

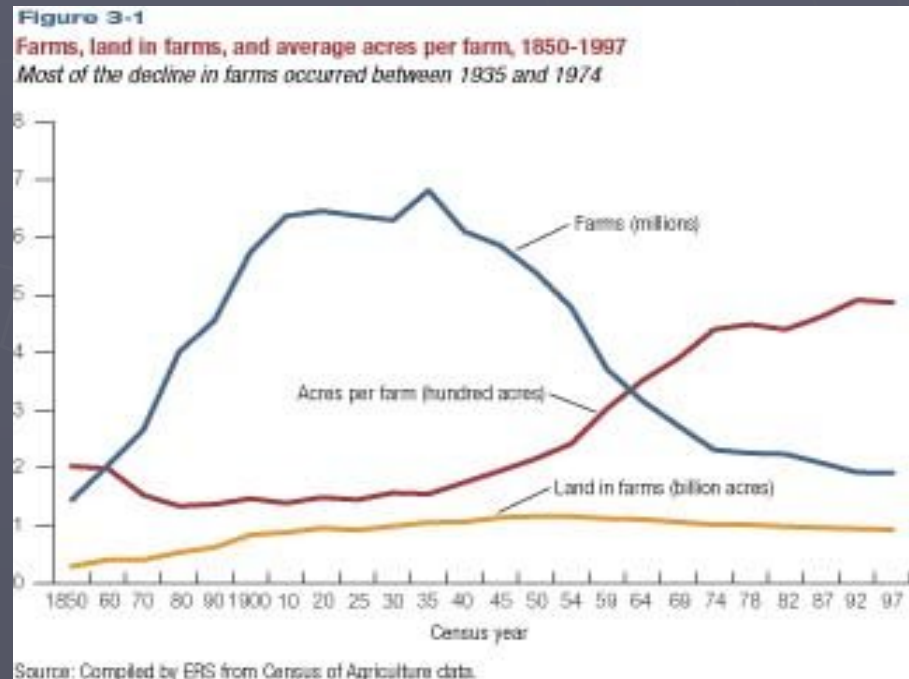
How Did We Get Here?

A look at agriculture and food
in Pennsylvania

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

From the Past

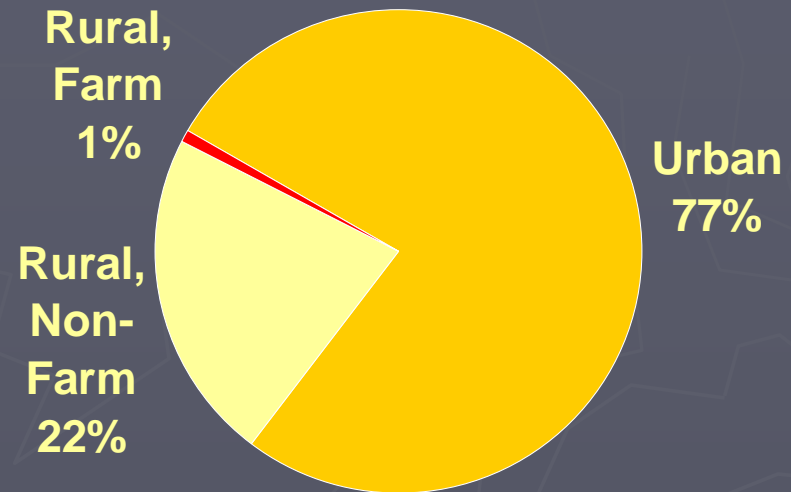
One could make the argument that progress in industry, technology, and information only became possible when Americans reached the point that they could largely take a safe and abundant food supply for granted and pursue other challenges.



