



Maine Grocers &  
Food Producers  
Association  
PO Box 5234  
Augusta, ME 04332  
207.622.4461  
info@mgfpa.org

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## IN SUPPORT – LD 1565 ‘An Act To Strengthen Maine's Agriculture, Food and Forest Economy’

Dear Senator Dill - Chair, Representative O’Neil - Chair, and Members of the Committee on Agriculture, Conservation and Forestry,

My name is Christine Cummings and I am the Executive Director of the Maine Grocers & Food Producers Association (MGFPA). The Maine Grocers & Food Producers Association is a business trade association representing Maine’s food community; Main Street businesses, including independently owned and operated grocery stores and supermarkets, food and beverage producers and processors, manufacturers, wholesalers, distributors, and supportive service companies.

The Maine Department of Labor's data demonstrates that as 2020- Q3, the state of Maine had more than 265 food manufacturers. These producers include those milling grains, sugar and confectionery manufacturing, fruit and vegetable preserving, dairy processors, animal slaughtering and processing, seafood preparation and packaging, bakeries and tortilla, sauces, snacks, coffee and tea and other perishable and nonperishable food manufacturing. In total generating more than 5,690 jobs and at the end of 2019, generating \$223 million+ in total wages. In addition, in 2019- Q4, Maine was home to 113 beverage manufacturers who helped generate more than \$104 million in total wages and more than 2,000 jobs.<sup>1</sup>

According to a study by Portland based Fork Food Lab, the Maine “Story” has the potential for a 10%-20% premium in the marketplace.<sup>2</sup> IRI, a data analytics and insight company, reports that a leading product claim trend for products in 2020 included ‘product origin’. It is anticipated that new eating behaviors from the COVID pandemic are here to stay. Among the employed, more will continue to work from home and this will impact how and where we shop and what we buy. Consumers will continue to seek out and purchase options that promote sustainability.<sup>3</sup> Establishing the Maine Agriculture, Food and Forest Products Investment Fund will allow for both private and public funds for increased access to capital for Maine’s food manufacturers, better positioning the industry, both retailers and food manufacturers alike, to meet the demand for Maine foods.

MGFPA supports a program that would seek to support underrepresented and underserved communities while also supporting those businesses well positioned growth and market expansion. Importantly, while this would seek to expand infrastructure investments to increase access to new markets the effort should also increase investments to strengthen current market penetration.

In a 2015 report, ‘Growing Maine's Food Industry, Growing Maine’, leaders contributing to the ‘Maine Food Cluster Project Survey’ noted that “obstacles in the Maine business environment included high costs and caps in infrastructure...These included the high costs of processing and lack of processing capacity and accessible storage facilities.” Maine food production, however, is well positioned for success. As it was also noted that advantages of operating companies in Maine included access to a ‘pristine’ environment with abundant land, water and marine

<sup>1</sup> 97% of data. Industry Employment and Wages: Data is derived from the Quarterly Census of Employment and Wages (QCEW) program. QCEW is a federal-state cooperative program that collects employment and wage information for workers covered by State unemployment insurance (UI) laws and for Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. Data includes wage, employment, address and coding information for individual establishments.

<sup>2</sup> Fork Food Lab 2.0: Market Analysis, Caroline Paras March 1, 2020

<sup>3</sup> 2021 CPG and Retail Trends – Food Trends National and Local Impacts Post COVID, January 2021

resources, a dedicated workforce, and being part of a heritage industry and a 'dynamic foodscape' in a state that values farming and food.

70% of the small-scale food producer community has indicated that they need assistance with wholesale partnerships, determining shelf-life, relationship building, distribution (including how to find and determining the criteria for the correct partnerships) along with assistance in logistic, pricing, marketing and sales strategies. Our industry has indicated that there is a lack of co-packing options and co-located, quality food production spaces. A frequently referenced obstacle is that logistics and distribution models favor larger business models over small-scale production of smaller batches and lower profits, especially with cold goods. It is encouraging to think that an investment fund and advisory board with an accompanying assessment would be established for targeted and appropriately scaled food processing infrastructure projects. In addition, we're looking forward to learning whether or not funds and this strategy can also play a role engaging retailers with technical assistance for local buying and marketing program resources.

Maine's 10-year Economic Development Strategy identifies 'food' as one of the four 'thematic areas' "in which Maine has current strengths, there is growing global demand, and there is a potential for job creation." To quote the plan, "From aquaculture to traditional seafood harvesting to value-added food production, growth is anticipated in these food industries and Maine can benefit greatly by growing our capacity to meet these markets. This global trend intersects with Maine's strengths in marine resources, food, manufacturing and technical services. Maine can be a leader in the development of new and sustainable ocean fisheries and products." The increasing interest and demand for healthy and sustainable options sets the stage for Maine's locally sourced products and ingredients to prosper. Maine is known for quality goods and is well-positioned for growth; ensuring the proper allocation of funds to enable the food processing and manufacturing sector to grow is critically important for these companies to meet the demand.

We are encouraged that the Maine DECD and DACF would work collaboratively to execute on the structure and execution of the fund's dollars. This is an opportunity to harmonize Maine's sometimes fragmented food network and to collectively work together on food-related economic development programming with input from stakeholders, business owners, and government entities ensuring Maine's food producers are positioned for long-term success.

Thank you for the opportunity to provide testimony.



Christine Cummings  
Executive Director