The Economic Impact of Food Processing

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Overview

• Impact on Output and Employment
• Michigan’s rank
• Potential for Growth
• Barriers to Growth
Here are the numbers

**Summary of Economic and Employment Impact of Food Processing**

<table>
<thead>
<tr>
<th></th>
<th>Within Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Impact ($ billions)</td>
<td>14.657</td>
<td>24.971</td>
</tr>
<tr>
<td>Impact on Employment</td>
<td>40,828</td>
<td>133,980</td>
</tr>
</tbody>
</table>
Total

- 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 billion
  - 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 19th 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
Potential of Additional Processing

- 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

### Impact of Various Food Processing Activities

#### Economic Impact ($1,000s)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Milk Processing Plant</td>
<td>206,954</td>
<td>459,296</td>
</tr>
<tr>
<td>Artisanal Cheese Plant</td>
<td>125</td>
<td>276</td>
</tr>
<tr>
<td>Fruit Juice Plant</td>
<td>20,000</td>
<td>33,315</td>
</tr>
<tr>
<td>Expanded Beef Plant</td>
<td>220,628</td>
<td>423,324</td>
</tr>
<tr>
<td>Small Fruit Processor</td>
<td>500</td>
<td>832,881</td>
</tr>
<tr>
<td>Expanded Sugar Processing</td>
<td>300</td>
<td>650</td>
</tr>
<tr>
<td>Expanded Frozen Vegetable Processing</td>
<td>500</td>
<td>890</td>
</tr>
</tbody>
</table>

#### Employment

<table>
<thead>
<tr>
<th>Activity</th>
<th>Direct</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Milk Processing Plant</td>
<td>250</td>
<td>2,011</td>
</tr>
<tr>
<td>Artisanal Cheese Plant</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Fruit Juice Plant</td>
<td>31</td>
<td>115</td>
</tr>
<tr>
<td>Expanded Beef Plant</td>
<td>500</td>
<td>2,288</td>
</tr>
<tr>
<td>Small Fruit Processor</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Expanded Sugar Processing</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Expanded Frozen Vegetable Processing</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>
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
Michigan’s Advantages

• 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
Conclusion

• 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