Symposium covers spectrum of California agriculture

The Agricultural Issues Center is working closely with key cosponsors on a major conference that will explore long-term challenges and opportunities in all aspects of the state’s agriculture.

The California Agriculture Symposium set for March 23-24, 2005 at the Arden West Hilton in Sacramento will feature in-depth technology, marketing, management and policy sessions and an opening keynote address by California Secretary of Food and Agriculture A.G. Kawamura. Farm leader Stuart Woolf will be the opening day luncheon speaker and U.S. Secretary of Agriculture Ann Veneman has been invited to keynote the second day’s luncheon session. Speakers include industry leaders, university researchers and specialists, and government experts. Poster sessions will showcase the latest agricultural research and a reception on Wednesday, March 23 will feature California wine and produce.

In addition to the AIC, the organizing sponsors include the UC Specialty Crops Research Program; the Center for Agricultural Business, California State University, Fresno; and the California Institute for the Study of Specialty Crops, California State Polytechnic University, San Luis Obispo. Cosponsors include many of California’s leading agricultural organizations.

Topics for discussion include trade, cooperatives, advertising and promotion, nutrition, food safety, farm labor, biotechnology, regulations, environmental issues, global issues, land use, pest management, new crops, water quality and utilization, remote sensing, air quality, farm to consumer linkages, and trends for the future.

Organizers are encouraging early registration as space is limited to 300 participants. The $125 registration fee for the two-day event includes conference materials, meals and the California tasting. After February 25, the registration fee will increase to $200.

For further information and to register, visit CalAgSymposium.org or telephone Kitty Schlosser: 530.752.1748 or Laurie Treacher: 530.752.2320.

Research explores Chinese market for California wine

The AIC and California’s wine industry leaders have embarked on a study to learn more about the potential for marketing California wines in China.

With its estimated 1.3 billion people and growing economy, China is a huge potential market for California wines, but little is known about the production, consumption and marketing of wine in China, making it difficult for the United States to tap into the potential market.

A USDA Emerging Markets Program grant awarded to the California Association of Winegrowers (CAWG) this fall is a step toward unraveling the mystery of the Chinese marketplace. The CAWG will work with the AIC, the Wine Institute, and a select group of other industry representatives to conduct the study.

Research by the Wine Institute in 2000 found that from 1996 to 2000 annual per capita wine
consumption in China increased from 0.25 liters to 0.44 liters. Although China’s wine consumption is small when compared to the rest of the world, which had a per capita consumption of 6.72 liters annually in 2000, China could consume nearly 20 percent of the U.S. wine production by the end of 2005 if its rate of consumption continues to increase at the level indicated by the Wine Institute study.

The research will explore consumer preferences, transportation systems, import barriers, and Chinese production and technology. It will include surveys, interviews with government officials and industry representatives, and a trip to China in June 2005 by growers, vintners and marketers associated with CAWG, the Wine Institute and other high-profile wine organizations.

The China trip will give industry representatives an opportunity to gain first-hand knowledge of the Chinese industry by interacting with government officials, industry leaders and farmers. Participants will observe Chinese production techniques and technology and will meet with farmers to hear their opinions and experiences related to the Chinese wine and winegrape markets. They also will learn about transportation and distribution systems, trade obstacles, the level of government involvement, and the level of foreign investment in the Chinese wine industry.

Results of this study will provide the U.S. wine industry and public policy educators with a clearer picture of the potential market for wine in China.

**Study launched on antibiotics in livestock production systems**

AIC associate director Julian Alston and Ph.D. student David Kennedy are in the initial stage of modeling the implications of a ban on certain antibiotics in livestock production.

The model will take into account the implications of reduced antibiotic resistance, including interactions among farmers faced with higher rates of infection in their livestock as a result of reduced antibiotic use, and the market response of beef, pork, and poultry products, since some consumers would pay a premium for antibiotic-free products.

