

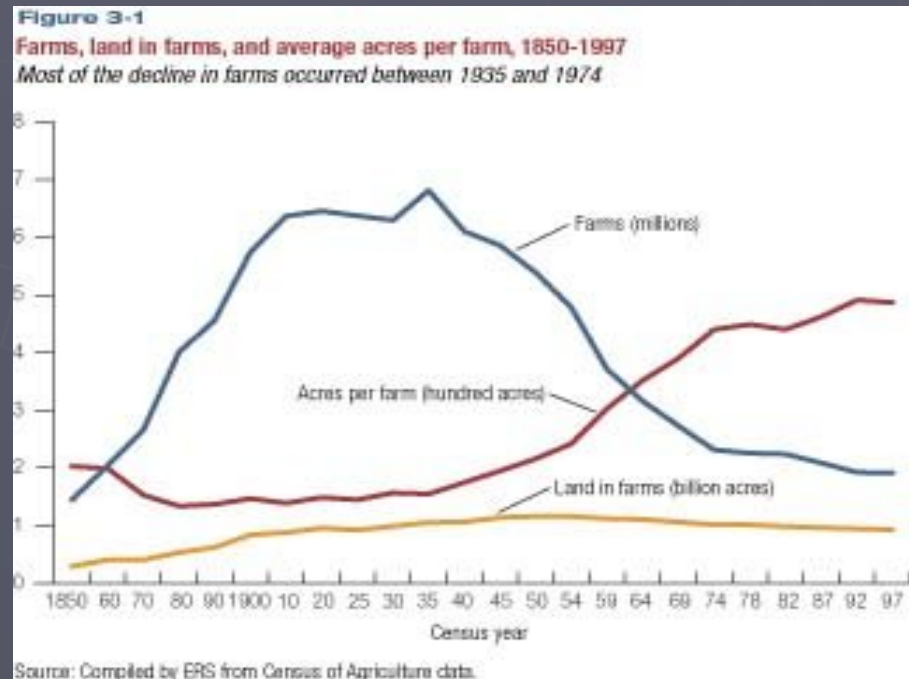
# How Did We Get Here?

A look at agriculture and food  
in Pennsylvania

Cheryl L. Cook, Esq.  
Deputy Secretary  
PA Department of Agriculture

# From the Past

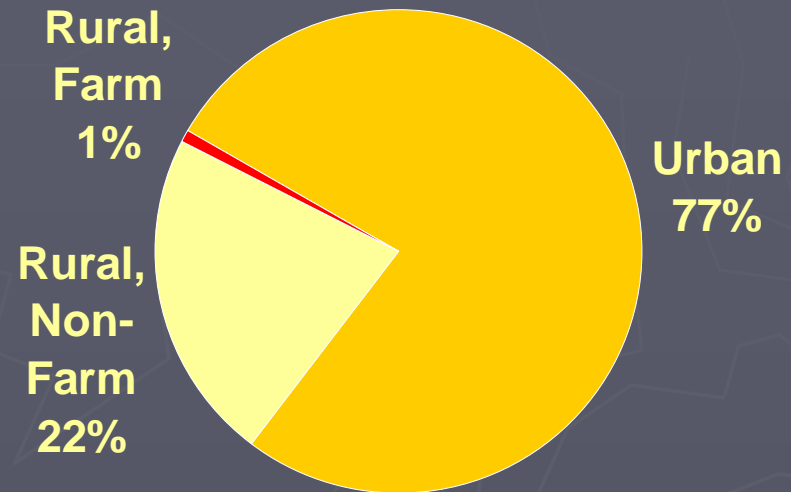
One could make the argument that progress in industry, technology, and information only became possible when Americans reached the point that they could largely take a safe and abundant food supply for granted and pursue other challenges.



