



Michigan Department of Agriculture

**Annual Report
Year 2008**

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Agriculture Development Division Annual Report 2008

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The Agriculture Development Division delivers expertise and leadership to support economic development in Michigan's food and agriculture industries.

Introduction:

The Agriculture Development Division (AgD) assists the Michigan food and agriculture industry in developing new and enhanced domestic and international markets for Michigan food and agricultural products. It also serves as a catalyst in expanding value-added agriculture initiatives and facilitating economic development on farms, food processing firms, and agriculture industry. In addition, our division encourages agri-energy and bio-economy development, as well as educational efforts to foster energy efficiency. These activities support job retention and creation in the agri-food sector throughout Michigan and contribute to Michigan's economy.



Robert G. Craig
Director

AgD's activities and accomplishments are highlighted throughout this report and include the following areas:

- International Marketing
- Select Michigan
- Agriculture Innovation Grants (also known as Julian-Stille Program)
- Renewable Fuels and Bio-Products
- Grape and Wine Industry Council
- Agricultural Tourism
- Commodity Check-off Boards and Commodity Group Coordination
- Business Start-ups and Expansions

Outreach:

MDA Director Koivisto, along with AgD staff and others, visited 25 agri-businesses throughout Michigan in 2008. These one-on-one meetings with chief executive officers and key staff offered opportunities for MDA assistance for problem solving and allowed private business discussions. This effort helped stimulate further business and job growth and retention efforts in Michigan's 71.3 B food and agriculture industry.

The New Market Developer E-Newsletter was published quarterly highlighting workshops, webinars, grantee success stories, as well as Agriculture Development staffing updates.

With the able assistance from MDA Communications staff, AgD prepared approximately 33 news releases throughout 2008. These news releases covered everything from department economic development site visits, announcement of Agriculture Exporter of the Year, wine events, and Select Michigan in-store events.

In 2008, MDA's Select Michigan Program conducted retail promotional activities for a number of different commodities. Most in-store activities were conducted in the West Michigan or Detroit regional markets; however, in many cases, activities occurred in all retail store locations of a chain such as Spartan Stores, Meijer, Wal-Mart, and Save-A-Lot.

Information on Michigan wines was provided to consumers and the media through Michigan Wine Country Magazine 2008 edition and the www.michiganwines.com website. Approximately 200,000 magazines were distributed in 2008, and 525 visitors each day visit the website.

Governor's Declarations: The division made requests to the Governor's Office for declarations regarding:

- Michigan Wine Month – April
- Ag-Tourism Month – October
- Select Michigan Month – September

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.



International Market Development Program (IMDP)

Online Export Directory – The IMDP maintains an up-to-date directory of Michigan companies that currently export, or have interest in exporting, and is available online at www.mdainternational.com.

The MDA website (www.michigan.gov/mda) was updated to inform the public on opportunities and connect them to partner websites, etc.

Educational Meetings and Events:

AgD conducted and participated in meetings for industry groups by presenting information to promote or enhance their agricultural business and help them to be successful.

Michigan Grape and Wine Industry Council

The Division conducted four meetings of the Council in 2008 and several committee meetings. The Council continues to provide an important forum for statewide collaboration in research, promotion, and professional development to meet the changing needs of this exciting growth industry.

- Michigan Wine and Spirits Competition: The Michigan Wine and Spirits Competition received 346 entries from 34 wineries. Increased media coverage of the competition helped raise public awareness of the competition and the Michigan wine industry in general.
- Michigan Wine Industry Annual Meeting: The meeting was attended by 190 participants at Crystal Mountain Resort, covering educational sessions regarding marketing, winemaking, and management.

Export Seminars

- MDA and the Food Export Association of the Midwest USA hosted an export educational workshop on November 7, 2008, in East Lansing at the Kellogg Hotel and Conference Center, for participants to learn about exporting to Canada. Twenty-four attendees representing 14 companies participated in the full-day seminar.

