

# **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  
October 2, 2008  
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# 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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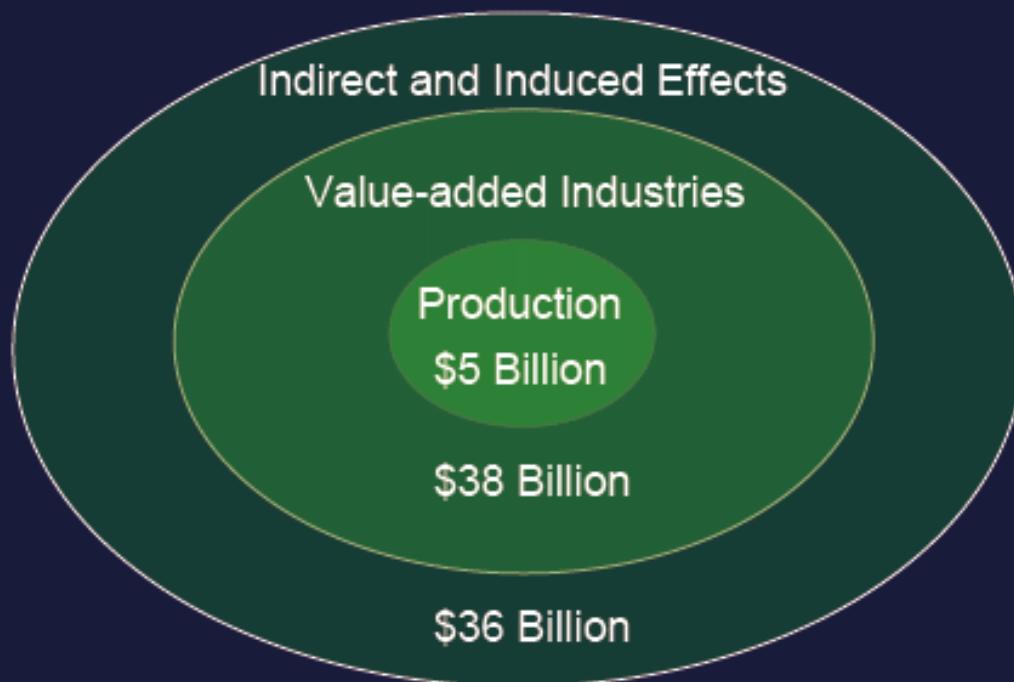
*University of Virginia*

