



Michigan Department of Agriculture

Agriculture Development Division

**Annual Report
Fiscal Year 2007**

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Agriculture Development Division Mission:

The Agriculture Development Division, through innovative partnerships, delivers expertise and leadership to ensure the success of Michigan's Food and Agriculture Economy.

The Agriculture Development Division of the Michigan Department of Agriculture (MDA) assists the Michigan food and agriculture industry in developing new and enhanced domestic and international markets for Michigan food and agricultural products. It also serves as a catalyst in expanding value-added agriculture initiatives, facilitating economic development on farms, food processing firms and agribusinesses to attract, expand or retain jobs and capital investment with Michigan's food and agriculture industry. It also encourages agri-energy development as well as educational efforts to foster energy efficiency and renewable energy development. These activities support job retention and creation in the agri-food sector throughout the State and contribute to Michigan's economy.

Michigan's Agri-Food Sector

In January 2008, Michigan State University reported that the value of the agri-food sector of the Michigan economy has increased by over \$3 billion since 2005 and is now estimated to contribute \$63.7 billion to the state's economy.

Agriculture Development Division Initiatives

A communications plan for the Division was developed in August 2007 for Fiscal Year 2008. Division programs were featured in 35 MDA news releases during 2007. Division staff met for strategic and workload planning in October 2007 and revised its mission statement. The session was valuable in the exchange of information and ideas between program areas.

Programs housed within the Division have goals and objectives specific to statutory and funding guidelines.

Agriculture Innovation Program Grants

MDA was appropriated \$5 million through the 21st Century Jobs Fund in November 2005 to develop a competitive grant program – the “Agricultural Innovation Program” – also known as the Julian-Stille Value-Added Agriculture Program. This is intended to help accelerate the growth of Michigan’s food and agriculture industry. This program establishes, retains, expands, attracts or develops value-added agricultural processing and production operations in Michigan through innovative financing assistance to processors, agri-businesses, producers, local units of government and legislatively-authorized commodity boards in Michigan. In October of 2006, MDA announced the funding of 40 grant projects totaling \$4.7 million in 27 Michigan’s counties. These are expected to yield 267 new jobs and \$43 million in new capital investment. Nearly 20 percent of projects were completed in 2007.

Agricultural Tourism

MDA offered a searchable database of more than 300 Michigan farm markets, farmer’s markets, u-pick farms and other agricultural tourism operations at www.michigan.gov/mda-upick. Remaining printed copies of the **2006-07 Michigan Farm Market, U-Pick & Agricultural Tourism Directory** were distributed in bulk quantities and individual copies distributed at trade shows and consumer events. The Directory provides a useful listing of many Michigan farm markets, farmers’ markets, u-pick operations and other agricultural- tourism entities.



Michigan Agricultural Tourism Advisory Commission

Agricultural tourism businesses were encouraged to provide more information about agricultural tourism activities in Michigan on MDA’s calendar of upcoming events, at www.michigan.gov/agtourism and through Travel Michigan’s website at www.michigan.org.

- MDA supported the efforts of the Michigan Apple Committee in boosting awareness of the state’s largest fruit crop with its Summer 2007 “Check In To Michigan Apples” campaign at hotels, motels and other agri-tourism establishments. The MDA U-Pick Directory was also promoted. These promotional efforts help retain hundreds of jobs in both the Michigan apple industry and tourism industry.

During 2007, MDA’s Agriculture Development Division published the **Michigan Agricultural Tourism Advisory Commission’s Final Report** and *Model Zoning Ordinance/Guidebook*. The commission was established in June 2005 under Public Act 46 of 2005, to identify the obstacles, risks and benefits of agricultural tourism, and to provide suggestions for expanding the industry in Michigan through promotional opportunities. The report included 13 recommendations from the commission with supporting information and implementation strategies for each recommendation. The report and guidebook were and presented to Governor Granholm and the State Legislature in January 2007 and is available at www.michigan.gov/agtourism.

