

# Michigan's Agri-Food Industry

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2008

A Year of Agri-Economic Success



*Grow With Us*

[www.michigan.gov/mda](http://www.michigan.gov/mda)

## Michigan Agri-businesses are on the grow...Come grow with us!

When you think of Michigan agriculture, what comes to mind? Is it cows, plows, and overalls? Or, do you think of a cutting edge, growing business sector which generates nearly \$64 billion in total economic activity in Michigan and employs 1 million people? If you chose the latter, you are absolutely correct.

Agri-food businesses touch the daily lives of every Michigan consumer from the food you eat, the milk you drink and the gas you put in your car. It generates \$63.7 billion each year and employs approximately 24 percent of working Michiganians, making the state's agri-business system vital to our economic engine.



Michigan's agricultural economy expanded at a rate of more than one full percentage point above the growth rate of the general economy (5.9 percent versus 4.8 percent) between 2004 and 2006 and continue to make agriculture a cornerstone to diversifying Michigan's economy in the future, creating jobs and investment.

From 2006 through 2011, the state could see a \$1 billion economic boost from Michigan's agri-food sector and create an additional 12,000 to 23,000 new jobs annually, according to a 2006 study by Michigan State University's Product Center.

By investing in our agri-food system, we are significantly contributing to Michigan's economic development and diversification. Agriculture in Michigan is changing and expanding at a rapid pace and the demand for skilled workers is increasing with it. As the state's second largest economic driver, it's a sector ripe with opportunity for business expansion, job growth, and is a driving force in our economic health. Michigan's agri-food sector is on the grow, and is poised to be a bright spot in the state's economic future.

A handwritten signature in black ink that reads "Don Koivisto". The signature is written in a cursive, flowing style.

Don Koivisto, director  
Michigan Department of Agriculture

*“As the state’s second largest economic driver, it’s a sector ripe with opportunity for business expansion, job growth, and is a driving force in our economic health.”*

# Michigan Agri-Food Industry

## *No Small Business*



-  Contributes \$63.7 billion annually to the state's economy.
-  Employs 1 million Michigan residents, nearly 25 percent of people working in Michigan.
-  Grew 5.9 percent between 2004 and 2006 and continues to expand.
-  Produces over 200 commodities.
-  Second most agriculturally diverse state in the U.S.
-  Leads the nation in production of 19 commodities.
-  10 million acres of farmland.
-  Dairy is the leading segment of Michigan's agriculture industry, providing a \$5.1 billion impact on the economy.
-  More than 60 wineries are operating in Michigan contributing \$300 million in economic activity and growing at a rate of 15 percent annually.
-  Michigan's floriculture industry ranks third nationwide in total value and production (\$366.6 million), based on 2007 data.
-  Michigan's nursery industry ranks 9th in the nation with production sales of \$148.5 million, according to a 2006 report by USDA's National Ag Statistics.



## Some Agri-businesses operating in Michigan

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The Andersons

Awrey Bakeries

Ball Park

Bettermaid

Birds Eye Foods

Cargill Kitchen Solutions

Coca-Cola Bottling

Country Fresh

Chelsea Milling Co. - Jiffy Mix

Domino's Pizza

Garden Fresh Salsa

Gerber Products

Eden Foods

Hacienda Mexican Foods

Hausbeck Pickle

Heinz, U.S.A.

Herbruck Poultry Ranch

The Honeybaked Ham

Honee Bear Canning

Joseph Campbell

Keebler

Kellogg's

Kraft Foods

Kowalski Sausage

Leprino Foods

Little Caesars

Michigan Milk Producers Co-op

Michigan Turkey Producers

Michigan Sugar

Minute Maid

Melody Foods

Monsanto DeKalb Seed Plant

Pioneer Seed Plant

Pioneer Snacks

Post Foods

Purina Mills

Quality Dairy

Ralston Foods

Sara Lee Bakery

Smithfield Beef

Vlasic Pickles

Welch's

Yoplait

Zelenka Nursery

Zingerman's Bakehouse



# Michigan Agriculture Business Expansions

## Gerber Products Company, Fremont

Thanks to a two-year public-private partnership, Gerber Products Company, headquartered in Fremont, was awarded an Agricultural Processing Renaissance Zone (APRZ) as part of their expansion plans and commitment to Michigan. Gerber's expansion includes modernization of the existing manufacturing facility, the addition of production lines, purchasing of new equipment, and a new warehouse and distribution center.