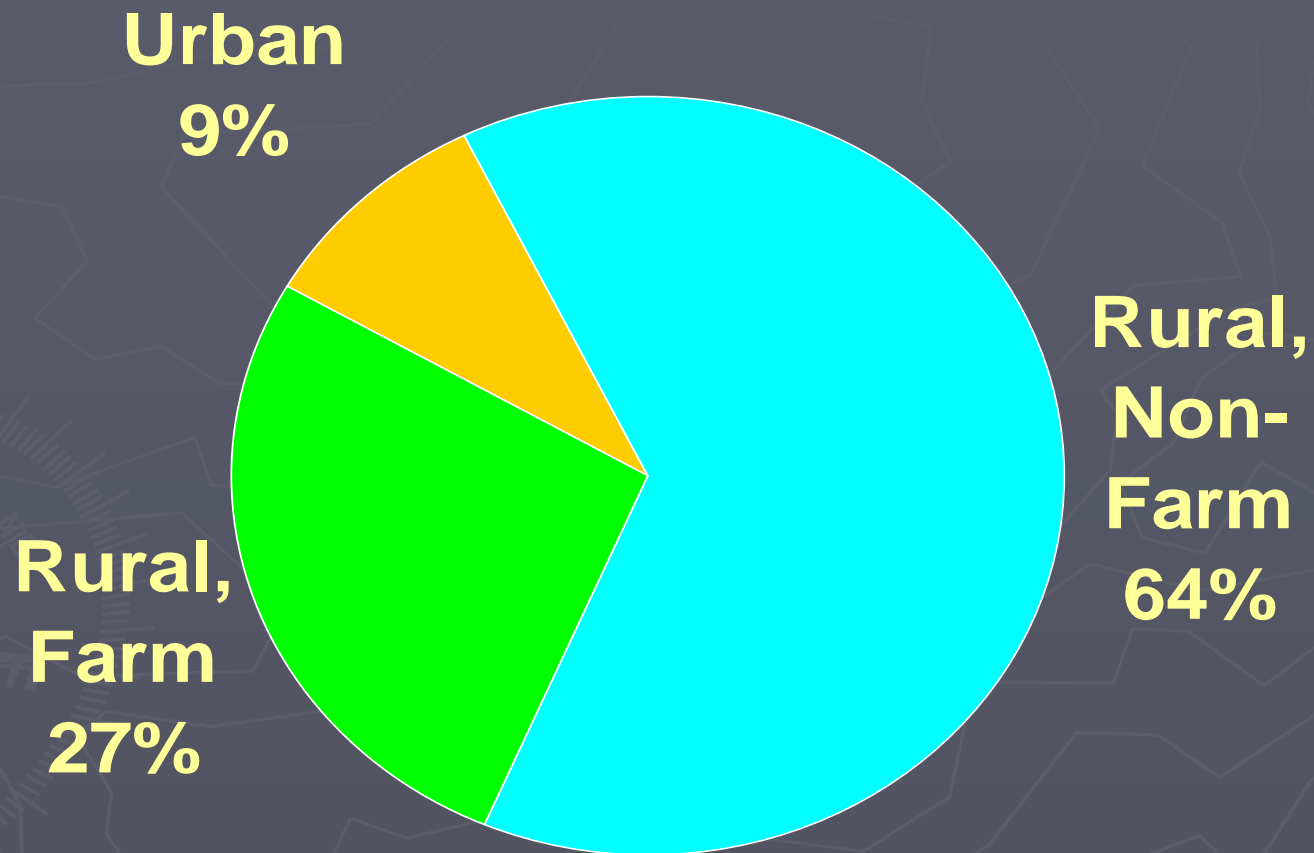
To the Present

Who's farming in Pennsylvania?

