**DRAFT OF MINUTES**

S-1062 Spring Meeting

May 12-13, 2016

Hilton De Soto

Savannah, Georgia

**S-1062 Members Present and Institutional Affiliations**

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| **NAMES** | **INSTITUTIONAL AFFILIATIONS** |
| Andrew Schmitz | University of Florida |
| Celeste De Matteis (graduate student) | University of Tennessee |
| Karen Lewis | University of Tennessee |
| David Bullock | University of Illinois |
| Amanda (Leister) Countryman | Colorado State University |
| Eric Young | North Carolina State University |
| Ian Sheldon | Ohio State University |
| Mary Marchant | Virginia Tech University |
| Lynn Kennedy | Louisiana State University |
| Jim Seale | University of Florida |

**A. Morning Activities, Thursday, May 12, 2016**

***Introduction and Discussion of the Agenda:***

The meeting was called to order by **Chairman** **Amanda Countryman, Colorado State University** at 09:00 am. The **Chair** began by asking the group to introduce themselves. She then discussed the agenda for the meeting.

**Eric Young**: Gave an update on the federal budget. President’s budget came out for NIFA. Everything was flat from last year except for AFRI funding. AFRI was $700 million except $325 million was mandatory funding and $375 million was discretionary. HATCH and Smith-Lever funding were flat. Association of Public Land Grant Universities (APLU)- commission on Global Food Security to guide public research universities on their role on food security in 2050. Commission will have working groups on sustainable production systems, plant and animal performance, soil health, food loss and waste, inclusive economic growth, human nutrition, food safety and sanitation, knowledge and education. Chaired by Randy Woodson of North Carolina State University. Access, availability and utilization are the three pillars. Recommendations to universities to meet these recommendations. President’s budget increase of $17.5 million dollar increase to Agriculture Research Service (ARS) budget. Program increases include the following: Combating Antibiotic Resistant Bacteria- $22 million increase, Climate Change-$19 million increase, Safe and Abundant Water Supplies-$15 million increase, Foreign Animal Diseases-$7 million increase, Avian Influenza-$3 million increase. This is accompanied by unspecified cuts in some areas to obtain the net $17.5 million increase.

**--15 Minute Break--**

**Dr. Andrew Schmitz presents on the Adoption of GMO Crops: Agricultural Trade and Welfare:** 3 papers with graduate student Zhu. Working also with Jim Seale, David Zilberman and Troy Schmitz. Game theory of GMO adoption.

Key Points from Presentation:

* Welfare economics of trade in GMOs
* How do you discuss the welfare when there is no trade in the GMO product?
* Russia to become world’s largest wheat exporter in 2016
* Wheat yields haven’t increased recently
* Ukraine has 40% A1 grade soil
* Examining wheat and rice market with and without GMOs. Can’t model it as normal since there’s so many constraints with potential export markets that refuse GMOs.
* ADM, Bunge, Cargill, and (Louis) Dreyfus, account for between 75% and 90% of the global grain trade
* Evolution of the food pyramid

**--Break for Lunch--**

***Presentations***

**David Bullock Summary of USDA Funded Conference in November 2015 and update on the *JAFIO* Special Edition:** Presentation of the Overview of S-1062-Organized GMCC Sub-Conference and Special Edition of *JAFIO*

Review of Key Points:

* Overview of Amsterdam GMO Conference-12 papers in the conference
* Reviewers examined papers from the Amsterdam Conference for the *Journal of Agricultural and Food Industrial Organization* (*JAFIO)* Special Edition
* Revise and resubmits assigned for *JAFIO* Special Issue.
* Discussing organizing future conference similar to the Amsterdam GMO Conference.
* Discussion follows amongst group regarding future trade projects and having the next conference attached to International Association of Agricultural Economists (IAAE) in two years.

**Maria Celeste De Matte, University of Tennessee: Determinants of U.S. Distillers Dried Grains with Solubles (DDGS) Exports**

Key Points from Presentation

* DDGS exports increased since 2008
* EU in 2000 was main importer of DDGS, now in 2015 China consumes half of U.S. DDGS
* Examine determinants of U.S. DDGS trade using gravity model to correct for zero observations when countries do not import U.S. DDGS in particular years
* Main determinants are distance between U.S. and export destinations, U.S. ethanol production, and DDGS substitute products
* Discussion follows on different forms of the gravity model to assist the analysis and other research on the topic

***State Reports:***

**Ian Sheldon:** Ohio State University: 4 recent hires at OSU. OSU department becoming very resource and environmental economics and development economics focused. Effect of globalization on local communities. Working with students on heterogeneous firm and trade models. Review of Development Economics publication. Recent PhD student looking at unit values in trade models. Review of Economic Studies. Plug in increasing product quality in trade models. Adopted that model for Chilean food exports. 35,000 observations. Heterogeneous firm data sets coming out of Latin America. Looking at trade liberalization of new firms entering export markets. Will new firms start exporting higher quality goods? Examining reshoring. Korean student looking at food quality. Examining how to measure food quality. Working with individual from ERS on Ricardian trade model. Looking at trade in organic products. Working on climate policy. Extension work why TPP is good for farmers due to Japanese trade reform.