- Invested \$75 million in their facility in Fremont.
- Maintained their current level of employees at 1,100, and adding 200 new jobs.
- Purchases agricultural products from over 200 Michigan growers and more than 61,000 tons of produce.
- Purchases \$36 million in packing and raw materials from 11 key Michigan-based suppliers.

## Michigan Milk Producers Association (MMPA), Ovid

MMPA, the largest dairy cooperative in Michigan, representing 1,430 of Michigan's approximate 2,500 dairy farms. In 2007, Michigan dairy farms produced approximately 7.5 billion pounds of milk, and MMPA member farms accounted for approximately 3.7 billion of those pounds. In addition, MMPA owns and operates two processing facilities in Michigan - Constantine and Ovid.

With slightly over 5 million pounds of daily processing capacity, the Ovid plant could process 25 percent of the state's current annual milk volume of 7.5 billion pounds. This brings their total new expansions and private investment to approximately \$62 million within the designated APRZ.

- Invested \$35 million in their Ovid facility.
- Maintained 86 existing jobs.
- Created 10 additional new jobs.
- Created 166 indirect and induced jobs.
- Created 344 construction jobs.
- \$182.6 million in both direct and indirect economic impact.  
Source: MSU Product Center for Agriculture and Natural Resources
- An additional investment of \$25-27 million for a new spray dryer for manufacturing milk products is being considered and additional jobs.

*Gerber  
Products  
Company...*

*“Investing \$75 million in their facility in Fremont.”*



Governor Jennifer M. Granholm joins MDA, MMPA, and other officials for the dairy plant expansion in Ovid.



# Agricultural Processing Renaissance Zones



1. **Chase Farms**  
Colfax Township
2. **Diversified Natural Products**  
City of Scottville
3. **Graceland Fruit, Inc.**  
Gilmore Township
4. **Gray and Company**  
City of Hart
5. **Great Lakes Ethanol, LLC**  
Riga Township
6. **Sunrise Aquaculture**  
Hillman Township
7. **Kellogg Company**  
City of Grand Rapids
8. **Kellogg Company**  
City of Battle Creek
9. **Kellogg Company**  
City of Battle Creek
10. **Leprino Foods Company**  
Allendale Township
11. **Marysville Ethanol, LLC**  
City of Marysville
12. **Michigan Biodiesel, LLC**  
City of Bangor
13. **Michigan Milk Producers Association**  
Village of Ovid
14. **New Era Canning**  
Village of New Era
15. **Peterson Farms**  
Hart Township
16. **Subterra, LLC**  
Carp Lake Township
17. **Sunny Fresh**  
Odessa Township
18. **Superior Corn Products, LLC**  
Woodland Township
19. **The Andersons Albion Ethanol, LLC**  
Sheridan Township
20. **Zeeland Farm Services, LLC**  
Zeeland Township
21. **Gerber Products Company**  
Fremont

*“The first of its kind in the nation,  
Michigan’s Renaissance Zone Program encourages  
business development by making select areas  
virtually free of state and local taxes.”*



*W.K. Kellogg  
Institute...*

*“\$54 million  
in private  
investment  
over the next  
decade.”*



### **W.K. Kellogg Institute for Food and Nutrition Research (WKKI), Battle Creek**

WKKI is the epicenter of Kellogg’s global research, development, and innovation activities. New product innovations created at WKKI are eventually produced and marketed all over the world. The largest percentage of commodities used at WKKI are from United States producers. Based on 2006 data, approximately 18 percent of grain, flour, fruit, honey, and other food products are from Michigan agri-business producers.

In February 2008, an APRZ was approved. This designation enables Kellogg Company to continue to fuel top-line growth through additional pilot plant space, enhanced process scalability, and additional space for a flexible team environment and total technical community. Many of the new products WKKI creates will be manufactured in Battle Creek, Grand Rapids, and Wyoming. Kellogg also utilizes Michigan co-manufacturers to produce products created at WKKI.

- \$54 million in private investment over the next decade.
- 300 new jobs added in food science research and development.

### **Renewafuel, LLC, Marquette**

Renewafuel, LLC, a subsidiary of Cleveland Cliffs, Inc., announced the building of their first commercial plant near Marquette to make biomass dense fuel cubes as a substitute for coal. MDA has been working since 2007 with Renewafuel, LLC to develop this plant, which will use agricultural and forestry residues as biomass materials. This is a new, value-added market for Michigan crop farmers, woodlot owners, and forestry industry where residues can be productively processed into dense biomass fuel cubes to be used as a partial fuel substitute for coal and natural gas.

