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mail:
U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410; or

fax:
(833) 256-1665 or (202) 690-7442;

email:
program.intake@usda.gov.

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Esta institución ofrece igualdad de oportunidades.



Economics of Farming: A Changing Agricultural Landscape

N.L. Rothwell and C. Bardenhagen
Michigan State University



Michigan's Food and Agriculture System*

- Contribute \$101.2 billion annually to the state's economy
- Employ 923,000 people (22% of workforce)
- Farms produce over 300 commodities
 - Account for \$13 billion of overall total
 - Fields crops: \$5.72 billion
 - Livestock/dairy: \$4.7 billion
 - Nursery/landscape: \$1.2 billion
 - Fruit: \$758 million
 - Vegetables: \$673 million



*Data provided by MDARD, 2023



2021

MICHIGAN APPLE INDUSTRY AT-A-GLANCE



3RD Largest Apple Producer in the USA

Michigan is the third largest apple producing state in the USA (USDA NASS, July 2021)

Nearly year round availability

Michigan Apples are available August through June each year, thanks to controlled atmosphere storage.

14.9 MILLION APPLE TREES

There are more than 14.9 million apple trees in commercial production, covering 34,500 acres on 775 family-run farms in Michigan.



A Big Deal

Apples are the largest and most valuable fruit crop in Michigan.

50%

gobbled right up!

About half of all Michigan apples are sold ready to eat (fresh). The remaining 50% are processed into other products.

ECONOMIC IMPACT

The economic impact of apples is significant, when considering farm gate value is compounded by economic benefits to:

SCHOOLS



PACKAGING & SHIPPING



LOCAL COMMUNITIES



INPUT COSTS



SUPPLIERS



24.7 MILLION BUSHELS OF APPLES

Average apple harvest is about 24.7 million bushels (1.039 billion pounds) per year. In 2020, Michigan harvested 22 million bushels (927 million pounds) of apples.*

*according to USDA National Agriculture Statistics Service, July 2021

Michigan Apples are sold in:

32 states 18 countries

More than

12,000 retail grocery stores in the US 150 Michigan farm markets and cider mills

For more information: Contact the Michigan Apple Committee at: 800-456-2753 or visit: MichiganApples.com

Michigan Apple Committee (MAC) is a non-profit governmental organization that works on behalf of growers in the areas of consumer & grower education, market development & research.



Michigan Tart Cherry

- #1 state for tart cherry production
- 32,000 acres
- Farm gate value: \$74 million
- 425 farm families
- 50% of U.S. tarts are grown in northwest Michigan





Sweet Cherry

- 95% of Michigan industry is used in processing
 - Yogurt, ice cream, etc.
 - Mechanically harvested
- 85% of MI sweet cherries are grown in NW MI
- More interest in high-density orchards for fresh market





Climate Change

- Crop losses:
 - 1945
 - 2002
 - 2012
- Two losses in last decade
- Hail
- Drought
- Excess rainfall

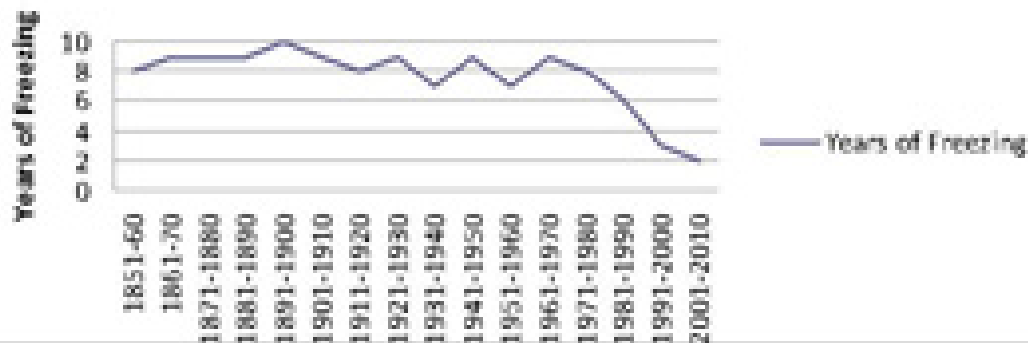


April 2018



April 2017

Grand Traverse Bay- Freezing by
Decade 1851-2010





Aging Farmers

- Farmers are the oldest workforce in America
- 40% of the nation's farmland is owned by farmers 65 and older
- As these farmers retire over the next 20 years, it is estimated that ~350 million acres of farmland will change hands
- Average age of farmers in Michigan is 57.5





Development Pressure



Farm labor is difficult to find/retain

- Immigration issues
- Crop losses of 2002 and 2012
 - Hard to bring back labor annually
- Northwest Michigan is the last stop on the labor line
- Farm labor can be physically demanding
 - Heavy lifting
 - Bending
 - Walking
 - Ladder work
- How can we make our orchards/farms/region to be more attractive?





