HEARING TO REVIEW MARKET PROMOTION PROGRAMS AND THEIR EFFECTIVENESS ON EXPANDING EXPORTS OF U.S. AGRICULTURAL PRODUCTS

HEARING

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT, RESEARCH, BIOTECHNOLOGY, AND FOREIGN AGRICULTURE

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SUBMITTED MATERIAL

HEARING TO REVIEW MARKET PROMOTION PROGRAMS AND THEIR EFFECTIVENESS ON EXPANDING EXPORTS OF U.S. AGRICULTURAL PRODUCTS

THURSDAY, APRIL 7, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RURAL DEVELOPMENT, RESEARCH,
BIOTECHNOLOGY, AND FOREIGN AGRICULTURE,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 9:30 a.m., in Room 1300 of the Longworth House Office Building, Hon. Timothy V. Johnson [Chairman of the Subcommittee] presiding.

Members present: Representatives Johnson, Thompson, Stutzman, Scott, Hartzler, Hultgren, Schilling, Costa, Cuellar, Welch, Sewell, and Kissell.

Staff present: Mike Dunlap, Tamara Hinton, John Konya, John Porter, Debbie Smith, Andy Baker, Scott Kuschmider, and Jamie Mitchell.

OPENING STATEMENT OF HON. TIMOTHY V. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM ILLINOIS

The CHAIRMAN. I will now call this hearing of the Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture to review market promotion programs and their effectiveness on expanding the exports of U.S. agricultural products, to order.

I am Congressman Johnson, and this is our Ranking Member, Mr. Costa, of California. I have already asked that my opening statement be inserted in the record.

[The prepared statement of Mr. Johnson appears at the conclusion of the hearing:]

PREPARED STATEMENT OF HON. TIMOTHY V. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM ILLINOIS

Good morning. I would like to start by thanking Administrator Brewer for being here today, and each of our witnesses on our second panel for making time in their schedules and traveling across the country to be here this morning.

The prosperity of rural America is closely tied to the prosperity of our farmers and ranchers. At a time when the country is struggling to recover from a dramatic economic downturn, U.S. agricultural exports have been expanded through the hard work of our producers, exporters, and those who work to create new opportunities in foreign markets.

As the global population continues to expand, greater demand for food will follow. I know that our farmers and ranchers are up to the task and will continue to be the most efficient producers of food, fiber, and fuel in the world. However the global marketplace is not always an easy environment to navigate and many barriers to trade exist throughout our key markets.

The Administration recently released three updated reports detailing specific barriers our exporters must overcome when seeking new market opportunities. These reports, over 600 pages in total, illustrate just how challenging it can be for our producers to begin or continue exporting.

Today we will be discussing five important market promotion programs designed to tackle non-tariff trade barriers. The Market Access Program, Foreign Market Development Program, Emerging Markets Program, Quality Samples Program, and the Technical Assistance for Specialty Crops program are each designed to assist various commodities and sectors.

From our first panel we hope to gain greater clarity with regard to the changes that USDA has proposed for the Market Access and Foreign Market Development programs. We look forward to working with the administration to address ways the programs can be strengthened. We also look forward to receiving an update on how the Foreign Agricultural Service is fulfilling its core mission of expanding exports of U.S. agricultural goods.

Our second panel is comprised of a diverse group of witnesses representing a cross section of agricultural exporters. We look forward to their insights on these programs, the challenges they are facing, and how they have leveraged these programs to increase exports.

I look forward to the testimony that will be given today, and thank our witnesses again for being here this morning.

The CHAIRMAN. And now I call on our distinguished Ranking Member, the gentleman from California and former Chairman of the appropriate Subcommittee here in the Agriculture Committee, Mr. Costa.

OPENING STATEMENT OF HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Mr. COSTA. Thank you very much, Chairman Johnson, for calling this important Subcommittee hearing to review the market promotion programs, their effectiveness on expanding exports of U.S. agricultural products. The cornucopia of agricultural products that we grow in this nation clearly are the best in terms of quality and in terms of yield, and our ability to feed our nation and to export our products are an important part of maintaining a strong economic agricultural industry in our country.

And I think we all believe in the importance of free markets. The problem that we have, of course, is that we compete in foreign markets in which there are tariffs and there are non-tariff barriers. So, this Subcommittee's hearing this morning is an important opportunity to point out many of those barriers that limit our farmers or ranchers, dairymen and dairywomen, the people who do this with wonderful, effective ability and with cutting-edge technologies to not only make a profit at home but to be able to also make a profit in selling their products abroad.

We have a couple of witnesses who will testify in the second panel today from California, and obviously I am proud of those folks. We will introduce them at the appropriate time. I just want to underline, Mr. Chairman, your important role that you will play and that we all must in the Subcommittee, in ensuring that we connect American agriculture producers to the value-added agricultural businesses of all sizes and varieties to the world markets, and under the Federal Assistance Service, Foreign Assistance Service we know that there are important efforts that take place.

Mr. Brewer, I will look forward to hearing your comments. These efforts, these programs help keep markets open for the long term while we work to establish new markets. As an example, we have in Northern California a very thriving rice industry, but they have worked for 20 years to develop markets in Japan. That is not easy because that is, in the Japanese instance, a staple crop, and they don't want to be dependent on foreign sources of rice, but yet we have been able to make inroads there.

These programs help promote free and fair global trading in a system today that is dominated by the World Trade Organization, and oftentimes we have issues with the World Trade Organization. They help resolve non-tariff trade barriers, particularly as it relates to unique sanitary and phytosanitary challenges that we have in many of our specialty crops across the country. Oftentimes I believe that some countries raise as an issue of phytosanitary standards when it is really not an issue, but they use it to leverage on trade negotiations. I think our food that is grown here is the gold standard, frankly, in safety standards, on health and safety, but nonetheless, these issues get raised.

So I look forward to hearing the testimony today from the panel witnesses. I look forward to continuing to work with my colleagues on this Subcommittee. It is an important Subcommittee, and Mr. Chairman, I know you are going to continue the guidance and leadership as we work on these issues together.

Thank you.

The CHAIRMAN. Thank you, Ranking Member Costa. As I look to see my colleagues on both sides of the aisle here really have four individuals whose districts are dramatically impacted by the subject matter of this hearing, so I appreciate all four of you being here and would request that any of you who have opening statements just submit them to the record so we can go ahead and proceed with the witnesses and assure there is enough time for your questions.

I think just as an admonition, the indication is that we will probably start our votes, which will be a fairly short, as I understand it, a fairly short sequence, about 10:30, so hopefully we can act appropriately here.

I would like to welcome our first panel, our first witness, Mr. John Brewer, the Administrator of the Foreign Agricultural Service, U.S. Department of Agriculture. Mr. Brewer, if you would like to begin, we welcome you, and we would be pleased to hear you.

STATEMENT OF JOHN BREWER, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. BREWER. Well, thank you very much, Mr. Chairman.

Mr. Chairman, Members of the Subcommittee, I am pleased to appear before you to discuss the trade programs administered by the U.S. Department of Agriculture.

The Foreign Agricultural Service leads USDA efforts to expand foreign market access for U.S. products, build new markets, improve the competitive position of U.S. agriculture, and address food security and capacity building in foreign countries.

FAS relies on its network of agricultural economists, market development experts, negotiators, and trade specialists, both in Washington and in its approximately 100 international offices that cover 156 countries. FAS attachés provide expertise to identify and seize opportunities and avert problems before they become trade barriers that impeded U.S. exports.

FAS is proud of its contribution to growing U.S. agricultural exports. U.S. farm exports are expected to reach a record $135.5 billion in Fiscal Year 2011, eclipsing the 2008 record by more than $20 billion. Importantly, every $1 billion in agricultural exports generates an additional $1.3 billion in economic activity and supports 8,400 American jobs.

Agriculture plays an important role in supporting President Obama's National Export Initiative goal of doubling all U.S. exports within 5 years. As the President recently said, we know what it will take for America to win the future. We need to out-innovate, we need to out-educate, we need to out-build our competitors. We need an economy that is based not on what we consume and borrow from other nations, but what we make and what we sell around the world. USDA stands ready to meet this challenge.

Our two largest FAS-administered economic export development programs are the Market Access Program, or MAP, and the Foreign Market Development Cooperator Program, or FMD. MAP forms partnerships with nonprofit agricultural trade organizations, agricultural cooperatives, nonprofit state regional trade groups, and small and medium-sized entities to share the costs of overseas marketing and promotional activities.

The farm bill makes available $200 million for MAP this year. That amount is paired with industry contributions. In addition to generic promotions, MAP has a brand promotion component that funds over 600 small companies and agricultural cooperatives.

For Foreign Market Development Cooperator Program, or FMD is a cost-share program that aids in the creation, expansion, and maintenance of long-term export markets for agricultural products. The farm bill makes available $34.5 million for FMD this year. The program fosters a partnership between USDA and U.S. producers and processors who are represented by nonprofit commodity or trade associations called cooperators.

USDA and cooperators pool resources to conduct overseas market development to address long-term foreign import constraints and export growth opportunities. The economic impact of MAP and FMD is impressive. An FAS-commissioned cost-benefit analysis concluded that U.S. agricultural experts increased by $35 for every dollar invested by government and industry on market development.

A small but important program we administer called the Quality Samples Program assist U.S. agricultural in providing samples to potential importers overseas. QSP has introduced foreign buyers to a wide variety of U.S. commodities, including wheat, citrus, and cranberries. In Fiscal Year 2010, $1.89 million of funding was allocated under QSP. The FAS-administrated Emerging Markets Program improves market access and develops or promotes U.S. agricultural exports to low and middle income emerging markets. In

Fiscal Year 2010, the EMP supported 83 projects with funding totaling $8.3 million.

Last year the Technical Assistance for Specialty Crops or TASC Program assisted specialty crop producers in resolving numerous phytosanitary and related technical barriers. Under TASC U.S. exporters have regained market access for millions of dollars of products from almonds to spinach.

I look forward to working with Congress. Agricultural trade remains a bright spot in the U.S. economy, consistently producing a trade surplus.

This concludes my statement. I look forward to answering any questions you may have.

[The prepared statement of Mr. Brewer follows:]

PREPARED STATEMENT OF JOHN BREWER, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. Chairman, Members of the Subcommittee, I am pleased to appear before you today. I welcome the opportunity to discuss the trade programs administered by the U.S. Department of Agriculture (USDA).

Introduction

The Foreign Agricultural Service (FAS) is the lead agency of the U.S. Department of Agriculture (USDA) responsible for addressing the challenges and opportunities of the dynamic global marketplace by expanding foreign market access for U.S. products, building new markets, improving the competitive position of U.S. agriculture, and addressing food security and capacity building in foreign countries. FAS has the primary responsibility within USDA for international market development and export financing, trade agreements and negotiations, and the analysis and dissemination of vital market intelligence and data to agricultural producers and exporters. FAS administers food aid programs and mobilizes USDA's unique resources and expertise in agricultural development activities.

FAS relies on its global network of agricultural economists, market development experts, negotiators and trade specialists both in Washington, DC, and its approximately 100 international offices that cover 156 countries. FAS attachés and counselors serving at U.S. Embassies are our eyes and ears around the world, providing the agricultural expertise to identify and seize opportunities, by capturing real-time information on emerging trade and market development issues, and averting problems before they become trade barriers that impede U.S. exports.

Importance of Maintaining and Expanding Agricultural Trade

At FAS, we are proud of our contributions to growing U.S. agricultural exports. Last month Secretary Vilsack announced that U.S. farm exports are expected to reach a record $135.5 billion in Fiscal Year (FY) 2011, eclipsing the 2008 record by more than $20 billion. Compared to FY 2010, export value is expected to grow by 25 percent and volume by ten percent. The agricultural trade surplus is projected to reach a record $47.5 billion. Agriculture is a bright spot in the U.S. trade portfolio where we have been consistently running a trade surplus.

These numbers are good news, not just for farmers and ranchers and the businesses and communities that support them, but for our nation's economy as a whole. Every $1 billion in agricultural exports generates an additional $1.31 billion in economic activity and supports 8,400 American jobs. Agriculture continues to play an important role in support of President Obama's National Export Initiative goal of doubling all U.S. exports within 5 years.

As the President recently said, "We know what it will take for America to win the future. We need to out-innovate, we need to out-educate, we need to out-build our competitors. We need an economy that's based not on what we consume and borrow from other nations, but what we make and what we sell around the world. We need to make America the best place on Earth to do business." USDA stands ready to meet this challenge.

We must open, expand, and maintain access to foreign markets, where 95 percent of the world's consumers live. Participants from all corners of the U.S. agricultural community utilize FAS-administered trade programs to reach these consumers, complementing Administration efforts to open and maintain markets through trade negotiations, diplomacy, and enforcement of trade agreements.

Market Development Programs

FAS-administered export development programs include: the Market Access Program (MAP), Foreign Market Development (Cooperator) Program (FMD), Technical Assistance for Specialty Crops Program (TASC), Quality Samples Program (QSP), and Emerging Markets Program (EMP). These cost-share programs provide partial matching funds to eligible U.S. organizations to conduct a range of activities, including market research, consumer promotion, maintaining and expanding relations with foreign buyers, market development, and market access support. This partnership in market development programs provides a long-term commitment to support U.S. producers and exporters to increase sales to current and potential customers in foreign markets. FAS staff assists U.S. agricultural trade associations and others to develop programs that build on effective strategic planning, involve broad industry representation, identify the best prospects for their products overseas, and show positive results.

Market Access Program (MAP)

The largest market development program operated by the Department is the Market Access Program (MAP). MAP is a cost-share program that uses funds from USDA's Commodity Credit Corporation (CCC) to aid in the creation, expansion, and maintenance of foreign markets for U.S. agricultural products. MAP forms partnerships between nonprofit U.S. agricultural trade organizations, U.S. agricultural cooperatives, nonprofit State Regional Trade Groups, and small and medium-sized U.S. commercial entities to share the costs of overseas marketing and promotional activities, such as consumer promotions, market research, and trade show participation. The current farm bill makes available $200 million of CCC funds for MAP this year; that amount is paired with industry contributions. Applicants submit MAP proposals to USDA as part of a competitive Unified Export Strategy (UES) process, which allows applicants to request funding for various USDA foreign market development programs through a single, strategically coordinated proposal. One strength of the UES process is that utilizing the complementary nature of the various market development programs is emphasized. For example, using both MAP and Quality Sample Program (QSP) funds in a coordinated effort of technical support and test product, the Cranberry Marketing Committee has made great strides in developing the Mexican market by targeting food manufacturers. In just two years, 33 new products containing cranberries were introduced in Mexico, and U.S. cranberry exports increased by 42 percent in one year.

In addition to generic promotions, MAP has a brand promotion component that provides export promotion funding to over 600 small companies and agricultural cooperatives annually. To conduct branded product promotion activities, individual companies must provide at least 50 percent of funding. Most small companies and agricultural producer cooperatives access market development programming through one of the four State Regional Trade Groups (SRTGs)—Food Export Association of the Midwest USA, Food Export USA Northeast, Southern United States Trade Association, and Western United States Agricultural Trade Association. The SRTGs work closely with the State Departments of Agriculture in their respective regions to identify eligible company participants and export opportunities, and then bring the two together. In that effort, SRTGs provide small companies with export readiness training and organize trade missions, as well as branded programming opportunities to directly access MAP funds for individual company promotions and trade show participation.

WildRoots, a small healthy snack food company, with two production facilities in Illinois and one in Nebraska, matched MAP branded funds to market their products in Canada. Export sales soared from zero in 2008 to over $4 million in 2010. The company buys blueberries from Michigan, corn and soy products from Illinois, oats from Nebraska, cranberries from Massachusetts, and almonds from California. According to a WildRoots co-founder, "Without the branded program, we simply would never have been able to compete with Canadian producers. It has moved our business to a new level and has promoted U.S.-based agricultural products, creating jobs in an economy that desperately needs them."

Foreign Market Development (Cooperator) Program (FMD)

The Foreign Market Development (Cooperator) Program (FMD) is a cost-share program that aids in the creation, expansion, and maintenance of long-term export markets for U.S. agricultural products. The current farm bill makes available $34.5 million CCC funds for FMD this year. The program fosters a trade promotion partnership between USDA and U.S. agricultural producers and processors who are represented by nonprofit commodity or trade associations called Cooperators. Under this partnership, USDA and each Cooperator pool their technical and financial resources to conduct overseas market development activities that are generic in nature. Activities must contribute to the maintenance or growth of demand for the agricultural commodities and generally address long-term foreign import constraints and export growth opportunities. Programs focus on matters such as reducing infrastructural or historical market impediments, improving processing capabilities, modifying codes and standards, and identifying new markets or new applications or uses for the agricultural commodity or product in the foreign market. Twenty-one organizations representing a broad sample of U.S. agriculture, including peanuts, sunflower, soybeans, livestock genetics, dry beans, wheat, poultry, and rice, benefited from receiving a total of $34.15 million in Fiscal Year 2010 through the FMD program.

Through the FMD program, U.S. sunflower producers' activities are paying dividends in Spain. To increase awareness of confectionery sunflower seed and build demand in Spain, the National Sunflower Association (NSA) used FMD funding to create and implement an integrated and highly successful marketing program of trade advertisements, newsletters, trade shows, seminars, and trade missions. Through this work, U.S. sales to Spain reached nearly $270 million, making Spain the top market for U.S. confectionery sunflower seeds, and generating jobs in top sunflower producing states including Colorado, Kansas, Minnesota, North Dakota, Oklahoma, South Dakota, and Texas.

Economic Impact of MAP and FMD Programs

The economic impact of the MAP and FMD programs is impressive. An FAS commissioned cost-benefit analysis in March 2010 concluded that the programs effectively leveraged private and public sector resources in a unique partnership to increase U.S. food and agricultural exports. The analysis concluded for the time period 2002 through 2009 that U.S. food and agricultural exports increased by $35 for every dollar invested by government and industry on market development. Additionally, U.S. agricultural exports in 2009 were $6.1 billion higher than they would have been without the increased investment in market development. The study also found that an estimated 47 percent of the programs' total trade impact accrued to commodities not receiving market development assistance—a phenomenon known as the "halo" effect. In other words, non-promoted U.S. commodities benefited from increased promotion of other U.S. commodities in the same market.

Quality Samples Program (QSP)

The Quality Samples Program (QSP) helps U.S. agricultural trade organizations provide samples of their agricultural products to potential importers overseas, thus encouraging potential customers to discover U.S. quality. The QSP also allows manufacturers overseas to do test runs to assess how U.S. food and fiber products can best meet their production needs. USDA has approved QSP proposals to promote a wide variety of U.S. commodities, including wheat, citrus, cranberries, ginseng, hops, potatoes, hides, rice, and soybeans. Many other commodities are eligible. Organizations received funding allocations under QSP in Fiscal Year 2010 for approximately $1.89 million of CCC funds.

One example of how QSP has fostered interest in U.S. product is sheepskin exports to China. The American Sheep Industry Association reports QSP as a key factor in convincing reluctant buyers to try U.S. sheepskins. Following QSP trials in China, two companies have become regular and consistent buyers of U.S. sheepskins. As of last year, U.S. sheepskin exports to China had increased significantly to 1.1 million pieces.

Emerging Markets Program (EMP)

In 2010, the Emerging Markets Program (EMP) assisted Wisconsin ginseng growers battle counterfeits. For more than a decade, the Ginseng Board of Wisconsin (GBW) has struggled with Chinese counterfeiters selling fake Wisconsin Ginseng. With 90 percent of its exports going to China, the GBW moved aggressively to regain control of its brand. Using EMP, GBW initiated research to develop a technique to detect trace elements of ginseng's valuable root to Wisconsin or where it was grown originally; initial findings are promising.

EMP is specifically designed to improve market access and develop or promote exports of U.S. agricultural commodities and products to low and middle income emerging markets through cost-share assistance to eligible applicants for approved technical assistance activities. Emerging markets are defined as those target countries or regional country groupings with per capita income of less than $11,905 (the current ceiling on upper middle income economies as determined by the World Bank) and populations greater than one million. Private, Federal, and state organizations are eligible to participate in EMP. For Fiscal Year 2010, the EMP program supported 83 agricultural export promotion projects with funding totaling $8.3 million.

Technical Assistance for Specialty Crops (TASC)

Last year, the Technical Assistance for Specialty Crops (TASC) program was instrumental in assisting the U.S. potato exporters in overcoming a Thai phytosanitary protocol that was preventing U.S. exports from certain states. Following several months of negotiations between the Thailand Department of Agriculture and USDA, the U.S. Potato Board (USPB) used TASC to arrange for Thai officials to visit the U.S. and review U.S. seed certification procedures, seed cultivation practices and phytosanitary mitigation measures. Following this activity, Thailand agreed to additional market access that more than doubles—to fourteen—the number of states eligible to export seed potatoes to Thailand. Seed potatoes from Colorado, Maine, Michigan, Minnesota, Montana, Nebraska, New York, North Dakota, Wisconsin and Wyoming may now be exported to Thailand. FAS estimates sales of $250,000 to $500,000 during the first year of Thai market access, while the USPB estimates that expanded market access could boost exports to Thailand to $1 million in 3 to 5 years.

Another example is U.S. hops exports to Canada. With more than $18 million in hops exports, Canada is the fifth largest export market for U.S. producers. In response to limited pesticide tolerances in Canada that potentially threatened trade, TASC funds supported U.S. hops industry efforts to work with regulators in Canada in establishing five new hops-related maximum residue levels in Canada for pesticides critical to U.S. hop production. The Canadian tolerances were set at safe levels that allow U.S. hop growers to apply essential U.S. crop protection tools that significantly reduce the risk of shipping hops to Canada. Given that over half of U.S. hop production is exported, the setting of pesticide tolerances in one of the industry's most crucial export markets has been vital for this industry.

These are just two examples of how U.S. exports have grown as sanitary, phytosanitary, and technical barriers that denied market access to U.S. agricultural products were resolved successfully. The TASC program assists U.S. food and agricultural organizations in addressing phytosanitary and technical barriers that prohibit or threaten the export of U.S. specialty crops. Using TASC, USDA has successfully helped U.S. exporters regain market access for millions of dollars of products from almonds to spinach. The current farm bill provides $9 million in CCC funds for the TASC program this year.

Export Credit Guarantee Program (GSM–102)

FAS, in conjunction with the Farm Service Agency, administers the CCC-funded export credit guarantee program (GSM–102) for commercial financing of U.S. agricultural exports. The GSM–102 program facilitates exports to buyers in countries where credit is necessary to maintain or increase U.S. sales. In FY 2010, guarantees covered $3.09 billion in sales that ran the gamut from corn to Costa Rica to soybeans to Indonesia and from wheat to Nigeria to wood chips to Turkey. In FY 2011, we expect to make available approximately $5.5 billion in GSM–102 guarantees for U.S. agricultural exporters to target sales to over 100 eligible country destinations.

Conclusion

As Administrator of USDA's Foreign Agricultural Service, I am proud of our efforts to improve foreign market access for U.S. products, build new markets, and improve the competitive position of U.S. agriculture in the global marketplace. We look forward to continue working with Congress in support of our efforts to open markets around the world for U.S. agricultural products. Agricultural trade remains a bright spot in the U.S. economy, consistently producing a trade surplus and creating American jobs. As Secretary Vilsack said, "Our export success is a testament to the productivity of our farmers and ranchers and underscores the quality and value of U.S. farm and food products."

This concludes my statement. I look forward to answering any questions you may have. Thank you.

