

Section 3



3.1 Introduction

The United States has been experiencing a steadily growing strong economy with low unemployment rates. North Carolina has similarly followed the trend. Although the North Carolina economy has been adversely affected by weakness in agricultural and certain manufacturing sectors, other economic sectors continue to grow.

The North Carolina economy is in the midst of a business expansion that began in the second quarter of 1991. Throughout the present expansion, North Carolina's economy grew more rapidly than the nation's at large. The Wachovia Business Index (WBI) monitors the pace of the State's economy by tracking real Gross State Product (GSP), which is a comprehensive measure of the overall performance of the State's economy. According to the WBI, North Carolina's economy has averaged 4.9 percent annualized growth during the current expansion. By contrast, real Gross Domestic Product (GDP) for the nation as a whole has averaged 2.7 percent growth over the same period.³

³ Stevens, David. 1997. Business Leader Magazine (<http://www.businessleader.com/bldec97/guide5.html>)

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In comparison to the growth and economic development found in most of the State, the region that includes the 44 counties most impacted by Hurricane Floyd is under economic distress. Although counties with larger urban populations and those near the coast have growth trends similar to the rest of the State, most of the 44 counties are characterized by lower per capita incomes (PCI), higher unemployment, slower population growth, or even population loss with respect to the State as a whole.

Overall Financial Strength of the 44-County Area

The 44-county area of eastern North Carolina that experienced the most disaster impact is generally lagging behind the State's overall economy. While economic strength and growth are found in some areas, this region is home to 75 percent of the most economically distressed counties in the State as identified by the NCDOC. Twenty-eight counties have PCI below 80 percent of the national average. The poverty rate is above the State's average throughout the region. The region's agricultural engine (tobacco farming and processing) is in decline. The traditional manufacturing sector, which is a major employer in the region, is undergoing transition to high-tech, more automated production processes, reducing workforce needs.

The region is in a state of transition, evolving from an agricultural to a manufacturing to a service-based economy. It also contains the highest concentration of ethnic and cultural diversity in the State. The region's coastal areas are sought out by tourists for their natural beauty and vacation opportunities. The attendant growth in population, infrastructure, workforce skill levels and socioeconomic and environmental issues present significant challenges and opportunities to economic development.

3.2 Non-Agricultural Business Sectors

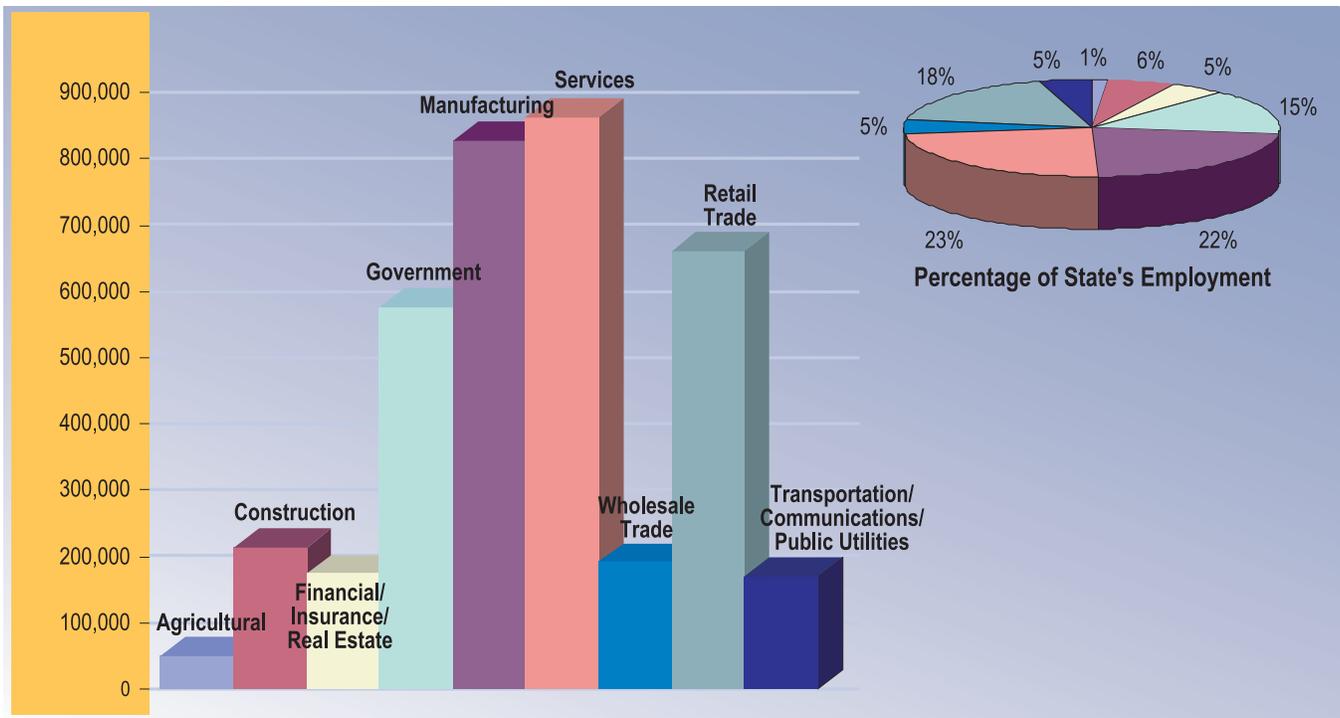
3.2.1 Economic Sectors

Statewide

The State of North Carolina has almost 370,000 full-time businesses.⁴ This includes “employee” businesses (businesses with one employee or more) and sole-proprietors. The primary business sectors within the State of North Carolina were identified through the NCDOC Employment Securities Commission (ESC). Figure 3-1 shows the employment figures by major industries and percentages that each industry represents of the State’s total employment. The table includes businesses of all sizes located within the State.

Small businesses are creating jobs for North Carolinians. Three of every five businesses (62 percent) are operated by full-time sole-proprietors without paid employees. Virtually all of the remaining businesses are small. Among the “employer firms” 19 of 20

Figure 3-1 Number of Jobs by Industry in the State



Source: The Economic Securities Commission of North Carolina, 1998 Annual Report

⁴ The Annual State of Small Business Report, North Carolina Small Business and Technology Development Center, 7/1999.

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Small Businesses are Creating Jobs for North Carolinians

Number of jobs created by industry and employment size of firm
(1992-1996)

Industry	Number of Employees					Total
	1 to 4	5 to 19	20 to 99	100 to 499	500+	
All industries	131,080	74,832	51,928	41,027	-74,481	224,386
Manufacturing	3,279	5,583	5,717	-92	-64,210	-49,723
Retail trade	25,011	10,012	13,609	2,097	-9,105	41,624
Services	68,957	41,466	27,409	34,593	-9,862	162,563
Other	33,832	17,772	5,193	4,458	8,696	69,951

Source: North Carolina Small Business and Technology Development Center, July 1999, The Annual State of Small Business

(95 percent) have fewer than 100 employees, 3 of 4 (75 percent) have fewer than 10 employees, and more than half (59 percent) have fewer than 5 employees.

