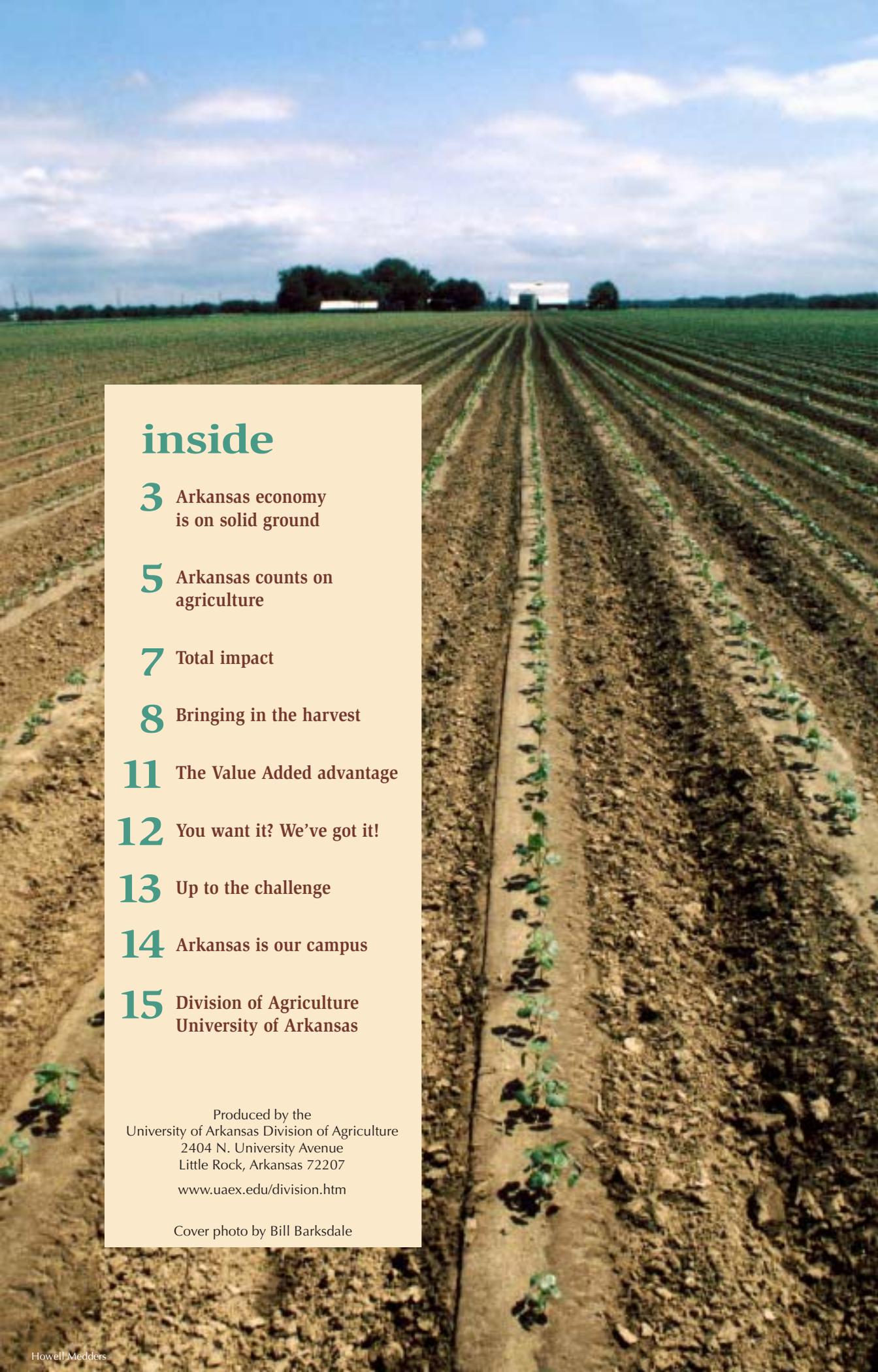


# solid ground

Impact of Agriculture  
on the Arkansas Economy



UNIVERSITY OF ARKANSAS  
DIVISION OF AGRICULTURE



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University of Arkansas

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Cover photo by Bill Barksdale

