



# **Agricultural Exports, Economic Prospects and Jobs**

**West Hills Community College District**  
*Essential Elements*  
**Harris Ranch Inn and Conference Center**

**November 6, 2014**

**Daniel A. Sumner**  
**University of California Agricultural Issues Center and**  
**Department of Agricultural and Resource Economics,**  
**UC Davis**

# One Economic Point and Three Examples

**Agriculture is important to economic vitality and jobs in California and especially here in the Valley and exports are vital to agriculture.**

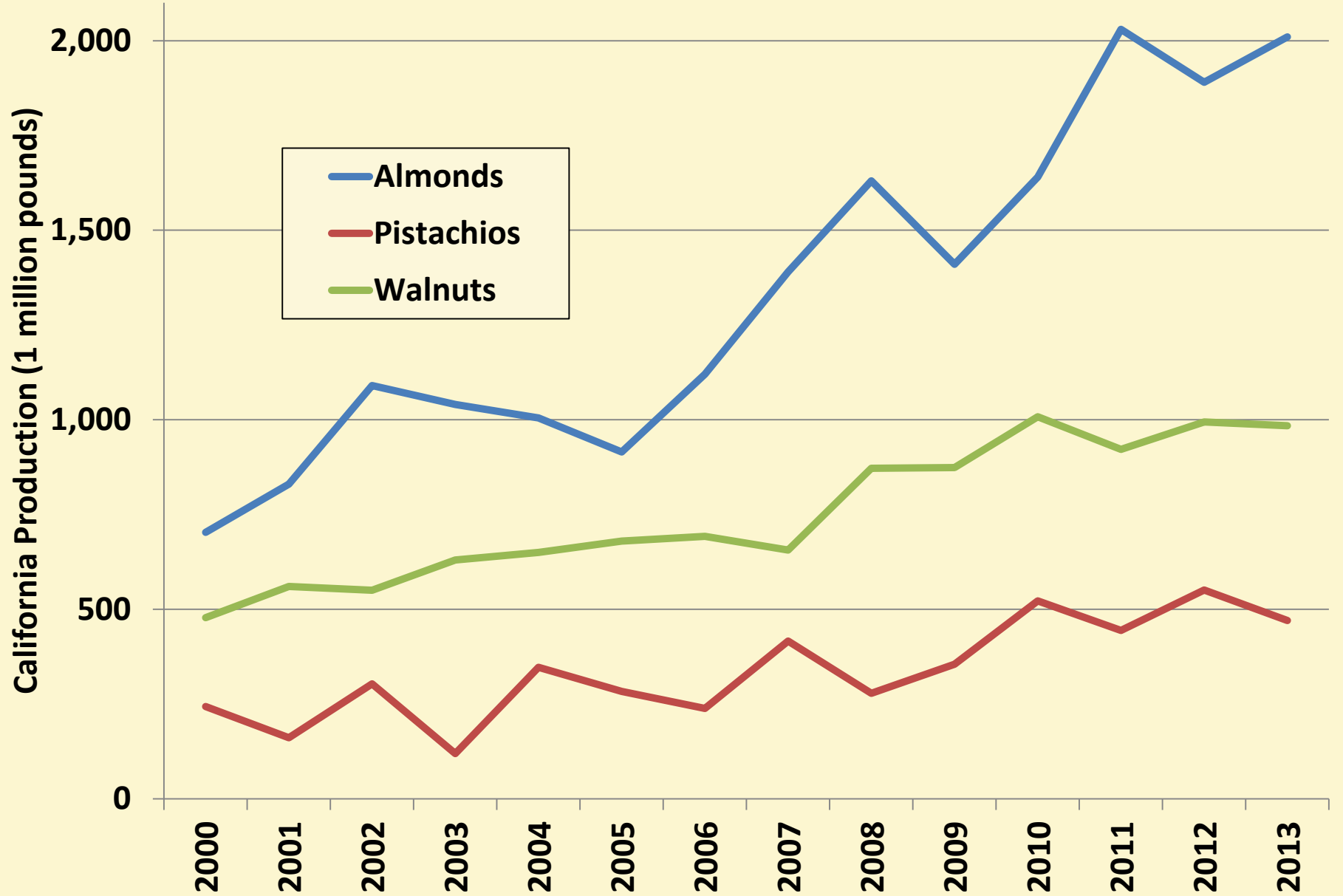
- ✓ **Critics of agricultural exports (because agriculture uses water) miss the most important of common sense economic principles: “Do what you are good at and let others do what they are good at!”**