ATTACHMENTS

Market Access Program

The Market Access Program (MAP) uses funds from the U.S. Department of Agriculture's (USDA) Commodity Credit Corporation (CCC) to aid in the development, expansion, and maintenance of foreign markets for U.S. agricultural commodities and products. The MAP is authorized by Section 203 of the Agricultural Trade Act of 1978, and is administered by USDA's Foreign Agricultural Service (FAS).

The MAP forms a partnership between nonprofit U.S. agricultural trade associations, nonprofit U.S. agricultural cooperatives, nonprofit state-regional trade groups, small U.S. businesses, and USDA's CCC to share the costs of overseas marketing and promotional activities, such as trade shows, market research, consumer promotions, technical assistance, trade servicing, and seminars to educate overseas customers.

How the program benefits U.S. agriculture: Each year, the MAP helps launch and expand sales of U.S. agricultural, fish, and forest products overseas. American farmers, ranchers, and food processors and manufacturers benefit from the MAP. The MAP benefits all regions of the country through increased exports and rural job expansion.

How the program works: The MAP uses funds from the USDA's CCC to cost share foreign market promotion activities with program participants. The Food, Conservation, and Energy Act of 2008, enacted into law in June 2008, set funding for the MAP at $200 million annually through Fiscal Year 2012. Each year, USDA announces an application period for participation in the MAP, publishing an announcement in the *Federal Register*. Applicants develop MAP proposals and submit them to USDA as part of the Unified Export Strategy (UES) process, which allows applicants to request funding for various USDA foreign market development programs through a single, strategically coordinated proposal.

MAP applications undergo a competitive review process based on criteria specified in the *Federal Register* announcement. Funds are awarded to applicants that demonstrate effective performance based on a clear, long-term strategic plan. FAS sets a program funding level and signs a program agreement with each participant. Participants must keep an itemized list of expenses incurred during the program year and submit them to FAS for reimbursement. Expenses are subject to audits, and participants are held accountable for maintaining proper documentation.

Agricultural cooperatives and small companies can receive assistance under the brand program. A for-profit firm, other than a cooperative or producer association shall be a small-sized entity that either owns the brand of the agricultural commodity to be promoted or has the exclusive rights to use such brand(s). To conduct branded product promotion activities, individual companies must provide at least 50 percent of funding. MAP regulations limit the promotion of branded products in a single country to no more than 5 years. For generic promotion activities, trade associations and others must meet a minimum ten percent match requirement. Participants are required to certify that Federal funds used under the program supplement—not replace—private sector funds.

What commodities are covered: USDA has approved MAP proposals to promote a wide variety of U.S. commodities in almost every region of the world. Among those U.S. food and fiber products are apples, asparagus, canned peaches, fruit cocktail, catfish, cherries, citrus, cotton, dairy products, dry beans, eggs, feed grains, frozen potatoes, grapes, honey, hops, kiwifruit, meat, peanuts, pears, pet food, pistachios, poultry meat, prunes, raisins, rice, salmon, soybeans, strawberries, sunflower seeds, surimi, tallow, tomato products, walnuts, watermelons, and wheat.

Where to get information: For more information about the MAP, contact the Office of Trade Programs at (202) 720–4327, or visit the following website at *http://www.fas.usda.gov/mos/programs/map.asp.*

Information on FAS programs, trade data, and reports are available by accessing the FAS Home Page at: *http://www.fas.usda.gov.*

Fiscal Year 2010 Market Access Program Allocations

Participant	Total FY 2010 Allocation
Alaska Seafood Marketing Institute	$4,631,151
The American Hardwood Export Council, The Engineered Wood Association, The Softwood Export Council, & The Southern Forest & Paper Association	$8,356,971
American Peanut Council	$2,175,613
American Seed Trade Association	$29,701
American Sheep Industry Association	$410,298
American Soybean Association	$5,751,073
Blue Diamond Growers/Almond Board of California	$1,591,718
Brewers Association Inc.	$371,779
California Agricultural Export Council	$859,622
California Asparagus Commission	$141,734
California Cherry Advisory Board	$574,344
California Cling Peach Board	$484,924
California Fresh Tomato Growers/Florida Tomato Committee	$914,485
California Kiwifruit Commission	$302,141

Fiscal Year 2010 Market Access Program Allocations—Continued

Participant	Total FY 2010 Allocation
California Pear Advisory Board	$470,612
Cal-Pure Pistachios/Western Pistachio Association	$928,895
California Prune Board	$3,660,254
California Strawberry Commission	$800,092
California Table Grape Commission	$3,580,772
California Tree Fruit Agreement	$2,498,896
California Walnut Commission	$4,622,088
Cherry Marketing Institute	$266,847
Cotton Council International	$20,645,807
Cranberry Marketing Committee	$1,657,476
Distilled Spirits Council	$190,624
Florida Department of Citrus	$5,284,889
Food Export Association of the Midwest USA	$10,691,360
Food Export USA Northeast	$7,902,946
Ginseng Board of Wisconsin	$186,065
Hawaii Papaya Industry Association	$138,654
Hop Growers of America	$190,321
Intertribal Agriculture Council	$825,196
Mohair Council of America	$118,256
National Association of State Department of Agriculture	$3,676,089
National Confectioners Association	$1,420,238
National Hay Association	$36,555
National Potato Promotion Board	$5,231,810
National Renderers Association	$824,664
National Sunflower Association	$1,168,455
National Watermelon Promotion Board	$235,408
New York Wine and Grape Foundation	$361,829
Northwest Wine Promotion Coalition	$941,717
Organic Trade Association	$376,953
Pear Bureau Northwest	$3,496,630
Pet Food Institute	$1,460,439
Raisin Administrative Committee	$3,274,710
Southern United States Trade Association	$6,579,951
Sunkist Growers, Inc.	$4,072,982
Texas Produce Export Association	$105,344
The Catfish Institute	$290,442
The Popcorn Board	$250,738
U.S. Apple Export Council	$885,335
U.S. Dairy Export Council	$4,515,671
U.S. Dry Bean Council	$1,079,781
U.S. Grains Council	$8,232,494
U.S. Hide, Skin & Leather Association	$107,918
U.S. Livestock Genetics Exports, Inc.	$968,886
U.S. Meat Export Federation	$16,495,353
U.S. Wheat Associates	$5,790,604
USA Dry Pea and Lentil Council	$1,008,314
USA Poultry and Egg Export Council	$5,218,646
USA Rice Federation/U.S. Rice Producers Association	$3,834,882
Washington State Fruit Commission	$1,128,068
Washington Apple Commission	$5,381,945
Welch Foods, Inc.	$907,177
Western United States Agricultural Trade Association	$9,674,062
Wine Institute	$7,152,261
Total	**$197,441,955**

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326–W, Whitten Building, 14th and Independence Avenue, SW, Washington D.C. 20250–9410 or call (202) 720–5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Foreign Market Development Cooperator Program

The Foreign Market Development Cooperator (FMD) Program uses funds from the U.S. Department of Agriculture's (USDA) Commodity Credit Corporation (CCC) to create, expand, and maintain long-term export markets for U.S. agricultural products. First established under the authority of Public Law 480, the FMD was re-authorized by Title VII of the Agricultural Trade Act of 1978, and is administrated by USDA's Foreign Agricultural Service (FAS).

The program has fostered a cost-sharing trade promotion partnership between USDA and U.S. agricultural producers and processors, who are represented by nonprofit commodity or trade associations called Cooperators. FAS enters into partnerships with those eligible nonprofit U.S. trade organizations that have the broadest producer representation of the commodity being promoted. Under this partnership, USDA and the Cooperators pool their technical and financial resources to conduct overseas market development.

How the program benefits U.S. agriculture: The FMD benefits U.S. farmers, processors, and exporters by assisting their organizations in maintaining or increasing market share in existing markets by addressing long-term foreign market import constraints and by identifying new markets or new uses for the agricultural commodity or product in the foreign market. Overseas promotions focus on generic U.S. commodities, rather than brand-name products, and are targeted toward long-term development.

How the program works: Under the FMD, CCC funds partially reimburse cooperators for conducting approved overseas promotional activities. Preference is given to nonprofit U.S. agricultural and trade groups that represent an entire industry or are nationwide in membership and scope.

Each year USDA announces an application period for participation in the FMD program and publishes it in the *Federal Register*. Proposals are developed by trade organizations and may be submitted to USDA as part of the Unified Export Strategy (UES) process, which allows applicants to request funding for several USDA foreign market development programs using a single, strategically coordinated proposal. FMD regulations (7 CFR 1484) define program requirements, including cost-sharing, strategic planning, reimbursement procedures, records and reporting requirements, and evaluations.

FMD applications undergo a competitive review process. Funds are awarded to applicants that demonstrate effective performance based on a clear long-term strategic plan. Cooperators must keep an itemized list of expenses incurred during the program year and submit them to USDA for reimbursement. All expenses are subject to audits, and Cooperators are accountable for maintaining proper documentation.

Where to get information: For more information on the FMD program, contact the Office of Trade Programs at (202) 720–4327, or visit the following website at *http://www.fas.usda.gov/mos/programs/fmdprogram.asp*.

General information about FAS programs, resources, and services is available on the Internet at the FAS home page: *http://www.fas.usda.gov*.

Fiscal Year 2010 Foreign Market Development Program Allocations

Cooperator	Total FY 2010 Allocation
The American Hardwood Export Council, The Engineered Wood Association, The Softwood Export Council, & The Southern Forest & Paper Association	$3,530,482
American Peanut Council	$737,985
American Seed Trade Association	$228,073
American Sheep Industry Association	$183,479
American Soybean Association	$7,273,160
Cotton Council International	$5,052,334
Leather Industries of America	$162,157
Mohair Council of America	$15,768
National Hay Association	$78,325
National Renderers Association	$945,818
National Sunflower Association	$259,748
North American Millers' Association	$60,797
U.S. Dairy Export Council	$752,301
U.S. Dry Bean Council	$138,264
U.S. Grains Council	$4,342,466
U.S. Hide, Skin and Leather Association	$155,983
U.S. Livestock Genetics Export, Inc.	$763,923
U.S. Meat Export Federation	$1,846,115
U.S. Wheat Associates	$4,178,916
USA Dry Pea and Lentil Council	$185,694
USA Poultry and Egg Export Council	$1,613,144
USA Rice Federation	$1,645,068
Total	**$34,150,000**

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Emerging Markets Program

The Emerging Markets Program (EMP) is a market access program that provides funding for technical assistance activities intended to promote exports of U.S. agricultural commodities and products to emerging markets in all geographic regions, consistent with U.S. foreign policy. The program is authorized by the Food, Agriculture, Conservation, and Trade Act of 1990, as amended. The EMP regulations appear at 7 CFR part 1486. Funding is set at $10 million each fiscal year from the Commodity Credit Corporation from now through the end of the current farm bill.

The EMP is a generic program. Its resources may be used to support exports of U.S. agricultural commodities and products only through generic activities. Projects that endorse or promote branded products are not eligible for the Program.

Funding is provided through three channels: (1) the Central Fund, the principle means of funding, made available through a public announcement; (2) the Technical Issues Resolution Fund (TIRF), to address technical barriers to those issues that are time sensitive and are strategic areas of longer term interest; and (3) the Quick Response Marketing Fund (QRMF), to assist with short-term time-sensitive marketing opportunities.

What is an Emerging Market? The legislation defines an emerging market as any country that "is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country," and "has the potential to provide a viable and significant market for United States commodities or products of United States agricultural commodities."

There is no fixed list of "emerging market" countries. Because funds are limited and the range of emerging markets is worldwide, the Program uses certain administrative criteria, in addition to the legal definition above, to determine whether a country is considered an emerging market:

(1) Per capita income of less than $12,195, the current ceiling on upper middle income economies as determined by the World Bank.

(2) Population greater than one million (may encompass regional groupings, such as the islands of the Caribbean Basin).

Guidance on qualified emerging markets is provided each year in the Program's application announcement.

Program Priorities: The principal purpose of the program is to assist U.S. organizations, public and private, to improve market access by developing, maintaining, or enhancing U.S. exports to low- and middle-income countries which have or are developing market-oriented economies, and which can be viable markets for these products. The underlying premise is that emerging agricultural markets have distinctive characteristics that benefit from U.S. governmental assistance before the private sector moves to develop these markets through normal trade promotional activities. All agricultural commodities except tobacco are eligible for consideration.

Cost-share, the funding U.S. private organizations are willing to commit from their own resources to seek export business in an emerging market, is one of the requirements needed in an application in order to qualify for funding assistance under the EMP. Justification for Federal funding is also required.

Types of Projects and Activities: Funding is on a project-by-project basis. Many types of technical assistance activities that promote markets for U.S. agricultural products may be eligible for funding. Examples include feasibility studies, market research, sectorial assessments, orientation visits, specialized training, and business workshops. The program is not intended for projects targeted at end-user consumers. Ineligible activities include in-store promotions; restaurant promotions; branded product promotions (including labeling and supplementing normal company sales activities designed to increase awareness and stimulate sales of branded products); equipment purchases; costs of new product development; administrative and operational expenses for trade shows; advertising; preparation and printing of brochures, flyers, posters, *etc.,* except in connection with specific technical assistance activities, such as training seminars; and design and development of Internet websites.

The program complements other FAS marketing programs. Once a market access issue has been addressed by the EMP, further market development activities may be considered under other FAS programs.

Eligible Organizations: Any U.S. agricultural or agribusiness organization, university, state department of agriculture, or USDA agency (or other Federal agency involved in agricultural issues) is eligible to participate in the EMP. Preference will be given to proposals indicating significant support and involvement by private industry. Proposals will be considered from research and consulting organizations only as long as they can demonstrate evidence of substantial participation by U.S. industry. For-profit entities are also eligible, but may not use program funds to conduct private business, promote private self-interests, supplement the costs of normal sales activities, or promote their own products or services beyond specific uses approved for a given project. USDA market development cooperators may seek funding to address priority, market-specific issues or to undertake activities not already serviced by or unsuitable for funding under other FAS marketing programs, such as the Foreign Market Development Program and Market Access Program.

The opportunities for applying to the EMP during the annual open solicitation periods are announced in the *Federal Register* and on the FAS website.

Advisory Committee on Emerging Markets: A private sector advisory committee provides information and advice to help USDA develop strategies for providing technical assistance and enhancing markets for U.S. agricultural products in developing markets. More specifically, committee members review, from a non-governmental perspective, certain qualified proposals submitted for EMP funding assistance. The Secretary of Agriculture appoints members to the Committee for 2 year terms.

More Information: Further details on the EMP, including the funding options under the program (the Central Fund, the Technical Issues Resolution Fund, and the Quick Response Marketing Fund), additional qualification requirements, the application and proposal review process, and administrative policies and procedures are contained in the Program Regulations, on the FAS Internet site below. For additional information, contact the USDA–FAS Program Operations Division, Grant Programs Branch, Phone: (202) 720–4327, Fax: (202) 720–9361, E-mail: *podadmin@fas.usda.gov,* Internet: *http://www.fas.usda.gov/mos/em-markets/em-markets.asp*.

Fiscal Year 2010 Emerging Markets Program Allocations

Market	Activity Title	Amount
Bangladesh	Cotton USA Technical Assistance Initiative in Bangladesh for the Cotton Council International	$200,000
Brazil	Brazil Craft Beer School Seminars for the Brewers Association	$30,000
Brazil	Market Feasibility Study of Brazil for the Alaska Seafood Marketing Institute	$15,041
China	Food Consumption in China's Second-Tier Cities: The New Frontier for U.S. Agricultural Export Opportunities for the University of Florida	$468,600
China	Exporting U.S. Dairy Genetics to China for Cooperative Resources International	$277,632
China	Hotel, Restaurant, and Institutional Sector Development for USDA/Foreign Agricultural Service/Chengdu	$212,000
China	Distributor Development Program for Emerging City Markets for USDA/Foreign Agricultural Service	$183,000
China	Global Food Safety Forum: China Exchange for the GIC Group	$174,431
China	Phase Three of the China Moon Cake Project for the California Agricultural Export Council	$120,000
China	Fresh Produce in China: Identifying Logistic Constraints and Consumer Trends for SIAM Professionals, LLC	$101,011
China	Turkey Market Development in China—Expanding Demand for U.S. Turkey in China by Increasing its Use in Local Cuisine for the Minnesota Department of Agriculture	$90,000
China	China Familiarization Tour of Organic Farms, Retail, and Processors for the Organic Trade Association	$90,000
China	China Pecan Project for the Georgia Pecan Growers Association	$70,800
China	Implementation of Science-based Principles in Risk Management for USDA/Foreign Agricultural Service	$52,560

Fiscal Year 2010 Emerging Markets Program Allocations—Continued

Market	Activity Title	Amount
China	Assessment of Exports of Hawaii Fresh and Processed Agricultural Products to China Markets Under a Memorandum of Understanding with the Chinese Ministry of Commerce, Beijing International Brand Management Center for the Hawaii Department of Agriculture	$79,818
China	China Beer Distributors Education Program for the Brewers Association	$35,000
China	China Food Safety Law Training for USDA/Foreign Agricultural Service	$27,406
China	Reverse Trade Mission of Chinese Tanneries for the U.S. Hide, Skin and Leather Association	$14,400
Egypt	Food and Drug Administration Middle East and North Africa Food Safety Workshop for Regulators for USDA/Foreign Agricultural Service	$4,690
El Salvador	U.S. Rice Market Research for the U.S. Rice Producers Association	$31,000
Ghana	Ghana Lake Volta Soy in Aquaculture Program for the American Soybean Association	$96,475
Global Emerging Markets	Exploratory Market Research To Identify Opportunities and Launch Preliminary Trade Servicing, Education, and/or Promotional Activities in Emerging Markets for the U.S. Apple Export Council	$259,000
Global Emerging Markets	Exporting Genomic-Proven U.S. Dairy Genetics, Enhancing Producer Product Knowledge, Demonstrating U.S. Genomic Sire Proofs and the New Generation of Dairy Sires for Cooperative Resources International	$206,100
Global Emerging Markets	Global Pesticide Tolerance Initiative for U.S. Specialty Crops: Technical and Policy Guidance to Emerging Markets for USDA/Foreign Agricultural Service	$196,770
Global Emerging Markets	Technical Support for U.S. Seed Potato Exports, Introduction of Cut Seeds to Foreign Markets for the National Potato Promotion Board	$195,000
Global Emerging Markets	Foreign Country Audits of U.S. Red Meat Facilities for the U.S. Meat Export Federation	$184,400
Global Emerging Markets	Worldwide Market Development for the Northwest Wine Promotion Coalition	$60,000
Global Emerging Markets	Access and Benefit Sharing for Genetic Resources Used in U.S. Food and Agriculture Exports for USDA/Foreign Agricultural Service	$55,566
Global Emerging Markets	Translations of Foreign World Trade Organization Sanitary and Phytosanitary and Technical Barriers to Trade Notifications for USDA/Foreign Agricultural Service	$52,000
Global Emerging Markets	Advancing U.S. Positions on Pesticide Regulatory Standards for USDA/Foreign Agricultural Service	$9,880
Guatemala	U.S. Rice Market Research for the U.S. Rice Producers Association	$31,000
India	India Food Safety Seminars for USDA/Foreign Agricultural Service	$89,175
India	Reverse Trade Mission for Retailers and Wholesalers from India for the Produce Marketing Association	$75,438
India	India Export Market Opportunity Assessment and Familiarization Tour for the Organic Trade Association	$75,000
India	India Retail Education Activities Reverse Mission Retail Training Seminars for the Pear Bureau Northwest	$60,000
India	India Pecan Project for the Georgia Pecan Growers Association	$55,200
Indonesia	Indonesia-U.S. Partnership: Agricultural Technology and Investment Forum for the Texas A&M Norman Borlaug Institute	$51,000
Indonesia	Technical Assistance for the Republic of Indonesia's National Agency for Drug and Food Control to Better Understand the U.S. System To Ensure the Safety of Processed Foods for USDA/Foreign Agricultural Service	$41,014
Indonesia	Product Introduction, Care and Handling, and Merchandising Technique Seminars for Fresh Sweet Cherries for the Washington State Fruit Commission	$14,000
Iraq	Trade Mission to Iraq for USDA/Foreign Agricultural Service	$137,352
Jamaica	U.S. Technical and Regulatory Orientation for Jamaican Food Import Authorities for USDA/Foreign Agricultural Service/Dominican Republic	$17,676
Malaysia	Agricultural Biotechnology Outreach to Malaysian Officials for USDA/Foreign Agricultural Service/Kuala Lumpur	$130,535
Malaysia	Technical Workshop on Coated Foods Applications for the USA Dry Pea and Lentil Council	$56,086
Mongolia	2010 Microbiology and International Residue Training Seminars for International Government Laboratory Officials for USDA/Foreign Agricultural Service/Beijing	$21,650
Mongolia	Food Safety and Inspection Service Meat and Poultry Inspection Seminar for USDA/Foreign Agricultural Service/Beijing	$21,650

Fiscal Year 2010 Emerging Markets Program Allocations—Continued

Market	Activity Title	Amount
Nigeria, Senegal, Cameroon	Increasing Access to U.S. Soy Products in Nigeria, Senegal, and Cameroon for the American Soybean Association	$250,000
Pakistan	U.S. Soy Food Product Promotion in Pakistan for the American Soybean Association	$152,224
Pakistan	Opening Pakistan to U.S. Dairy and Genetics for World Wide Sires, Ltd.	$111,755
Philippines	Philippines Agricultural Biotechnology Regulatory Outreach for USDA/Foreign Agricultural Service/Manila	$63,584
Poland	Second Phase of Market Development in Poland for California Almonds for the Almond Board of California	$100,000
Regional: Asia-Pacific Economic Cooperation (APEC)	APEC High-Level Policy Dialogue Workshop on Approaches and Tools To Promote Investment in Agricultural Biotechnology for USDA/Foreign Agricultural Service	$153,936
Regional: APEC	APEC Export Certification Roundtable for USDA/Foreign Agricultural Service	$108,800
Regional: APEC	APEC High-Level Policy Dialogue on Agricultural Biotechnology for USDA/Foreign Agricultural Service	$187,174
Regional: Caribbean Basin	Central American Microbiological Standards Program for USDA/Foreign Agricultural Service	$142,356
Regional: Caribbean Basin	Maintaining Access for U.S. Exports to the Caribbean for USDA/Foreign Agricultural Service	$96,270
Regional: Caribbean Basin	Caribbean Food Safety Program for USDA/Foreign Agricultural Service	$93,300
Regional: Central America-Dominican Republic Free Trade Agreement (CAFTA–DR)	Food Safety Standard-Setting Training for Participants in CAFTA–DR for USDA/Foreign Agricultural Service	$97,400
Regional: Latin America	Furthering Approvals of Genetically Engineered Plants Through Promotion of Data Transportability for the International Life Sciences Institute Research Foundation	$413,785
Regional: Latin America	U.S. Outreach Effort To Influence Negotiation by Parties to the Cartagena Protocol for Biosafety for USDA/Foreign Agricultural Service	$157,378
Regional: Latin America	Inter-American Institute for Cooperation on Agriculture (*http://www.iica.int/Eng/Pages/default.aspx*)	
	Workshop for Latin America Countries on the Annex (LLP Annex) to the Codex Guideline for the Conduct of Food Safety Assessment of Foods Derived from Recombinant-DNA Plants for USDA/Foreign Agricultural Service	$72,140
Regional: Latin America	Promotion of Consumer-Oriented Agricultural Products for Latin America through the International Supermarket Management Class for IGA International, Inc.	$56,462
Regional: Latin America, Caribbean Basin	Western Hemisphere Codex Delegates' Colloquium for USDA/Foreign Agricultural Service	$103,310
Regional: Latin America, Caribbean Basin	Enhancing Latin American and Caribbean Participation in Codex for USDA/Foreign Agricultural Service	$100,000
Regional: Southeast Asia	Southeast Asia Fruit and Vegetable Consumer Trends, Preferences Research for the Washington Apple Commission	$223,218
Regional: Southeast Asia	Increasing Understanding of U.S. and International Flavor Safety Evaluation Processes for the Flavor and Extract Manufacturers Association	$137,850
Regional: Southeast Asia	Baking with Pea Flour in Southeast Asia for the USA Dry Pea and Lentil Council	$63,573
Regional: Southeast Asia	Nutritional and Technical Information on Dry Beans for Southeast Asian Buyers for the U.S. Dry Bean Council	$46,820
Regional: Southeast Asia	Second Phase of U.S. Dairy in Selected Asian Bakery Markets Project for the California Milk Advisory Board	$37,667
Russia	Review of U.S. Poultry Slaughter and Cold Storage Facilities for the USA Poultry and Egg Export Council	$120,000
Russia	Russia Retail Education Activities Reverse Mission Retail Training Seminars for the Pear Bureau Northwest	$87,200
Russia	Research To Identify Opportunities and Launch Trade Servicing, Education, and Promotion in Russia for the California Prune Board	$70,000
Russia	U.S.-Russia Bilateral Consultative Mechanism on Biotechnology Technical Exchange Meeting for USDA/Foreign Agricultural Service	$26,342
South Africa, Mauritius, Zimbabwe, Mozambique	Southern Africa Biotechnology Outreach for South Africa, Mauritius, Zimbabwe, and Mozambique for USDA/Foreign Agricultural Service/Pretoria	$109,265
Sri Lanka	Prospecting for U.S. Feedstuff and Soymeal Sales in Sri Lanka for the Iowa Soybean Association	$84,206

Fiscal Year 2010 Emerging Markets Program Allocations—Continued

Market	Activity Title	Amount
Sri Lanka	Biotechnology Training for Senior Level Sri Lankan Officials for USDA/Foreign Agricultural Service	$5,000
Thailand	Thailand Importer Developer Program for the Southern United States Trade Association	$185,535
Thailand	Technical Support to U.S. Frozen Potato Tariff Reduction Efforts in Thailand for the National Potato Promotion Board	$84,235
Thailand	Restrictive Labeling Requirements for Alcoholic Beverages to Thailand for USDA/Foreign Agricultural Service	$36,450
Turkey	Biotech Speakers for Istanbul Seminar and Public Outreach for USDA/Foreign Agricultural Service/Ankara	$38,680
Turkey	U.S. Dairy Genetics to Turkey, Overcoming Unjustifiable Regulatory Barriers for the National Association of Animal Breeders	$22,551
Turkey	Expanding Indiana Hardwood Exports in Turkey for the Indiana State Department of Agriculture	$20,900
Vietnam	Vietnamese Wet Blue Buyers Team to the United States for the Leather Industries of America	$32,450
Total Allocations		**$8,193,172**

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Technical Assistance for Specialty Crops Program

The Food, Conservation, and Energy Act of 2008 reauthorized the Technical Assistance for Specialty Crops (TASC) Program and provided mandatory Commodity Credit Corporation (CCC) resources of $4 million in FY 2008, $7 million in FY 2009, $8 million in FY 2010, and $9 million in FY 2011 and FY 2012.