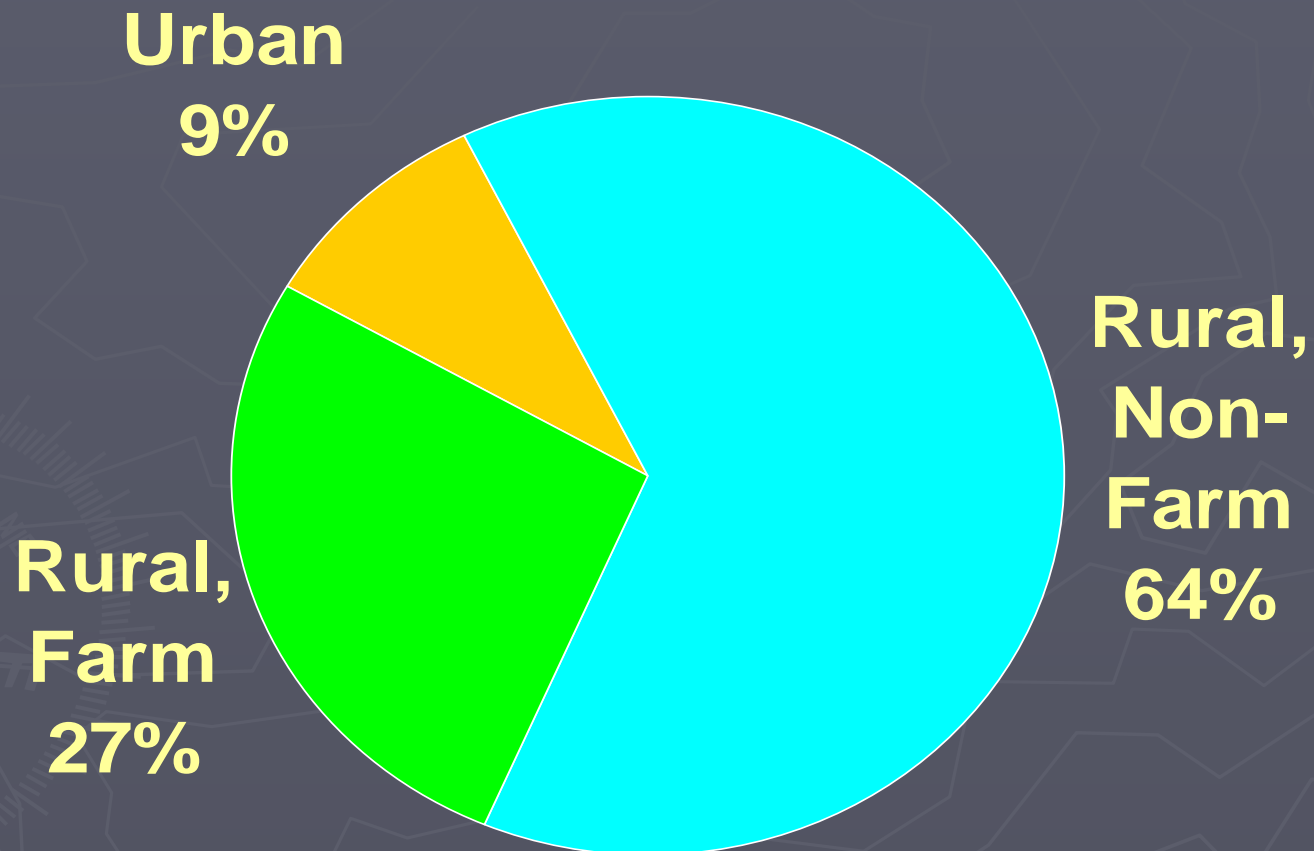
# To the Present

## Who's farming in Pennsylvania?

