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Risk management education program sets workshop series

A series of educational workshops to help small and beginning farmers tailor plans to handle the risks of farming have been scheduled for 11 valley and coastal regions this spring.

The workshops are part of an ongoing cooperative education effort by the AIC, the Center for Agricultural Business at CSU Fresno (CAB), and Farm & Agriculture Collaborative Training Systems (FACTS), that is supported by the USDA Risk Management Agency, through a grant awarded to the AIC in the fall of 2003.

Workshop participants will be introduced to a model for creating their own strategies for dealing with risk based on their tolerance profiles in five categories of risk: family/personal, financial, production, marketing and legal/regulatory.

The workshops provide information useful for all growers, but are especially designed for farms and ranches that have been operating fewer than 10 years or have gross receipts of less than \$250,000 a year.

Dates and locations for the half-day workshops: *April 20*, Watsonville; *April 21*, San Luis Obispo; *April 22*, Carmarillo; *April 23*, Escondido; *April 26*, Tulare; *April 27*, Fresno; *April 28*, Stockton; *May 11*, Petaluma; *May 12*, Ukiah; *May 13*, Eureka; *May 14*, Chico. Specific times, locations, registration information and a contact number are available at the AIC website: www.aic.ucdavis.edu.

Each workshop is cosponsored by a group of local organizations, led by UC Cooperative Extension advisors.

Centers collaborate to achieve common goals

Three centers focusing on applied agricultural research and outreach on economic, business and policy issues at three universities—the AIC at the University of California, the Center for Agricultural Business at California State University, Fresno, and the California Institute for the Study of Specialty Crops at California Polytechnic University, San Luis Obispo—have established an ongoing relationship to understand priorities, share ideas for research, coordinate and participate jointly on outreach activities, review studies, and collaborate on research.

The AIC, funded through the UC Agricultural Experiment Station and competitive grants and contracts, provides

research-based, objective information for public and private decisions about issues that affect California agriculture.

The Center for Agricultural Business, funded by CSU and increasingly by grants and contracts, conducts applied research and educational information programs for agricultural business and sponsors training sessions, workshops and forums designed specifically for the agricultural community.

The California Institute for the Study of Specialty Crops, the newest of the three, was established in the fall of 2003 by a \$2.9 million California Department of Food and Agriculture grant spread over three years. The institute is focusing on economic research useful for specialty crops

(including livestock), which encompass everything except the major federal program crops such as grains, oilseeds, tobacco and cotton.

Besides ongoing discussions, the AIC and one or both of the other partners have collaborated on risk management education, a tomato competitive edge study, understanding agriculture in China, the importance of traceability for marketing California crops, international disputes, and analyzing the returns from government activities to manage exotic and invasive pests and diseases.

A major conference on the future of California agriculture, being organized and sponsored by the three organizations together with the UC Specialty Crops Research Program, is scheduled for March 23-24, 2005 in Sacramento.

California Agriculture offers research and analysis on horticultural biotechnology

The April-June 2004 *California Agriculture* magazine published by the UC Division of Agriculture and Natural Resources (<http://calag.ucop.edu/>) is devoted to horticultural biotechnology. Most of the articles were first delivered at a conference cosponsored by the AIC in 2002. AIC associate director Julian Alston is one of the organizers of this special issue. Topics include scientific advances, economic trends, regulatory issues and global competition and contention.

In a perspective on global issues, AIC director Dan Sumner notes that international trade and trade relations affect the application of modern biotechnology to agricultural products, and agricultural biotechnology affects trade and trade relations as well. Global relationships between firms and between governments condition market realities for crops developed using modern biotechnology, and this, in turn, affects rates of scientific innovation and adoption. Implications for hunger and nutrition, intellectual property protection, food quality and safety and

environmental quality all have important international dimensions.