How the program benefits U.S. agriculture: The TASC program is designed to assist U.S. organizations by providing funding for projects that address sanitary, phytosanitary and related technical barriers that prohibit or threaten the export of U.S. specialty crops. For purposes of the TASC program, a "specialty crop" is defined as all cultivated plants and the products thereof produced in the United States except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco. Examples of activities these grants may cover include seminars and workshops, study tours, field surveys, pest and disease research, and pre-clearance programs.

How the program works: TASC proposals are accepted from any U.S. organization, including, but not limited to, nonprofit trade associations, universities, agricultural cooperatives, private companies, U.S. Government agencies and state government agencies. The Foreign Agricultural Service (FAS), which administers the program, provides grant funds as direct assistance to U.S. organizations. Applicant contributions are not required, but are strongly encouraged.

Each year, the U.S. Department of Agriculture announces an application period for participation in the TASC program, publishing it in the *Federal Register*. TASC applications undergo a competitive review process based on criteria specified in 7 CFR part 1487 and in the *Federal Register* announcement. Funds are awarded to applicants that demonstrate how their projects will overcome trade barriers resulting in market access retention and expansion for specialty crops. Awards are for a maximum of $500,000 per year and for projects of up to 5 years. Proposals may target any eligible export market, including single countries or reasonable regional groupings of countries. Applicants may submit multiple proposals, but no TASC participant may have more than five projects underway at the same time. Funds may be requested as advance payments or on a reimbursement basis. Participants are required to maintain records and documents associated with the program agreement.

Additional Information: To submit a TASC proposal or to find more about the program, contact the USDA–FAS Programs Operations Division, Grant Programs Branch; by phone: (202) 720–4327; e-mail: *podadmin@fas.usda.gov;* or the Internet at: *http://www.fas.usda.gov/mos/tasc/tasc.asp*.

Information on FAS programs, trade data and reports are available by accessing the FAS Home Page at: *http://www.fas.usda.gov*.

Fiscal Year 2010 Technical Assistance for Specialty Crops Program Allocations

Participant	Project Title	Amount
Almond Board of California	European Union Health and Port Authorities Seminar and Tour	$24,750
Bryant Christie, Inc.	Maximum Residue Level Database Funding for Specialty Crops and Hawaiian Papayas	$450,662
California Citrus Quality Council	California Navel Valencia Exports to Korea Program, Korea Inspectors' Visit	$124,562
California Department of Food and Agriculture	Minimizing Trade Barriers through Field Surveys for the European Grapevine Moth	$500,000
California Dried Plum Board	Retaining Export and Food Security of U.S. Specialty Crops: Low-Emission Methyl Bromide Fumigation for Quarantine and Pre-Shipment Uses	$1,458,772
California Fig Advisory Board	Encourage Japanese Government To Allow Potassium Sorbate Treatment on High-Moisture Figs	$100,000
California Grape and Tree Fruit League	To Develop Efficacy Data Through a Pilot Systems Approach for Peach Twig Borer for U.S. Stone Fruit to Australia	$54,388
California Pistachio Export Council	Improve Navel Orange Worm Control in Pistachios To Overcome Sanitary and Phytosanitary Barriers in Major Export Markets	$1,195,500
California Specialty Crops Council	Global Maximum Residue Levels Engaging Specialty Crops in Priority Setting, Planning, and Compliance	$98,000
California Strawberry Commission	Spotted Wing Drosophila Impacts in Strawberry Exports	$46,989
California Table Grape Commission	Post-Harvest Control of Light Brown Apple Moth on Fresh Grapes	$90,000
California Table Grape Export Association	Australian Phytosanitary Preclearance Program	$150,000
California Walnut Commission	Development of Technical Brochures	$66,836
Citrus Research Board of California	Mortality of Asian Citrus Psyllid, Diaphorina Citri, in California Citrus During Packaging and Export to Australia	$216,303
Florida Citrus Packers	Determination of Canker Survival and Transmission via Canker-Blemished Fruit Relative to International Market Access	$489,447
Florida Fruit and Vegetable Association	Management, Maintenance, and Expansion of the U.S.-Canada Pesticide Harmonization Database	$389,464
Georgia Peach Council/ South Carolina Peach Council	Export of Fresh, Systems-Protected Georgia and South Carolina Peaches to Mexico	$240,000
Indian River Citrus League	Best Post-Harvest Handling Practices to Assure Canker-Free Fresh Citrus Fruit Exports	$120,000
Northwest Horticultural Council	Changing India's Phytosanitary Access Requirements for Pacific Northwest Cherries; OFM Monitoring and Verification at Origin Program for the Export of Peaches and Nectarines to Mexico; Study of Potential Health Effects Associated with the Use of Wax Coatings on Produce	$66,060
Rutgers University, IR–4 Project	Actions To Facilitate Global Maximum Residue Levels for Priority Use on Specialty Crops	$627,199
U.S. Apple Export Council	Apple Maggot and Other Pests of Concern-Identification Treatment Methodologies and Data Collection	$158,122
USDA, Agricultural Research Service	Classical Biological Control of the Invasive White Peach Scale on Papaya in Hawaii; Phosphine Fumigation Treatment for Post-Harvest Inspect Control on Lettuce; Evaluating the Efficacy of Systems Approach Components for the Western Cherry Fruit Fly	$155,710
USDA, Animal and Plant Health Inspection Service (APHIS)	Development of Irradiation Treatment for High-Impact Invasive Species and Evaluation of Commodity Tolerance to Irradiation Treatments	$175,000
USDA, APHIS, Center for Plant Health Science and Technology (CPHST)	Development of Infrastructure and Capacity for U.S. Export Specialty Crops Irradiation Treatments	$165,000
USDA, APHIS, Plant Protection and Quarantine and CPHST	A Prototype Electronic Identification Resource To Support Agricultural Commodity Trade: California Table Grapes	$133,907
Washington State Department of Agriculture	Establishment of Japan "Import Tolerance" Maximum Residue Level for Bifenezate in Red Raspberries	$38,000
Total		**$7,334,671**

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Quality Samples Program

The Quality Samples Program (QSP) helps U.S. agricultural trade organizations provide samples of their agricultural products to potential importers overseas.

Focusing on industry and manufacturing, as opposed to end-use consumers, the QSP permits potential customers to discover U.S. quality. The QSP also allows manufacturers overseas to do test runs to assess how U.S. food and fiber products can best meet their production needs. In 2010, the U.S. Department of Agriculture (USDA) provided allocations totaling about $1.9 million to trade associations and state agricultural organizations under this program.

How the program benefits U.S. agriculture: QSP stimulates interest and demand for U.S. agricultural products. Increased opportunities for agricultural exports ripple throughout the U.S. economy.

How the program works: Each year, USDA announces an application period for participation in the QSP, publishing it in the *Federal Register*. Trade organizations and private firms can submit QSP proposals to USDA as part of the Unified Export Strategy (UES).

QSP applications undergo a competitive review process based on criteria specified in the *Federal Register* announcement. Participants approved for QSP funding obtain commodity samples, export them and provide the importer the technical assistance necessary to use the sample properly. When a project is finished, USDA reimburses the participants for the costs of procuring and transporting the samples. The technical assistance component is a requirement of the program but is not reimbursable under the QSP.

USDA's Commodity Credit Corporation (CCC) funds the program, which is authorized under the CCC Charter Act.

What commodities are covered: USDA has approved QSP proposals to promote a wide variety of U.S. commodities, including wheat, citrus, cranberries, mohair, hides, rice, and soybeans. Many other commodities are eligible.

Additional Information: To submit a QSP proposal or to learn more about the program, contact the USDA–FAS Program Operations Division, Grant Programs Branch, Phone: (202) 720–4327, Fax: (202) 720–9361; E-mail: *podadmin@fas.usda.gov,* Internet: *http://www.fas.usda.gov/mos/programs/QSP.asp*.

Information on FAS programs, trade data and reports are available by accessing the FAS Home Page at: *http://www.fas.usda.gov*.

Fiscal Year 2010 Quality Samples Program Allocations

Participant	Market(s)	Amount
Alaska Seafood Marketing Institute	China	$28,000
American Sheep Industry Association	China, Eastern Europe, India, Mexico, Western Europe	$365,000
American Soybean Association	Ghana, Palestine	$47,000
California Agricultural Export Council	China	$300,000
California Walnut Commission	China	$25,000
Cranberry Marketing Committee	Austria, France, Germany, Korea, Mexico, Netherlands, Spain, Switzerland	$72,000
Ginseng Board of Wisconsin	China, Korea, Japan, Taiwan,	$170,000
Hop Growers of America	Brazil, China, Germany, Russia	$5,000
Mohair Council of America	China, India, South Africa, South America, Southeast Asia, Western Europe	$225,000
National Potato Promotion Board	Brazil, Central America, China, Egypt, Indonesia, Japan, Malaysia, Mexico, Nicaragua, Philippines, South Korea, Sri Lanka, Sub-Saharan Africa, Thailand, Vietnam	$455,000
U.S. Grains Council	Egypt, Saudi Arabia	$66,500
U.S. Livestock Genetics Export, Inc.	Russia	$64,100
U.S. Wheat Associates	Morocco	$66,740
Total		**$1,889,340**

United States
Department of
Agriculture

Foreign
Agricultural
Service

Linking U.S. Agriculture to the World

To learn more about FAS and its programs, visit www.fas.usda.gov.

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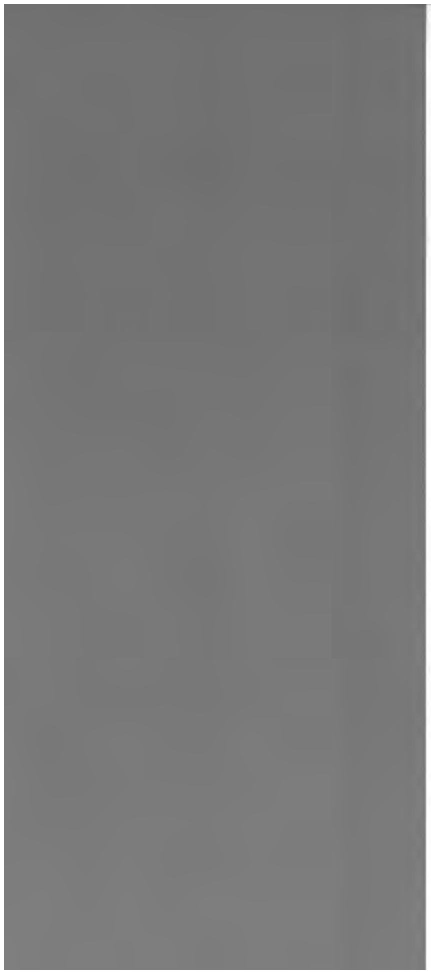
August 2010



The **Foreign Agricultural Service (FAS)** of the **U.S. Department of Agriculture (USDA)** is linking U.S. agriculture to the world to enhance export opportunities and global food security.

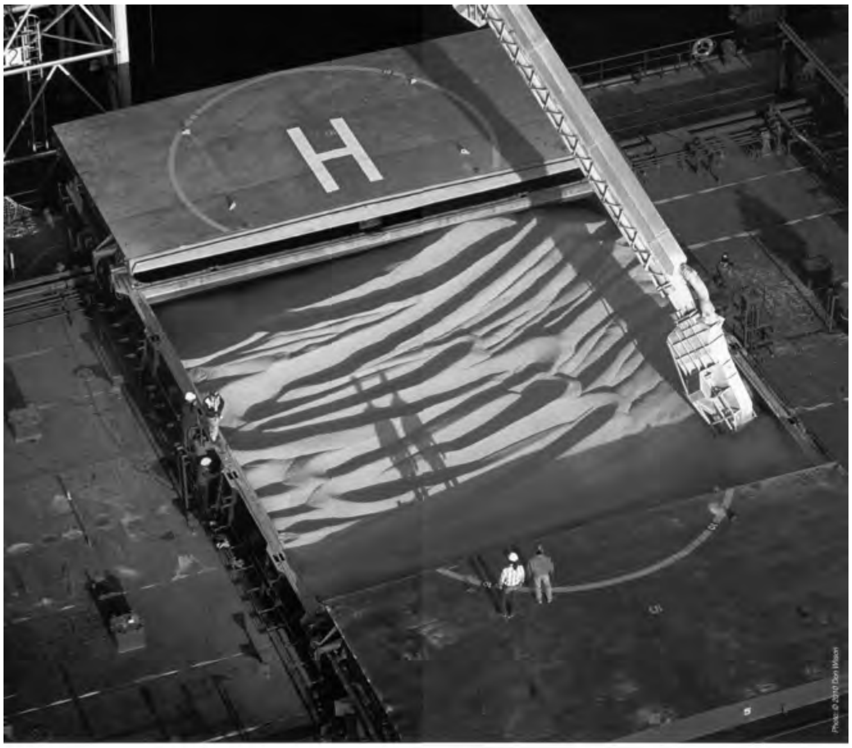
FAS efforts to expand agricultural trade underpin rural America's prosperity and reinforce America's leadership role in promoting sustainable agricultural systems, biotechnology, and global food security.

With a global network of more than 90 overseas offices covering 154 countries, FAS agricultural attachés and locally hired staff are the eyes, ears, and voice for U.S. agriculture overseas. FAS staff identify problems, provide practical solutions, and work to advance opportunities for U.S. agriculture and support U.S. foreign policy around the globe.

Maintaining and Expanding Exports for U.S. Farmers, Ranchers, and the Agricultural Industry

The work FAS does both domestically and abroad helps keep American farms prosperous. The vitality of rural America is heavily dependent on international trade, with one-third of the land in the United States producing agricultural products that are exported. FAS facilitates exports through its direct connection and partnership with the broad U.S. agriculture community, from producers to processors and non-governmental organizations.

Every $1 billion worth of agricultural exports creates 8,000 jobs in the United States and generates an additional $1.4 billion in economic activity in the United States.



FAS promotes rules-based international market systems that facilitate trade

FAS expands and maintains access to foreign markets for U.S. agricultural products by removing trade barriers and enforcing U.S. rights under existing trade agreements. FAS works with foreign governments, international organizations, and the Office of the U.S. Trade Representative to establish international standards and rules to improve accountability and predictability for agricultural trade.

FAS analysts provide objective intelligence and analysis on foreign market opportunities.

FAS works to develop and maintain export markets through partnerships

Within the U.S. Government, FAS is uniquely positioned to expand agricultural export opportunities. FAS partners with 75 cooperator groups representing a cross-section of the U.S. food and agricultural industry and manages a toolkit of market development programs to help U.S. exporters develop and maintain markets for hundreds of products. FAS also supports U.S. agricultural exporters with commercial financing through its export credit guarantee programs.

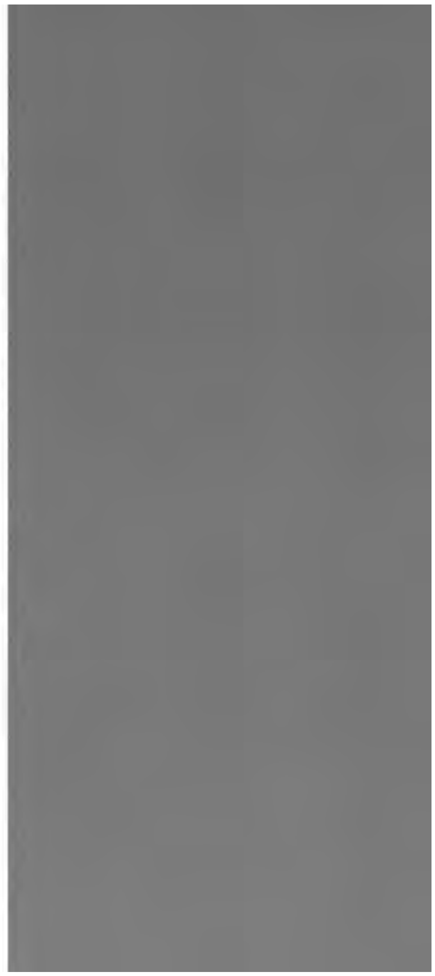
FAS provides market analysis to agricultural stakeholders

FAS's network of foreign contacts and long-standing relationships with foreign groups contribute to FAS's unique market intelligence capacity. FAS analysts provide objective intelligence and analysis on foreign market opportunities, prepare production forecasts, assess export marketing opportunities, and track changes in policies affecting U.S. agricultural exports and imports. FAS staff around the world respond to the daily informational needs of those who develop, initiate, monitor, and evaluate U.S. food and agricultural policies and programs.

U.S. Agricultural Resources Support Food Security and National Security Policies

As a global leader in agricultural research, biotechnology, economic and statistical analyses, soil conservation, sustainable forest management, and biodiversity conservation, USDA is engaged in a wide range of international activities to support U.S. policy goals. FAS plays an important role in linking U.S. agricultural expertise to U.S. international development activities and supporting U.S. trade and foreign policies.

Global food insecurity impacts people worldwide, leaving over 1 billion people hungry.



FAS increases developing countries' capacity to support sustainable agriculture systems

FAS leads USDA's trade capacity building efforts, deploying USDA's unique resources and expertise around the world to help developing countries build their agricultural systems. In addition, FAS administers several programs which provide support for marketing systems and build trade capacity to promote economic growth in developing countries. These efforts help build market-driven institutions and science-based regulatory frameworks that facilitate trade and create an environment conducive to agricultural growth.

USDA and the U.S. Agency for International Development (USAID) administer U.S. food aid programs, helping people in need around the world. FAS administers non-emergency food aid programs that meet nutritional needs and support agricultural development and education. U.S. food aid programs, combined with trade capacity building efforts, support long-run economic development and help countries transition to commercial buyers.

FAS promotes the adoption of science-based solutions and technology

Science and technology have been critical to the increase in U.S. agricultural productivity and improving global food security. As new products are developed, FAS encourages their use in agriculture and promotes open trade of these products. FAS supports collaborative international agricultural research and development, working to provide education and outreach on the benefits and safety of new technologies.

FAS aims to improve USDA's ability to respond to international crises

USDA staff members have critical technical capabilities that support U.S. national security and global food security by contributing to the development of sustainable food systems in priority countries. These capabilities complement USAID development assistance and the overall policy lead of the U.S. Department of State. FAS coordinates USDA's contribution to U.S. Government approaches in reconstruction and stabilization, including agricultural strategies and the deployment of USDA experts in critical regions of the world.

The CHAIRMAN. Thank you, Mr. Brewer. Let me just ask an initial question, and I will let you use it as a springboard to answer it in whatever way you think is appropriate.

As you know, the blueprint for Fiscal Year 2012 spending has been unveiled this week, as a matter of fact, probably will come to the Floor next week. From a standpoint of expenditures and from a standpoint of what your agency realizes in terms of revenues to the government, I don't want to focus on the budget so much as I want to focus on what you do, what it costs, and what it brings in to our collective Federal entity here.

Mr. BREWER. Mr. Chairman, if I understand your question correctly, you want to know exactly what are the benefits of each of the programs?

The CHAIRMAN. No. I guess I want to know in bigger terms whether what you are doing you believe ultimately produces revenue for us. I guess I am looking through to see what the real cost benefits are of your program. I think we know what the benefits are to our agricultural sector. Do you also see those benefits streaming through, so to speak, in an economic sense?

Mr. BREWER. Yes, sir. Certainly. I think what I would start with is that the benefit of these programs certainly is American jobs. For example, the MAP Program. An Oregon softwood producer out on the West Coast participated in one of our programs, which was a trade mission that was funded by MAP Programs. Through the contacts that that manufacturer made, they were able to secure contracts of over $3 million. That $3 million was able to keep a mill that was scheduled to be closed, open, saving 65 American jobs.

Another example would be probably the tax base that is helped by the programs and the private sector initiatives that we have with our partners that brings in income to our farmers and ranchers, which, in turn, works into the economy and grows.

The CHAIRMAN. One of the concerns that has been raised by the people analyzing the program is that the President's new initiative essentially takes programs that were already doing pretty effectively and gives them a new name and that as a matter of fact, there may be the potential for duplication in that area.

