

Australian Wine 2030  
**Ex ante economic evaluation of grape and wine R&D**

An international workshop to be held on  
Tuesday 12 February 2008, 9.00am to 1.30pm  
*National Wine Centre*

**Program**

- 09.00-09.10 Registration and tea/coffee
- 09.10-09.20 *Welcome and introduction*, by Christopher Findlay (Economics) and Roger Leigh (AFW)
- 09.20-10.00 *Agricultural R&D trends globally, and methods for setting R&D priorities in an interconnected world economy*, by Phil Pardey (Minnesota)
- 10.00-10.40 *Applying methods for ex ante economic evaluation of R&D to Australia's grape and wine industry*, by Julian Alston (UC Davis), Kym Anderson (Economics) and Ernesto Valenzuela (Economics)
- 10.40-11.00 Morning tea and coffee
- 11.00-11.30 *Update on the TERM model for the study of regional impacts on Australia's grape and wine of technology, environmental and international price shocks*, Glynn Wittwer (Monash)
- 11.30-12.30 Discussion led by panel including Roger Leigh and Steve Tyerman (AFW)
- 12.30-13.30 Informal discussion over light lunch

**International speakers:**

Professor Phil Pardey is in the Department of Applied Economics and Director of the Center for International Science and Technology Practice and Policy (InSTePP), University of Minnesota, St. Paul, MN (and an Ag Science graduate from the University of Adelaide)

Professor Julian Alston is in the Department of Agricultural and Resource Economics, University of California, Davis, CA (and an Ag Science graduate from the University of Melbourne)

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## Ex ante economic evaluation of grape and wine R&D

An international workshop

12 February 2008

This workshop is designed to build links between work on wine industry issues in various Schools under the auspices of Australian Wine 2030, the collection of University of Adelaide research projects on wine sector issues. The workshop is based on a new project in the School of Economics which will put a special focus on the impact of new technologies (including ones to be developed to adapt to such shocks as climate change).

The Economics project, entitled '**Australia's place in the world's wine markets by 2030: empirical economic analysis of wine globalization**' will improve our understanding of the economic and market consequences of supply and demand trends in the winegrape and wine markets over the next 20+ years in Australia and abroad. Using national and global economic models of the various segments of those markets, it will develop a baseline scenario through to 2030, drawing on past trends captured in our *Global Wine Statistical Compendium*.

Those models will be employed to undertake ex ante analyses of the effects on the baseline trends of shocks such as water policy developments, disease outbreaks, altered wine trade barriers and subsidies, changes in taxes affecting wine investment or consumption, exchange rate movements and climate change. The models to be constructed will provide an input into ex ante analysis of the net benefits of grape and wine R&D proposals.

Professors Julian Alston and Phil Pardey are both Australians and both world experts in the economic assessment of agricultural R&D (see their books *Making Science Pay: The Economics of Agricultural R&D*, and *Science Under Scarcity: Principles and Practice for Agricultural Research Evaluation and Priority Setting*). They will visit Adelaide in February 2008 to begin working with Kym Anderson, Ernesto Valenzuela and others to develop a framework for ex ante assessment for grape and wine R&D.

To take advantage of this opportunity, the half-day workshop is being organized with members of the industry and the research community to discuss some key issues that will be addressed in the project.

At the workshop, Pardey will summarize trends in public and private investment in agricultural R&D globally vis-à-vis Australia and the US, and then provide a briefing on the current research project he is directing that is funded by the Bill and Melinda Gates Foundation. That new project, which also involves Alston, is seeking to develop global R&D evaluation tools that interface biophysical and economic modeling methods in conjunction with spatially tagged GIS data that identify agro-ecological zones suitable for each crop. Specifically, as an input into setting priorities for research funding, their project will be assessing prospective payoffs from alleviating various biotic and abiotic crop production constraints, and the payoffs from technology interventions that affect crop production costs, crop quality, and the productivity of land, labour and other factor use. Included in that will be assessments of the global crop production consequences of climate change with and without specific technology interventions. Pardey is keen to explore applying this technique to winegrapes, with a view to us convening a workshop to present results in Adelaide in February 2010.

Alston (who is also an expert in the economic analysis of generic promotion of agricultural products, which is closely related to R&D assessment) will present for discussion key ways to analyse the market and income distributional consequences of adoption of new technologies in Australia without or with competitors abroad also adopting.

Anderson and Valenzuela will discuss how that can be applied within a model of the world's grape and wine markets to generate improved ex ante economic assessments of grape and wine R&D projects.

Wittwer will update the meeting on progress of development of the TERM model at Monash (see <http://www.monash.edu.au/policy/term.htm>). The interest in this workshop will be its application to environmental and technology shocks.

The event will conclude with a discussion led by panel including speakers at the workshop and colleagues involved in wine research in the School of Agriculture Food and Wine.

Key points from the meeting will be loaded to the Australian Wine 2030 website, including a podcast of the event.