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University of California Agricultural Issues Center

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Executive seminar features international trade officials, stakeholders and other experts

This year's UC Executive Seminar on Agricultural Issues will offer insights on the future of international trade and key players in the trading picture. The Dec. 9-10 program will once again be held at the Sacramento Doubletree Hotel.

With the increasing importance of international trade in agriculture and a new round of trade negotiations being launched in November, now is the time to assess trade issues important to California and Western agriculture. The events of September 11 reinforced the importance of understanding globalization and the role of international economic relations.

The Executive Seminar, open to all interested individuals, will feature trade experts from government, academia and industry. They will cover such topics as WTO principles, the current status of trade negotiations, the prospects of agricultural trade with China, labeling issues, and dumping and anti-dumping issues.

Among the speakers are David Hegwood, Special Counsel to the Secretary on International Trade, USDA; California Congressman Cal Dooley, who is the leading member of the Committee on Agriculture in the House of Representatives; and Australia's Secretary of Agriculture Michael Taylor.

Other speakers include UC agricultural economists Dan Sumner and Colin Carter, Stanford agricultural economist and head of the European Forum Tim Josling, and agricultural economist and director of international issues at Iowa State University Center for Agriculture and Rural Development John Beghin.

Industry participants include Michael Rue, Sacramento Valley rice grower; Chuck Ahlem, dairy producer; Rodger Wasson, Almond Board of California; Karen Ross, California Winegrape Growers; and Jim Pandol, table grape grower.

The program begins with dinner on Dec. 9 and concludes with dinner on Dec. 10. Registration for both dinners and the daylong program on the 10th is \$170. For individuals attending only part of the program, registration fees can be broken out as follows: \$50 for Sunday night's dinner, \$70 for Monday's day program, and \$50 for Monday night's dinner.

The Giannini Foundation and Center for Cooperatives are University of California co-sponsors with the AIC. Other program sponsors include the IMPACT Center at Washington State University, and the European Forum at Stanford University.

For further information call 530 752 2320, or check the AIC website at <http://aic.ucdavis.edu>.

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Wine industry faces short-term economic challenges

California's wine and winegrape industry is facing a continued economic slowdown until the current oversupply and overplanting can work their way through the system.

In the San Joaquin Valley, a massive increase in area of grapes available for crush in the 1990s has driven winegrape prices down more than 50 percent since 1999, and the trend is likely to continue as acreage planted in the late 1990s comes into production.

Overplanting is now also evident on the coast where prices fell in 2001, and non-bearing acreage growth has been dramatic in the last three years. For the 2001 harvest, prices in the medium-quality or medium-reputation regions in coastal districts are down significantly. This is especially true for Chardonnay, the most important variety in the Central Coast and the most important white wine grape in the state. Given the large non-bearing vineyard area in coastal districts, further price declines are likely. The result is serious income pressure on some vineyards.

Ultra-premium grapes in such high-priced regions as Napa and Sonoma counties may avoid the collapse experienced by the other parts of the industry, but the rapid price increases of the recent past are unlikely. For winegrape prices in the premium-priced regions to remain immune to the glut facing the rest of the industry, the market for premium winegrapes must be distinct from the lower-priced grapes and demand for the premium grapes must continue to expand rapidly.

These are some of the conclusions reached in a new AIC study, "An Economic Survey of the Wine and Winegrape Industry in the United States and Canada," by UC Davis agricultural economists Daniel A. Sumner, Helene Bombrun, Julian Alston, and Dale Heien.

Expansion of Pierce's Disease over the next few years could seriously reduce the winegrape harvest and raise prices, but this would come at the cost of substantial capital loss for many growers. Growers also face many other increasing production costs, notably higher wage rates as hired farm labor supply tightens and additional regulations on pesticide use.

Other economic indicators that do not bode well for the short-term future include a slowdown in consumer income growth, import competition, and a slowdown in the export market.

Despite the bleak near-term projections, the study's authors conclude that the industry is well positioned to compete in the long term, both in the domestic market and in a growing export market.