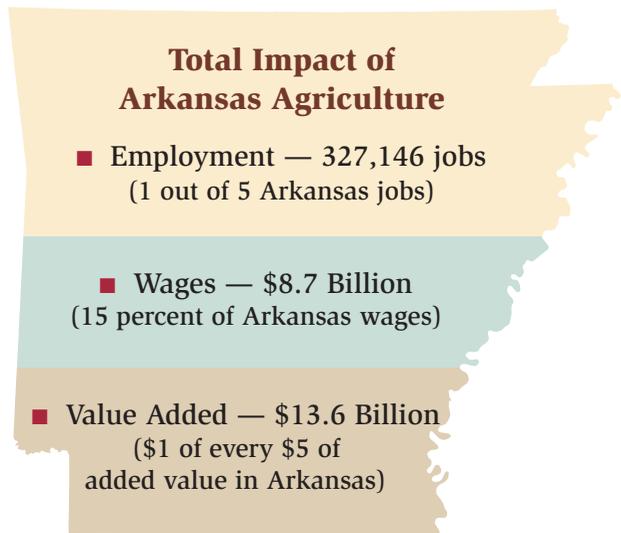
# The Arkansas economy is on solid ground

**A** diverse base of agriculture, manufacturing, retail, financial and other sectors provides both a strong foundation on which to build and a flexible network that nurtures growth in the Arkansas economy.

Agriculture is a key building block and network partner in today's interactive economy. The economic impact of agriculture is \$13.6 billion — 22% of the Gross State Product (GSP). It accounts for 327,146 jobs. *That is more than one in every five jobs in Arkansas.\**

We are at home in world and national markets, exporting both farm commodities and value-added goods produced by manufacturing sector workers in rural communities.

The importance of agriculture to our culture, to our stewardship of natural resources, and to the fabric of our communities transcends economics. However, this summary focuses on the statistics that help us understand Arkansas agriculture in purely economic terms.



\*A detailed analysis is provided in "Impact of the Agricultural Sector on the Arkansas Economy," by H. L. Goodwin, J. Popp, W. Miller, G. Vickery and Z. Clayton-Niederman. Research Report 969. Arkansas Agricultural Experiment Station, University of Arkansas, Fayetteville.

The analysis uses data for 1999, the most recent year for which all relevant data are available.

Sources: *For regional comparison* — Regional Economic Information System, Bureau of Economic Analysis, Regional Accounts Data (2001); U.S. Department of Commerce; Arkansas Agricultural Statistics Service; Cooperative Extension Service, University of Arkansas, U.S. Department of Agriculture – Agriculture Research Service. *For economic impact* — Minnesota Implan Group, Inc., 1999 county level data for Arkansas.



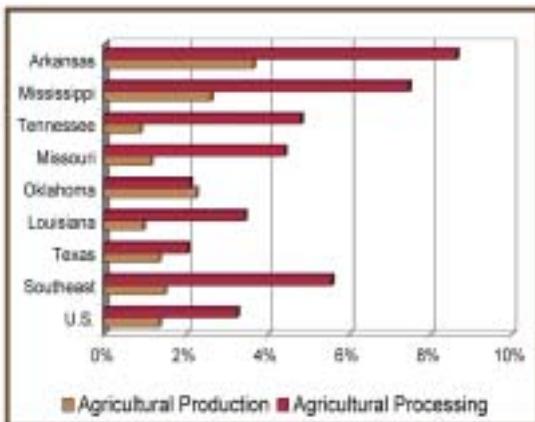
# Arkansas counts on agriculture

**A**rkansas leads all states in the southeast region in the percentage of the state's economy contributed by agriculture. Agriculture-based enterprises produce 12.3 percent of the Gross State Product (GSP) compared to an average of 7.1 percent in the southeast region and 4.6 percent nationwide.

The 48,000 farms in Arkansas occupy 14.6 million acres. More than half of the state is in forest land, which supports industries that are included as part of our agricultural sector.

Agriculture provides the economic foundation for many communities and is an important part of all communities, including the major cities.