What would you respond to those critics?

Mr. BREWER. Well, sir, I will take your question in two parts because it sounds like there is an NEI component to it, the National Export Initiative, component to it and then just an overall question of duplication.

Regarding duplication, we do not see that in our export promotion programs. Each program is designed to deal with a particular challenge to Americans trying to export their products to foreign markets. When you put them together, they also form a very comprehensive and effective tool to, again, meet challenges that may face U.S. exporters.

For example, one thing that our cooperators, the U.S. Hay Association, is doing is they used our Quality Samples Program to introduce into the Chinese market U.S. hay. Building on that introduction of samples of our product, we were then able to move into using FMD Programs, Foreign Market Development Programs, to stay in that market and to build a market share and to gain market share for U.S. hay in the Chinese market. So they really compliment one another and build to be effective tools.

The CHAIRMAN. My last question would be that we have heard, and I assume you have from the industry sector, if you will, about some of these proposed changes to MAP and FMD. Is it your intention and have you implemented some of those suggestions and ideas from industry participants to modify your original announcement and what you are trying to do?

Mr. BREWER. Sir, the short answer to your question is, no, nothing has been implemented. What we want to do is: MAP and FMD are longstanding programs with a very strong participation by our cooperators. What we want to do—but we are always looking for ways to improve the programs, for ways to do things better. So what we wanted to do was we wanted to start a conversation about how can we improve MAP. We have had that conversation. It is an ongoing conversation with our stakeholders and our cooperators. We have also come up here on the Hill and briefed and gotten engaged in consultations with Congressional staff on this. So it is an ongoing conversation. Any possible changes or improvements to the program will not be implemented without consultation with our partners and with Congress.

The CHAIRMAN. With that and my time having expired, I recognize the Ranking Member, the gentleman from California, Mr. Costa.

Mr. COSTA. Thank you very much, Mr. Chairman.

Mr. Brewer, as we are obviously looking at trying to get our nation's fiscal house in order and budget constraints and reducing our deficit, we know that that is going to require cutting back on a host of programs. So as we look at the reauthorization of the 2012 Farm Bill, which I would argue has actually cost less than was anticipated when we authorized it in 2008, and we should be mindful of that, that we look where we get the best bang for our buck, especially in the Title I Programs.

The Market Access Program that I am familiar with, and that you deal with, has been effective, but it has also been criticized as a corporate welfare for large for-profit corporations like McDonald's, Mars, *et cetera.*

What would be your response to that statement?

Mr. BREWER. Congressman, thank you for your question. Sir, my short answer to that statement would be that it is simply incorrect. By statute large corporations are prohibited from participating in the MAP Program.

Mr. COSTA. Good. Let us underline that. By definition they are prohibited.

Mr. BREWER. They are prohibited by statute to participate in this program, in the MAP Program. This program is directly targeted to nonprofit trade organizations, to agricultural cooperatives, to our nonprofit state regional trade groups, what we call our SRTGs. Those SRTGs, they represent not only multiple states but also hundreds of small and medium-size businesses.

Mr. COSTA. And it does exactly what it defines. It attempts to try to provide greater market access to markets that otherwise we have difficulty in penetrating.

Mr. BREWER. That is correct, Congressman.

Mr. COSTA. Let me go on because there are some other areas, and my time is limited. The Technical Assistance for Specialty Crop Program, obviously, is big in California with over 300 specialty crops. But, other parts of the South, West, the Northeast, in Michigan, other places, the 2008 Farm Bill authorized funding for the Technical Assistance for Specialty Crops at $4 million for Fiscal Year 2008, increasing it incrementally up to $9 million in 2011 and 2012.

How has this increased funding been allocated?

Mr. BREWER. Sir, the TASC funds are being obligated now. We are getting applications in, and they are being obligated. If I can step back and just give a little sense of what TASC is because it hits on what you have touched on in your statement.

Mr. COSTA. Quickly because I have other questions.

Mr. BREWER. I am sorry. The TASC funds are being obligated now to our applicants.

Mr. COSTA. Okay, and for which countries and for which commodities do you think this is most effective in breaking down the technical effort for issues with restrictions for animal restrictions or food restrictions? Give some examples.

Mr. BREWER. Yes. We have had a number of successes with regard to TASC. Just a couple of examples are TASC funds have been used to develop a pre-clearance program for table grapes, helping us export into the Australian market. We have also used TASC funds or I should say our cooperator, the U.S. Potato Board, has used TASC funds to establish a U.S. Thailand seed potato protocol to address SPS and TBT, which stands for Technical Barriers to Trade, concerns. That led to the Thai market opening up for seed potatoes, and that market is valued between $3 and $5 million.

Mr. COSTA. Let me go finally, as my time is almost gone, the President in his State of the Union talked about streamlining government and focusing on the Executive Branch. Can you provide any recommendations that you folks are looking at within your area in which reorganization will take place under the Executive Branch effort, areas that involve foreign agricultural services with the U.S. trade agencies?

Mr. BREWER. Well, sir, regarding trade agency consolidation, we certainly support the President's effort to find efficiencies in government, and USDA is engaged in that effort. Secretary Vilsack has met with OMB on this subject. My agency has participated in Administration discussions on consolidation as well.

There are, however, unique challenges in trade of ag products that require technical expertise that is not normally housed in a trade agency. One thing that has really helped FAS succeed in our mission has been our long history of contact and connection with the ag community as well as the way we are able to work very collaboratively with other elements in USDA. I am referring to APHIS and FSIS.

We want to make sure that is preserved in any future discussions.

Mr. COSTA. Well, Mr. Chairman, thank you. My time has expired, but I would also suggest that you take the input, if you are not, and I suspect you are, from the private sector as you look at this reorganization and greater efficiencies because I know they work hand in hand with you and as we try to gain greater access to foreign markets, and their suggestions on reorganization could be helpful.

Mr. BREWER. Certainly are doing that.

Mr. COSTA. Yes, sir. Thank you.

The CHAIRMAN. The chair would recognize the gentlelady from Missouri, Congresswoman Hartzler.

Mrs. HARTZLER. Thank you, Mr. Chairman. Thank you, Mr. Brewer.

I just wanted to ask some questions about the foreign service officers. What is the unique role of the foreign service officers stationed in like U.S. embassies?

Mr. BREWER. Yes, Congresswoman, thank you for your question.

Our foreign service officers, our ag attachés stationed around the world are really our first responders when it comes to trade disruptions. They are on the ground, they are providing us with information that is just extremely valuable for us back here in Washington.

A couple of examples that would show the value that they bring in both Taiwan and South Korea. There was cherry deliveries that were held up over pesticide residue concerns by the Koreans and the Taiwanese. Those deliveries were worth $7 million. Our folks were able to get on the ground to work with their counterparts in those governments and get those things released, get those cherries released, that product released before they perished. That was a highly-perishable commodity, and by us being on the ground, being there, having the connections that we had we were able to get those released.

So that is just one example of how being that first responder is very valuable.

Mrs. HARTZLER. Sure. How many countries are they in right now? How many embassies have foreign——

Mr. BREWER. We have about 99 offices around the world, but we cover, again, as I said in my statement, about 156 different countries.

Mrs. HARTZLER. Great. How would they help overcome trade barriers that are out there?

Mr. BREWER. Well, again, it would be their presence on the ground, their contacts with their counterparts within the embassies, their ability to help us monitor and enforce agreements that we have or have made, be it MOUs right up to various other trade agreements. So just being there on the ground, knowledgeable of the culture and the country that they are working in, as well as knowledgeable about the priorities here in the United States and what we have in our agricultural strategy. They are also on the ground to work closely with our partners, the cooperators have, many of them have foreign offices so there is that contact there. So just that communication, collaboration, access is something that really helps us.

Mrs. HARTZLER. There is a problem as you probably are aware of counterfeiting of U.S. brands, and I just wondered what is FAS doing to coordinate with the EMP and participants to protect U.S. brands and prevent counterfeiting.

Mr. BREWER. Congresswoman, I don't have a very good answer for you for that specific issue, but I will ask my staff. I can have my staff get back to you to talk specifically about counterfeiting.

Mrs. HARTZLER. Okay, and the last part of my question, I guess, just real practical. I have just been here 3 months, a farm background, and my husband and I farmed, been involved with that. But say there is a company in the 4th district of Missouri that wants to promote their product, an ag-related product overseas, there may be a small business, they have an idea. They want to export it.

What services could your department provide that would be helpful to them that I could connect them with?

Mr. BREWER. Yes, ma'am. We have a host of services that could certainly help anyone interested in exporting overseas. In fact, that is one of the major goals of the National Export Initiative to increase the participation of that. I think first thing probably would be to visit our website. We certainly have contact names there, Office of Trade Programs can certainly be of great help. Again, through the NEI process we are working and communicating, collaborating with the Commerce Department, with the Small Business Administration, we are building a system of where if someone goes to those entities there is a system of getting them to us, and *vice versa,* if there is something that is more appropriate for those agencies, we can get it to them.

So there is really a system being built up, but I would start with our website would be a place to go.

Mrs. HARTZLER. Very good. Thank you very much. Thank you, Mr. Chairman.

The CHAIRMAN. The chair would recognize the gentleman from North Carolina, Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Chairman, and thank you, Mr. Brewer, for being with us today. You had talked about in your opening remarks the significant increases in exports in ag products. Very briefly, where would you attribute the export coming from any particular segments of agriculture, and what forces overseas have led to this, and just kind of how did we get to those increases?

Mr. BREWER. Congressman, our top markets are China, Canada, Mexico, Japan, and the EU. So a lot of the interest from those countries are really driving a lot of the exports we have. Our top markets, I would say our top commodities are soybeans, cotton, wheat, and I am not putting them in any particular order, but fruits and vegetables, *et cetera*. There is a great deal of product going to China, and that is driving a lot of our successful numbers, as well as our success through these programs of knocking down barriers.

I mentioned the cherry issue in South Korea and Taiwan. We also have been working with the Chinese. They had some concerns about the quality and safety of our soybeans. We were able to go through our FMD Program, we were able to work an MOU with them that addressed their concerns and kept that flow of soybeans going to China.

I think the combination of just a greater demand from our major markets as well as the efficient way that we are administering these programs to knock down trade barriers to open up those markets is really the combination that is leading us to those high numbers.

Mr. KISSELL. Is there any concern as we see rising food prices and high food prices, is there any concern that we are creating a demand that will drive food prices up, and then do we have the supply to be able to fulfill what we are trying to do overseas? And we are glad to have the good income from our farmers, but, this supply and demand thing keeps coming back, too. Is there any concern that we will be generating demands that will outstrip supply and therefore create problems on the pricing side?

Mr. BREWER. Well, sir, in my agency one of the program areas that we have is our Office of Global Analysis. They do a lot of market analysis, a lot of crop production analysis, looking at those issues. We don't believe that our success in exporting our products is leading to any kind of price volatility of any kind, but we are working closely with other elements with USDA. I should say we are following the work of other elements within USDA, particularly the Economic Research Service and the World Board that are following these kinds of issues and keeping us abreast of whether something is going on that we are not aware of.

But at this point we don't believe that our exports are causing any problems with that.

Mr. KISSELL. And in the area of government efficiencies, I know in talking with some folks in Commerce, they also are stressing exports as many people are. Do you find opportunity to work with other departments and programs they might have, and do you know what programs we might have that there might be duplications of?

Mr. BREWER. Sir, through the National Export Initiative as I mentioned a couple of times before, we are really working with, the Administration has really reinvigorated the President's Export Council, the Export Cabinet, a lot of communication, a lot of collaboration going on to make sure that the various parts of the Federal Government involved in this area are working together, are communicating, and really complimenting one another's missions and goals.

That has been extremely helpful in not only helping us target particular markets to get in those markets, opening them up, and get U.S. products in there, but also to streamline and become more effective as a government, as a Federal Government in this area of trade and exports.

I think we are doing much more complimenting of our services to move forward than duplication.

Mr. KISSELL. Thank you, sir. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, and the chair would recognize the gentleman from Georgia, Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman. Mr. Brewer, thank you so much for joining us, and some of my questions revolve around what Mr. Kissell had to ask, but just let me go back to the statement. The President's National Export Initiative goal is to double all U.S. exports within 5 years, and I certainly think that that is a good goal for our country and hope that we are able to reach that, and

I know that you and this Committee will be a big part of that if we are able to reach it.

My district in Georgia, the 8th district, has a wide variety of crops. We are always looking for opportunities to improve the markets and expand our ability to trade internationally, and I know you talked about the current countries with Mr. Kissell's question and current crops.

My question is future countries and future crops. What future countries do you see the U.S. increasing trade with over the next couple of years?

Mr. BREWER. Congressman, that is a very good question. Let me step back and give you one of the activities that we do within the agency to help us, again, streamline and stay efficient and stay at a very effective working level is something we call the global review. We look, annually, at our footprint around the world, where we have offices, and adjust as necessary, just make sure that we are where the best places are for us to be in order to promote agricultural exports.

As I said, that is an annual review. I would say that some of the places that have been identified where we provided the budget is there to do so, but we are constantly adjusting. Where we see ourselves being, we just recently have opened offices in Africa, Ethiopia, we think Angola is a place that has growth potential, certainly doing more activity in the southern region of Africa, south Africa, Kenya. In Asia we are looking at more offices in China because, again, they are our largest competitors to expanding there. We are constantly looking through that global review and through the work of our attachés on the ground trying to find where is that next country. But right now I would say Angola and China, *et cetera*, would probably be it.

Mr. SCOTT. I mean, again, getting back to the goal of doubling our exports within 5 years, the Columbia Free Trade Agreement, the Panama Free Trade Agreement, the South Korea Free Trade Agreement, I am someone who personally believes all of those things would help us achieve what the President says the goal is, and yet he has not done anything with those agreements yet.

So what can we do together to help get these trade agreements passed so that we can start working towards that path of doubling those exports?

Mr. BREWER. Congressman, let me start off by saying just flat out, the three FTAs are good for agriculture. All three of them are very good for agriculture. The trade agreements knock down tariffs to U.S. products that help us get in those markets quickly. For example, in South Korea with the passage of that agreement that will give us greater access to Korea's $1 trillion market economy and their 50 million consumers, or almost 50 million consumers.

The International Trade Commission, the ITC, believes that once it is fully implemented it will add $2 to $4 billion to U.S. exports.

So it is a very solid commitment. The Korea Agreement is ready to go. I am sure it will be forwarded to Congress soon. We have made progress on the Columbia Agreement. There is a path forward for that, so I am fully confident that will come up, so they are on their way.

Mr. SCOTT. I apologize for interrupting you, but I am about to run out of time. I want to express, and so I apologize for the interruption, but I want to express one concern I have, and certainly we want to get rid of duplicative agencies and things along those lines. But, I do want to make sure that when it comes to agriculture and agriculture trade, it is handled through the USDA and not any other agency, and Mr. Chairman, with that statement, again, Mr. Brewer, I apologize for the interruption of your answer, but I am out of time.

Mr. BREWER. Yes, sir.

Mr. SCOTT. Thank you.

Mr. BREWER. No problem.

The CHAIRMAN. Thank you, Mr. Scott. The chair recognizes the gentleman from Texas, Mr. Cuellar.

Mr. CUELLAR. Thank you very much, Mr. Chairman, for holding this meeting.

Mr. Brewer, can you explain what impact the dispute that we have had with the Republic of Mexico with the trucking issue has had? As you know, the trucking issue was part of NAFTA, and the U.S. didn't keep up its part of its deal. The Mexicans then came back and added tariffs to hit the ag folks. I certainly want to thank President Obama, President Calderón and Secretary LaHood for making this—hopefully at least to have an agreement and concept, but could you tell us what sort of impact that had, I mean, on our exports? We are exporting to Mexico. I know there is a lot of ag products that we export, and what sort of impact does it have on us because of the tariffs, and hopefully if the agreement goes through, they will eliminate the tariffs and we go back to the way it was.

Mr. BREWER. Congressman, thank you. Regarding the trucking issue, it certainly did have an impact on agricultural exports. As you know, in response to the refusal of the Mexican trucks coming in, they had a series of tariffs on a variety of products. A number of them were agricultural products. It did reduce the amount of product that we had going in there. We did lose some market share, but as you said in your comments, we are very excited and happy about the agreement, and it is moving forward.

Secretary LaHood and the Transportation Department is certainly point on that along with the State Department, and they appear to be moving quickly to try and resolve this issue and with its resolution that will allow us to recover what we had due to the problems caused by the increase in tariffs on agriculture.

Mr. CUELLAR. All right. Thank you very much. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. The gentleman from Pennsylvania, Mr. Thompson.

Mr. THOMPSON. Mr. Brewer, thank you so much for being here, for your testimony, and your service. As you mentioned before and it has been mentioned a number of times about the President's National Export Initiative goal of doubling U.S. exports within the next 5 years, my first question is in terms of agriculture, looking at agriculture, is that within reach for us within the next 5 years? Is it going to be relying basically on what we have been doing, or are there new things, new initiatives that we are going to have to roll out, either through Congress or certainly administratively to achieve that goal?

Mr. BREWER. Congressman, just to step back quickly to really make sure we are on the point of the National Export Initiative, it really is national. It is across the Federal Government. It is not just ag but all sectors to increase that, and that doubling is for everybody. So we certainly play a role in that.

Mr. THOMPSON. Oh, I understand that, but I joined the Agriculture Committee for farmers, so I am here to talk about ag.

Mr. BREWER. Exactly right. We believe that it is an achievable goal. We certainly at USDA and within FAS through these export promotion programs as well as the other tools available to us, certainly are doing all we can do on our part in order to achieve that goal. Within the President's 2012 budget there is a request for $20 million to assist us in our NEI efforts. What we would like to do with that money is monitoring and enforcement of international trade agreements, making sure that our partners do what they have agreed to do with regard to market access, *et cetera*. We believe that those extra funds will go a long way in helping us do that monitoring and enforcement. Other goals of those funds are to increase the trade missions that we have, to streamline our certification process, making it more electronic, and just to speed up the process of where our farmers and ranchers can export, and certainly to increase the assistance that we provide to help them get in there.

Again, what we are looking at is really to help our small and medium-sized businesses to get into the export business, get into those foreign markets. If they are in one market, get them into two. Just really pushing that goal of being an exporter, and those NEI funds will help us achieve that goal.

Mr. THOMPSON. All right. When you are involved in those discussions in that work, how sensitive is the issue of cost, production costs, which is obviously the cost that our agriculture community experiences, the cost that is only placed on those commodities to be sold in trade.

Do you find that that is sensitive? How sensitive is that? How often does that issue come up?

Mr. BREWER. Congressman, let me make sure I understand your question. You are talking about the cost for the farmer and rancher to produce what he is——

Mr. THOMPSON. Which ultimately results in the cost, the price placed for sale of that commodity, and do you find situations where we are just not competitive in terms of the cost for commodities that we are trying to place in trade to other countries?

Mr. BREWER. For what we are doing, sir, where we focus on is really the exporting of those commodities and how can we assist in getting that commodity out into a foreign market. We are hopeful that we get it at the right price, we give these opportunities to sell more, that it will assist in allowing the farmer and the rancher to be able to afford what inputs he needs in order to produce that.

So we are really focused on assisting the farmer and rancher in the way of giving them access to new consumers and new markets in order to sell his product, in order to thrive in his business.

Mr. THOMPSON. Okay. Thank you, Mr. Brewer. Thank you, Chairman.

The CHAIRMAN. The chair will recognize the gentlelady from Alabama, Ms. Sewell.

Ms. SEWELL. Thank you, Mr. Chairman.

Mr. Brewer, on February 18 the USDA released recommendations for implementation of a law requiring tough new inspection and regulation of catfish all across America. The proposed rule transfers the inspection and regulation of catfish from the FDA to the USDA.

My particular district is the second largest American producer of catfish in Alabama, where I reside, and the proposed regulation is a step in the right direction. I know that we are currently in a 120 day comment period and just really wanted to know what kind of comments, to the best of your knowledge, that we have been receiving and where do you see that direction of that regulation going?

Mr. BREWER. Congresswoman, thank you. As you are well aware of, FSIS is really the agency of jurisdiction over that, so I really don't have a lot of comment on that. As you rightly say, we are in the public comment period. That period ends late June, around June 24, and all aspects of the rule are being looked at and commented on during this period, right up to and including the definition of *catfish.* So that process is ongoing.

I will take this opportunity, though, to let you know that the Catfish Institute is a cooperator, is participating in our MAP Program, and they have been using our export promotion programs to market American catfish into Canada, and they are having some success in that. So I want to bring that in and just let you know that on that end that we are having some progress there.

But FSIS is really the lead on the rule.

Ms. SEWELL. Right. Do you foresee that the regulation once the comment period is over would come out more immediately, or where do you see your agency in assisting the catfish industry generally?

Mr. BREWER. I cannot comment on the impact of the rule or any of that, I wouldn't have that, but we certainly are prepared to use our export promotion programs that we administer to assist getting catfish into foreign markets, wherever it might be a popular place for it.

So we stand ready to handle that on that trade aspect to really help in any way we can to get those products into foreign markets.

Ms. SEWELL. Great. Thank you, Mr. Brewer.

Mr. BREWER. Yes.

The CHAIRMAN. The gentleman from Indiana, Mr. Stutzman.

Mr. STUTZMAN. Thank you, Mr. Chairman, and thank you, Mr. Brewer, for being here.

Could you comment a little bit about China. They continue buying corn from us. Is that going to continue to grow? I know they are obviously a growing economy, and how does that affect our markets here?

And then also if you could comment a little bit about how ethanol plays into our production as far as competitiveness with exports to China and other countries.

Mr. BREWER. With regard to your question about China, as I mentioned earlier, China is certainly our number one market for our products. It is a market that we are having some success in. Clearly it is our number one market, but it is one that requires constant monitoring, constant activity, and to make sure that market stays open.

Again, it goes back to the value of our foreign service, of our ag attachés being on the ground, opening up opportunities for U.S. products to be sold. I think one example of the success we are having there is that recently a supermarket chain in China has been for the second year in a row and we hope for a third year is having a focus on, I guess, an American food show. They are highlighting and really bringing attention to American products to their customers, and they have been able to introduce over 60 new products and during that show we have had thousands of dollars in sales.

So not only is it bringing income, it is really starting to build the American brand among the Chinese consumer. So we are having a lot of success there, but as I said, constant vigilance is what we need.

Your question of ethanol, I am sorry, you wanted to know how is it helping or——

Mr. STUTZMAN. Yes. How is that playing with your ability to sell our commodities to foreign markets and the competition with ethanol domestically? Commodity prices are higher now than they have been in a long, long time, maybe ever. Are you finding it difficult to have the ability to have resources or the commodities here to go to China and other countries and say we have the products. Is ethanol biting into that at all?

Mr. BREWER. Congressman, I am not aware of that. As I mentioned to Congressman Kissell, we are enjoying record sales abroad, sales of our commodities. We are certainly monitoring the market, but we are not finding any kinds of shortages of access to that, but I don't have that kind of information at my fingertips, but I would certainly be happy to take that back and find——

Mr. STUTZMAN. Sure. One other question, and you kind of alluded to it, is could you describe the background and the training that USDA requires for your FSOs and their effectiveness in promoting U.S. exports? Are we bringing buyers to the United States and giving them reasons to buy from us? What is that relationship, and how does that relationship work?

Mr. BREWER. Yes, sir. We are certainly through our MAP Program, we are doing a number of trade missions; both having American companies and sellers going over to that country to describe their products. We are also having trade missions coming here.