International food trade allows biotech innovations that apply in one region of the world to benefit consumers elsewhere. Such global markets are crucial to reap the full benefits from investments in science and to continue the rapid progress on reducing world hunger and improving diets for the poor. Reducing the cost of supplying higher quality vegetables and fruits to the world's poor is a major promise of these biotechnologies applied to horticultural crops. Globalization also occurs in the products of science itself. Trade in seeds or plant materials is supplemented with foreign investments to grow biotech-related seeds or plant materials and do further adaptive research in locations where the technology will be applied.

Although they are subject to the same basic international trade rules as other agricultural products, trade in biotech products has garnered much added attention and controversy. Food safety and environmental concerns have caused some countries to restrain trade in ways that exporting nations have claimed violated accepted rules. Some of the promise of biotech trade and investment is being diverted or delayed by international restrictions governing the uses of inputs derived from modern biotechnology, trade biotech inputs such as seeds, or trade in products produced using biotech inputs.

“Solutions” conference explores options for producers in depressed economy

Options for supporting local agriculture—such as agritourism, crop diversification, organic production, staying ahead of culinary trends and forming marketing partnerships—drew more than 120 medium- and small-scale specialty crop growers and food marketing and processing professionals to a “Solutions for Today's Farmers” conference in Lake County in January. ▶

The AIC program on risk management education, funded by the USDA Risk Management Agency, was one of several cosponsors of the event hosted by UC Cooperative Extension.

North Coast agriculture is looking for new opportunities. Lake County has lost almost half of its pear acreage since 1999, and pears used to be the county's top crop, according to Rachel Elkins, farm advisor for tree fruit and nut crops and Lake County Cooperative Extension director.

"For the past several years, many pear orchards were replaced by vineyards. But recently, winegrape prices have softened for many varieties and growers can no longer easily obtain contracts, so they are no longer the obvious option, at least for now. More recently, prime valley agricultural land is being bought for ranchette housing," Elkins said.

The conference speakers provided ideas to help growers boost income and manage risk. They also guided participants to local resources for help with business ideas.

AIC explores trade issues in *Issues Brief* series additions

Two new AIC *Issues Brief* publications deal with different aspects of international trade.

Trade Adjustment Assistance and California Commodities describes the new Trade Adjustment Assistance (TAA) Program and its potential applicability to 40 agricultural commodities that are important in California. The *Brief* determines which commodities might be eligible for TAA and discusses the petitions submitted by four important California commodities—garlic, olives, rice and oranges—that were rejected by the USDA. The authors are Henrich Brunke and Daniel Sumner.

An Assessment of Market Shares of California Agricultural Exports in 2002 examines the destinations of California's most important agricultural exports. It presents measures of the market position of California commodities in the most important markets, including California's share relative to other exporters. The authors are Jose Bervejillo and Daniel Sumner.

The briefs are available through the AIC or online at <http://aic.ucdavis.edu/oa/briefs.html>.

Ag land compensation programs featured in book



The UC Department of Human and Community Development has published a collection of papers dealing with compensating agricultural landowners as an approach to preserving agricultural land.

Edited by Alvin Sokolow, Nora De Cuir and Jeff Woled, the collection covers the California setting, the public values of maintaining working agricultural landscapes, landowner perceptions and experiences, USDA conservation programs, agricultural easements and new ideas for empowering landowners. All papers are based on a conference "Compensatory Options for Conserving Agricultural Land" held April 2003 in Sacramento.

The book, *Compensating Landowners for Conserving Agricultural Land*, is available through the AIC and online at <http://aic.ucdavis.edu/research1/land.html>. 261 pages, 8.5 x 11, soft cover, \$15.

Statistical profile helps researchers understand specialty crop industries

The most comprehensive statistical profile ever produced on California's specialty crop industries is providing insight to industry practices, sources of risk and responses to risk.

The study by UC Davis agricultural economists Hyunok Lee and Steven Blank collected data from approximately one-third of all horticultural crop producers in the state focusing on those producing above a minimum of 5 acres for tree crops and 2 acres for vegetables and others.