**Production and processing as a percentage of Gross State Product**



## The agricultural sector as a percentage of Gross State Product

State region	Percent of GSP
Arkansas	12.3
Mississippi	10.1
Tennessee	5.7
Missouri	5.6
Oklahoma	4.4
Louisiana	4.4
Texas	3.4
Southeast	7.1
U.S.	4.6

The BEA (1999 data, published 2001) includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia in the Southeast region.



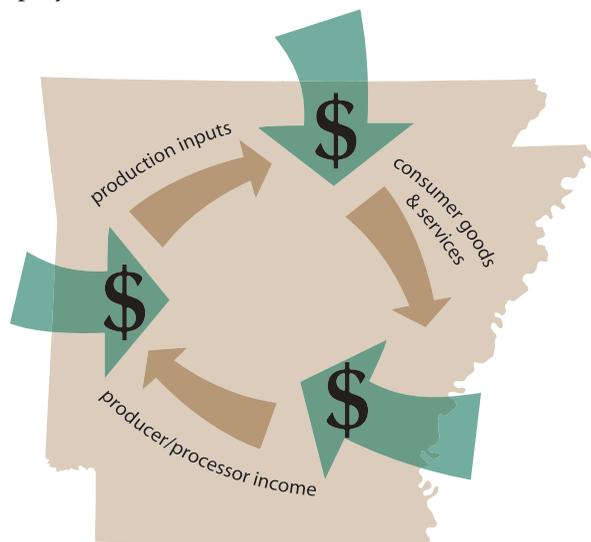
# Total impact

The impact of Arkansas agriculture includes direct, indirect and induced effects. Most agricultural enterprises are capital-intensive and generate significant indirect and induced impacts.

**DIRECT** impact is the wealth produced by income from agricultural production and processing and from wages paid to employees.

**INDIRECT** impacts occur when the agriculture sector purchases production inputs — goods and services — from local businesses. This is a very important part of the economy in many Arkansas communities. It also has a significant impact in the business and manufacturing districts of major cities.

**INDUCED** impacts are increases in economic activity to satisfy personal consumption by employees of the agriculture sector or by firms that provide inputs to the agriculture sector.



## Impact of agriculture on state economy

	Jobs	Wages & Salaries (billion \$)	Value Added to GSP (billion \$)
Direct Impact	192,160	5.16	7.8
Indirect Impact	67,540	1.99	3.2
Induced Impact	67,446	1.55	2.6
<b>Total Ag Impact</b>	<b>327,146</b>	<b>8.70</b>	<b>13.6</b>

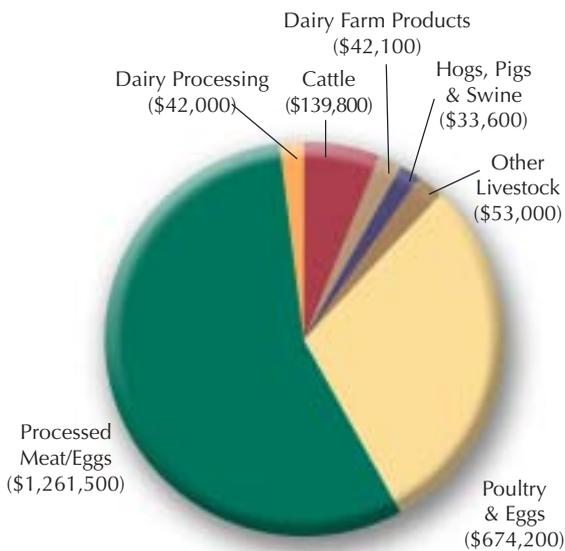
# Bringing in the harvest

## ▼ Livestock

The total direct, indirect and induced impacts of livestock enterprises accounted for 118,641 jobs in 1999, or 7.9 percent of state employment. Workers received \$3 billion in wages, and producers added \$4.1 billion in value to the state's economy — 6.6 percent of total GSP.

Poultry and egg is the largest part of this division. Raising cattle is the most widespread enterprise with a state herd of 1.82 million head. Hogs and pigs and horses are also significant categories in animal agriculture.