A complete manuscript of this study, including tables, is available at <http://aic.ucdavis.edu>.

Production input expenditure studies will help improve crop insurance

The AIC will be a major player in development and assessment of crop insurance programs that will be in place for the 2003 crop year. The Center has entered into a two-year partnership agreement with the USDA's Risk Management Agency that gives the Center \$925,100 to develop and demonstrate a standardized methodology and procedures for production input expenditure (PIE) studies involving up to 40 crops and 20 states.

The procedures and information will be used by the USDA's Federal Crop Insurance Corporation to develop insurance programs for specialty crops, including those that are produced organically.

Principal investigators for the project are AIC director Daniel A. Sumner and associate director Karen Klonsky. They will be responsible for managing and coordinating the research, as well as the PIE data processing and analysis. The studies also will involve Richard De Moura, current manager for the cost and return studies developed by UC, and José Bervejillo, a post-graduate researcher who will coordinate the economic and management aspects of the study.

Additional researchers will be added to the team to develop PIE studies for California and to develop

software that will be used to coordinate cost data across crops and states.

Several high-priority cost studies, including raspberries and strawberries in California and blackberries and cherries in Washington, will be completed early in 2002.

The current project, scheduled for completion by Sept. 30, 2003, will result in a national clearinghouse of PIE data that is tailored for use by the FCIC in developing and analyzing crop insurance products and related instruments to serve specialty crops and underserved commodities.

Income from specialty crops (fruits, nuts, and vegetables) generates about 55 percent of the total farm revenue in California, with vegetables representing about 40 percent of this amount.

USDA grant will boost value-added agriculture

A three-year, \$5 million USDA grant that focuses on value-added agriculture has been awarded to the AIC and three Midwestern universities. California's share of the grant is approximately \$900,000.

Heart of the grant will be development of a web-based Agricultural Marketing Resource Center (AgMRC) coordinated by Iowa State University. The AgMRC will provide agricultural producers and value-added processors with resources and other assistance to compete and grow in the global marketplace. Resources will include an electronic library, a web-based community of agricultural producers and related businesses.

The AIC will provide expertise on fruits, nuts, vegetables and such other commodities as hay and alfalfa, dairy products, and specialty crops.

The main role of AIC involves creating commodity-specific and market-issue-specific content that will be included in the information the new AgMRC makes available to relevant users.

The grant will support three full-time postgraduate researchers and a half-time staff research associate and

half-time program analyst at the AIC. The staff will conduct outreach and analysis programs with senior faculty and agricultural extension personnel.

Other partners in the grant are Kansas State University and Oklahoma State University. Kansas State will provide information on beef, wheat and other small grains. Oklahoma State will focus on food processing and related topics.

In addition to administering the AgMRC, Iowa State University will cover such commodities as corn, soybeans, pork and poultry and biomass production. The project is funded through USDA's Rural Business-Cooperative Service.

International exports rebound

California's international exports in 2000 rebounded from a down year in 1999, with fruits, tree nuts and vegetables accounting for 59 percent of the state's total export value of approximately \$6.6 billion, according to the latest AIC Issues Brief, "California's Year 2000 International Agricultural Exports."

Almonds kept their top ranking with an export value of \$662.4 million, representing a six percent increase over 1999. Cotton surged ahead of wine for second place with an export value of \$616.2 million, a 39 percent increase over 1999. Wine, with a two percent increase, slipped to third in the rankings with an export value of \$510.4 million.

Table grapes and milk and cream held on to fourth and fifth place rankings, respectively. A 105 percent increase in orange exports moved oranges from tenth place in 1999 to sixth in 2000. The rebound in oranges is basically because of a poor 1999 season. The 2000 exports are still 12 percent lower than they were in 1998.

Processed tomatoes, with a six percent decrease in export value, slipped from sixth place in 1999 to seventh in 2000. Walnuts, beef and products, and rice, in that order, round out the top 10 California crops exported in 2000.