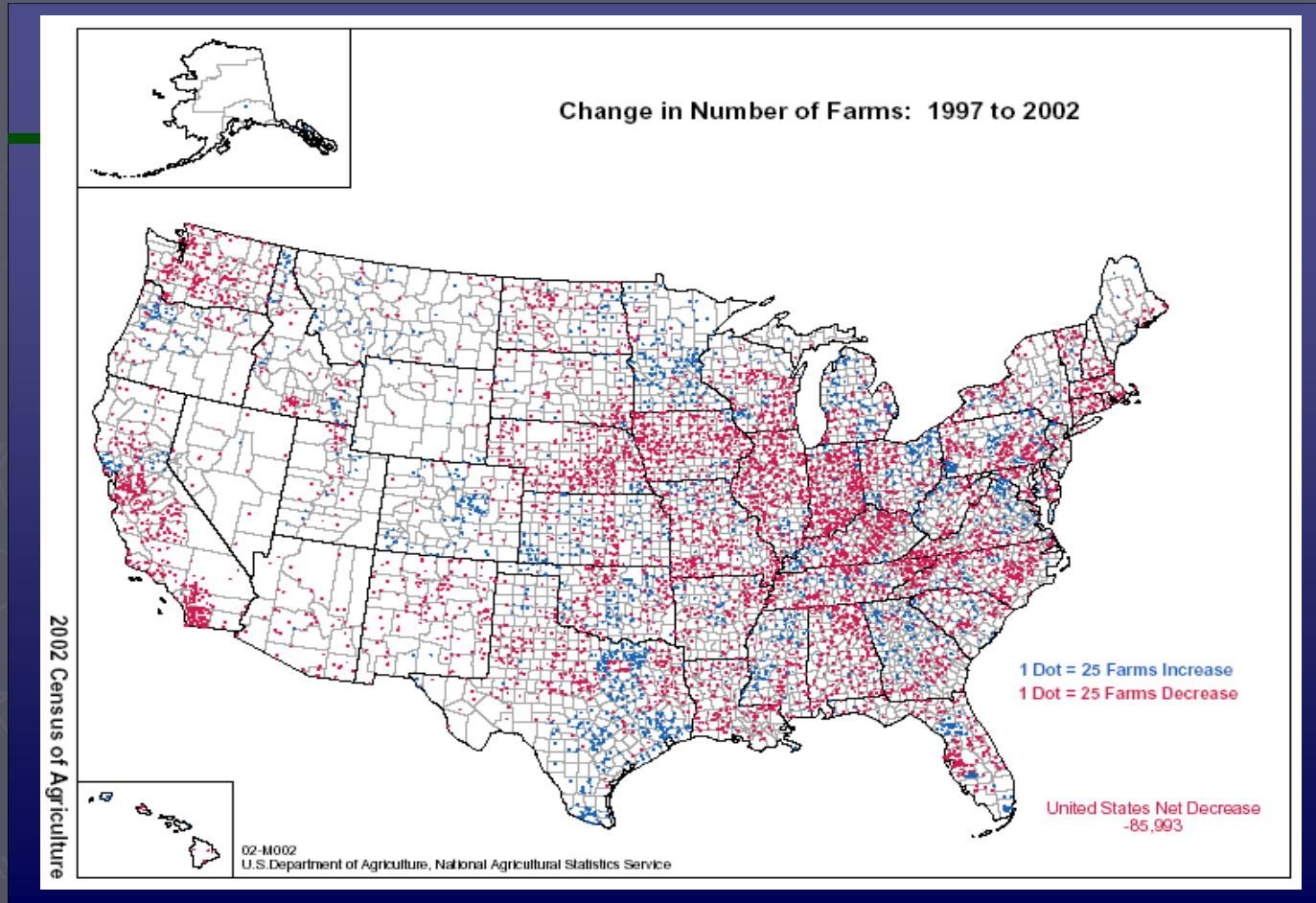
- ▶ 58,000 farm families
- ▶ 1 - 2% of the population