Although no such ban currently exists in the United States, the use of antibiotics in intensive animal production can lead to resistant strains of bacteria with implications for productive efficiency, human health of workers in animal production, food safety, and possibly even antibiotic resistance problems in the human health care system.

Kennedy has reviewed the literature on the economics of antibiotic use in intensive livestock production and the related literature on antibiotic resistance and its implications for (1) costs of production and thus prices of food, (2) human health of workers involved in animal production systems, (3) food safety and health of consumers of livestock products, and (4) resistance of diseases in humans to antibiotic treatment.

**Eating 5-a-Day pays**

Eating more fruits and vegetables benefits consumer health and the economic prospects of California farms. A recent AIC study is the first to quantify the gains to farmers. If Californians consumed the minimum USDA recommendation of five servings of fruits and vegetables daily, the state’s growers would benefit from an additional $316 million in annual income. Eating a recommended seven servings a day for active adults would boost the additional income figure to $788 million. A recommended cancer-prevention diet of seven fruit and vegetables servings that emphasizes fruits high in vitamin C, dark green and deep orange vegetables, tomatoes and cruciferous (cauliflower, broccoli, etc.) vegetables provides an $836 million income boost.


The researchers are now expanding the study to estimate the effects on fruit and vegetable industries if everyone in the United States consumed the recommended levels of fruits and vegetables.
Sokolow retires

Alvin Sokolow, AIC associate director and Cooperative Extension specialist in the Department of Human and Community Development at UC Davis, retired this fall after a 39-year career with the University of California.

Since 1992 Sokolow has been working in applied public policy research and outreach dealing with land use and farmland protection. He has inventoried local government land use policies and studied the consistency between such policies and their financing and implementation.

Sokolow’s most recent work has been in the area of agricultural easements and other compensatory programs to help farmers keep their land in production as an alternative to urban development. In 2003, he co-edited *Compensating Landowners for Conserving Agricultural Land*, a compilation of papers and commentary from a conference on the topic. Another book reviewing the variety of compensatory programs available to farmers is in press.

Sokolow plans to remain involved with the AIC as an associate director, working on several post-retirement projects, including a national study of agricultural easement programs being conducted with the American Farmland Trust and a study on agricultural-urban edge issues in Monterey, San Diego and Merced counties.

Research explores economic value of controlling invasive plants

An AIC research project by Karen Jetter and Karen Klonsky is designed to estimate the benefits of biological control of three invasive plants—yellow starthistle, tamarisk and arundo donax.

One potentially significant economic effect is how these plants change the water availability in watersheds they densely inhabit. The researchers are working with Jay Lund, a UC Davis professor in the Department of Civil and Environmental Engineering, to determine how these invasive plants change the value of water available to agriculture, urban areas and the environment, using the CALVIN model. The CALVIN model is an economic model of California’s water supply and distribution system.

AgMRC enhances value-added agriculture

The Agricultural Marketing Resource Center (AgMRC), a collaborative effort among the AIC, Iowa State University and Kansas State University to enhance research and information delivery about value-added agriculture began its fourth year in October.

Funded in 2001 by a three-year, $5 million grant through the Rural Business Cooperative Service of the U.S. Department of Agriculture, the grant allowed any unspent money to be used in year four. The 2002 Farm Bill added $4 million to the original grant. As part of their participation, collaborating institutions were required to provide matching funds.

Each collaborator has had a different focus. The AIC has concentrated on research in value-added agriculture, as well as the preparation of nontechnical materials, including a series of commodity profiles, for posting on the AgMRC website. Projects being planned or under way for the current year that involve the AIC include a study of the economic impacts of value-added processing, product differentiation, and linkages between value-added agriculture and government programs.

Iowa State University has been the lead partner in developing the AgMRC website (www.AgMRC.org), which is the primary vehicle for making value-added information generated by the grant available to users.

AIC endowment dinner features WTO talk

Stanford University economist and international trade expert Tim Josling provided an update on World Trade Organization (WTO) negotiations and other trade issues for AIC board members and friends attending the center’s annual endowment dinner in November.

