

## Dooley highlights trade seminar finale



*Congressman Cal Dooley shares political insights on world trade issues.*

California Congressman Cal Dooley capped the Dec. 9-10 AIC Executive Seminar with a candid assessment of the process and politics behind fast-track trade promotion authority (TPA) for President Bush and the new farm bill. Both pieces of legislation continue to work their way through Congress.

Dooley, a fourth generation San Joaquin Valley farmer and ranking minority member of the House Agriculture Subcommittee on General Farm Commodities and Risk Management, was a particularly appropriate speaker for this event that was cosponsored by Stanford University's European Forum. He holds an undergraduate degree in Agricultural Economics from UC Davis and a master's degree in management from Stanford. Dooley has been a member of Congress since 1990, serving a district that includes Kings County and parts of Fresno, Kern and Tulare counties. The counties that comprise his district produce more agricultural value than all but a few U.S. states.

Dooley, who led the handful of Democrats joining Republicans to pass the TPA legislation by a margin of one vote in the House of Representatives, called the TPA "a real win for this country." That measure is now before the Senate where it is expected to pass easily when Congress reconvenes.

Calling himself a new coalition Democrat with an aggressive pro-trade agenda, Dooley said that TPA should garner more support in the Senate than it did in the House and that when the final version comes up for a vote, it should have more than a one-vote margin in the House. Dooley's role in the TPA debate has been called "absolutely crucial" by congressional observers of the trade agenda.

Farm bill legislation passed the House of Representatives in October with Dooley's support. The process bogged down in the Senate, however.

Dooley expects to become reengaged in the farm bill when the House and Senate versions are reconciled by a joint committee sometime after the Senate passes its version.

Despite his positive vote, Dooley expressed reservations about the current farm bill proposals and looked forward to improving the legislation in the House/Senate Conference Committee. Dooley expressed concern that the current bills do not devote enough resources to building the competitive position of American agriculture. He pointed to funding for research and protection from exotic species as areas that need beefing up.

After his remarks, Dooley responded to questions and then stayed to discuss agricultural issues informally with the group.

# Trade seminar draws large crowd



*UC agricultural economist Colin Carter, Korean economist Jung-Sup Choi, and Washington State University economist Thomas Wahl provide international insight to trade issues.*

About 150 participants at the Dec. 9-10 Executive Seminar, “The WTO and International Trade Prospects,” received an in-depth and, in some instances, behind-the-scenes look at forces shaping world trade and their effect on California agriculture.

Industry, government, academic and international speakers brought their insights to various aspects of world trade following last November’s successful launch of World Trade Organization (WTO) negotiations in Doha, Qatar. Those negotiations concluded with the acceptance of China into the WTO and laid the groundwork for substantial improvements in market access.

Calling the WTO negotiations in Doha an important success that may have saved the WTO, David Hegwood, Special Counsel to the Secretary, USDA, said WTO member nations will be working to substantially reduce or eliminate tariffs, export subsidies, and domestic support programs. A variety of related issues—including state trading enterprises, export taxes and credit programs, and trade related aspects of intellectual property rights—also will be included in the next round of negotiations.

Both Hegwood and USDA deputy chief economist Joseph Glauber said that the large subsidies being considered in the pending farm bill pose problems for trade negotiations. While nations worldwide are reducing their domestic supports, the U.S. has been increasing its outlays.

While strongly supporting the positive effects of market opening for the long-term economic health of California agriculture, AIC director and economist Dan Sumner

cautioned the participants not to expect too much too soon. Sumner noted that the markets are typically opened gradually and that effects are often realized with some lag.

Much of California agriculture remained depressed in 2001, and there is little on the horizon to make 2002 look much

better, creating a somber economic situation. Gross cash income in constant 1996 dollars was flat at just under \$24 billion for 1999 and 2000—down from a 1997 high that exceeded \$25 billion—and it is likely to remain that way when the 2001 figures are tallied.

Dairy, hay, orange and some other fruit prices improved during 2001, but most other major commodity prices were down. Dairy prices went down at the end of 2001, and the trend will continue into 2002 for the state’s top revenue commodity. Things also look tough for the state’s top crop—grapes. The winegrape industry is facing large, new bearing acreage and a slowdown in consumer income growth.

