



August 30, 2021

Mae Wu
Deputy Under Secretary
Marketing and Regulatory Programs
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington D.C. 20250

RE: Investments and Opportunities for Meat and Poultry Processing Infrastructure
Docket No. AMS-TM-21-0058; 86 FR 37728

Dear Deputy Under Secretary Wu:

Thank you for the opportunity for NOFA-NY to provide comments regarding USDA's plans to make significant investments to expand processing capacity and increase competition in meat and poultry processing to make agricultural markets more accessible, fair, competitive, and resilient for American farmers and ranchers.

Founded in 1983, the Northeast Organic Farming Association of New York (NOFA-NY) is the premier statewide organization growing a strong organic agriculture movement in New York State and is part of a regional network of seven Northeast Organic Farming Associations. NOFA-NY provides education and assistance to local organic farmers; connects consumers with organic farmers; advocates policies that support a sustainable and fair food and farm system at both the state and federal levels; and is the largest USDA-accredited organic certifier in New York. NOFA-NY certifies over 1,000 organic operations in the state, about 54% of all New York organic certified operations.

New York State is [a top US producer of organic products](#) ranking third in number of organic farms nationwide, with over 1900 organic certified entities statewide.¹ With one of the biggest marketplaces in the world in the New York City metropolitan region, New York participates in a large portion of the nearly \$62 billion in organic sales nationwide. Total organic farmgate sales in NY in 2019: nearly \$300 million.

As a member of the [National Organic Coalition](#), we support, and in some cases repeat their comments as submitted, below.

¹ <https://www.osc.state.ny.us/reports/economic/agriculture-report-2018.pdf> (September 2018)

As USDA develops the strategy for deploying \$500 million in investments to expand meat and poultry processing capacity, it is important to include organic meat and processing capacity into the plan of action.

Currently, the meat and poultry category is one of the least developed parts of the organic market, in large part because of the challenges associated with processing capacity. Yet, in a recent [Organic Trade Association Survey](#), Meat, poultry & fish, the smallest of the organic categories at \$1.7 billion, had the second highest growth rate of nearly 25 percent.”²

In many ways, there is a circularity problem. The cost and material demands of organic certification can be high for a meat or poultry processing plant, and it’s often not economically feasible for an existing meat or poultry processing plant to become certified until there is proof of a supply of organically produced livestock or poultry to fill the plant. However, it makes no sense for an organic farmer to raise livestock or poultry organically unless they have some assurance of access to processing.

In some cases, smaller-scale farmers do their own on-farm meat or poultry processing. In other cases, they may have access to mobile processing units. In other rare cases, there may be existing conventional meat or poultry processing plants willing to secure organic certification and process the organic product as the first run of the day in order to meet the non-commingling standards required by the organic standards. In even more rare circumstances, such as with Shenandoah Valley Organic, an organic chicken company based in Harrisonburg, Virginia, state financing and a growing supply of organically produced chicken in the area have enabled [the construction of a poultry processing plant](#) dedicated entirely to organic processing.³

In New York, the demand for organic meat in the New York City market alone far outstrips supply from New York farmers. Yet, New York organic livestock farmers are unable to significantly increase their participation in this market because:

- There is a lack of all meat processing plants (organic and otherwise), causing processing appointments to be scheduled way in advance. We have heard from NY farmers that it can take a year, and sometimes up to two years in advance to schedule a slot in a processing plant. The COVID-19 pandemic exacerbated backlogs and put more pressure on small and mid-sized processors as larger plants temporarily closed. Under thinner margins (due to added costs of COVID-19 safety measures), small and mid-sized plants stepped up to feed their communities.
- The drive distance for many New York locations to the few organic processors is so long that it adversely affects the quality of meat (from distressed animals) and takes up an estimated 25% of farmer and ranchers total working hours.⁴ NYS sends around 3000

² <https://ota.com/news/press-releases/21755> (May 2021)

³ <https://www.wattagnet.com/articles/41653-shenandoah-valley-organic-to-build-new-plant-in-virginia> (November 2020)

⁴ https://sustainableagriculture.net/wp-content/uploads/2021/08/2021-NSAC-Infrastructure_Training-Funding-Policy-Briefs.pdf (August, 2021)

dairy cows and 1000 beef animals per week to be butchered. 90% of the dairy cows are processed in Pennsylvania.⁵

- There is little direct assistance (technical and otherwise) for meat processing plants to know what it takes to comply with organic standards, much less have the capacity to comply.
- Especially in the case of cull markets (i.e., organic dairies that look to find a meat processing market for their cull animals), it is easier, more economical, and more efficient for a certified organic dairy to process the meat at a non-organic-certified plant and sell the meat as ‘local’ or ‘NYS’ rather than organic. However, without the organic label, they are limiting their market outlets and are unable to charge the premium organic price.

To address this circularity problem, we recommend the following steps be taken to encourage organic meat and poultry production in tandem with the processing capacity to support the production at all scales.