Growth of Service Sector

North Carolina's Small Business and Technology Development Center in its "Annual State of Small Business Report, July 1999" reports that the

services sector dominates small business employment by number of employees, followed by retail, then manufacturing. The services sector has grown 57 percent since 1990, overtaking the manufacturing sector, which led in 1990 but has declined by 4 percent since that time. Employment growth of the service sector appears impressive and more than offsets employment declines in the manufacturing sector. However, wages in the service sector are much lower than lost wages in the manufacturing sector. While unemployment is low, this transition negatively impacts PCI levels, creating an under-employment environment.

Economic growth in North Carolina has been centered in the metropolitan areas of Charlotte and Raleigh that dominate the I-85/I-40 growth corridor, and in Wilmington, which has grown rapidly with the extension of I-40 to the coast. The economies of these three areas are being propelled by the rapid growth of a wide variety of new, non-manufacturing industries.

The structure of employment in North Carolina as a whole is changing dramatically as the State moves from a manufacturing-intensive employment base to a more service-oriented economy. Non-manufacturing employment grew 24.3 percent, or by 543,000 jobs, in the years between 1991 and 1997.³ The non-manufacturing sector, comprised mainly of service, trade, finance, insurance, real estate, and

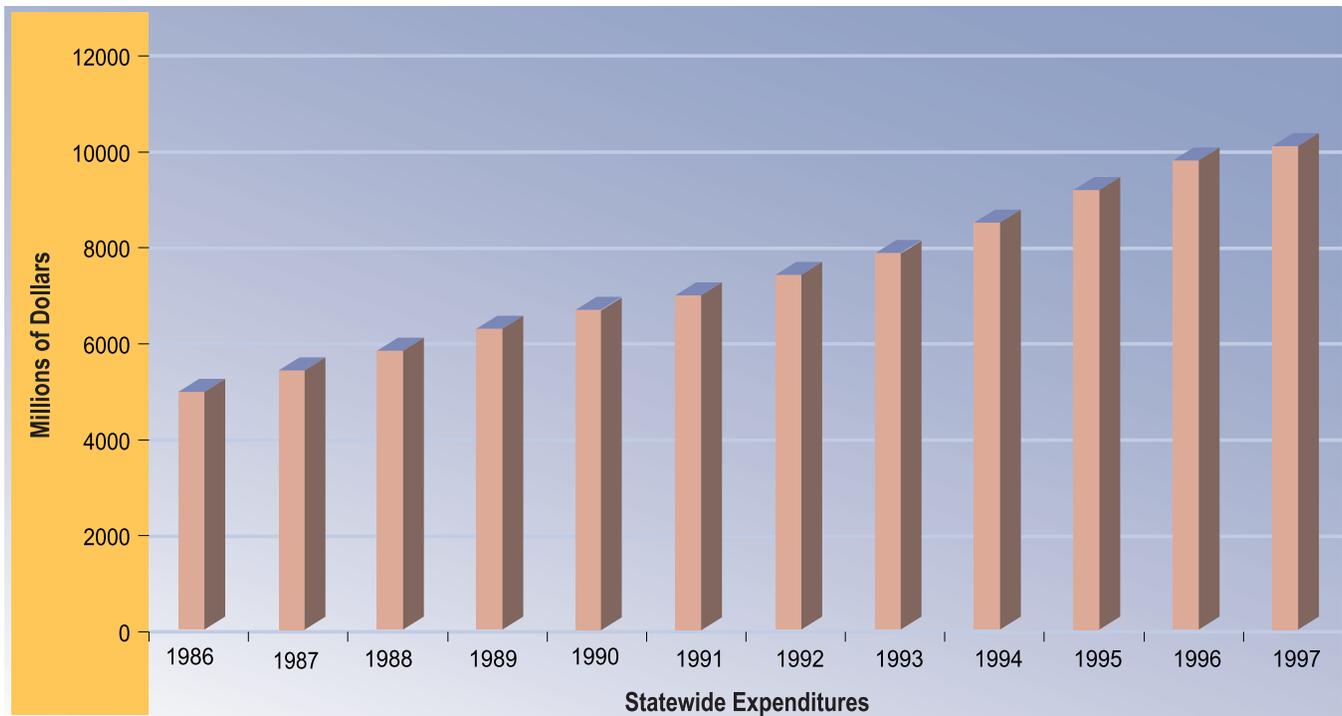
³ Ibid

government jobs, now employs 79 percent of all workers in the State, or 3,043,992 jobs.⁵

Travel, Tourism and Retirement

Travel and tourism has a significant impact upon the economy of North Carolina. The rapidly growing urban centers of Charlotte, Raleigh-Durham, and Greensboro have become major stops for the business traveler. Wilmington and the mountain and coastal regions have shown significant increases in their tourist industry. Figure 3-2 shows the steady increase in expenditures statewide over the past decade. In 1997, domestic and international travelers spent 10.1 billion dollars on lodging, food, entertainment, recreation, and shopping. This represents a 4.1 percent increase over 1996. Expenditures in the tourism and travel sector directly support 171,000 jobs and \$2.8 billion in wages and salaries.⁶ Domestic travelers' spending generated \$1.8 billion in tax receipts, \$960 million in Federal taxes, \$542.7 million in State tax revenue and \$298.6 million in local tax revenue.

Figure 3-2 Tourism and Travel Expenditures (millions of dollars)



Source: Stevens, David A., 1997, Business Leader Magazine (<http://www.businessleader.com>)

⁵ The Economic Securities Commission of North Carolina, 1998 Annual Report

⁶ North Carolina Department of Commerce (<http://www.esc.state.nc.us/>)

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Additionally, low crime rates, affordable housing and expanding opportunities in the “high tech” industry have contributed to the rapid population growth in many urban centers in North Carolina over the last decade. The mountain region of western North Carolina and the coastal region have become popular settlement areas for retirees from across the country.

Manufacturing and Agricultural Processing

North Carolina’s traditional tobacco and textile manufacturing industries have declined substantially in employment over the past decade. From 1990 to 1996, employment in the manufacturing sector decreased by 4 percent. Likewise, the agricultural industry has decreased employment over the past decade by 5 percent.⁵ These numbers have likely been impacted by the introduction of new automation technologies, and/or broad structural changes in specific industries, in particular the tobacco industry, which will be discussed in greater detail in the agriculture business sections of this report.

