

The State of Agriculture & Forestry In Virginia

A Presentation to
Senate Committee on Agriculture, Conservation
and Natural Resources

And

House Committee on Agriculture,
Chesapeake and Natural Resources

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By: William P. Dickinson, Jr
Deputy Secretary of Agriculture and Forestry

Overview of presentation

Economic Impact of Agriculture and Forestry on the Virginia Economy

Agriculture

- Industry trends
- Challenges

Forestry

- Industry trends
- Challenges

The Economic Impact of Agriculture and Forestry on the Commonwealth of Virginia

Report to the Governor and Secretary of
Agriculture and Forestry

Terry Rephann, Ph.D.

August 21, 2008



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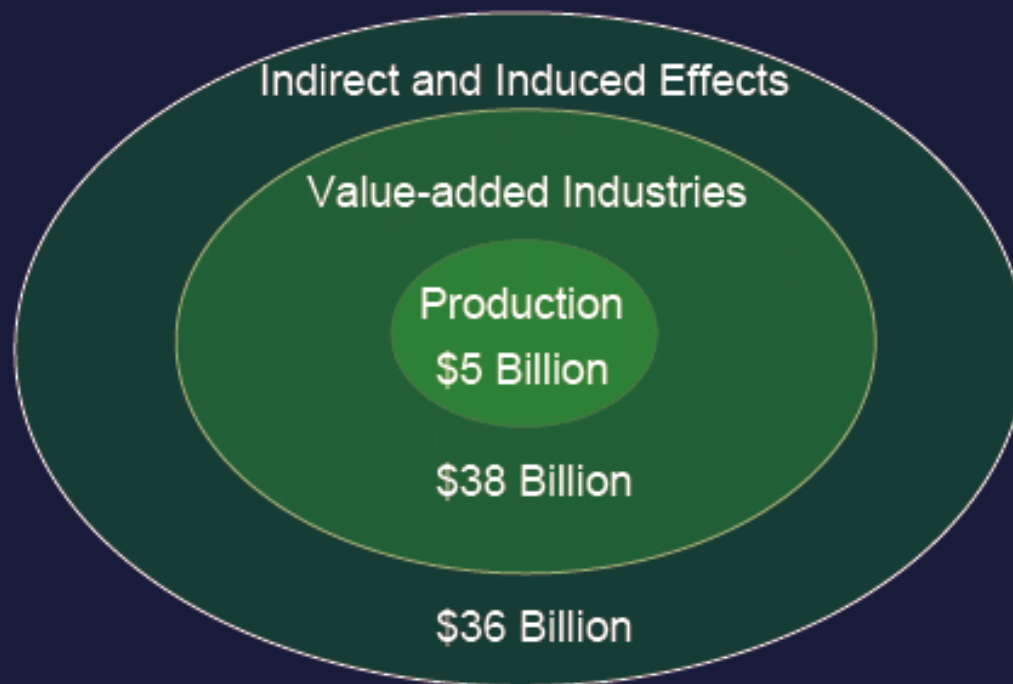
University of Virginia

Total Economic Impact

- The total economic impact of agriculture and forestry related industry is nearly \$79 billion in total industrial output and 501,500 jobs.