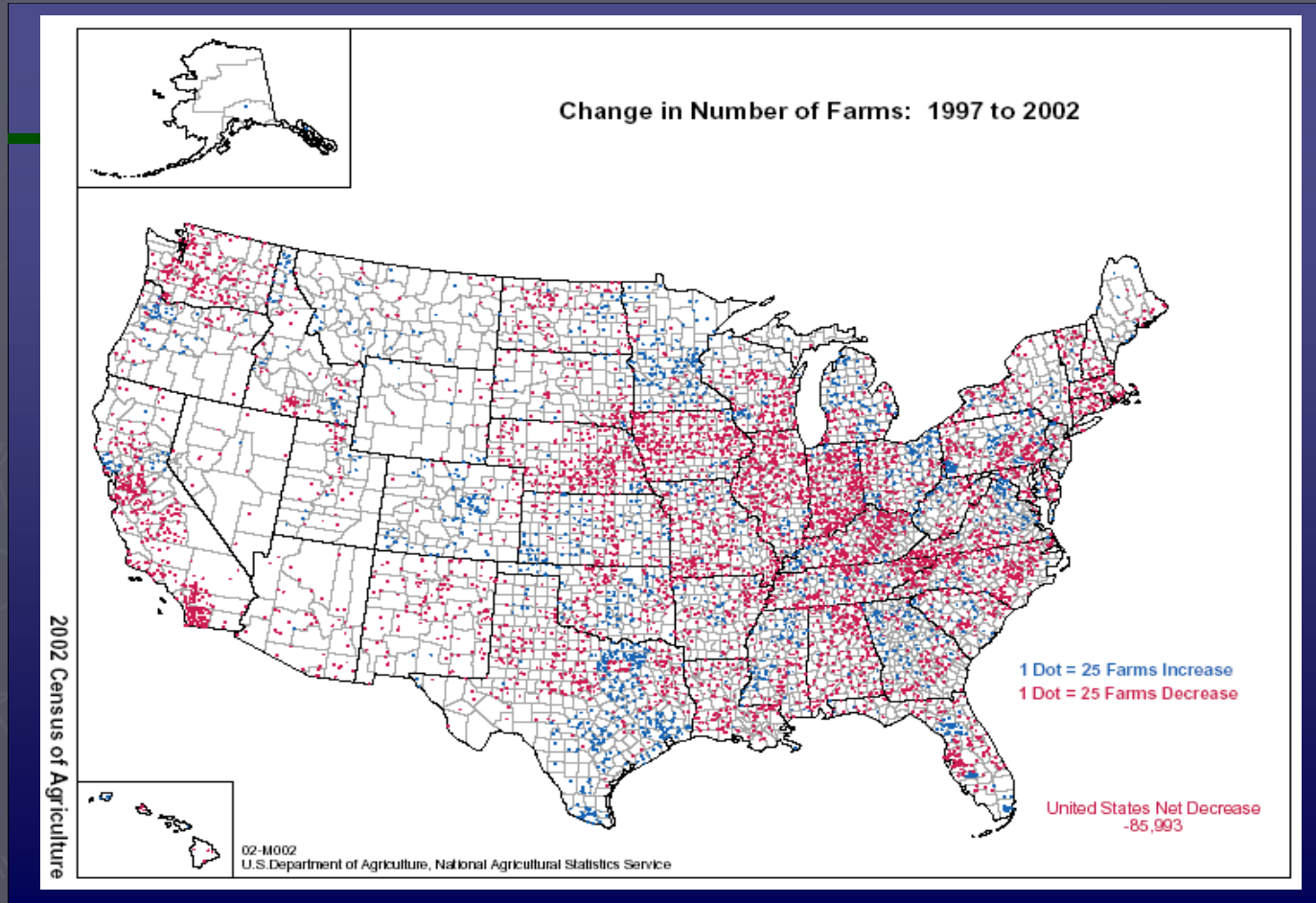
- ▶ 58,000 farm families
- ▶ 1 - 2% of the population