**Livestock Value Added**  
(thousands)

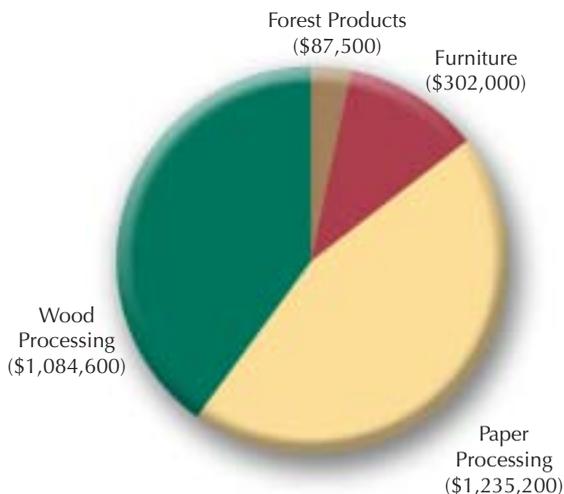


## ▼ Forestry

Forestry includes lumber and wood products, furniture, and paper and allied products. Direct, indirect and induced impacts provided 98,753 jobs in 1999, or 6.6 percent of state employment, and \$3.0 billion in labor income or 5.3 percent of the state total.

Forestry added \$4.8 billion of value to the state's economy — 7.8 percent of GSP. Wood and paper processing generated nearly half of the total impact for forestry.

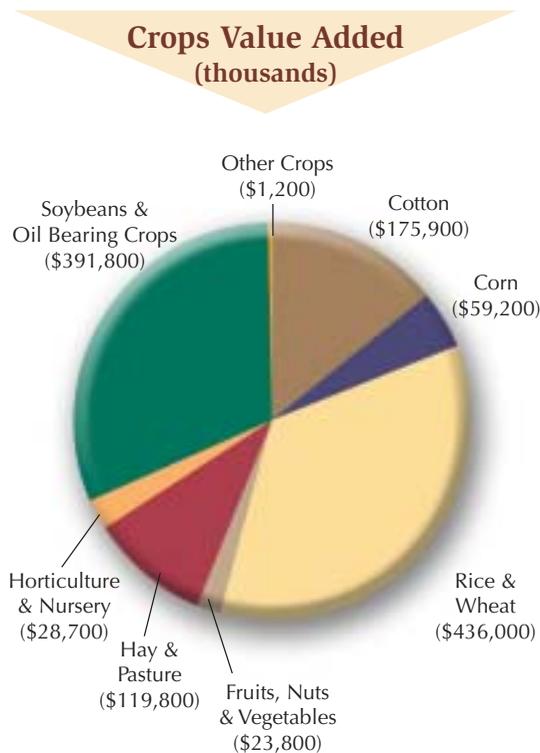
**Forestry Value Added**  
(thousands)



## ▼ Crops

Crops include cotton, food and feed grains, soybeans and other oil-bearing crops, fruits, nuts, vegetables, hay and pasture.

Direct, indirect and induced impacts of these enterprises were responsible for 101,569 jobs, or 6.8 percent of state employment in 1999. Workers received \$2.6 billion in wages. The sector added \$4.5 billion of value to the economy.





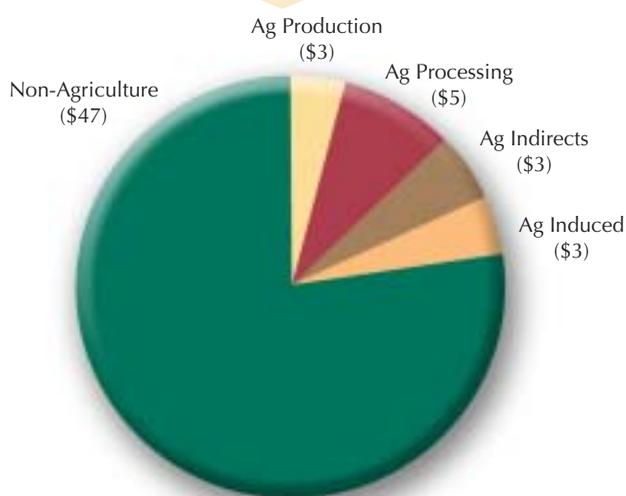
# The Value Added advantage

**P**roduction and processing are the one, two punch of Arkansas agriculture. Processors of farm commodities — and agribusinesses that serve both producers and processors — provide jobs in small towns and cities throughout the state and generate wealth in those communities.

