Economic Value of Louisiana Agriculture

- Valued at more than $10.7 billion, agriculture and forestry combined make up one of Louisiana’s largest and economically dependent industries.
## Louisiana’s Top 10 Commodities

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestry</td>
<td>$3.0 billion</td>
</tr>
<tr>
<td>Poultry</td>
<td>$1.6 billion</td>
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<tr>
<td>Sugarcane</td>
<td>$1.1 billion</td>
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<tr>
<td>Rice</td>
<td>$476 million</td>
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<tr>
<td>Horses</td>
<td>$482 million</td>
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<tr>
<td>Soybeans</td>
<td>$529 million</td>
</tr>
<tr>
<td>Aquaculture</td>
<td>$442 million</td>
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<tr>
<td>Beef cattle and calves</td>
<td>$448 million</td>
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<tr>
<td>Marine fisheries</td>
<td>$374 million</td>
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<tr>
<td>Feed grains</td>
<td>$517 million</td>
</tr>
</tbody>
</table>
Louisiana has seen unprecedented economic activity in agricultural and forestry processing and infrastructure.

1. Foster Farms in Farmerville and DG Foods in Bastrop—poultry processing
2. ConAgra Foods Lamb Weston in Delhi—sweet potato processing
3. Bruce Foods in New Iberia—plant improvements
4. Myriant Technologies in Lake Providence—biobased succinic acid plant (biofuels)
5. Aquatic Energy in Lake Charles—algae plant (bioenergy)
6. Georgia-Pacific in Port Hudson—advanced paper making
7. Kennedy Rice Dryers in Mer Rouge—rice export
8. South Louisiana Rail Facility in Laccasine—grain export
Agro-Industrial Developments

10. Tyson/Synthroleum, Biofuels, Geismar
11. Monsanto, Ag Inputs, Luling
12. Louis Dreyfus, Grain Export, Baton Rouge
13. Zagis USA, Lacassine-Cotton
14. La Sugar Refining LLC- Coop Refinery
15. IFG Port Holdings, Export, Lake Charles
16. Terrel Grain, Unit Train, Delhi
17. Sun Drop Fuels, Biofuels; Alexandria
18. Tubbs Rice Dryers, Mer Rouge
19. International Paper, Bogalusa
20. Emerald Biofuels LLC, Plaquemine
About Louisiana Agriculture:
Farms and Farmers

- Louisiana land in farms: 8,109,975 acres
- Land in forests: 14,000,000 acres
- Total land in state: 27,880,000 acres
- Average size of a farm: 269 acres
- Number of farms: 30,106
- Number of people living on farms: 91,432
  - Family farms: 85%
  - Partnerships: 8%
  - Corporations: 7%
- Average age of Louisiana farmer: 57
- Farming is primary occupation: 40%
- Farming is secondary occupation: 60%
- Average value of agricultural production per farm: $177,000
WHY LOUISIANA?

- Abundant Raw Commodities
- Value added growth opportunities
- Robust transportation and distribution infrastructure
- Six class one railroads
- Six interstate highways
- Ready access to water and rail
WHY LOUISIANA?

- Integrated river/deepwater port system

- Port of south Louisiana is the largest tonnage port in the U.S.

- Primary export cargoes: poultry, corn, animal feed, wheat, soybeans, rice, yarn.

- Strong Higher Ed Presence.

- Statewide Ag industry research stations.
WHY LOUISIANA?

- Operations thriving in Louisiana include timber and wood products, animal production enterprises, sugarcane, seafood, rice, soybeans, cotton, sweet potatoes
- Low cost of natural gas.
WHY LOUISIANA?

- LED’S FastStart- Provides workforce recruitment, screening, and training to new and expanding companies, at no cost.

- Featured incentives:
  - 1. Industrial tax exemption; 100% for up to ten years on materials used in new manufacturing.
  - 2. Quality jobs; provides rebate on annual payroll expenses and either a 4% sales/use tax rebate on capital expenditures or an investment tax credit equal to 1.5% of qualifying expenses.
Global market trends and forecasts

• **2012: U.S. exports remain at record $137 billion**
  - Weak dollar and low interest rates bolstering competitiveness of U.S. ag exports

• **Long term: World population is projected to increase 32% to 9.1 billion by 2050**
  - While rising incomes in China, India = Increased consumption of protein and vegetable oil, multiplying demand for grains and oilseeds
  - No improvements in global yields or arable land
U.S. Dollar Projected to Fall Another 14% by 2020

(Weighted against the currencies of major U.S. agricultural export markets)

Indexed Value of U.S. Dollar (2005=100)

Source: USDA, Economic Research Service; Foreign Agricultural Service
“Middle Class” Outside the U.S. Expected to Double By 2020 – To 1 Billion Households

Worldwide food consumption will be impacted

Foreign households with real PPP incomes greater than $20,000 a year

Middle class in developing countries projected to increase 104% by 2020 vs. just 9% in developed countries in 2009

Source: Global Insight’s Global Consumer Markets data as analyzed by OGA
Why biofuel?

• Biofuel: Any fuel developed from plant biomass
• Biofuel types:
  – Biomass for burning = replaces/supplements coal for electricity generation
  – Ethanol = replaces/supplements gasoline; 10% OF ALL GASOLINE; 13B GALLONS
  – Biodiesel = replaces/supplements petroleum diesel; 1.1B GALLONS
Why the push for biofuels?

- **Reduce** dependence on imported petroleum
- **Reduce** greenhouse gases
- **Encourage** renewable energy sources
- **Support** rural economies, including farming and forestry
Oil companies are now “energy” companies

Chevron – Human Energy

Conoco Phillips – Energy for tomorrow
Why the push for biofuels in Louisiana?

• Louisiana is well-suited to produce biofuels
  – Location
  – Vegetation diversity
  – Climate
  – Agricultural infrastructure

• Forests yield highest amounts of biomass
Why biofuel?

• We depend on petroleum for energy
  – 40% of U.S. energy comes from petroleum
• Heavily dependent on imported oil
  – Two-thirds of U.S. oil is imported
  – Political unrest in supplying countries = less energy security for U.S.
Why biofuel?

• World energy needs rising dramatically
  – China, India rapidly developing
  – U.S. – demand rising at 3% per year through 2050

• Oil production in a long-term decline:
  – Today: 25 billion barrels per year
  – 2050: 5 billion barrels per year
Why biofuel?

• Economic and agricultural impacts:
  – Fuel costs go up, ETHANOL DECREASES GASOLINE COSTS BY OVER $ .90 PER GALLON
    – Farmers hurt by rising cost of inputs
    – Forest landowners = reduced ability to market timber
      • Timber farther from mills harder to sell
      • Smaller tracts harder to sell
      • Mill closures
  – Sharper rise and fall of fuel prices
• Economic instability
Why Biofuel/Bioprocessing

Government Actions  RENEWABLE FUELS STANDARDS

- Dept. of Energy mandates:
  - Replace 30% of petroleum transport fuel with biofuels by 2025
    - Annual U.S. motor gasoline consumption: 140 billion gallons
    - 42 billion gallons per year of substitute fuels needed
  - Replace 25% of industrial chemicals with biomass-derived chemicals by 2025

*Source:* Energy Information Administration 2008
WHY BIOFUEL/BIOPROCESSING

• CONSISTENTLY AVAILABLE
• INFINITELY RENEWABLE
• ECONOMICALLY VIABLE
• STRATEGICALLY SOUND
• ENVIRONMENTALLY FRIENDLY