## 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.

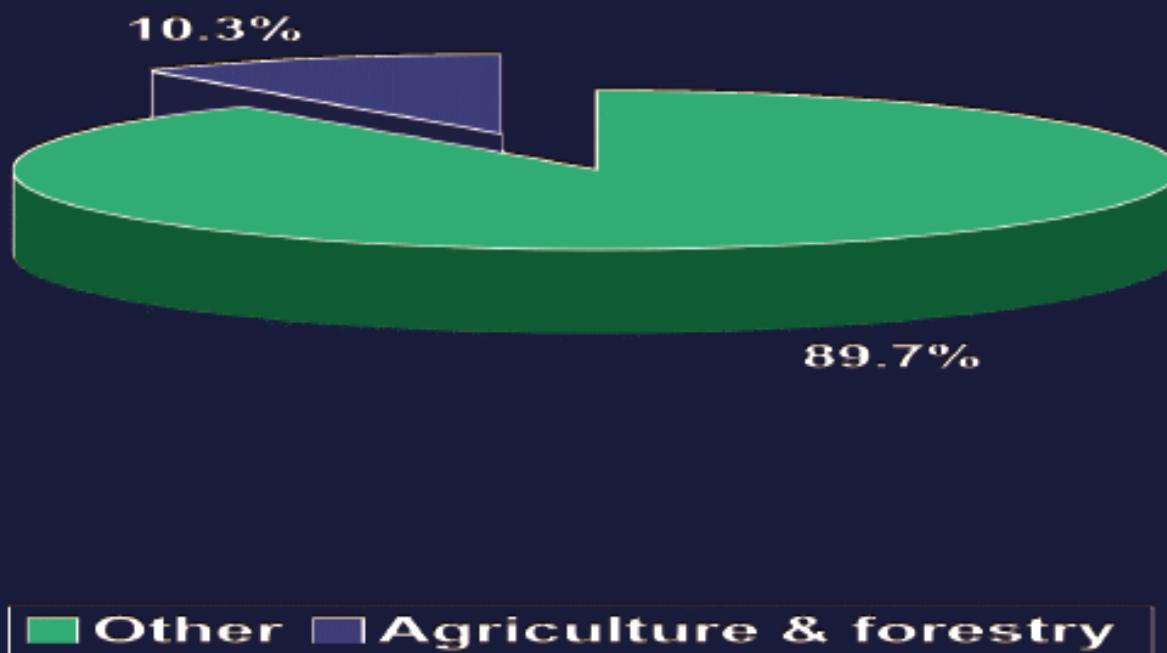
# Economic Impacts Breakdown

Total industrial output impact of \$79 billion

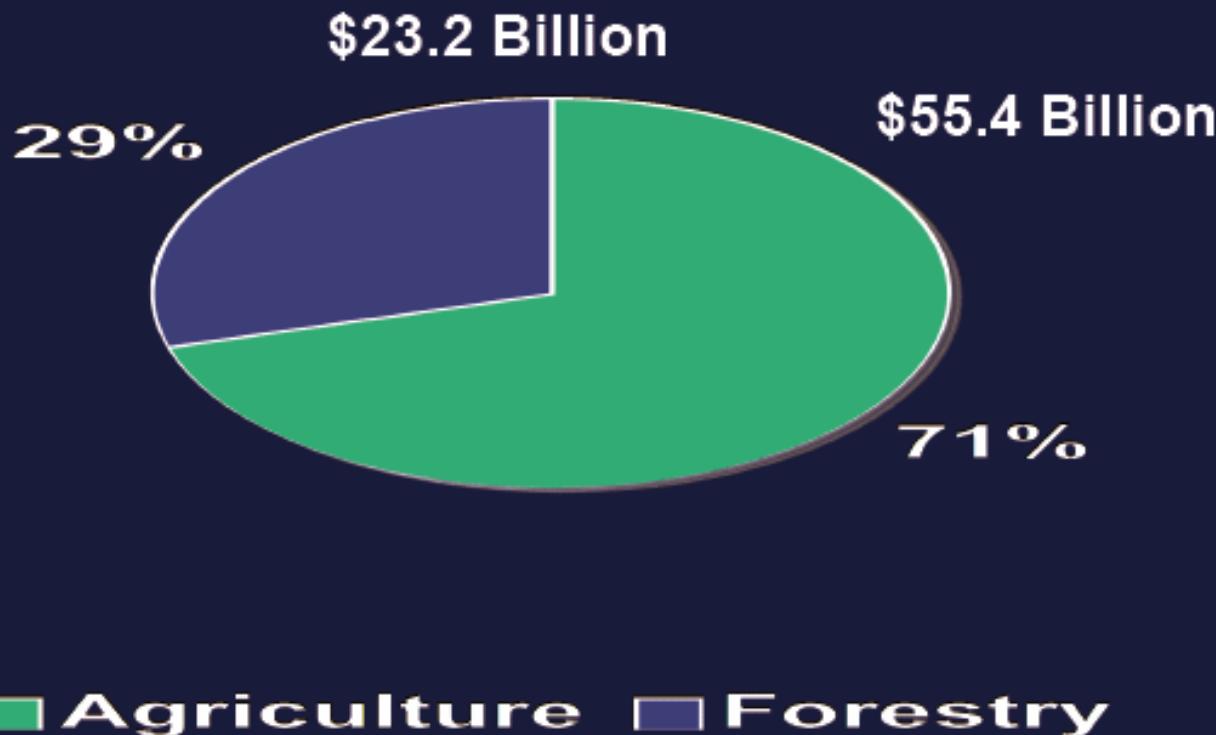


# Impacts Compared to Virginia Economy

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?