

DRAFT OF MINUTES
S-1043 Spring Business Meeting
March 22-24, 2011
World Trade Center of New Orleans
New Orleans, LA

S-1043 Members Present and Institutional Affiliations

NAMES	INSTITUTIONAL AFFILIATIONS
Osei Yeboah, Secretary/Treasurer	North Carolina A&T State University
Lynn Kennedy	LSU Ag. Center
Albert Allen	Mississippi State University
Darren Hudson	Texas Tech University
Larry Sanders	Oklahoma State University
Parr Rosson, III, Chair	Texas AgriLife Research
Henry Kinnucan	Auburn University
Shida Hennebery	Oklahoma State University
Stanley Fletcher	University of Georgia
Daniel Whitley	USDA/ FAS
Andrew Mohammed	USDA/ERS
Won W. Koo	North Dakota State University
Suzanne Thornsby	Michigan State University
Eric Young	SAAESD
Eric Wailes	Arkansas
Michel Paggi	CSUF-CAB
Flynn Adcock	Texas AgriLife Research

A. Morning Activities, Wednesday March 23, 2011

Introduction and Discussion of the Agenda:

The meeting was called to order by **Chair Parr Rosson III, Texas AgriLife Research** at 9:30 am. He thanked everyone for coming especially, Daniel and Andrew and told them the group appreciates their input. Minutes from the previous meetings were passed and the president asked for a motion to be tabled. Dr. Allen moved the motion and seconded by Dr. Kennedy. The President asked about any old business and Eric Young suggested the Canadian meeting but the President said we will address it later.

New Business

The President asked Eric Young for administrative adviser's briefs especially on the budgets on Southern Land-Grant institutions. Eric Young said regionally, budgets are all over the place and some institutions are doing well but others are doing worse than before." Overall, there is about 5% to 7% cut regionally with as high as 15% in some institutions and as low as 3%" said Eric Young. The President asked the administrative adviser what are the steps institutions are using to be able to operate under such conditions; the director said he can only speak for his institution that is NC State

University. “Faculty are finding more ways to collaborate with agencies and across states. They are considering partnership projects with agencies outside and some are even going to the extent of shared positions, resources and major facilities. From the director’s level, there is shared equipment.

Director’s Report from NIFA: He passed documents indicating the organizational chart for NIFA and he said it is pretty much settled: there are four institutes and all the positions are filled. Each of the four institutes has a principal scientist and an individual with deeper understanding in science and a co-leader with the career person. The principal scientist is the primary adviser for the whole institute. Parr asked where does Trade and economics locate among these four institutes and the director’s response is trade and economics are embedded in all the four institutes. Parr asked about the comments the Committee submitted on the AFRI-RFA that came out in spring of last year: he complained that the committee had not received any written or verbal acknowledgement. The director responded that NIFA is overwhelmed by the number of comments submitted as such it will be too big a job to respond to all of them. He said he hopes they will incorporate those comments in future RFAs. He said except new RFAs with broad focus, more funding ramping up to 30% basic research. This statement was corrected by Suzanne Thornsbury, she said foundational research was basic but it can be applied by a single investigator or two and all markets and trade RFAs are foundational grants. Parr asked whether there is a room of additional changes and Young answered yes. Young said 2011 CR (Cornerstone Report) has been released and he expects across the board cut compared to 2007 where Congress was not in a budget cutting mode. Stanley asked Young what was the fall back position for land grant institutions especially their institution, Young answered about shared facilities and all deans are expected to do less with less.

Parr welcomed Daniel Whitley, Deputy Director, Global Policy Analyst and thanked him for agreeing to serve as the committee’s coordinator for FAS and also thanked Andrew for serving as coordinator for ERS. Daniel said he accepts the invitation because having all his education in the South, he understands the importance of good analysis for his agency.

The World Trade Center as a Facility

Parr informed the group that WTC is closing in June but they have made a promise that the group can have access to a meeting room in their new facility. Parr therefore asked the group to adopt a resolution to thank WTC for allowing us to use their facility for all this years, Hudson moved and Allen seconded.

Retirement of Dr. Stanley Fletcher

Dr. Stanley Fletcher announced that he will retire, effective April 1, 2011. Parr said since the inception of this Committee, Stanley has been a part and is retiring this month and as such he would like the Committee to propose a resolution which gives Dr. Stanley Fletcher the highest honor because of his distinguished services and leadership and the

second part of the resolution designates Dr. Fletcher as an honorary Chair of the Committee. Dr. Fletcher thanked the Committee and said it has evolved over the years and has been good to his academic career. He also said it is the best committee in the country and he appreciates what this committee has done.