2008 Michigan Farm and Agricultural Tourism Directory

The 2008 Michigan Farm Market and Agricultural Tourism Directory became available in May 2008 with the involvement of Agriculture Development Division working with private partners. This statewide listing of farm markets, U-pick operations, farmers markets, corn mazes, cider mills, and much more, has been produced in Michigan since 1980. The 2008 directory, with 200,000 copies published and distributed, was created by a partnership among the Michigan Farm Marketing & Agri-Tourism Association (MI-FMAT), Farm Bureau Insurance, Michigan Farm Bureau, and MDA. In addition to the printed directory, farm listings can be accessed via a searchable database on MI-FMAT's Web site at www.MichiganFarmFun.com.



Accessing Financial Support for Industry Development and Research:

Michigan's agri-food business industry is intrinsic to the state's overall economic health. By continuing to invest in the state's agri-food industry and foster business growth with incentives, we are significantly contributing to the state's economic development. These business expansions create good paying job opportunities for Michigan's skilled workforce in areas such as food research and development and food science.

Agricultural Innovation Grant Program (Julian-Stille)

MDA's Agricultural Innovation Program, funded through the 21st Century Jobs Fund, had a \$10 million total appropriation, with \$5 million earmarked for Fiscal Year (FY) 07 grants, with the charge to accelerate the growth of Michigan's \$71.3 billion food and agriculture industry. This grant program helped 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. Thanks to the investment in these 40 companies, MDA has been able to leverage state funds to private industry investment at an 8:1 ratio helping to generate more than \$36 million in private capital investment in the agri-food industry - the state's fastest growing economic sector - and create nearly 120 new jobs.

Grape and Wine Industry Council Research

Twelve research projects were funded by the Grape & Wine Industry Council at Michigan State University to provide knowledge in growing wine grapes and making quality wine in the state of Michigan.

Business Expansion Success Stories

- Gerber Products Company, Fremont, was awarded an Agricultural Processing Renaissance Zones (APRZ) which included Gerber's APRZ expansion of modernization of the existing manufacturing facility, the addition of production lines, purchasing of new equipment, and a new warehouse and distribution center. Additionally, Gerber will also:
 - Invest \$75 million in their Fremont facility.
 - Gerber will maintain 1,100 jobs, and create an additional 200 new jobs.
 - Gerber 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. Their total new expansions and private investment are approximately \$62 Million within the designated APRZ.

- Maintained 86 existing jobs
- Created fifteen additional new jobs
- Created 166 indirect and induced jobs
- Created 344 construction jobs

(Source: MSU Product Center for Agriculture & Natural Resources)

- In February 2008, an APRZ was approved for W.K. Kellogg Institute for Food and Nutrition Research (WKKI), Battle Creek. 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.
 - Kellogg 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
- 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.

Renewable Fuels and Bio-Products

- Renewafuel, LLC, Marquette, a subsidiary of Cleveland Cliffs, Inc., announced in June 2008 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, including wood waste, switchgrass, corn stover and others.
 - 10 million investment in construction of new plant in Marquette, with completion in 2009
 - 25 jobs created
 - Renewafuel LLC invested nearly \$1 million in Battle Creek production-scale research and development facility to expand capacity
- **Michigan Renewable Fuels Commission**
Agriculture Development Division staff has assisted with meetings and duties of the Renewable Fuels Commission.

The Renewable Fuels Commission (RFC) Report was provided to Governor Jennifer Granholm and the Michigan Legislature. The report provides a compilation of the successes and highlights in the renewable fuels industry.

- The RFC, along with the promotional, educational, and developmental duties and activities transferred in late 2008 by Governor's Executive Order to Michigan Department of Energy, Labor, and Economic Growth (DELEG)
- **Renewable Energy Renaissance Zones**
The authority for a Renewable Energy Renaissance Zone (RERZ) is in the Michigan Renaissance Zone Act, **PA 376 of 1996**, as amended, in Section 8e. Public Act 117 of 2008, effective April 29, 2008, added the requirement that the Commission of Agriculture recommend the creation of a renewable energy renaissance zone, but only if the proposed facility uses agricultural crops or residues, or processed products from agricultural crops as its raw material

source. Public Act 329 of 2008 further amended that “not fewer than five of the renaissance zones for renewable energy facilities shall be designated for renewable energy facilities that focus primarily on the production of cellulosic biofuels” using cellulosic materials, such as plant materials, corn stover, and switchgrass.