Exports, which account for about 20 percent of California’s agricultural production, were valued at \$6.6 billion in 2000, up from 1999, but are still below the record-high 1997 level of nearly \$7 billion.

Sumner noted that climate has a crucial impact on agricultural supplies and therefore, prices—and unpredictable weather shocks can shift things quickly. He also noted that diversification of California agriculture makes variations among commodities and regions greater than those for agriculture as a whole.

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*Rice producer Mike Rue and AIC analyst Marcia Kreith enjoy one of the seminar’s more informal discussions.*



*AIC director Dan Sumner addresses conferees.*

## Californians join marketing center board

Californians Elizabeth Hund and Richard Rominger have agreed to serve on an advisory board for our new Agricultural Marketing Resource Center (AgMRC) that involves the collaboration between Iowa State University, the University of California, Kansas State University and Oklahoma State University.

The AgMRC will focus on value-added agriculture, with the AIC providing expertise on fruits, nuts, vegetables and such other commodities as hay and alfalfa, dairy products and specialty crops (*AIC Quarterly*, Vol. 15, No. 3).

Hund is the managing director of Rabobank's Western Region Office in San Francisco and is responsible for the bank's Western marketing efforts. In addition to geographical responsibility for all food and agribusiness clients, Hund's region also has nationwide responsibility for wine and fresh produce.

Hund joined Rabobank in 1995 as vice president and team leader responsible for managing and developing relationships with food and agribusiness clients in the bank's Chicago office. From 1988 until 1995, she worked with CoBank and the National Bank for Cooperatives based in Denver. Her

positions included Senior Relationship Manager in both the Corporate Group and the Capital Markets Group. Prior to joining CoBank, Hund was Chief Financial Officer for Coleman Natural Meats, Inc., a privately held specialty meats company. Hund began her career with the Colorado National Bank of Denver. She holds a B.S. degree in agriculture from Kansas State University and an M.B.A. degree in finance from the University of Colorado.

Rominger, who also serves on the AIC advisory board, was Deputy Secretary of Agriculture at USDA from 1993 to 2001 and previously headed the California Department of Food and Agriculture. A long-time Yolo county farmer, Rominger has been on the boards of directors for many national and local groups, including the American Farmland Trust.

Rominger was selected Agriculturist of the Year at the California State Fair in 1992, and received the Distinguished Service Award by the California Farm Bureau Federation in 1991. He holds a B. S. degree in plant science summa cum laude from UC Davis and is a member of the agricultural honorary society of Alpha Zeta.

The AgMRC advisory board will meet for the first time February 7-8 in San Diego.

## AIC joins national agricultural easement study

AIC associate director for rural-urban issues, Al Sokolow, is collaborating with the American Farmland Trust (AFT) through the AFT's Center for Agriculture in the Environment on a national study of the effectiveness of Purchase of Development Rights (PDR) programs. These programs use public funds to purchase permanent or specified-term restrictions on the deeds of individual farms, prohibiting future development. They are typically managed by state governments, local governments, and nonprofit land trusts.

Building on his California work featured in the January 2002 issue of *California Agriculture*, Sokolow will be on sabbatical during 2002 to work on the national study. The objective is to closely study the 15 to 20 most active local PDR programs in the country, looking particularly at their impact in protecting large blocks of farmland and influencing the pattern of urbanization. Four California programs are expected to be included in the study. Results will help states, counties and municipalities maximize the benefits PDR programs can generate by permanently protecting landscapes and blocking sprawl.

There are at least 34 independently funded, stand-alone local PDR programs in 11 states. Nineteen states have state-level PDR programs. PDR programs are most active in the mid-Atlantic and New England areas and in California. PDR programs have become the most rapidly expanding technique for preserving farmland in the path of urban development. In the last 25 years, the AFT estimates that easements have been placed on about 819,490 acres of farmland nationwide at a cost of about \$1.2 billion. The average easement cost is about \$1,519 per acre.