Avocados had a 52 percent decrease in export value from 1999 to 2000, dropping that crop's ranking from 47th to 48th among the top 50 commodities reported. Other large decreases were seen in wheat (38%), cherries (36%),

artichokes (30%), kiwi (28%), grapefruit (25%), apples (23%), and garlic (20%).

Mushrooms held on to 50th place with an export value of \$2.4 million, an 11 percent increase over 1999.

East Asian countries were the largest export markets, accounting for 39 percent of all exports. Canada was the largest single country importer, accounting for 22 percent of California's exports. Japan was a close second, receiving 19 percent of California's exports.

The export information was compiled by former AIC staff research associate Nicolai Kuminoff, AIC postgraduate researcher José E. Bervejillo, and AIC director Dan Sumner.

For more details on California's Year 2000 international exports, you can view the complete *AIC Issues Brief*, No. 17 at <http://aic.ucdavis.edu>.

Personnel notes

Gary Beall joined the AIC in July as communications coordinator, taking over for **Ray Coppock** who retired from the part-time position after serving the Center for the last 12 years. Beall, a communications specialist with Agriculture and Natural Resources for most of the last 27 years, shares his time between the AIC and ANR Communication Services. AIC business manager **Melissa Rose** left the Center in

September to accept a position as grant manager with the new Center for Children's Environmental Health and Disease Prevention Research at UC Davis. Melissa had been with AIC for the last 2 ½ years.

Talking points

AIC director **Dan Sumner** addressed the UC Advisory Commission on Agriculture and Natural Resources in Oakland on Oct. 11. His topic: "Assessing the Future of California Agriculture: A View from the Bottom." A week later, he was in Italy speaking on Oct. 19 at the Italian National Confederation of Active Farmers on "U.S. Agricultural Policy Prospects and International Implications." On Nov. 12-13, he will be in The Hague, Netherlands at a meeting of the International Food Policy Research Institute to address "The Role of Economic Analysis in American Participation in the NAFTA and the Uruguay Round WTO Agreement."

AIC associate director **Julian Alston** was in Adelaide, Australia, on Oct. 9-10, where he talked to the International Wine Symposium about "An Economic Survey of the Wine and Winegrape Industry in the United States and Canada." (A summary of which is presented above.) And AIC associate director **Colin Carter** addressed the 20th Annual Agribusiness Management Conference in Fresno on Oct. 25. His topic, "Globalization, the WTO and the International Outlook for California Agriculture."

Recent publications

SIL	Private Investment in Exotic Pest Control Technology: The Case of the Silverleaf Whitefly in California (2001)	10.00
CF-1	California's Future: Maintaining Viable Agriculture at the Urban Edge (1997, reprinted 2001)	15.00
MOCA	Measure of California Agriculture, 2000	15.00
SUM	Measure of California Agriculture, 2000 Summary Card Set (volume discount available)	1.00
CFCE	California Farmers and Conservation Easements (2000)	10.00
SR	Agriculture in the Sacramento Region: Trends and Prospects (2000)	12.00
CFUP	California Farmland and Urban Pressures (1999)	20.00

To Order AIC Publications and Videos

- 1 The complete list of AIC books and videos is on the Internet: <http://aic.ucdavis.edu>
- 2 Mail check (payable to UC Regents) to: UC Agricultural Issues Center, One Shields Avenue, Davis, CA 95616-8514
- 3 Fax, mail or call with Visa/Mastercard order.
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- 4 Book and video prices include postage and sales tax; most orders are shipped next day.

The WTO and International Trade Prospects

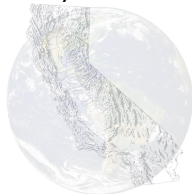


University of California
Executive Seminar
On Agricultural Issues

Registration Form

December 9-10, 2001

University of California



Agricultural Issues Center

name *please print clearly*

affiliation

address

city, state, zip

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- \$170 Complete Registration
- 50 Sunday, December 9 Reception and Dinner
- 70 Monday, December 10 Program (includes lunch)
- 50 Monday, December 10 Dinner
- Vegetarian meal(s)

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