Impact of South Dakota Agriculture 1991-1995

Martin K. Beutler
South Dakota State University

Follow this and additional works at: http://openprairie.sdstate.edu/econ_comm
Part of the Agricultural and Resource Economics Commons, and the Regional Economics Commons

Recommended Citation
http://openprairie.sdstate.edu/econ_comm/348
Agriculture is South Dakota’s number one industry, providing a total economic (multiplied) impact to the state in 1995 of $15.1 billion. This is nearly three times larger than any other single industry in South Dakota.

The $15.1 billion represents agricultural production, processing, trade, interactions with other South Dakota industries, and expenditures of persons employed in agricultural related industries. For example, this includes the value of cattle and wheat, the value added by ethanol plants, meat processing plants, and the wages spent in local communities by employees of agribusiness’s for food, clothing, entertainment, etc.

Significant retail trade groups include computer and software stores, $5.9 billion; auto dealers and supply stores, $4.6 billion; and food stores, $3.6 billion. Other industries with sizable contributions include: service, $4.8 billion; manufacturing, $3.2 billion; recreation, $2.9 billion.

Agriculture’s impacts are felt in nearly every industry through direct contact or through the expenditures of people employed in agriculture. Every person in South Dakota is affected directly or indirectly by agriculture.

Economic Impact of Selected South Dakota Industries -- 1995

<table>
<thead>
<tr>
<th>Industry</th>
<th>Impact (Billion $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>15.1</td>
</tr>
<tr>
<td>Computers</td>
<td>5.9</td>
</tr>
<tr>
<td>Autos</td>
<td>4.8</td>
</tr>
<tr>
<td>Food Stores</td>
<td>4.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.6</td>
</tr>
<tr>
<td>Recreation</td>
<td>3.2</td>
</tr>
<tr>
<td>Service</td>
<td>2.9</td>
</tr>
</tbody>
</table>
Gross Agricultural Output and Gross State Product

Gross State Product (GSP) is a measure of the total value of goods and services generated in a state over a year's time. It is one measure of the productivity or economic activity of a state.

Gross Agricultural Output (GAO) is the value of production of agriculture and agricultural related industries in the state.

GAO accounted for 42% of South Dakota’s GSP in 1992 (last year data are available for GSP). GAO for 1992 was $6.4 billion while GSP equaled $15.1 billion (actual dollar values, not multiplied).

South Dakota’s 1992 Gross Agricultural Output (GAO) versus Gross State Product (GSP)

Economic Impact of Agriculture in South Dakota, 1991 - 1995 Average

Livestock
$5.7 Billion

Crops
$5.2 Billion

Processing
$1.3 Billion

Wholesale Trade
$254 Million

Production
$4.1 Billion

$14.2 Billion

Processing
$28 Million

Wholesale Trade
$1.5 Billion

Production
$3.7 Billion

Other Ag
$3.3 Billion*

* Includes: Ag Services, Ag Chemicals, Farm Machinery, Warehousing, Government Payments, Wholesale Trade Farm Equipment & Supplies, and Other Food Processing.

There is more to agriculture than just production. Once farm and ranch commodities are produced, other industries transport, process, and prepare these commodities for domestic and foreign consumption.

Between 1991 and 1995, livestock directly accounted for an average of $5.8 billion in economic activity in South Dakota as beef, pork, sheep and poultry are produced and processed. South Dakota livestock producers generate $4.1 billion in economic activity producing the animals for sale. Buying and selling livestock products account for another $254 million in economic activity. Finally, an average of $1.3 billion in activity is generated as livestock products are prepared for consumption through processing.

Crop production accounted for $3.7 billion of the average $5.2 billion crop related economic activity between 1991 and 1995. More extensive marketing of crop products is evident in the $1.5 billion of economic activity generated by wholesale trading. The fact that South Dakota exports or feeds most of its output is evident in the small amount of grain processing in the state, which averaged $28 million in total economic activity between 1991 and 1995.

In addition to the economic activity which can be directly attributed to livestock and crop production, there is additional economic activity from industries which serve both livestock and crops. Between 1991 and 1995 these industries include farm supply stores, ag chemicals, warehousing, government payments to producers, and other food processing businesses.
The total impact of South Dakota agricultural production and support increased 12% from $13.5 billion in 1991 to $15.1 billion in 1995. The total impact of agricultural production remained steady from 1991 to 1995 at about $8.5 billion. Total impacts from agricultural support industries increased from $5.0 billion in 1991 to $6.6 billion in 1995.


Total impacts from ag wholesale trade increased from $2.9 billion in 1991 to $4.1 billion in 1995. They represented 58% of ag support in 1991 and 62% in 1995. Food processing impacts increased from $1.56 billion in 1991 to $1.63 billion in 1995. Impacts from forestry products rose 143% from $229 million in 1991 to $558 million in 1995. Ag services and supplies’ total impacts rose from $304 million in 1991 to $360 million in 1993 and then fell to $350 million in 1995.
Conclusion

Agriculture continues to have a significant impact of South Dakota's economy, accounting for greater than forty percent of the state's gross State product. The presence of agriculture in every county and community in the state impacts much more than just "ag".

Total impacts on South Dakota's economy grew to $15.1 billion in 1995, equal to the GSP for 1992. Some of the gains were a direct result of increases in value added industries which buy, sell and process raw agricultural products such as commodity dealers and food producers. Ag wholesale trade industries increased $1.2 billion ($500 million from wholesale trade in grains and confectionery items), and food processing increased from $1.56 billion to $1.63 billion from 1991 to 1995.

Production agriculture and the related support industries continue to be the backbone of economic stability for South Dakota. Continued emphasis on seeking new ways to add value to our raw agricultural products will insure growth and vitality into the future.

In South Dakota, Agriculture is #1.