**Consider three examples of what Valley agriculture is good at.**

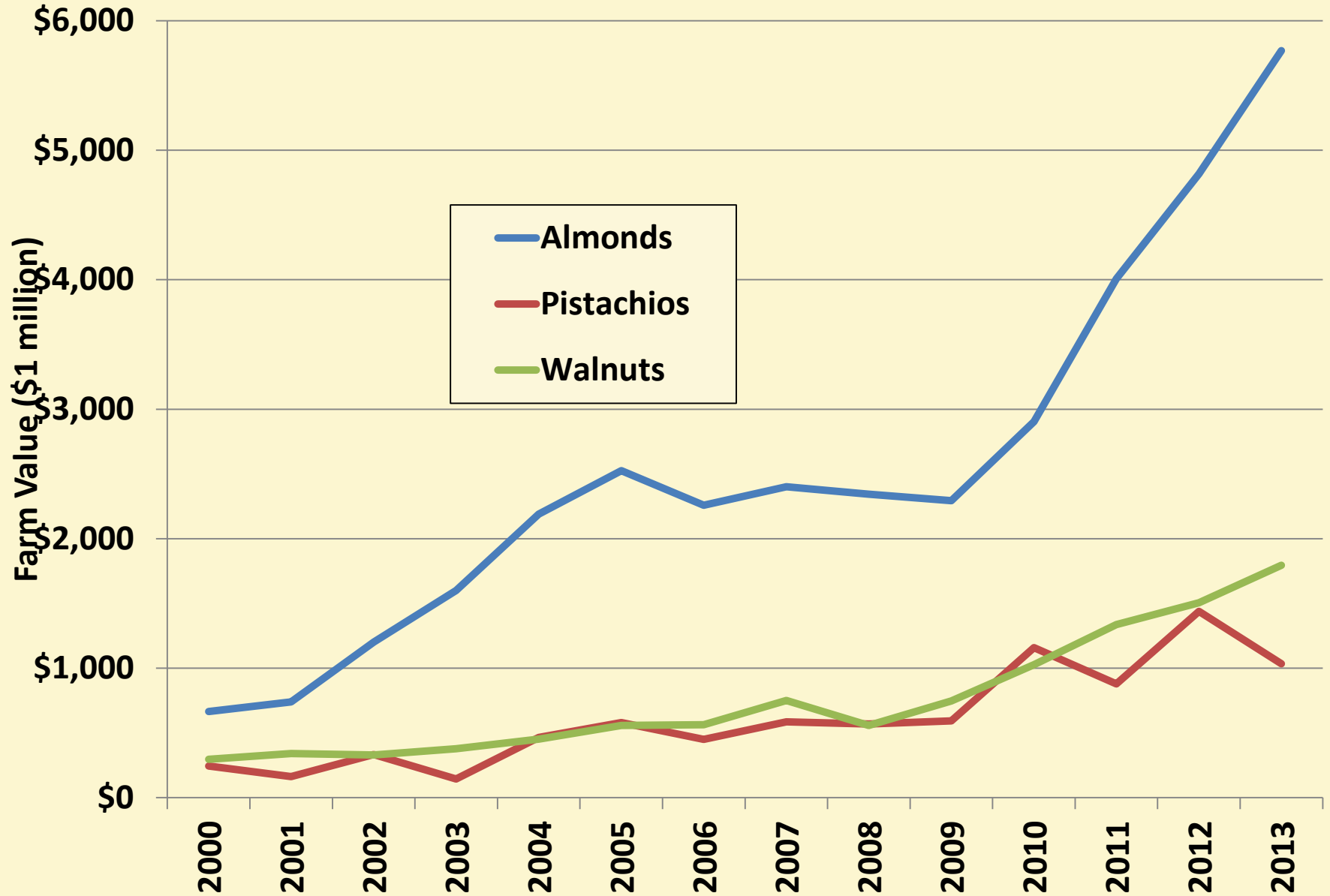
- 1. Supplying tree nuts to the world.**
- 2. Providing high quality reasonably priced grapes that allow sales of wine that is competitive with any in the world**
- 3. Producing milk and supplying processed dairy products to the United States and Asian markets**