In celebration of Governor Jennifer M. Granholm’s proclamation of October 2007 as Michigan Farm Market & Agricultural Tourism Month, MDA Director Don Koivisto toured five farm markets in Lakeshore Harvest Country, which is located in Casco and Ganges townships in Allegan County.

Division staff authored a 3,000-word feature story on agricultural tourism and its benefits to Michigan rural townships and communities that was published in the *May 2007 Michigan Townships News* and distributed statewide.

Division staff served as a presenter and panelist at the November 2007 Five County Tourism Conference in Ludington sharing information about Michigan's agricultural tourism industry and the benefits of including agricultural tourism assets in tourism packages for regional tourism promotions.

Division staff served as an advisor and department liaison to two new agricultural tourism industry organizations, the Michigan Farm Marketing & Agri-Tourism Association and Michigan Farmers' Market Association, as they developed planning committees, bylaws and governing mission and goals, and elected their first board members.

Commodity Check-off Boards and Commodity Group Coordination

Representing the MDA Director, division staff attended over 95 percent of regular, special and annual meetings for Michigan's 15 legislatively established commodity groups, and worked with Assistant Attorney General on statutory issues and unpaid or unremitted assessment funds. Through producer-run committees, nearly \$14 million in producer dollars was spent on various promotion, research and marketing activities for their respective commodities.

Division staff also chaired several meetings with commodity executives and the Director.

International Marketing Program

In 2006, Michigan's agricultural exports generated more than \$1 billion and supported nearly 13,000 jobs. Exports are critical to the state's \$63 billion a year industry with the state exporting about one-third of its 200 agricultural commodities each year. Michigan's rising agricultural exports resulted in Michigan being ranked in the 19th spot among the top 20 state agriculture exporters.

- Twenty-five Michigan companies participated in Food Export Association of the Midwest programs during 2007.
- The Foodex show and Food Show Plus Services were held March 13-16, 2007. Michigan companies participating included Graceland Fruit, Cherry Marketing Institute. Companies sourcing product from Michigan included National Pasteurized Eggs and North Dakota Mill & Elevator.
- The 2007 Michigan Pavilion at the Food Marketing Institute Show in Chicago showcased 8 companies in 11 booths and featured again a higher profile location near the front of the show floor. The FMI/USFES Show May 6-8, 2007 included the following Michigan companies: Michigan Apple Committee, Cherry Central, Loretta Baking Mix Products, Honey Tree, Inc., Graceland Fruit, Frankfort, Michigan Bean Commission, Fido, Inc., and Eden Foods, Inc.
- The National Restaurant Association (NRA) Show held, May 19-22, 2007, provided a great opportunity for Michigan companies to showcase their products to domestic and international



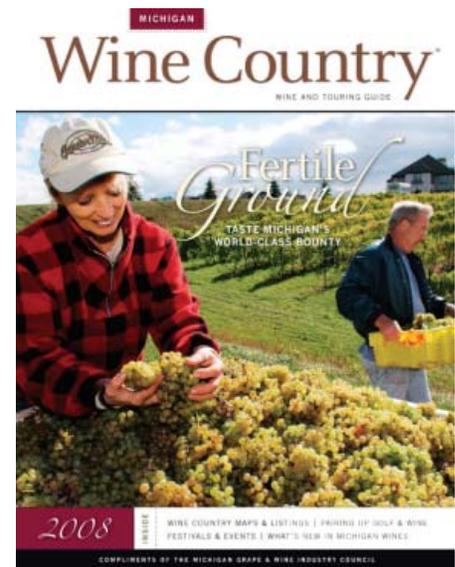
buyers. Three Michigan companies exhibited in the Michigan Pavilion in the American Food Fair Showcase. The companies exhibiting included: Chestnut Growers Cooperative; Flatout Flatbread, Saline, MI; and Groeb Farms Inc., Onsted, MI. International buyers attended the NRA show and had one-on-one meetings with Midwest companies, including four companies from Michigan. Michigan companies meeting with the international buyers were Michigan Turkey Producers, Atwater Foods, Butterball Farms, and Chelsea Milling.

