

1997-2009: Michigan Agri-Food System Economic Impacts and Michigan Dept. of Agriculture, Agriculture Development Division (AgD) Accomplishments

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Michigan's Agri-Food Industry Decade of Growth

- Over the past decade, the industry has gone from \$55 billion in 1997 to the present \$71.3 billion, an increase of 129%!
- Employs more than one million Michigan residents, nearly 25% of the state's workforce.
- Exports about one-third of its agricultural commodities each year, generating more than \$1.68 billion and supporting more than 19,691 jobs in 2008, and this has almost doubled when one compares the USDA statistics of \$869.8 million for agricultural exports in 1997.
- Produces over 200 commodities, the second most agricultural diverse state in the U.S.
- Michigan leads the nation in the production of 20 commodities. AgD has worked with most commodity groups in Michigan since 1997 and provided oversight to commodity check-off groups, commodity coordination as well as economic development and marketing assistance to new "infant" industries in Michigan getting started, namely aquaculture, chestnuts, cranberries and organic agriculture.

Michigan Agriculture Business Expansion

- In 2000, Site Magazine ranked Michigan 5th in the nation in food processing plant expansions; over 525 large food processors and 800 small food processors.
- AgD and other partners assisted in the formation and successful launch of Michigan Turkey Producers Cooperative and Michigan Sugarbeet Growers, Inc. These two farmer-owned cooperatives now operate very successful value-added processing plants in Michigan that provide over 1,500 jobs, assure ready-markets for growers and are key partners in promoting "Select Michigan" products.
- In 1997, Michigan ranked 9th in the U.S. in milk production and continues that same ranking according to USDA producing 7.76 billion pounds of milk with total value of milk produced at \$1.49 billion in 2008. AgD staff have partnered with dairy industry along with Food and Dairy Division staff to assist new milk manufacturing plant expansions at Leprino Foods in Allendale and Michigan Milk Producers Associations in Ovid along with the development of new plant by Continental Dairy Products in Coopersville.
- Our state has 30 Agricultural Processing Renaissance Zones (APRZs) authorized by statute; 23 have been designated and others are in process. The 23 APRZs zones had commitments of 985 new jobs, retaining more than that and generating \$657 million in new private investments over their time periods. We need the State Legislature and Governor to create 10 additional zones to a total of 40, for future growth.
- Power in Partnerships--MDA is proud to be one of the founders partners to Michigan State University Product Center for Agriculture and Natural Resources. Our division has served as Agriculture Innovation Counselor/Educator.

Bioeconomy and Green Jobs

- In 1997, Michigan had no biofuels plants. The green jobs and bioeconomy has been a driver of economic growth for Michigan's food and agriculture industry. There are now five corn-based ethanol plants operating with total productive capacity at 267 million gallons per year production; \$600 million annual total economic impact; 220 direct jobs; and using 90 million bushels of corn annually. Also, two biodiesel plants are operating on a partial basis in the state with about 20 million gallons capacity and approximately 20 direct jobs. The direct investment in state biofuels facilities, both in plants and equipment equals nearly \$1 billion.
- Profitability is returning to the fuel ethanol sector across the U.S. and a forecast is that the sixth fuel ethanol plant will start construction somewhere in Michigan next year and it will produce both conventional and advanced biofuels with a variety of value-added products. Within the next 3-5 years, demonstration and commercial cellulosic ethanol facilities are expected to be built in Michigan using our vast non-food biomass resources and waste materials.

Select Michigan/Buy Michigan

- In 2009, consumer purchase preferences for Michigan grown and/or processed products has soared as a mega-trend to "buy local/Select Michigan/Buy Michigan/Pure Michigan" and residents want to help Michigan in every way possible.
- In 2002, the Select Michigan program was transferred to AgD. The staff redesigned it as a consumer and retailer education program, raising the awareness of the social, economic, and health advantages of choosing a Michigan grown and/or processed food or agriculture product. It was supported by the two Select Michigan Trademark brands at retail grocery stores and markets, focusing on fresh fruits and vegetables. It also created a series of *Select Michigan Pavilions* of

Michigan companies at major domestic trade shows to introduce products to buyers and establishing the two annual Farmers Markets on the State Capitol lawn.