“Value Added” is the total contribution of a business or economic sector to the economy. It is the sum of employee, owner and property income, plus indirect business taxes.

The 1999 total value added as a result of agricultural production and processing in Arkansas was \$13.6 billion. This is more than 22 percent of all value added in Arkansas that year.

**Agricultural Value Added to Arkansas Economy (billions)**

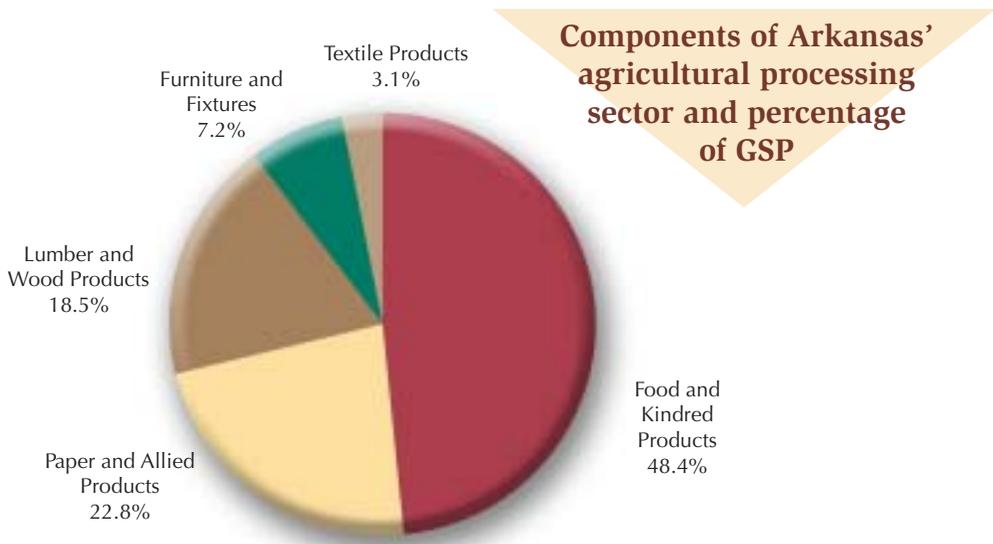


## Impact of agriculture on state economy

	Jobs (thousands)	Wages & Salaries (billion \$)	Value Added (billion \$)
Ag Production	81.5	1.7	2.5
Ag Processing	110.7	3.4	5.3
Ag Indirects	67.5	2.0	3.2
Ag Induced	67.4	1.6	2.6
<b>Total Ag Related</b>	<b>327.1</b>	<b>8.7</b>	<b>13.6</b>

# You want it? we've got it!

**D**iversity is a strength for Arkansas agriculture. Our varied climate and terrain accommodate a great variety of plant and animal enterprises with concentrations of row crops and catfish in the Delta, poultry and cattle in Upland areas and forestry in the Coastal Plains. We rank among the top 15 states for production of 15 different products and are No. 1, 2 and 3, respectively, in rice, broilers and both catfish and turkeys.