Foreign Imports

- Foreign product entering US at far cheaper rates
 - Poland
 - Turkey
 - Anti-dumping case
- Tariff issues
- Declining exports
 - Germany was once an importer of tart cherries
 - E.U. reduced imports and grows much of their own fruit





2022 Food Dollar Series' industry group dollar (nominal)

USDA Economic Research Service
U.S. DEPARTMENT OF AGRICULTURE

Packaging, 2.7¢ Transportation, 3.5¢ Food services, 34.1¢
Wholesale trade, 10.7¢ Retail trade, 12.4¢ Other, 3.9¢



Food processing, 14.4¢ Energy, 3.8¢
Farm production, 7.9¢ Finance and insurance, 3.2¢
Advertising, 3.4¢

Note: The food dollar estimates provide the average industry group shares of each nominal, or unadjusted for inflation, dollar spent on domestically produced food in a year. In the food dollar graphic, "Other" includes two industry groups: Agribusiness (2.1 cents) and Legal and accounting (1.8 cents). Agribusiness includes establishments producing farm supplies (except those described in other industry groups) such as seed, fertilizers, and farm machinery, as well as farm services and all subcontracting establishments.

Source: USDA, Economic Research Service, Food Dollar Series.

Economic Realities

Currently, there are major challenges in the tree fruit

- **Cherries:** For over 5 seasons, growers not covering variable costs
 - High inventory, low price
 - Equipment upgrades, new plantings, technology adoption
 - How can growers make upgrades/change systems with no cash flow?
 - How long can growers sustain this scenario?
- **Apples:** two large crop years in a row
 - Did not have enough boxes in 2022, built boxes over the year
 - Had boxes in 2023, but **high inventory** / not enough storage
 - Many apples did not "have a home", many left unharvested on tree
 - MI need to invest in apple infrastructure (\$!)





Economic Realities, cont.

Succession planning is difficult in such an environment

- Already, farming is *incredibly* capital intensive
 - Land (values up across all agriculture, but worse in NW Michigan)
 - Equipment – tractors, harvesting equipment, new technology – sophisticated and pricey, but growers needed to modernize systems
 - Modern processing/packing facilities are needed, even if a grower is small/working with local markets

- What can growers build their business plan in today's climate?
- Financing – needs to be based on a good business plan
- Challenging to find next generation and new farmer entry is prohibitively costly



Economic Realities, cont.

- There are other opportunities, but **tree fruit is so much of our farming land, culture, tradition**

- **Wine Grapes:** High entry costs: often need to have winery/tasting room
- **Agritourism:** Opportunities for small, large, mid-scale farms?
- **Small-scale livestock:** Seems to be a good market for local meats
- **Market Garden/ CSA/ Truck farming:** More co-ops to work with in NW Michigan, but often still need to scale/ diversify enterprises





Opportunities for Local Farmers

There are two ways to be competitive in a global economy; by being the lowest cost supplier of an undifferentiated commodity or by providing the market with a unique and superior value in terms of product quality, special features or after sales service.

Michael E. Porter, 1990. *The Competitive Advantage of Nations*. New York: The Free Press.



Opportunities- Regional Placemaking

*Placemaking is the process of creating **quality places** where people want to live, work, play, shop, learn or visit.*

People want Quality of Life amenities throughout the region from urban to rural!

- Housing/lodging and transportation choices;
- Variety in entertainment, cultural offerings, green space, local foods, and recreation;
- More quality places with allure, authenticity, and interest.
- COVID-increased desire for outdoor activities