1. USDA should take actions to offset the cost of annual organic certification for existing meat or poultry plants, to make it financially feasible for them to run organic products through their plants first thing in the mornings, in circumstances where the volume of organic product is not sufficient to supply a plant dedicated exclusively to organic processing.
2. USDA should provide funding for direct technical assistance for meat processing facilities (new or existing) to certify organic. This technical assistance should be offered by nonprofits, educational institutions and other organizations with expertise in organic production.
 - Clear written materials on handling for processors specifically related to meat processing
 - Direct technical assistance with using organic-approved materials for washing and sanitizing facilities
 - Clear guidance as to what is allowed and prohibited in holding organic livestock (overnight), especially as it differs from conventional
3. Funding to create connections between organic farmers and meat processing facilities to develop market push/pull.
 - Focus on scalable solutions, i.e., ensure that small- and mid-sized operations (both producers and processors) are included in these connections
4. USDA should fund feasibility studies about areas of the country where there is demand for organic meat exceeding supply, and where organic meat and poultry production can be incentivized in tandem with the efforts to incentivize the part-time processing capacity to support it.
 - In identified areas, USDA should incentivize the conversion of existing livestock and poultry farms to organic and/or incentivize new or beginning farmers to raise organic livestock or poultry.
 - Incentives should involve a suite of options, including reduced organic certification costs, mentorship opportunities with existing organic farmers with

⁵ Personal communication with Martin Broccoli, Cornell Cooperative Extension Oneida County, August 24, 2021

stipends for both the mentor and mentee, and other financial incentives which do not contribute to oversupply conditions.

- The feasibility studies should identify whether livestock and poultry production in the area can support the construction of a processing plant dedicated entirely to organic, or whether maintaining a viable part-time organic processing capacity for organic production is an appropriate end goal.
5. Cooperative models of organic production and processing should be prioritized to enable farmers to benefit from the profits of the operation.
 6. In no way should organic standards for meat or poultry production or processing be weakened to meet these goals. In fact, standards such as outdoor access and animal welfare standards for organic livestock and poultry production should be strengthened, including through the finalization and implementation of the Organic Livestock and Poultry Practices (OLPP) rule.
 7. USDA should move forward expeditiously with Secretary Vilsack's announced plans to issue a package of three rulemakings to update and strengthen the Packers and Stockyards Act regulations. Ensuring that the underlying livestock and poultry market structures in our nation are fairer and more competitive should go hand-in-hand with USDA's efforts to encourage more diverse and resilient meat and processing capacity.

The federal register notice on this topic asks many detailed questions. While we don't have the capacity or expertise to answer all these questions, we would like to offer our input on the following questions:

1. Should USDA have the ability to block the sale of processing facilities built or invested in through federal funds to large or foreign-owned corporations? What other options should USDA consider in order to prevent new, expanded, and successful facilities from being acquired by the large corporations whose consolidated operations can suffer from bottlenecks and create significant supply chain vulnerabilities?

Yes, if the federal government is providing some or all the capital to build new meat or processing capacity or expand capacity at existing plants, there should be some conditions to determine who is eligible for that assistance. Those plants that receive federal financial assistance should sign a binding agreement to remain independent, and the sale of the plant to a larger meatpacker or poultry company should be prohibited. Allowing such a sale would be an inappropriate subsidy to the large corporation buying the plant and would actually exacerbate the problem that USDA is intending to solve through this effort.

2. If contracts are utilized, should practices like tournament systems that have been found to be prone to anti-competitive abuse be prohibited? Should contracts have at least a portion of the payments to producers be based on wholesale meat prices?

If contracts are used, the use of tournament payment systems, such as those currently used for contract poultry production, should be prohibited. Payments should not be based on factors and inputs that are out of the control of the farmer and in the control of the meatpacker or poultry company. As an alternative example, one fair and objective way of paying for contract poultry or hog production would be for the meatpacker or poultry company to pay growers based on the square footage of the growers' facilities used to grow out the hogs or chickens. For organically

produced animals, those contacts should require meaningful access to the outdoors for the animals.

3. If contract grower relationships are used that require a purpose-built production facility, should contract be required to cover at least the length of the loan term?

If a contract grower relationship is used, the meatpacker or poultry company should be required to provide long-term contract guarantees to the grower, with terms at least as long as the term of the loan used by the farmer to finance the construction of the facilities needed to service the contracts. Farmers should not be put in a position to take out large loans to finance these facilities without a guarantee of their ability to recoup their investments. Currently, it is not uncommon for conventional contract poultry growers to be left with massive, stranded investments if a poultry company cuts them off prior to their facilities being paid off. This is particularly a problem because there are few, if any, viable alternative uses for the poultry houses commonly used for contact poultry production.

NOFA-NY appreciates the opportunity to comment on this Docket regarding Investments and Opportunities for Meat and Poultry Processing Infrastructure. New York State has always had a strong demand for organic local/regional products, including meat, especially in the New York City urban area and its margins, but also throughout the state. During COVID-19, that demand has significantly increased, but producers are basically unable to meet that demand due to a lack of meat and poultry processing plants. There is a significant lack of this infrastructure in non-organic as well as the organic sectors, so any investment must include organic production as well.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Bethany Wallis". The signature is written in a cursive, flowing style.

Bethany Wallis,

Executive Director