**All these have immensely positive impacts on employment and the economy of the Valley**

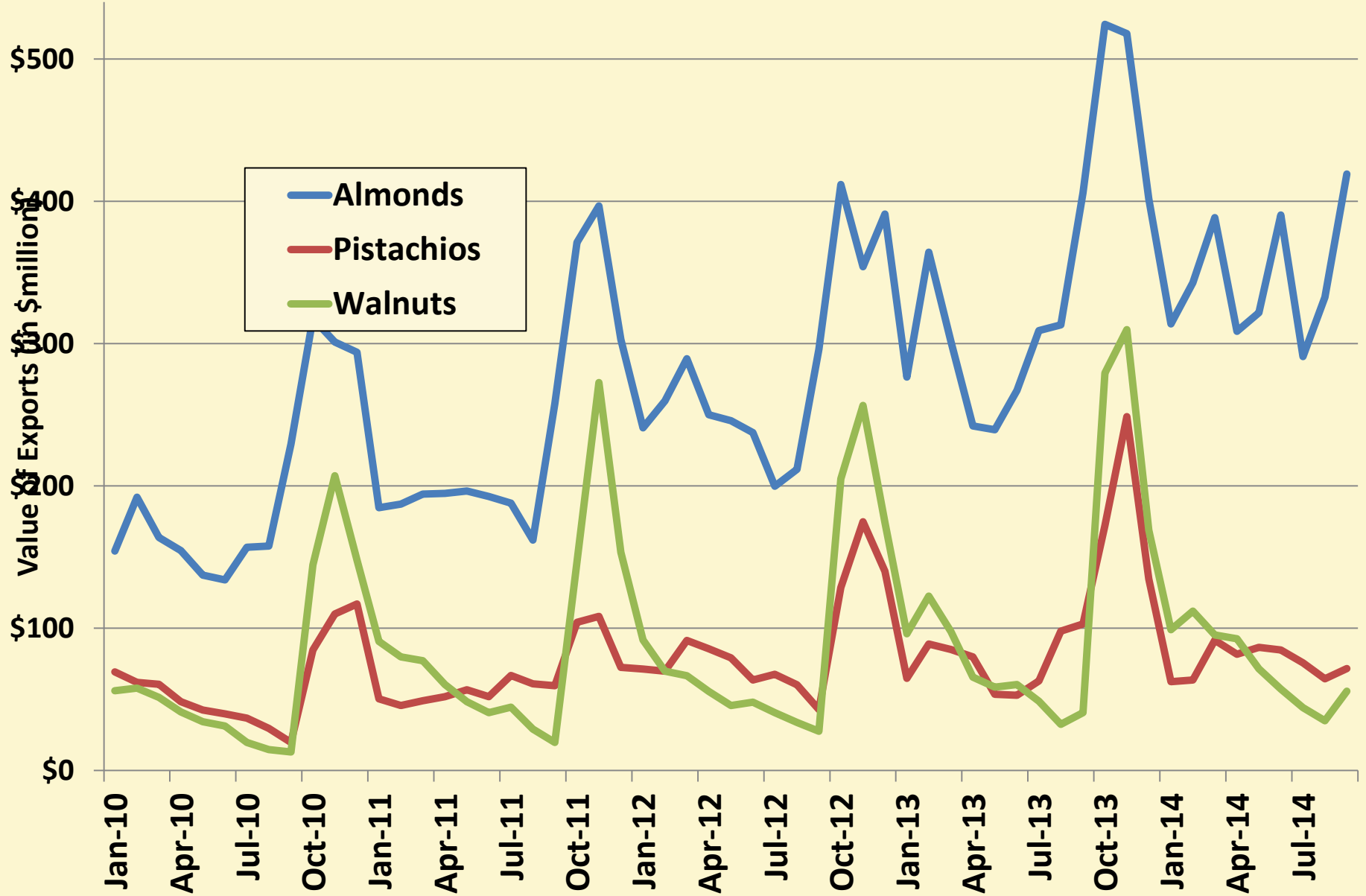
# California Tree Nut Production



# Value of California Tree Nut Crops



# Value of California Tree Nut Exports



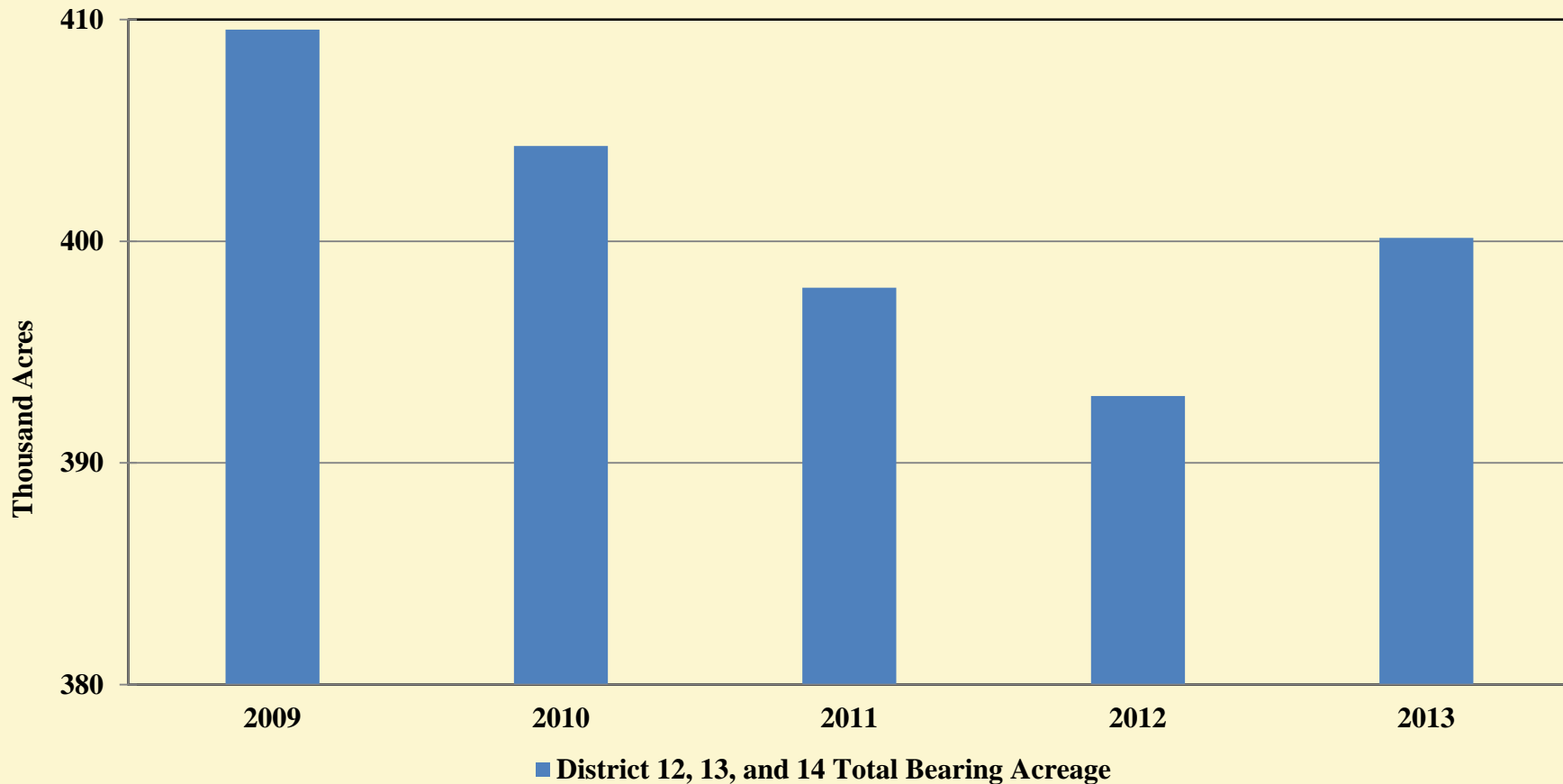
# Nut exports and Jobs

- ✓ **Volume and value of nut shipments have both risen**
- ✓ **Export value in 2013 \$4.2 B for almonds, \$1.4 B for walnuts and \$1.2 B for pistachios. (Partly 2012 crop)**