In fact, one of them that is probably of interest to Mr. Scott, Congressman Scott, is a store we have been doing with one of our participants, the American Peanut Council. The Peanut Council in 2007, used MAP funds to go over to Japan, and while they were there to meet with the group of Japanese importers and other buyers about peanuts. In part through that, sales went up, increased by 75 percent of American peanuts into Japan. In 2010, we did the reverse. MAP funds were used to bring Japanese buyers to Georgia to look at the product and look at how peanuts are grown, and that effort led to now where we have captured about 35 percent of the Japanese market in peanuts.

So that is just one example of how, yes, we are going over there, and we are bringing folks here in our efforts to increase U.S. exports.

Mr. STUTZMAN. Okay. Thank you. I yield back.

The CHAIRMAN. Thank you. That concludes the first set of questions. If any of my colleagues have anymore questions, I would be more than happy to allow it, but I think that is probably an appropriate place to thank Administrator Mr. Brewer for your testimony, your responses to our questions, and your service to our agricultural sector and our country. Thank you very much.

Mr. BREWER. Thank you very much.

The CHAIRMAN. With the understanding that we could have votes in the relatively near future, I think we ought to proceed with the next panel, second panel, with their understanding that we could be interrupted during the course of either your testimony or your responses to our questions. I hope that you will be able to be patient with us in meeting our other obligations.

Gentlemen, ladies, I want to introduce four of the witnesses and then I would like to defer to the Ranking Member for a specific introduction of a fifth member with whom he has, through his state and otherwise, a personal relationship and communication.

I just want to introduce each of you and then go back to the beginning. Our first witness is Mr. Michael Wootton, Senior Vice President Corporate Relations, Sunkist Growers, on behalf of the National Council of Farmer Cooperatives and the Coalition to Promote U.S. Agricultural Exports, Mr. Stephen Censky, Chief Executive Officer, American Soybean Association, St. Louis, Missouri, Mr. Thad Lively, Senior Vice President, Trade Access, U.S. Meat Export Federation, Denver, Colorado, Mr. Tim Hamilton, Executive Director of the Food Export Association of the Midwest USA.

And the Ranking Member would like to, and I would appreciate his introducing the fifth member of the panel.

Mr. COSTA. Thank you, Mr. Chairman. Mr. Nikolich is from Reedley, California. He has been with Gerawan Farms for 25 years. He started his career as an agronomist and pest management specialist, and he has worked his way up as Vice President of Technical Operations for Gerawan Farms, a family farming operation that has been in the Valley for many, many years, and who we are very proud of.

Thank you.

The CHAIRMAN. Thank you, and we appreciate all of you being here.

I would recognize first the gentleman from the Sunkist Growers, Mr. Wootton. We all have your written statements and since we are kind of at a limitation here, it would probably be a good idea if each of you kind of summarize that and let us get onto our questions. But proceed as you wish.

Mr. Wootton.

STATEMENT OF MICHAEL J. WOOTTON, SENIOR VICE PRESIDENT CORPORATE RELATIONS, SUNKIST GROWERS; CHAIRMAN, COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS, SHERMAN OAKS, CA; ON BEHALF OF NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. WOOTTON. Thank you, Mr. Chairman. I appreciate the opportunity to be here today and thank Mr. Costa and the Members of the Subcommittee for giving us this opportunity.

Sunkist is a 118 year old agricultural marketing cooperative owned by and governed by about 4,000 citrus growers in California and Arizona, and the average size of their production acreage is about 40 acres. So they are truly small family farmers.

Sunkist markets the citrus that they produce both in the domestic and international marketplace under the Sunkist brand. Farmer cooperatives across the country offer farmers an opportunity to market their products and compete in a global marketplace. Cooperatives through collective resources enable individual farmers who do not have the resources or the production volume individually to access and successfully compete in foreign markets with their U.S.-grown products.

The farm revenues and economic wellbeing of the agriculture sector depend heavily on exports, which accounts for 25 percent of U.S. farm cash receipts, provide jobs for over one million Americans, and make a positive contribution to our nation's overall trade balance. Market Access Program is an essential part of that effort.

As important as agriculture is to our balance of trade, unfair trade competition from foreign sources remains a growing problem in foreign outlets and in our domestic market. The inroads made by Spanish Clementine Mandarins in our domestic market are illustrative. Spanish producers assisted by EU Trade Promotion Initiatives and other forms of subsidy assistance began shipping large volumes of mandarins into the U.S. marketplace several years ago.

The scope and cost of their marketing activities has been notable. Spanish exporters, which are producing citrus in a high cost, developed nation, and incurring significant transport costs to move their products thousands of miles to U.S. grocery stores, have been able to deliver to U.S. consumers a product with extremely expensive packaging and at competitive price against California citrus produced near Mr. Costa's district.

These Spanish producers are not so competitive that they can defy the rules and laws of economics. Their main advantage is very clear. They are receiving extensive EU and national support to sell and promote their product abroad. According to the EU's most recent WTO notification, the EU is providing over $1.4 billion in marketing and advertising activities to support its agricultural sector. Just last month the European Parliament passed a resolution urging an increased commitment and resources to this end. The EU and its 27 nation-members are clearly persuaded that government-supported export promotion is essential to growing exports in the agricultural arena.

The same thing can be said of China, and FAS has a report dated last November that outlines the intervention and heavy involvement of the Chinese Government in subsidizing its agricultural sectors.

Now, American agricultural producers are confident that their ability to compete around the world based on quality, and in our case at Sunkist an asset of brand identity, but we cannot compete against foreign farmers standing on the shoulders of their national treasuries.

Our export programs have long recognized this reality. The predecessor to the MAP Program, the Targeted Export Assistance Program was a bipartisan program signed into law in 1985, by President Ronald Reagan and expressly designed to counter unfair foreign activities. Unfair foreign trading practices have grown over time, and MAP has been the only means for many in American agriculture to counter the harm. The program is efficiently administered on a cost-share basis with farmers and other participants required to contribute up to 100 percent match of their own resources, and the Administrator outlined the eligibility requirements. By any measure MAP and other USDA trade promotion programs have been tremendously successful and cost effective in maintaining expanding U.S. agricultural exports, creating American jobs, and strengthening farm income.

And this is documented also in a USDA-commissioned audit by IHS Global Insight, which was commenced during the Bush Administration, completed during the Obama Administration, and shows that investment providing a 35 to 1 return.

The report also showed that from 2002 to 2009, export gains associated with programs increased average annual farm receipts by $4.4 billion, net cash farm income by $1½ billion. It further confirmed that due to the higher prices from increased demand abroad, U.S. domestic farm support payments were reduced by roughly $54 million annually, thus reducing the net cost of these U.S. programs.

The examples of Sunkist MAP success stories, my written testimony, and others like them from a host of other cooperators are tangible benefits of sound public policy. They have been made possible because Congress in every Administration since Ronald Reagan have recognized that global agriculture is heavily impacted by foreign governments.

American producers cannot succeed without a reasonable partnership with our government, and to give up this supportive partnership is to cede the playing field to foreign producers and the governments that stand behind them.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Wootton follows:]

PREPARED STATEMENT OF MICHAEL J. WOOTTON, SENIOR VICE PRESIDENT CORPORATE RELATIONS, SUNKIST GROWERS; CHAIRMAN, COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS, SHERMAN OAKS, CA; ON BEHALF OF NATIONAL COUNCIL OF FARMER COOPERATIVES

Good morning, Mr. Chairman, Ranking Member Costa, and Members of the Subcommittee. My name is Michael Wootton. I am Senior Vice President of Sunkist Growers, and am pleased also to be testifying as Chairman of the Coalition to Promote U.S. Agricultural Exports and on behalf of the National Council of Farmer Cooperatives.

On behalf of Sunkist's grower-members, and the more than two million farmers and ranchers who belong to farmer cooperatives, I appreciate this opportunity to submit testimony regarding our vital export promotion programs, and respectfully request that this statement be made part of the official hearing record.

Sunkist Growers is a 118 year old agricultural marketing cooperative owned and governed by 4,000 citrus growers in California and Arizona. The average size of their family farms is approximately forty acres. Their Sunkist cooperative markets their citrus both in the U.S. market and internationally under the Sunkist brand.

Farmer cooperatives across the country offer their farmers an opportunity to market their products and compete in a global marketplace. Cooperatives, through collective resources, enable individual farmers, who do not have the resources or production volume individually to access and successfully compete in foreign markets with their U.S.-grown products. Earnings from these overseas sales then flow back to the farmer-owners in the form of increased patronage dividends and help lower our U.S. trade deficit.

The Coalition to Promote U.S. Agricultural Exports is a coalition of over 150 organizations, representing U.S. farmers and ranchers, fishermen and forest product producers, cooperatives, small businesses, regional trade organizations, and the State Departments of Agriculture (see attached). The Coalition believes the United States must continue policies and programs that enable American agriculture to compete effectively in a global marketplace still dominated by unfair foreign subsidies and access restrictions.

The farm revenues and economic well-being of our agricultural sector depend heavily on exports, which account for over 25% of U.S. farm cash receipts, provide jobs for over one million Americans, and make a positive contribution to our nation's overall trade balance. The support provided by USDA's Market Access Program (MAP) is essential to our export health.

As important as agriculture is to our balance of trade, unfair foreign competition remains a growing problem in foreign outlets and here at home. In the fruit and vegetable sector, for example, which includes a large number of MAP cooperators, foreign competitors have made extraordinary in-roads over the past decade. As a result of open U.S. trade policies, half of all fresh fruits and vegetables consumed in the U.S. are now of foreign origin.

The in-roads made by Spanish Clementine Mandarins in our domestic market are illustrative. Spanish producers, assisted by EU trade promotion initiatives and other forms of subsidy assistance, began shipping large volumes of Mandarins into the U.S. market in recent years. Their in-store promotions and attractive packaging enabled them to seize a high-value share of the U.S. market and reduce returns for American producers.

The scope and cost of their marketing activities has been alarming. Spanish exporters, which are producing citrus in a high-cost, developed nation and incurring significant transport costs to move their product thousands of miles into U.S. grocery stores, have been able to deliver to U.S. consumers a product with extremely expensive packaging at a competitive price against California citrus produced near Mr. Costa's district.

These Spanish producers are not so competitive that they can defy the laws of economics. Their main advantage is clear: they are receiving extensive EU and national support to sell and promote their product abroad. According to the EU's most recent WTO notification, the EU is providing over $1.4 billion in marketing and advertising activities to support its agricultural sector. Just last month, the EU Parliament passed a resolution urging the EU to commit even greater resources to promote agricultural exports. The EU and its 27 nations are clearly persuaded that government-supported export promotion is essential to growing exports in the agricultural arena.

Other foreign competitors are funding large promotional activities as well. USDA's Foreign Agricultural Service (FAS) issued a report late last year on China's programs in this area. That report states that in China, "industry associations, **most with government support,** are active in most areas, and their presence is often critical to success." The report observes that in cases of runaway export success stories out of China, the critical factor is usually a strong, government-supported program.

American agricultural producers, including our 4,000 growers, are confident of their ability to compete around the world based on quality and, in our case, the asset of brand identity. But we cannot compete against foreign farmers standing on the broad shoulders of their national treasury.

Our export programs have long recognized this reality. The predecessor of the Market Access Program, the Targeted Export Assistance (TEA) Program, was a bipartisan program signed into law in 1985 by President Ronald Reagan and expressly designed to counter unfair foreign activities. As unfair foreign trading practices have grown over time, MAP has been the only means for many in American agriculture to counteract the harm.

As a so-called "green box program," MAP is among the few tools specifically allowed under WTO rules to help American farmers and exporters remain competitive in a global marketplace still dominated by unfair foreign competition. Though MAP's authorization has been as high as $325 million annually over the long life of this program, its current funding level of $200 million annually was authorized nearly 10 years ago under the 2002 Farm Bill and saw no increase under the current bill. The program is efficiently administered on a cost-share basis, with farmers and other participants required to contribute up to 100 percent match of their own resources. Those participants can only include small businesses, nonprofit U.S. agricultural trade associations, nonprofit U.S. agricultural cooperatives and nonprofit state-regional trade groups.

By any measure, MAP and other USDA trade promotion programs have been tremendously successful and cost-effective in maintaining and expanding U.S. agricultural exports, creating American jobs, and strengthening farm income. A recent independent USDA-commissioned audit of MAP and other USDA trade programs prepared by IHS Global Insight, Inc. (the world's largest economic analysis and forecasting firm) confirmed that MAP uses government funds to supplement, not replace, industry funds. According to the report, the increase in market development spending by government and industry from 2002–2009 enlarged U.S. market share and increased the annual value of U.S. agricultural exports by $6.1 billion. This equates to $35 in agricultural export gains for every additional $1 expended, a **35 to 1 return on investment.**

The report also showed that from 2002–2009, export gains associated with the programs increased average annual farm cash receipts by $4.4 billion and net cash farm income by $1.5 billion. It further confirmed that, due to higher prices from increased demand abroad, U.S. domestic farm support payments were reduced by roughly $54 million annually, thus reducing the net cost of these U.S. programs.

As noted, because, non-trade distorting market promotions are permitted under WTO rules, and are not expected to be subject to disciplines under any final Doha agreement, market promotion is increasingly seen as a centerpiece of a winning agricultural strategy in developed nations and developing ones alike. A great many competitor countries have announced ambitious trade goals and are shaping export strategies based on strong government promotion programs. European countries are expanding their promotional activities in Asia, Latin America, and Eastern Europe. Canada, Australia, New Zealand, and Brazil have budgeted significant investments in export promotion expenditures worldwide in recent years. And, even as market promotion programs expand into global markets, a significant portion of foreign market promotion money will continue to be carried out here in the United States at our local supermarkets.

As an approved USDA Cooperator organization, Sunkist Growers has seen firsthand how MAP can make a large difference in counteracting the effects of this pervasive foreign assistance. With matching monies, our MAP-funded activities increased lemon sales in Japan by 13.4% over the life of the campaign, increased lemon sales in China and Hong Kong in 2009 by 195% compared to 2008, and increased orange sales in Singapore by 127% over the life of the campaign.

These examples, and others like them from a host of other cooperators, are the tangible benefits of sound public policy. They have been made possible because Congress and every Administration since Ronald Reagan's have recognized that global agriculture is heavily impacted by foreign governments. American producers cannot succeed without a reasonable partnership with our government. To give up this supportive partnership is to cede the playing field to foreign producers and the governments that stand behind them.

If American agriculture is to remain globally competitive, the Coalition to Promote U.S. Agricultural Exports believes the Administration and Congress should ensure the strength of MAP and the other valuable export programs as part of a robust trade component in the new farm bill and encourage their aggressive utilization. We further believe the current system of funding under these FAS programs, based upon the competitive merit of each applicant proposal, works well and should not be changed. We do not believe that targeting funds to specific sectors is necessary or prudent.

Thank you again for the opportunity to testify today before the Committee and for your leadership on U.S. agriculture exports. We ask that the Market Access Program and our other vital FAS programs be sustained to help ensure the competitiveness of American producers in the increasingly competitive global marketplace.

ATTACHMENT

Coalition To Promote U.S. Agricultural Exports Membership 2011

Alaska Seafood Marketing Institute
American Cotton Exporters Association
American Cotton Shippers Association
American Farm Bureau Federation
American Feed Industry Association
American Forest and Paper Association
American Hardwood Export Council
American Meat Institute
American Peanut Council
American Quarter Horse Association
American Seed Trade Association
American Sheep Industry Association
American Soybean Association
Atlantic Seaboard Wine Association
Blue Diamond Growers
Calcot, Ltd.
California Agricultural Export Council
California Apple Commission
California Asparagus Commission
California Association of Wheat Growers
California Association of Winegrape Growers
California Blueberry Commission
California Canning Peach Association
California Cherry Export Association
California Cling Peach Board
California Dried Plum Board
California Farm Bureau Federation
California Fig Advisory Board
California Grape and Tree Fruit League
California Kiwifruit Commission
California Pear Advisory Board
California Pear Growers
California Pistachio Export Council
California Plum Marketing Board
California Strawberry Commission
California Table Grape Commission
California Tomato Farmers
California Walnut Commission
California Wheat Commission
Cal Pure Pistachio, Inc.
Cherry Marketing Institute
CoBank
Colorado Association of Wheat Growers
Colorado Wheat Administrative Committee
Dairy Farmers of America
Dairylea Cooperative, Inc.
Distilled Spirits Council of the United States
Florida Citrus Commission
Florida Citrus Mutual
Florida Citrus Packers Association
Florida Citrus Processors Association
Florida Department of Citrus
Florida Fruit & Vegetable Association
Florida Peanut Producers Association
Food Export Association of the Midwest USA
Food Export USA—Northeast
Georgia Poultry Federation
Ginseng Board of Wisconsin
Gulf Citrus Growers Association
Hardwood Federation
Highlands County Citrus Growers Association, Inc.
Hop Growers of America, Inc.
Idaho Wheat Commission
Indian River Citrus League
Kansas Association of Wheat Growers
Kansas Livestock Association
Kansas Wheat Commission
Kentucky Distillers' Association
Land O'Lakes, Inc.
Leather Industries of America
Maryland Grain Producers Association
Minnesota Association of Wheat Growers
Minnesota Wheat Research and Promotion Council
Mohair Council of America
Montana Grain Growers Association
Montana Wheat and Barley Committee
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Confectioners Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Grange
National Grape Cooperative Association, Inc.
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Potato Council
National Renderers Association
National Sorghum Producers
National Sunflower Association
National Turkey Federation
Nebraska Wheat Board
Nebraska Wheat Growers Association
New York Wine & Grape Foundation
NORPAC Foods, Inc.
North American Millers' Association
North Dakota Grain Growers Association
North Dakota Wheat Commission
Northwest Cherry Growers
Northwest Horticultural Council
Northwest Wine Coalition
Ocean Spray Cranberries, Inc.
Oklahoma Wheat Growers Association
Oregon Wheat Commission
Oregon Wheat Growers League
Peace River Valley Citrus Growers Association
Pet Food Institute
Produce Marketing Association
Shelf-Stable Food Processors Association
Softwood Export Council
South Dakota Wheat Commission
Southern Forest Products Association
Southern U.S. Trade Association
Sunkist Growers
Sun Maid Growers of California
Sunsweet Growers, Inc.
Texas Cattle Feeders Association
Texas Wheat Producers Association
Texas Wheat Producers Board
The Catfish Institute
The Farm Credit Council
The Popcorn Institute
Tree Top, Inc.
United Durum Growers AssociationUnited Egg Association
United Egg Producers
United Fresh Produce Association
USA Dry Pea and Lentil Council
USA Poultry & Egg Export Council
USA Rice Federation
U.S. Apple Association
U.S. Apple Export Council
U.S. Dairy Export Council
U.S. Dry Bean Council
U.S. Grains Council
U.S. Hides, Skins & Leather Association
U.S. Livestock Genetics Export, Inc.
U.S. Meat Export Federation
U.S. Rice Producers Association
U.S. Wheat Associates, Inc.
Utah Department of Agriculture
Valley Fig Growers
Virginia Wineries Association
Washington Apple Commission
Washington State Fruit Commission
Washington Wheat Commission
Welch Foods Inc., A Cooperative
Western Growers Association
Western Pistachio Association
Western U.S. Agricultural Trade Association
WineAmerica (The National Association of American Wineries)
Winegrape Growers of America
Wine Institute

The CHAIRMAN. Mr. Censky.

STATEMENT OF STEPHEN L. CENSKY, CHIEF EXECUTIVE OFFICER, AMERICAN SOYBEAN ASSOCIATION, ST. LOUIS, MO

Mr. CENSKY. Good morning, Mr. Chairman and Members of the Subcommittee. I am Stephen Censky. I am CEO of the American Soybean Association. ASA is the national, not-for-profit organization that represents U.S. soybean farmers on policy and international issues. We commend you for holding this hearing today to review the effectiveness of export promotion programs.

Soybeans and soybean products are our country's number one ag export commodity. Last year we exported a record-setting $23 billion in soybeans, soybean oil, and soybean meal. This impressive export growth would not have been possible without the unique government-industry partnership that characterizes the Foreign Market Development Cooperator Program and the Market Access Program administered by the Foreign Agricultural Service.

These programs have been tremendously successful and extremely cost effective in helping to expand exports of U.S. soybeans as well as other agriculture commodities including corn, wheat, rice, cotton, livestock, meat products, dairy, forest products, peanuts, seafood, and a host of horticultural products. I have been asked by the Subcommittee to focus on the role of the Foreign Market Development Cooperator Program in expanding exports.

The FMD Program is a public-private program dedicated to the long-term development of foreign agriculture markets. Under FMD U.S. Government funding is leveraged by the contributions made by U.S. farmers, ranchers, and agriculture industry to carry out targeted market development activities. The FMD Program provides cost-share assistance to establish an on-the-ground presence in markets to identify new markets and to address foreign import constraints.

Under the FMD Program private sector organizations such as ASA, U.S. Wheat Associates, U.S. Grains Council, USA Rice Federation, Cotton Council International, American Peanut Council, and other cooperators work with U.S. producers, exporters, and others to develop strategic marketing plans that detail market characteristics, the constraints limiting U.S. exports in those markets, and proposed activities to overcome those constraints.

These marketing plans are submitted to FAS as a unified export strategy for each commodity. FAS then reviews all submitted unified export strategies and makes FMD funding allocations based on criteria published in the FMD regulations that include cost-share contributions by U.S. industry, capabilities and experience of the cooperator in successfully developing markets and increasing exports, importance of the commodity to overall U.S. trade, and anticipated increases in U.S. exports resulting from the FMD funding.

ASA became a cooperator back in 1956, when we opened the Foreign Market Development Program in Tokyo, Japan. At that time Japan was only importing small quantities of U.S. soybeans. Over the years ASA worked with feedmillers and the Japanese swine, dairy, and poultry industries to educate and demonstrate the value of putting high-quality soybean meal made from U.S. soybeans in feed rations and to link Japanese importers with U.S. exporters, both on the soybean as well on the food-grade soybean sides. Today Japan is a top market for U.S. soybean, surpassed only by China and Mexico. U.S. soybean exports to Japan are valued at $1.3 billion last year.

I would like to quickly make four key points about the FMD Cooperator Program. First is that the FMD is cost effective. According to the Global Insight Study that has been referenced here, the multi-year impact of market development expenditures is equal to $35 in export gains for each dollar spent.

Number two, the FMD Program increases the U.S. exports of U.S. agriculture products. I have highlighted Japan and could mention many more as similar success stories could be told by market development cooperators representing U.S. corn, rice, wheat, cotton, livestock, forestry, horticultural product, and other commodities.

Number three, the FMD Program helps U.S. agriculture overcome the effects of foreign trade practices. Mr. Wootton has mentioned that the EU has announced that they are going to be spending over a billion dollars on promoting agriculture exports, and that it plans to increase this amount on an annual basis. By comparison, the U.S. will spend approximately $34.5 million on FMD and MAP this year.

And number four, the FMD Program helps keep U.S. agriculture commodities strong and in turn support over one million jobs. These jobs are on the farm and the ranch, in the forest, on the water, as well as in banking, transportation, finance, processing, and other industries.

In conclusion, the Foreign Market Development Cooperator Program and the Market Access Program are among the few tools that American agriculture and farmers have to remain competitive in the global marketplace. They support over one million jobs, not only on the farms and ranches but also in the processing and export-related industries. ASA hopes that Congress will maintain funding for agriculture export promotion programs and for the Foreign Agricultural Service of USDA.