Looking at Land Resources

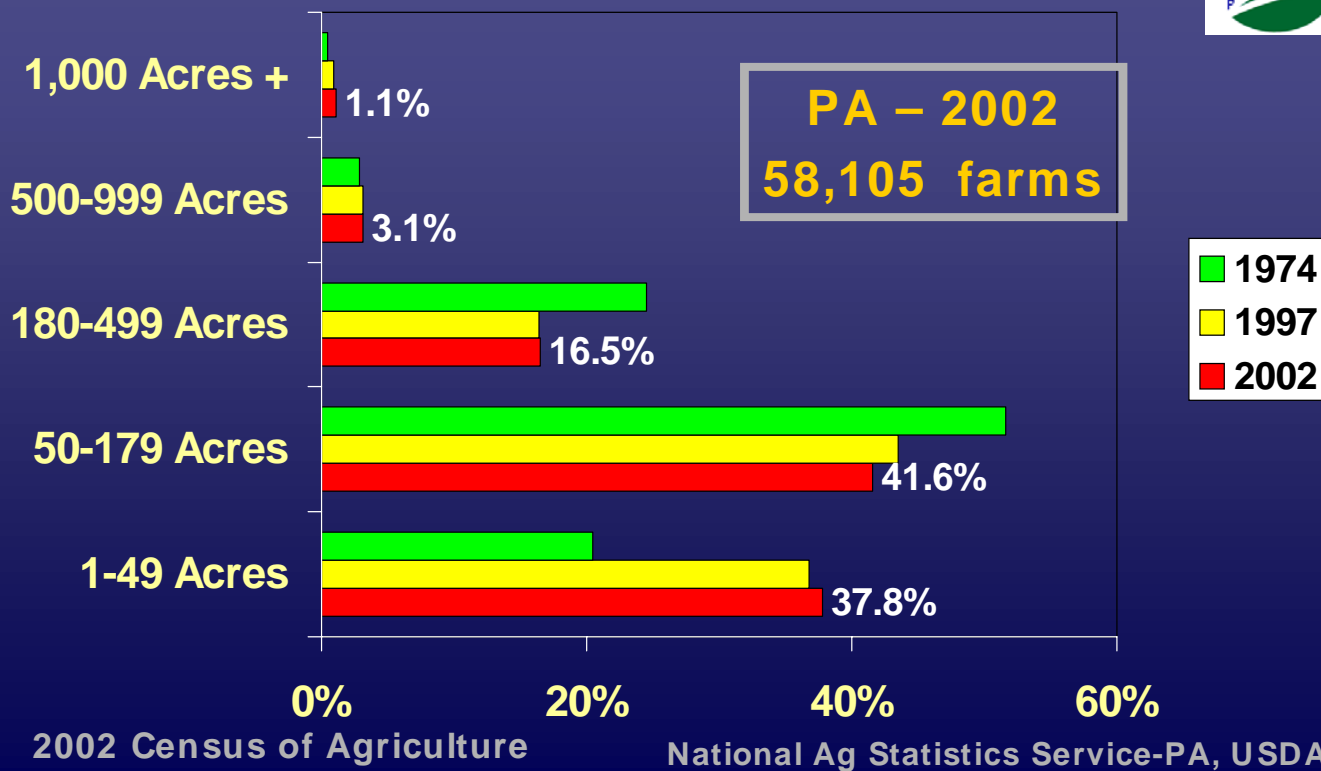


Can you find Cranberry Township?



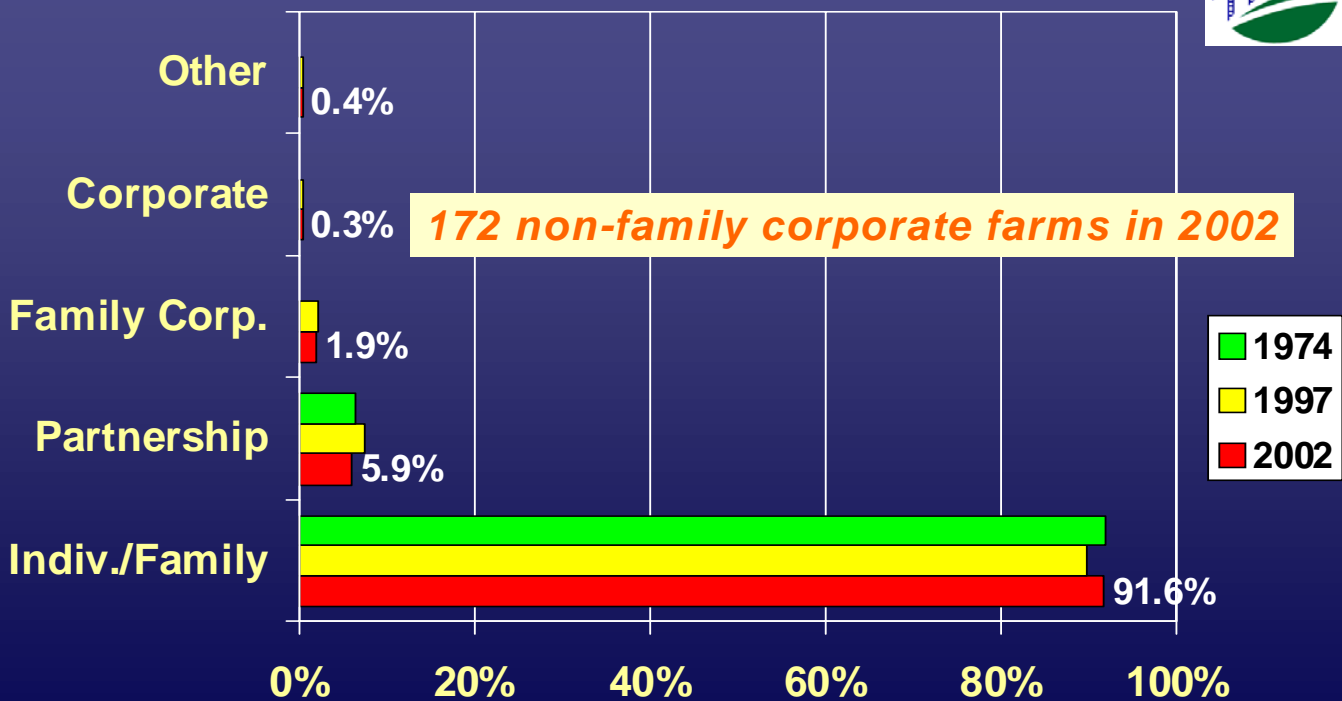
PA Farm Acreage Distribution

Farm Acreages, 1974, 1997, 2002



Who owns PA farms?

