The State of North Carolina Agriculture

[MUSIC]

North Carolina’s agriculture and agribusiness industry remains a powerhouse, generating about one-sixth of the state’s income and jobs.

That’s the bottom line from a recently released economic snapshot into the industry. What else does the report tell us? And what do producers and others involved in the agricultural industry have to say about the state of the industry today?

I’m Dee Shore, and these are the questions we’ll explore in this episode of Farms, Food and You, a podcast from North Carolina State University’s College of Agriculture and Life Sciences. Our next episode will delve into the future of North Carolina agriculture, but for now, the focus is on the present.

[MUSIC]

[Sue Leggett]

“When the going gets tough, the tough get going.” That’s really kind of what I think of right now with the state of North Carolina agriculture and farmers. We’ve just got to keep going right now. It’s a tough time.

As a first-generation farmer tending a 3,000-acre operation, Sue Leggett might not be your typical North Carolina grower. But her views line up with what other farmers, agricultural leaders and university experts tell us: North Carolina agriculture has a strong history, and there are plenty of promising opportunities. But right now, many farmers are struggling.

[Leggett]

Of the challenges producers are facing currently, weather, profitability and stress would be the top three. This unpredictable weather that we’ve been having is incredible. It’s just unusual and unpredictable, and it’s just making it really difficult to operate the farms and get the work done. And that creates the uncertainty of how is the crop going to turn out.

The profitability – some farmers across the state have had some significant challenges there over the past few years with markets and then with crop yields because of disasters. So keeping their farm profitable has been a challenge.

And then being able to keep our sanity through the whole thing – a lot of prayer and a lot of just giving it your all and hoping it all comes out in the wash is some of it.

The acute stress that some farmers are feeling ultimately has implications for the overall state economy. That’s according to North Carolina State University economist Mike Walden. Farming, he says, is the backbone of a much larger agriculture and agribusiness enterprise. He calls it the state’s Number One industry. Each year, Walden provides a snapshot of the industry, and his latest numbers are in.
This is much more than farming. This does include what farmers do, but it also then follows what is popularly called the supply chain of food, natural fiber and forestry products. So as they go from the farm, then they often go to a processing sector, then they go to wholesaling, retailing, delivery to final users, etc. So these numbers capture all of that economic activity.

The numbers unfortunately come out with a lag, so here we are in 2020 (and) the numbers that I’m going to report on today are for 2018.

In terms of the entire supply chain in 2018, the total value of this was just shy of $93 billion in North Carolina, $93 billion. And this is what economists call a value-added number.

Now to put a perspective on this, the entire state economy generates output of $564 billion — or did in 2018. So $93 out of the $564 is coming from this agriculture and agribusiness sector. And the agriculture and agribusiness sector represents about 16% of that $564, so it’s a very substantial part of our state economy. It’s a very, very big part of our state economy. And that is a record number.

Walden has been putting a number to the economic value of agriculture and agribusiness in North Carolina since the 1980s. He’s noticed some important trends. First, while agriculture and agribusiness in North Carolina continues to grow, it’s declined in terms of its percentage of the larger economy.

That shouldn’t be necessarily concerning because what’s happening is we have modernized our economy, and more people have moved here and we become a richer state. People spend their money on other things other than food and natural fiber and forestry products. They buy technology, they buy vehicles, etc.

What is concerning to some, though, is the fact that farm prices have in recent years trended downward. And 2020 is looking like it won’t be an exception. Walden’s colleague, economist Blake Brown, had given a fairly positive outlook back in February when he spoke to the state’s agricultural development forum.

I thought this would be a much better year for North Carolina agriculture. In particular, I thought it’d be a good year for the poultry and hog industry, basically because of strong demand for pork from China.

Increased demand could have been a boon for North Carolina farmers and meat processors, Brown says. About two-thirds of the state’s agricultural income comes from animal agriculture. That’s not counting the income that comes from the crops, such as soybeans, that are grown here to produce feed for hogs, poultry, cattle and farm-raised fish. Chances of a better year for this segment of the agricultural industry evaporated with the emergence of COVID-19.
The biggest thing that happened to them was this coronavirus pandemic. Demand was strong, but they could not supply the product that they needed to because of closures or slowdowns in processing facilities. They had geared up for this big year, and they had all these pigs and chickens come into the processing plant and then suddenly they had to slow the process down. Ironically, what it did is it meant that prices at the farm level got very low, but at the consumer level they went very high because you had this bottleneck that backed up the supplies at the farm level but didn’t let it through for the consumers.

Brown says the situation has improved, fortunately, but Walden still expects that this issue and others related to COVID-19 will cause losses to show up in the agriculture and agribusiness snapshot he’ll compile two years from now.

I suspect the 2022 report will show probably a very substantial drop, particularly at the processing sector and the farm sector.

COVID-19 is just one in a long string of challenges that have beset North Carolina farmers since Rich Bonanno came to the state four years ago as director of NC State Extension, an outreach program with headquarters in the College of Agriculture and Life Sciences.

We often talk a lot in agriculture that our farmers have all the same issues that any other business owner has. But on top of all of those things that you think you might be able to control as a business owner, there’s a lot of things that you cannot control. You cannot control mother nature, as a starter.

From hurricanes and fires and floods, those are things that can take you out just so quickly — so quickly. And take an entire year — entire season’s — worth of work and effort and dollars and end it in what seems like an instant. Too many, too quickly.

And while a lot of other businesses can deal with labor and regulation and prices by picking up their businesses and moving them elsewhere, farmers do not have that luxury. And it makes a big difference. So I’ve seen a lot of stresses on the agricultural economy that are part of all these things that I have just mentioned.