Shinya Suzuki



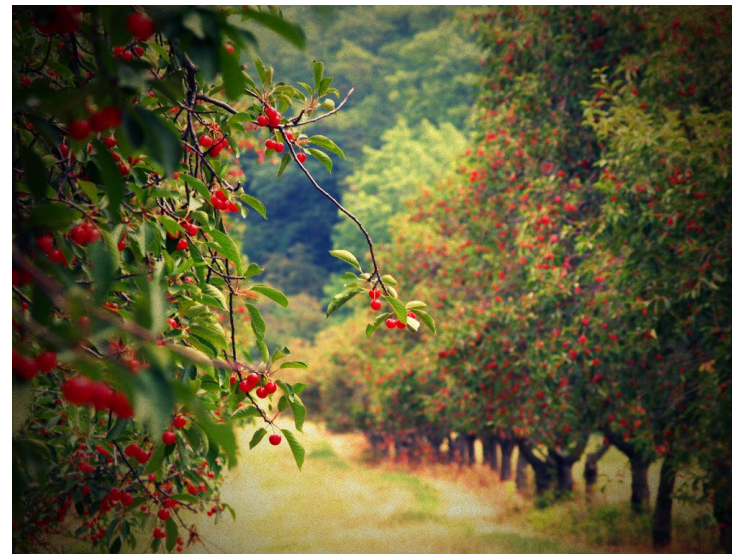
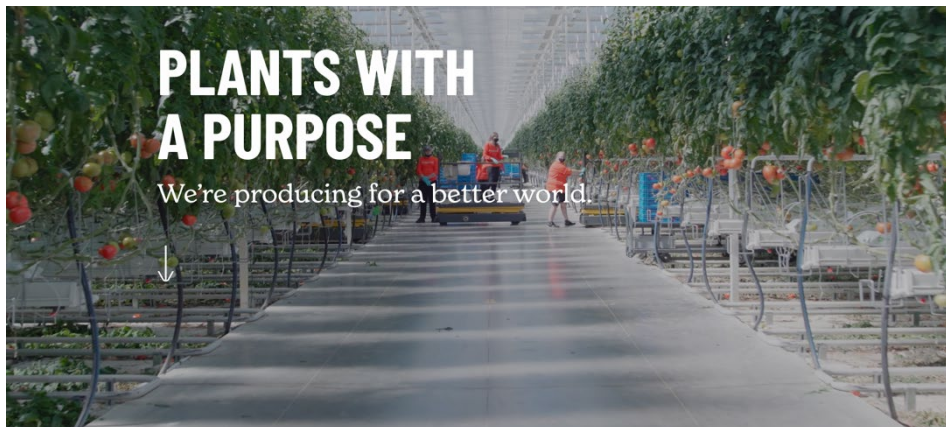
MML



Schindler



What is Agriculture?





What is Agriculture?



We sell fresh, local produce to restaurants, caterers, schools, grocery stores, and other food-related businesses in Leelanau, Grand Traverse, and Benzie counties. We have a multi-farm CSA and offer 7 different delivery sites in the area. The mission of the cooperative is to provide a method of sale and distribution to market the products of its producers. The MI Farm Cooperative is a Michigan non-profit consumer corporation founded in 2015. Members of the co-op must be engaged in farming or other similar horticultural practices.

WE PROVIDE MORE THAN 12 LOCAL FARMS IN ONE ORDER, ONE DELIVERY, AND ONE CSA.

WHOLESALE

MULTI-FARM CSA

OUR FARMERS





Agritourism: Lewis Farms, New Era MI





Farm Innovation

Retailing products

- Farm market
- Farm store
- CSA
- U-pick
- Internet
- Wholesale distribution



CSAfarms.org
Community Supported Agriculture in Michigan

Home About CSA Find a CSA Farm Stand CSA Resources Find

Good Afternoon. Today is Tuesday, August 11, 2009 | Log In

Welcome to Ware Farm!
Community Supported Agriculture is an integral part of our certified organic farm.

Ware Farm Calendar
August, 2009

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

CSA Program Brochure
2009 CSA Program Brochure

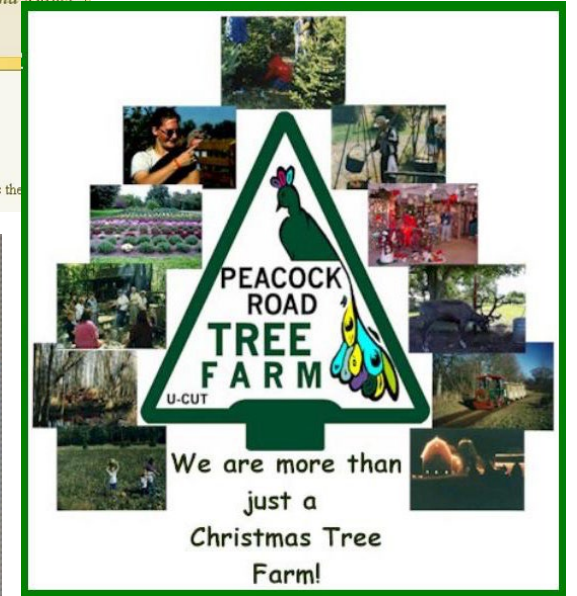
Ware Farm Stand
Organic Pies & Pickled Asparagus
Organic Pickled Asparagus

Our members can pickup at the farm or at Manistee Port City Organics or at Elberta Farmers Market. We love to have people pick up at the farm. We will be putting in a childrens garden again this year (with your help of course!) and will have some creative childrens programs during pickup time about once a month. We also feature a cooking demo every once in a while, to help you with veggies you may not have experienced.



Farm Innovation

- Marketing the experience
 - Agritourism
 - Destination business
 - Events, activities
 - Internet & Social Media



Jill O'Donnell



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