

*In 2005, Georgia SARE facilitated the formation of a group to study the feasibility of promoting organic peanuts in Georgia. This group, consisting of Dr. Mark Boudreau, recipient of a SARE R&E grant for organic peanut production, the Georgia extension peanut specialist, ARS researchers and farmers produced this one-page document. This document was circulated to legislators, Georgia Department of Agriculture, the governor, and the Peanut Commission to generate support for research and infrastructure for organic peanut production in Georgia.*

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## **Opportunities for Georgia in the Organic Peanut Market**

The current market for organic peanuts is rapidly increasing. Sunland Peanut Company in New Mexico, the largest organic peanut processor in the U.S., processed 10 million lbs of organic peanuts in 2004 and had to turn down orders for 5 million lbs because the supply was not available. Beginning with just 500,000 lbs in 1995, the average growth rate for the organic sector at Sunland has been over 45% per year. This rate of expansion is expected to continue as large mainstream manufacturers add organic peanut products to their lines.

Organic peanut production in our state will compliment conventional peanut production and establish an additional economically viable alternative that may keep some growers in business, especially small acreage farmers. Using a conservative estimate of 20% per year growth, the average growth rate of the organic industry over the past 12 years, the organic peanut industry will require

- 93 million lbs of peanuts in 10 years and
- nearly ¼ billion in 15 years

This demand will support (assuming 2000 lb/A yields)

- 46,000 acres of production in 10 years (7% of GA peanut acreage in 2004) and
- 115,000 acres in 15 years (19% of GA peanut acreage in 2004).

Premiums are high for organic peanuts. This year, a South Carolina grower contracted a price of \$1/lb for shelled runner-type peanuts (approximately \$0.50/lb of farmer stock). At this price, organic producers could gross

- \$1000/A with 2000 lb yields and
- \$1500/A with 3000 lb yields (which is not inconceivable with current genotypes).

Comparable grosses with conventional production at \$0.20/lb would require yields of 5000-7500 lbs/A, which are only achievable by our best growers.

What is needed to capture this opportunity? A commitment to the industry.

Although some peanut processing companies have expressed interest, there is currently no infrastructure for shelling and processing organic peanuts in Georgia or the southeast. This is a major limiting factor for growers who are considering organic peanut production and clearly a risky venture for processors without the local supply. In addition, research is needed to develop economically viable production practices that meet the requirements for organic certification. Some examples of critical research needs are 1) to develop practical weed, disease, and insect management practices, 2) to improve seed germination rates without seed fungicide treatments, and 3) to develop alternative organic cash crops that can be grown in rotation with peanut (rotations of 3 or more years are required for organic certification).