Farm Ownership, 1974, 1997, 2002



2002 Census of Agriculture

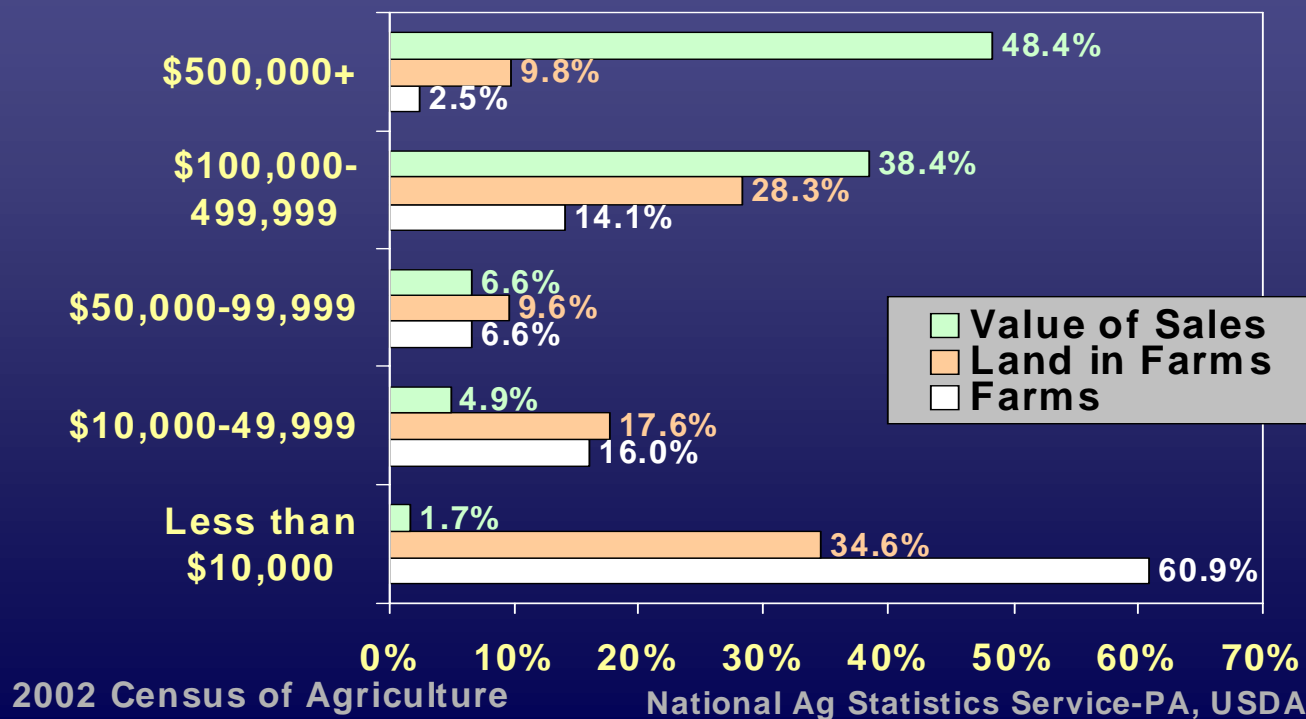
National Ag Statistics Service-PA, USDA

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

