

AMEP Client Profile

Pacific Rim Exports Sprout from Alaska to China

Company Profile

Larsen Farms is one of America's largest farm-based agriculture companies. The company grows, stores, manufactures and transports a wide variety of potato products for retail, foodservice and export markets. Quality and value in potato products is the driving mission of Larsen Farms, which has led them to become one of the few vertically integrated potato-growers-manufacturers-transporters in America.

Situation

China is the world's largest producer and consumer of potatoes, yet their fields have persistent disease and blight that makes growing seed potatoes challenging. China needed a new stable and expanding source of disease-free mini-tubers to help feed China's 1.3 billion people. Larsen Farms was approached by their longtime Chinese buyers to operate a new business venture to supply the Chinese with seed potato mini-tubers from Alaska. Alaska was targeted as a supply source because the University of Alaska Fairbanks (UAF) has invested over a decade of research, education, sample testing and relationship building with the Chinese to position Alaska as the preferred source of disease-free mini-tubers. Alaskan farmers had enough potatoes planted to satisfy local markets, but not much land in production to accommodate the new Chinese market.

The State of Alaska recognized the potential economic development and export benefits, including expanding the number of farmers and farmland, establishing a processing industry, giving rise to new companies and new jobs related to growing, manufacturing, servicing, and transportation. The potential export value of the processed potato products could exceed those of Alaska's famed salmon industry, creating new infrastructure, capacity and opportunity for other agricultural sectors. The State offered to support trial processing, independent testing and overall project facilitation.

Solution

The Alaska Division of Economic Development brought in AMEP to implement the mini-tuber manufacturing and testing program, and to facilitate the project by bringing the partners together and solving operational challenges. On the mini-tuber processing and testing side, AMEP set up project schedules, coordinated administratively with the UAF School of Agriculture and Land Resources Management, and ensured resources were in place to implement the processing and tests by UAF in a timely manner. On the partner development side, AMEP set up project schedules with responsibilities by individual partners, and facilitated numerous project milestones between farmers, UAF, Larsen Farms and Chinese buyers. On the investment side, AMEP prepared the projections used to identify resources

and commitments by partners needed to achieve long term goals. AMEP also facilitated the search for a local Project Manager hired by Larsen Farms to move the project forward.

Results

Buyers in Yunan and Shanghai reported that they were pleased with the pristine condition of the test shipment of 110 tons of seed potato mini-tubers exported from Alaska in 2010. Five farmers delivered product that was processed by Larsen Farms to fill the order. Prices and costs were not disclosed. Testing by UAF and shipping by Larsen were accomplished to high standards. For the 2011 growing season, Alaskan farmers and Larsen Farms set aside enough seed potato to put 250 acres into production, which will generate approximately \$2.5 million in revenue. Larsen Farms and Chinese buyers in 2011 will jointly invest in processing and storage facilities located in Delta, AK. Chinese buyers said they will purchase any amount of seed potato that can be produced by Alaskans, including the rotational crops needed to ensure proper land management. Larsen Farms and Chinese buyers are working toward the goal of supplying value-added manufactured mini-tubers and plantlets from 25,000 acres of Alaskan farmland in five years, creating a potential export market for processed agricultural products of \$1.5 billion.

Testimonial

“The MEP brought all of the partners together, pushed when deadlines needed to be met, solved tactical problems, and found us a local Project Manager. Each of those steps helped make this project a success, and was critical to our decision to expand our long-term investment in Alaska. We couldn’t have reached this level of success without them.”

- Richard Larsen, President & CEO, Larsen Farms