Election of Officers

Parr touched on the elections; he said we need a new chair, a secretary, a research director and an extension director. He suggested a committee to be formed to get the nominations to the floor; the committee was chaired by Kennedy, supported by Sanders and Fletcher. Regarding the Extension director, Sanders suggested we nominate someone who can relate what is going on in the areas of trade and policy and be able to develop educational materials for farmers and other clients. He said the Committee developed two leaflets for two Farm Bills when he and Parr were Research and Extension Directors respectively.

State Reports

Parr stated that he needs to develop a report that covers what the states are doing and Susan asked about the time frame. Parr suggested a calendar year just parallel to the Crisis Report.

State Report-Koo: Effect of Carbon Emission on U.S. Agricultural Trade: specifically the Impact of Regulation of Greenhouse Emission on U.S. Sugar Industry. The study tries to determine whether a unilateral regulation will create a higher production cost that will shift the carbon emission to another country. The theoretical piece is about unilateral versus multilateral environmental policy on U.S. economy. The second study looks at U.S. - China bilateral trade. "It is being discussed that the U.S. trade deficit with China is due to the undervalued Yuan. However, there is no manufacturing structure in U.S. and we import almost every manufacturing product from China. So this study tries to test whether the trade deficit is due to exchange rate or economic structure of the U.S. manufacturing sector" said Koo. In addition, he is organizing a conference on November 7-8, 2011 and the Secretary of Agriculture is invited to provide the administrative view of the budget. Three Senators are also invited; this includes the two Senators from North Dakota and the Republican Senator from Minnesota; and two other House members; industry leaders including the CEO of Cargill to present their views as to what kind of Farm Bill we should have as relating to Agricultural Trade. The third study is concerns the general increase in food prices and its Impact on developing countries. He is developing a working paper to determine whether the food price increases are due to the bio-energy policy or increase in incomes in emerging markets such as China and India.

State Report-Kennedy: Kennedy is still working on the U.S. sugar industry as well as the improvement of the Everglades. The latter project looks at storm water treatment areas and cost benefit analysis are employed. The third project involves Farm Bureau of Louisiana and the expiration of the Cargill lease of the Louisiana Port. He is involved in analysis for the next fifteen years to improve competition as well as increase in producer

participation through the use of the port. In partnership with WTC in New Orleans, gravity models have been developed using U.S. ITC one digit data to determine the impact of dredging on U.S. agricultural trade. Partial equilibrium analysis in the Mid Gulf Region has been suggested and he suggests a new study which has never been done and he appreciates suggestions. He said he was going to write an article to solicit the essential things that need to be considered in the modeling.

State Report- Hudson: Work is being done on the sorghum model; there is an MS thesis on expanding the African trade on farm income. There is also a completed work on Chinese cotton trade. The study involves modeling the excess supply from U.S. and the Chinese excess demand for cotton. The third study looks at the impact of agricultural subsidies on land values at the county level; average farm land price for each U.S. county is used. The county's proximity to metro areas is also taken in account. The finding indicates that agricultural payments; that is total payments less conservation has no effect on land values but when all counties with crop receipts less than 50% total payments are excluded, the impact is positive but not uniform. He intends to use spatial econometrics to determine those counties that have positive effects from those that have not. There is also a joint project with ERS- Textile and Apparel Purchases and Changes in Income and Demography on Apparel Consumption will be estimated and fed into a global model.

State Report-Fletcher: Twenty- two representative farms for peanut have been developed from Virginia down south and the goal is to determine the impact of the Farm Bill or what needs to be done for the impending Farm Bill. Results indicate that most farms will not be viable without government payments or subsidies except few farms in North Carolina and Virginia. This is because there are several organic peanut farms that very expensive with very low consumer willingness to pay. Sanders asked whether these representative farms are just all peanuts or diversified and he answered there are diversified operations.

State Report- Mohammed: He is working on a project with Jim Seal, Economics of the U.S. Catfish Industry, and Commodity Price on the Feed Sector. Products from these studies have been submitted to the Southern Journal and AJAE. There is also a soybean project with Mary Marchant- Chinese Demand for Soybean. It is basic demand model with Brazil and Argentina factored into it especially the export tax policy in Argentina on the competitiveness of the U.S. soya bean export to China.

State Report- Kinnucan: Henry distributed state reports from four participants namely, Henry Thompson, Curtis Jolly, Norbert Wilson and Henry himself.

