Market Promotion & Development

NCFC Position:

Market development and promotion is vital to maintaining and expanding U.S. agricultural exports. Programs such as the Market Access Program (MAP) and the Foreign Market Development (FMD) program, both administered by the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service, help achieve this goal while at the same time protecting American jobs and strengthening farm income.

Action:

NCFC urges Congress to continue funding MAP and FMD at $200 million and $34.5 million annually, respectively, through the remainder of the 2014 Farm Bill. However, an increase in those levels is warranted in the 2018 Farm Bill as sequestration and the use of program funds to cover USDA/FAS administrative costs has reduced the funds available for market development. The programs have not received an increase in authorized spending levels since the 2002 Farm Bill.

Current Status:

Programs like MAP and FMD are essential to building on the success of expanding exports of U.S. agricultural products, increasing farm income, and spurring the creation of jobs in the United States.

Funding for market development is especially important since many of our foreign competitors are spending much greater sums than the U.S. in promoting their agricultural products overseas. For instance, in its latest WTO declaration, the European Union has indicated that it spends $1.4 billion annually in agricultural export promotion, nearly six times what the U.S. spends on MAP and FMD.

MAP and FMD also represent a sound return on the taxpayers' investment. A 2016 Informa Economics study funded by USDA determined that the U.S. agricultural export value increased by $24 (2002-2014) for every dollar invested in export market development. It also shows that as a result of MAP and FMD funding, average annual farm cash income was $2.1 billion higher, and annual average farm asset value was $1.1 billion higher over 2002 through 2014. The programs increased total average annual U.S. economic output by $39.3 billion, GDP by $16.9 billion and labor income by $9.8 billion over the same time. The study results also showed that the economic lift created by these programs directly created 239,000 new jobs, including 90,000 farm sector jobs.

Our nation is facing many challenges as a result of the current budget environment. Given the economic activity generated by agricultural exports and the direct benefit to farmer and ranchers, programs that have such a positive impact in creating jobs and supporting rural communities, and that have such a strong return on investment, should be sustained.

Background:

With over 95 percent of the world's consumers living outside of the United States, foreign markets are critical for U.S.

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agriculture to expand sales and boost incomes. Exports account for about one-third of all farm cash receipts, making U.S. agriculture about twice as reliant on overseas markets as the economy overall.

The ability of farmer cooperatives to use MAP funding allows their individual farmer-owners to have a direct stake in the global marketplace. Individual producers, who do not have the resources or production volume to export on their own, are able to use co-ops to leverage strength in numbers. For example, farmer co-ops are able to build brands that differentiate products and build consumer loyalty overseas. Co-ops then use the earnings from these overseas sales to increase the patronage dividends paid to farmers. In this way, individual producers can capture more of the food dollar from beyond the farm gate.

USDA's market promotion programs are instrumental in maintaining and expanding U.S. agricultural exports, increasing farm income and offsetting government-subsidized market development activities afforded to our international competitors. Our continued competitiveness in the global marketplace depends on having these market development programs. Governments of many competitor countries, including the European Union, Australia, Canada, Chile, South Africa and India, operate their own agricultural export promotion programs to capture market share, including in the U.S.

Both MAP and FMD are administered on a cost-share basis and are among the few export tools specifically not capped under World Trade Organization (WTO) rules. Both programs have been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports, which totaled $140 billion in FY 2015.

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