



**Issue Brief**

# Organic and Non-GMO Specialty Grains: Assessing the Impact and Opportunity for Growers

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This is the first in a series of three reports that will highlight U.S. organic production and markets. The reports to follow will focus on the dairy and specialty crop industries.

## ***Organic and Non-GMO Food Sales Accelerating***

American consumers have developed an appetite for organic and non-GMO foods. Their organic food consumption has grown 10+ percent a year for the past decade and now accounts for 5 percent of total U.S. food sales. Recent studies show that 68 percent of Americans have recently bought organic food items and 44 percent have recently bought non-GMO labeled food. So what impact are these trends in food consumption having on U.S. production agriculture?

## ***Non-GMO Acres Growing, but Organic Not Keeping Pace***

With domestic dairy and poultry products among the fastest growing in the organic category, organic feed for these animals is in high demand. But while U.S. production of non-GMO crops is on the rise, domestic organic production is falling well short of demand. Thus, even amidst the oversupply of U.S. GMO corn and soybeans, dairy farmers and chicken growers are importing most of the organic feed that they need.

Organic corn imports into the U.S., for example, more than doubled from 2015 to 2016, and imports accounted for nearly half of the U.S. organic corn supply. (See *Exhibit 1*.) The domestic shortfall was even greater for organic soybeans, with roughly 80 percent of U.S. organic soybeans having to be imported in 2016.

Clearly, U.S. corn and soybean growers are not converting acreage fast enough to satisfy this burgeoning demand for organic feed. But why not?

## ***Imports and Shrinking Premiums***

No doubt many factors are enticing an increasing number of farmers to plant non-GMO crops, but limiting the increase in organic acres. At the top of the list is market premium.

The USDA-AMS reports Midwest farm-gate prices for non-GMO and organic corn and soybeans. Since September 2015, non-GMO farm prices for corn have earned an average 7 percent premium over GMO corn. For soybeans, that premium is closer to 11 percent. Though relatively lean, these non-GMO premiums have garnered interest, mostly from growers looking to diversify their crops and improve returns. These producers benefit from lower input costs, and improved genetics