# Looking at Land Resources

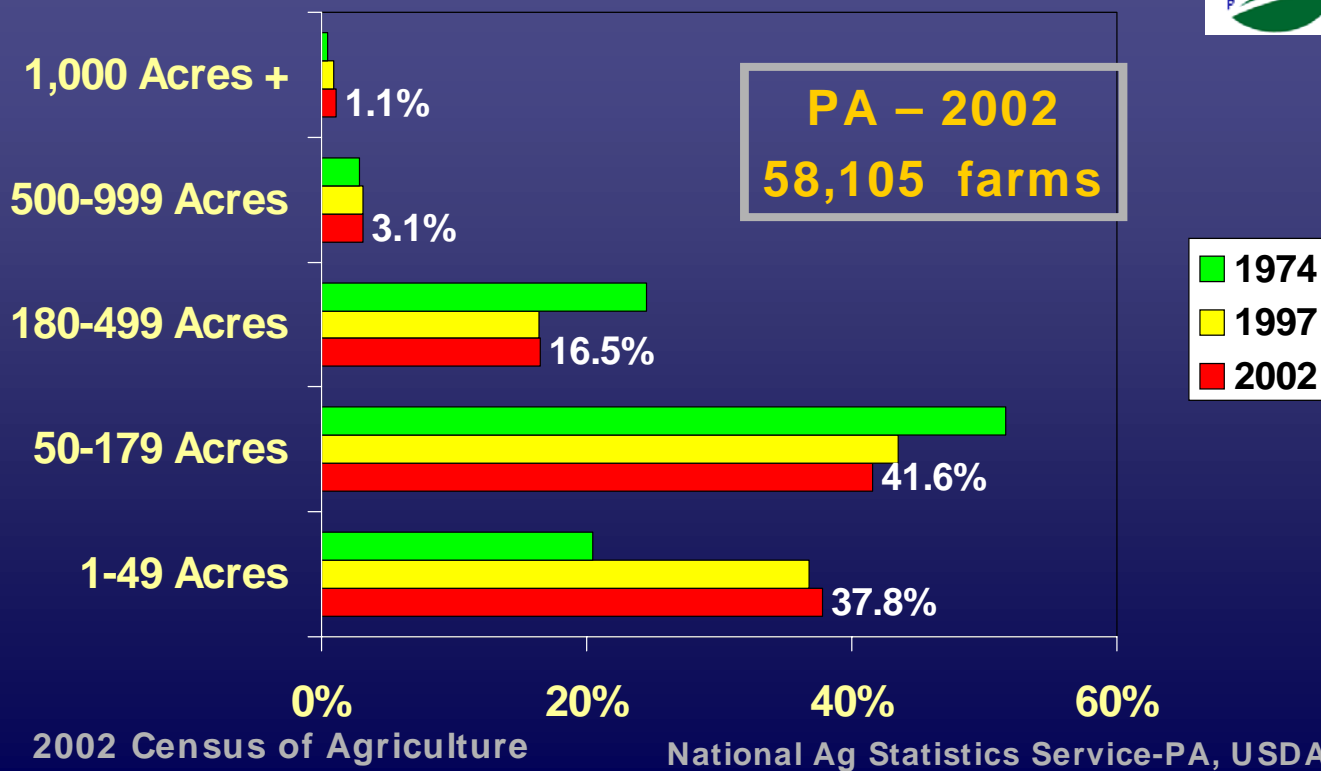


# Can you find Cranberry Township?



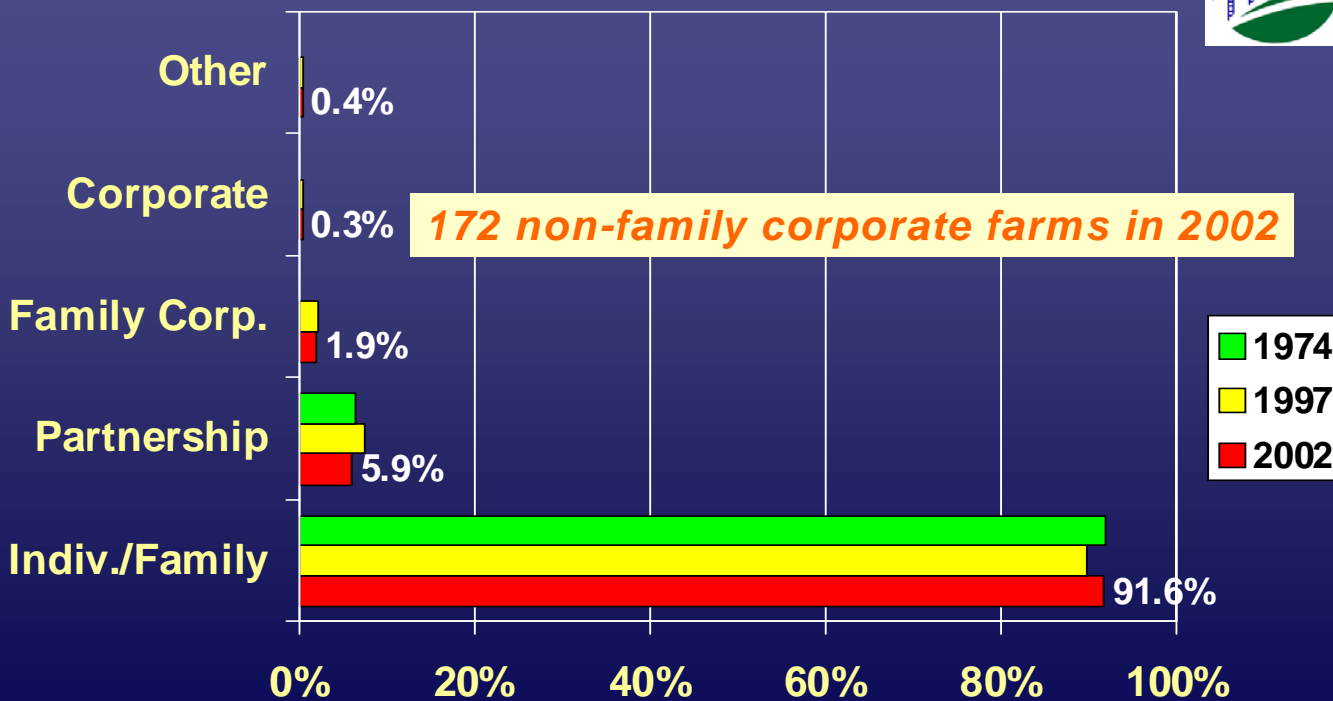
# PA Farm Acreage Distribution

## Farm Acreages, 1974, 1997, 2002



# Who owns PA farms?

## Farm Ownership, 1974, 1997, 2002



2002 Census of Agriculture

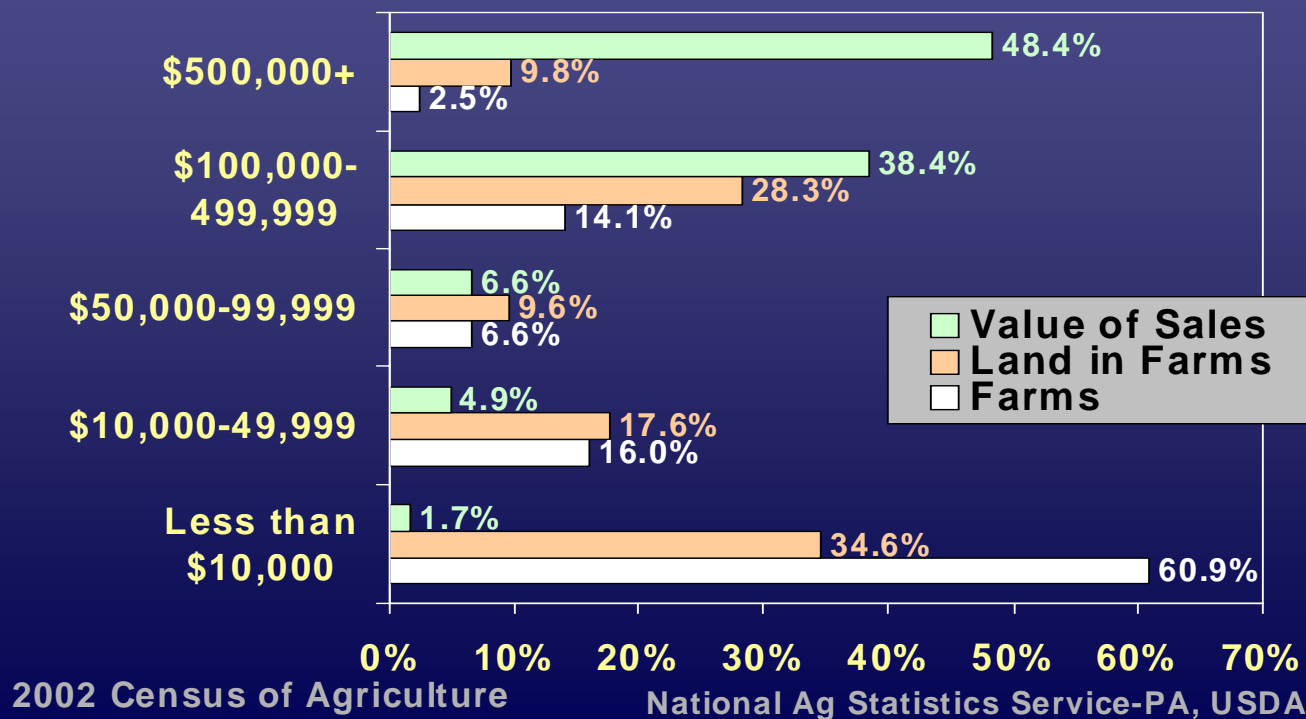
National Ag Statistics Service-PA, USDA

# What's a large PA farm?

## Comparing Acreage to Sales



*(506 million dollar+ farms have one-third of Pennsylvania sales)*



# Farm sales to consumers

## Direct Sales, Human Consumption, 2002



### TOP 100 COUNTIES in the USA

- |                      |                        |
|----------------------|------------------------|
| #1 – Yolo, CA        | #31 – Chester, PA      |
| #2 – San Joaquin, CA | #43 – Bucks, PA        |
| #3 – Fresno, CA      | #55 – Berks, PA        |
| #4 – Worcester, MA   | #57 – Erie, PA         |
| #5 – San Diego, CA   | #79 – Butler, PA       |
| #7 – Lancaster, PA   | #96 – Cumberland, PA   |
| #27 – York, PA       | #98 – Westmoreland, PA |

