

Results of the Spring 2019 Agri-Food Roundtable

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Results of the October 2018 Michigan Food and Agriculture Roundtable

Executive Summary

MICHIGAN AGRICULTURE AND FOOD INDEX BY THE NUMBERS

Index	May-18	Oct. 2018	May-19	Trend
State of the Food and Agricultural System	97	96	96	Steady
State of Michigan's Overall Economy	152	144	116	Down
Sales	118	118	129	Up
Investment	88	82	77	Down
Employment	122	104	106	Steady

Introduction

Staff members at the Michigan State University (MSU) Product Center Food-Ag-Bio sent questionnaires to 84 members of the Food and Agriculture Roundtable. The roundtable is composed of leaders in the state's food and agriculture system, primarily farmers, leaders of agribusiness firms and food processors. All major sectors of the state's food and agriculture system are represented: dairy, livestock, field crops, fruits and vegetables as well as the nursery, floriculture and landscape industry. The first eight questions were designed to assess the current state of the food and agriculture system as well as future intentions. Two open-ended questions were designed to determine current and future areas of concern, and issues important enough to address through research and extension and perhaps changes in public policy. A total of 25 surveys were returned for a response rate of approximately 30 percent.

The results of the survey have been used to construct a set of indexes on the current and future state of the food and agriculture system. The indexes have a theoretical value of zero to 200, with a score of 100 indicating a neutral – neither positive nor negative – outlook about the food and agriculture system. Scores above 100 indicate an increasingly positive outlook; scores below 100, an increasingly negative outlook. Indexes were developed for the current state of the food and agriculture system in Michigan, the current state of Michigan economy, sales of food and agriculture products, future investment and future employment plans.

The next roundtable survey will be conducted in the fall of 2019 and the results will be released in November or December.

Results

The current index on the state of the food and agricultural system has been steady over the past year. It should be noted that in the most recent survey no respondent was extremely pessimistic or optimistic. It does appear that the downward trend from previous years has ended.

The index on the current state of the Michigan's overall economy is 116 which is down dramatically from previous surveys. This decline is somewhat puzzling given the relatively strong economic performance of

the overall U.S. economy. Taken as a whole, respondents remain somewhat positive with respect to Michigan's economy.

Expectations about future sales are up to 129 from the fall and previous spring survey at 118. Respondents are more optimistic about sales increasing over the next three years compared to the next twelve months.

The investment index is 77 and this figure has been declining for several years. The long term outlook for investment is better than the short term outlook, but both the short and long term outlook is quite pessimistic, which could have adverse implications for the long term competitiveness of Michigan's agri-food system. The employment number is steady at 106. This number may underestimate the interest in hiring more workers; a labor shortage has limited the hiring of additional labor. Access to labor remains a major issue facing the agri-food system.

Two open ended questions were asked, the first dealing with short term concerns and a second question dealing with longer term issues.

- In the short term labor is the biggest concern; this includes the quality of labor and immigration as well as the quantity of labor. Trade and profitability are the other two major issues. This survey was sent out when it appeared that there would be a U.S. China trade agreement. Trade may be an even bigger concern given the breakdown in negotiations between the two countries.
- Concerns about the regulatory environment and the priorities of the current state administration were also mentioned by several respondents. However, concerns about regulation now lag behind concerns about labor and trade.
- Profitability including low prices and the state of the farm economy is mentioned by several respondents; and appears to be a particular concern in the short run, but it is becoming a bigger long run issue as well. Trade issues are putting a downward pressure on prices which is adversely affecting profitability.