

Coalition to Promote U.S. Agricultural Exports

September 19, 2017

Honorable Michael Conaway, Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, DC 20515

Honorable Collin Peterson, Ranking Minority Member
Committee on Agriculture
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Conaway and Ranking Member Peterson:

As members of the Coalition to Promote U.S. Agricultural Exports, we are writing to urge your strong support for enhancing U.S. international market development efforts and boosting U.S. agricultural exports to help U.S. agriculture and related businesses in rural America prosper. To achieve this goal, we believe increasing vital funding for USDA's important export programs, including the Market Access Program (MAP) and Foreign Market Development (FMD) Program is needed, when the Committee on Agriculture considers authorization of the new Farm Bill. Therefore, we strongly urge that **MAP funding be increased to \$400 million annually and FMD funding to \$69 million annually**, with the increases phased in over the life of the new Farm Bill. MAP has been funded at its current annual level of \$200 million since 2006 and FMD at its annual level of \$34.5 million since 2002.

Despite a tremendous growth in export opportunity for farmers and small businesses since the 2002 Farm Bill was enacted, the real, effective federal funding that reaches the agricultural cooperators carrying out market development work has steadily eroded, while our international competitors continue to greatly outspend us. Over this period of time, inflation and a depreciated U.S. dollar have reduced the promotional power of U.S. agricultural market development programs by almost 30 percent. Sequestration and USDA administrative expenses are other factors that have significantly reduced annual program funding.

MAP, which is administered by USDA's Foreign Agricultural Service (FAS), forms a highly successful partnership between non-profit U.S. agricultural trade associations, farmer cooperatives, non-profit state-regional trade groups, small businesses and USDA to share the costs of international marketing and promotional activities such as consumer promotions, market research, trade shows, and trade servicing. The FMD program benefits U.S. producers, processors, and exporters by assisting their organizations in developing new foreign markets and increasing market share in existing markets. Overseas promotions are targeted toward long term development. MAP and FMD are distinct, separate programs that address different aspects of market development and promotion and are examples of some of the most successful public-private partnerships.

American agriculture and American workers continue to face increasingly strong international competition supported by government sponsored activities. A major study completed in 2013 on behalf of several U.S. agri-food export market development organizations found that, together in 2011, twelve countries and the European Union (EU) central government alone spent an estimated \$1.8 billion, including \$700 million in public funds and \$1.1 billion in private funds, on export promotion for agri-food products (*An Analysis of Competitor Countries' Market Development Programs*, Agralytica Consulting, June 2013). For comparison, in 2011, the U.S. spent an estimated \$714 million for export promotion, including \$458 million in private funds and \$256 million in total budgeted public funds for MAP, FMD, and other smaller programs. Compared

to agricultural production value, the U.S. public spending on export market development is among the lowest relative to these twelve nations.

While real funding for MAP and FMD has been reduced by sequestration and administrative costs in recent years, the European Parliament has adopted a package to promote European agricultural products that has been approved by other EU institutions. The new agricultural promotion policy, which is now in effect, will increase EU funding from previously around 60 million EUR to 200 million EUR by 2019. Many other competitor countries have announced ambitious trade goals and are shaping export programs to target promising growth markets and bring new companies into the export arena.

MAP and FMD have proven to be highly successful in helping to boost U.S. agricultural exports, protecting and creating American jobs, and increasing farm income. Today, 1.1 million Americans have full time jobs that depend on these exports. Thousands of family farms and other agriculture related small to medium size enterprises throughout the country depend on MAP and FMD for export markets.

A July 2016 econometric study¹ of export demand by Informa Economics IEG, working with Texas A&M University and Oregon State University economists, showed that MAP and FMD generated a remarkable return on investment between 1977 and 2014 of \$28.30 in export gains for every additional \$1 spent on foreign market development, which is consistent with previous study results. In addition, the study showed the programs are responsible for 15 percent of total agricultural export revenue, equal to \$309 billion, since 1977. MAP and FMD also returned an average annual increase in farm net income of \$2.1 billion while creating 239,800 new full and part-time jobs between 2002 and 2014, according to study results.

MAP and FMD, it should be emphasized, are **cost-share programs** under which farmers and other participants are required to contribute their own financial resources (in some cases a 100 percent match in funds) in order to be eligible to participate in the programs. They have been and continue to be excellent examples of very effective public-private partnerships. While government is an important partner in this effort, industry funds are now estimated to represent about 70 percent of total annual spending on market development and promotion, up from roughly 45 percent in 1996 and less than 30 percent in 1991. Clearly, U.S. producers and industry are committed to the programs.

By any measure, MAP and FMD have been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports, protect and create American jobs, strengthen farm income and help to offset the government-supported advantages afforded international competitors. MAP and FMD are crucial tools proven to help U.S. agriculture compete in the international marketplace, and are even more important today as our competitors continue to use their considerable financial resources to gain market share.

We appreciate this opportunity to express our views and look forward to working with you to achieve the goals of expanding U.S. agricultural exports, increasing farm income, and protecting and creating American jobs as development of the new Farm Bill gets underway. Additional information about MAP and FMD can be found at www.agexportscount.org.

Sincerely,

Coalition to Promote U.S. Agricultural Exports (See attached.)

cc: Members, Committee on Agriculture

¹*Economic Impact of USDA Export Market Development Programs, Informa Economics, IEG, July 2016*