

## AGRICULTURE A MAJOR CONTRIBUTOR TO OREGON'S ECONOMY

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(Narrative Provided by Oregon Farm Bureau)

Oregon's agriculture industry is highly diverse. Oregon's 35,000 farms produce over 220 different products, including commodity crops, livestock, hay, and specialty crops. A few of Oregon's signature specialty crops include hazelnuts, grass seed, greenhouse and nursery products, cranberries, Christmas trees, peppermint, pears, blueberries, and cherries. Oregon is a leader in producing high quality beer and wine and also has a growing distilled spirits industry.

The vast majority of Oregon's farms are family farms. About 85 percent of Oregon's farms are operated by sole proprietors. Another 10 to 12 percent are organized as family partnerships or family corporations. Less than 2 percent of Oregon farms are non-family corporate entities.

Oregon's agricultural products go to local, domestic, and foreign markets. About 80 percent of Oregon's agricultural products leave the state. Interest in locally grown food is increasing, and there are also many exciting opportunities in domestic and international markets.

Agriculture remains a major contributor to Oregon's economy. OSU studies estimate that agriculture provides one in every eight jobs and comprises 15 percent of Oregon's economy. Agriculture is an important economic engine to both rural and urban communities in Oregon.

### Agriculture by the Numbers

The farm gate value of Oregon's agricultural bounty is valued between \$5.7 billion, with 70 percent coming from crops and the rest from livestock. According to a recent report by Oregon State University, the "economic footprint" of agriculture in Oregon accounts for over \$50 billion, or 13.2 percent of the state's economic activity. Associated jobs generated number over 326,617 or 13.8 percent of the state's employment.

As much as 80 percent of the agricultural products produced in Oregon are sold out of state, and approximately half of that is exported to foreign countries. Exports bring in new traded-sector dollars to Oregon's economy and help improve the U.S. and Oregon's trade balances.

### Economic Impact

Total Farms: approximately 35,000 (2012)  
Average Annual Wages: \$28,490 (2012)  
Direct Employment: 36,621 (2012)  
Employment Growth: 7 percent (2009-2012)

### Industry Trends

**Certification.** Farmers operate in a competitive global food and agriculture marketplace. Price and quality are always the dominant drivers, but food safety, sustainable farming practices, and other factors are becoming increasingly important. Many Oregon growers are trying to tap into consumer and retailer interest in these areas by incurring the cost and process of third-party certification audits verifying their production story. It can be expensive, but many times this is the means of getting into or staying in a market.

**Sustainable Farms.** As defined in the 1990 Farm Bill, sustainable farming practices satisfy food and fiber needs, enhance environmental quality and natural resources, efficiently use non-renewable resources, keep farms economically viable, and enhance quality of life for farmers and society. There are many opportunities for Oregon's diverse farms to learn from each other, and from a suite of public and private resources, as they strive to achieve these components of sustainability. Oregon multi-generational farms are inherently sustainable as management of the resource is passed from one generation to the next.

**Aging Farmers/New Farmers.** Today's farmers are getting older, averaging 57 years. Older farmers own over 55% of Oregon's farmlands. Succession plans and transitions to a younger generation are critical. A renewed interest in farming and ranching is starting to resound with more young people than in recent decades.

**Local.** Public interest in food, local sourcing, and sustainability is growing, as is interest among agripreneurs in starting farm businesses. Tools and strategies to link farmers to local markets include farmers markets, food hubs, and farm-to-school programs.

**Global.** While local food is an increasing market in Oregon, Oregon agriculture still relies heavily on out of state and international markets. According to the United Nations, food demand is predicted to increase by 50% by 2030. Middle classes in Asia and other regions of the world are growing. Oregon's location gives the state a competitive edge as an exporter to Asia. Oregon agriculture's reputation for safe, high-quality products, combined with state and industry efforts to build business relationships, continue to increase demand for Oregon products.

### **Cluster Strengths**

**People.** Oregon's diverse agricultural industry includes pioneers and innovators in sustainability, technology use, new crops, and new markets. A variety of collaborative efforts involving the agriculture industry, industry groups, government agencies, and other partners have led to new business deals and state investments, but regulatory burdens continue to jeopardize certainty of small family farms maintaining into the future.

**Diversity.** Altogether, Oregon's growing regions produce over 225 different agricultural products. This diversity helps keep the industry healthy.

**Land Base.** Oregon's land use system has protected agricultural land around the state for existing and future generations, but land use challenges will increase as populations continue to grow.