I would be happy to answer any questions the Subcommittee may have. Thank you.

[The prepared statement of Mr. Censky follows:]

PREPARED STATEMENT OF STEPHEN L. CENSKY, CHIEF EXECUTIVE OFFICER, AMERICAN SOYBEAN ASSOCIATION, ST. LOUIS, MO

Good morning, Mr. Chairman and Members of the Subcommittee. I am Stephen Censky, and I serve as Chief Executive Officer of the American Soybean Association (ASA). ASA is the national, not-for-profit organization that represents U.S. soybean farmers on policy and international issues. We appreciate the opportunity to appear before you today, and commend you for holding this hearing to review export promotion programs and their effectiveness in expanding exports of U.S. agricultural products.

Soybeans and soybean products are our country's number one export commodity. Last year, we exported a record-setting $23 billion in soybeans, soybean oil and soybean meal. This amount represents ⅕ of all U.S. agricultural exports and over 50 percent of U.S. soybean production.

This impressive export growth could not have been achieved without the unique government-industry partnership that characterizes the market development and export promotion programs administered by the Foreign Agricultural Service (FAS) and carried out by organizations representing U.S. farmers and ranchers. By any measure, the Foreign Market Development "Cooperator" Program and the Market

Access Program have been tremendously successful and extremely cost-effective in helping expand U.S. exports of soybeans and other agricultural commodities such as corn, wheat, rice, cotton, livestock and meat products, dairy, forest products, peanuts, seafood, and a host of horticultural products. I have been asked by the Subcommittee to concentrate my testimony on the Foreign Market Development Cooperator Program and its role in expanding U.S. agricultural exports.

The Foreign Market Development (Cooperator) Program

The Foreign Market Development (FMD) Program is a public-private partnership program dedicated to long term market development of foreign markets for U.S. agricultural exports. Under the FMD program, U.S. Government funding is leveraged with contributions by U.S. farmers, ranchers, and agri-industry to carry out targeted market development activities. Activities implemented under the FMD program are most often focused on opening and maintaining foreign markets, while working on long-term changes to key constraints affecting a market to allow for increased U.S. exports. It allows U.S. market development organizations that represent U.S. farmers and ranchers (referred to as "Cooperators" due to the cooperative private-public partnership they have with FAS) to establish an on-ground country or regional presence, identify new markets and address long-term foreign import constraints and export growth opportunities. The FMD Program provides cost-share assistance to allow market development cooperators to:

1. Conduct market research. This includes: investigating the volume of in-country product to meet demand in a market; the suitability/viability of in-country product; the compatibility of U.S. product; variables to market success; importance of exports from other competing countries; history of product domestically/internationally; competitiveness of U.S. product; infrastructure capabilities to import U.S. products; and access to importers/processors/retailers.

2. Carry out market analysis. This includes: determining the size of a current market; potential size of the market in the future if structural changes were made to allow for an improved market environment; the opportunity for U.S. exports and likely U.S. share; impediments to trade; political situation, demographics, and economic stability of the market; long-term viability of in-country demand; and government accessibility and regulatory environment for market access.

3. Implement long-term market development activities following up on favorable market research and analysis. Implementation of market development activities constitutes the bulk of funding and activities under the FMD program. Market development activities include: supporting the long-term presence of people and office facilities in key markets to develop sound and expanding trade relationships; providing technical assistance to buyers and users of the product; capacity building and education through seminars and one-on-one work that ensure market growth for participating commodities and products; facilitating trade teams to U.S. to see U.S. production standards and supply infrastructure; facilitating U.S. farmer, rancher, and industry visits to current and prospective markets to develop import networks and product specifications to meet local market needs.

Under the FMD program, private sector Cooperators such as ASA, U.S. Wheat Associates, U.S. Grains Council, USA Rice Federation, Cotton Council International, National Peanut Council and others commodity Cooperators work with U.S. producers, exporters, and others in the industry to develop strategic marketing plans detailing market characteristics, constraints limiting U.S. exports, and proposed activities to overcome those constraints. These detailed marketing plans are submitted to FAS as a "Unified Export Strategy" for the U.S. commodity in question. FAS reviews all submitted Unified Export Strategies and makes FMD funding allocations based on criteria included in FMD program regulations that include cost-share contributions by U.S. industry, capabilities and experience of the Cooperator in successfully developing markets and increasing U.S. exports, importance of the commodity in overall U.S. agricultural trade, and anticipated increases in U.S. exports resulting from the FMD funding.

Examples of How ASA Has Utilized FMD Program Cost-Share Funding to Develop Foreign Markets for U.S. Soybeans and Products

ASA became the first USDA-funded Cooperator under the FMD program in 1956, when we opened a foreign market development program in Tokyo, Japan. At that time, Japan was importing only small quantities U.S. soybeans, and the Japanese had expressed concerns about the quality of U.S. soybeans. During our first year, ASA participated in a series of trade fairs and partnered with a coalition of Japanese business interests in conducting market development activities. Our in-country staff worked closely with Japanese industry leaders at all stages, from buyer to retailer, as well as with university and research technicians, and the technical and popular news media.

Japan proved to be an ideal country to begin export promotion, becoming our largest foreign market in the 1970s, 1980s, and 1990s. Over the years ASA worked with: feedmillers and the Japanese swine, dairy, and poultry industries to educate and demonstrate the value of putting high-quality soybean meal made from U.S. soybeans in feed rations; Japanese soybean processors and importers to develop close and outstanding trade relations; Japanese processors to increase the quality and demand for soybean oil made from U.S. soybeans, both in the human utilization market as well as in the industrial and printing ink markets; and Japanese tofu, natto, and miso industries to demonstrate the quality of U.S. food grade soybeans and to link Japanese importers with U.S. exporters. Our office in Tokyo continues to service this critical market today, and Japan remains a top market for U.S. soybean products, surpassed only by China and Mexico. U.S. exports of soybeans to Japan today are valued at $1.3 billion.

ASA went on to open other foreign offices and to conduct market development activities in other markets. From regional and country offices located in strategic areas, ASA International Marketing staff and consultants today continue to implement market development activities with customers around the world that are increasing demand for U.S. soybeans and soy products.

But while Japan represents our first success story, China is perhaps our most impressive. ASA opened an office in Beijing in 1982. At that time China did not have a vertically-integrated animal feed industry, and livestock production lacked health and nutritional standards. China has the largest swine herd on the planet, but much of it was backyard-based and did not include soybean meal in diets. Similarly, while China produces more fresh water aquaculture fish than the rest of the world combined, 20 years ago none of the fish feed included soybean meal. Through a long term and comprehensive program of demonstrating the value of soy-based feeds, ASA helped build demand for soybeans to the level China imports today. Since 1995, while feed use in China grew 140 percent, soybean meal used in animal feed rose an astronomical 839 percent. And we've seen the amount of soybean meal used in aquaculture feeds grow from zero just 20 years ago to 7 million metric tons this year. The value of U.S. soybean exports to China has grown 26-fold, from $414 million in 1996 to over $11 billion in 2010.

Many other successes can be cited to demonstrate the value of the FMD program in expanding U.S. agricultural exports around the world. FMD-supported programs began in Turkey in the 1980s. At that time, U.S. soy exports were valued at only $4 million annually and the United States was only a minor supplier. With support from the FMD program, ASA and the soybean industry began working with Turkey's poultry and feedmilling industries to educate them on the value of using soybean meal in rations. Later, as local investors and companies developed plans to build soybean processing plants in Turkey, ASA provided technical assistance and developed close trade relations, educating these buyers on how to buy from the United States, how to hedge price risk, and how to produce high-quality products from U.S. soybeans. Poultry producers now enjoy the benefit of better quality feed, U.S. equipment manufacturers have seen their sales to Turkey grow, and the U.S. soybean industry continues to grow soybean exports. Today, Turkey's imports of U.S. soybeans, meal and oil have reached $310 million, with the U.S. being the dominant supplier. Fueled by economic growth and a rising standard of living, Turkey's consumption of poultry and vegetable oil continues to grow today.

Mexico is another example. With technical assistance and education and nutrition seminars sponsored by ASA International Marketing, Mexico has gained an appreciation of the benefits of soy for human consumption. Mexico's retailers now sell millions of liters of soy-fruit beverages, among other products. And U.S. soy exports have grown over the years from virtually zero in the late 1970's to the current value of $2.1 billion.

The FMD program provides cost-share assistance to ASA to implement activities that have set the stage for the growth of U.S. soybean exports. With the assistance of the FMD program, we have launched a large number of feeding and demonstration trials in key international markets. Through capacity building activities such as training and on-farm consultations to promote improved swine and poultry practices, as well as education on the benefits of soy protein for human consumption, the FMD program has been extremely successful in helping us develop product specifications and the supply networks to build demand for our products and meet local market needs. More recently, we have engaged in market development activities to promote the use of soy for industrial products such soy ink, solvents, lubricants, and engine oils, to name just a few. All the market development work in which we have engaged over the years has been made possible with the FMD funds.

These FMD funds have been leveraged with contributions by U.S. soybean farmers themselves through the soybean checkoff, as well as with contributions by U.S. exporters. Today, the FMD funds ASA receives are leveraged with soybean farmer and industry funding on a 2-to-1 basis—meaning that for every $1 invested in market development by the FMD program, U.S. soybean farmers and industry are investing $2 to more than match FMD funding.

Four Important Points about the FMD "Cooperator" Program

1. *FMD is cost-effective.* Funds are awarded on a competitive basis via a comprehensive industry strategy evaluated by FAS using a formula that takes into consideration export potential, experience with managing export programs as well as industry contributions. The process helps ensure that U.S. taxpayer's money is being invested in the agricultural sector and organization with the highest chance of success. Every organization that participates in the FMD program *must* contribute its industry's resources to the program. Thus, U.S. Government expenditures actually leverage more resources for foreign market development than American agriculture would be able to accomplish with only private sector funds.

From 2002–2009, the last year for which figures are available, the multi-year impact of the increase in market development expenditures by both industry and government is equal to $35 in agricultural export gains for each dollar spent. In addition, total economic gain to the U.S. economy is estimated to be an annual average of $1.1 billion from increased market development activity. Further, government spending for domestic supports (loan deficiency payments and countercyclical payments) fell about $0.30 for every $1 spent on FMD.

2. *The FMD program increases export of U.S. agricultural products.* I've highlighted just a few examples of how U.S. soybean farmers have successfully utilized cost-share assistance provided under the FMD program to develop long-term markets and increase exports. Similar success stories can be told by the U.S. corn, rice, wheat, cotton, livestock, forestry, and horticultural product industries.

3. *The FMD program helps U.S. agriculture overcome the effects of foreign trade practices.* U.S. agricultural exports often face subsidized or otherwise unfair competition from foreign products. U.S. agricultural organizations utilize FMD resources to combat the multitude of challenges in the international marketplace. As just one example of the competition we face, the European Union recently announced that it will spend the equivalent of $1.0 billion this year on promoting agricultural exports, and that it plans to increase this amount on an annual basis. By comparison, the U.S. will spend approximately $248 million on FMD and MAP this year.

4. *The FMD program helps keep U.S. agricultural exports strong, which in turn supports almost one million American jobs.* These jobs were on the farm, ranch, in the forest and on the water, as well as in banking, transportation, processing and other related industries. Every state and local economy in the U.S. has jobs that are dependent upon healthy exports of U.S. agricultural products.

Conclusion

The Foreign Market Development "Cooperator" program and Market Access Program (MAP) are among the few tools that help American agriculture and American farmers remain competitive in the global marketplace. They are considered to be non-trade distorting or "Green Box" programs under World Trade Organization (WTO) rules.

These cost-share market development and export promotion programs help keep U.S. agricultural exports strong, which in turn support over one million American jobs. These jobs are on U.S. farm and ranches, but also are in processing, transportation, financing, and other related industries. Every state and local economy in the U.S. has jobs that are dependent upon healthy exports of U.S. agricultural products.

Agricultural exports have for years been the strongest positive contributor to our nation's balance of trade. Increasing exports is a significant tool to improve the lives of America's farmers and ranchers while creating jobs, improving our balance of trade, expanding the farm economy and larger U.S. economy, and increasing receipts to the Treasury. The FMD and MAP programs have been critically important to this success. ASA hopes this hearing will strengthen the resolve of Congress to maintain current support for agricultural export promotion programs, as well as strong support for the Foreign Agricultural Service of USDA. I would be happy to answer any questions the Subcommittee may have.

The CHAIRMAN. Thank you. Mr. Lively.

STATEMENT OF R. THAD LIVELY, SENIOR VICE PRESIDENT, TRADE ACCESS, U.S. MEAT EXPORT FEDERATION, DENVER, CO

Mr. LIVELY. Thank you, Mr. Chairman. Good morning. My name is Thad Lively. I am the Senior Vice President for Trade Access at the U.S. Meat Export Federation, and I am very pleased to be here today to talk to the Committee about USDA's Emerging Markets Program.

Before I offer my comments on the EMP Program, however, I would like to first say a few words about the organization I work for, the U.S. Meat Export Federation. USMEF is a nonprofit trade association based in Denver, Colorado. Our mission to increase the profitability of the U.S. beef, pork, and lamb industries by expanding exports and maximizing the value of U.S. red meat production.

USMEF has been a participant in USDA's export programs since it was founded in 1976. In recent years we have been the second largest recipient of funding under the Market Access Program in addition to participating in the Foreign Market Development and EMP Programs. The financial support we receive from the USDA is matched by producers and meat exporting companies, most of which are small or medium-sized enterprises that actively participate in USMEF programs.

The combination of strong government and industry support for USMEF and its programs has provided the foundation for what has been a very effective public-private partnership in export market development for the red meat industry. Last year the value of U.S. beef, pork, and lamb exports reached $8.9 billion. This represented a 32 percent year-over-year increase for beef and a ten percent increase for pork. Growing economies in countries like China, Russia, Mexico, and the Philippines are fueling demand for beef and pork exports, and this is making an important contribution to the continued health and profitability of the red meat industry.

Of course, the continued growth in exports assumes that the United States will have unfettered access to export markets as they develop. Unfortunately, as we all know, to an increasing degree, this is not the case as countries find new and creative ways to protect their domestic agriculture industries through non-tariff trade barriers that limit imports.

To cite just one example, we estimate that the United States is losing roughly $1.4 billion in beef exports annually due to the non-science-based BSE-related import restrictions that are in place in Japan, China, Mexico, and Hong Kong.

Finding effective ways of addressing these kinds of trade barriers is the single biggest challenge facing U.S. beef and pork industries as they pursue their goal of increasing exports.

A critical component of the red meat industry's strategy for eliminating these non-science-based market access barriers has been the kinds of activities that are funded by USDA's Emerging Markets Program. The EMP Program provides funding for technical assistance activities that support U.S. exports and assists the food and rural business systems of emerging markets.

Emerging markets are defined as countries that are taking steps towards becoming market-oriented economies and which have the potential to become viable and significant export markets for U.S.

agriculture. Examples of emerging markets include countries as diverse as China, Indonesia, Mexico, and Russia.

EMP funding is allocated by FAS on an annual basis but also in response to time-sensitive technical barriers to trade and marketing opportunities as they arise. The ability to respond quickly to developments in foreign markets makes the EMP Program especially well suited to the needs of the agricultural export industry.

EMP funds have been used to support a wide variety of technical assistance projects, but USMEF experience with the program has been centered on projects that address market access constraints. We have been able to benefit especially from FAS's ability to quickly review and approve our requests for support to engage importing countries on a number of rapidly-emerging market access issues, most of which have stemmed from non-science-based trade barriers.

Perhaps the most notable exception of USMEF's use of EMP funds is associated with our response to the BSE crisis in the beef industry when countries around the world closed their markets to U.S. beef. Fundamental to convincing countries to reopen their markets has been our ability to restore the confidence of foreign governments in the safety of U.S. beef.

As part of this effort USMEF has been able to draw in EMP funds to bring animal and public health officials from a number of countries, including Mexico, Russia, the Philippines, and Egypt to the United States. During these visits we have worked closely with USDA to educate these decision makers in foreign governments on the science of BSE and the BSE risk mitigation measures that are in place in this country. The training the foreign officials have received on these EMP-sponsored trips has made a significant contribution to the decisions by many countries to relax and in some cases eliminate their BSE-related import restrictions.

USMEF has also drawn——

The CHAIRMAN. The gentleman's time has expired. You want to bring your comments to a close.

Mr. LIVELY. Okay. Thank you very much, sir. I appreciate the time and look forward to your questions.

[The prepared statement of Mr. Lively follows:]

PREPARED STATEMENT OF R. THAD LIVELY, SENIOR VICE PRESIDENT, TRADE ACCESS, U.S. MEAT EXPORT FEDERATION, DENVER, CO

Good morning. My name is Thad Lively. I am the Senior Vice President for Trade Access at the U.S. Meat Export Federation, and I am very pleased to be here today to talk about USDA's Emerging Markets Program (EMP).

Before I offer my comments on the EMP program, I would like to say a few words about the organization I work for, the U.S. Meat Export Federation. USMEF is a nonprofit trade association based in Denver, Colorado. Our mission is to increase the profitability of the U.S. beef, pork, and lamb industries by expanding exports and maximizing the value of U.S. red meat production. We do this by conducting export market development and promotion programs for beef, pork, and lamb in over 60 countries around the world. We also work with the U.S. Government and our industry partners to eliminate trade barriers and open up new export opportunities through expanded market access.

USMEF has been a participant in USDA's export programs since it was founded in 1976. In recent years, we have been the second largest recipient of funding under the Market Access Program, in addition to participating in the Foreign Market Development and EMP programs. The financial support we receive from the USDA is matched by beef, pork, corn, and soybean producers, who invest in USMEF's export programs through the checkoff. In addition, USMEF's membership includes over 125 meat exporting companies, most of which are small small-to-medium sized enterprises, which collectively provide significant financial support to USMEF and are active participants in many of our export programs. The combination of strong government and industry support for USMEF and its programs has provided the foundation for what has been a very effective public-private partnership in export market development for the red meat industry.

Last year, the value of U.S. beef, pork, and lamb exports reached $8.9 billion. This represented a 32 percent year-over-year increase for beef and a ten percent increase for pork. Exports now account for 12 percent of U.S. beef production and close to 25 percent of our annual output of pork. Growing economies in countries like China, Russia, Mexico, and the Philippines are fueling demand for red meat exports. Since consumption of beef and pork in the United States is forecast to experience very limited growth in the future, exports hold the key to the continued health and profitability of the red meat industry.

Of course, this assumes that the United States will have unfettered access to export markets as they develop, and this increasingly is not the case, as countries find new, creative ways to protect their domestic industries through non-tariff trade barriers that limit beef and pork imports. To cite just one example, we estimate that the United States is losing roughly $1.4 billion in beef exports annually due to the non-science-based, BSE-related import requirements that are in place in Japan, China, Mexico, and Hong Kong. Finding effective ways of addressing these kinds of trade barriers is the single biggest challenge facing the U.S. beef and pork industries as they pursue their goal of increasing exports.

A critically important component of the red meat industry's strategy for eliminating non-science-based market access barriers has been the kinds of activities that are funded by USDA's EMP program. The Emerging Markets Program provides funding to private and public organizations for technical assistance activities that improve access to emerging markets. Emerging markets are defined as countries that are taking steps toward becoming market-oriented economies and which have the potential to become viable and significant export markets for U.S. agriculture. Examples of emerging markets include countries as diverse as China, Malaysia, Mexico, and Russia. Consistent with the objectives of the program, EMP funds can only be used for projects that assist the food and rural business systems of the importing country in addition to supporting U.S. exports.

The Emerging Markets Program is authorized by the farm Bill, and funding for the program from the Commodity Credit Corporation currently is set at $10 million a year. FAS administers the program according to regulations that specify reporting, evaluation, and compliance requirements and describe the rules for cost sharing. According to the cost sharing provisions, private sector recipients of EMP funds are required to commit their own resources to the proposed project in order to qualify for funding under the program. Through its administration of the EMP program FAS ensures that approved projects complement and support the objectives of the other export programs.

EMP funding is allocated by FAS through three different channels. The first of these, the Central Fund, is the primary means of allocating EMP funds on an annual basis. In addition to the Central Fund, FAS has the capacity to quickly review and approve projects which specifically address time-sensitive technical barriers to trade and marketing opportunities as they arise. These channels are referred to as the Technical Issues Resolution Fund, or TIRF, and the Quick Response Marketing Fund. The ability to respond quickly to developments in foreign markets makes the EMP program especially well-suited to the needs of the agricultural export industry.

EMP funds have been used to support a wide variety of technical assistance projects, including feasibility studies, market research, sectoral assessments, orientation visits, specialized training, and business workshops. USMEF's experience with the program has been centered on projects that addressed market access constraints. We have been able to benefit especially from FAS's ability to respond quickly to our requests for support under the TIRF fund. The availability of TIRF funding has permitted us to effectively engage importing countries on a number of rapidly emerging market access issues, most of which have stemmed from non-science-based trade barriers.

Perhaps the most notable example of USMEF's use of EMP funds is associated with our response to the BSE crisis in the beef industry. After the United States reported its first case of BSE in late 2003, most countries around the world closed their markets to U.S. beef exports. It quickly became clear that as part of convincing countries to re-open their markets we would need to restore the confidence of foreign governments in the safety of U.S. beef. This has proven to be a much larger and more complex task than we imagined, but over the past 7 years, we have succeeded in changing the thinking of officials in many countries about BSE and have made major inroads in turning around negative perceptions of U.S. beef.

As part of this effort, USMEF has been able to draw on EMP funds to bring animal and public health officials from a number of countries, including Mexico, Russia, the Philippines, and China, to the United States. During these visits, we have worked closely with USDA to educate these decision-makers in foreign governments on the science of BSE and the BSE risk mitigation measures that are in place in this country. The training that foreign officials have received on these EMP-sponsored trips has made a significant contribution to the decisions by many countries to relax or eliminate their BSE-related import restrictions. Although as I have already noted, we still have work to do, the recovery of U.S. beef exports is well advanced, and the value of exports last year exceeded the pre-BSE level for the first time since 2003.

In addition to using EMP funds to educate foreign officials on BSE, USMEF also has drawn on EMP funding to support similar activities that were designed to address market access barriers to pork exports. In several of these cases, USMEF has been able to work jointly with the USA Poultry and Egg Export Council to request EMP funds for projects that benefited the pork and poultry industries equally. For example, after Russia de-listed a number of pork and poultry slaughterhouses, the EMP program supported a visit to the United States by Russian veterinary officials in the fall of 2009. This trip was the first in a series of activities to educate Russian officials on U.S. pork and poultry production practices and explain the scientific basis for the many differences between U.S. and Russian meat hygiene and inspection requirements. Although Russia has not yet recognized the equivalence of the U.S. meat inspection system, the ongoing technical exchange with the Russian veterinary authorities has increased their confidence in the U.S. system and fostered a more open, constructive working relationship.

In closing, I would like to thank you again for this opportunity to speak on behalf of USDA's export programs and the EMP program in particular.

The CHAIRMAN. Sorry to have to do that.

Mr. Hamilton.

STATEMENT OF TIM HAMILTON, EXECUTIVE DIRECTOR, FOOD EXPORT ASSOCIATION OF THE MIDWEST USA AND FOOD EXPORT USA—NORTHEAST, CHICAGO, IL

Mr. HAMILTON. Thank you, Mr. Chairman. My name is Tim Hamilton. I represent two of the four State Regional Trade Groups. These are associations of the State Departments of Agriculture, ten in the Northeast and 12 in the Midwest. Like our counterparts in the West and the South, we work with our member agencies strictly to focus on helping small companies export. We use funding from the Market Access Program in a variety of ways to conduct outreach to these companies, to provide training, technical support, and promotional funding to help them boost their overseas sales. At a time when Congress is looking for ways to reduce government funding, we believe we can provide you with some compelling reasons to maintain funding for these programs.

