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Farm exports add to San Joaquin Valley economy

By Cecilia Parsons
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Improving image and infrastructure will open the door to economic gains in the San Joaquin Valley, speakers and stakeholders agreed during a daylong conference aimed at providing opportunities for the region's agriculture and residents.

Speakers said that even as record amounts of agricultural products head for markets worldwide, the place where they are grown—the San Joaquin Valley—continues to suffer from an image problem.

Perceived as a less-than-desirable place to live and lacking a skilled workforce necessary for increased productivity, the valley remains a world leader in production of quality almonds, pistachios, winegrapes and other crops. Conference organizers asked speakers and participants to choose action steps to foster economic growth in the valley and spruce up its image.

Hosted by West Hills Community College, the conference was the third of a three-part public policy series seeking solutions to the challenges the valley faces.

On the positive side: California agricultural exports—mainly from the San Joaquin Valley—support more than 1 million jobs in the state, according to Jeff Williamson, state director for the California Community Colleges Centers for International Trade and Development. Growth in consumption, particularly in emerging markets, is evidence of a dynamic shift in the global economy, Williamson said. Looking ahead, he said growth in those markets is expected to reach 5 percent a year during the next 30 years.

"We need to prepare for this. If we're not exporting, our economy is not growing," Williamson said.

Catching more export market share by adding value to raw products is possible, he added.

Bill Phillimore, executive vice president of Paramount Farming Co., a major player in worldwide almond and pistachio sales, said his company has invested in processing and consumer packaging for both domestic and export markets. Demand for pistachios and almonds continues to grow and two-thirds of those crops are exported each year, he said.

Demand will spur growth, he added, but lack of qualified technicians to work in processing plants will hold growth back.

California Farm Bureau Federation First Vice President Kenny Watkins, a participant in several foreign trade missions, emphasized that foreign consumers want valley agricultural products. But regulations make California growers less competitive in world markets, he noted, even as buyers seek our products over others due to their high quality.

"To compete, we need innovation and quality," Watkins said. "With water, labor, reasonable regulation and a level playing field, we can feed people."

Watkins noted that business leaders should promote the valley to students pursuing agricultural and technical careers.

Challenges for winegrape growers in the San Joaquin Valley are a little different than in other grape-growing regions, said Peter Vallis, executive director of the San Joaquin Valley Winegrowers Association.

Although valley growers produce 60 percent of all California winegrapes and the region has the largest winery in the state, there is also a false perception that the region's wines are lower in quality, Vallis said.

He listed vineyard management, winery management, chemists and compliance technicians as skilled positions that go unfilled in the valley, even though Fresno State University has one of only two complete enology departments in the state.

The EB 5 immigrant-investor program was also noted as a possible way to spur economic growth in the region. The program offers visas for immigrants who can invest large sums in a business. Economist and speaker Jordan Levine said immigrants with capital are more often motivated to establish citizenship as a pathway for their children's education, rather than seeing returns on their investment.

Retaining skilled workers while growing infrastructure to draw businesses to the valley will be key to economic growth, Levine said.

Foreign investors are already active in California agriculture, Phillimore said.

"In the past 10 years, I've seen an enormous amount of outside investment that was never seen in the past," he said.

Movement of raw and processed agricultural products to global markets is another challenge for the valley. Panelists representing shipping, railroad and truck transportation shared their ideas for strengthening trade via transportation, and also discussed the challenges presented by growing volumes of exports.

The Port of Long Beach, the second-busiest U.S. port, is in the middle of a $4 billion improvement project to accommodate larger ships. Gina Barro, the port's business and trade development manager, said investment in infrastructure is necessary to keep cargo moving.

Long Beach is primarily a container port, Barro said, with imports accounting for half the traffic, exports one quarter and empties one quarter. Her role is to help increase export traffic, so fewer containers leave empty.

Stas Margaronis, a reporter for the American Journal of Transportation, said with bigger ships arriving at California ports comes more truck traffic as goods are moved to markets. Increasing numbers of containers that must be moved places pressure on the trucking industry, he said, and on California freeways.

Delays in delivery of import and export goods due to congestion are issues that have to be addressed, Margaronis said. One possible solution is to move some of the cargo to Stockton or Oakland ports via smaller ships, bypassing the valley and cutting down on the number of trucks on Interstate 5 and Highway 99, the region's main transportation routes.

CalTrans chief of freight planning Bruce De Terra said a new California freight plan is in the works, with strategies to maintain and enhance existing assets to state transportation routes.

The major asset brought by railways is the diversity of volume, said Ken Norwood, director of Ports-West, Union Pacific Railroad. Railroads also face increased pressure on capacity and have been making capital improvements to ease congestion. Agricultural products comprised 16 percent of the railroad's total freight in 2013, Norwood said.

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