## Contribution of major agricultural sectors to agricultural production and processing

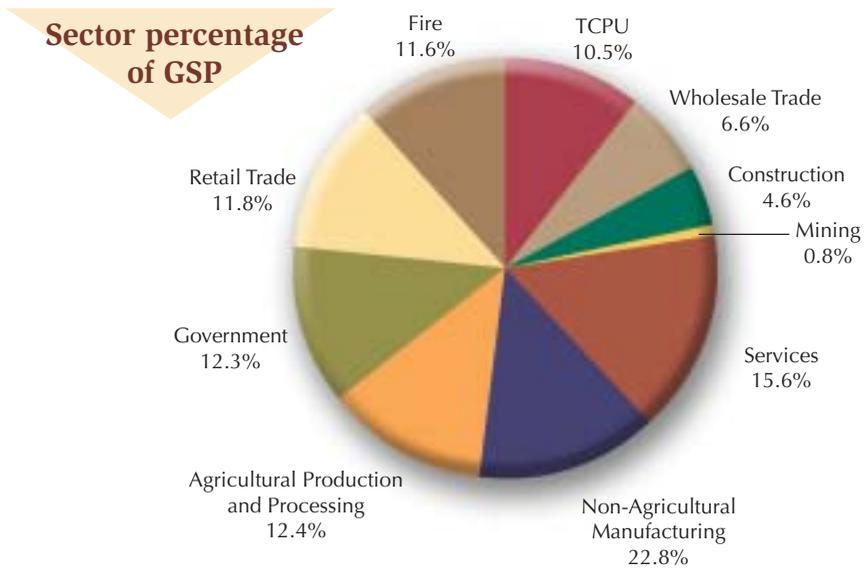
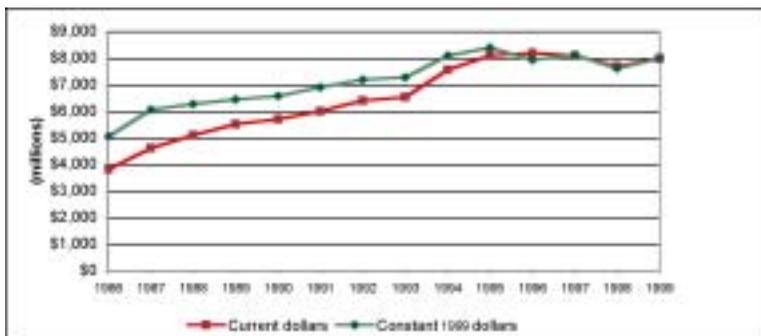
	Employment (number of jobs)	Wages & Salaries (million \$)	Value Added (million \$)
Crops	55,547	1,439	2,562
Livestock	70,015	1,815	2,267
Forestry	49,640	1,698	2,709
Other	16,958	208	278
<b>Total</b>	<b>192,160</b>	<b>5,160</b>	<b>7,815</b>

# Up to the challenge

**F**rom 1986 to 1999, total Arkansas GSP increased by 57.5 percent, compared to 57.9 percent in the agricultural sector. After rapid growth in the 1980s, the direct impact of agriculture on the state's GSP stabilized at around \$8 billion in the 1990s. Due to more rapid growth in other sectors, agriculture's direct impact share of GSP has declined slightly to 12.3 percent from a high of about 15 percent.

World production has increased much faster than demand, resulting in lower commodity prices and reduced market share for American agriculture. Producers and processors are meeting the challenge by reducing costs per unit of production, changing cropping systems and finding new and different markets.

