



## **Organic Valley's bottled milk volume jumps 17% in one week**

Organic Valley's farmer-to-farmer model ignores market

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Organic food sales in the U.S. have increased at an average of 18.6 percent a year in the past decade, according to the Organic Trade Association's 2007 Manufacturer Survey.

Organic Valley last month saw a 17 percent jump in the amount of milk it bottled -- in just one week, said Wayne Peters, president of Organic Valley's board of directors and a local dairy farmer.

But the higher demand has brought a new challenge.

As industries such as organic dairy continue to increase their share of the market, the growth rate of organic feed production has lagged.

"To see feed costs skyrocket out of pure market forces, unrelated to cost of production and profitability, is creating havoc," said Lowell Rheinheimer, farm resources manager for Organic Valley. "There's quite a lot of distress over this."

Rheinheimer will discuss the issue and how Organic Valley is responding to it at the Organic Farming Conference, which kicked off Thursday evening at the La Crosse Center.

The event, organized by the Midwest Organic and Sustainable Education Service, is the largest organic farming conference in the country and takes place in a region that has become a national leader in organic farming.

Of 937 farms that produce dairy for Organic Valley, 245 are in Wisconsin. Dairy makes up about 85 percent of the La Farge-based Organic Valley's output.

Nationally, Wisconsin has the second-largest number of organic farms in the country, with Vernon County having the highest proportion by far of any county in the state, said Laura Paine, organic agriculture specialist with the Wisconsin Department of Agriculture, Trade and Consumer Protection.

Peters, a founder of Organic Valley, said he and his sons' Vernon County farm has not been as affected by rising feed prices as others, as they grow about 90 percent of their feed.

But Rheinheimer said the Midwestern model of self-sufficiency is not always possible on the coasts, thus creating the need to purchase more feed.

Rheinheimer also pointed to an increased demand for ethanol -- causing conventional corn prices to go up and a competition for acreage -- as a reason for the organic feed shortage.

In response, Organic Valley has added organic feed crop growers as a new class of membership in its organic farmers cooperative.

While the other classes -- dairy, produce, pork, poultry, beef, egg, juice and soy -- produce products for human consumption, the new pool will for the first time produce for other organic farmers.

"In a lot of ways, we are developing a farmer-to-farmer model that ignores the market," Rheinheimer said. "If growers say, 'Yes, that price is profitable to me,' and our member buyers say, 'Yes, that's affordable to me,' we don't really care what the market says."

Rheinheimer was on the East Coast this week recruiting members for the new program. He said if it's a good model, it could expand like the dairy program, which began as seven farmers in 1988.

"A good part of the motivation here is to provide the same kind of stable marketing opportunities to feed crop growers that our livestock producers have enjoyed for the last 20 years," he said.