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Study examines costs and benefits of healthy diets

California growers would shift crops to meet the increased demand and could increase their earnings by \$316 to \$836 million a year if Californians increased their consumption of fruits and vegetables to USDA-recommended levels for healthy and cancer prevention diets, an AIC study completed this spring shows. Growers in the rest of the United States also would benefit, but not to the extent that California producers would because many of the crops that would have the greatest increases in demand, such as lettuce, broccoli and processed tomatoes, are grown primarily in California.

The study by Karen Jetter, AIC research economist, Daniel Sumner, AIC director, and James Chalfant, UC Davis Department of Agricultural and Resource Economics, examines the direct economic benefits and costs of California consumers adopting one of four alternative recommended diets. The diets analyzed were: 1) The minimum 5-a-day recommendation for fruits and vegetables; 2) the 5-a-day recommendations for a cancer prevention diet; 3) the 7-a-day minimum recommendation for active men and women; and 4) the 7-a-day recommendations for a cancer prevention diet. The cancer prevention diets specify consumption of particular sub-groups, not simply a total number of fruits and vegetables.

The study focuses on the direct economic consequences from changes in quantities demanded and supplied and on price responses. It also examines how changes in fruit and vegetable consumption would likely affect the use of the land, labor and water resources used in farm production. It does not analyze the health consequences of these dietary changes nor their associated economic consequences.

The authors note that, despite the known health benefits, many people do not eat enough fruits and vegetables. In some cases the difference between actual and recommended consumption is quite large. Based on data from the California Survey of Dietary Practices, the consumption of dark green and orange vegetables by people in low-income households (less than \$15,000 annually) would need to increase by three times in order to achieve the recommended levels in the 7-a-day cancer prevention diet. Households earning more than \$15,000 annually would need to increase consumption 2.75 times.

The study was developed for the California Department of Health Services and the California Nutrition Network with funding support from the USDA Food Stamp Program and the California Department of Health Services Cancer Research Program.

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California food production outpaces population growth

Increases in production due to improved technology management, crop shifts and climate change between 2001 and 2030 will more than offset food production losses associated with urbanization in California, a new AIC report finalized in May predicts. Indeed, overall production expansion will be enough to satisfy consumption growth in California and increased shipments out of state.

The report, "Future Food Production and Consumption in California Under Alternative Scenarios," by Henrich Brunke, Richard Howitt and Daniel Sumner was partially funded by the California Department of Water Resources.

The authors expect the value of California's food production to grow by about 58 percent between 2001 and 2030 through yield improvements from improved farming practices and cultivars. The report also takes into account loss of agricultural land, crop shifts and gains from climate change. The analysis shows that California's food production would need to expand by 46.5 percent in the same time period to feed its residents and maintain its share of production (about 8.2 percent) for the rest of the nation.

The projected growth in production by 2030 would allow California's foreign exports to increase by about 2 percent.

UC studies cost of producing small grains and winter forage for silage

New studies examining the cost of producing small grain silage in the southern San Joaquin Valley and the cost of producing winter forage for silage in the northern San Joaquin Valley are now available from the UC Davis Department of Agricultural and Resource Economics at <http://coststudies.ucdavis.edu>, or by calling (530) 752-4424, or from a local University of California Cooperative Extension (UCCE) office.

Each analysis is based upon a hypothetical farm using practices common in the region. The studies describe the assumptions used to identify current costs for individual producers, material inputs, cash and non-cash overhead. A ranging analysis table shows profits over a range of prices and

yields. Other tables show the monthly cash costs, the costs and returns per acre, hourly equipment costs, and the whole-farm annual equipment, investment and business overhead costs.

The studies were prepared by UC Cooperative Extension farm advisors Brian Marsh, Kern County; Steven Wright, Tulare County; Carol Collar, Kings County; Ron Vargas, Madera County; Michael Canevari, San Joaquin County; Marsha Campbell-Mathews, Stanislaus County; UCCE specialist and AIC associate director Karen Klonsky and UC Davis research associate Richard De Moura.

Similar cost of production reports for many other commodities from 1931 to present are also available. A \$3 handling fee is charged for all printed reports.

Tree crop conference draws crowd

A conference in Yuba City on May 6 drew more than 150 registrants interested in the economic outlook for tree crops and other information to assist with "plant or pull" decisions. The conference focused on the four major crops in the area: walnuts, almonds, prunes and cling peaches.

Topics covered analyses of a framework for comparing crop alternatives, agronomic issues, alternative crops, marketing prospects and international competition and opportunities. AIC Director Dan Sumner led off the workshop with discussion of an economic framework for plant or pull decisions and followed up

with a presentation on international competition and opportunities. AIC Associate Director and China expert Scott Rozelle zeroed in on the effect China's emergence as a major producer and consumer will have on world markets. AIC Associate Director Karen Klonsky compared costs and returns for various tree crops.

Other presenters included Janine Hasey and Franz Niederholzer, Cooperative Extension farm advisors for Sutter and Yuba Counties, who discussed the agronomic and technical feasibility of growing specific crops in the local area; and industry leaders Richard Waycott, president/CEO,

continued on page 3

Tree crop conference (cont.)

Almond Board of California; Ron Schuler, CEO emeritus, Canning Peach Bargaining Association; John Weaver, managing director, CropSource International, LLC; and Dennis Balint, CEO/executive director, Walnut Marketing Board, who talked about market trends and other economic forces affecting their respective industries.

The workshop was sponsored by the AIC, UC Cooperative Extension and the USDA Risk Management Agency.