State Report- Thornsby: Working with folks on trans-disciplinary team with NIFA through July 2010. On-going projects: Farm Bill Activities on Information Gathering, Economic Effects of Fruits and Vegetable Planting Restriction- planting restrictions impacts differently from soya bean to apple. The study looks at climate change across five countries and its impacts in shifting trade partners using weather pattern to create shock in trade models. Under extension, specialty crops and the Farm Bill and some studies on import demand from Cuba. Paggi asked about the falling alliance among

specialty crop growers and Susan suggested the emphasis is on eth nutrition dimension of specialty crops, such as school lunch and the rest.

State Report- Hennebery: She distributed her state report and described their new MS International program. The students have international internships, study abroad programs in countries like Argentina. It is a very flexible program, 32 credit hours and 6 hours for internship. Students are interested in Agribusiness and Trade and they are very passionate about internship. It is non-thesis and a terminal degree program. There are only two students who are doing 6hour credit thesis option in AgEcon. Dr. Allen asked about job placement for these students and she said it is excellent because students get jobs at FAS.

State Report- Sanders: He is working on the implication of birth rate reduction in the U.S. on trade. He is looking at changes in U.S. consumption pattern and global competitiveness. He said given the fact that the U.S non-white population will be majority in 2050, what are the implications on trade and he is seeking for ideas. Hudson suggested that there have been some work in China on this topic and it is based on two variables; population pyramids and income pyramids especially when one considers policies that transfer worth from bottom up; such as social security and the rest. Parr suggested that the trade issue is more pronounced and we need to overlay it with level of education, consumption and immigration, especially the degradation of human capital in U.S.

State Report- Wailes: The study concerns differentiated products using political economy variables such as negotiated tariffs on sensitive products as a dependent variable. The second study is global trade for rice and another study on U.S. Farm Bill. Another study looks at spatial model for hybrid rice adoption in U.S. and China; and the last one, market openness studies. Kinnucan asked how U.S. rice is faring in the face of technological change, Wailes said we have lost the European market, the industry has shifted to rough rice exports but even that we have lost our competitiveness to Vietnam. He further stated that, hybrids have made U.S. competitive at the farm level- 25% increase in yield with lower carbon footprint and lower production cost.

Afternoon, March 23

State Report – Allen: Allen distributed his state report and he basically he has been working on Bulgaria agriculture between 2009 and 2010. He said there have not been many changes from planned economy to the market economy. Farm holdings are very limited about 20 hectares and farmers still receive subsidies from EU. He said he also works with Yeboah and they have developed two to three working papers.

State Report- Yeboah: Yeboah distributed his state report to members.

Annual Moose Jaw Conference

Parr distributed the conference announcement sheets to members and he said it on June 26 to 27.

State Report- Whitley: He briefed members about the research focus areas of FAS. These include preparation of fact sheets for personnel meeting with senate. He updated members on the status of the Korea, Panama and the Columbia impending FTAs with U.S. He spoke about the administration using job links to promote SME as a vehicle for the nation's exports. Talked of national export initiative (NEI) and MAP and he stated the stakeholders for this are ranchers and farmers who received about \$200 million a year. He lamented that this policy is always under fire and labeled as corporate welfare, and due to that government contribution has declined while corporate contribution has gone up to about \$100 million. He stated the importance of MAP and indicated that its effectiveness is going up from \$26 to about \$35 for each dollar spent on export promotion. He also spoke about the budget situation of FAS. "There is about 5% cut across the board and most foreign offices are being closed down." He said Congress is concerned about the too many industries in trade and there is a proposal to fold FAS into Department of Commerce.

Food Security: He spoke on the high food prices which occurred in 2008 and he said besides Biofuels policies, speculation was the cause in the rise in food prices in that year. Other examples are export taxes and other government intervention policies. He also said there is a long term shift in demand due to the growth of emerging economies such as China and India and their demand will keep prices high for feed grains. He also indicated on the other hand that FAS tries stays away from intervention in high food prices because it is good for our stakeholders i.e. ranchers and producers.

Biofuels: He also spoke of Biofuel policies especially what will 2⁰ and 3⁰ cellulates as well as U.S. calculation of greenhouse gasses. For example EU has taken out soybean because the conservative calculations we apply.

Research: The Impacts of FTAs- what are the potential FTAs that U.S.S should go for in both agriculture and non agricultural commodities? He said the U.S. should consider Africa as a development partner, because we are losing the partnership to the Chinese and Brazilians.