- \$10 million investment in construction of a new plant (completion: 2009).
- 25 jobs created.
- Renewafuel also invested nearly \$1 million in their Battle Creek production-scale research and development facility to expand capacity.

### **Monsanto Company, Constantine**

Invested \$40 million to expand their Constantine DeKalb Seed Corn Production facility, creating 500 additional seasonal jobs and 10 new processing jobs, along with adding 6,500 acres of seed corn production in southern Michigan.

*“...to accelerate the growth of Michigan’s \$63.7 billion food and agriculture industry.”*

## Agricultural Innovation Grant Program

MDA’s Agricultural Innovation Program, funded through the 21<sup>st</sup> Century Jobs Fund, had a \$10 million total appropriation with \$5 million earmarked for FY07 grants with the charge to accelerate the growth of Michigan’s \$63.7 billion food and agriculture industry. This grant program helps establish, retain, expand, attract, or develop 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.

- To date, 39 out of 40 companies have completed their projects.
- Private capital investment is \$36,041,848.
- Paid out \$4,412,321 in grant reimbursements.
- Leveraged state funds to private industry investments at an 8:1 ratio.
- 119.5 new jobs have been created with these projects.



*“Michigan agri-food businesses plays a substantial role in the state’s economy and, with continued investment and policy support, potential exists for greater economic development.”*

Don Koivisto, MDA Director

Starting from the left:  
Julie Cowie of Casco Township – Ag Tourism Trail  
Rick Moersch of Round Barn Winery – Distillery Expansion  
Pat Anderson of Cooperative Elevator – Retail Packing & Label  
Don Koivisto – MDA Director  
Mary Safie of Safie Specialty Foods – Processing Equipment  
Mike DiBernardo – MDA Grant Administrator

