

### Agriculture Development Division

The Agriculture Development Division 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 marketing efforts to attract, expand or retain food processing and agriculture support businesses. These activities support job retention and creation in the agri-business sector throughout Michigan, and contribute to economic stability.

#### Specialty Crops Block Grant Program

- Agriculture Development Division staff worked with Michigan growers, food processors, commodity boards and others to successfully complete the \$3.75 million USDA Specialty Crops Block Grant program with close-out on September 30, 2004. MDA had initially received these one-time federal funds in September 2001. MDA took advice from specialty crops growers and selected projects in areas that included marketing, nutrition, pest and disease control, research and new product development. More than 80% of these grant dollars were re-distributed to sub-recipients including:
  - international marketing companies and commodity boards
  - specialty crops commodity organizations and growers
  - new Julian-Stille Value-added Agriculture Program grants to growers, food processors, commodity boards and companies
  - the Select Michigan marketing program.

The overall outcomes of this block grant program touched more than 20,000 growers through nearly 100 private organizations and companies and generated 213 new jobs over three years, while helping retain 1,184 jobs. Furthermore the program leveraged more than \$2 million in matching funds from individual grant recipients. A complete reporting of Michigan's block grant projects can be found at the National Association of State Departments of Agriculture's Website, [www.nasda.org](http://www.nasda.org),

- The Michigan Apple Committee projected 2,000 to 5,000 jobs will be created or retained through the market development of new fermented and distilled Michigan apple beverage products by wineries, microbreweries and cider makers.
- Division Director Bob Craig testified to the State Senate Agriculture, Forestry and Tourism Committee on September 30 about Michigan's sound management and use of the USDA Specialty Crops Block Grant. He provided the State Senate Committee with survey results and impacts from all Michigan grant recipients as well as a copy of the NASDA February 2004 progress report entitled, Improving the Competitiveness of Specialty Crop Agriculture. The Senate Committee unanimously reported out a Michigan Senate Resolution urging the U.S. Congress to provide another round of funding of Specialty Crops Block Grants, given the excellent results and impacts. The State Senate adopted the resolution and sent it to the Michigan Congressional Delegation as well as USDA Secretary Veneman.

- The Michigan Bean Commission used some of the Specialty Crops Block Grant as seed money for a large venture to fund health research with dry edible beans helping fight cancer and AIDs. Additional public health researchers including some from Michigan State University and others with the Bean Health Alliance will address the ministerial conference in Burkino FASO.

### **Agriculture Value-Added Processing Projects**

- Agriculture Development and Pesticide and Plant Pest Management staff worked with the Michigan Economic Development Corporation to attract and establish a portable sawmill in Monroe County to process Emerald Ash Borer Program infested logs into marketable garden tool handles and other products. Crook-Miller Company of Hicksville, Ohio, installed the mill and created Emerald Mills Inc. to operate the facility. 12 Michigan employees were hired in the initial start-up phase in the fall.
- The Michigan Asparagus Advisory Board and Michigan-based food processors, such as Honee Bear Canning, developed a new IQF value-added asparagus product in a microwaveable container that is now being manufactured and sold commercially in Wal Mart Supercenters across the nation. This new product has provided a much needed boost to the Michigan asparagus industry.
- Leelanau Fruit Company (LFC) received a Julian-Stille Value-added Agriculture Grant in 2002 planning to use the grant and their own funds to remodel and equip their Buckley, Michigan facility into a sweet cherry double bleaching and finishing plant, thus enabling the sweet cherry to be used in producing maraschino cherries and other products here in Michigan (see photo). Previously more than half of Michigan's sweet cherries had to be shipped to Canada in order to be double bleached due to inadequate processing capacity in-state. This remodeling project at Buckley will enable most sweet cherry fruit to be double bleached in Michigan, avoiding huge shipments to and from and fruit processing in Canada. The Michigan sweet cherry industry strongly supported this value-added demand expansion project which saved time and shipping costs and will generate new food processing and packaging jobs in Michigan. Although Michigan sweet cherry crop failures in 2002 and 2003 set back LFC's plans, 2004 provided an average crop and allowed them to start production. The Buckley facility is unique in Michigan in that it has a large MDEQ licensed disposal well to handle in an environmentally sound manner, spent brine for this facility and others. Their sweet cherry product emphasis changed somewhat this year through Leelanau Fruit Co. partnering with another Michigan value-added fruit processor to produce infused dried cherry products.

