

Value-Added Processing & Co-Manufacturing

2025 NEW HAMPSHIRE FOOD AND AGRICULTURE STRATEGIC PLAN

Purpose: To understand an industry consisting of food processing plants, shared-use and collaborative commercial kitchen resources, or licensed homestead food operations that process local fruit, vegetables, and meat into value-added or lightly processed food products and prepared foods.

What's at Stake?

Value-added processing allows New Hampshire farmers and fishermen to expand the volume and variety of their product offerings and more easily compete with larger, out-of-state operations. Value-added processing can provide small-scale New Hampshire farms and fishermen access to new, stable, and predictable markets, create value in bumper crops that would otherwise go unsold, and extend sales outside the primary growing season, all activities supporting long-term profitability and viability. The current regulation ecosystem for value-added producers, entrepreneurs, and food manufacturers in New Hampshire is burdensome, inefficient, and difficult to navigate and creates significant challenges for farmers, fishermen, and entrepreneurs.

Current Conditions

There is a complex regulatory landscape around value-added food production. With two state agencies overseeing inspection, licensing, and regulations, there are many avoidable inefficiencies and confusion that could be streamlined by housing all responsibilities under one agency. In addition to inefficiencies, limited state capacity to provide process reviews for value-added products is another source of strain on New Hampshire's small food businesses.

In order for a New Hampshire value-added producer to manufacture acidified or predominantly acid foods, their products must comply with the Code of Federal Regulations (CFR) Title 21 part 114, which requires a process review of all products. Once the process review is complete, then the Food Protection Bureau at the NH Department of Health and Human Services will issue a manufacturing license to the producer. To obtain a process review, a designated food safety expert must assess the recipe and production procedures for each product. Currently, there are no process authorities in

New Hampshire, which forces New Hampshire's value-added producers to outsource their process review needs to the University of Maine or Cornell University (the nearest process authorities) where businesses are charged nearly double due to being an out-of-state business.

Value-added producers need more support to access infrastructure and resources. There are no USDA-certified shared-use facilities for processing meat into prepared foods (i.e., soups, pot pies, meatballs) in New Hampshire. Resources are needed to help farmers assess the financial opportunity of value-added production and to help entrepreneurs prioritize the use of local foods.



Challenges and Opportunities

CHALLENGES

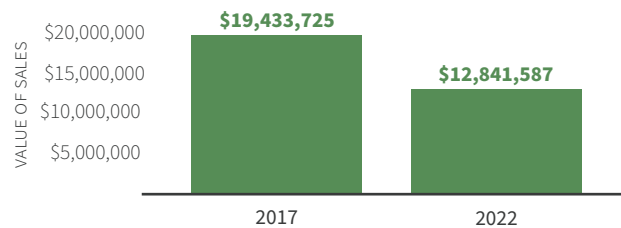
- Value-added producers lack market and distribution access to statewide and regional market channels.
- The confusing and inefficient nature of regulations pose serious barriers to businesses wanting to incubate or enter value-added production.
- There are product pricing challenges; in addition to ingredients and packaging, businesses must cover the costs of labor, processing, transport, licensing and inspections, specialized equipment, food safety management, recipe development, storage and distribution, and be at a large enough scale to meet supply and demand to maintain profitability.
- The USDA regulations to license and operate a certified commercial kitchen to process meat are difficult to justify financially and implement for the majority of New Hampshire's farms and shared-use commercial kitchens.
- Food manufacturers are disincentivized to source locally due to the additional logistics of working with local growers.

OPPORTUNITIES

- The NH Food Hub Network and the New England Food Hub and Processors Network are actively working to address distribution and market channel improvement in the state.
- The Legal Food Hub has existing programs to support food businesses navigating the regulatory environment.
- UNH Extension, the Regional Economic Development Center (REDC), and the NH Small Business Development Center (NH SBDC) provide valuable business planning assistance to farmers, including financial analysis of new enterprises.

VALUE-ADDED AG PRODUCTS SOLD IN NH

Value-added agricultural products refers to the further manufacturing or processing of crop or livestock commodities that are transformed into products worth more than the originally produced commodity.



SOURCE: USDA 2022 Census of Agriculture, *Table 2: Market Value*. Adjusted for inflation to 2024 dollars using producer price indices.

Recommendations

- **Overhaul the regulatory oversight of the New Hampshire food and beverage industry.** A significant, collaborative, and evaluation-based overhaul of food and beverage regulatory oversight is recommended, including:
 - Evaluating the current organizational structure of regulatory oversight for the licensing and inspection of food and beverage manufacturing and production.
 - Analyzing existing resources within the NH Department of Health and Human Services and the NH Department of Agriculture, Markets, and Food, to determine optimal structure to meet the goals mentioned above.
 - Restructuring all regulatory authority pertaining to food and beverage manufacturing and production into one department and funding the department accordingly.
 - Analyzing the demands and funding needs for food safety inspectors and determining the appropriate amount of responsibilities per inspector or consider outsourcing responsibilities to subcontractors.

- Establishing, housing, and funding an in-state New Hampshire Process Authority Service or setting up a streamlined process to refund New Hampshire businesses for the costs of utilizing out-of-state services within the department determined by the above analysis.

➤ **Add UNH Extension personnel to provide training for cost-benefit financial analysis of value-added production.**

Add personnel at UNH Extension to increase capacity in providing programming and training specific to the cost-benefit financial analysis of value-added production and/or increasing collaboration with NH SBDC and REDC to streamline technical assistance to food businesses.

➤ **Increase market access and local sourcing in the value-added product industry.** The NH Food Alliance to facilitate discussions with grocers, distributors, and food hubs to increase and streamline distribution logistics and market access of New Hampshire's value-added products and facilitate discussions with farmers and food manufacturers to increase sourcing of New Hampshire grown inputs for New Hampshire made value-added products.

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For more information, including references and opportunities to get involved, visit the 2025 NH Food and Agriculture Strategic Plan web page on nhfoodalliance.org or scan the QR code on the inside front cover of the print version.