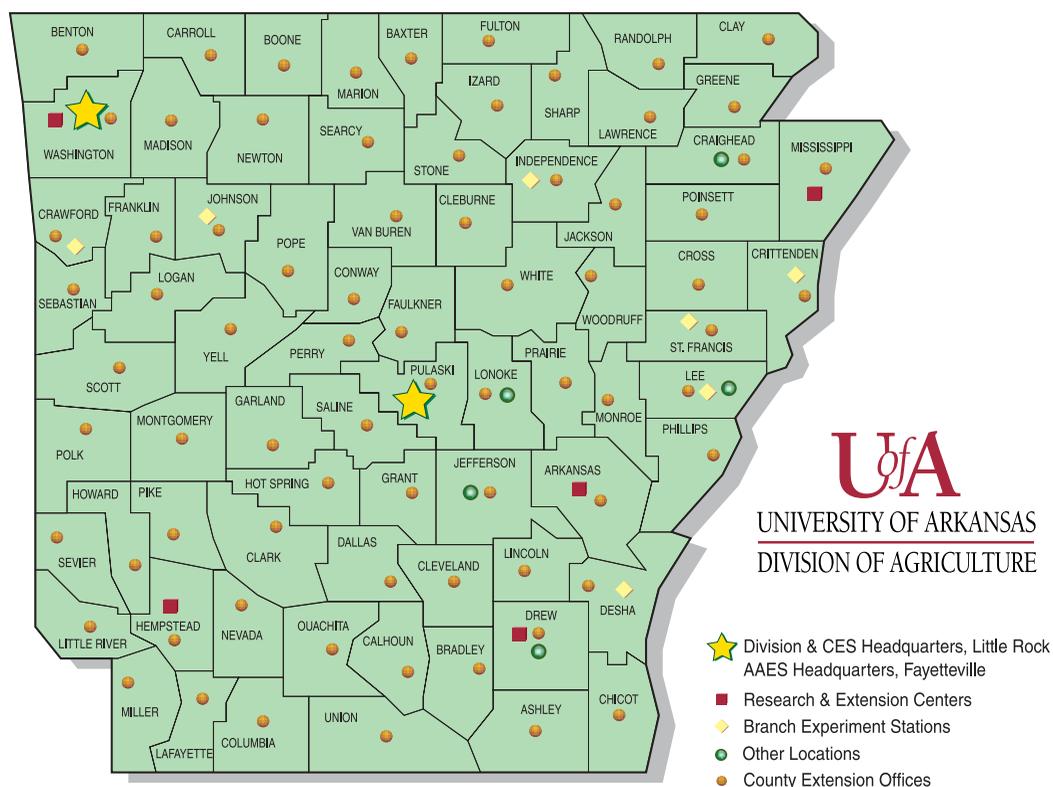
**Agriculture's contribution to Gross State Product, 1986-1999**



# Arkansas is our campus

The University of Arkansas Division of Agriculture conducts research and extension programs to support Arkansas agriculture in its broadest definition.

Our 1,420 employees include Cooperative Extension Service faculty in all 75 counties, Agricultural Experiment Station scientists and Extension specialists on five university campuses and at five research and extension centers, and support personnel at 10 Branch Experiment Stations and other units.



[www.uaex.edu/division.htm](http://www.uaex.edu/division.htm)

# Division of Agriculture, University of Arkansas

## Administration

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## Arkansas Agricultural Experiment Station

State Headquarters &  
Departments, University  
of Arkansas, Fayetteville

- Agricultural Economics & Agribusiness
- Agricultural & Extension Education
- Animal Science
- Biological & Agricultural Engineering
- Crop, Soil, & Environmental Sciences
- Entomology
- Food Science
- Horticulture
- Plant Pathology
- Poultry Science
- Human Environmental Sciences

**T**he Division of Agriculture is one of 13 major units of the University of Arkansas System.

The Division is a statewide campus, with faculty based on University campuses, at Research and Extension Centers and in every Arkansas county.

## Cooperative Extension Service

### State Headquarters & Divisions, Little Rock

- Agriculture & Natural Resources
  - Agricultural Economics
  - Agricultural Engineering & Safety
  - Agronomy
  - Animal Science
  - Economic & Community Development
  - Environmental & Natural Resources
  - Horticulture
  - Pest Management
  - Poultry Science
- Family & Consumer Science
- 4-H & Youth Development
- District Directors
  - Delta
  - Ouachita
  - Ozark
- County Programs
  - Agriculture & Natural Resources
  - Family & Consumer Science
  - 4-H & Youth Development

## Research & Extension Centers & Branch Stations

- Arkansas Agricultural Research & Extension Center, Fayetteville
- Northeast Research & Extension Center, Keiser
  - Cotton Branch Station, Marianna
  - Delta Branch Station, Clarkedale
- Rice Research & Extension Center, Stuttgart
- Southeast Research & Extension Center, Monticello
  - Southeast Branch Station, Rohwer
- Southwest Research & Extension Center, Hope
- Fruit Substation, Clarksville
- Livestock & Forestry Substation, Batesville
- Pine Tree Branch Station, Colt
- Vegetable Substation, Alma

## Other Units

- Arkansas Forest Resources Center, Monticello
- Institute of Food Science & Engineering, Fayetteville
- Soil Testing & Research Laboratory, Marianna
- UA/ASU Cooperative Research, Jonesboro
- CES Agricultural Center, Lonoke
- UAPB Cooperative Research & Extension, Pine Bluff



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