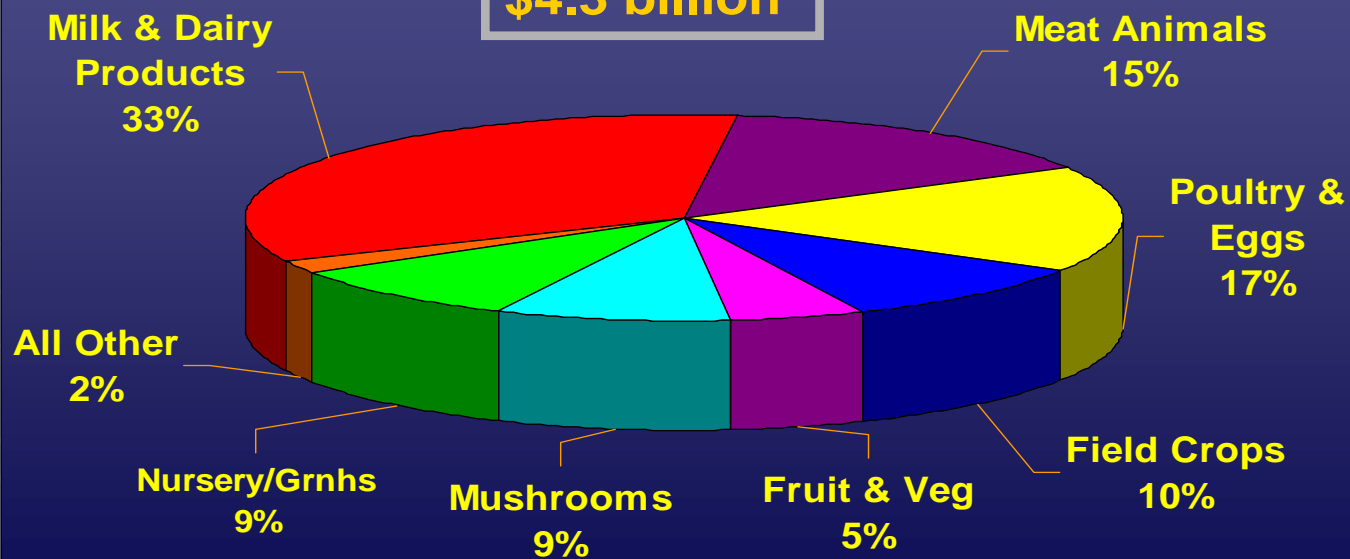
National Ag Statistics Service-PA, USDA

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

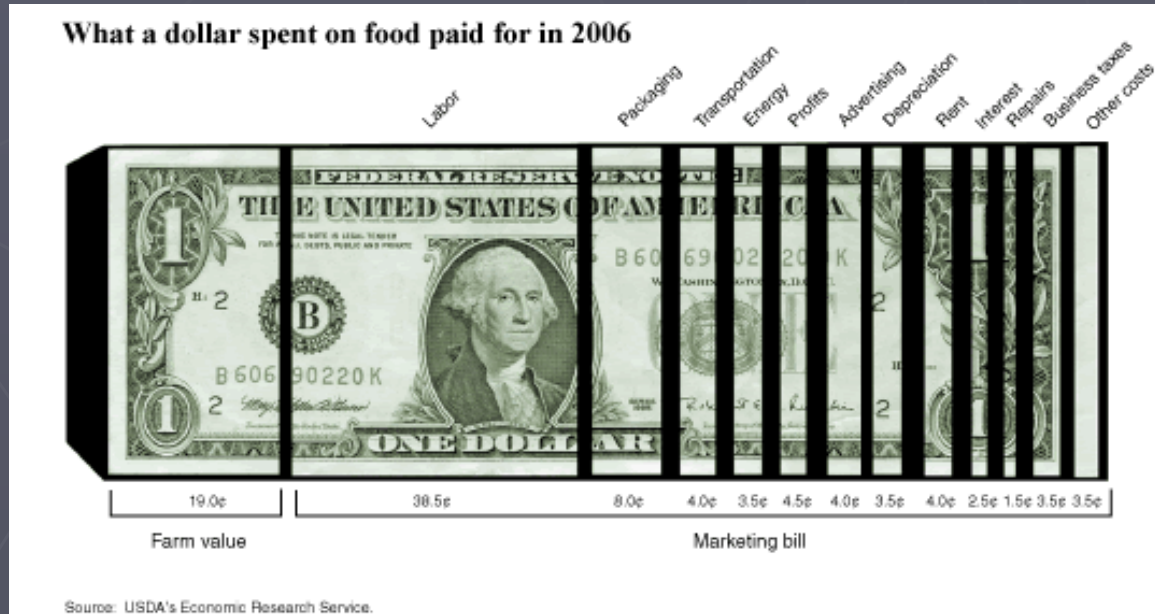
Advertisers - \$.04

Landlords - \$.04

Lenders - \$.04