- During the first year that the Program was conducted in the West Michigan, sales of fresh fruits and vegetables on average increased 111%. Sales have subsequently increased approximately 10-20% per year thereafter.
- A review of MIRS financial system reporting back to 2003 shows that AgD staff has secured over \$1.6 million in Federal grants and Industry Support dollars to support the Program.
- The Select Michigan Advisory Committee recommended the creation of a website that would assist consumers in finding locally grown, produced or processed Michigan food and agriculture products. The Select Michigan website ([www.SelectMichigan.org](http://www.SelectMichigan.org)) was created using federal funds and went live on July 23, 2009. Michigan businesses create their own profiles on the site and may submit articles, photos, events for the calendar and favorite links they believe others will find useful.

#### International Marketing Program

- The Michigan Department of Agriculture's Agriculture Development Division (AgD) has partnered with the Food Export – Midwest on the Branded Program over the last twelve plus years to offer cost reimbursement program for international market expenses. AgD has assisted the 382 Michigan companies that participated in the USDA branded program. The companies reported: \$304.5 million in actual export sales; 7,573 buyer contacts; and 1,934 new distributorships.
- The International Marketing Program has organized Michigan Pavilion's at major domestic and international trade shows with sales and new opportunities reported.
- The Agricultural Development and Pesticide and Plant Pest Management Divisions assisted the Michigan apple industry in getting fresh Michigan apples into Mexico for the first time ever.

#### Julian–Stille Value Added Grant Program

- The Julian-Stille Value- Added Agriculture Grant Program legislation was adopted in 2000. For two rounds of grants, the program established, retained, expanded, attracted, or developed value-added 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 July 2006, MDA received 225 grant proposals with requests totaling more than \$36 million.
- In October of 2006, MDA recommended the funding of 40 proposals, which covered 27 Michigan counties.
- To date 39 out of 40 companies have completed their projects. Their new private capital investment is \$36,041,848.00.
- MDA has paid out \$4,412,321.00 in grant reimbursements.
- We have leveraged state funds to private industry investments at an 8-to-1 ratio and created 119.5 new jobs.

#### Michigan Grape and Wine Industry Program and Agri-Tourism

- Michigan grape juice and wine industry impact—in 2007, Michigan wineries and grape growers received attention from a national study demonstrating that the state's grape juice and wine industry contributes more than \$789 million annually to the economy, and supports employment of approximately 5,400 Michigan residents. Michigan booming grape juice and wine industries also significantly impact tourism with more than 800,000 tourists visiting the state's wineries.
- The Michigan Grape and Wine Industry Council initiated an annual meeting for professional development for the wine industry in 2000. With the number of Michigan wineries rising from 24 to 70 in the present period, this has become an important event for support of the industry's growth.
- The Michigan Grape and Wine Industry Council assumed responsibility for the Michigan Wine and Spirits Competition in 2001, and the competition has grown steadily in the number of entries and publicity arising from the event, whereas there were 221 entries in 2001 and 395 entries in 2009.
- In 2007, MDA published the Michigan Agricultural Tourism Advisory Commission's Final Report with significant staff assistance from AgD.

#### Organic Legislation

- The AgD developed an organic program for the state and the state Organic Advisory Committee was identified and appointed by the Department Director. The Committee met to determine the future of the growing Michigan Organic Industry. From their recommendations, the report *Advancing Organic Agriculture in Michigan* was released June 1999 and accepted by the Michigan Agriculture Commission. Under the recommendations, we created the Michigan Organic Products Act of 2000 which defined organic agriculture and products; provided for the establishment of standards relative to organic products, producers and handlers of organic products, and other persons; designated certain entities as certifying agents; provided for registration of certain persons; created a mechanism for funding and an advisory committee.