Among their findings:

- There are relatively few very large farms and many small farms. Average land holding by vegetable growers, 1,106 acres, far exceeded 157 acres for fruits and nuts and 75 acres for ornamental crops. The median numbers are 30 acres for fruits and nuts and 70 acres for vegetables.
- Crop diversification is much less common for orchards than for vegetable farms. About 70 percent of fruit/nut farmers were single-crop growers compared to 26 percent for vegetables. Among the diversified farms, 80 percent of fruit/nut farms were diversified among only fruit/nut crops, whereas only one-third of vegetable farms were diversified among only vegetable crops.
- Primary crop acreage increases with crop diversification for fruit/nut crops and for vegetable crops. Farms growing five or more vegetables were, on average, four times larger in vegetable acreage than farms growing a single vegetable crop.
- Six percent of specialty crop farmers have some organic (or transitional-organic) land.
- California producers are highly specialized, by marketing channel. Most fruit/nut farms (71%) produced mainly for processing use and most vegetable farms (67%) produced mainly for fresh use. Only 7 percent of specialty crop farmers supplied both processing and fresh market outlets.
- In processed-use markets, contracts played a major role (used by 57% of fruit/nut farmers and 88% of vegetable farmers), and contracts with a predetermined price were most prevalent.
- Year-to-year fluctuations in yields and prices, as well as profits, were smaller for vegetable growers than for fruits/nut growers.
- Adverse temperature and output price fluctuation are the most important perceived sources of risk. Input price fluctuation, pests and diseases were considered to be moderately important risks.
- About 53 percent of orchard and vineyard farmers, 31 percent of vegetable farmers and 13 percent of ornamental crop farmers said they had purchased crop insurance in the last five years. Most who bought insurance said that they purchased it for all five years.
- Crop insurance was a preferred risk management tool by orchard and vineyard farmers, and crop diversification was preferred by vegetable and ornamental crop farmers. Diversified marketing was reported to be the second most preferred tool for all crop categories.

The economists suggest that, while no one risk management tool emerged as being a "silver bullet," study of the varying approaches to risk management by different commodity groups may help produce improved and new approaches to risk management for specific crops.

Rominger named UC Regent



AIC Advisory Board member and former United States Deputy Secretary of Agriculture Richard Rominger has been named to a two-year term as a UC alumni representative on the University of California Board of Regents.

Rominger, who farms in Winters with his wife Evelyne, has a distinguished record of service to the university, the state and the nation. He joined the AIC advisory board in 2001 upon returning from his position at USDA and also serves on the board of the Agricultural Marketing Resource Center, which is a joint effort of AIC, Iowa State University and Kansas State University. He serves on the UC president's Advisory Panel for Agriculture and Natural Resources and has recently been helping coordinate agricultural programs among California universities.

Appointments of alumni regents are selected by their home campus alumni and rotate among the 10 campuses of the University of California system. Beginning on July 1, 2004, Rominger will serve as a nonvoting "regent designate" for one year, followed by one year as a voting member. //



AIC Quarterly goes electronic

Future issues of the *AIC Quarterly* and *Issues Briefs* will be distributed electronically as well as placed on our website at www.aic.ucdavis.edu. We plan to phase out mailing of paper copies.

Please send an email to agissues@ucdavis.edu with the word "subscribe" in the subject line so that we can send you future *Quarterly* and *Issues Briefs* electronically. Please send us all the email addresses in your organization to which you would like a copy sent.

We will continue to print a limited number of hard copies, but we must receive a postcard or letter with your name, affiliation and address if you want to continue receiving a paper copy.

In addition to reducing our printing and mailing costs, this change will allow us to provide you with information in a more timely and convenient manner.

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The *AIC Quarterly*, *AIC Issues Brief*, a complete list of our publications, videos, events, working papers and more are on our website at: <http://aic.ucdavis.edu>

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