

Economic Contribution of the Colorado Potato Complex

This economic study was commissioned to provide a better understanding of how the Colorado potato complex contributes to the economy. This study looks at the economic contribution from the entire complex, which refers to the production of potatoes and potato products. Exports are an important market for the potato complex and play a small but important role in Colorado. Therefore, the contribution from exports has been separated from domestic sales in order to highlight the value of potato and potato product exports to the Colorado economy.

- Colorado potato production supports more than just the farmers who produce potatoes. Impacts from the production of potatoes and potato products are considered direct economic impacts, but other industries also realize economic impacts.
- The firms that indirectly benefit from the production of potatoes and their products are numerous and include industry sectors such as transportation, fertilizer, chemicals, and energy.
- Jobs are created either directly on a potato farm, at a processing plant, or indirectly at a firm that supports potato production, like a transportation company. The labor income created at these jobs is spent and creates what is known as an induced economic impact.
- This study analyzed all three economic impact types, which are summarized below:
 - Direct (at the farm or processor level),
 - Indirect (businesses supporting farms and processors), and
 - Induced (impact from the spending of labor income and profits).

2014 Colorado Potato Complex Facts	
Acres	60,200
Production (CWT)	23,196,000
Farm-gate Value of Production	\$191,367,000
Value of Production after Packing and Processing	\$517,303,619

Source: USDA, Informa

The study also used a number of common economic measurements to analyze the contribution of the Colorado potato complex.

- The contribution was measured in terms of the combined revenues of the businesses involved in the value chain, which is considered a measure of output.
- A count of the full time equivalent jobs and an estimate of labor income were developed.
- Gross Regional Product (GRP) is another economic measure that is provided. GRP is very similar to GDP and is a summation of the value added at each step in the supply chain. The GRP can be thought of as the summation of labor income, profit, taxes, and indirect business taxes that result from the potato complex in Colorado.



Economic Contribution of the Colorado Potato Complex (Continued)

- The four measurement types are summarized below:
 - Gross Regional (State) Product,
 - Output,
 - Labor Income, and
 - Jobs.

- On a fresh weight equivalent basis, fresh potatoes are the top potato product exported by Colorado, representing 92% of all potato related exports.

- For every person working directly in the production of Colorado potatoes, there are 7.7 other jobs within the state that are supported by the potato complex.

- The direct contribution of the Colorado Potato Complex to Gross State Product represents 10% of the state's agricultural and food processing economy.

Colorado Potato and Potato Product Exports (2014)		
Product	Value of Shipments (\$ millions)	Quantity (million pounds in fresh weight equivalent)
Fresh Potatoes	\$26.25	115.9
Flakes	\$0.88	9.2
French Fries	\$0.00	0.0
Other ¹	\$0.22	0.8

¹ Includes chips frozen potatoes, starch, and flour and meal.

Source: Colorado Dept. of Agriculture, Global Trade Atlas, USDA-NASS, and Informa

- Colorado produces potatoes for markets in other states and exports significant quantities of fresh potatoes. Access to other state markets and international destinations is important to the Colorado Potato Complex. Export markets account for 5.4% of Colorado's potato production, while sales to other U.S. states provide significant contributions to the Colorado potato complex.
- The export market for potatoes and potato products currently contributes \$32.2 million to the Colorado Economy's Gross State Product through increased output of \$62.9 million and 216 jobs.
- Colorado's Potato Complex added \$596 million to the state economy in 2014 through combined business sales (output) of \$1.17 billion and 3,992 jobs.

Economic Contribution of the Colorado Potato Complex by Market					
<i>(Employment is in full time equivalents, all other numbers are in millions of US\$)</i>					
Share of Contributions by End Market		Employment	Labor Income	Gross State Product	Output
94.6%	Domestic Sales	3,777	\$309.2	\$563.4	\$1,101.7
5.4%	Exports	216	\$17.7	\$32.2	\$62.9
100%	Total	3,992	\$326.9	\$595.5	\$1,164.5

Source: IMPLAN, Global Trade Atlas, USDA-NASS, and Informa