And when they happen as quickly as they’ve happened, when they happen to the level that they’ve happened, it forces people to really think about what they’re doing. ... I’ve just seen a lot of stresses on farmers, and I see that stress becoming worse and worse. And, unfortunately, there does not seem to be an easy fix.

Another major agricultural challenge is the emergence in recent years of so-called nuisance lawsuits. Owen Wagner, the chief executive officer of the North Carolina Soybean Producers Association, explains.

Another major agricultural challenge is the emergence in recent years of so-called nuisance lawsuits. Owen Wagner, the chief executive officer of the North Carolina Soybean Producers Association, explains.
Another issue that’s kind of unique to North Carolina is this whole notion of nuisance lawsuits. They’ve been mostly targeted toward the livestock sector, pork in particular, but what I mean by nuisance lawsuits (is) this seeming desire to police every inevitable aspect of farming — things like dust, things like odors — even when those ag enterprises have been in a community for a very long time.

Right now, soybeans are not the focus of those lawsuits, but our customers are, and that’s deeply concerning. We’re not a low-cost state in terms of row-crop production, but what we do benefit from is having our customers in our backyard. So if they were to go away, it would really be devastating for row-crop production in this state.

Bryan Blinson, the executive director of the North Carolina Cattlemen’s Association, says the lawsuits are just one indicator of a larger, overlapping challenge.

[Bryan Blinson]

... I think the biggest challenges are probably that lack of understanding by the populace of what farmers do and how they have to do it. There’s, I think, a misunderstanding that farmers are exploitive of the land and the animals, and that couldn’t be further from the truth.

Number one, we can’t afford to. And two, we’re not geared that way. If we weren’t animal husbandry-oriented, we probably couldn’t justify having cattle. We spend a whole lot of time taking care of ones, or maybe spend money on veterinary work, beyond the value of the animal, because it’s the right thing to do.

But from a challenge standpoint, I think the lack of understanding by the consuming public is probably one of the biggest ones. There are always regulatory issues, but those usually stem from a lack of understanding of what we do and how we do it.

Blinson and Wagner both noted that many producers are looking for opportunities within these challenges. Archie Griffin is among these producers.

Griffin grew up on a farm in Washington, North Carolina, then went away for college. He earned degrees at NC State and East Carolina universities. He rejoined his father, Steve, in operating the family farm in 2012.

[Archie Griffin]

When I came back to farm, I was extremely excited. I said, you know, yes, this is what I want. If you do this right, there is a chance to be profitable and there is a chance to have a good living, a modest living.

Time has tempered Griffin’s excitement.

[Griffin]
Right now, agriculture in North Carolina, there are some good parts, but I’d say the overall mentality is very low. Optimism amongst farmers is at a point that I think is as low as I’ve ever seen.

We haven’t had a good year and a good market year — or, more, a good growing year — in quite some years. We keep getting beat down more and more and more. And I think it’s really starting to take a toll on the farmer as well as his family, his mentality and his drive.

Still, he sees reason for optimism.

[Griffin]

Not to say that we won’t keep going forward because as you always say, you know, it’s always darkest before dawn. As a farmer, you have to be an optimist and optimistic, because if you’re not, then it’s going to hurt you even more.

I think with any kind of disruption in an industry, especially in agriculture, there becomes new opportunities. And with those new opportunities that arise, there’s opportunities for new business and new business ventures to set out. And that’s where we are the most optimistic – where we are curious to see, where is this industry going to go towards in the future? And hopefully the path that we choose is where it ends up going. But you never know. You never know.

No, you never can know. But Archie Griffin and the other people we talked to for this episode of Farms, Food and You do have ideas about the future. We’ll hear more from them in the next episode, and we’ll also take a look at how NC State Extension and research are working to help position farmers to capitalize on those opportunities.

[Music]

Thanks for listening today, and we hope you’ll join us again in two weeks. To learn more about the college and our podcast, visit go.ncsu.edu/farms. While you’re there, share your thoughts. We’d love to get your ideas and to hear what topics you’d like us to explore in the future.

Our Guests

Sue Leggett operates a 3,000-acre diversified farm in Nash County with her husband, Brent, producing sweet potatoes, tobacco, cotton, peanuts, soybeans and strawberries. Leggett serves on the Nash County Board of Commissioners and holds a bachelor’s degree in agronomy from NC State.

Mike Walden is a William Neal Reynolds Distinguished Professor of Agricultural and Resource Economics at NC State and one of North Carolina’s most well-known and well-respected economists.
Blake Brown is Hugh C. Kiger Professor of Agricultural and Resource Economics at NC State. An expert in agricultural policy analysis, Brown has served as a senior economist for the Council of Economic Advisers in the Executive Office of the U.S. President.

Rich Bonanno serves associate dean in the College of Agriculture and Life Sciences and director of NC State Extension. He also owns Pleasant Valley Gardens, a farm in Massachusetts that his daughter operates. The farm has been in the family since 1910.

Owen Wagner is an economist and engineer who serves as chief executive officer for the North Carolina Soybean Producers Association. He holds two NC State degrees, one in agronomy and the other in biological and agricultural engineering.

Bryan Blinson is executive director of the North Carolina Cattlemen’s Association. He is a graduate of NC State’s Department of Animal Science and a recipient of that department’s Outstanding Alumni Award.

Archie Griffin produces tobacco, corn, soybeans and wheat on a 2,000-acre farm in Washington, North Carolina. He’s a graduate of NC State’s Crop and Soil Sciences Department and a past recipient of the prestigious Nuffield International Farming Scholarship.