**The 2014 numbers affected by crop sizes and higher prices. Total in the range of \$7 billion.**

**Expanded markets mean more jobs. Rule of thumb 15,000 jobs per \$billion or more than 100,000 California jobs tied to nut exports.**

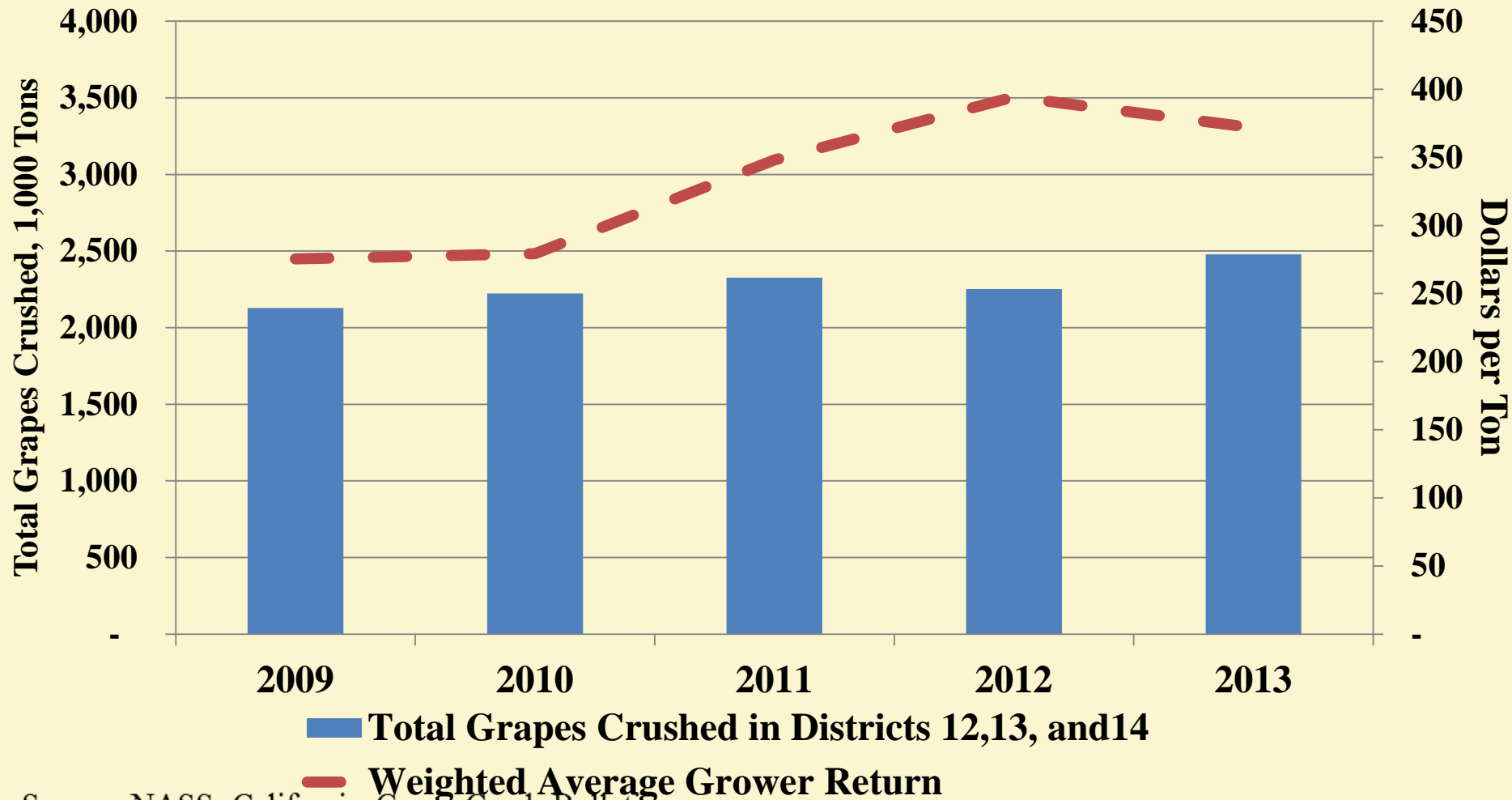
# Bearing Winegrape Acreage Districts 12, 13, and 14