However, despite the job losses in traditional manufacturing, the State continues to be an attractive location for other, newer kinds of manufacturing employment. North Carolina has added manufacturing jobs in less labor-intensive industries, such as electrical machinery and industrial equipment. Since the second quarter of 1991, employment in these non-traditional manufacturing industries has grown by 15.2 percent or 70,800 jobs.³

44-County Area

As described earlier, the 44-county area impacted by Hurricane Floyd is a region under economic distress compared to the growth and economic development found in the State overall. While positive trends are found in those counties that are either in close proximity to the coast, or have small Metropolitan Statistical Areas (MSAs) able to sustain economic, business and social progress, most of these counties are characterized by lower PCIs, higher unemployment, slower population growth, and population loss with respect to the State as a whole. The North Carolina Department of Revenue reports gross retail sales in the region of \$36.6 billion for Fiscal Year (FY) 1998 to 1999, less than 30 percent of the State’s total. Over \$11 billion is attributable

³ Ibid

⁵ Ibid

to Wake County alone. The aggregate valuation of taxable real property was \$108.4 billion, 34 percent of the State total. Of this amount, over \$27 billion is for Wake County. Of the approximately 96,500 businesses in the 44-county area, 83 percent of businesses are classified as “small businesses.” These businesses, which are scattered throughout the region, are often capital poor, located in areas where retail traffic and visibility takes precedent over flooding concerns, and are financed through non-traditional means, such as consumer loans and equity lines of credit.

As mentioned earlier in this report, services is the largest, fastest growing business sector. The service sector has consequently overtaken the manufacturing sector which led in 1990 but declined by four percent over the period. Government employment ranked second overall in the region and was found to be the leading employer in 20 of the 44 impacted counties (Figure 3-3).

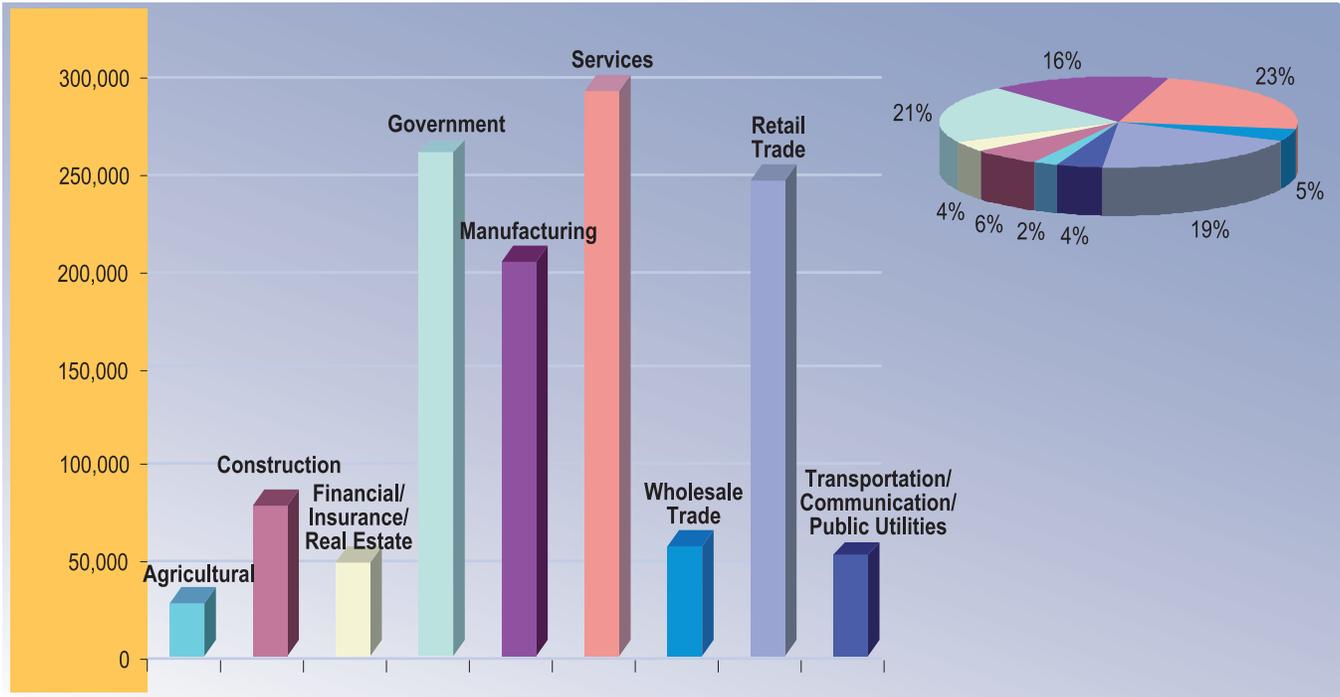
The leading employment sectors in numbers and wages for the 44-county area are service and mining, respectively. However, mining employs the fewest number of workers in the region. In 1998, \$1.6 billion was spent in travel and tourism in the 20 coastal counties of the region. This generated \$74.54 million in State tax receipts and \$67.47 million in local tax receipts. Table 3-1 shows individual county expenditures and tax receipts in detail. Average weekly impact is about \$30 million in the 20-county coastal area, as compared to a statewide average of \$207 million.

Agricultural and government employment play major roles in the region. Overall, lower wage, smaller employers characterize the region’s employment base. Business failure rates in eastern North Carolina have been above the State average nearly every year since 1990. Table H-1 (refer to Appendix H) outlines average wages by industry for each of the 44 impacted counties.

An insufficient infrastructure network overall, especially in smaller municipalities and smaller counties, places the region at a distinct economic disadvantage. Infrastructure supporting growth requires significant investment capital and time to construct. Infrastructure in this 44-county region is typically old and in need of replacement or reconstruction. This, along with significant environmental and natural challenges, characterizes the region’s development landscape.

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Figure 3-3 Number and Percentage of Jobs by Economic Sector in the 44-County Area



Source: The Economic Securities Commission of North Carolina, 1998 Annual Report

Table 3-1 1998 Impact of Travel on Coastal North Carolina

County Name	Expenditures	Employment	State Tax Revenue	Local Tax Revenue
Beaufort	\$42,570,000	440	\$2,140,000	\$2,030,000
Bertie	\$7,650,000	60	\$420,000	\$330,000
Brunswick	\$215,010,000	3890	\$9,890,000	\$11,700,000
Camden	\$1,360,000	10	\$70,000	\$80,000
Carteret	\$208,550,000	3640	\$9,420,000	\$10,630,000
Chowan	\$12,640,000	160	\$610,000	\$640,000
Craven	\$67,550,000	1030	\$3,630,000	\$1,390,000
Currituck	\$63,390,000	1170	\$2,680,000	\$2,760,000
Dare	\$440,940,000	9410	\$20,940,000	\$19,320,000
Gates	\$3,700,000	20	\$220,000	\$120,000
Hertford	\$17,090,000	190	\$1,000,000	\$370,000
Hyde	\$19,530,000	380	\$910,000	\$970,000
New Hanover	\$257,410,000	5010	\$12,500,000	\$9,010,000
Onslow	\$95,920,000	1430	\$4,960,000	\$2,880,000
Pamlico	\$11,340,000	90	\$480,000	\$940,000
Pasquotank	\$31,440,000	460	\$1,730,000	\$710,000
Pender	\$44,440,000	660	\$2,010,000	\$2,500,000
Perquimans	\$6,950,000	60	\$290,000	\$570,000
Tyrrell	\$2,560,000	20	\$120,000	\$200,000
Washington	\$9,440,000	110	\$520,000	\$320,000
TOTAL	\$1,559,490,000	28,240	\$74,540,000	\$67,470,000

