



Investment and Competitiveness Opportunities for Pennsylvania's Food Value Chain: Workshop Summary

April 14th, 2026

This workshop brought together nearly 30 leaders from across Pennsylvania agriculture to explore the core question: **how and why does economic value move through and out of Pennsylvania's food value chain, and are constraints, not choice, limiting in-state activity?**

Participants represented farmers, agribusinesses, retail, processors, philanthropy, and the public sector, bringing a range of perspectives that helped surface both shared challenges and emerging opportunities across the value chain.

It was noted that while Pennsylvania has strong demand and a diverse production base, gaps in aggregation, processing, and distribution limit the ability to connect supply to demand at scale, resulting in lost in-state value. Participants also examined whether these outcomes reflect true market dynamics or a lack of viable in-state options.

Core Insight: Pennsylvania is not capturing the full economic value of its food production because gaps in the regional mid-scale food system force products and value-added activities out of state. These gaps limit the system's ability to move product efficiently within the state and capture full value through processing and regional market access.

Discussion on Current System: Strong Demand, Fragmented Execution

Today's system reflects a structural imbalance: strong local consumer demand and farm-level production, but an inconsistent ability to connect the two at scale. Demand remains robust, particularly for differentiated products such as Pennsylvania-produced and organic, and the state benefits from a large, diverse production base. Direct-to-consumer channels continue to function effectively, and coordinated models such as Lancaster Farm Fresh Co-op and regional food hubs demonstrate what is possible when mid-chain activities work closely together.¹

While these models and inherent strengths demonstrate what is possible, they do not consistently translate into system-wide performance. The underlying issue is not demand or production, but the system's limited ability to connect them at scale. Breakdowns occur in the middle of the value chain, where aggregation, processing, and distribution capacity are insufficient to reliably move product into regional markets.

¹See *Direct to Consumer Markets* in the appendix

At the production level, supply is distributed across many small and mid-sized farms. While this supports diversity and resilience, it limits the ability to generate the consistent volume required by institutional and wholesale buyers. Land constraints further restrict the ability of individual farms to scale production to meet processor or buyer minimums.

At the aggregation and processing level, capacity and gaps in system connectivity create additional friction. Many processors, especially at commodity scale, depend on minimum throughput volumes to operate profitably, making it difficult to aggregate sufficient supply from the small and mid-sized farms that make up most of Pennsylvania’s farm numbers, even when overall production volume and business interest exists.² At the same time, limited availability of appropriately sized, certified processing facilities that meet both producer needs and market requirements constrains farms’ ability to access retail and institutional markets. Currently, in some areas of the state, the distance between farms and processing facilities often makes transport economically unviable, limiting which producers can realistically access processing. As a result, some products either never enter the market, are limited in which markets they can access, or leave the state for mid-chain activities before re-entering end markets, adding costs and reducing in-state value capture.

These challenges reinforce one another. To operate profitably, processors must have consistent supply at required volumes, while limited local mid-chain activity can restrict market access for farms. The result is a persistent gap, where products that are in demand struggle to move efficiently within the state’s value chain, resulting in food waste, low fill rates, and missed opportunities to capture demand.

Value Chain of Regional, Mid-Scale Food Markets

“Missing Middle”, Differentiated, Value-Added Products



- **Waste:** Creates higher potential for waste-to-value opportunities (e.g., soil amendments/compost, upcycling, bio-energy, biopackaging, animal feed) due to localized system
- **Value-Retention:** Implies potential to retain value locally, but structural gaps limit those opportunities currently
- **Demand Signals:** Suggests strong potential for demand signals to inform production by connecting regional supply to existing demand

Note 1: Retail, food service, institutional, charitable food system

² See Value Chain of Global & Commodity Food Markets in appendix

Cross-cutting these issues are policy, cost, and information barriers. Zoning, certification, and compliance requirements add administrative burden and cost for both farms and processors. Further, access to reliable market data and consumer insights is often cost-prohibitive for small and mid-sized farms and processors, leading to uncertainty and misaligned production and purchasing decisions.

Taken together, a thriving regional mid-size system is constrained by a mismatch between fragmented supply and the volume, consistency, and certification requirements of larger markets, compounded by limited aggregation, processing, and distribution capacity within the state and the need, in some cases, to rely on out-of-state infrastructure to complete the value chain.

Constraint vs. Choice

Many outcomes that appear to be market choices are, in practice, responses to system constraints. For example, decisions to process product out of state often reflect limited in-state options rather than strategic preference. In some cases, out-of-state sourcing reflects the inability to aggregate sufficient local supply or access processing capacity, even when local production exists.