- On June 14, 2007, the MDA Agriculture Development Division and the Food Export Association of the Midwest hosted an export-training seminar in Lansing. The seminar focused on explaining international marketing strategic planning, sales distribution channels, export sales procedures, transportation, and the various services that are available through USDA, MDA and Food Export. Nine Michigan companies participated in the seminar.
- A trade mission to Seoul, S. Korea took place Aug. 21-24, 2007. The mission promoted blueberries, cherries, and cranberries. A partnership was created with the Cherry Marketing Institute, Cranberry Committee, & U.S. Highbush Blueberry Council for this project. Experts were brought in to speak on health benefits of the three fruits. Michigan companies attending included: Atwater Foods, Shoreline Fruit, and Graceland Fruit Inc.
- The 2006 Michigan Agriculture Exporter of the Year was awarded to Cooperative Elevator Company for their outstanding export activities and making exporting a part of the company's culture.

Michigan Grape and Wine Industry Council

The Michigan Grape and Wine Industry Council continues to provide an important forum for statewide collaboration in research, promotion and professional development to meet the changing needs of this exciting growth industry. The Council has established a goal to increase the size of the industry to 10,000 wine grape acres by the year 2024 (current acreage is approximately 1,600 acres)

- Three new wineries were recognized by the Council as new “producers of Michigan wine,” one existing winery was purchased by another, bringing the state total to 49, up from 17 in 1995.
- Wine grape acreage increased 12 percent from 2003 – 2006 with new plantings throughout the state, as documented by the USDA Rotational Fruit Survey.
- Close to 800 medals were awarded to Michigan wines in 18 competitions (excluding the Michigan Wine and Spirits Competition), up from 600 the previous year.
- Michigan State University hired a new viticulture research faculty member, Dr. Paolo Sabbatini.
- An Economic Impact Study on the Michigan wine industry was completed by MKF Research, LLC as part of a national study of grape industries in the U.S. The report indicates that grape industries in Michigan contributed over \$790 million to the economy.
- Winery touring was included in several out-of-state ads by Travel Michigan, thanks to the close working relationship with this state agency. Articles on winery touring frequently appeared in Travel Michigan's consumer e-newsletter.



- The Council commenced a Strategic Planning exercise to set direction for the future. Work will continue in November 2007 and a final report will be completed early in 2008.
- Michigan wines were featured at the National Governors Association meeting in Traverse City in July 2007, hosted by Governor Jennifer Granholm.

Michigan Renewable Fuels Commission

The Michigan Renewable Fuels Commission presented Governor Jennifer M. Granholm and members of the Joint House and Senate Agriculture Committee with a report in July 2007 on how to accelerate development of Michigan's biofuels industry. The commission, created through Public Act 272 of 2006 as part of the state's aggressive efforts to promote renewable energy, made a series of recommendations, including: financial incentives, exploration of new funding sources, and government streamlining. MDA's Executive Office and Agriculture Development Division staff provided key administrative support and expertise to the Commission.

The Commission, comprised of 27 individuals with broad interests and expertise, conducted a thorough review of the obstacles and opportunities in the production, distribution, and use of renewable fuels. As a result, it offered 42 recommendations for stimulating growth in the biofuels sector. Among them:

- Providing a \$200 million incentive package for developers of early-stage technology projects and processing centers; and exploring or developing new fund sources, including federal grants and non-earmarked revenue generated from state-owned oil, gas and forest reserves.
- Establishing Regional Biomass Processing Centers to facilitate commercialization of various feedstocks for renewable fuels production.
- Creating a "Green Retailers" tax incentive program to reward retail and wholesale outlets that reach benchmarks in the sale of biofuels.
- Change state laws to enable motor fuel franchise dealers or distributors to obtain biofuels from a supplier other than a franchise distributor and provide for penalties if a distributor discourages a dealer from buying/selling biofuels.
- Consolidate within a single agency those renewable fuels-related promotion and economic development efforts currently housed in several state departments.
- Initiate a strategy to enact a low-carbon emission transportation fuels program in Michigan that will result in achieving 25 percent use of renewable fuels by 2025 as part of the overall carbon reduction strategy for the state.
- Encourage the purchase of renewable fuel vehicles (RFVs) through sales tax reductions and/or decreasing the annual vehicle registration fee for an RFV.