Source: North Carolina Department of Commerce - Tourism, Film and Sports Development

As of March 31, 1999, applications for water and sewer projects totaling \$822,785,000 were submitted for State bond grant and loan funds which are made available through the Clean Water and Natural Gas Critical Needs Bond Act of 1998. This amount exceeds the total bond issuance for water and sewer projects. The State bond program, similar to Rural Development, USDA and Environmental Protection Agency (EPA) programs, stresses residential health and safety issues - *not* economic development. Within the 44-county impacted area \$474 million in water and sewer applications were submitted prior to Hurricane Floyd. The Clean Water and Natural Gas Critical Needs Bond Act of 1998 is the major State grant and loan source to assist general and special purpose units of government in financing water and sewer projects.

Since 1987, the State Legislature has provided the NCDOC \$32 million to assist local governments and non-profit development corporations in funding infrastructure to specifically support economic development. The Clean Water and Natural Gas Critical Needs Bond Act of 1998 appropriated \$20 million in bond proceeds for economic development projects. These funds are approximately 50 percent committed. The preceding programs are used statewide to promote economic development in eligible counties.

Distressed County Ranking System

The NCDOC distressed county ranking system assigns a tier designation ranging from Tier 1 to Tier 5, with Tier 1 being the most economically distressed. The rating system is based on population growth, unemployment rate and PCI. Tier designations determine a variety of economic development opportunities available to each county including tax credits for job creation, work training, and investment in machinery and equipment. The NCDOC ranks the 44 counties in the impacted region as shown in Figure 3-4.

3.2.2 Trends

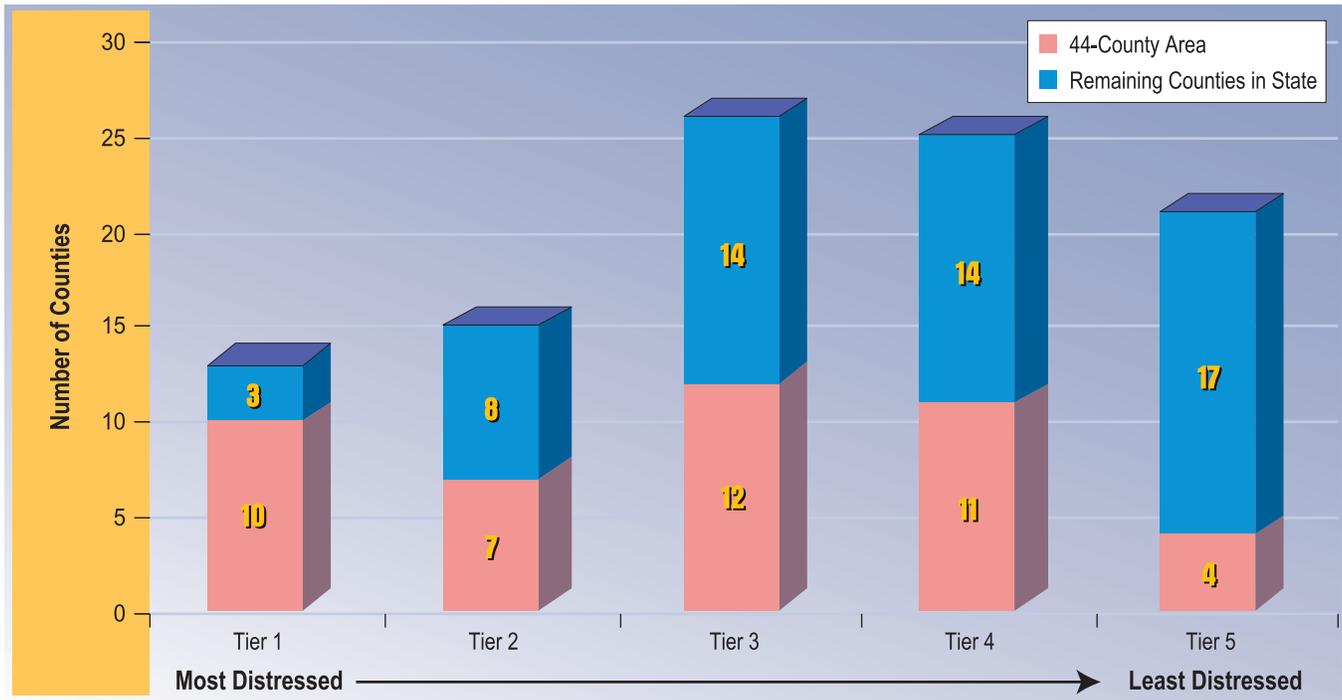
Statewide

Population

The population in North Carolina in 1998 was 7,546,493 with 79.8 percent living in metropolitan areas. Since 1990 the State's population has increased by 8.7 percent. It is projected that the population will increase from 7 million in 1990 to 9 million in 2025.

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Figure 3-4 North Carolina's Distressed County Ranking System



Source: North Carolina Department of Commerce

Approximately 24 percent of the State's total population are minorities.