The distinction between choices and constraints highlights where targeted investments in aggregation, processing, or distribution capacity could shift outcomes.

At the same time, market factors such as price, reliability, and scale continue to influence decisions. The key challenge is distinguishing where constraints meaningfully limit available options.

Implications: Where Value Is Lost

Participants gave real-life context to how value moves, or is lost, through Pennsylvania's current food value chain:

- **Gaps in aggregation, processing, and distribution** are barriers to moving products efficiently from farms to regional markets.. Existing channels, including direct-to-consumer and large-scale supply chains, are functional but not optimized for small and mid-sized producers.
- **Demand is not the primary constraint.** Strong consumer interest in local and differentiated products exists, but the system cannot reliably meet that demand due to gaps in infrastructure and coordination. As a result, opportunities are missed, diverted out of state, or not captured at all, resulting in lost economic value that presents in forms like underutilized processing capacity, low fill rates, and product loss.
- **Constraints are interdependent.** Challenges in the chain, such as workforce and capital, reinforce one another which means addressing any single issue alone has limited system-wide impact.

- **Geography and data visibility further shape outcomes.** Uneven access to infrastructure affects what is feasible across regions, while the absence of shared market data makes it difficult for processors and the broader system to anticipate and respond to shifts in consumer demand.

Value Capture Opportunities

The discussion yielded several clear opportunities to improve system performance and increase in-state value capture:

- **Targeted investment in regional mid-scale processing and aggregation** would increase available capacity and create viable pathways for producers to meet regional market demand at scale.
- **Value-added processing and better utilization of existing capacity** can reduce waste and increase economic returns to producers and processors.
- **Better matching of production to processor and buyer requirements**, along with incentives for waste-to-value solutions, could convert underutilized or waste products into new revenue sources.
- **Expanded technical assistance** can support producers seeking to scale into wholesale, retail, and institutional markets, creating stronger and more sustainable businesses.
- **Addressing accessibility of consumer trends data and market intelligence** would enable more informed decision-making, reducing uncertainty across the value chain, and allowing value chain actors to meet demand where it is now and where its headed.
- **Cooperatives and shared infrastructure models** that distribute risk, reduce fragmented activity, and benefit participants are widely favored within the agricultural community and strengthen system integration in the chain by localizing and centralizing activity. Under an interdependent system, participants are invested in success and incentivized to collaborate more closely.

Team Pennsylvania Next Steps

To build on these insights, Team Pennsylvania will advance two initial efforts focused on validating key constraints and identifying actionable pathways to capture more in-state value.

1. Processing Capacity and Growth Assessment

A targeted survey of Pennsylvania processing facilities to measure current capacity, quantify throughput requirements, confirm geographic distribution, and capture interest in expansion. This effort will address existing knowledge gaps that limit economic opportunity in Pennsylvania's food system.

Findings will inform where targeted investment, expanded aggregation, processing, or distribution capacity, or access to market data could increase demand-driven processing

expansion opportunities, increase producer access to markets, and support value-added activity.

2. Development of a testable infrastructure model that addresses lost-value inefficiencies

Development of a testable, shared-risk business model designed to better connect what is currently dispersed and economically underperforming production to thriving regional market demand. This work will examine best practices that address the mid-scale gap by strengthening aggregation, processing, and distribution linkages, enabling more consistent product flow, and reducing value loss from underutilized processing capacity and resulting food waste. It will define the conditions required to move such a model toward implementation, including the role of shared ownership and cooperatives.

Progression of this work will require partners to contribute expertise, align efforts, or financially support these initiatives. If you are interested in getting involved, please reach out to agriculture@teampa.com.

Appendix

Direct-to-Consumer Markets

Hyper-Local, Identity-Preserved Products



- **Waste:** Includes little waste relative to system, but not designed to scale
- **Value-Retention:** Retains much of the value locally
- **Demand Signals:** Highlights strong demand signals that shape production

Note 1: Individual consumers via farmers market, CSA, etc.

Value Chain of Global & Commodity Food Markets

Standardized, Volume-Driven Market



- **Waste:** Includes waste along value chain (e.g., on-farm losses, damage in-transit, failure to meet spec, processing byproduct, spoilage, expiration)
- **Value-Retention:** Less opportunity for in-state value retention due to location of food system infrastructure (e.g., processing facilities)
- **Demand Signals:** Meets demand at scale, but shifts farm production slowly due farm fragmentation

Note 1: Exports, manufacturers, big box stores, restaurants, etc.