Source: NASS. California Grape Acreage Report

# Total Grapes Crushed and Weighted Average Grower Returns in S. San Joaquin Valley

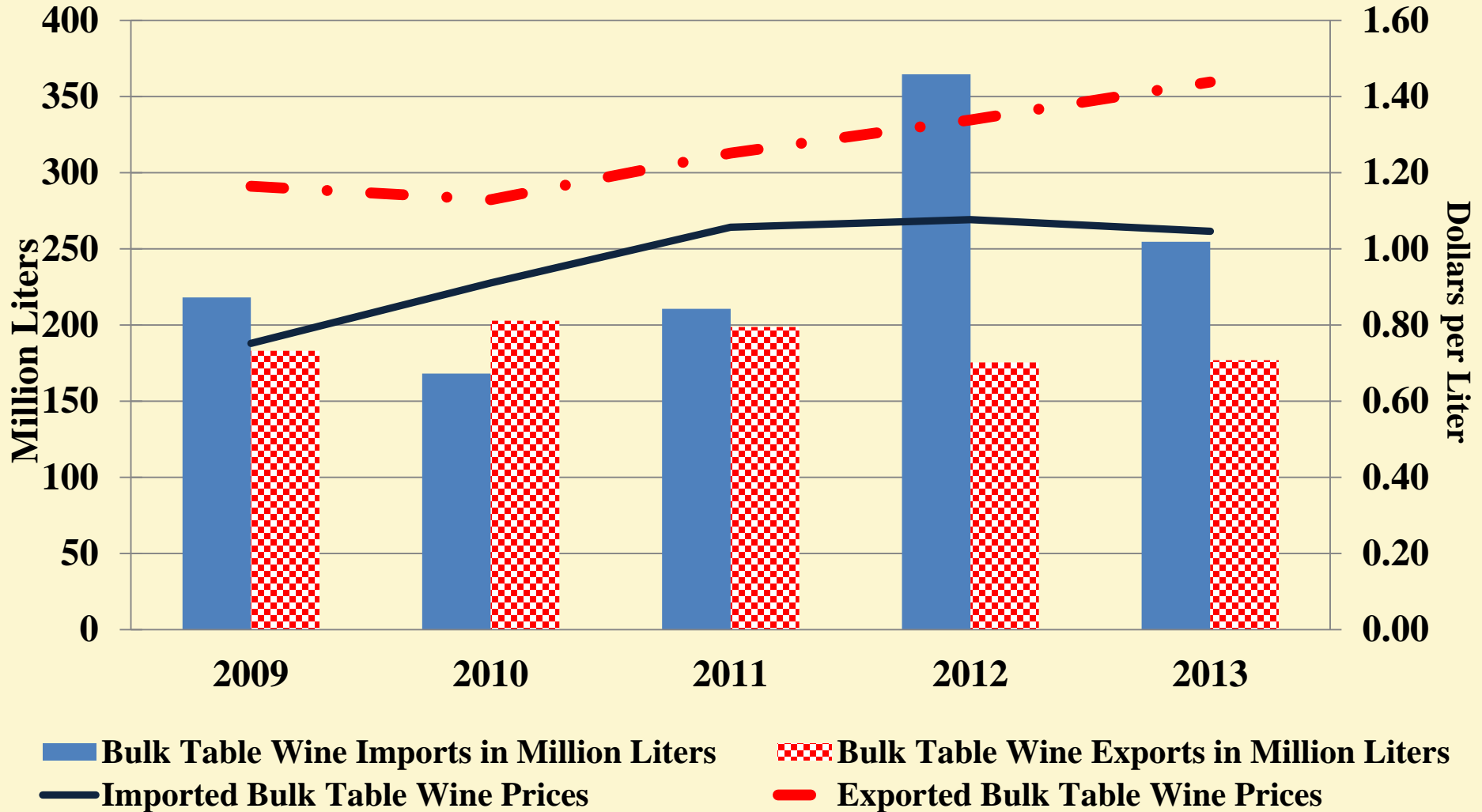
(Districts 12, 13 and 14)



