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International trade research

At virtually every meeting of growers these days, and in almost every issue of farm magazines, the subject of foreign trade is certain to be discussed. Producers, agricultural spokesmen, government officials, all are deeply concerned about the continued depressed state of U.S. food exports, and for good reason.

Agriculture in the United States is closely tied to world trade, and in recent years not only agriculture but our nation as a whole has become strongly dependent on export markets. During the 1970s, the volume of our farm products moving into international markets grew by 45 percent. It is estimated that one out of every three acres of crops harvested in the United States each year is exported. In California, as much as 60 percent of some high-value specialty crops depends on foreign markets. Nearly 30 percent of all harvested cropland in this state is used to produce agricultural exports. Foreign sales account for 40 percent of the value of five of our top ten products. Exports represented 3.5 billion of our 16 billion dollar gross farm income in California last year.

The growth of export markets and access to markets already established clearly are vital to the survival and prosperity of agriculture. The rapid development of this situation has placed our agricultural industry in a position for which it is poorly prepared. And it has placed demands on Departments of Agricultural Economics in many of our universities for which they are not prepared.

A recent study commissioned by the Experiment Station Committee on Organization and Policy (ESCOP) revealed that current agricultural trade research in our Land-Grant institutions in this country is scattered and thin. Nearly 40 percent of all states conduct no research in international trade; another 25 percent devote only 1 percent of their research to this activity. Only nine states report four or more projects related to foreign trade. Adding to the problem, much of the research being conducted consists of individualistic, "one-shot" studies.

In total, compared to the importance of export markets to the growth of U.S. agriculture, trade research receives little attention. The bulk of what is done is fragmented and does little to help formulate a comprehensive program that would help grower representatives deal in international arenas.

The ESCOP study concludes that many agricultural exporters lack the information necessary to sell their products overseas. Improved exporting information and expertise could be provided by increasing research and education at our Agricultural Experiment Stations.

Establishing a system to conduct effective research in agricultural trade issues would not be a simple undertaking. Substantial investments may be needed; there would have

to be a change of attitudes and a commitment to the premise that University researchers could over a period of years contribute to a significantly stronger capability in foreign trade.

The first requirement in launching such a program is for those responsible for agricultural research to recognize that U.S. agriculture is an integral part of the world economy and of a world food system. We have to pay attention to forces outside our own states and our own country if we are going to be competitive.

Building a capacity to understand trade problems and develop effective trade strategy will require a new type of faculty member: one with expertise in foreign languages, who is knowledgeable about the economies and agriculture of other countries. Such staff members may have to live in other countries for a year or two to develop their expertise.

Vital to the success of a trade research effort is better exchange of information, not only among researchers in various U.S. universities, but also with researchers in other countries, and with government and commercial professionals — groups such as the Foreign Agricultural Service, the Economic Research Service, the Board for International Food and Agricultural Development, Agency for International Development, multinational financial institutions, and others.

We need to expand our educational system to prepare students with a better background in international trade and to extend the knowledge and technology developed in our research program to our agricultural managers.

No individual state can be expected to develop a full-scale international trade research program on its own. Research directors may find it desirable to consider institutional specialization along geographic, commodity, or functional lines.

International trade in food and fiber presents opportunities for growth and for a more stable U.S. agricultural system. If we are to capitalize on these opportunities, however, we have to be prepared to deal with the vagaries of world politics, the intricacies of international monetary exchange, the national goals of trade partners, and the historical and economic background of existing trade policies.

Strengthened research in our Agricultural Economics Departments could help develop such knowledge. New resources and possible redirection of existing resources may be necessary, but the potential return is great. The agricultural industry of the United States needs a research and extension support base in the international trade area if it is to be more than a pawn in a high-stakes game.