Select Michigan Domestic Marketing Program

In 2007 the Select Michigan Program conducted retail promotions for Michigan Apples; Potatoes; Dried Cherries, Cranberries, and Blueberries; Cherry Juice; Asparagus; Blueberries; Peaches; and Carrots. With the exception of April, Select Michigan activities occurred every month and followed the harvest season. Most activities were conducted in the West Michigan or Detroit markets. These two population areas represent nearly 80 percent of the grocery store sales for the state.

The Select Michigan program conducted Special Farmers' Markets in 2007 in response to interest expressed by farm marketers. Markets were held in Lansing on the lawn of the State Capitol on July 12 and September 13. An additional market was conducted on the main campus of the Henry Ford Healthcare System in Detroit on August 22. 81 vendors participated in the three markets. Reporting vendors realized total sales of \$42,391, with 84 percent of the vendors reporting an increase in sales at Select Michigan markets over sales at their regular venues.

Select Michigan pavilions at trade shows were also conducted throughout this reporting period. Select Michigan hosted pavilions at the Great Lakes, Fruit, Vegetable and Farm Market Expo, December 4-6; the Key Ingredients/Michigan Foodways on May 26; and the Blue Ribbon Farmers' Market at the Michigan State Fair, August 22-September 3. Each pavilion was an assembly of Michigan companies that received discounted rates, special signage and public relations support from Select Michigan as part of the larger show. These opportunities offered exposure and networking opportunities to the participating companies. Although sales were not a primary motive, participants reported that the shows met or exceeded their expectations.

The Select Michigan program also purchased radio, in-store radio and billboards in Fiscal Year (FY) 2007. The Program placed 902 paid commercial radio commercials in the retail market areas of Detroit and Grand Rapids representing 998,000 impressions (1:3.84 Return on Investment) and 806,400 impressions (1:2 Return on Investment) were realized on Spartan in-store radio. Eight billboards for Michigan Apples were also placed in Detroit and Grand Rapids (1:2 Return on Investment).



The Select Michigan program also received free regular television segments in both Kalamazoo and Grand Rapids media markets with the Select Michigan Culinary Historian presenting seasonal Michigan foods (1:8.12 Return on Investment). Select Michigan, the Cooking Show was produced for Community Access and Cable. They will be aired in FY 2008 (1:5.69 Return on Investment).

20 paid print ads were also placed in women's and food magazines in both Grand Rapids and Detroit reaching 1,250,000 consumers. Spartan Stores also placed the Select Michigan logo on 900,000 ad circulars creating an estimated 23,400,000 consumer impressions at no-cost to the Program.

The Program has demonstrated success in increasing consumer loyalty which has translated into increased sales and/or movement of Michigan fruits and vegetables.



The Program continues to see greater involvement and interest from the state's major retailers. The Select Michigan Program successfully overcame the closure in the Detroit metropolitan area of 32 Farmer Jack's retail grocery stores during 2007 and has secured new retail partners: Save-A-Lot and Kroger's stores to more than offset the Farmer Jack's closure. In addition, MDA is expanding into conducting Farmers Markets and was awarded a \$136,000 USDA Specialty Crop Block Grant to enhance the Select Michigan Program.

The Select Michigan program has also worked to reduce chronic health problems including obesity through promoting the Michigan STEPS Up program, partnering with Meijer Stores on Healthy Living events, and including messaging in ads in womens' magazines and billboards to help increase consumption of Michigan fruits and vegetables. Similar programs with Spartan Stores pharmacies have showcased the health benefits of incorporating Michigan fruits and vegetables into healthy, disease-fighting meal plans.

Key Partnerships

Division staff represented MDA on a number of interagency committees and work groups. In addition to those specifically mentioned above, these include:

Michigan State University Product Center

State of Michigan Cabinet Tourism Council

West Michigan Tourist Association

Michigan Economic Development Corporation Liaison

Michigan Food Policy Council

Local Economic Development Officials

United States Department of Agriculture Rural Development