Scheduled for completion by June 30, 2003, the study will determine how effective PDR programs are in accomplishing policy objectives broader than just preserving individual farms. These programs could potentially produce broad public benefits and maximize their investments if the easements they purchase help redirect urbanization in a community or region away from productive farmland.

## Study investigates potential shifts in fruit and vegetable production

Various studies suggest that eating more fruits and vegetables, especially from specific fruit and vegetable groups, reduces the risk of certain types of cancers. For example, eating dark vegetables has been associated with a lower incidence of lung and stomach cancers.

AIC post-doctoral researcher Karen Jetter is focusing on the impact on California agriculture if consumers did begin eating the recommended daily amounts of fruits and vegetables. She is estimating the full range of economic effects that increased consumption would have on producers and the agricultural economy.

Surveys by the California Department of Health Services show that fruit consumption would need to increase by 62 percent and vegetable consumption by 113 percent to meet the minimum USDA recommendations.

Jetter has found that, when fruit and vegetable categories are broken into subgroups, even greater variation in meeting targeted levels is apparent. California consumers come closest to meeting the target level for tomatoes, with a 15 percent increase in consumption needed to meet the standard. At the other end of the spectrum, consumption of dark vegetables would need to increase by 223 percent.

Meeting the recommendations for a cancer prevention diet would shift food demand toward more fruits and vegetables. This expansion of fruit and vegetable demand and planting would likely cause significant shifts in the production of other crops as more farmers move into fruit and vegetable production. For instance, the production of alfalfa would decrease, potentially causing alfalfa prices to rise. Also, more labor is needed to produce fruit and vegetable crops than field crops.

If acreage is converted from fields crops into fruit and vegetable production, the demand for farm labor will increase. If net farm labor demand increases, wages may increase for all farm laborers, raising the production costs for field, nursery and nut crops. Because other crops are affected by the increase in fruit and vegetable production, commodities such as cotton, hay, rice, and nuts also will be included in the analysis.

The study, funded by the California Department of Health Services, will be completed by July 2002.

## Biotechnology workshop set for March

AIC is cosponsoring a national workshop to bring all segments of the horticultural industry (vegetables, fruits, landscape plants and flowers) together to assess biotechnology applications and identify avenues for future progress. The event is set for March 7-9 at the Plaza Hotel in Monterey.

Experts from all segments of the horticultural industry will provide perspective on biotechnology issues, identify hurdles limiting the application of biotechnology in horticultural crops, and describe potential products via biotechnology for growers and consumers.

Major themes will include the status of horticultural biotechnology, with emphasis on commercial or near-market products; factors that differentiate horticultural biotechnology from other biotechnology applications with respect to marketing, consumer, legal, regulatory, and trade issues; and opportunities for future development, including nutritional enhancement and reduced allergenicity.

A principal objective of the workshop is to foster open communication. Invited participants will include scientists and economists from UC and other Land Grant universities, grower/shipper representatives and commodity board leaders from a range of horticultural crops, representatives of regulatory agencies (USDA, EPA, FDA), seed and nursery companies, food processors and marketers, food and nutrition groups, and consumer and marketing experts.

The workshop is being convened by the AIC and the UC Seed Biotechnology Center, with support from the UC Division of Agriculture and Natural Resources, the Giannini Foundation, the UC BioSTAR project, and the UC Davis College of Agricultural and Environmental Sciences.

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## Trade seminar draws large crowd

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Short-term uncertainties aside, Sumner said that the fundamentals for California agriculture remain strong. For the long term, expanded access to foreign markets and less subsidized competition from foreign suppliers are crucial. Benefits from this scenario, however, are likely to play out over a decade, or more, and not in 2002 or 2003.

Many of the conference presentations and conference photographs can be seen at <http://aic.ucdavis.edu/>

## Crop cost studies available

New studies on walnuts, prunes, almonds, broccoli and cauliflower illuminate the cost issues of raising these crops. Karen M. Klonsky, AIC associate director and Cooperative Extension specialist, Department of Agricultural and Resource Economics, and Richard L. De Moura, Cooperative Extension staff research associate, Department of Agricultural and Resource Economics, were among researchers involved in the project. These studies and others are available at <http://coststudies.ucdavis.edu>.