Source: NASS. California Grape Crush Bulletins

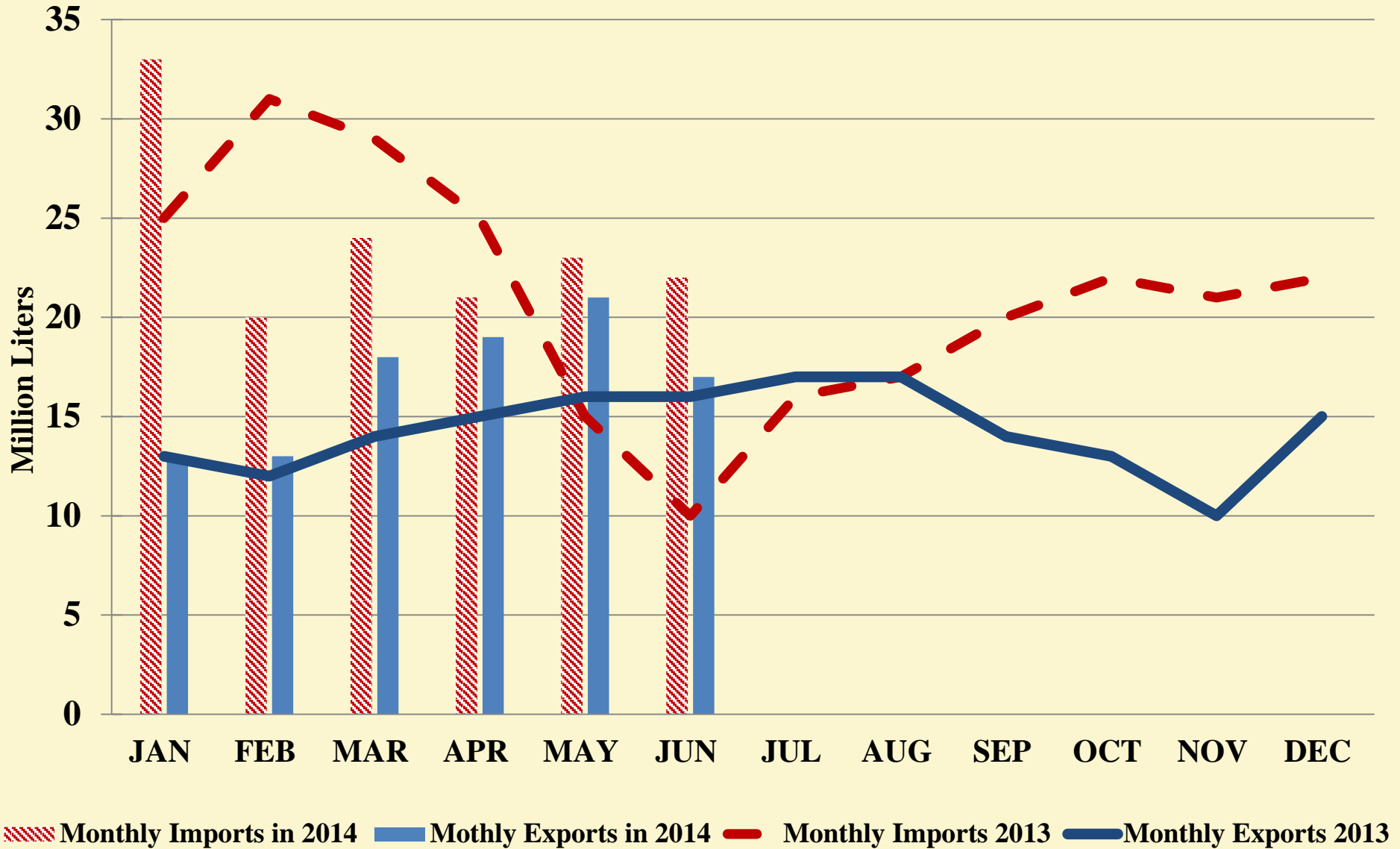


# Bulk Table Wine Imports, Exports and Unit Prices Over the Last Five Years



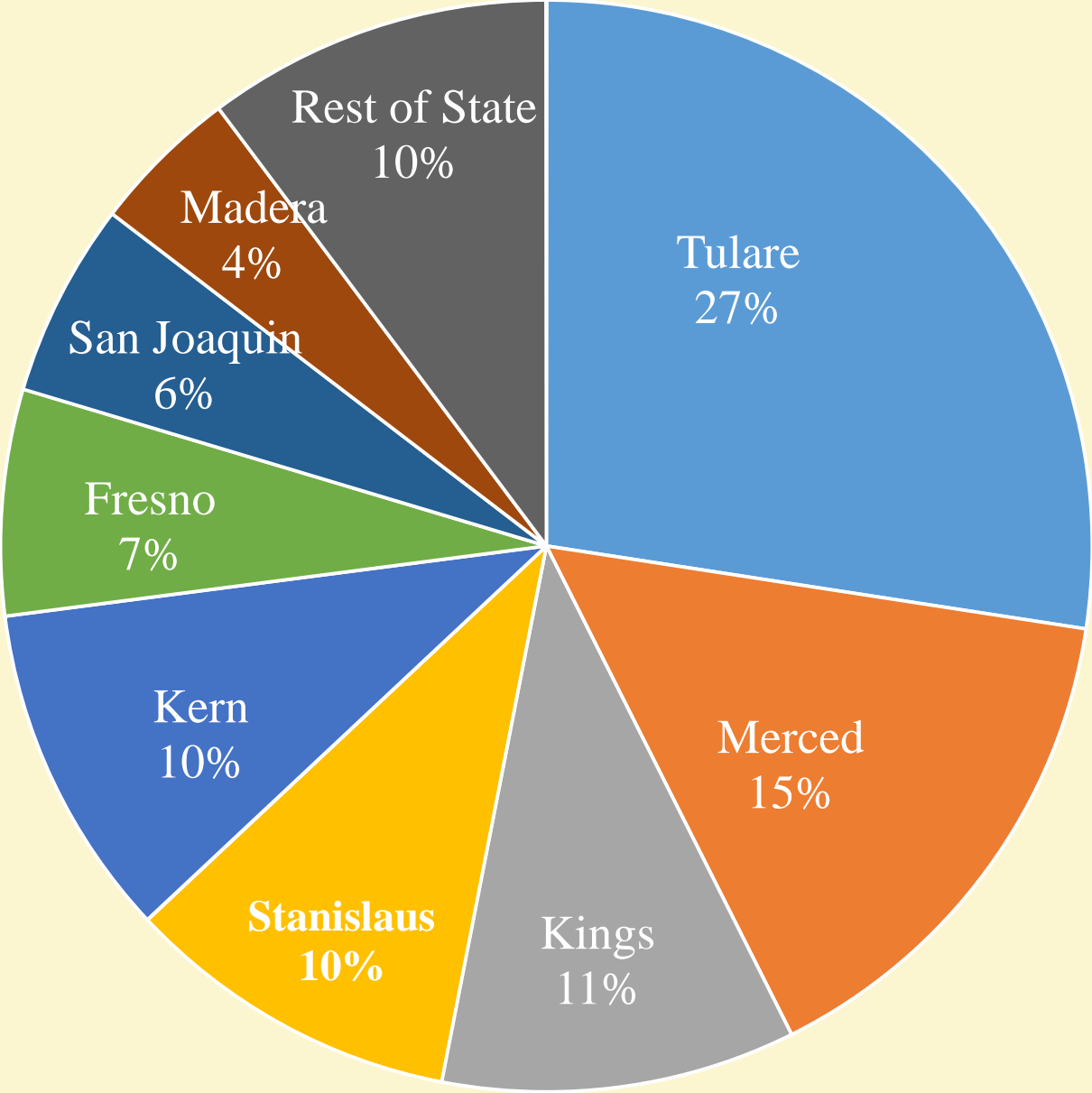
Source: USITC DataWeb 2014

# Recent Monthly Bulk Wine Trade

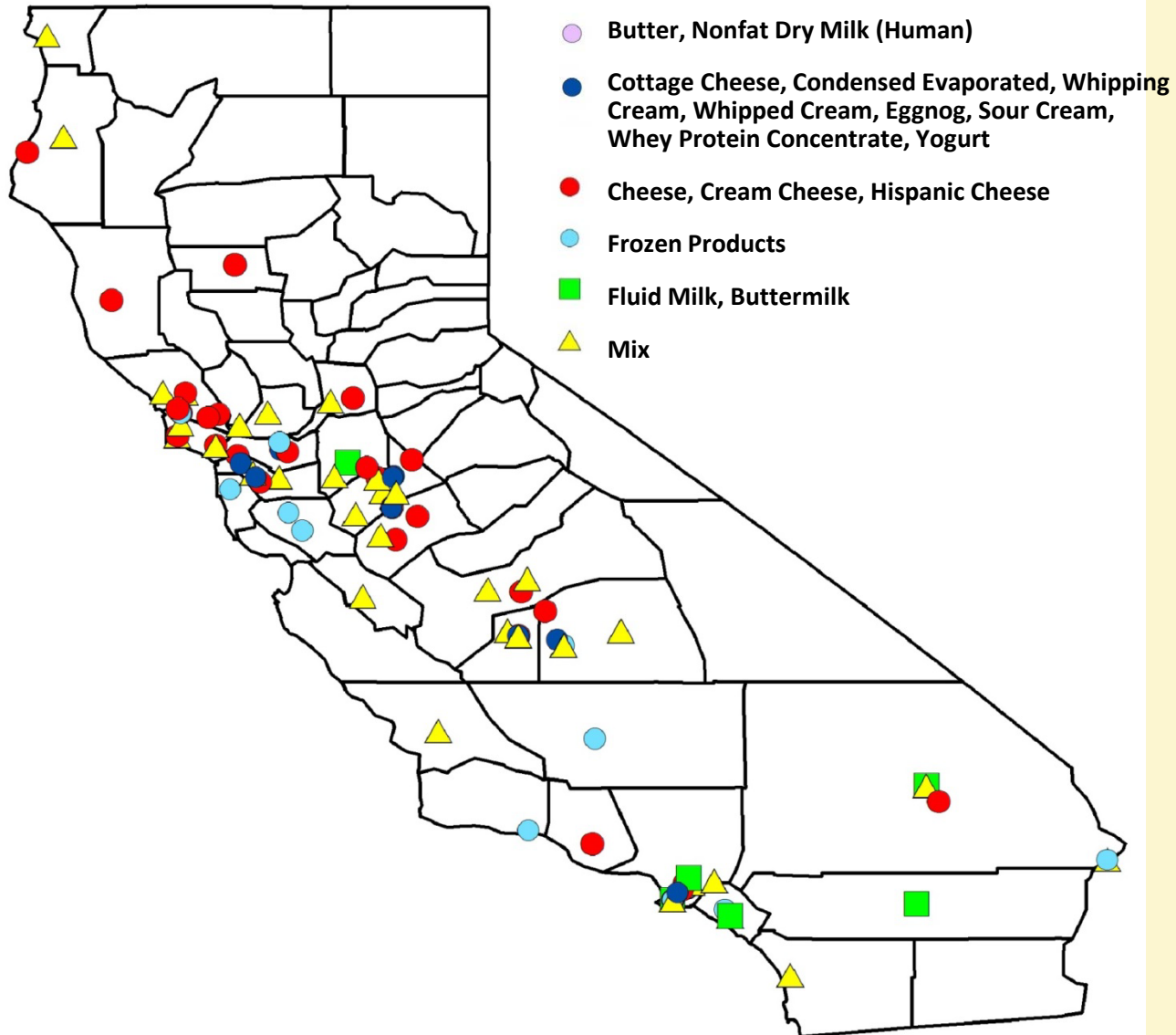


Source: USITC DataWeb 2014

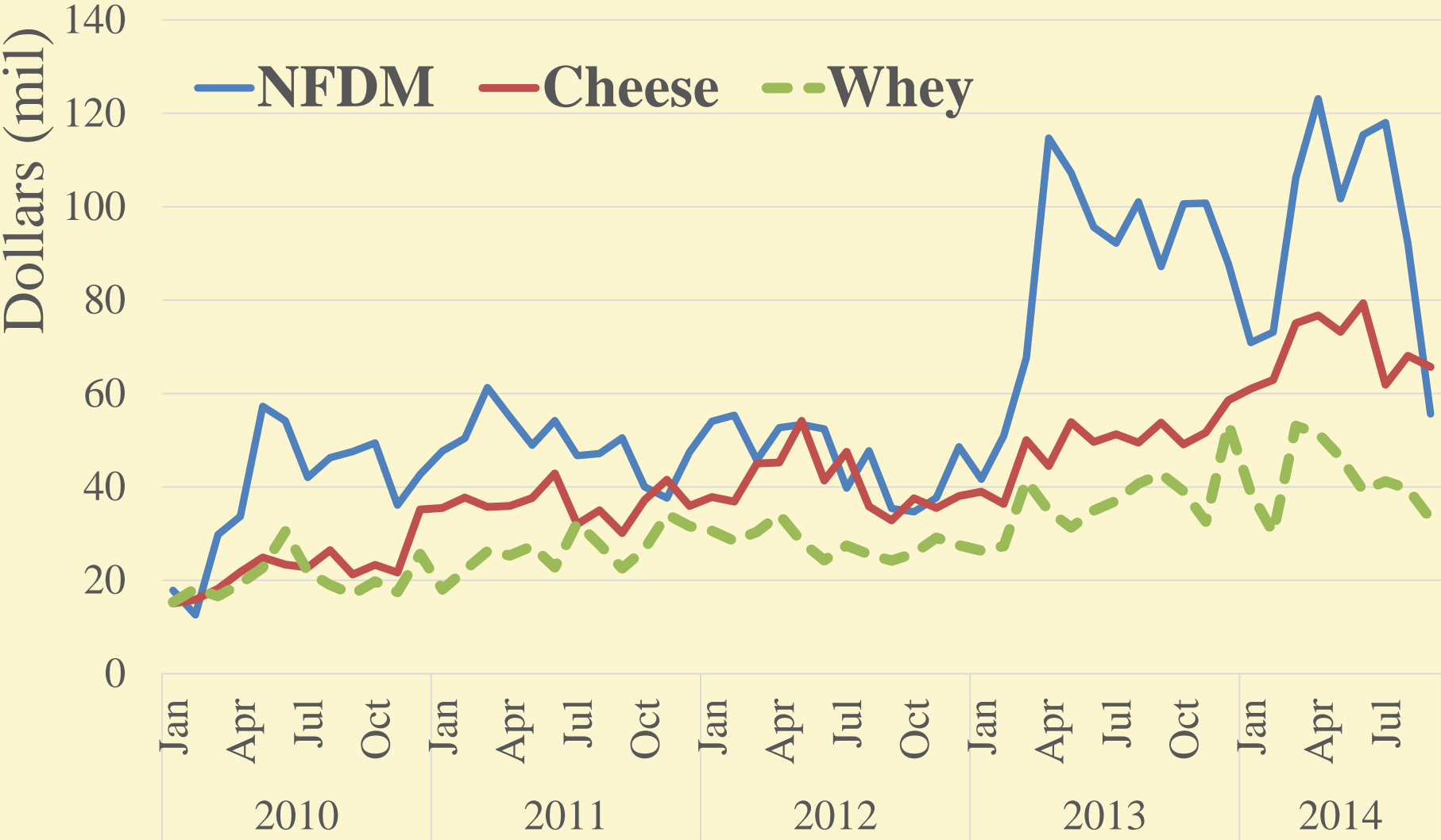
# Milk Production by County, 2014 January-June



# California Milk Processors, by Product Type



# Dairy Export Value through California Ports



# Dairy Export Value through California Ports



# Economic Relationships for California Dairy, 2014

		<b>Farm Production</b>	<b>Processed Dairy Products</b>
<b>Employees</b>	<b>Numbers of workers</b>	<b>30,000</b>	<b>17,000</b>