Our foreign competition would like nothing better than to see the U.S. reduce its support for agricultural exports. If that happens, we will simply be handing these sales and the jobs that they support to our overseas competition. We can keep these jobs in the United States, or we can stop promoting our U.S. exports and watch these jobs go overseas.

At the state regional trade groups we and our member states focus exclusively on small companies or SMEs. Many of these firms are family owned. Most of them are food processors that use agricultural commodities as inputs, which they turn into finished goods for export. Their products vary from snack foods to convenience foods, food ingredients, organic products, literally soup to nuts.

These are companies that have been successful in the domestic market, often for generations, but in most cases they have never even considered the export market.

Food and agricultural producers are challenged to find growth opportunities here at home, but at the same time emerging markets overseas offer huge growth potential for these companies if only they know about the opportunities and how to take advantage of them.

Small firms are often reluctant at first, unsure of how they might be successful doing business in another language, another currency, another culture. We provide education and training to help them identify where their best markets might be and what hurdles they may need to overcome.

Once a small company is ready to begin exporting, their first challenge is to find customers. We use MAP funds to prepare these small companies and to arrange meetings for them with qualified international buyers. This might be done in the U.S. as part of buying missions, it might be done overseas as part of a trade mission, at trade shows, or other ways. I have included several examples of this in my written testimony.

Once companies have become established in the market, it isn't enough just to have a customer. It is essential that they promote those products in these competitive markets. Fortunately we are able to offer some limited promotional support to these small companies through the MAP Program.

In addition, the Quality Samples Program is a small program, only $2.5 million, which is intended to help U.S. agricultural trade organizations provide samples of their agricultural products to potential customers overseas. Since the QSP focuses more on commodity products which need to be further altered, the state regional trade groups focus more on finished goods. So we have had less opportunity to use the QSP Program.

However, the QSP was used very successfully from 2001 to 2005 by the western regional trade group. The small projects that they initiated under the QSP paved the way for several U.S. agricultural products by creating trade interests for seafood in Korea, tomatoes in Japan, and many varieties of fruits and nuts to Taiwan and China. And these products and producers have now graduated into larger scale MAP projects.

Many of the jobs supported by agricultural exports are intrinsically U.S. jobs. They cannot be out-sourced overseas. They are tied to farm production here in the United States. The products are grown here, and they are processed here. If we maintain these overseas markets, then these jobs will continue to be held by Americans. If we lose these overseas markets, we risk losing these jobs to our competitors in China, Europe, and elsewhere.

In our work with international customers we are constantly reminded of the extensive support that our competitor nation offer to our customers. Buyers enjoy lavish treatment made possible by support from European or other governments. You can attend just about any international trade show, and you will see spectacular national exhibits by China, by Europe, and by Chile or many of our competitors. Even small countries like Taiwan and the Netherlands have grand displays, often in stark contrast to the U.S. exhibit, which is modest and spare.

For the U.S. economy to grow not just out of this recession but to continue to be competitive we need to produce products that the world wants to buy. U.S. food and agricultural products are recognized around the world for being safe, high quality, and innovative. This is a real opportunity for our country and for our economy. Every day we see small U.S. companies entering the global marketplace that they were previously unaware of or even fearful of, and we see these companies being successful, and we hear from them day after day, time after time that most of them never would have considered it had it not been for the support and incentive from the Market Access Program.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Hamilton follows:]

PREPARED STATEMENT OF TIM HAMILTON, EXECUTIVE DIRECTOR, FOOD EXPORT ASSOCIATION OF THE MIDWEST USA AND FOOD EXPORT USA—NORTHEAST, CHICAGO, IL

Good morning, Mr. Chairman. My name is Tim Hamilton, and I am Executive Director of Food Export Association of the Midwest USA, known as Food Export—Midwest, and Food Export USA—Northeast, known as Food Export—Northeast. These are State Regional Trade Groups that offer services to help U.S. food and agricultural companies promote their products in foreign markets. We commend you, Mr. Chairman, and Members of the Committee, for holding this hearing to review our agricultural trade programs and wish to express our appreciation for this opportunity to share our views.

The organizations I represent are associations of the 22 Midwestern and Northeastern state departments of agriculture. Like our counterparts in the Western and Southern regions, we work with our member agencies to increase the number of food and agricultural companies that export, as well as to help current exporters increase the volume and value of their export sales. We use funding from the Market Access Program (MAP) in a variety of ways to conduct outreach to these companies, to provide training, technical support and promotional funding to boost overseas sales by small U.S. producers and processors.

We are also members of the Coalition to Promote U.S. Agricultural Exports—a broad-based coalition of over 150 organizations representing farmers and ranchers, fishermen and forest product producers, cooperatives, and small businesses.

At a time when Congress is looking for ways to reduce government funding, we believe we can provide you compelling reasons to continue to fund programs, including the Market Access Program, that help maintain the ability of American agriculture to compete effectively in a highly competitive global marketplace in which many of our foreign competitors enjoy extensive financial support from their own governments.

Our foreign competition would like nothing better than to see the U.S. reduce its support for agricultural exporters. That will enable them to more easily take over our market share. If we reduce support for the Market Access Program, we will watch our overseas market share erode. If that happens, we will be handing these sales, and the jobs they support, to our foreign competition. We can keep these jobs in the U.S., or we can stop promoting our U.S. exports and watch these jobs go overseas. Maintaining support for U.S. exports will help maintain and grow these jobs in the U.S. If we stop our investment, even for a short time, we will lose market share that will likely never be available to U.S. firms again.

Food Export—Midwest and Northeast and our members focus almost exclusively on assisting small companies, also known as SMEs. Many of these firms are family owned. Most of them are food processors that use agricultural commodities as inputs, which they turn into finished goods for export. Their products vary from snack foods to convenience foods, pet food, beverages, gourmet products, food ingredients, natural and organic products, literally soup to nuts. What they all have in common is that they are made from U.S. agricultural products.

These are companies that have been successful in the domestic market, often for generations, but in most cases they have never considered the export market. In many respects, our U.S. food market is a mature market. Food and agricultural producers are challenged to find growth opportunities here at home. At the same time, emerging markets overseas offer tremendous growth potential for these U.S. producers, if only our companies know about these opportunities and how to take advantage of them.

With our state department of agriculture partners, we work hard to identify such firms that are not currently exporting, and encourage them to consider going international. Even among the firms who are already seeking an international outlet for the products, they are uncertain how to proceed. Small firms are often reluctant at first, unsure of how they might be successful doing business in another language, another currency, another culture. We provide education and training to help them identify where their best markets might be, and what hurdles they might need to overcome. We look at what channels might be appropriate, and consider issues like labeling or packaging concerns, tariffs, prohibited ingredients or related challenges.

Once a small company is ready to begin exporting, their first challenge is to find customers—usually importers, distributors or supermarket buyers. We use MAP funds to prepare U.S. companies, and to arrange meetings for them with qualified international buyers. This might be done in the U.S. as part of a Buyers Mission, often at a major trade show, where we make arrangements for a number of U.S. suppliers to meet with foreign buyers. It might be done overseas as part of a Trade Mission, where U.S. companies meet importers of products like theirs. We support more than two dozen such events each year.

I'd like to offer a few examples of how MAP has benefited specific small firms. Dutch Farms is a small, fourth-generation family-owned firm located in Illinois. They participated in a mission in which we used MAP funds to sponsor key buyers to travel to the U.S. At the mission, Dutch Farms had the chance to meet a buyer from China, who ordered a test-shipment of 2,500 lbs. of Dutch Farms' cheese. The firm expects this to grow to a monthly shipment of 40,000 pounds, valued at $100,000 per month. MAP funding made that possible.

Churchies is a small specialty food company based in Malvern, Pennsylvania. Their participation in one of our trade missions to Canada introduced them to a broker that became their first international customer ever.

Many international sales contacts are made at trade shows. Food Export—Midwest and Northeast support companies with advance preparation and technical support to make sure that these shows are successful for them. For example, we ensure that they are well prepared with appropriate pricing, and that their materials are translated if necessary. We make sure they have the necessary information about the market for their products, and what potential restrictions or competition they might face. We also work to make sure U.S. firms meet the right foreign customers at the show. By preparing them ahead of time, and offering some technical support at the show, we significantly improve their chances for success.

Food Export—Northeast provided technical support and introductions to buyers at a trade show in Singapore for Sweet Street Desserts, a Pennsylvania based family-owned bakery products company. MAP funding provided the support they needed, resulting in the small company meeting more than 100 new buyers. Soon after, they shipped their first container of frozen bakery products to Singapore, and have begun discussions with potential customers in other Asian countries. Again, MAP funding made that possible.

Another family owned company, this one from Missouri, Diamond Pet Foods used our support which was made possible with MAP funding, to participate at the Interzoo trade show. With that support, they identified customers from India, Australia, the UAE and Qatar, selling a half million dollars in pet food in the first year. These sales help Diamond Pet to remain a stable and growing employer in the small town of Meta, Missouri, as well as a good customer for the agricultural producers in the area.

Once companies have become established in a market, it isn't enough just to have a customer. Like in the U.S., it is essential that they promote those products in these competitive markets. Fortunately, we are able to offer some limited promotional support to help these SMEs get their products established. This support includes advertising, demonstrations, trade show costs, label modifications, *etc.* These promotional services are made possible through MAP funding, and are provided on a cost-share basis, with companies investing at least 50% of the overall costs. This support is available to the companies for only a limited period of time in any given market: Once their product is established, then it is up to the company to fund its own expenses.

This type of promotional support allowed Preston Farms, an Indiana popcorn supplier, to attend a major trade show in Shanghai, China that they would not have considered otherwise. Their exhibit led to the company's first ever sale of popcorn in China.

According to the company, new export sales have a direct impact on their local economy as the firm contracts additional popcorn acreage from more area farmers.

The Cabot Creamery in Cabot, Vermont was able to use MAP-supported funding to translate the labels on their specialty cheeses from English to Spanish. This allowed the firm to begin exporting to Mexico for the first time. Because Cabot is a farmer-owned cooperative, these new export sales support their producer members located in Vermont and New York. MAP funding made this possible.

During the past year, with support from MAP, Food Export—Midwest and Northeast have assisted 1,186 different firms. These companies reported that they were introduced to more than 18,000 potential new customers because of that support. Further, these firms went on to make their first sale in a new country 642 times. At least 51 of these companies made their first export sale ever this past year. They reported more than $1.2 billion in new export sales, and project nearly double that in additional sales over the next year. During 2010. these companies reported that they have specifically **added 964 new jobs because of this program. Based on our data. we estimate that total new export sales by these firms support nearly 9,736 new or existing jobs.**

While the MAP program clearly supports agricultural producers in rural areas, many companies that process these products for export are located in urban areas.

For example: Bassetts Ice Cream calls itself the oldest ice cream company in America. The family-owned firm has been making ice cream in and around Philadelphia for 150 years, using milk and other ingredients from the local area. With promotional support made possible by the MAP program, the firm began selling their ice cream in China in 2008. Over the past three years, their sales have grown from $50,000 the first year to $800,000 in 2010. The firm expects this to nearly double, to $1.5 million, in 2011. According to the firm's international sales team, without this support the firm likely would not have any sales in China right now.

Many of the jobs that are supported by agricultural exports are intrinsically U.S. jobs. They cannot be out-sourced overseas. They are tied to farm production in the U.S. The products are grown here, and they are processed here. If we are able to maintain our overseas markets, then these jobs will be held by Americans. If we lose these overseas markets, then we risk losing these jobs to our competitors in China, Europe and elsewhere.

In our work with international customers, we are constantly reminded of the extensive support that our competitor nations are able to offer our customers. Buyers enjoy lavish treatment made possible by support from European or other governments. You can attend just about any major international trade show, where you will see spectacular national exhibits by China, Europe, Chile and many of our other competitors. Even small countries like Taiwan and the Netherlands mount grand displays, in stark contrast to the U.S. exhibit that is usually modest and spare.

The Market Access Program acts to encourage investment by the private sector. It gives incentives for companies to invest in new markets that they might not otherwise consider. The companies that participated in our programs invested an average of $2.67 for each dollar in public support. But the international market has additional risks, and the length of time it takes to become successful is longer than for domestic sales. These risks make exporting particularly challenging for small companies. That is why 94% of small U.S. companies do not currently export, and it is why they need encouragement, incentive and support to undertake the process.

Small businesses support half of the jobs in the U.S. So encouraging these small companies to begin or expand exporting has a double benefit. It supports not only the farmers that produce the commodities. It also helps support the jobs in these companies that process these products into finished goods for export—both in rural and urban areas. USDA estimates that each billion dollars of exports supports 8,400 jobs.

It is really in our country's long term best interest to continue efforts to build our exports. For the U.S. economy to grow, not just out of this recession, but to continue to be competitive, we need to produce products that the world wants to buy. U.S. food and agricultural products are recognized around the world for being safe, high quality and innovative. This is a real opportunity for our country.

Every day, we see small U.S. companies entering that global marketplace that they were previously unaware of, or fearful of. And we see these companies being successful—and being innovative. Customizing their products and finding new customers in markets where they never thought they could. And we hear from them day after day, that most of them would not have done it without the support and incentive made possible from the MAP program.

Our nation's exports of food and agricultural products can continue to be a major success story in these otherwise difficult economic times. This is not the time to cut back on these efforts. It is a chance to take advantage of these global opportunities, and provide the support and incentive that companies, including small companies, need to pursue these markets, build sales, and put Americans to work.

Mr. Chairman and Members of the Committee, I encourage you to support efforts that continue to boost America's food and agricultural exports, including MAP, that support our farmers, our small businesses, and the Americans that produce these outstanding products.

Thank you.

The CHAIRMAN. Thank you, and the panel's comments will conclude with Mr. Nikolich.

STATEMENT OF GEORGE NIKOLICH, VICE PRESIDENT, TECHNICAL OPERATIONS, GERAWAN FARMING, INC.; BOARD MEMBER, CALIFORNIA GRAPE & TREE FRUIT LEAGUE, REEDLEY, CA

Mr. NIKOLICH. Thank you, Mr. Chairman. I appreciate the opportunity to speak to you today about market development programs. Today my focus will be on the Technical Assistance Specialty Crops program, TASC program, which our stone fruit industry has used to great effect to overcome many of the increasing challenges of technical trade barriers, and in the interest of time I will summarize my comments by providing a couple of examples, a couple of key examples for our stone fruit industry that has utilized the TASC funding for their success.

Minimum residue limits are limits on chemical residues that our trading partners apply to products that we export. Foreign export regulations, they change quickly, and often their information is inconsistent from one source to another. We have used TASC funding to develop a quick and easy-to-access database to enhance uninterrupted trade and beyond stone fruit, TASC funding has also been used to support the development and maintenance of USDA/U.S. EPA MRL database for maximum chemical residue standards involving hundreds of specialty crops.

Also in regards to maximum residue limits, one of the issues we are often faced with is that our industry does a wonderful job developing new chemistry, new crop protection materials that can be used which are safer, more effective, but if an MRL does not exist for those products, then we are unable to export. TASC funds have also supported industry representatives participating in discussions with U.S. and foreign regulatory agencies, markets such as Taiwan, Japan, and Canada, and it is critical in order to satisfy our needs for phytosanitary quarantine treatments to use the most effective materials possible. It is critical to have a continuing effective dialogue with those export markets so that we can be fast on our feet and make use of those superior products as soon as they are available to us.

Also, a real success for our industry and for our company specifically has been the Mexico export program. California growers have been exporting stone fruit to Mexico under a U.S., Mexico bilateral work plan since 1994. Over 26 million boxes of California stone fruit have been shipped to Mexico since that time.

The program involves both a fumigation or non-fumigation systems approach protocol. The systems approach protocol is one in which the Mexican Government has boots on the ground, they have supervisors overseeing their process. Costs have been close to $½ million over recent years, and TASC funds have served to defray some of the costs to industry for that.

In addition, support through TASC funding has allowed our producers to work towards developing alternatives to chemical means for phytosanitary quarantine treatments. This is particularly important to our industry in that, for instance, methyl bromide is a very effective quarantine treatment, however, if you start with a good-eating piece of fruit, you treat it with methyl bromide, you wind up with a piece of fruit that is okay, and the difference between the market for a great tasting piece of fruit and an okay piece of fruit is virtually the same as having a strong market or no market at all.

Without the assistance of TASC funds our trade organizations and industry could not have undertaken these types of activities, nor could we have shipped over 25 percent of our volume to our 16 export partners.

Thank you, again, for the opportunity to discuss these matters.

[The prepared statement of Mr. Nikolich follows:]

PREPARED STATEMENT OF GEORGE NIKOLICH, VICE PRESIDENT, TECHNICAL OPERATIONS, GERAWAN FARMING, INC.; BOARD MEMBER, CALIFORNIA GRAPE & TREE FRUIT LEAGUE, REEDLEY, CA

Chairman Johnson and Members of the Committee, thank you for the opportunity to provide testimony in this hearing to review market promotion programs and their effectiveness on expanding exports of U.S. agricultural products.

Technical trade barriers represent an important, increasing, and in many cases, complex challenge faced by U.S. exporters of agricultural products. USDA's Technical Assistance for Specialty Crops (TASC) program is relied upon by U.S. organizations and businesses to provide funding for projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops.

The following are examples of the positive impact TASC funding has had in supporting growers', shippers' and commodity representatives' efforts to address continuing and new non-tariff barriers to trade:

- Foreign regulations change with speed and frequency. Additionally, information from one source sometimes contradicts information from other sources. TASC funding has assisted companies such as Gerawan Farming, Inc. and other stone fruit producers with the ability to obtain the market intelligence necessary for meeting import requirements. The stone fruit industry developed an export database with the support of TASC funds that identifies export requirements for growers, such as labeling documentation, phytosanitary requirements, tariffs and taxes, and sanitary requirements, such as chemical residue levels, for all major stone fruit export markets. Quick access to accurate export requirements through this database helps to facilitate uninterrupted trade. Beyond stone fruit, TASC funding has also been used to support the development and maintenance of the USDA/U.S. EPA MRL database that tracks and compares U.S. and international chemical residue standards on hundreds of specialty crops.
- A primary concern for U.S. growers and shippers when implementing integrated pest management programs is ensuring that any residues resulting from applications of crop protection materials meet both U.S. and international standards. This can be challenging as standards often differ by country and more international governments are insisting upon their own unique set of standards. As this trend continues to grow, fresh market commodities such as stone fruit face challenges in managing insect and disease control to meet export phytosanitary requirements while also observing the differing regulatory requirements for residues within foreign market destinations. U.S. growers consider maximum residue level (MRL) harmonization as one of the most important and growing issues within international agricultural trade. TASC funds have been utilized to allow industry representatives to participate in discussions between U.S. and foreign regulatory agencies from key export markets such as Taiwan, Japan and Canada. These discussions help the industry to develop a better understanding

of food standards within foreign markets with the goal of ensuring that science-based MRLs continue to be established so that growers may freely export produce.

- California growers have been exporting stone fruit to Mexico under the U.S.-Mexico bilateral work plan agreements since 1994. During this period, over 26 million boxes of California stone fruit have been exported to Mexico under either a fumigation or "systems approach" (non-fumigation) protocol. Since the inception of this program, the Mexican government has required that their plant quarantine officials "supervise" the activities of the program's participants, USDA's Animal Plant Health Inspection Service (APHIS), and California Department of Food and Agriculture (CDFA) or county regulatory officials in California. The annual cost to industry for the required Mexican monitoring program has grown to over $470,000 in recent years. These costs are charged back to the packing companies, such as Gerawan Farming, participating in each year's program. TASC funds have helped to defray some of the costs of Mexican oversight while the industry continues to work with USDA/APHIS, USDA's Foreign Agricultural Service (FAS), and other government offices as necessary to negotiate an end to Mexico's excessive oversight and regulatory requirements. This funding will help ensure the long-term viability of the export program for all California shippers which is extremely important not only because the Mexican market is of great value in and of itself, but also because it represents significant demand that helps stabilize all other markets, including domestic. Without Federal funding, it is likely that the costs of Mexican oversight in California would prohibit many California shippers, particularly the smaller companies, from participating in this program.
- Support through TASC funding has allowed our producers to work towards developing alternative chemical and non-chemical treatments to replace methyl bromide fumigation as a quarantine measure. This research has helped meet quarantine needs within export markets and reduce the post-harvest losses caused by pathogens, insects and some post-harvest treatments themselves. Funds have provided stone fruit growers with the ability to satisfy the quarantine concerns within a number of markets, such as Australia, Mexico, Canada and Colombia.
- Without the assistance of Federal funding provided under the TASC program, participating organizations such as Gerawan Farming, Inc. would be unable to undertake these types of activities and could not develop the necessary data to assist USDA in negotiating reduced mitigation protocols to maintain or expand U.S. agricultural product exports. Without TASC, our industry could not have shipped the over ten million packages representing 20% of our volume to our export partners last year.

Because of its variety and clear superiority, the U.S. specialty crop sector is one of the most vibrant components of U.S. agricultural trade. The TASC program and other programs discussed today are vital to maintaining the sector's access to export markets and its global competitiveness.

Again, thank you for the opportunity to provide the Committee with testimony on the benefits of market promotion programs and their effectiveness on expanding exports of U.S. agricultural products.

The CHAIRMAN. Thank you to all the panelists, and in the interest of efficiency I would like to defer now to the Ranking Member, Mr. Costa.

Mr. COSTA. Thank you very much, Mr. Chairman. Let me quickly go through a couple of the different witnesses.

Mr. Wootton, I want to ask the same question to you that I asked earlier to Mr. Brewer, and that is I believe that the Market Access Program for agriculture across the country has had tremendous benefits, and you cited that in your testimony. You also were very clear to let people understand that while Sunkist is a well-known, popular brand name, it is an organization that for over 100 years represents over 4,000 growers in which the average size of an orchard of citrus is 40 acres. And with all due deference to my friends in Florida, California now and has been for a little bit, the number one citrus state in the nation.

The Market Access Program: Is this corporate welfare?

Mr. WOOTTON. No, Congressman, it is not, and we object to that mischaracterization which some organizations I know said that before the Government Reform and Oversight Committee hearing within the last 2 weeks and cited that a number of major corporations, for profit corporations were the beneficiaries of MAP funds. It was completely untrue.

Congress in 1995 reestablished new eligibility requirements for participation in MAP, and as Mr. Brewer outlined, these are not-for-profit U.S. agricultural trade associations, not-for-profit co-operatives, State Regional Trade Groups, and the beneficiaries are small business enterprises and small farmers.

So this is certainly not corporate welfare.

Mr. COSTA. Thank you very much. Mr. Nikolich, thank you for coming all the way from California. You did a good job in explaining how your efforts and with Gerawan Farms have done in using the Technical Assistance for Specialty Crop Program.

For newer Members here on the Committee, we deal with this regularly, but could you explain the challenges that we face with sanitary and phytosanitary standards, technical barriers that can be non-tariff trade barriers that we deal with on specialty crops compared with other agricultural products, even with countries that we have an agreement with like NAFTA?

Mr. NIKOLICH. You are referring to for lack of a better term, non-scientific-based barriers?

