

## Results of the Fall 2018 Agri-Food Roundtable

Working Paper 01-1218

**Prepared by**

William Knudson

**Date**

December 2018

## Results of the October 2018 Michigan Food and Agriculture Roundtable

### Executive Summary

#### MICHIGAN AGRICULTURE AND FOOD INDEX BY THE NUMBERS

Index	Oct. 2017	May-18	Oct. 2018	Trend
State of the Food and Agricultural System	117	97	96	Steady
State of Michigan's Overall Economy	143	152	144	Down
Sales	127	118	118	Steady
Investment	93	88	82	Down
Employment	118	122	104	Down

#### 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 26 surveys were returned for a response rate of approximately 31 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 spring of 2019 and the results will be released in May or June.

#### Results

The current index on the state of the food and agriculture system is down considerably from the October 2017, but is similar to the spring figures. Looking at previous surveys, the October 2017 results appear to be an outlier, on average respondents are neutral with respect to the current agri-food situation. The index on the current state of the Michigan's overall economy is 144 which is similar to the October 2017 survey but down somewhat from the spring of 2018 survey. Taken as a whole respondents remain very positive with respect to Michigan's economy.

Expectations about future sales are unchanged from the 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 82 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 pessimistic, which could have adverse implications for the long term competitiveness of Michigan's agri-food system. The employment number is down considerably from the May survey from 122 to 104. This number may underestimate the interest in hiring more workers; a labor shortage has limited the hiring of additional labor.

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 trade is the biggest concern. Trade has only become a major issue in the last two surveys. Trade is also becoming a bigger long term concern.
- Perhaps because of the timing, the survey was sent on Oct. 30, 2018, the changing political landscape and the results of the election were mentioned by several respondents. This has seldom been mentioned in the past.
- Labor remains a major concern, especially in the long run. The shortage of truck drivers is particularly problematic for some respondents. There appears to be labor shortages for both skilled and unskilled labor.
- Regulation remains a concern for many respondents although it is less of a concern than trade. A changing regulatory environment possible social pressure from interest groups is a particular concern for livestock sector respondents.
- 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. Access to capital is of growing concern especially in the long term.