<b>Value of Output</b>	<b>Billions Of sales</b>	<b>\$10.0</b>	<b>\$24.0</b>
<b>Employee Compensation</b>	<b>Billions of wages and benefits</b>	<b>\$0.7</b>	<b>\$1.5</b>
<b>Value Added</b>	<b>Millions of net returns to labor and capital</b>	<b>\$4.5</b>	<b>\$2.2</b>

# Multiplier Relationships for California Dairy

		Farm Production	Processed Dairy Products
<b>Multipliers per \$ of sales and as ratio of direct and ripple effects</b>			
<b>Direct</b>	<b>Value added/ Value of output</b>	<b>0.45</b>	<b>0.09</b>
<b>Multiplier ratio</b>	<b>Total value added/ direct value added</b>	<b>1.8</b>	<b>6.8</b>
<b>Multipliers per \$ million of output</b>			
<b>Direct</b>	<b>Direct jobs/ \$ million of output</b>	<b>3.0</b>	<b>0.7</b>
<b>Multiplier ratio</b>	<b>California workers/ Direct jobs</b>	<b>1.9</b>	<b>8.7</b>



# Economics and the Jobs Arithmetic

1. Demand for our agricultural output generate jobs on farms and in processing. These have ripples and multipliers throughout the economy.
2. An added billion dollars of milk exports generates 2.4 billion in processing sales.
3. The additional economic activity of this milk production and processing entails about **17,000 jobs** in the California economy and most of those are in allied industries and communities.

We do not gain by producing at high cost or shipping what we cannot produce efficiently,

But, blocking trade or dampening competitiveness means lost economic dynamism and lost employment.

**The bottom line, international trade is vital for economic health and reflect the efficiency and productivity of agriculture.**