

# There Are (\$) Billions of Reasons Why Funding for Agricultural Export Market Development Programs Should Increase

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To provide guidance to policymakers on how alternative funding levels for USDA’s Foreign Market Development (FMD) program and Market Access Program (MAP) would impact the farm economy, coalition members voluntarily funded a study by Informa Economics IEG using independent econometric methodology<sup>1</sup>.

The positive results provide compelling economic justification for increasing federal MAP and FMD program funding and the cooperator investment. Here is a summary of the two future funding scenarios and the study results:

## Scenario 1 – Doubling Farm Bill Funding and Increasing Cooperator Funding by 10%:

- Government expenditures for MAP and FMD phased in by \$46.9 million per year over five years ending in a total of \$469 million (double the base year);
- Cooperator contributions increased by 10% in the first year to \$515.6 million, then maintained flat for the following four years.

## Scenario 2 – Doubling Farm Bill Funding and Increasing Cooperator Funding by 50%:

- Government expenditures for MAP and FMD phased in by \$46.9 million per year over five years ending in a total of \$469 million (double the base year);
- Cooperator contributions phased in by \$46.9 million per year over five years to achieve a 50% increase to \$703.6 million.

## Study Results

<b>Scenario 1</b>	<b>Scenario 2</b>
<p><u>Significant Export Gains<sup>2</sup></u></p> <p><b>Value:</b>            <b>Up \$3.4B/year; Up \$17.1B total</b></p> <p><u>Substantial Contributions to the Farm Economy<sup>2</sup></u></p> <p>Cash Receipts:    Up \$2.2B/year; Up \$11.1B total  <b>Cash Income:</b>    <b>Up \$0.5B/year; Up \$2.7B total</b>            Farm Assets:      Up \$0.29B/year; Up \$1.5B total</p> <p><u>Important Contributions to the General Economy<sup>2</sup></u></p> <p>Output (Sales):    Up \$10.6B/year; Up \$53.1B total            GDP:                Up \$4.5B/year; Up \$22.7B total            Labor Income:    Up \$2.6B/year; Up \$13.1B total  <b>Jobs Created:</b>    <b>64,000 full and part-time</b></p>	<p><u>Significant Export Gains<sup>2</sup></u></p> <p><b>Value:</b>            <b>Up \$4.5B/year; Up \$22.5B total</b></p> <p><u>Substantial Contributions to the Farm Economy<sup>2</sup></u></p> <p>Cash Receipts:    Up \$2.9B/year; Up \$14.6B total  <b>Cash Income:</b>    <b>Up \$0.7B/year; Up \$3.6B total</b>            Farm Assets:      Up \$0.4B/year; Up \$1.9B total</p> <p><u>Important Contributions to the General Economy<sup>2</sup></u></p> <p>Output (Sales):    Up \$14.0B/year; Up \$70.0B total            GDP:                Up \$6.0B/year; Up \$30.0B total            Labor Income:    Up \$3.5B/year; Up \$17.5B total  <b>Jobs Created:</b>    <b>84,600 full and part-time</b></p>

<sup>1</sup> *Economic Impact of Future Funding Scenarios on USDA MAP & FMD Programs, Informa Economics, IEG, November 2016. An econometric analysis to measure export revenue impacts; economic impact analysis under less than full employment (less) to measure the impacts on the farm economy and macro economy; general equilibrium analysis under full employment (full) to measure the impacts on the farm economy and macro economy. The same agricultural economists led by Dr. Gary Williams, Texas A&M University and methodologies used in “Economic Impact of USDA Export Market Development Programs,” Informa Economics IEG, August 2016*

<sup>2</sup>\$Billion average annual increase; total over five years; less-than-full employment