AIC Issues Brief analyzes pistachio marketing order

A Federal Marketing Order for Pistachios. *AIC Issues Brief* No. 27, Upcoming 2004. Daniel Sumner and Henrich Brunke

This issues brief provides background on the California pistachio industry and discusses the rationale and the costs and benefits associated with a new federal marketing order for California pistachios.

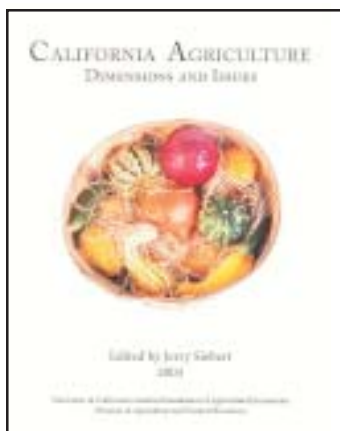
Study findings that project consequences of the marketing order over the next 50 years conclude that benefits are large relative to the cost of compliance with the marketing order. The benefit-cost ratios were generally greater than 5:1 and often greater than 10:1. Almost all U.S. pistachios are grown in California, and California's production has grown more than 200-fold since 1976 when its first commercial pistachio crop of 1.5 million pounds was harvested. In 2003, California produced 116 million pounds of pistachios, down from a record crop of 303 million pounds in 2002.

Workshops focus on risk management for small and beginning farms

A series of eleven workshops from Eureka to Escondido conducted in April and May have helped small and beginning farmers understand why they react the way they do to risk and how they can build on strengths and overcome weaknesses associated with their risk management styles.

In addition to defining their individual risk management styles, workshop participants focused on family and personal, financial, production, market, and legal and regulatory risks faced by farmers and ranchers. Strategies for dealing with these risks range from succession planning to market contracting and crop insurance programs. Having written goals and a business plan are the keys to successful risk management.

David Visher and Marcie Rosenzweig of FACTS (Farm & Agriculture Training Systems) conducted the workshops with sponsorship from the AIC, county Cooperative Extension offices, and the USDA Risk Management Agency.



New book provides overview of California agriculture

AIC associate director Jerry Siebert is editor of a new book, *California Agriculture: Dimensions and Issues 2003*, that provides a comprehensive overview of California agriculture from economic and policy perspectives.

The 304-page book has several chapters contributed by AIC-affiliated authors including Daniel Sumner, José Bervejillo, Colin Carter, Henrich Brunke, Karen Klonsky, Julian Alston and Alvin Sokolow. Chapters cover the evolution of California agriculture, production regions and principal commodities, agriculture's contribution to the economy of California, marketing, international trade, environmental and policy issues, water, labor, organic agriculture, science and technology, and urban impacts on agriculture.

Web access to chapter six, "Commodity Policy and California Agriculture," by Sumner and Brunke is available in PDF format on the AIC homepage. Copies of the book, published by the UC Giannini Foundation of Agricultural Economics, are available through the AIC, the Department of Agricultural Economics at UC Berkeley, and the Department of Agricultural and Resource Economics at UC Davis.

Ag Symposium set



A symposium featuring California specialty commodities is scheduled for March 23-24, 2005 at the Hilton Sacramento Arden West hotel.

General purpose of the event is to provide a forum for presenting and discussing major issues and topics regarding California's specialty crops. The symposium will feature sessions on technology, policy, marketing and management for California growers and industry leaders as well as researchers, educators and agriculture support industries. Plans also include a poster session and a California wine and food tasting.

Key sponsors are the AIC, UC Specialty Crops Research Program and the California Institute for the Study of Specialty Crops at California Polytechnic University, San Luis Obispo.

AIC Staff News

Postgraduate researchers join AIC

Kurt Richter joined the AIC in April as a postgraduate researcher. Richter has a M.S. and B.S. in Agricultural Economics from the University of Missouri. This fall he begins working on a Ph.D. in geography at UC Davis. Prior to the AIC Richter was international studies program director for the College of Agriculture at the University of Missouri, ran a family cattle business, and worked as a USAID contractor on several projects, including one year in the Republic of Georgia. He also worked in the District of Columbia office for food aid monetization programs in Africa.

Omid Rowhani also joined the AIC in April as a postgraduate researcher. A native of Davis, Rowhani graduated from UC Irvine in 2003 with a B.A. in economics and a B.A. in international studies. He will be pursuing a master's degree in the UC Davis Department of Agricultural and Resource Economics beginning this fall. His emphasis will be on international rural development.

Balagtas heads to Purdue

Postgraduate researcher Joe Balagtas has completed his Ph.D. from the UC Davis Department of Agricultural and Resource Economics and is leaving the AIC this summer for Purdue University where he will be an assistant professor in the Agricultural Economics Department. While at the AIC Balagtas worked on various aspects of dairy policy and markets and authored several research publications. His doctorate dissertation was on "New Perspectives on the Economics of Milk Marketing Orders: Rent Dissipation through Endogenous Quality."

Student assistants graduate

AIC student assistants Max Fudym and Crystel Stanford completed their bachelor degrees this spring and have moved on to other jobs. Fudym was responsible for maintaining the AIC website and Stanford worked on various projects including development of a series of commodity profiles for posting on the Agricultural Marketing Resource Center website (www.agmrc.org).

Reminder - AIC Quarterly goes electronic

The *AIC Quarterly* and *Issues Briefs* will soon be distributed electronically as well as placed on our website. To subscribe, please send an email to agissues@ucdavis.edu with the word "subscribe" in the subject line.