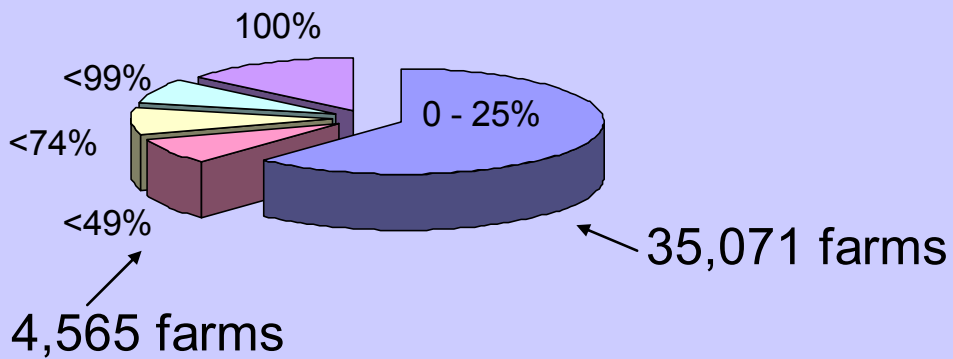
Truckers - \$.04

Energy firms - \$.035

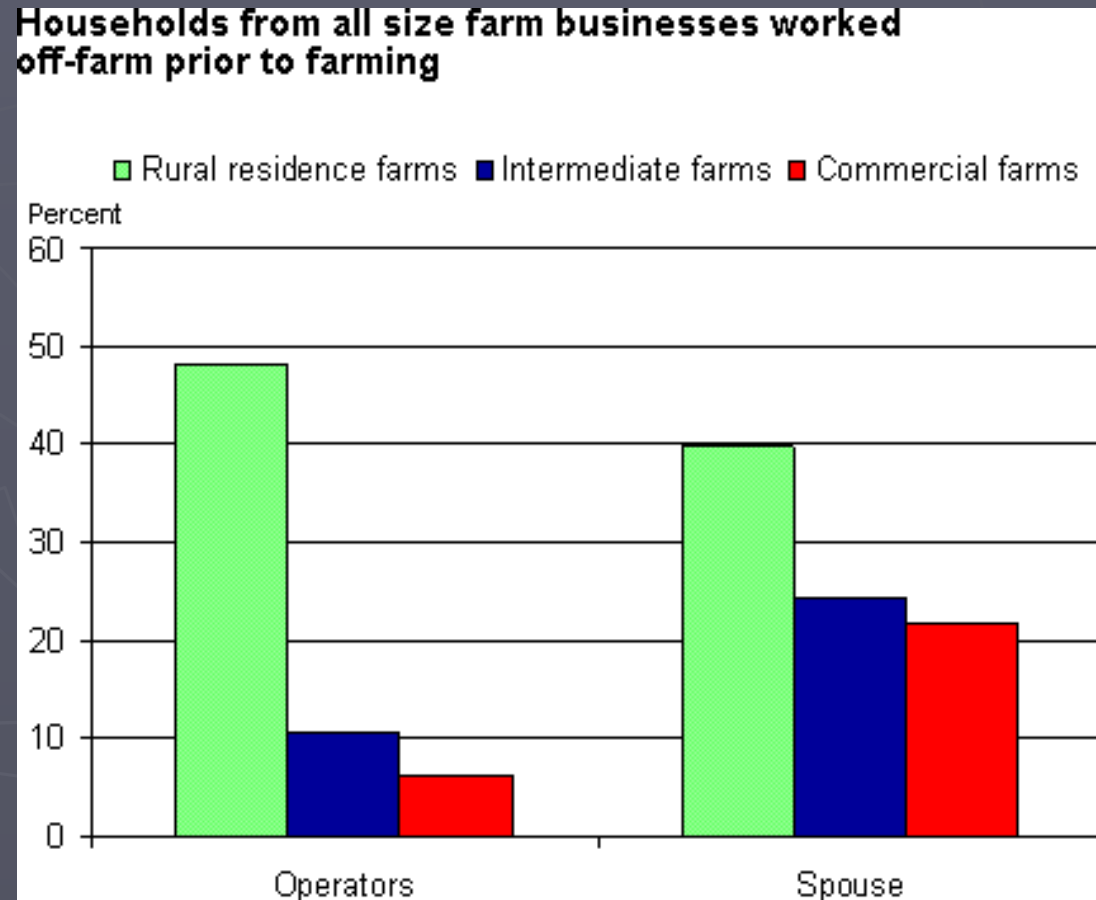


PA Farm Household Income

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

