



# Food Entrepreneurship Series

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## Organic Foods

Over time, organic foods have gained a larger market segment of the food industry, and many large retailers now sell organic foods. This offers opportunities for producers, processors, and retailers who want to take advantage of this expanded market. However, entrepreneurs must be aware of the rules and regulations governing organic foods.

### What Is Organic?

**Organic** is a term that defines the way the food is grown and processed. Organic foods are grown and manufactured according to standards set by the National Organic Program (see next section). Farmers who produce organic foods emphasize the use of renewable resources and the conservation of soil and water. Specifically, organic food is produced without using most conventional and synthetic pesticides and fertilizers, including sewage sludge, and without adding synthetic ingredients. Foods cannot be labeled organic if they are produced from genetically modified organisms or are irradiated. Organic meat, poultry, eggs, and dairy products come from animals that are given no antibiotics or growth hormones. In addition, the organic product must be identified and traceable from its origin through processing. Commingling of organic and non-organic substances is not allowed during processing, storage, or transport.

### National Organic Program

The National Organic Program (NOP) is an agency of the U.S. Department of Agriculture



(USDA) Agricultural Marketing Service, which sets marketing standards for all agricultural products. The NOP oversees the National (Organic) Rule, which is the 2001 legislation that allows for consistent standards and labeling of organic food products.



USDA-accredited certifying agents ensure that the standards specified by the National Organic Program are being met by the food production methods, ingredients, and processing facilities of organic foods. Written records and documentation must be maintained for all organic food processes. Inspections are conducted annually for all organic facilities. Visit the NOP website ([www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/)) to obtain:

- a list of USDA-accredited certifying agents
- the National List of Allowed and Prohibited Substances for use in organic foods
- organic regulations
- additional resources

### Indiana Certified Organic

Indiana Certified Organic is the only accredited certifying agent in the state of Indiana. Certification applications for farmers, livestock producers, and food processors who wish to produce organic foods are available at [www.indianacertifiedorganic.com](http://www.indianacertifiedorganic.com). All operations must be certified organic in order to label products as organic with one exception.

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Operations that sell \$5,000 or less in organic agricultural products are exempt from certification. Although these small farms and businesses are exempt from certification, they must still comply with the national standards for organic products in order to label their products as organic.

### Organic Production and Handling Standards

The methods, ingredients, and other materials used in the production of organic products must comply with the provisions of the Organic Foods Production Act of 1990. The NOP website ([www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/)) details the production and handling standards for organic products. For example, retail food establishments that sell organically produced agricultural products do not need to be certified. However, land

on which organic crops grow must have no prohibited substances applied for at least three years before harvest of an organic crop. In addition to meeting requirements for organic certification, organic food must be produced in a sanitary manner, similar to non-organic food. The organic processing facilities and products must comply with all state and federal food-safety regulations.

### Labeling of Organic Food Products

The National Organic Program has defined four categories of organic products and labeling regulations for each category (see table and photo below). These labeling regulations ensure that organic food producers market their products accurately.

In addition, each organically produced ingredient in a product must be identified as such in the ingredi-

Label wording on front of package	Requirements	May display the USDA Organic Seal on package
<i>100% Organic</i>	Foods containing only organic ingredients and processing aids	Yes
<i>Organic</i>	Foods containing 95% or more organic ingredients and a maximum of 5% approved nonorganic ingredients	Yes
<i>Made with Organic Ingredients</i> (can list up to 3 organic ingredients)	Foods containing 70% or more organic ingredients	No
<i>None</i> (can only include "organic" wording in list of ingredients)	Foods containing less than 70% organic ingredients	No

Source: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3004446&acct=nopgeninfo>



The sample cereal boxes above illustrate the four labeling categories for foods that contain organic products. From left: cereal with 100 percent organic ingredients; cereal with 95–100 percent organic ingredients; cereal made with 70–95 percent organic ingredients (the fine print on the label says “Made with Organic Oats, Raisins, and Dates”); and cereal with less than 70 percent organic ingredients. The makers of the cereal with less than 70 percent organic ingredients may list specific organically produced ingredients on the information panel of the box, but they may not make any organic claims on the front of the box. Photo by USDA Agriculture Marketing Service

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ent statement. While foods containing less than 70 percent organic ingredients cannot display “organic” on the front of the package, producers can—and must—still identify organic ingredients in the ingredient statement.

In addition, the information panel must include the name of the accredited certifying agent of the final product.

### References

U.S. Department of Agriculture National Organic Program, [www.ams.usda.gov/nop/](http://www.ams.usda.gov/nop/)

Indiana Certified Organic,  
[www.indianacertifiedorganic.com](http://www.indianacertifiedorganic.com)

***For more information, please refer to other publications in the Food Entrepreneurship Series:***

**FS-15-W**, Food Preservation Methods

**FS-16-W**, Regulations for Indiana Food Processing

**FS-17-W**, Using an Approved Kitchen to Prepare Food for Sale

**FS-18-W**, Using a Home Kitchen to Prepare Food for Sale

All of these publications are available at the ***Purdue Extension Education Store***,  
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