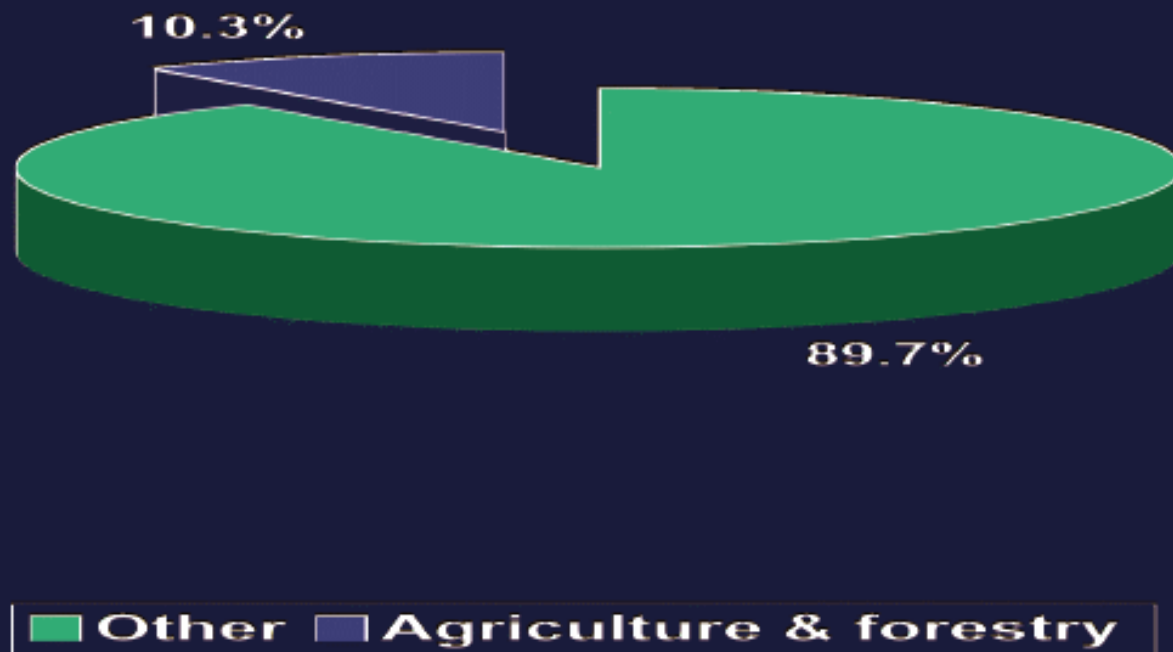
Economic Impacts Breakdown

Total industrial output impact of \$79 billion

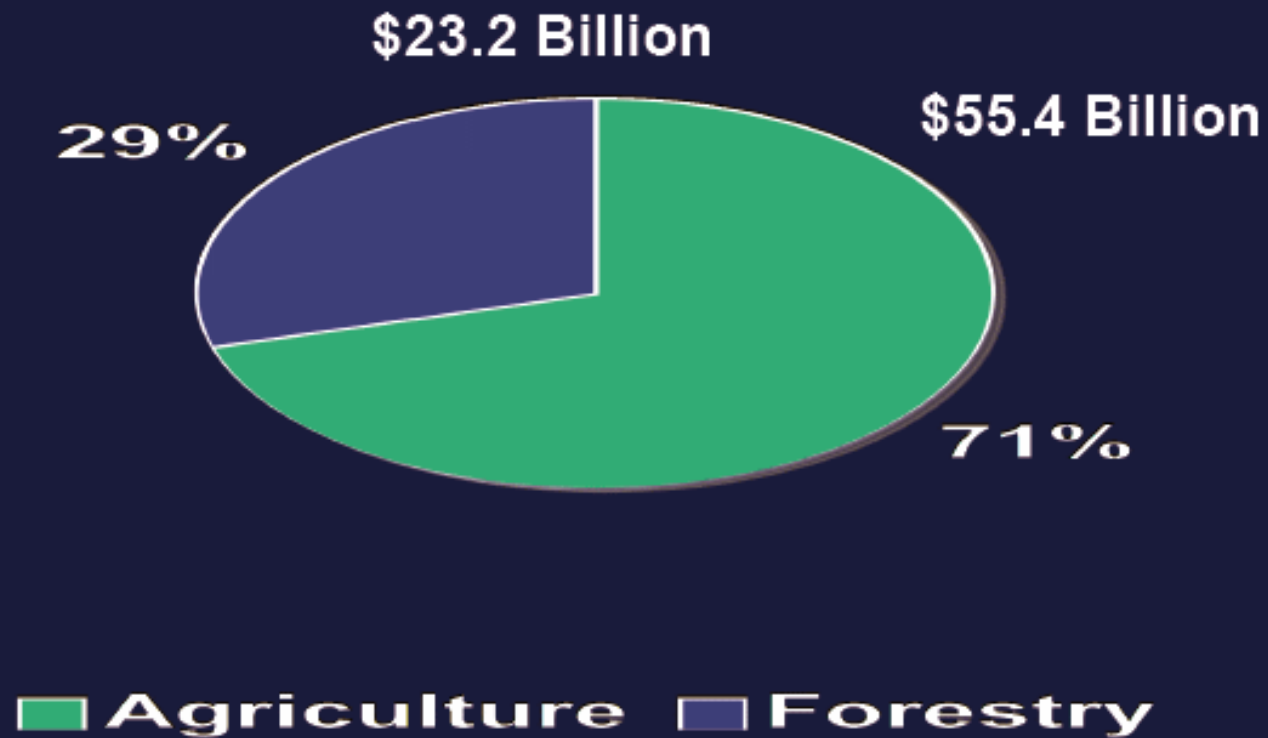


Impacts Compared to Virginia Economy

One in 10 jobs



Impacts by Sector



Other Economic Effects

- No attempt is made to measure other social benefits (e.g., open space, water quality, carbon sequestration).
- No attempt was made to capture economic impacts of agritourism or forest recreation (e.g., wildlife recreation, horse shows, agricultural festivals).
 - Other studies suggest that tourism activities alone account for billions of dollars in total output.

Agriculture: Industry Trends

- Increases in
 - value of farmland
 - amounts of capital required for farming
 - production of crops through leased land
 - diversification of crops and farm enterprises
 - value added processing
 - vertical integration of production/processing

Agriculture: Industry Trends

- Growth in certain sectors: (as example)
 - organic and specialty products
 - wineries
 - equine
 - green industry
 - agritourism
- Reduced production of crops where federal programs have disappeared (tobacco/peanuts)
- Consolidation of
 - dairies/tobacco acreage
 - support infrastructure (equipment/seed/chemicals)
 - buyers for agricultural products

Agriculture: Challenges

- Loss of farmland to development
- Aging of farm business operators
- Capital intensity of agriculture
- Increased volatility of commodity prices
- Fewer livestock processing options
- Aging physical infrastructure in rural areas
- Increased regulatory complexity in:
pesticide/fertilizer use and
management of agricultural waste

Forestry: Trends

- Major pulp/paper companies selling landholdings
- More of the harvested product is now being used
- Increased interest in producing energy from woody biomass
- Increased competition for fiber
- Decrease in numbers of logging operations

Forestry: Trends

- Decreases in numbers of sawmills
- Increased production from surviving mills
- Decline in pulp processing capacity
- Paper processing and furniture manufacturing are moving offshore
- Increasing interest in the use of forestlands for
 - wetlands mitigation
 - carbon sequestration
 - water quality
 - recreation

Forestry: Challenges

- Fragmentation/fracturing of the forest land base
 - number of owners increasing
 - forestlands managed to needs/wants, not to market
 - forestlands lost to development
- Increased threat from invasive plant and insect species
- Aging in all segments of the industry – forest professionals and loggers, in particular; fewer young people entering the industry

Forestry: Challenges

- Difficulty in employing the full range of forestland management techniques because of
 - increased numbers of local ordinances governing techniques
 - the negative public perception of certain techniques
- Increased requirements on the forestry industry from
 - Clean Water Act
 - Clean Air Act
 - Certification of Wood

Conclusions/Questions?