Marketing Programs and Market Development:

The Agriculture Development Division plans and administers marketing programs to stimulate increased sales of Michigan products and market research to solve industry problems.

Select Michigan Program

All Michigan fresh or processed products are eligible for participation in the Select Michigan Program. Select Michigan logos are used primarily with food items and must be 100 percent grown in Michigan.

In fiscal year 2008, MDA’s Select Michigan Program conducted retail promotional activities for apples, potatoes, dried cherries, asparagus, peaches, blueberries, cherry juice, sweet corn, peaches, tomatoes, zucchini, cantaloupes, and carrots. Most in-store activities were conducted in the West Michigan or Detroit regional markets; however, in many cases, activities occurred in all retail store locations of a chain such as Spartan Stores, Meijer, Wal-Mart, and Save-A-Lot.



- In partnership with Michigan Food and Farming Systems and the MSU Product Center, Select Michigan hosted a “Meet the Buyers” reception as part of the 2008 Great Lakes Fruit, Vegetable and Farm Market Expo to connect growers with local retail and wholesale buyers. They were given the opportunity to network and learn how to get their product onto store shelves and restaurants with 50 buyers and 100 growers attending the reception.
- The Select Michigan program also received a free, regular television segment and Web site called *Made in Michigan* on WMMT-TV 3 in Kalamazoo. With the largest reach in southwest Michigan, this show covered one-quarter of the Lower Peninsula. Twice a month during the growing season, Cookbook Author and Culinary Historian Priscilla Massie cooked with seasonal Michigan foods and shared health and economic facts about the featured product.
- *Come to the Table* was a one-hour Sunday evening radio program on Detroit’s WJR-News Talk 760 AM. In partnership with Eden Foods, this program was a place to learn about Michigan’s unique agricultural and culinary heritage. Every week guest chefs, authors, and industry experts discussed a lively topic that affects everybody...food!
- A total of nine paid print ads were also placed in women’s and food magazines in both Grand Rapids and Detroit reaching an estimated 525,000 consumers. Spartan Stores also placed the Select Michigan logo on 900,000 ad circulars creating an estimated 23,400,000 consumer impressions at no-cost to the program.
- Select Michigan and AFD created the Fresh Start Program linking Michigan farmers and food producers with wholesalers, distributors’ retailers, and communities to increase their access to fresh local produce. The “Buy Local, Eat Fresh” pilot program worked to increase consumption of Michigan fruits and vegetables in ten underserved southeast Michigan neighborhoods - nine in Detroit and one in Pontiac. A series of 10 food events were held at the 10 participating stores from July through November of 2008.

- The Select Michigan Program conducted Special Farmers Markets in Lansing on the Capitol Lawn in response to interest expressed by farm marketers. These enormously successful markets had 52 and 65 booths respectively. This represented an increase in participation of 148 percent at the July market and 59 percent at the September market over 2007. Average sales in July were \$812 per vendor (same as 2007) and \$1,208 in September (increase of 54 percent). In all markets, this amount was much higher than an average day's sales at their other venues.
- An additional market was conducted on the main campus of the Henry Ford Healthcare System in Detroit on August 22. Total sales reported at this market were \$6,542 – an average of \$934.57 per vendor.
- Select Michigan hosted a pavilion at the Associated Food and Petroleum Dealers (AFPD) Show, April 28-29, 2008. The pavilion was an assembly of Michigan companies that received discounted rates, special signage, and public relations support by Select Michigan as part of the larger show. The show offered exposure and networking opportunities to the participating companies resulting in 122 trade leads for the nine participating companies.