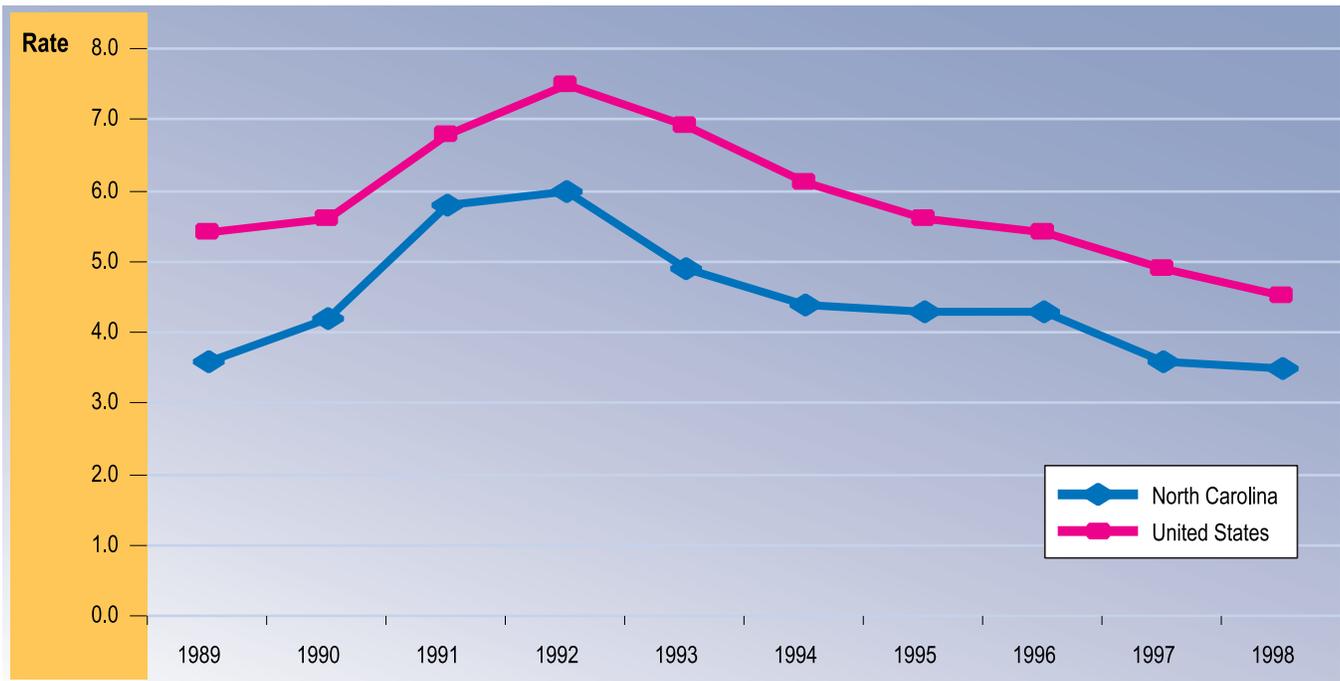
Employment

The State civilian labor force was reported at 3,794,200 with an unemployment rate of 3.5 percent in 1998.⁷ Figure 3-5 highlights employment trends statewide over the past decade. During the past decade the only truly unfavorable features of the State's economy were: (1) relatively slow employment growth in some of the non-metropolitan areas of the State, and (2) ongoing employment declines in some of North Carolina's traditional manufacturing industries. From 1994 to 1997, total manufacturing employment fell by 25,000 jobs, or 2.9 percent. This decline was more than accounted for by textiles alone, which fell by 27,200 jobs, or 13.3 percent, over this time period. Similarly, apparel employment fell by 17,200 jobs, or 25 percent, and tobacco manufacturing employment decreased by 1,100 jobs, or 6.5 percent. Expansion of non-traditional manufacturing employment prevented a larger decline overall.

⁷ Department of Commerce, Bureau of Census, 1998 (<http://www.census.gov/>)

Pre-Disaster Economy

Figure 3-5 Unemployment Rate in North Carolina and the United States



Source: North Carolina Department of Commerce

According to the U.S. Bureau of the Census, North Carolina accounted for 2.8 percent of total U.S. employment in 1996, up from 2.7 percent at the beginning of this decade (refer to Table H-1 in Appendix H for 1998 employment statistics for each impacted county by business sector). Figure 3-6 provides August 1999 unemployment rates for each county in the State.

Figure 3-6 Unemployment Rate by County



Source: North Carolina Department of Commerce

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Income

Personal PCI in 1997 was estimated to be \$23,168. From 1990 to 1998 PCI for the State increased at an annualized rate of 4.8 percent.

Minority buying power has increased significantly in North Carolina during the past decade. Buying power of the African-American population increased 73.3 percent, to \$24.1 billion, in the period from 1990 to 1999 representing a compound annual rate of growth of 7.6 percent. The African-American overall market share in North Carolina now equals 14.3 percent and in rural North Carolina, it equals 15.3 percent.

Buying power of Hispanics has also increased in North Carolina during the past decade, with an even greater 177.4 percent change, to \$2.3 billion, during the same period. Hispanic buying power in North Carolina ranks third in the nation in growth behind Arkansas and Nevada. The Hispanic overall market share now equals 1.4 percent in North Carolina, a 50 percent increase during the past decade.⁸ Minority buying power is one way to assess the opportunity for the entry of new businesses or expansions.

44-County Area

Population

The 1998 population of the 44-county area was 2,920,181, or 38.7 percent of the State. Since 1990, changes in population included 8 counties that have lost population; 17 that have gained population but at a lesser rate than the State; and 19 counties that have exceeded the State growth rate. Those counties losing population are concentrated in the north-central portion of the 44-county area and also include Jones and Onslow Counties. Those counties exceeding the State growth rate for the period are scattered, with some concentrations in the west-central and coastal areas of the 44-county region.

Eastern North Carolina is resident to a rich ethnic and cultural heritage. Examples include the predominately African-American community of Princeville, the first town incorporated by freed slaves; a very diversely located Hispanic/Latino population; the Lumbee Indian

⁸ Humphreys, Jeffrey M., PhD, Georgia Business and Economic Conditions, Hispanic Buying Power by Place of Residence: 1990-1999.

tribe primarily located in Robeson County; and Korean and Haitian communities in Wayne and Jones Counties, respectively. Thirty-two of the 44 counties have minority populations above the State's average of 24 percent. Five of the 44 counties are above 60 percent minority population, 2 counties are in the 50 to 59 percent range, 7 counties are in the 40 to 49 percent range, and 15 counties are at 30 to 39 percent.

Employment

While the 44-county area is the location of 34.1 percent of the State's jobs (refer to Table 3-3), 38.7 percent of the population resides in the area.

The information in Figure 3-6 for the 44-county area shows that 21 of the counties were above 4.5 percent unemployment in the pre-disaster month of August 1999. Any figure below 4.5 percent can be considered as full employment, or even representative of a labor shortage in the remaining 23 counties. None of the counties exceeded an unemployment rate of 9.2 percent at that time.

Agriculture in the 44 counties also supports a large migrant worker population (for more information, refer to Section 3.3.1).

Income

The accompanying sidebar displays the 44-county area's PCI relationship to the State-at-large in 1997. Forty-one of the counties were below the State average and 20 counties were at 80 percent or less. The poverty rate throughout the region is above the State's average, with some counties as much as 15 to 20 percent higher than the State average.⁹ Also, annual personal PCI is below the State average of \$23,168.¹⁰

Notable concentrations of buying power of African-Americans in eastern North Carolina are seen in Fayetteville (24.3 percent market share), Rocky Mount (27 percent market share), Wilmington (11.6 percent market share), Goldsboro (24.8 percent market share), and Greenville (19.6 percent market share), and Jacksonville (16.4 percent market share).