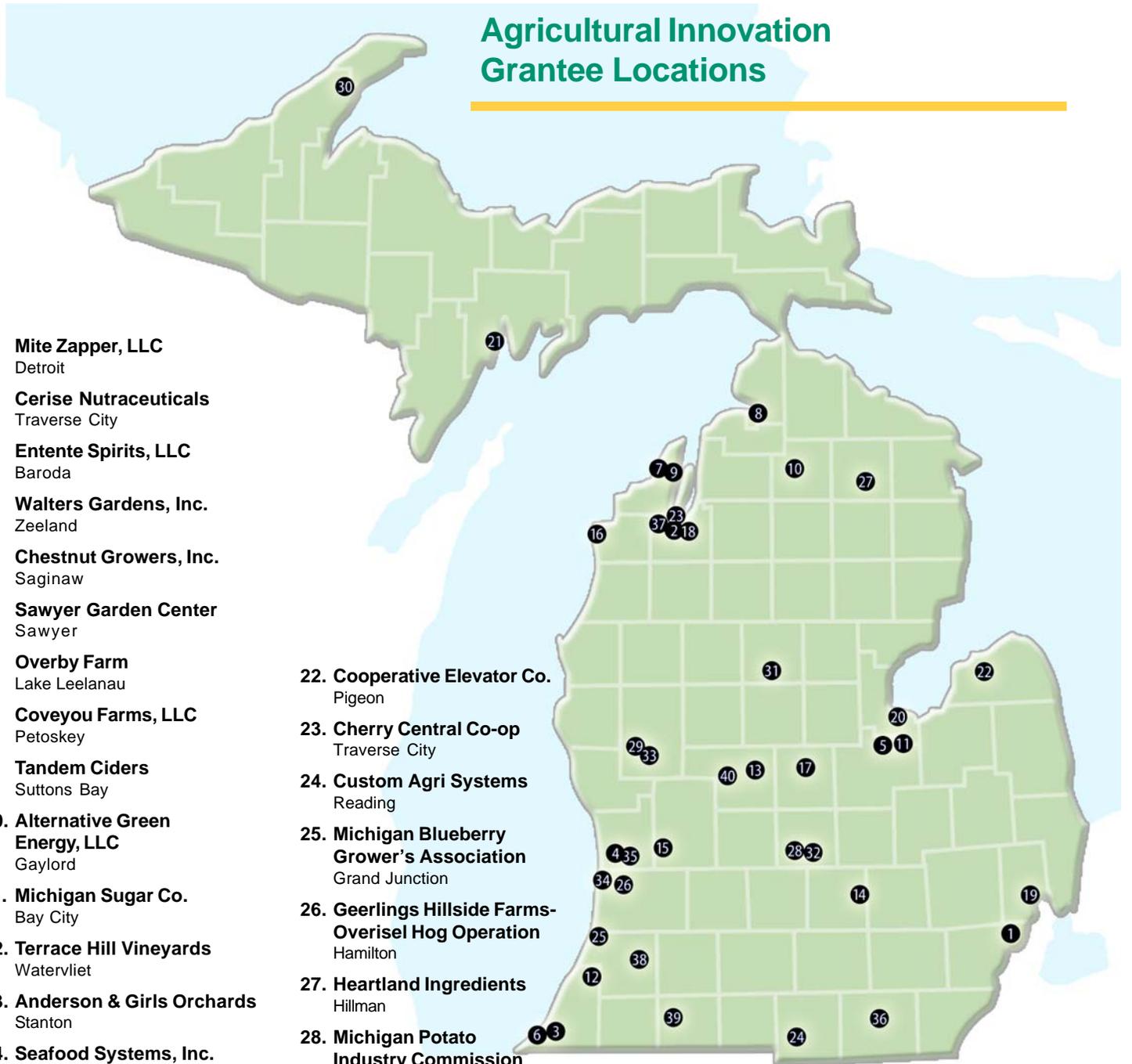


# Agricultural Innovation Grantee Locations

1. **Mite Zapper, LLC**  
Detroit
2. **Cerise Nutraceuticals**  
Traverse City
3. **Entente Spirits, LLC**  
Baroda
4. **Walters Gardens, Inc.**  
Zeeland
5. **Chestnut Growers, Inc.**  
Saginaw
6. **Sawyer Garden Center**  
Sawyer
7. **Overby Farm**  
Lake Leelanau
8. **Coveyou Farms, LLC**  
Petoskey
9. **Tandem Ciders**  
Suttons Bay
10. **Alternative Green Energy, LLC**  
Gaylord
11. **Michigan Sugar Co.**  
Bay City
12. **Terrace Hill Vineyards**  
Watervliet
13. **Anderson & Girls Orchards**  
Stanton
14. **Seafood Systems, Inc.**  
Okemos
15. **Michigan Turkey Co-op, Inc.**  
Wyoming
16. **Graceland Fruit**  
Frankfort
17. **Mid-Michigan Specialty Crops**  
Ithaca
18. **Chateau Operations**  
Traverse City
19. **Safie Specialty Foods**  
Chesterfield
20. **Michigan Sugar Co.**  
Bay City
21. **Michigan Meat Processing, Inc.**  
Escanaba

22. **Cooperative Elevator Co.**  
Pigeon
23. **Cherry Central Co-op**  
Traverse City
24. **Custom Agri Systems**  
Reading
25. **Michigan Blueberry Grower's Association**  
Grand Junction
26. **Geerlings Hillside Farms-Overisel Hog Operation**  
Hamilton
27. **Heartland Ingredients**  
Hillman
28. **Michigan Potato Industry Commission**  
DeWitt
29. **Fremont Cooperative Produce Co.**  
Fremont
30. **Nitrate Elimination Co., Inc. (NECI)**  
Lake Linden
31. **Universal Grain & Biomass Heating Systems, Inc.**  
Farwell
32. **Michigan Apple Committee**  
DeWitt
33. **MC Dairy**  
Fremont
34. **Casco Township**  
South Haven

35. **Zeeland Food Services, Inc.**  
Zeeland
36. **Lenawee County**  
Adrian
37. **Grand Traverse County**  
Traverse City
38. **Paradigm Viticultural Services**  
Lawton
39. **Fresh Solutions**  
White Pigeon
40. **Harley Sietsema Farm and Feeds, LLC**  
Howard City



## Michigan's Exports Worldwide

(2007 results)

- Generated more than \$1.236 billion.
- Employs more than 13,800 residents.
- Exports almost one-third of its 200+ agricultural commodities.
- 57 Michigan companies received reimbursement for international marketing activities and participated in trade missions, trade shows and buyer's missions.
- These companies had actual export sales of \$20.3 million.
- These companies added 39 new employees due to the export sales.



### ***Michigan Agriculture Exporter of the Year***

#### **Honee Bear Canning, Lawton**

Honee Bear Canning is a 60-year old, family-owned fourth generation fruit and vegetable processor which purchases more than 90 percent of their raw product from Michigan growers. The company, which began exporting in 1973, sells products to virtually all the major retail and food service customers, including Sysco, Wal-Mart, Kroger, and Safeway. The company exports to Australia, Canada, Iceland, Japan, Korea, Mediterranean countries, New Zealand, South Africa, and Taiwan. They have a calculated export growth of six percent in 2006 and eight percent in 2007.



