Agriculture in Sussex County: Enhancing our Competitive Advantage

Ed Kee
Secretary of Agriculture
We Should Think of Our Agriculture Industry as a "FoodShed" For the Eastern United States

1/3 of Population within 8 hours
Delaware

2,500 Farms

510,000 Acres
  41% of land area in farms
  100,000 acres of land
  permanently preserved – 20%

$1.2 billion Ag Sales
  Multiplies to $6 to $7 billion to
  our state in economic activity

41% of Delaware’s Land Mass is in
Farmland, coupled with
forestland, 76% of Delaware is in
Open Space
What Did Sussex Sell for $849M?

- **Poultry & Eggs**: 83%
- **Milk & Dairy**: 1%
- **Other Livestock**: 1%
- **Grains, Beans, Peas**: 8%
- **Veg., Melons, Potatoes**: 6%
- **Nursery, Greenhouse, Floriculture**: 1%

Source: 2007 Census of Agriculture
Sussex County

Farmers and Farmland 1978-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>#Farms</th>
<th>Acres</th>
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<tbody>
<tr>
<td>1978</td>
<td>1942</td>
<td>352,734</td>
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<tr>
<td>1992</td>
<td>1515</td>
<td>304,680</td>
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<tr>
<td>2007</td>
<td>1374</td>
<td>269,474</td>
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<td>568</td>
<td>83,260</td>
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Decrease: 29% 24%
Economic Activity from Agriculture in Sussex County

- Production - $2.9 Billion
  - Sales, processing
- Inputs & Services - 0.5 Billion
- Households - 0.4 Billion

Total Economic Activity - $3.7 Billion
What Does a Viable Farming and Ag Industry Do!

• Provides Diversity for our Economy from a strong Ag Economy and strong Farm Income
• Preserves Land – Environmental Quality
• Processing Adds Value – Partnership allows many farmers to reach markets
• Jobs, Economic Development
  – 5-7 multiplier effect
• Connect Farmers and Consumer on all levels
  – Large & Small Producers and Enterprises
Emergence of the Poultry Industry

- Broiler Industry – 1923, Ocean View, Delaware
- A Delmarva Industry
- An amazing Industry
  - $2 Billion Industry
  - Coupled with corn & soybeans = 75% of Delmarva’s ag sales
Poultry Industry – Sussex County is # 1

### State of Delaware
- 245,000,000 broilers produced in Delaware
- 800 farms, 2,500 chicken houses
- Generates 300,000 tons manure/year
- Sussex County leads all U.S. counties

### Delmarva Peninsula
- 575,000,000 broilers/year
- 125,000,000 broilers on farms at any one time
- 2 million broilers move each night to processors
- 2,500 Farms, 5,000 chicken houses
25% of cropland is irrigated
Competitive Advantage

• Will Sussex County (and Delaware) be able to keep its competitive advantage
  – Over other regions in the U. S. ?
  – Over other countries?

• This is a critical question and the answer is totally reliant on profitability

• Now, a little case study
Fundamental Requirements for a Competitive Agriculture

• A prosperous agriculture must rely on exports
  – To our population centers
  – To the world

• Connection of farm to food processing, or

• Perhaps Energy or some other ag-based output

• Also, local sales at farm markets, farmer markets, etc.
  • Important locally and reflects the increase in small farms

• Land
  – Irrigation

• Farmers
  – Expectation of Making a good living, well-trained

• Capital

• Labor

• Transportation costs that are manageable
Fundamentals Rely on Technologies

• Utilize plant and animal’s maximize genetic potential
  – Yields
  – Drought Resistance
  – Pesticide Tolerance
  – Pest Resistance

• Production Technologies that are cost effective and environmentally safe
Focus on the Rise and Fall of an Industry

The Canned & Frozen Vegetable Industry

A CASE STUDY –

Why it Grew?

How Big Was It?

