

Highlights of Studies on the Economic Impacts of Several Export Market Development Programs

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Recently, I conducted several related studies that examined the impacts of six foreign market development programs (also known as export promotion programs) for U.S. agricultural commodities. The research had two main objectives: (1) quantify the direct impact of U.S. export promotion for agricultural products on U.S. exports; and (2) quantify the broader macroeconomic impacts of these programs on U.S. employment, employment income, value-added, contributions to U.S. Gross Domestic Product (GDP), and tax revenue. The studies look at the following export promotion programs: California Walnut Commission, Pear Bureau Northwest, U.S. Cotton Council, U.S. Grains Council, U.S. Meat Export Federation, and U.S. Wheat Associates.

The main findings of these studies is that export promotion programs have positive and significant direct and indirect impact. The direct impact is that export programs significantly boosted export revenue to the agricultural industry. For all six programs combined, I found that they increased U.S. export revenue by \$7.75 billion. Put differently, had these programs not existed, agricultural export revenue would have been \$7.75 billion lower than it actually was.

While the direct impacts are sizable, the indirect effects of these programs are even larger. In terms of increasing GDP to the U.S. economy, these six programs were responsible for contributing \$23.27 billion. Without them, U.S. GDP would have been \$23.27 billion lower. Clearly, U.S. export promotion has an important impact on U.S. national income.

In addition, these six programs had significant impacts on U.S. employment. Had we not had these six programs, there would have been 129,802 fewer jobs and employment income would have been \$6.03 billion lower than it actually was.

While these six programs cost the federal government \$59.45 million, they more than made up for that cost through creation of incremental tax revenue to the federal and state governments. Had there not been these 6 export promotion programs, total federal and state tax revenue would have been \$2 billion lower. Put differently, each dollar spent by the federal government on these 6 programs returned 33.70 in federal and state tax revenue.

Individual Program Results:

U.S. Grains Council

- direct effect of \$1.71 billion;
- \$5 billion in 2017 in incremental U.S. GDP;
- 23,599 incremental jobs;
- \$1.125 billion in incremental labor income;
- \$431.2 million in incremental state and federal tax revenue;
- \$9.56 million in USDA (MAP+FMDP) export promotion funding in 2017.

U.S. Cotton Council

- direct effect of \$1.36 billion;
- \$3.752 billion in 2017 in incremental U.S. GDP;
- 21,470 incremental jobs;
- \$1.314 billion in incremental labor income;
- \$409.8 million in incremental state and federal tax revenue;
- \$18.9 million in USDA (MAP+FMDP) export promotion funding in 2017.

California Walnut Commission

- direct effect of \$187 million;
- \$474.3 million in 2017 in incremental U.S. GDP;
- 2,682 incremental jobs;
- \$190.4 million in incremental labor income;
- \$46.6 million in incremental state and federal tax revenue.
- \$4.18 million in USDA (MAP+FMDP) export promotion funding in 2017.

U.S. Meat Export Federation

- direct effect of \$3 billion;
- \$9.681 billion in 2017 in incremental U.S. GDP;
- 61,375 incremental jobs;
- \$2.4 billion in incremental labor income;
- \$746.5 million in incremental state and federal tax revenue;
- \$14.5 million in USDA (MAP+FMDP) export promotion funding in 2017.

U.S. Wheat Associates

- direct effect of \$1.46 billion;
- \$4.268 billion in 2017 in incremental U.S. GDP;
- 20,149 incremental jobs;
- \$960.8 million in incremental labor income;
- \$368.1 million in incremental state and federal tax revenue;
- \$9.41 million in USDA (MAP+FMDP) export promotion funding in 2017.

Pear Bureau Northwest

- direct effect of \$35.6 million
- \$92.6 million in 2017 in incremental U.S. GDP;
- 527 incremental jobs;
- \$37.2 million in incremental labor income;
- \$1.5 million in incremental state and federal tax revenue;
- \$2.9 million in USDA (MAP+FMDP) export promotion funding in 2017.