**Location.** Oregon's location gives it a competitive advantage to access export markets in Asia.

### **Cluster Challenges**

**Labor.** An increasing number of Oregon farmers reported severe labor shortages during the harvest season. Some reported losing hundreds of thousands of dollars because they were unable to harvest valuable produce crops. Oregon's agricultural industry desperately needs a reliable supply of labor and comprehensive immigration reform.

**Workforce Mandates.** At the same time, recent workforce mandates put pressure on many family farms. Many ag operations sell into the domestic or international commodity markets and lack the ability to set the price of the goods they produce. New wage and benefit requirements unduly burden these producers who have a limited ability to recoup costs due to commodity pricing (examples include dairy, wheat and potatoes). As farmers adjust to new labor requirements, many may transition to less labor intensive crops or mechanization to cope with the increased costs of new regulations.

**Layering of Regulations.** The majority of Oregon farmers are price takers. Not only do these operators face the unpredictability of what mother nature can bring, but they also have the inability to pass regulatory costs on. For farmers, every year brings new regulatory challenges, and many Oregon farmers are feeling crushed by this burden.

**Transportation Infrastructure.** Without the ability to move goods through Terminal 6, the agriculture industry is highly dependent on truck transportation to move products to market. Additional investments are needed, particularly in rail and interstate transportation systems, to diversify the modes of transportation available the industry. In addition, the Columbia and Snake River navigation system, from the mouth of the Columbia River to Lewiston, provides for efficient and low cost movement of Oregon agricultural products and inputs and is critical to the Port of Portland. Oregon's continued support for investments in the navigation system is important to remain competitive.

### **Environmental Concerns**

**Resource Utilization.** Though Oregon has a reputation for plentiful water resources, many regions in Oregon are now near or at full appropriation and live year-round with water shortages; over a third of Oregon is considered 'high desert'. Additionally like many Western states, historical water allocations, growth, aging infrastructure, urbanization, new regulatory frameworks, all mix with changing climate conditions to create new water demands. To be productive and supply the population with agricultural products at a competitive value, many types of agriculture in Oregon require irrigation to grow crops, with demand expected to grow as temperatures increase. Oregon has a robust agricultural water quality program to avoid impacts to water quality. Further, many farmers and ranchers around the state have engaged in proactive projects to improve water quality and habitat throughout the state.

Similar pressures face agriculture land availability, with growing urban areas and rural residential and non-ag uses on farmland.

### **Recent Accomplishments**

The State of Oregon recently funded nearly \$50 million to SB 839 and the constitutional loan fund to increase water supply and fund conservation projects.

ODA administers USDA Specialty Crop Grants to increase the competitiveness of Oregon's specialty crops. This year, ODA and USDA awarded funds totaling \$1.6 million to 15 projects.

Oregon's agriculture industry is collaborating with ODA and KATU on the Celebrate Oregon Agriculture campaign, which encourages consumption of Oregon agricultural products.

### **Other Key Initiatives**

**Funding for Statewides.** Industry stakeholders collaborated to increase funding for Oregon State University's (OSU) Statewides (Extension Service, Ag Experiment Station and Forest Research Laboratory). The 2015 Legislature appropriated \$14 million additional funds to support up to 40 new positions and stimulate new research and extension projects across the state. These expanded programs will address important issues for rural communities and agriculture.

**Integrated Water Resources Strategy.** Oregon agriculture has been involved in the ongoing update of the Oregon's integrated water resource strategy.

**Food Safety Modernization Act.** ODA and many industry stakeholders are working to implement this federal legislation. ODA will have an ongoing role in implementing the Act and working with industry to identify and address risks of food-borne illness.

**Local, domestic and international market development.** ODA staff support market development at the local, domestic and international level. Diverse markets help support a healthy agriculture industry in Oregon.

**Certifications.** Demand continues to grow for certification services for farmers, packers, and processors to gain and maintain market access.

### **Policy Focus for 2017 (partial list):**

- Pass statewide transportation package
- Reduce regulatory burden and layering effect on farmers
- Work with feds to implement responsible immigration reform
- Maintain level playing field for all producers
- Improve and maintain access to markets for trade

### **Who Is Involved?**

There are approximately 35,000 independently operated farms and ranches in Oregon. There are hundreds of farm organizations, farm suppliers and equipment dealers, wholesale buyers and shippers, research institutions, environmental organizations, and many other entities engage with the agriculture industry.