2002 Census of Agriculture

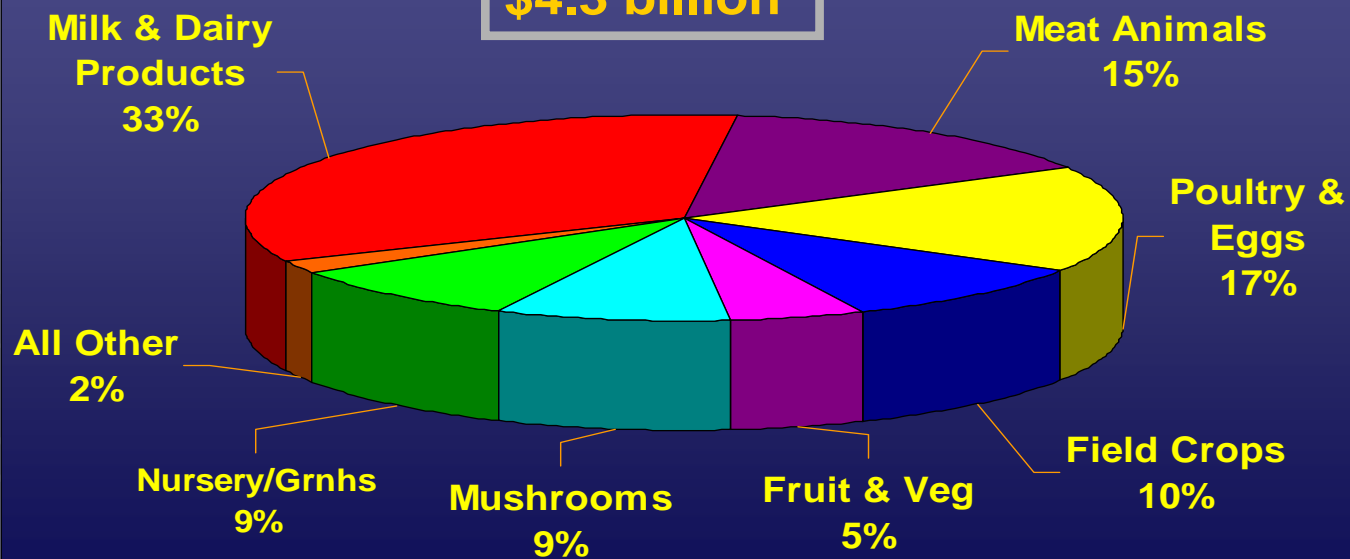
National Ag Statistics Service-PA, USDA

# What are we producing?

## Agricultural Cash Receipts Other Than Timber



PA – 2003  
\$4.3 billion



Sep 2004

National Ag Statistics Service-PA, USDA

# How many industries are supported by the consumer food dollar?

## Domestic Foods Only

Laborers - \$.38

Farmers - \$.19

Packagers - \$.08

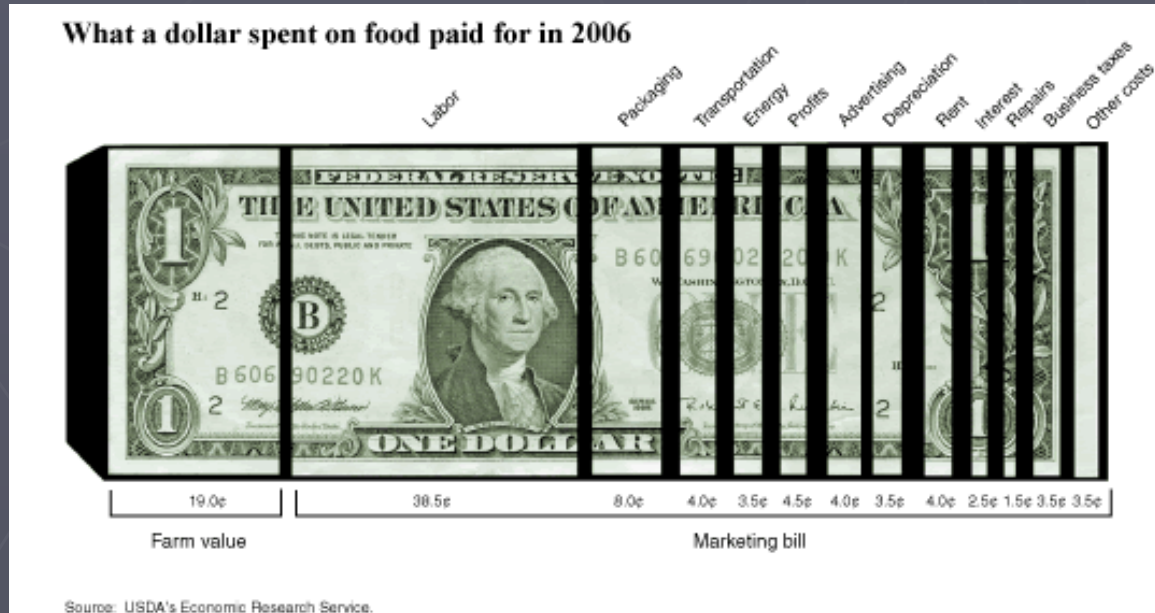
Advertisers - \$.04

Landlords - \$.04

Lenders - \$.04

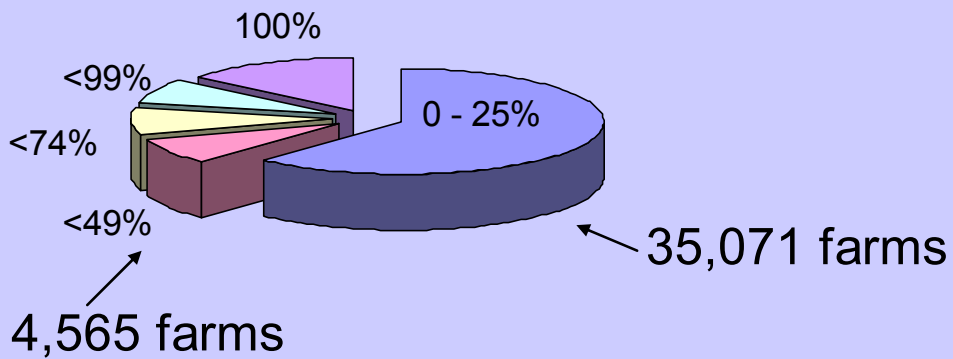
Truckers - \$.04

Energy firms - \$.035

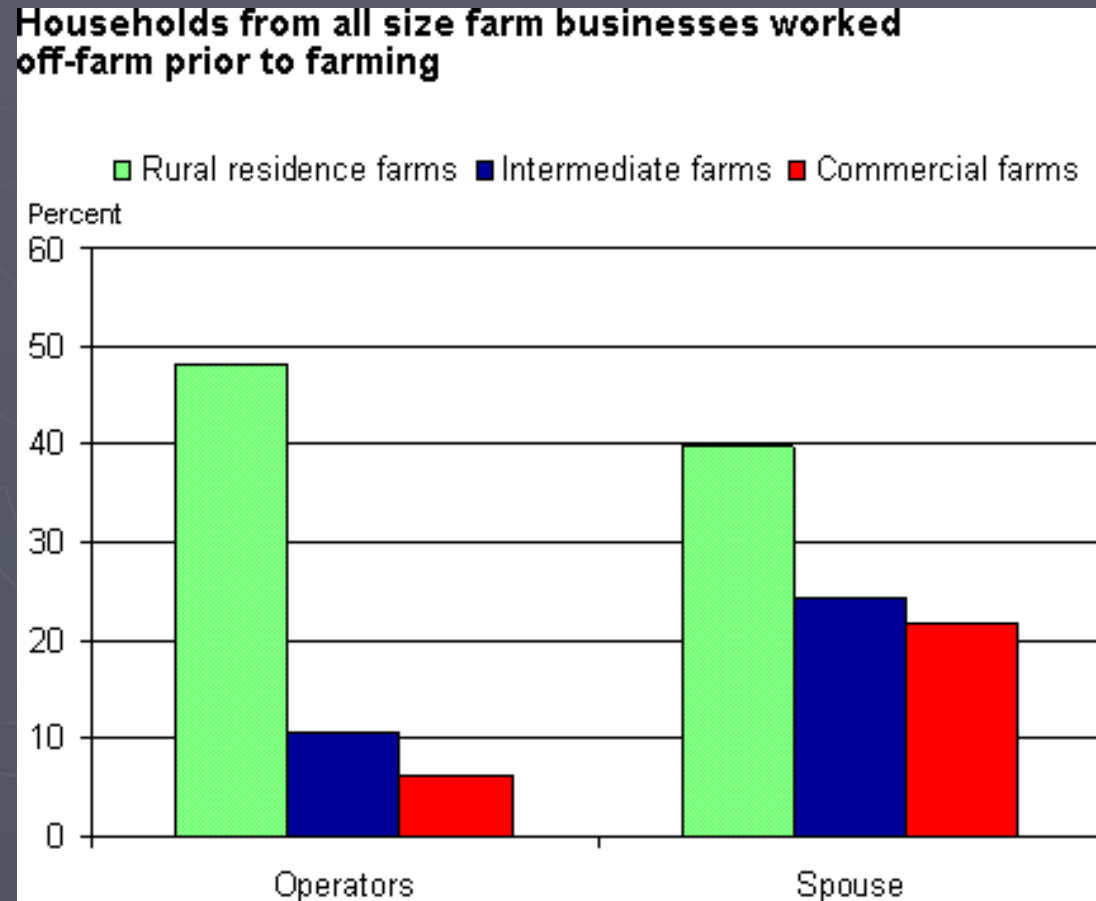


# PA Farm Household Income

## How Reliant Are PA Farmers on Farm Income?



# Nationally, a new trend is forming among Producers



# Comparable to the trends among Consumers

- ▶ Consumers have seemed to be of two minds
  - Those who will make a special trip to the farmers market to look for local, organic, seasonal foods