**Andrew Schmitz:** University of Florida: Paper in honor of Wally Huffman in *AgBioForum*. Mechanical tomato harvester. Examining Louisiana sugar versus Florida sugarcane with Dr. Kennedy (LSU). How to estimate rates of returns and internal rates of return. Toronto wants a 3rd edition of Food Policy book. Estimating tobacco demand and how to account for addiction properties? Can you prove what a demand curve is? USAID looking at how to attach welfare weights to welfare analysis. How to deal with trade in welfare analysis.

**Jim Seale:** University of Florida: Working with Dr. Schmitz (University of Florida) and a PhD student with beef demand in Japan. Working on a food consumption survey with a group of Australians in Vietnam. 2 students finished up this Spring. 1 student examined how to estimate import demand while taking into consideration domestic production. Examined Food Safety Modernization Act and how that impacts Mexico and the U.S. Working on a book chapter. Income effect on price of food can cause a country to go into a recession. Figuring out how to estimate output allocation models. Try to use this with U.S. exports. 11 food consumption surveys in China with Tom Wall (NDSU). Estimate Chinese food demand away from home using household composition and combine with UN data.

**Lynn Kennedy:** Louisiana State University: Food Security Volumes with Dr. Schmitz. GMO Sugarbeets with Dr. Schmitz (University of Florida) and Dr. Lewis (University of Tennessee). GMO adoption for U.S. sugarbeets how this impacts food security. Final GMO sugarbeet sugar product has no GMO evidence. Last July Dr. Kennedy was interim department head at LSU. Finished 1 PhD student and 3 Master’s students. 2 Master’s students used gravity models to examine TTIP and one was a commodity specific gravity model of rice. Working on publishing this research. PhD examining corruption and other issues with respect to trade. Future research basic ag economic trade and Louisiana problem of the Mississippi River. What would happen if the Mississippi River shifted course? How would this impact agricultural trade that normally goes through the Mississippi River? Army Corps of Engineers regulates this problem currently.

**David Bullock**: University of Illinois: Organized the Amsterdam Conference and *JAFIO* Special Issue. Wrote a paper about the transparency of trade negotiations. Been working on production economic issues.

***Adjourn for the Day***

**Friday, March 27, 2015**

**Amanda**: Reporting- our state report is overdue. Oct 1- Oct. 1 is the reporting time period. A group annual report needs to be submitted once a year.

***State Reports continued:***

**Mary Marchant:** Virginia Tech University- please see her state report attachment. Richard Crowder U.S. trade negotiator hired about 8 years ago created conference on international trade and is now the governor’s conference on international trade. Conference is in March in Richmond during spring break. Dr. Marchant focuses research on China. She has a paper and track session at the AAEA Boston Conference. VTU trade center with a college wide seminar session to discuss international trade. Most recent speaker was Dr. Colin Carter. Colleagues at VTU have research examining SPS issues as well.

**Amanda (Leister) Countryman:** Colorado State University: Discussing why TPP is good for farmers. Individual in charge of trade at CSU. Hiring a post doc. With Andrew Muhammad (ERS) submitted a TTIP hormone beef paper for *JAFIO* and Amsterdam Conference. With Andrew Muhammad (ERS) Japanese beef import demand. Examining emergence of new trade routes and infrastructure and trade. Shipping through the artic project. NSF grant on with biologist, ecologists, computer scientists, is a multistate project examining evasive species project. Graduating a PhD student dissertation on foreign animal disease and foreign export recovery. PhD examining wool, fiber, textiles, and trade and another student examining sugar topic with Lynn Kennedy. Infrastructure project underway.

**Karen Lewis:** University of Tennessee: Published the following papers on international trade:

1. Lewis, K. E. and C. Grebitus. 2016. “Why U.S. Consumers Support Country of Origin Labeling: Examining the Impact of Ethnocentrism and Food Safety.” *Journal of International Food & Agribusiness Marketing*. Accepted
2. Lewis, K.E. and T. G. Schmitz. 2015. “The Impact of Partial Mexican Government Ownership on U.S. and Mexican Sugar Trade.” *Journal of Agribusiness*, 33(1): 17-38.
3. Schmitz, T. G. and K.E. Lewis. 2015. “Impact of NAFTA on U.S. and Mexican Sugar Markets.” *Journal of Agricultural and Resource Economics*, 40(3):387-404.

Work in progress on the U.S. exports of Dried Distillers Grains with Solubles (DDGS) with C. De Matte and Professors Yu and Boyer all of the University of Tennessee. Dr. Lewis is also researching livestock issues related to trade and GMO sugarbeets with Dr. Schmitz (University of Florida) and Dr. Kennedy (Louisiana State University).

**Amanda final business**: Update the email list of our HATCH project participants. Determine where the next meeting is. Fort Collins for the Fall meeting in October? Meeting held at the student center. Stay at the Best Western, or Hilton? Can book a shuttle. Jim Seale nominates New Orleans. Fort Collins wins the vote. Eric’s dates of availability are Oct. 10-14 and Oct. 24-28. Can we do Cuba for the Spring meeting? AFRI grant regarding trade and multinationals, food security suggestion for another conference. Who would like to write the grant proposal? Amanda is going to investigate the research the AFRI conference is interested in. Summer IAAE 2018 meetings Chinese topic co-lead by Dr. Seale and Dr. Marchant.

We need to submit Oct. 2014- Oct. 2015 report.

**Tour of the Port of Savannah**

*Adjourn 12:30pm*

Respectfully submitted,

Karen Lewis