



BUSINESS INNOVATION IN FOOD,  
AGRICULTURE, NATURAL  
RESOURCES, AND THE BIOECONOMY

# The Economic Impact of Food Processing

Bill Knudson and Steve Miller

- Impact on Output and Employment
- Michigan's rank
- Potential for Growth
- Barriers to Growth

Here are the numbers

<b>Summary of Economic and Employment Impact of Food Processing</b>		
	<b>Within Sector</b>	<b>Total</b>
Economic Impact (\$ billions)	14.657	24.971
Impact on Employment	40,828	133,980

- Total impact direct, indirect and induced is \$24.97 billion
- Total employment direct, indirect and induced is 133,980
  - this includes full time and part time employment

# Healthy Growth

- Output in the sector increased by 19.8 percent over the previous estimate
- Employment is holding steady or has increased slightly

## Breakdown by industry

- The five largest industries
  - Dry/condensed milk \$2.33 billion
  - Soft drinks and ice \$2.16 billion
  - Bread and bakery products \$1.32 billion
  - Breakfast cereal \$1.24
  - Animal (except poultry) slaughtering \$1.06 billion

# Top 5 Employers

- Bread and breakfast product manufacturing 6,969
- Fruit and vegetable canning/pickling/drying 4,374
- Soft drink and ice manufacturing 4,012
- Breakfast cereal manufacturing 3,908
- Fluid milk and butter manufacturing 3,196

# Michigan Rank

- Michigan ranks 19<sup>th</sup> in food manufacturing similar to its ranking in farm output
- Michigan ranks last in the Great Lakes Region
- Relatively weak position in animal processing holds it back
- Relatively strong position in fruit and vegetable processing helps

- Looked at the following
  - dry milk powder plant
  - small scale artisanal cheese facility
  - \$20 million fruit juice facility
  - small scale fruit processor
  - small increase in sugar processor
  - large increase in beef processing
  - small scale vegetable processing

# Results

<b>Impact of Various Food Processing Activities</b>		
<b>Economic Impact (\$1,000s)</b>		
<b>Activity</b>	<b>Direct</b>	<b>Total</b>
Dry Milk Processing Plant	206,954	459,296
Artisanal Cheese Plant	125	276
Fruit Juice Plant	20,000	33,315
Expanded Beef Plant	220,628	423,324
Small Fruit Processor	500	832,881
Expanded Sugar Processing	300	650
Expanded Frozen Vegetable Processing	500	890
<b>Employment</b>	<b>Direct</b>	<b>Total</b>
<b>Activity</b>		
Dry Milk Processing Plant	250	2,011
Artisanal Cheese Plant	0	1
Fruit Juice Plant	31	115
Expanded Beef Plant	500	2,288
Small Fruit Processor	1	3
Expanded Sugar Processing	1	6
Expanded Frozen Vegetable Processing	4	7

# Impacts of Projects

- The large projects have the biggest impact
  - Dry milk plant
  - Beef expansion
  - But there is probably little potential for more than one or two of these activities

# Impacts of Projects

- Small Projects have smaller impacts
  - However, there is a greater potential for a large number of these types of activities

- Net exporter of feedgrains
- Plenty of water
- Reasonable access to population centers/especially in Southern Michigan

# Barriers to Expansion

- Taxation especially the Michigan Business Tax – similar with other industries
- Wastewater treatment/classification of byproducts
  - low hazard solid waste instead of soil conditioner
- Should be noted that there was not a great deal of response to this issue

- Food Processing is Important
  - Contributes \$24.97 billion in total economic activity
  - Accounts for a total of almost 134,000 jobs
  - Has a potential for growth
  - Barriers, especially regulatory need to be addressed