China is also an important markets to the U.S. and it now our number one market. Our trade with China between October and December 31 was 20 billion, which is up 20%, said Daniel. For example, there already contracts for U.S. soybean that has not been planted. Paggi asked about India and Whitley said we are frustrated with India because we cannot penetrate into their market. Paggi suggested we should give them electricity and we will have easy access to their market. Whitley said India is different because they want over 50 sensitive products take off from the negotiation table.

Supply Side for Commodities: Brazil has about 100 million hectares that is useful for agricultural but transportation infrastructure to bring commodities to the market is not developed and will be expensive to do. So the 300 million HA that has been talked about is not true, only 100 million HA is useful. Paggi commented that land is not the only option; input usage changes can also do a lot. For example, biotech seeds and the rest can make a big difference.

Parr asked about Trans-specific Partnership and Doha; Whitley said it is shaping out like a trade agreement. Parr asked about any timeline, according to Parr, CAFTA was very fast but this one is very slow. Whitley assured Parr that the President has everything and that during the WTO hearing, there was an argument made that India is major player and we need to bring them along.

Conference on Global Meat Trade

Andrew distributed the conference announcement and the justification for the conference. He said he was not sure whether ERS is ready to fund such a conference again. He said branch chiefs are not ready to put down any money. Members suggested a cheap conference i.e. part speaker and part research conference. Hudson said he can contribute \$1000 from his center. Parr suggested we contact Farm Foundation. Hennebery suggested that NE-63 has 300 active members and if we hold the conference in fall at the Hotel Del Coronado, San Diego, we can get a deal. Parr stated that the goal of the conference is to set research agenda and Koo asked about the objective. Parr said it can be emerging issues for future agenda, research outlet for those doing research in meat export, production, etc. Parr suggested we contact the following agencies for funding; National Pork Council, FF, NCBA, MEF, AFBF, NCGA, ASA, and TCFA. Parr assured Andrew that the Committee will work with him to develop the agenda and we will invite agricultural attachés who are coming from countries to Washington D.C. Andrew suggested the Patriot Plaza Auditorium as the location. He said he will make reservation now so that when the agency moves, the reservation stays. The conference will invite commodity groups, the Meat Board, American Meat Institute, the Poultry Federation. Kinnucan said he will check with the Meat Board. The Committee suggested we need an agency to handle the finances of the conference but Andrew said ERS cannot handle the funds. Parr suggested we should try Farm Foundation.

2012 Farm Bill

Sanders briefed the Committee about the collaboration between SERA-39 Policy Group in anticipation of the next year Farm Bill. SERA-39 is responsible for developing material for Choice in framing the issues; there will be a national workshop of extension and natural resource professionals in providing cutting edge information on the Farm Bill. Parr asked about the possibility of surveying stakeholders but Sanders said there is no funding available for land grant institution to survey stakeholders about their perception on the Farm Bill. As a result they are going to conduct focus group interviews made up of producers and consumers in 8-15 states at about \$250,000 and \$500,000. The Committee asked Whitley whether there is any hearing in the House on the Farm Bill. Whitley said the Farm Bill will be delayed but he said there is hope because Senator Conrad has suggested we need a Farm Bill because farmers are happy now with the higher prices and if there is no Farm Bill in place to curtail rising input prices, then all the potential profits for farmers will be a wash.

Invited Paper Session for the SAEA

Parr mentioned the invited paper session for that conference and asked members to submit papers since the deadline is May 15, 2011. The theme for the invited paper could be Food Security (the causes of the rising food prices in most developing countries). Potential Causes: Biofuel policy, speculations within the institution such as futures market, labor cost. A committee was formed and Andrew is the chair with Yeboah also serving on that committee. Andrew said he can get four papers from this theme.

Cuba

Parr briefed the committee about the travel restriction cautioned that the care that must be taken when travelling to Cuba. Thornsbury asked whether the committee will put up papers on agricultural trade with Cuba in anticipation for what will happen between U.S and Cuba. Parr suggested we organize a symposium for the Southern meeting. Koo asked whether the committee can organize workshop in Cuba and Parr said yes because the Cubans are interested in the U.S. Farm Bill too.

Morning; March 24

New Officers

Parr called the names of the new officers that the committee had sought for the previous day and it is as follows: Thornsbury as President, Andrew –Secretary, Wailes and Sanders as Research and Extension Directors, respectively. Allen moved that we accept the nomination by acclamation and it was seconded and the whole group accepted the new officers. Sanders made a resolution that the new chair sends letters to the chairpersons and supervisors of the previous officers for the wonderful work they have done.

Meeting adjourned at 10:30am.

Respectfully submitted

Osei Yeboah and Parr Rosson.