  - Those who shop at the Wal\*Mart Super Center and are happy that there's something at McDonald's their kids will actually eat
- ▶ Is there a middle ground?

# Forecast Changes in Consumer Behavior - Food

- ▶ Eating out v. cooking at home
- ▶ Aging Baby Boomers
  - More health conscious
  - Does anyone still know how to can vegetables?
- ▶ Quality v. Quantity
  - Supermarket v. Farmers Market
  - Safety concerns
- ▶ Ethnic diversity
  - Goats v. Cows
- ▶ Buying v. Growing

# Forecast Changes in Food CPI

Item	2007	Forecast 2008 Percent change
All food	100.0	4.5 - 5.5
Food away from home	44.6	3.5 - 4.5
Food at home	55.4	5.0 - 6.0
Meats, poultry, and fish	12.2	2.0 - 3.0
Meats	7.9	1.5 - 2.5
Poultry	2.3	2.5 - 3.5
Fish and seafood	2.0	3.0 - 4.0
Eggs	0.9	10.0 - 11.0
Dairy products	6.4	5.0 - 6.0
Fats and oils	1.5	10.5 - 11.5
Fruits and vegetables	8.4	3.5 - 4.5
Fresh	6.0	3.0 - 4.0
Processed	1.8	4.5 - 5.5
Sugar and sweets	2.0	3.5 - 4.5
Cereals & bakery products	7.4	7.5 - 8.5
Nonalcoholic beverages	6.7	4.5 - 5.5
Other foods	9.9	3.0 - 4.0

# Forecast Changes in Consumer Behavior - Energy

- ▶ The role of corn-based ethanol
- ▶ Hybrid SUVs? Can we have our cake and eat it, too?
- ▶ Home heating oil over \$4.50/gal in June
- ▶ Natural gas prices setting record highs (\$11.60/mmbtu)
  - 48% increase this year alone
  - Back to the cooking at home question
- ▶ Good news for the state with the largest supply of hardwoods in the U.S.

# Forecasting is More Art Than Science

- ▶ July corn futures closed on the Chicago Board of Trade yesterday at \$6.14½, up 6½ cents
- ▶ Corn was trading below \$2.00 in 2005
- ▶ Stock market day traders have discovered commodities markets as their new playground
- ▶ Weak dollar's impact on imports/exports

# The Forecaster's Dilemma

- ▶ Uncontrollable variables:
- ▶ China and other growing economies increasing both production of some commodities and demand for others
- ▶ Political instability in oil regions
- ▶ Political instability in food insecure regions