% State PCI	PCI Range in Dollars		Number of Counties in Impacted Area
	Low	High	
60-69%	13,901	16,217	2
70-79%	16,218	18,533	18
80-89%	18,534	20,850	14
90-100%	20,851	23,168	7
100%+	23,169 and over		3

Source: North Carolina Department of Commerce

⁹ East Carolina University, Economic Development Institute

¹⁰ Bureau of Economic Analysis, 1996

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Nationally, the African-American share of the overall buying power for 1999 is 8.2 percent, well below North Carolina's 14.3 percent.¹¹

3.3 Agricultural Business Sector

The overall agricultural economy of the State of North Carolina consists of around 49,000 farms employing over 130,000 short- and long-term workers.¹² Figure 3-7 shows the total land area of farms in the 44 counties. Revenues and equipment values are summarized as follows:

- Farms had \$3.2 billion in annual revenues from crop production and \$3.9 billion in livestock production (including dairy and aquaculture fisheries) in 1998.¹³
- Farm equipment and structures are valued at \$21 billion.¹²
- Annual marine fishery revenues are valued at \$100 million.¹⁴
- Standing timber is valued at \$19 billion.¹⁵
- Appendix G contains detailed tables related to agriculture. A more detailed discussion of each of these sectors of the agricultural economy follows.

3.3.1 Agricultural Businesses and Employment

Statewide

Agricultural business and employment numbers tracked by the North Carolina ESC often leave out many farms and workers since they exclude self-employed and part-time farm workers. Table 3-2 shows the North Carolina ESC business and employment figures for the agricultural sector.¹⁷ Most traditional farmers are included under Agricultural Production – Crops or Agricultural Production – Livestock, for a total of 1,775 businesses.

¹¹ Humphreys, Jeffrey M., PhD, North Carolina Institute of Minority Economic Development, Inc., African-American Buying Power in North Carolina: 1990-1999

¹² Census of Agriculture for North Carolina, 1997 (<http://www.agr.state.nc.us/stats/census.htm>)

¹³ NCDA&CS Agricultural Statistics Service: Farm Income by Commodity (<http://www.agr.state.nc.us/stats/cashrpt/cshcomyr.htm>)

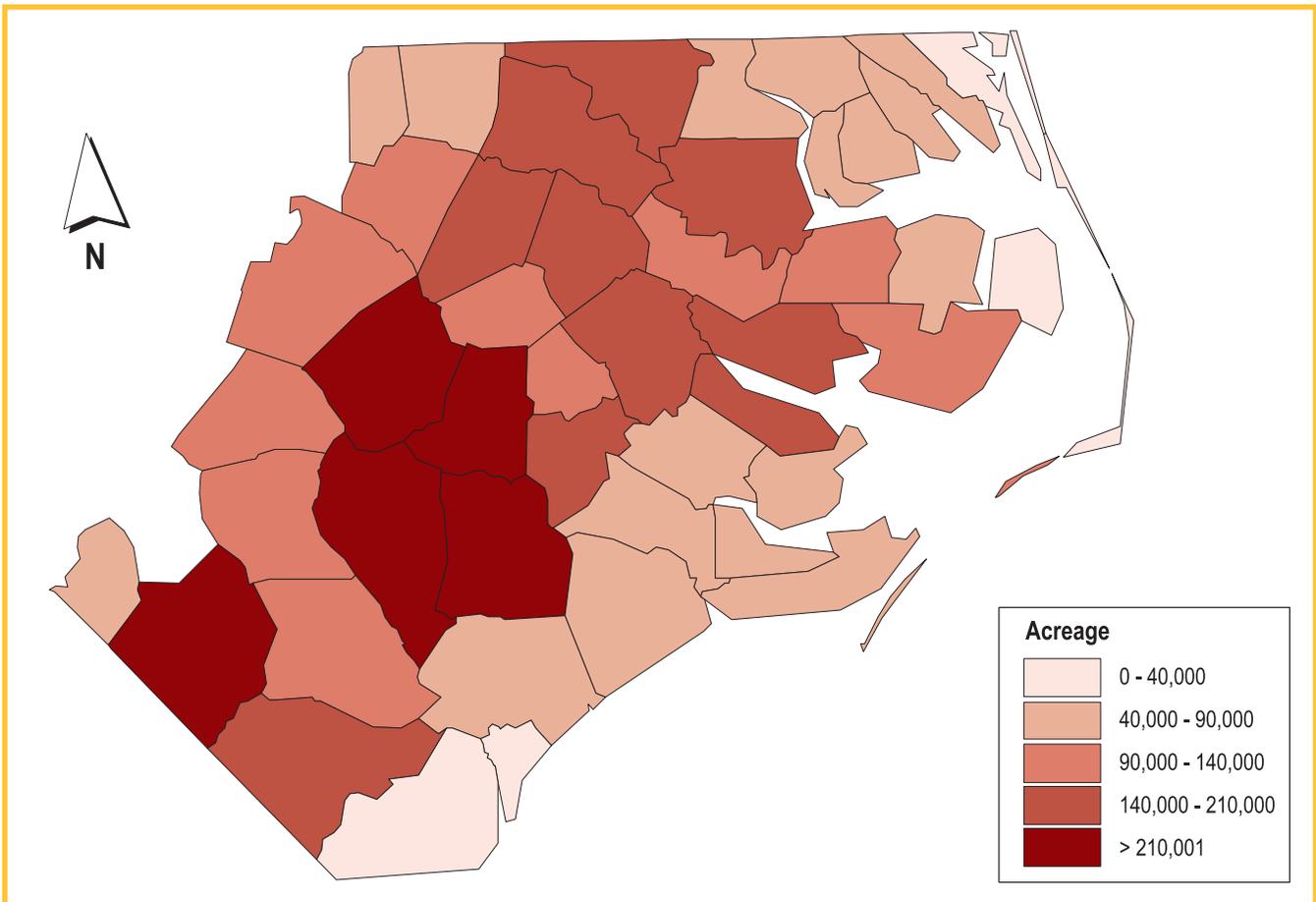
¹⁴ NCDENR: Division of Marine Fisheries, Commercial Landings Information (<http://www.ncfisheries.net/>)

¹⁵ North Carolina State University 1997 Natural Resource Inventory of North Carolina (<http://www.ces.ncsu.edu/nreos/ncnatres/>)

¹⁷ NC Employment Security Commission: 1997 Business Sector Employment Information (<http://sol1.esc.state.nc.us/lmi/ew/EW1997A/cstw.htm>)

Pre-Disaster Economy

Figure 3-7 Total Land Area of Farms in the 44-County Area by County, 1997



Source: USDA Census of Agriculture for North Carolina, 1997

Table 3-2 1997 Agriculture Sector Business and Employment in North Carolina

Major Sectors	# of Business Units	Average Annual Employment ^(a)
Agricultural Production - Crops	1,159	12,887
Agricultural Production - Livestock	616	11,246
Agricultural Services	3,588	23,558
Forestry	191	1,225
Fishing, Hunting, and Trapping	20	120
State Total	5,574	49,036

Source: North Carolina Employment Security Commission

^(a) Does not include self-employed farmers or part-time workers, including migrant workers.

