

# MASSEY UNIVERSITY

## 2007 REPORT TO UNIVERSITY COMMERCIAL ACTIVITIES GROUP

### CENTRE FOR APPLIED ECONOMICS AND POLICY STUDIES

#### Department of Applied and International Economics

#### **Performance against Centre Objectives**

The objectives of the Centre are to conduct research, to consult and to facilitate activities related to international markets and policy developments affecting New Zealand's natural resource-based industries. Achievement of these objectives are apparent from the following descriptions of activities and research outputs.

#### **Research Outputs**

Published outputs by Centre staff included one book chapter, three papers in refereed international journals, one discussion papers, and four conference presentations. Two papers are under review by international journals. Details are in the Appendix.

#### **Activities and Achievements**

The Centre completed its collaboration with the NZ Institute of Economic Research (NZIER) and the University of Waikato, as part of its obligations to the \$1.5 million FRST-funded project "NZ's International Future". The Centre's research on this project included agricultural trade reforms and their environmental impacts, implications of China and India developments and possible impacts of a new WTO agreement on the NZ economy.

The Centre, with assistance from the Venture Trust, funded a new Research Fellow (Mr Hongye You) to work on its China Agriculture Programme. This programme has become a major focus for the Centre, contributes to the above FRST project, and has resulted in several publications and conference presentations. The Centre also continued its collaboration with last year's visitor (Ms Xiaohui Zhang) which involved publication of a discussion paper and the preparation and submission of a paper to an international refereed journal. Another Chinese Research Fellow (Dr Zhengbing Wang, Northwest Sci-Tech University of Agriculture and Forestry, Shaanxi) completed his visit to the Centre in March 2007 and a publication is under preparation.

A research project on measuring agricultural productivity growth for the NZ Ministry of Agriculture and Forestry (MAF) was completed, and the Centre won a new contract from MAF to do further research into this topic during 2007-08

Professor Alan Matthews, Trinity College, Dublin, visited the Centre during 2007 with the assistance of the Venture Trust. Professor Matthews presented a seminar, discussed ongoing research activities with staff, and is collaborating with the Centre to prepare a proposal for new research into global trade policy in ruminant cattle products.

The Director continued participation in a research project on global livestock, as part of the United Nation Food and Agricultural Organisation's Livestock, Environment and Development Initiative, and completed a chapter for a forthcoming FAO publication.

The Director was President of the Australian Agricultural and Resource Economics Society during 2007.

Centre staff continued to collaborate with a previous visitor - Dr Philipp Aerni (the World Trade Institute, Switzerland) - and helped prepare a paper that has been submitted to an international refereed journal.

The Centre continued to contribute as an Associate Partner of the ARTNet (Asia-Pacific Research and Training Network on Trade) programme of the UN Economic and Social Commission for Asia and the Pacific (ESCAP). The Director wrote a chapter for a book published by ESCAP in 2007, and mounted a 3-day research workshop for participants from the Asian region, at ESCAP headquarters in Bangkok.

The Centre continued its contributions to the work of the Pacific Food Outlook of the Pacific Economic Cooperation Council (PECC).

In recognition of its broader objectives in encouraging applied economics research, the Centre continued to fund staff access to three international databases. These were the online subscription to the databases of the Food and Agricultural Organisation (FAO), the international database of the Global Trade Analysis Project (Purdue University), and the United Nations COMTRADE trade database.

The Centre continued to work with the Venture Trust in obtaining applicants for Venture Trust awards and funding. As a result, funding was obtained for two international visitors to the Centre during 2007.

The Centre continues to offer financial support to Massey University students studying agricultural and resource economics and trade. The Centre offers prizes for the top student in 178.245 The Global Food Economy and in 178.358 International Trade in Agri-food Products. The Centre also continues to offer its Undergraduate Award and Postgraduate Scholarship.

The Centre won a new research contract into a FRST-funded project involving AgResearch, Landcare and Waikato University. The Centre is to research linkages between international economic and policy developments, and farm growth and GHG emissions.

The Centre was assisted in various ways from its research associates from its nine Research Associates. These provide a most valuable service to the Centre.

### **The Future – Opportunity, Risks and Directions**

Operational plans for the Centre for 2008 include completion of the contractual obligations of its externally-funded research contracts, and a continuation of its research collaborations.