Josling reviewed the status of trade negotiations including the World Trade Organization and such bilateral
agreements as the Central American free trade and Australian free trade agreements, among others. He said that, despite delays and controversies, there will be an agricultural trade agreement in the WTO, although results are at least 18 months to two years away.

Agricultural tariffs will be cut, with highest tariffs coming down the most. The cuts won’t be enough to satisfy those hoping to achieve free trade, but they will provide substantial additional access into currently restricted markets, Josling said. He added that farm subsidies in Europe, Asia and the United States will be reduced, mainly through WTO negotiations rather than through dispute settlements. The timing of the reduced subsidies may well correspond with adjustments the United States is making anyway in response to budget pressures facing the 2007 Farm Bill.

The annual dinner provides an opportunity for a group of California’s agricultural leaders to get together with AIC staff to become better acquainted with AIC programs and to discuss a current topic important to California agriculture.

**Spinning gold on the web**

Can agribusiness make money on the Internet? Rolf Müller, a long-time AIC collaborator and a professor at Germany’s University of Kiel, is seeking the answer as part of an AIC-sponsored project, “Spinning Agricultural Information into Gold.”

Müller is studying e-commerce models and how commercial businesses can extract value from supplying information on the Internet. The study looks at conceptual models and recent practices. He is exploring the ability of both nonprofit and private organizations to successfully generate revenue on the Internet and how agribusiness firms might be able adapt such models to web-based operations.

The bottom line will be an assessment of the potential for profit from supplying information via the web to agricultural clients. A final report is expected by the end of the year.

**Healthy foods cost more**

Healthier choices in the USDA Thrifty Food Plan can cost up to one-third more, a study by Karen Jetter, AIC research economist, and Diana Cassady, director of the Center for Advanced Studies in Nutrition and Social Marketing shows. The healthier market basket incorporates such foods as canned fruits in “lite” syrup, lean meats, nonfat or 1 percent fat milk, and whole-wheat bread.

Most of the cost difference is due to brand availability and size. The healthier item is only sold as a name brand, or in smaller packages. However, lower fat ground meat and skinless poultry are more expensive per pound than their higher fat alternatives.

The researchers have launched a comparative study to examine how such factors as availability and price influence the choice to purchase healthier food items in family-style restaurants and small grocery stores in low-income neighborhoods. Three restaurants agreed to place additional low-fat sides and entrees on their menus. Daily sales data before and after the menu changes have been collected and are being analyzed. The small grocery phase of the study is just beginning.

**Spring outlook conference set**

AIC is once again cosponsoring the Spring Outlook Conference with the California Chapter of the American Society of Farm Managers and Rural Appraisers. Hold the April 21, 2005 date and watch for more information.

This event will focus on the outlook for California agriculture for the coming year and the drivers behind industry changes. A highlight is the release of the analysis of farm land values for 2005.

**CA export values up in 2003**

The latest AIC report on California’s 2003 agricultural exports is complete and will be published in an upcoming AIC Issues Brief and on the California Department of Food and Agriculture website. The information will also be posted on the AIC website at http://aic.ucdavis.edu.

The report shows that 2003 was an extraordinary good year for California’s agricultural exports, with an overall increase in export value of about 15 percent over 2002. Favored by a weaker dollar and an increased European

Continued next page
demand, particularly for the top commodities of almonds and wine, export prices and export volumes for several commodities increased significantly.

Almonds again led the top five export commodities with a total export value of $1,081 million, up 30 percent from 2002. Cotton had $676 million in exports, wine $548 million, table grapes $386 million, and oranges $344 million.

The European Union became, for the first time in recent history, the number one destination for California’s agricultural exports, accounting for about 25 percent of the total. Canada was the second largest market for California exports with 23 percent of the total, and Japan was third with 15 percent.

### MOCA update slated for early 2005 publication

The AIC book, *The Measure of California Agriculture* (MOCA), is being updated and is expected to be ready for publication early in 2005. The book contains a detailed picture of California agriculture, its structure, main products and resources, and the most important issues affecting agriculture and its relationship to California’s overall economy.