International Marketing

- On July 23, 2008, 20 international buyers traveled to East Lansing for individual meetings with Michigan companies. The buyers were able to see American retail trends by participating in store tours while in Detroit. Twelve Michigan companies participated in the Midwest Buyers Mission, including: Burnette Foods, Fido Enterprises, Lesley Elizabeth, Honeytree, Inc., Coffee Express, Koeze Co., Quality Food Brands, Shoreline Fruit Growers, Groeb Farms, Cadillac Coffee, Great Lakes Gourmet, and Dearborn Sausage.
- The SIAL Paris Show held October 19-23, 2008. Michigan participating companies included Chartreuse Tea, Flatout, Shoreline Fruit, and the U.S. High Bush Blueberry Council, representing Michigan blueberry growers.

Michigan's Exports Worldwide – 2007 results

- Generated more than \$1.236 billion
- Employs more than 13,800 residents

Vintage Michigan Club

More than 1,500 members experience special savings on Michigan retail wine purchases.

Industry Issues and Counseling:

The Agriculture Development Division works with the business community to resolve concerns and maximize economic development opportunities. The division assists Michigan companies in expanding domestic and international sales through one-on-one counseling.

Vineyard and Winery Development

The Michigan Grape and Wine Industry Council provides assistance to new and existing businesses in the industry through on-line resource materials on the **Michiganwines.com** website and with a start-up package of information to assist new entrants into the industry.

Commodity Check-off Boards and Commodity Group Coordination

MDA's Agriculture Development Division staff performs both programmatic and financial statement review and oversight responsibilities as part of its statutory authorities. AgD staff work with commodity

check-off boards and staff on promotion, research, and market development activities. Representing the Director, division staff attended regular, special, and annual meetings for Michigan's 14 legislatively established commodity groups and worked with the Assistant Attorney General and MDA staff on statutory issues and collection of unpaid or unremitted assessment funds. Through producer-run committees, nearly \$16 million in producer dollars was collected and spent on various promotion, research, and market development activities for their respective commodities.

MDA worked with the Michigan Soybean Promotion Committee (MSPC), regarding the legality of a National Certificate of Deposit Account Registry Service (CDARS) program involving the issue of insured security for commodity board funds.

Cranberry Production and Processing Expansion Opportunity

Ocean Spray Cranberries, Inc.TM - the largest handler of cranberries in the United States – would like 6,000 additional acres of cranberries in the U.S.A.

- Michigan House of Representatives unanimously passed House Resolution 350 regarding cranberry production in Michigan.
- MDA, Michigan Department of Environmental Quality (MDEQ), and the Michigan Cranberry Council (MCC) sponsored and conducted a Cranberry Session on December 11th at the 2008 Great Lakes Fruit, Vegetable, and Farm Market Expo as a forum to inform the Michigan food and agriculture industry about this cranberry production and processing expansion opportunity.
- An economic potential study conducted by the MSU Product Center and commissioned by the Michigan Farm Bureau, Michigan Cranberry Council, and the Michigan Food Processors Association, was reported on at that Cranberry Session and is available from the MSU Product Center at <http://www.aec.msu.edu/product/documents>.
- The MDA and MDEQ and Michigan Cranberry Council signed a Memorandum of Understanding (MOU) to expand the state's cranberry industry and serve as a model of environmentally sound cranberry production.

A-Team

The Agriculture Team or "A-Team" initiative provided small or large farmers and agriculture business operators with customized government assistance for marketing their products domestically and internationally. The department focused attention on agri-tourism, renewable energy, value-added processing, our diverse and abundant commodities, as well as innovative agriculture businesses that do not fit any particular category. Agriculture Development is the lead division responsible for responding to the A-Team initiative designed to maximize economic development in the growing agriculture industry.

- A total of 26 requests were referred to, and responded to, by AgD.

Farm Market GAAMPs

Division staff participated as members of the Farm Market Generally Accepted Agricultural and Management Practices (GAAMPs) Task Force chaired by MDA's Environmental Stewardship Division, pursuant to their administering the Michigan Right to Farm Act. Several meetings were attended, and the GAAMPs development process is on-going.



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