The USDA Census of Agriculture also provides information on agricultural employment. Conducted every five years (in years ending with two or seven), the Census obtains information on individual farms and employment at these farms. Table 3-3 provides employment estimates for farms and hired labor in North Carolina broken into crop

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Table 3-3 1997 Farms and Employment in North Carolina

Major Groups	Total Farms	Long-term Hired Labor: 150 days or more	Short-term Hired Labor: Less than 150 days
Crop Production	25,023	17,340	75,002
Animal Production	24,383	12,149	22,443
State Total	49,406	29,489	97,445

Source: USDA Census of Agriculture for North Carolina

and animal production. In comparison with the USDA Census data, the North Carolina ESC significantly underestimates the number of agricultural production businesses (number of farms) and employment figures. The difference in employment numbers between Figure 3-3 and Table 3-3 comes from farmers that are considered self-employed and part-time workers.

Table 3-3 does not provide details on the number of farms with hired labor. Of the 49,406 farms in North Carolina, about 38 percent (19,000) use hired labor. Around 1,500 farms use long-term (150 days or more) hired labor. Most use either short-term labor (see side bar) or a combination of short-term and long-term labor. The Census data show that hired labor is used primarily for tobacco, fruit, and vegetable harvest and some livestock production.¹²

44-County Area

The agricultural businesses and employment conditions for the State

SHORT-TERM WORKERS

Short-term workers fall into three categories.

- Seasonal workers live locally and work part-time in agriculture.
- Migrant workers do not live locally but move up and down the coast during the harvest season, and require temporary housing while working short-term in agriculture.
- Contract workers come directly from a foreign country, usually Mexico, return directly home after the harvest season, and also require temporary housing.

The North Carolina Farmworker Health Alliance estimates that 142,000 migrant workers and dependents (mostly Hispanic) live in North Carolina during the growing season, with a majority in the eastern half of the State.¹⁶

hold for the 44 counties covered in this report. Many farms and farm workers are not counted by typical business and employment records. The 44 counties account for 73 percent of the cropland in the State.¹² Therefore, a majority of the short-term farm workers that are on farms with tobacco, cotton, and other crops are in these counties.

¹² Ibid

¹⁶ North Carolina Farmworker Health Alliance (<http://members.aol.com/jackrube/ncfhahome.html>)

3.3.2 Crops

Statewide

The North Carolina agricultural sector is based on crops and livestock. Table 3-4 shows the acreage and income for different crops in North Carolina.¹⁸ In 1998, hot and dry weather throughout the summer, coupled with lower prices, resulted in soybean, corn, and wheat producers earning less than previous years.¹⁹ Tobacco production decreased from 1997 to 1998 as a result of weather and a reduction of quota brought about by the settlement of court cases against tobacco companies. Overall cash receipts for crops decreased from 1997 to 1998 and were at their lowest since 1995.¹³

Exceptions to the decreased cash receipts for crops were cotton and peanut producers, who had highly successful crops and increased production between 1997 to 1998. Also, vegetables, fruits and nuts, and greenhouse nurseries production increased between 1997 to 1998.¹³ For 1999, almost all projected crop harvests were near 1998

Table 3-4 Crop Acreage and Farm Income in North Carolina

Crops	Harvested in 1998 ¹		Acres Planted in 1999	Cash Receipts in 1998
	Acres	% of 1998 Harvest in 44 Counties		
Soybeans	1,415,000	87%	1,500,000	\$212,591,000
Corn	845,000	75%	700,000	\$120,292,000
Cotton	705,000	94%	770,000	\$344,438,000
Wheat	680,000	78%	650,000	\$79,490,000
Hay	670,000	22%	680,000	\$24,097,000
Tobacco	251,100	71%	218,400	\$997,644,000
Peanuts	125,000	99%	126,000	\$94,126,000
Other ^(a)	-----		-----	\$1,374,129,000
State Total	4,403,000	74%	N/A	\$3,246,807,000

Source: NCDA&CS Agricultural Statistics Service

^(a) Includes vegetables, fruits and nuts, greenhouse nurseries, and miscellaneous crops. Ninety-five percent of the State's sweetpotatoes come from the 44-county area.

¹³ Ibid

¹⁸ NCDA&CS Agricultural Statistics Service: Crop Statistics (http://www.agr.state.nc.us/stats/crop_fld/fldannyr.htm)

¹⁹ NCDA&CS Agricultural Statistics Service: 1998 Annual Crop Summary (http://www.agr.state.nc.us/stats/crop_fld/fldannsm.htm)

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levels, due to drought conditions through most of the summer.²⁰ Even without Hurricane Floyd, the crop harvest for 1999 was not going to overcome shortcomings from previous years.

44-County Area

The 44-county area covered in this report accounted for 74 percent of the 1998 total harvested cropland in the State.²¹ Table 3-5 also shows the percentage of the major crop types for the 44 counties. Almost all the peanuts, cotton, and sweet potatoes in the State are grown in these counties. These counties also dominate the State for soybeans, wheat, corn, and tobacco. Because these counties play such a large role in the State's agriculture, the State trends directly correspond to the 44 counties.

3.3.3 Livestock

Statewide

Table 3-5 shows the inventory, marketings (number livestock sold), and income for the main livestock types in North Carolina. Livestock receipts, like crop receipts, decreased in 1998 and were at their lowest since 1995.

Table 3-5 Livestock and Farm Income in North Carolina in 1997 to 1998

Livestock	Inventory	Marketings (number livestock sold)	% Marketings in 44-County Area	Cash Receipts
Chicken (broiler only)	106,157,000	653,000,000	29%	\$1,418,643,000
Turkey	17,834,000	50,000,000	80%	\$469,900,000
Hogs	9,700,000	17,591,000	95%	\$1,323,010,000
Cattle and Calves	1,033,000	395,000	20%	\$363,185,000
Sheep	14,000	8,300	N/A	\$476,000
Other ^(a)	-----	-----	-----	\$293,870,000
State Total	-----	-----	-----	\$3,917,160,000

Source: NCDA&CS Agricultural Statistics Service

^(a) Includes eggs, farm chickens, equine, trout, catfish and honey

²⁰ NCDA&CS Agricultural Statistics Service: 1999 Prospective Plantings (http://www.agr.state.nc.us/stats/crop_fld/fldprsy.htm)

²¹ NCDA&CS Agricultural Statistics Service: Crops - Harvested Cropland (http://www.agr.state.nc.us/stats/cnty_est/crphary.htm)

- The hog industry cash receipts decreased around 35 percent from 1997 to 1998.¹³ This decline can be attributed to low hog prices and a State-imposed growth moratorium.²²
- The poultry industry had a mixed year, with slight increases in receipts for broiler chickens and slight decreases for egg and turkey production.¹³
- Beef cattle and calves cash receipts decreased by 28 percent from 1997 to 1998.