MOCA was first published in 1992 by former AIC Director Harold O. Carter and has seen several updates. It is organized into five chapters: California Farms and Farmers; Demand and Supply; Inputs to Farm Production; Marketing, Trade, Policy and Risk management; and Agriculture’s Role in the General Economy.

Tables and charts in each chapter will provide readers with facts and figures on all aspects of California’s agricultural industry. The book will show, for example, that according to the 2002 Census of Agriculture, California agriculture occupies 27.6 million acres of land, 4 percent less than reported in the 1997 census. The number of farms decreased by more than 8,000 since 1997. However, the 79,631 farms in 2002 averaged 6 percent larger in terms of acreage than in 1997.

Urbanization throughout California during the last 15 years has claimed an equivalent of 2.4 percent of the agricultural land that was under production in 1987.

### Australia-U.S. free trade agreement analysis developed

An analysis of the effects of an Australia-U.S. free trade agreement on U.S. milk markets indicates that increased imports from Australia resulting from bilateral trade liberalization will not change U.S. milk prices or production.

The agreement, to begin in 2005, increases U.S. access to Australian markets and Australia’s low-tariff access to the U.S. market for certain agricultural commodities. In the case of dairy, the United States agreed to expand Australian access gradually through a preferential tariff rate quota.

The recent research study also found that creating true free trade would have reduced U.S. dairy prices by about 2 percent if there were no WTO agreements and by about 0.3 percent if WTO reduces dairy export subsidies and improves market access on a global basis.

AIC-affiliated economists Julian Alston, Daniel Sumner, Joseph Balagtas (now at Purdue University) and Henrich Brunke developed the analysis on the effects of the agreement. They presented their findings at the American Agricultural Economics Association annual meeting in Denver last August and will present final results at the International Agricultural Trade Research Consortium in December.

### Dates to save

#### AIC COSPONSORED MEETINGS

**MARCH 23-24, 2005**  
*California Agriculture Symposium*  
Hilton Sacramento Arden West  
*with UC Specialty Crops Program, CSU Fresno and Cal Poly, San Luis Obispo*

**APRIL 21, 2005**  
*Outlook Conference*  
DoubleTree, Sacramento  
*with California Chapter of the American Society of Farm Managers and Rural Appraisers*
REGISTRATION FORM

$125 Advance registration (before February 24, 2005)
$200 Late registration (after February 24, 2005 or walk-up)

Includes admission both days, one copy of proceedings, two banquet lunches, continental breakfast, refreshments and California Tasting Reception March 23.

☐ Include my contact information on participant list
☐ Indicate special needs
☐ Payment by credit card (VISA or MasterCard only)
☐ Payment by check: make payable to “UC Regents” (U.S. Dollars only)

Card number ____________________________________________
Expiration date __________________________________________
Name on card (please print) ________________________________

$________ Amount of payment (Please use one form per registrant)

Name ________________________________
Company ________________________________
Mailing Address ________________________________
City, State, Zip Code ________________________________
Phone ________________________________ Fax ________________________________
E-mail address ________________________________

Send registration form with your payment or credit card information to
Kitty Schlosser
Vegetable Research & Information Center
University of California
One Shields Avenue
Davis, CA  95616
E-mail <meschlosser@ucdavis.edu>
Fax 530.752.1819

Note: Registrations will not be considered final until check is cleared or credit card number is approved. Advance registration closes February 24, 2005.

For further information: contact Laurie Treacher at 530-752-5451; <latreacher@ucdavis.edu> or Kitty Schlosser at 530-752-1748; <meschlosser@ucdavis.edu>

Hilton Hotel: Room reservations should be made by contacting the Hilton Sacramento Arden West Hotel directly at 916-922-4700 or online at www.hilton.com. Mention the “California Agriculture Symposium” to obtain the group rate of $95 for Single/Double occupancy.