## International Marketing (2004)

- For the first time since NAFTA was instituted in 1994, the Michigan apple industry opened the Mexican market with shipments of fresh Michigan apples with one-month's sales totalling \$250,000 in 2004 and more expected in the future. MDA with both Agriculture Development Division and Pesticide and Plant Pest Management staff provided assistance in both marketing and regulatory phytosanitary inspections to facilitate this long-awaited achievement.
- Provided \$50,000 through the MDA International Market Development Grant Program to 8 Michigan food and agricultural organizations. These grants leverage additional federal and private resources to develop or enhance overseas markets.
- Promoted Midwestern wines (including 2 Michigan wineries) at the London Wine and Spirits Show through Mid-America International Trade Council (MIATCO).
- Other Mexican international market development projects facilitated chef training and education in several cities. Staff coordinated three seminars in 2004, promoting processed apple, blueberry, cherry and cranberry (ABCC) products for the baking industry. Since 2002, the ABCC program has resulted in training of 600 Mexican chefs, reached 9000 trade and consumer contacts, and resulted in sales of \$200,000 for Michigan companies. Four Michigan companies exhibited at ExpoPan in Mexico City, resulting in \$35,000 in sales at the show and anticipated sales of \$200,000.
- Participated in the Association of Convenience Stores (NACS) Buyers' Mission, providing 7 Michigan companies with the opportunity to meet convenience store buyers.
- Assisted Michigan firms in applying and qualifying for federal funds to reimburse their export development costs. Through membership in the Mid-America International Trade Council (MIATCO), MDA enables Michigan food producers and processors to receive reimbursements of up to 44 percent of their export market development costs in the USDA Branded Market Access Program.
- Coordinated participation of 8 Michigan firms in the Michigan pavilion at the Food Marketing Institute/U.S. Food Export Showcase in Chicago, the largest grocery store trade show in the world. Over 300 contacts were made by companies with expected sales over \$1.3 million. Additionally, 3 Michigan companies participated in the Chicago Fancy Food show held concurrently with FMI at McCormick Place in Chicago.

## **Commodity Group Coordination ( 2004)**

- Representing the MDA Director, division staff attended over 95 percent of regular, special and annual meetings for Michigan's 15 legislatively established commodity groups, and worked with Assistant Attorney General on statutory issues and unpaid or unremitted assessment funds. Through producer-run committees, nearly \$14 million in producer dollars was spent on various promotion, research and marketing activities for their respective commodities. Chaired several meetings with commodity executives and the Director. Worked with and assisted several commodity groups to implement program changes that the Michigan Legislature adopted back in 2002 with amendments to Public Act 232 of 1965, as amended, the Agricultural Commodities Marketing Act.

## **Promoting Agricultural Tourism (2004)**

- Received final Agricultural Tourism report from Western Michigan supported by a Federal State Market Improvement Program grant from USDA.
- MDA's most popular publication, the 2004-2005 Farm Market, U-Pick and Ag Tourism Directory, was developed, published & distributed. The Directory provides a useful listing of many Michigan farm markets, farmers' markets, u-pick operations and other agricultural- tourism entities. It is also searchable online at [www.michigan.gov/mda](http://www.michigan.gov/mda).

## **Domestic Marketing**

- The Select Michigan program was funded in 2003 and 2004 by a cooperative partnership between USDA (Rural Business Enterprise Grant), commodity organizations, Michigan Integrated Food and Farming Systems, individual food businesses, retailers and the Michigan Department of Agriculture. The purposes of the program are to:
  - Increase marketing opportunities for Michigan locally grown food products
  - Increase awareness and purchases of Michigan locally grown food products

Sales data from the 2003 pilot program in Grand Rapids demonstrate that Select Michigan promotions increased sales of featured products by an average of 111%. In 2004, the promotion was expanded to include the Detroit market in addition to Grand Rapids. Asparagus, blueberries, peaches, carrots, onions, apples, organic foods, potatoes, seasonal vegetables, wine, apple juice, canned apples, whitefish, sugar and chestnuts were featured in scheduled promotions during the year. The Select Michigan campaign used eye-catching point-of-sale materials, including stickers, posters, banners and display cards. In-store tastings and demonstrations, radio promotion and magazine editorial also supported the program objectives.

Several major Michigan food retailers – Spartan Stores, Meijer, Kroger, Farmer Jack, and Super K-Mart supported the program and have incorporated the Select Michigan message into their marketing materials. Growers, farm markets, restaurants and other businesses that grow, process or promote Michigan food products are also using the Select Michigan logos.

## **Grape and Wine Industry Council ( 2004)**

- Implemented activities of the Michigan Grape and Wine Industry Council (MGWIC), a 10 member council established by the legislature to support the growth of the Michigan wine industry. Assisted by the research, education and promotion programs of the MGWIC, the Michigan wine industry continues to grow. Sales of Michigan wine increased 63% over the past 7 years. In 2003, the Council established a goal of increasing wine grape acreage in the state nearly ten-fold over the next 20 years, from 1400 acres in 2003 to 10,000 acres by 2024.
- An Annual Meeting of the Michigan wine industry was held March 3 – 4, 2004 with over 120 participants. A highlight for the year was the completion of the web based Start-Up Guide and resource kit “Wine Industry Resources for Michigan” which is a valuable resource for new and existing members of the industry.