

AN EMERGENCY ECONOMIC IMPACT ANALYSIS

Economic Impact of the Avian Flu, Updated 7/10/2015

In May of 2015, Extension released findings from an economic impact analysis, using IMPLAN modeling, of the avian flu crisis in Minnesota. We recently updated these numbers as the flu has continued to affect businesses and regional economies.

As of July 10, 2015, lost turkey and egg production and processing as a result of the avian influenza have decreased output in Minnesota's economy by an estimated \$647.2 million. This includes \$171.7 million of lost wages, salaries, and benefits. In addition, 2,500 jobs have been affected in some way by the avian influenza. These figures include losses of current birds and account for the fact that producers cannot immediately restock barns and therefore lose additional income. They also take into account the time it takes to bring layers up to full production of eggs.

The value of lost output in Minnesota's economy has more than doubled since the report was published in May. There are two primary reasons why the numbers have increased. First, the number of birds affected continued to rise through the month of May. The initial report was based on 5.7 million birds being affected. As of July 10, the number of birds had risen to over 9.0 million. Second, the new analysis accounts for lost production experienced by producers while their barns were idled during the clean-up and disinfecting stages. Top industries affected by lost production and processing related to avian influenza include wholesale trade and truck transportation, as shown in the chart below. Also, a feedback loop occurs as demand for new poult and chicks temporarily declines during the outbreak. We would expect those impacts to mitigate as producers begin to restock their barns. The chart also demonstrates that the impacts are widespread and affect a variety of businesses including agriculture, retail trade, restaurants, veterinarians, and corporate headquarters (management of companies).

Top Industries Affected by Lost Poultry and Egg Production and Processing Due to Avian Influenza, Minnesota, July 2015