Starting from the left: Don Koivisto, MDA Director; Jamie Zmitko-Somers, MDA International Marketing Manager; Jennifer M. Granholm, Governor; Steve Packer, Honee Bear president; and Tonia Schuitmaker, State Representative (R-Lawton).

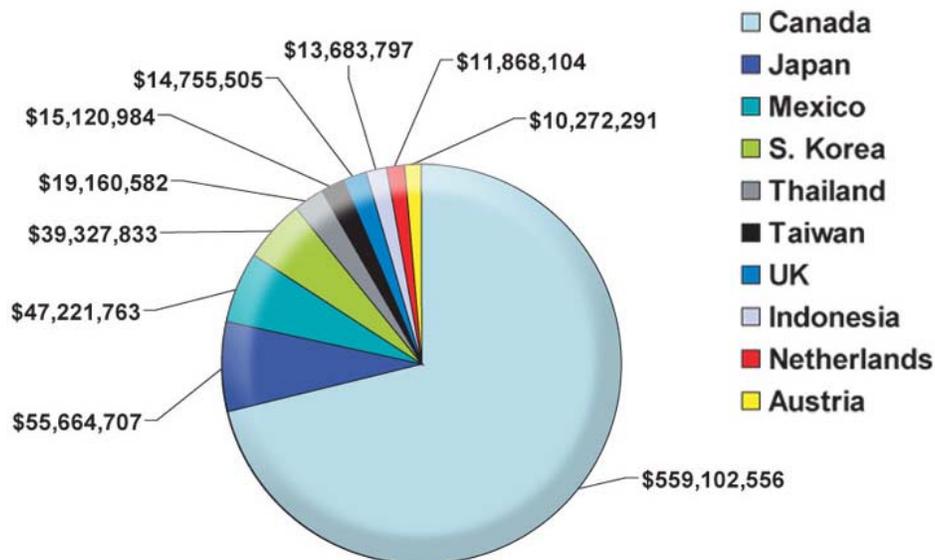


*“Michigan’s wine and grape industries contribute \$790 million to the economy, employ 5,400 workers, and pay \$84 million in federal, state, and local taxes.”*

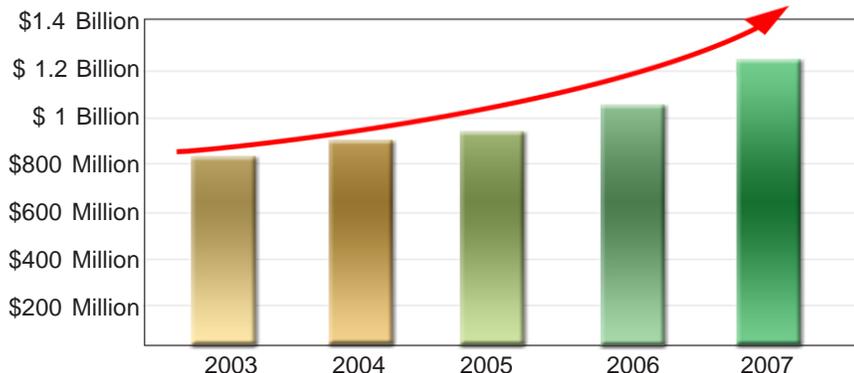
Source: Michigan Grape and Wine Industry Council



### 2007 Top Michigan Food & Agriculture Exports by Country



### 2007 Michigan Exports – \$ 1,237,000,000



Source: USDA

**Farming – Number of Farms: 52,800 • Average Receipts: \$108,740**

### Sales Employment and Average Salary, Selected Agri-Food Industries

Industry	Employment	Payroll (\$1,000s)	Average Salary
Food Manufacturing .....	30,582 .....	1,042,543 .....	34,090
Food Wholesaling .....	22,827 .....	921,047 .....	40,340
Farm Merchant Supply Wholesaling .....	1,681 .....	75,614 .....	44,981
Beer Wholesaling .....	3,831 .....	157,070 .....	40,999
Food and Beverage Retailing .....	92,174 .....	1,434,964 .....	15,567
Lawn and Garden Retailing .....	4,292 .....	97,289,000 .....	22,690
Farm Product Warehousing and Storage .....	48 .....	1,672 .....	34,833
Landscape Architectural Services .....	1,108 .....	42,187 .....	38,074
Food Service and Drinking Establishments .....	294,889 .....	2,981,867 .....	10,111
<b>Total Employment and Payroll in Non-Farming Industries</b>	<b>451,432 .....</b>	<b>103,945,964</b>	

Source: MSU Product Center