While sales of milk earned more in 1998, the dairy industry faced uncertainty following the declaration by a Federal judge that the existing milk pricing system was unconstitutional. Hog farms and dairies also dealt with expanded environmental regulations concerning manure management.²²

44-County Area

Table 3-5 shows the percentage of the four major livestock types for the 44 counties. Most of the hogs and turkeys in the State come from these counties. Therefore, the hog industry regulations have an impact on the 44 counties. Like the crop production trends, the State livestock trends apply directly to these 44 counties.

3.3.4 Farm Facilities

Statewide

According to the 1997 Census of Agriculture, the market value of farm lands and buildings averages \$376,000 per farm and the market value of farm equipment averages \$49,106 per farm. For the 49,406 farms in North Carolina, the market value totals \$21 billion.¹²

44-County Area

The 44 counties covered in this report account for 35 percent of the farms in the State. This small percentage of farms make up most of the State's total for certain commodities like peanuts, cotton, and hogs.

¹² Ibid

¹³ Ibid

²² USDA 1997 Agricultural Census Profiles for North Carolina (<http://www.nass.usda.gov/census/census97/profiles/nc/ncpbst.pdf>)

Section 3

3.3.5 Fisheries

Statewide

The fisheries sector in North Carolina, with the exception of freshwater aquaculture, has also declined in recent years. Figure 3-8 shows the production for the primary freshwater species raised in North Carolina.²³ The livestock agriculture statistics have tracked trout and catfish sales over several years, showing steady sales increases each year.¹³

The North Carolina Division of Marine Fisheries tracks the revenue generated from the saltwater fisheries. Table 3-6 shows the primary saltwater species harvested in North Carolina waters. The total revenue from saltwater fisheries was over \$100 million in 1998 and was at its lowest level since 1994. Of the total revenue generated, finfish harvests account for 40 percent and shellfish harvests account for the rest.¹⁴ Most of the decrease in revenue is due to a reduction in the finfish harvest. Around 60 percent of the decrease in revenue can be attributed to declines in harvest of the Atlantic Menhaden, caused by reduced fish populations and State regulations limiting or prohibiting harvest in certain locations.²⁴ Shellfish harvests have been very stable. Since 1996, shellfish harvests have varied less than 1 percent from the previous year, while finfish harvests go through cyclic increases and decreases.

44-County Area



For freshwater aquaculture, catfish, hybrid striped bass, and crawfish are primarily raised in the 44 counties. Most trout are raised in western North Carolina. All the saltwater fisheries are in the coastal counties of the 44-county area.

¹³ Ibid

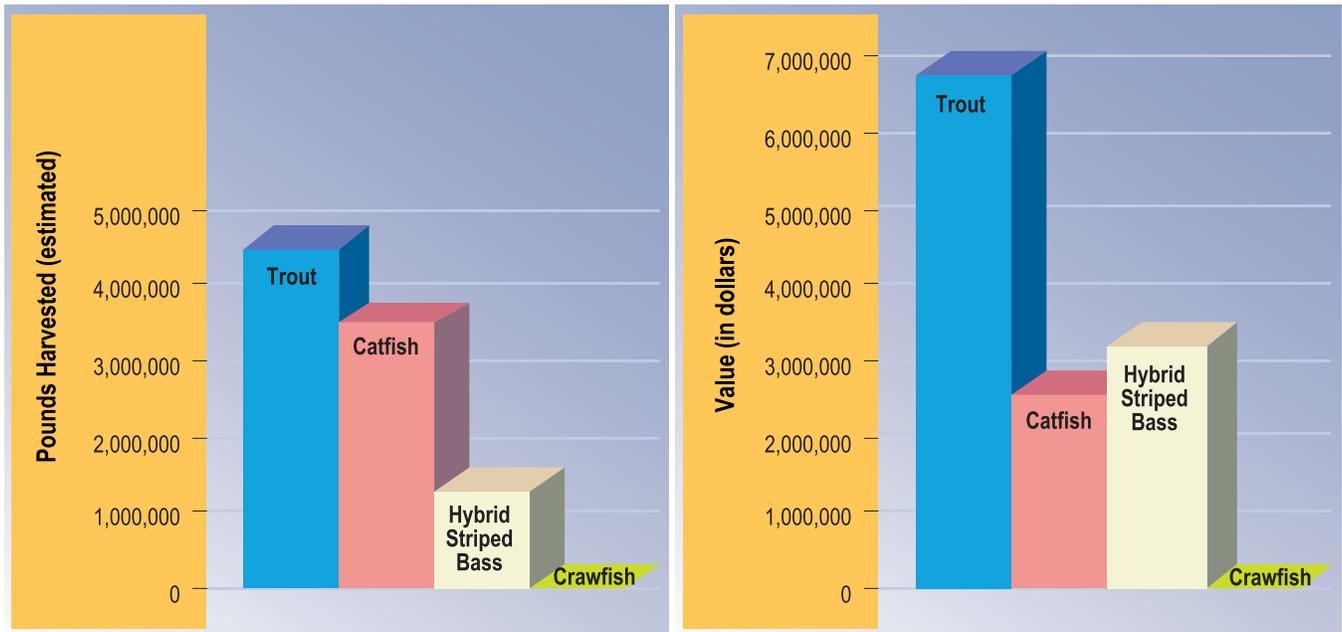
¹⁴ Ibid

²³ NCDA&CS: Division of Aquaculture and Natural Resources (<http://www.agr.state.nc.us/aquacult/>)

²⁴ Atlantic CoastWatch, February 1998 (<http://www.susdev.org/>)

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Figure 3-8 Freshwater Aquaculture Production in North Carolina in 1998



Source: NCDA&CS Division of Aquaculture and Natural Resources

Table 3-6 Primary Saltwater Fisheries in North Carolina in 1998

Crops	Harvested (Pounds)	Estimated Value
Finfish		
Flounder	6,940,000	\$12,545,000
Atlantic Menhaden	57,413,000	\$4,071,000
Atlantic Croaker	10,783,000	\$3,424,000
Snapper and Grouper	1,097,000	\$2,499,000
Shellfish		
Blue Crab	62,070,000	\$44,953,000
Shrimp	4,621,000	\$10,834,000
Clams	689,000	\$4,559,000
Oysters and Scallops	381,000	\$1,492,000

Source: NCDENR Division of Marine Fisheries

Section 3

3.3.6 Forestry

Statewide

Over 50 percent of North Carolina land is classified as forest.¹⁵ A majority of the forestland is classified as timberland (18.7 million acres). The timberland consists of natural hardwood, pine, or mixed tracts and pine and softwood plantations. The eastern coastal region contains almost half of the timberland in the State with a majority of the State's pine and plantation areas, along with lowland hardwood. Large tracts of upland hardwoods dominate northwestern North Carolina, while the central Piedmont region contains small, fragmented mixed tracts. The value of the State's standing timber is estimated at \$19 billion. In 1995, lumber, paper, and furniture manufacturers paid \$450 million to landowners for wood.¹⁵

44-County Area

The 44 counties covered in this report account for 48 percent of the total forest acreage in the State.

¹⁵ Ibid