America. "Government regulations can't mandate social responsibility and sustainability, but for us and for many consumers these principles are at the heart of organic food."

Crofter's fruit spreads, jams and jellies are made with IBD EcoSocial-certified organic

cane sugar from Brazil's Green Cane Project. This large organic agricultural operation includes environmental enhancement, reforestation and wildlife protection, and provides free health, education and housing programs for employees. Says Mr. Latka, "We care about our product and our supply chain, and we know many organic food consumers want to help build a better community and world with their choices."

Supporting the Canadian family farm is integral to the mission of Organic Meadow, an Ontario-based farmers' co-op producing organic dairy products, eggs and other products. "We know our customers care about the fact that we sustain family farmers and rural communities," says CEO

Steve Cavell. "Organic agriculture began with a spirit of community and a business model based on values, and that's still very much who we are."

Organic Meadow also gives back to the community in other ways; for example, each employee is encouraged to work two paid workdays at a charity.

Organic values are under pressure, Mr. Cavell cautions, as larger corporations more focused on profits enter the organic market. "There's a risk that small farmers and processors may get driven out of the very market they created, but I believe that organic producers can be competitive while still remaining true to the values and social responsibility principles we began with."

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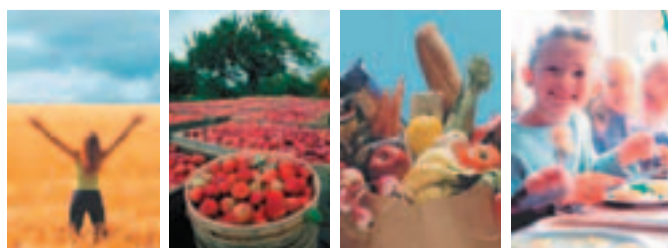
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# Organics, a growing challenge

By Laura Telford, PhD  
National Director  
Canadian Organic Growers



Over the past 10 years that Canadian Organic Growers has tracked growth, organic farming has expanded at an average annual rate of 8 per cent. Contrast this with mainstream agriculture where farms have been disappearing faster than arctic glaciers, with two-thirds eliminated in the past 50 years.

Despite strong growth, Canadian organic production is nowhere close to keeping pace with demand. In 2006, sales of organic foods in Canada grew 28 per cent. 2007 saw a more modest 20 per cent growth rate, but if you consider that much of the food and animal feed raised organically in Canada is destined for the even more overheated organic markets of the U.S. and European Union, we literally have a growing problem.

If there is so much demand, why don't the farmers struggling to make a living in a business with declining economic margins, make the switch to organic given the

fact that organic farming is more profitable? There are several reasons. First, the average Canadian farmer is 52 years old – not exactly the time for a major life change. Then there's the three-year transition period, where land withdraws and recovers from its chemical addiction and the farmer begins to learn a new paradigm that focuses on avoiding crises instead of reacting to them.

During the transition, crop yields can decline, significant investments in soil fertility, equipment and knowledge acquisition may have to be made. Transitioning farmers are not able to charge the organic price premium until they are certified organic, so there is no additional revenue to offset the new costs. But things improve

following transition. Organic farming knowledge, soil fertility and yields improve, costs decline as the farmer gets off the agricultural inputs treadmill and income rises. However, few farmers are prepared to undertake the risky three-year transition without assurance that they can bring their organic products to market at a higher rate, that they have access to technical support to help them battle weeds and pests without chemical backup, and that they can access the infrastructure they need to process their products.

There is no simple fix – the solutions must be as complex as the causes, but the

experience of European Union countries has shown us that market forces alone

will not create the magnitude of change required to shift Canadian agriculture from its

current commodity model to a more environmentally sustainable, bioregionally based food systems approach. Considerable government investment in new organic farmers, infrastructure, skills acquisition and risk mitigation are key components of a much needed national action plan for organic agriculture.

Never has there been a greater opportunity for wide-scale change; Canadian consumers are demanding greater accountability in the food system, there is a pressing need to reduce the environmental footprint of agriculture, and our food security depends on stemming the loss of farmers.



Organic growers are calling for a national action plan to help more farmers make the switch to organic agricultural methods. PHOTO: ISTOCKPHOTO.COM

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## Retailers' role in organic movement rising

Retailers of organic foods are not required to be certified to the new Canadian Organic Standards, but The Big Carrot Natural Food Market in Toronto is among the stores committed to taking that step.

“We believe it is our responsibility to our producers and customers to ensure that the final link in the organic supply chain – the store – preserves the integrity of what came before,” says Maureen Kirkpatrick, standards co-ordinator at The Big Carrot.

The store is already certified by Ecocert Canada to ensure its processing and packaging activities for organic products meet the new federal standard.

Organic agriculture began as a farmers' movement, but retailers are playing an expanding role.

In addition to following standards for storage, handling and record-keeping, The Big Carrot works to tell the organic story. “Consumer education is critical for us as an organic retailer,” says Ms. Kirkpatrick. “Knowledgeable customer service, free lectures and nutritional store tours, as well as in-store product demonstrations, help us promote the benefits of organics.”

Retailers have tremendous power to either promote or marginalize organic products, says Gary Hirshberg, CEO of Stonyfield Farm, a major producer of organic yogurt in the U.S. and Canada. “Our products make up 8 per cent of the U.S. yogurt market but in some grocery chains, we're tracking at 15 or 20 per cent,” he says. “That's because those stores don't put our products in an organic 'ghetto.' They integrate them with the conventional yogurt and we become a real alternative.”

Retailers are also helping to strengthen the sector by coming out with their own private-label organic products – providing a lower-cost option that exposes more consumers to organic.

“Retailers are essential players helping to narrow the market gap between conventional and organic,” says Mr. Hirshberg. “By giving us shelf space and developing their own labels, they are turning stores into classrooms where consumers can become more educated.”

Today, the biggest movers of organic products are the mainstream national retailers, who are responsible for over 40 per cent of Canada's \$2-billion annual organic market.



Mainstream national retailers and specialty chains such as The Big Carrot (above) are playing an expanding role in the organics movement. PHOTO: ISTOCKPHOTO.COM

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