The Impact of Certified South Carolina

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Strategic Direction: Sustainability

• Moore School’s strategic direction: Sustainable Enterprise and Development
  – spans various disciplines
• Address important business, social, and political challenges facing business and society.
• These challenges address fundamental questions regarding the economics of scarce resources
  ... including agribusiness.
Status of the Agribusiness Cluster

• Studies confirm that the economic impact of agriculture, forestry and its allied industries is just under $34 billion per year.
  – supports 200,000 jobs.

• “50 by 20” sets a goal of increasing the economic impact value by $16 billion to $50 billion by 2020.

• How do we get there?
Palmetto-vore Movement

• One important channel for expansion of agribusiness is through increased local demand.

• To help determine the potential for Certified South Carolina to grow the economy over the next decade, we compared SC with neighbors in terms of local agribusiness purchases.
Method: Import Substitution

• The regional purchase coefficient (RPC) for local products was set equal to the highest of Georgia, North Carolina or South Carolina.

• The rationale for this target is the due to the states similar geographies and therefore agricultural capabilities, Georgia and North Carolina serve as good representatives for attainable levels of local purchase.

• The evaluation excludes some farm products such as sugarcane and sugar beet, oilseed, grain, tobacco and cotton.
Bottom Line Results

• If South Carolina reaches the share of locally sourced demand for major farm products similar to neighbouring states:
  – An increase in demand of about $335 million for the state’s economy that would otherwise not be there.
  – The additional total economic impact of $558.1 million.
  – This would increase SC’s total value added by $265.1 million.
  – The additional employment generated by greater local purchasing of South Carolina-grown agricultural products would be 10,053.
Value Added Impact

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>$162.40</td>
</tr>
<tr>
<td>Indirect</td>
<td>$50.97</td>
</tr>
<tr>
<td>Induced</td>
<td>$51.63</td>
</tr>
<tr>
<td>Total</td>
<td>$265.05</td>
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</tbody>
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Fiscal Impact

• Compared with a $2 million average annual investment by the state in SCDA’s program, this is an exceptionally positive return.

• We calculate that the annual boost to state government revenue would be $23 million.

• In other words, $23 million in additional revenue for the state (not counting local) government would potentially be generated.