Why did it Decline?
Delaware Vegetable Processors

State of Delaware
- 1889 - 49
- 1919 - 103
- 1927 - 77
- 1960 - 25
- 1982 - 10
- Today - 4

- Vlasic, J.G. Townsend's, PictSweet, Hanover Foods

Sussex County
- 1927 - 38
- 1982 - 6
- Today - 3

- Vlasic, Millsboro
- J.G. Townsend's, Georgetown
- PictSweet, Bridgeville

- Similar Data in MD, VA, NJ
What Happened Since 1945?

• Competition from other regions

• California
  – Our tax dollars paid for their irrigation
  – Interstate Highway system gave the west access to eastern markets
  – New Industry out there, more efficient operations
Ultimate Example

California Processed Tomato Industry – 95% of Processed Tomatoes in the US!

Maryland was the leader until 1924!

Maryland, Delaware and NJ leader until 1954

California – based on science and technology – plant genetics, plant physiology, and harvester engineering

Coupled with perfect Climate
What Happened Since 1945?

• “We can grow good crops in this area, but there is always some other region that can grow a particular crop a little better than we can. Tomatoes in California, peas in Wisconsin, sweet corn in the Pacific Northwest and so on.”
  – Dr. Pete Twigg, University of Maryland

• California – 30 tons/acre in 1975; Delmarva – 20 tons/acre

• Speaks to Ag Research and Technology
What Happened Since 1945?

Environmental Regulations-

“All of a sudden, what had been the lifeblood of the community became an eyesore.”

– Sylvia Jarboe Gannon, Easton/St. Michaels
  • Harrison-Jarboe Canning Company

Other Issues

• Hesitancy to invest capital for production upgrades and waste water facilities
• Generational Transfer – Often the next generation had had enough
The Intersection of Agriculture and the “Eco-Restoration” of the Chesapeake Bay
The Chesapeake Bay Watershed in Dela

- Within all 3 counties
- Very rural character:
  - Developed 10%
  - Agriculture 48%
  - Rangeland 3%
  - Forest 16%
  - Water 1%
  - Wetland 21%
  - Other 1%
- Small, but growing, towns
Complexity of the Science and the Politics

- The Chesapeake Bay Program – EPA
- TMDL’s
- CAFO’s
- The Bay Model
- Nutrient Mgt. Plans/Best Mgt. Practices
- President Obama’s Executive Order
- The Cardin Bill
- 2 year goals, 2025 final goal
CHESAPEAKE = CHLOROPHYLL

\[ C_{55}H_{72}O_{5}N_{4}Mg \]

1. Chlorophyll captures the sun's energy

2. Nitrogen is at the core of chlorophyll

3. Nitrogen makes crops grow

4. Nitrogen makes aquatic plants grow

5. Can deplete Oxygen from the water,

6. Dead Zones result and Impact Aquatic Life

We cannot impair our ability to let chlorophyll do its thing: make a crop and make money!
Delaware
Why the “Food Shed” Concept is Important
Generates Revenue
Produces Local Food, American Food where we know where it came from –
This is important to our County, State, Region and Country
“Food Security”
Competitive Advantage

Everything I’ve talked about today relates to Maintaining Delaware & Sussex County’s Competitive Advantage in the Agriculture and Food Industry

Delaware Agriculture:

Economic Engine

Environmental Asset

WILL WE SQUANDER OUR AGRICULTURAL POTENTIAL?
Common Goals

• Help Enhance Farms & Ag Businesses
  – Large & Small; Growers and Processors
  – Our Processors Make our Markets
  – Other Markets

• Listen and Connect Opportunities

• Help Young Farmers Get Started

• Farm Land Preservation - DDA
  – State, County and the Federal Match
  – 100,000 acres permanently preserved

• Protect our Irrigation Resources

• BEST WAY TO PRESERVE FARMLAND - PROFIT
Will We Squander This?

$3.7 Billion Industry

Will We Lose Our Competitive Advantage?
What Do We Need?

- Farmers – multi-generation Trained & Educated
- Land
- Best Technologies
- Economically Viable Market and Production Plans from the private sector
- Good Public Policy to support agriculture

A COMMON RESOLVE THAT AGRICULTURE IS CRITICALLY IMPORTANT!!