The Centre will continue to pursue its objectives as stated above. Opportunities are envisaged for new analyses of New Zealand's primary sector and increasingly on the interaction of that sector with the natural environment. With ongoing multilateral trade negotiations as well as bilateral and regional trade negotiations, opportunities also exist for further work in these areas. The Centre will also continue to use its expertise to assist internationally, such as through the ARTNet program of ESCAP and research for the FAO. It intends to further strengthen its current research programme on China's agricultural sector, using existing and new collaborations within China.

It will achieve all of these through applications for external research funding, the seeking of new national and international collaborations and the maintenance of existing ones, and through the publication of its research findings and maintenance of its website. The Centre intends to maintain its international visitor program, since this has been shown to often lead to new research collaborations.

A major focus will be continuation of the FRST-funded project and its associated collaboration with some CRIs and the University of Waikato, as well as international scholars. This funding situation will also allow the Centre to continue to support its visiting research fellows.

New research proposals will be prepared and submitted as appropriate, and reports will be published as existing projects are completed. With the assistance of the Centre and the Venture Trust, staff of the Department of Economics and Finance will be assisted to develop new research contacts and implement new research projects.

Contacts with the international research community will be strengthened, and our research programmes enhanced, through further visits from international experts in fields of interest to the Centre.

The Centre will continue its support of Massey University students through its various undergraduate and graduate award programmes.

### **Staffing**

Dr Zhengbing Wang (Research Fellow)

Mr You Hongye (Research Fellow)

Mrs Julia Fisher (Personal Assistant to the Director, and Secretary to Venture Trust; 0.25 FTE)

### **Financial (Balances as at 31/12/2007)**

Professor A N Rae

**Director**

14 May 2008.

## APPENDIX

### Research Outputs by Centre Members 2007

Rae, A.N. and Zhang, X. (2007). "China's Booming Livestock Industry: Household Income Specialisation and Exit" Submitted to *Agricultural Economics*.

Aerni, P., Rae, A.N. and Meister, A.D. (2007) "Nostalgia versus Pragmatism? How attitudes and interest shape the term sustainable agriculture in Switzerland and New Zealand" First revision for *Food Policy*.

Rae, A.N. (2007). "Regional agricultural trade liberalisation: Priorities for policy makers and future research needs". Ch. IX in *Agricultural Trade: Planting the Seeds of Regional Liberalisation in Asia*. UNESCAP, Bangkok, Studies in Trade and Investment 60.

Ma, H, Rae, A.N., Huang, J. and Rozelle, S. "Enhancing productivity on suburban dairy farms in China". *Agricultural Economics* 37:29-42,2007.

Rae, A.N. and Strutt, A. The WTO, Agricultural Trade Reform and the Environment: Nitrogen and Agrochemical Indicators for the OECD. *Estey Centre Journal of International Law and Trade Policy* 8(1): 11-36, 2007.

Ma, H, Tang, H. and Rae, A.N. "An analysis of the total factor productivity in China's dairy production". *Chinese Rural Economy* 2: 40-48, 2007. (In Chinese)

Rae, Allan and Zhang Xiaohui (2007). Smallholders, Livestock and Household Income in Rural China. Working Paper 1/07, Centre For Applied Economics and Policy Studies, Massey University.

Hertel, T.W., Ludena, Golub, A. and A.N. Rae (2007). "Economic growth, technological change and patterns of food and agricultural trade in China and Asia". Presented to *International Agricultural Trade Research Consortium Conference*, Beijing, 8-9 July.

Strutt, A. and A.N. Rae (2007). "Interacting Preferential Trade Agreements: Illustrations from Asia-Pacific". *10<sup>th</sup> Annual Conference on Global Economic Analysis*, Purdue Univeristy, USA, 7-9 June 2007.

Rae, A.N. and X. Zhang (2007). "Smallholders, livestock and household income in rural China". Presented to WERA-101 Annual Meeting, Shanghai, 12-13 July.

Strutt, A., Rae, A.N., Vanzetti, D. and Young, J. (2007). "Quota constraints on NZ's agricultural exports: modelling alternative reforms". Presented to 51<sup>st</sup> Annual Conference of the *Australian Agricultural and Resource Economics Society*, Queenstown, 14-16 February.