## Pest management research and farm worker health relationships explored

The AIC has launched its first collaboration with the Western Center for Agricultural Health and Safety with a project, *Assessing the Contributions of UC Pest Management Research and Extension to Farmer and Hired Farm Worker Health and Safety*.

The one-year study, coordinated by AIC analyst Marcia Kreith, looks at the relationship between UC pest management research and extension and the health and safety of farmers and hired farm workers. To date, research studies on rates of return for technological innovation in agriculture have not adequately included health and safety in agriculture as a measurement.

The study will draw on time-series data on farmer and farm worker injuries and illnesses attributable to pesticides and on crop and pesticide data that the AIC had previously assembled.

A study goal is to use variations across time, regions, and commodities to measure how investments in pest management research and extension at UC relate to variations in health and safety events.

Among the analytical challenges the study faces is how to separate the complex interactions between research and extension and changes in the social and regulatory environment. While pest management practices have likely been a factor, there is a whole array of broader public issues that drive variations in farmer and farm worker health and safety—national farm labor policy, rural health care policy, changes in industry structure, variations in farm profits, labor market conditions, and others.

## Personnel notes

**Sandy Fisher**, AIC office manager, has left the Center after 13 years to become Manager of Administration for the Parsons Seed Certification Center at UC Davis. In addition to substantial contributions to our desktop publishing and her oversight of programs in general, Fisher has been responsible for accounting, payroll and personnel matters. In recent years, she concurrently managed these activities for the Center for Cooperatives. She also found time to create many beautiful quilts, some of which have graced the walls of our building. Central to the organization of AIC, Sandy has provided steady support and guidance to the staff and directors. She will be missed. We wish her well as she faces a new horizon with new challenges and responsibilities.

**Sherri Smith** joined the AIC in November, succeeding **Melissa Rose** as business services officer. Sherri brings 24 years of UC experience to the job. Most recently she spent two years as business office supervisor for the Department of Environmental Science and Policy at UC Davis. Before that she worked for DANR for 15 years as lead financial assistant in Facilities Planning and Management.

AIC associate director **Julian M. Alston** presented the M. E. John Lecture at The Pennsylvania State University on November 29, 2001. His lecture, “Revisiting the Returns to Agricultural Research: Accounting for State-to-State Spillovers,” explored spatial spillover relationships in public agricultural R&D and their implications for U.S. agricultural productivity and federal and state government investments in agricultural research and extension. Alston also will be giving the presidential address at the 46<sup>th</sup> Annual Conference of the Australian Agricultural and Resource Economics Society in Canberra on Feb. 13-15.

**Hélène Bombrun**, a recent M.S. graduate in agricultural and resource economics from UC Davis, is working for the AIC as a post-graduate researcher from fall 2001 through winter 2002. Her undergraduate degree in agricultural sciences and management and her first M.S. degree in agricultural development were from the Institut National Agronomique Paris-Grignon, France. **Fiona Hutchinson**, who just completed her M.S. in food science at UC Davis, also has joined the AIC as a post-graduate researcher for the winter and spring of 2002. A native of New Zealand, she holds a Bachelor of Technology degree in food technology from Massey University in Palmerston North, New Zealand. Bombrun and Hutchinson will be working on projects associated with the AgMRC, focusing on value-added agriculture.

## AIC Profile

**Karen Jetter**, an agricultural and resource economist, has been working at the AIC since July 1998.

Her current research includes analyzing the benefits of controlling invasive weeds through biological methods, and several nutrition-related projects. In other studies (cited above), she is analyzing the effects of public and private intervention programs and policies designed to

increase the consumption of high fiber, low-fat foods, and fruits and vegetables by low-income households.

Jetter has completed extensive research on the effects of exotic pests and diseases in California, including the ash whitefly, eucalyptus snout beetle, red imported fire and, avocado thrips, yellow starthistle, and the potential effects of citrus canker and a variety of exotic nematodes. These

studies emphasize the economic value of biological controls and public policy to prevent or manage exotic pests and diseases.

Jetter has a B.A. in economics from the UC San Diego and a Ph.D. (1998) in agricultural and resource economics from UC Davis.

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