

**Statement of
Keith Creagh, Director
Michigan Department of Agriculture & Rural Development**

**to the
United States Senate Committee
on Agriculture, Nutrition and Forestry**

February 17, 2011

“Agriculture: Growing America’s Economy”

Thank you, Senator Stabenow, for the opportunity to be here today. On behalf of the State of Michigan, Governor Rick Snyder, and all of us at the Michigan Department of Agriculture and Rural Development, I want to express our appreciation for your commitment and leadership on food and agriculture issues. We also recognize the remarkable new opportunities for rural America, and we look forward to a continued partnership with you to assure Michigan’s food and agricultural industry is strategically aligned to enhance our growth opportunities as we reinvent Michigan.

Michigan’s agri-food industry contributes \$71.3 billion annually to the state’s economy¹. Production agriculture, food processing, and related businesses employ more than one million Michigan residents; approximately 1 in 4 jobs. This is a robust and high tech industry that will undoubtedly serve as one of Michigan’s (and the nation’s) foundations to our long term, sustainable economic recovery. At a time when 850,000 jobs were lost in Michigan², our agricultural economy experienced a decade of growth. It expanded at a rate of more than five times faster than the rate of the general economy (11.9 percent versus 2 percent) between 2006 and 2007. Further, since 2007,

¹ Michigan State University Product Center, “*The Economic Impact of the Michigan Food Processing Industries*,” by William A. Knudson, Steven Miller and H. Christopher Peterson, September 2010.

² Bureau of Labor Statistics. “*Michigan Economic & Budget Outlook*,” by Mark Haas, Chief Deputy Treasurer, October 25, 2010.

we have seen a 27% increase, making agriculture a cornerstone in diversifying Michigan's economic future. As a result of our diverse soils, crops, fresh water, and climate we are well-positioned to continue this growth and expansion at all levels of production. Currently, we produce over 200 commodities on a commercial basis; and lead the nation in 18 of these.

Under Governor Snyder's leadership, Michigan is developing a comprehensive food and agriculture strategy that prioritizes food safety, food security, nutrition and health, energy, trade, environmental stewardship, and rural development. It is fundamental, and part of our core mission, to provide a safe and wholesome food product for the citizens of Michigan. We will continue to work with our federal partners to seek appropriate funding and implementation of the Food Safety Modernization Act which will allow for a more vigorous and collaborative approach between federal, state and local partners. The risk of contaminated food products to our consumers reinforces the need for a rigorous inspection system to mitigate those risks. Collaborating with our federal partners will assist in identifying respective roles in the food safety continuum.

The Michigan Department of Agriculture and Rural Development applauds your support and leadership of the Specialty Crop Block Grants. Having these resources available for cost-sharing opportunities provides much needed research, training and education that otherwise may not be available for food and agriculture entrepreneurs. The health and nutrition of Michigan citizens are directly tied to an available and wholesome food supply.

Michigan has a dynamic food processing industry currently generating \$24.9 billion annually and employing 134,000 people. However, merely siting a food processing facility in a community does not necessarily address the long term economic variables. To ensure growth and sustainability are at the forefront of the equation, we must conduct a thorough and extensive review of the proposed facility. All of the following components are integral to the process and must be addressed:

- Adequate infrastructure
- Trained workforce
- Capability and capacity to deliver goods on a predictable basis
- Food safety checks and balances
- Access to available markets
- Appropriate inspections and certifications

Adequate infrastructure including roads, rail, waste water treatment and high speed communication must be part of any comprehensive strategy. We appreciate the opportunity to work with USDA Rural Development to identify broadband interface opportunities in our rural areas to ensure our citizens can compete in the global marketplace. Just as rural electrification was crucial to the advancement of food production in the 20th Century, access to high speed internet is vital to the productive capacity of today's rural community. Michigan is fortunate to export almost one-third of its agricultural production, generating more than \$1.55 billion annually, and employing

more than 12,000 workers. We have nearly doubled our exports since 1997. In 2009, we directed over \$753 million in exports to Canada alone. Michigan has worked strategically with the Food Export Association of the Midwest USA through the Market Access Program to provide export assistance to our small and medium-sized companies. Because of this partnership, in 2009 we jointly assisted over 60 companies participating in nearly 150 programs or services, which resulted in an increase of \$13.6 million in export sales. We look forward to continuing this partnership as we build upon our international successes.

Agri-tourism is another area where Michigan is experiencing growth. Farm and farmers markets, coupled with our \$287 million wine industry³, generate well over a million tourists each year. Michigan ranks in the top four in the nation for the number of farmers markets, as well as the rate of growth⁴. By spending \$10 per household each week on locally grown foods, \$40 million would be kept circulating in Michigan's economy⁵.

The continued growth of the food and agriculture industry will require the integration of new science and technology, as well as the implementation of appropriate risk management tools in order to minimize the impact from food recalls, exotic and invasive species, and natural disasters. Assuring the food and agriculture industry has the necessary tools available from the United States Department of Agriculture, the Environmental Protection Agency, and the Food and Drug Administration to provide

³ MFK Research, LLC, "*Economic Impact of Michigan Grape and Wine – 2005.*"

⁴ USDA Press Release – August 4, 2010, "*USDA Announces that National Farmers Market Directory Totals 6,132 Farmers Markets in 2010.*"

⁵ Compilation of USDA Census Data and Michigan State University Product Center

relief from these occurrences is critical. Continuation of programs that support these collaborative efforts will enhance the future economic growth of Michigan agriculture.

Michigan farmers appreciate the technical assistance that has been made available to them. An example of this collaboration is the Conservation Technical Assistance Initiative (CTAI) whereby leveraging a 100% match from USDA puts engineers and technicians on the ground to help farmers design and install conservation practices. These individuals will leverage \$16 million in federal cost share dollars paid to the impacted producers for the installation of practices. The expenditure of these dollars not only resulted in a 40 to 1 return on investment, but also provided substantial protection of the Great Lakes and our Michigan environment.

As national policy is fashioned, we must provide flexibility at the state and local level to support innovation and entrepreneurs who strive to make a difference in the economic recovery process. As we look to reinvent Michigan and compete on a global scale, the food and agriculture industry stands ready to assist in our long term economic recovery.

We look forward to working with you and the U.S. Senate Committee on Agriculture, Nutrition and Forestry to make rural America a great place to live, work and play.