Mr. COSTA. Yes. Non-tariff barriers.

Mr. NIKOLICH. Every year we are always waiting for the other shoe to drop, invasive pest species or a major concern to us in California. We have a number of countries who have imposed barriers to trade based on phytosanitary conditions that may or may not have much to do with science. There are pest species that we have at great cost to our industry, developed phytosanitary quarantine treatments, and those regulations are often considered to be unnecessarily complex and rigorous. And it has been a real challenge, not only in developing the science necessary to do quarantine treatments but to also overcome the fact that it is a moving target, and it is very difficult to attempt to keep up with the changes.

Mr. COSTA. Before my time expires here, could you give an example on the TASC, what kind of market intelligence you have been able to gain in terms of marketing your products abroad and how it has impacted? And also, as we look at the reauthorization of the farm bill, what changes you might recommend we make in TASC.

Mr. NIKOLICH. The primary benefit that we have had through the TASC funding has been to work directly with our export partners to understand their needs. For instance, food safety may be a number one concern in the U.S. but really chemical residues are number one interest to most of our export partners. So developing a personal relationship with our export partners facilitated through the meetings and the dialogue and the systems that have been supported through TASC funding has been of great importance to stay in touch and to understand the changes and the needs of our customers.

In terms of recommended changes to TASC funding or additions, for instance, as was noted earlier, table grapes has a pre-clearance program. There is a great need for a similar program in stone fruit, and we would also like to rely more on USDA, our own California Department of Food and Agriculture and agricultural commissioners' offices for oversight rather than have to go to the expense of funding our export partners' representatives here on our soil.

Mr. COSTA. You know, sometimes I hate when we use acronyms in government, and by the same token as farmers sometimes with the wonderful variety of crops we grow around the country, we tend to take terms for granted, but it is important for those people who don't grow stone fruit in other parts of the country that we explain what category of fruits that we include in stone fruit.

Mr. NIKOLICH. You are right. Stone fruit, everything from apricots, peaches, plums, nectarines, pluots, plumcots. There is a variety and also cherries are considered stone fruit, anything with a pit that you need to throw out is a stone fruit.

Mr. COSTA. It is a stone fruit. I was reminded of that by my colleague from Illinois, and we use that term interchangeably, and I knew most of the listing, but I knew I would leave out pluots.

Mr. NIKOLICH. Pluots, plumcots. They are inter-specific hybrids of apricots, plums.

Mr. COSTA. Thank you.

The CHAIRMAN. The gentleman from Pennsylvania, Mr. Thompson.

Mr. THOMPSON. All right. Well, I appreciate Mr. Costa seeking that for those of us who have been sitting here wondering what a stone fruit was. I love learning something new.

Mr. COSTA. And afraid to ask.

Mr. THOMPSON. Afraid to ask. That is right. I figured it had to be round.

You know, this past 2009, the American dairy prices dropped to unprecedented lows. I think nationwide our dairy farmers were losing at that point certainly in my district, and around the country, an average of $100 per cow per month. It is generally accepted that a decrease in exporting was a major factor of these low prices.

Now, a number of steps were subsequently taken by USDA, including the activation of the Dairy Export Incentive Program, which appears to be somewhat helpful.

Mr. Hamilton, I know in your testimony you referenced the organization you work with and the types of those you are representing today, I saw reference to Vermont creamery and ice cream that was being exported to China. I wanted to seek your thoughts of have the measures that USDA has been doing, are they helpful, and what else can we do to increase our dairy exports?

Mr. HAMILTON. Thank you for that question. My expertise is less on dairy policy than it is on the process of helping small companies export their finished goods, which is why you saw in my written testimony the examples of the ice cream and the cheese products.

So from the perspective that we look at, we are helping companies that generally have branded products that they are trying to educate their foreign consumers about the value of that brand as a U.S. product. So, the area that we are supporting them is at the higher end in terms of the value-added product rather than just the commodities.

In terms of the dairy policy that affects commodities, I would have to defer to my colleagues from the Dairy Export Council, who unfortunately aren't here this morning.

Mr. THOMPSON. Sure. Some of those, the ones that are exporting those final finished products, is there anything that stands out in your mind of just best practices, the ones that have been very successful? What are they doing that others are not to be successful at penetrating those foreign markets?

Mr. HAMILTON. The really critical component for everyone is really to find out what your customer is interested in, and so that really varies by market and by product. We were talking yesterday with a small company that wants to export yogurt, and the challenge is what flavors do they want in a particular country. Yogurt presents its own challenges because of the bacteria that it normally and rightfully has, and there is also a lot of protectionism against dairy. If you have a small company that wants to export their dairy products to Canada, which is a natural first market for them, it is a big challenge. So they really need to look at the taste and the preferences of the consumer.

Mexicans, for example, prefer soft cheese and light cheese over hard cheese. So if you go to Mexico and try to sell a hard yellow cheese, you are going to have a lot harder time than if you have gone down, done your market research, and figured out exactly what it is that the customers are looking for. And once you have done that and can then customize your product, your label, your packaging, then you stand to be a lot more successful.

Mr. THOMPSON. Great. Thank you. Mr. Wootton, the President's National Export Initiative identified small and medium-sized businesses, referred to as SMEs, as a key focus group on which to double our exports, U.S. exports.

Of your members those of similar cooperatives and other entities from which you are familiar throughout the agriculture industry, how many would you say would already qualify as an SME?

Mr. WOOTTON. Congressman, I would say virtually all of our membership would be SMEs. I mean, by definition of Small Business Administration it is under a certain number of employees that work for that company, and in the case of our cooperative itself, Sunkist itself, we ourselves would qualify as a small medium enterprise.

So we have slightly over 300 employees worldwide for Sunkist. We have a very well-known name, but we are a small organization, and our ownership of 4,000 citrus growers are themselves very small family farmers.

Mr. THOMPSON. Do you feel that there is a need to refocus the MAP or the FMD Programs towards SMEs?

Mr. WOOTTON. No. I think the SME objective of the Foreign Agricultural Service is already being accomplished, and perhaps they were unaware of who the constituencies were that were benefiting from these programs. I mean, in the case of these programs they are essentially the small farmers, small to medium enterprises, small businesses that are participants either through their cooperatives or through the regional, state and regional trading organizations.

Mr. THOMPSON. Thank you. Thank you, gentlemen, for your testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from Vermont, Mr. Welch.

Mr. WELCH. Thank you very much, Mr. Chairman.

You know, it is tremendous what the promotion program does because we have to sell more ag products, and for those of us who are supporters of that effort, I think we have the biggest responsibility to try to improve it and identify areas where it needs improvement and correction.

So what I would like to do is have each of you just very quickly tell us the two things that you would do to improve the effort that we need to make, and I will start with you, Mr. Wootton.

Mr. WOOTTON. The effort that we ourselves need to make or the effort that USDA would need to make in order to——

Mr. WELCH. Well, give me a one and one. I mean, the goal here has to be to promote and sell, successfully, more of our ag products.

Mr. WOOTTON. Right.

Mr. WELCH. Now, if you have a special way to do it with dairy, I am always interested, but, seriously, the issue for us is who promotes it, we have a bigger responsibility than anyone else to improve it so that it doesn't become subject to this attack, a global attack that is, "corporate welfare." This is about growing our economy and making agriculture thrive across the country.

So I am interested in your two points.

Mr. WOOTTON. From the industry perspective, I mean, it is the industry's obligation to best know their own markets and where they have the opportunities to export and sell those products. That is not a role for the government.

Mr. WELCH. Right.

Mr. WOOTTON. And so, it is up to us to identify those markets and try to compete effectively there. For an organization like Sunkist our greatest asset is our brand, and that is a huge tool for us to be able to establish a relationship with customers and consumers in those markets.

Mr. WELCH. Right. Okay. Let me go to Mr. Censky. I am not going to have a lot of time. Thank you.

Mr. CENSKY. I would say one of the key things that I think is important on both the Foreign Market Development Program and the Market Access Program is that there are the requirements for evaluation. We as participants are constantly evaluating activities, our activities, finding out if they were successful, how we can change them to improve them in the future, are we moving the needle in the markets, and that is one of the key requirements.

Mr. WELCH. And do you think we are self-critical enough in that review?

Mr. CENSKY. I think we are, and we do bring in outside evaluators as well, so it is not just our staff that are looking at our own programs.

Mr. WELCH. Right.

Mr. CENSKY. We are bringing in outside evaluators.

Mr. WELCH. Thank you. Mr. Lively.

Mr. LIVELY. Yes. Thank you, sir. I would agree with Mr. Wootton in large regard. I think from the standpoint of the red meat industry, which I represent, the clear trend is towards more branded products.

Mr. WELCH. Yes.

Mr. LIVELY. You know, historically it was basically a commodity business, but that is changing. You see it here at home, and you especially see it in overseas markets. The truth is the branded guidelines that exist today under MAP make it difficult for us to support introducing some of those brands into the market, and to be clear, I am not talking about the government using taxpayers' money to support brands of humungous companies.

Mr. WELCH. No.

Mr. LIVELY. But for smaller companies, and there are an awful lot of small specialized meat companies that we think could do very well in the export market, with a little more streamlining in the way the branded program offers.

Mr. WELCH. Well, I would be interested in that. You know, Vermont, we focused on this branding and the Vermont brand, my local farmers tell me really helps them with sales. So we have to protect a brand and promote a brand. That makes a lot of sense.

Mr. Hamilton.

Mr. HAMILTON. Sure. Two things. Number one, and this follows up on what Mr. Lively said. The USDA has been in the process for about 3 years of issuing new regulations that govern the MAP Program that we feel would make it much more accessible and much more applicable in today's market. The regulations that exist right now were written before electronic marketing became common.

Mr. WELCH. Right.

Mr. HAMILTON. And in the international marketplace that is extremely important now. So the issuance of those new regulations on the MAP Program would be number one.

Number two I would say often lost in the conversation in terms of FAS's capabilities are their locally-engaged staff at their embassies around the world.

Mr. WELCH. Right.

Mr. HAMILTON. You hear often about the Foreign Service officers, but there is a tremendous amount of expertise on the local staff that are hired, that have the relationships with the industries.

Mr. WELCH. Let me stop you there. That is a good point. I just have a little time. I wanted to let Mr. Nikolich speak, too. Thank you for that.

Mr. NIKOLICH. Number one, harmonize MRLs, maximum residue limits, so that everybody is on the same page and that they are science based, so that they make sense.

Number two would be flavor sells. Phytosanitary quarantine treatments are difficult to issue, to contend with. Some of those treatments diminish the flavor and quality of our stone fruit, and to the extent that research can be done to improve that situation the better off industry will be.

Mr. WELCH. Thank you. I yield back.

The CHAIRMAN. Thank you. The gentleman from Indiana, Mr. Stutzman.

Mr. STUTZMAN. Thank you, Mr. Chairman. My question is for Mr. Lively. After the BSE incident the beef market took a huge hit.

While beef exports have finally rebounded a little since then in over $4 billion in 2010, it is only 84 percent of 2003 levels.

How important has USDA's Emerging Markets Program been to restoring market access lost due to the BSE-related import restrictions?

Mr. LIVELY. Thank you, Congressman. Yes. We did achieve this year for the first time since the BSE problem emerged in 2003, the value of exports that we had that year, but as you point out, the volume still falls short of our 2003 level.

In my opinion as I touched on in my testimony, and the EMP Program was critical to our ability to respond to this problem in emerging markets, of course, which excludes markets like Japan and Korea and Taiwan. We have used Emerging Markets funds to support bringing, as I mentioned, officials from countries like Mexico, the Philippines, Egypt, *et cetera*, to the U.S. Fundamental to getting past where we are today or where we were at least then on the BSE problem is convincing governments that we do have the controls in place, and frankly in many cases bringing them up to speed on the science of BSE and the science of risk assessment.

So countries reacted quickly to that crisis, they took positions, which became policies, which became very difficult to change. So over time this educational effort, this, if you will, capacity-building effort with foreign officials has been critical. We are now back in specifically in two of the emerging markets that I mentioned in Egypt and the Philippines. We now have restored complete access for U.S. beef. So we do consider that a victory. We still have a long way to go in some other places.

Mr. STUTZMAN. Mr. Censky, in your testimony you mentioned how much the EU is spending on export promotion. Given the large amount of money our competitors spend on their own exports, how important do you believe the partnership is between FSA and our small and medium-sized agribusinesses, and are we getting the value for the dollar spent?

Mr. CENSKY. I think we are. It is, number one, it is extremely important, and we are getting the value. The government funding is actually attracting more dollars. In the case of the soybean industry ourselves, we are investing $2 for every dollar in funding that we receive under those programs, and so definitely we are expending our own resources and want to make sure that it is as effective as possible and that we are moving the needle.

And we definitely, I mean, just the fact that we have moved from just soybeans, being a relatively minor commodity 40, 50 years ago, to where we are today at over $23 billion in exports shows the importance of foreign market development.

Mr. STUTZMAN. In the last 2 minutes here and each of you could answer this briefly, are you seeing new interest from producers to export products? You know, a lot of times we look within our own small world sometimes, but is there new interest? Is there the demand that is there that people are producing more, and they are saying, well, where can we start marketing our products and approaching you all?

You had mentioned a yogurt facility. Are there other sectors that are starting to grow? Obviously, with beef we have a long way to go, and we know our possibilities there, but any new emerging markets?

Mr. HAMILTON. I guess what I would say to this because this is our day-to-day challenge is how do we convince small companies that they should be exporting. Only about 94 percent of U.S. companies don't export. The challenge isn't just economic. It is cultural. We as a country are not known for our exporting capabilities among small companies. We have never really had to do that as an economy, and so since the President has come out with the National Export Initiative, that has created some more interest among people who are starting to think, oh, maybe this is something that could apply to me.

And so, the important thing, at least in the small companies that we work with, is they need to hear from somebody with influence that this is possible. And so as you are out talking to people, I think it would behoove you, and it would certainly help us if they were hearing from people that this is something that small companies can be successful at.

Mr. STUTZMAN. Absolutely. I agree, and I actually just came back from a trip to the Middle East, and there is opportunities in Saudi Arabia and other emerging markets. That is one of the jobs I feel is to go back home and let folks know that there is opportunity there, and I know especially with agriculture we are feeding the world and have a lot of opportunities.

So thank you for what you all do, and I appreciate you being here today. Mr. Chairman, I yield back.

The CHAIRMAN. Thank you. I now call on the distinguished Ranking Member, Mr. Costa, for a couple questions.

Mr. COSTA. Thank you. Two questions.

One to Mr. Lively. You have spent many years dealing with the beef industry across the country, the livestock industry. Can you give this Committee a sense of some of the challenges we face? I know you have spoken earlier.

I mean, we do such a great job, in terms of not just industry standards, but health and safety. I have three packing plant operations in my district. Obviously, we have a little issue with CHPSA right now, but the BSE as you referred to it and the concerns about mad cow disease and others, and we have penetrated Japanese and South Korean markets and other Asian market as well. We have competitors obviously with Australia and South America.

But some of these issues that are raised by these countries, where we find good customers for, they fall under the category, I guess, of non-tariff trade barriers because what happens is is, for example, the bone end found in South Korea a year and a half ago. How do we deal with this? How do we cut through the fact that these folks are simply being protectionists?

Mr. LIVELY. You know, you raise an excellent point, Congressman, and it is key to our ability to succeed without a doubt in exporting both beef and pork. The BSE episode has taught us all a lot of lessons, I guess I would say, but one of those is that we have to be consistent, we have to be diligent in the way we approach these countries. We have to remember that once countries close their doors, we are there knocking on the door trying to get back in. Whether they are what we have all seen, and we could all say this on this panel, whether there is science to back up the position that the country's taking or not, they are in control. I mean, they are the ones who make the decisions.

I think we are going to have to stay on these issues and truthfully, as a country we are going to have to be consistent in the way we apply these rules. When we approach other countries and criticize them for their non-science-based positions and then sometimes in our case our position, too, is less than consistent. That makes it difficult.

Mr. COSTA. I think the trucking issue earlier referenced was a good example of that. I think in that case we were wrong. I mean, we weren't complying.

My last question, Mr. Nikolich, I think you have done a good job of explaining the various challenges that we have in a lot of specialty crop areas, including stone fruit, and you talked about the minimum residue levels that sometimes are raised on these phytosanitary issues and trying to be consistent.

I would like you to just explain to the Committee, though, and you referenced it in fumigants, both in fumigants and treatment of fruit products for export purposes but also the impact for soil fumigants and the challenges we are having right now in terms of the registration and finding alternatives. Because obviously a good tasting fruit is what you need to sell, and I promised the Chairman here that I would provide him some good tasting stone fruit here as the season comes upon us.

But the fumigant issue still is a real problem.

Mr. NIKOLICH. It certainly is. Methyl bromide has advantages in that it is very effective on a target pest, and it also disappears, so residues of methyl bromide on exported fruit really are not the issue. And so we need to have reasonable science-based approach to the use of fumigants. There is an awful lot of pressure on our industry in terms of the use of pesticides in general, and there is an awful lot of folks that don't believe there is any manmade chemical that is any good for anyone, and so that is a real challenge to overcome.

Whether it be soil fumigants, quarantine treatments, we really do need to have a science-based reasonable approach. Science has really suffered in this enterprise in terms of the alternatives we have, and there is also the component there of negotiating with our export partners to allow certain practices and fundamental approaches to the way we do things in terms of phytosanitary and quarantine practices that I think could yield results if we could pursue those.

Mr. COSTA. Well, my time has expired. Mr. Chairman, I want to thank you for a good hearing. This is a continuing conversation that we must continue to have as it relates to risk assessment and risk management, realizing that everyone wants to ensure that we have the gold standard, and we apply it as it relates to both pesticides and herbicides, that these are necessary tools. The fact is we don't do as good a job as we should, I guess is what I am trying to say, in trying to explain the comparative risks of assessment for the risk management and the safety features that come from it. I mean, if people eat healthy diets, you have far less risk than from obesity and the other tradeoffs.

But we will continue to do a good job with this Subcommittee, Mr. Chairman, and we appreciate your leadership.

The CHAIRMAN. Thank you, Mr. Costa, and thank you to the panel. In absentia thanks to Mr. Brewer, to our respective staffs, and for the audience. I think this has been a very productive hearing which we intend to continue. I think it is safe to say that the agricultural sector is our superstar of exports, and we want to do everything we can to make sure that that continues and flourishes.

This hearing of this Subcommittee is adjourned.

[Whereupon, at 11:28 a.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER BY BERRY BEDWELL, PRESIDENT, CALIFORNIA GRAPE AND TREE FRUIT LEAGUE

April 14, 2011

Hon. TIMOTHY V. JOHNSON,
Chairman,
Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture, House Committee on Agriculture,
Washington, D.C.;

Hon. JIM COSTA,
Ranking Minority Member,
Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture, House Committee on Agriculture,
Washington, D.C.

Re: April 7th hearing to review market promotion programs and their effectiveness on expanding exports

Dear Chairman Johnson and Ranking Member Costa:

The California Grape & Tree Fruit League (League), is a public policy agricultural trade association representing the State of California table grape and deciduous tree fruit industries; our members produce fresh fruit throughout the state and include: Coachella Valley (table grapes), San Joaquin Valley (all commodities), Santa Clara County (cherries), Lake County (pears), as well as Mendocino, Yuba, Stanislaus, San Joaquin and Sacramento counties (pears, plums, cherries, kiwi, apricots). The League provides technical assistance and advocacy for the membership on a wide array of issues, including international trade, marketing regulations, product transportation, and packaging and labeling requirements.

We appreciate our industry's opportunity to provide additional comments to the April 7th hearing record. Our industry utilizes programs such as the Market Access Program (MAP) and Technical Assistance for Specialty Crops (TASC) to supplement industry funding to establish and expand export markets for the California grape and tree fruit sector. We appreciate this opportunity to describe the positive impact that these programs have had on the League's members.

One of the League's most important uses of Federal funding in recent years has been a TASC grant to offset the costs of Mexico's burdensome inspection program for California stone fruit. Mexico restricts the import of California stone fruit using an exaggerated quarantine pest list, onerous penalties for pest interceptions and protocol infractions, and by requiring excessive Mexican oversight of U.S. officials and the stone fruit industry in California. The introduction of new pests into California in the past few years, including light brown apple moth (LBAM) and European grapevine moth (EGVM), has resulted in increased oversight of the California stone fruit export program by Mexican officials.

The costs for the inspection oversight that Mexico charges to the stone fruit industry have increased annually, pushing some smaller exporters out of the export program. To maintain the program and ensure related costs do not become prohibitive, the League has received TASC funding for technical assistance and to ensure participation fees do not become prohibitive for California stone fruit shippers. This has allowed small businesses to continue exporting to Mexico, and has prevented the U.S. from losing Mexico as a market while officials negotiate a more permanent solution to Mexico's import requirements.

TASC funding has ensured that, despite the oversight program and a variety of other difficulties facing exporters, Mexico remains the second largest export market for the California tree fruit industry. California shippers exported two million cartons of stone fruit to this market in 2009, valued at $32.6 million. This is especially important as many shippers depend on the Mexican market to consume a size and quality component of annual production that is not easily marketed in the U.S. or in other export markets.

Like TASC, MAP is also a vital component to the California grape and tree fruit industry's export success. Though the League does not directly receive MAP funding, our members frequently benefit from MAP activities through other industry associations that participate in the program. MAP has helped to establish California as one of the world's leading suppliers of high-quality grapes and tree fruit. According to the California Department of Agriculture (CDFA), California agricultural exports increased 66% from 2003 to 2009. Without the opportunities to open new markets offered by MAP, this type of growth would not be possible.

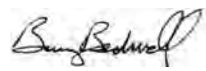
Programs benefiting specialty crop exports are absolutely vital in this age of global agricultural competition. The small scope of U.S. export assistance programs pale in comparison to the subsidies and assistance provided by other major grape and tree fruit suppliers such as China, Brazil, India, and the European Union. Further, MAP, TASC, and other U.S. Department of Agriculture export development programs help U.S. agricultural producers confront and overcome many of the tariff and non-tariff barriers they face globally.

MAP and TASC have consistently shown to be wise investments for the U.S. Government. Through increased exports and new employment opportunities, these programs pay back significant returns on the program outlays. The MAP and TASC programs are relatively small items in the federal budget, but they have an enormous positive impact on the livelihoods of many communities in California and across the country.

Considering the importance of these programs to the League's members and U.S. agriculture in general, we respectfully ask that you continue to fund MAP, TASC, and other export assistance programs at their full authorized levels. This will help the grape and tree fruit industry to continue increasing exports and providing new employment opportunities.

Thank you once again for this opportunity to comment.

Sincerely,



BERRY BEDWELL,
President,
California Grape and Tree Fruit League.

SUBMITTED STATEMENT BY SUSAN BRAUNER, DIRECTOR OF PUBLIC AFFAIRS, BLUE DIAMOND GROWERS; EXECUTIVE MEMBER, COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS; MEMBER, NATIONAL COUNCIL OF FARMER COOPERATIVES

Good morning, Mr. Chairman, Ranking Member Costa, and Members of the Subcommittee. My name is Susan Brauner. I am Director of Public Affairs for Blue Diamond Growers and an Executive Member of the Coalition to Promote U.S. Agricultural Exports and a member of the National Council of Farmer Cooperatives.

On behalf of Blue Diamond's grower-members, and over two million farmers and ranchers who are members of farmer cooperatives, I am pleased to provide testimony about our vital export programs, and respectfully request that this statement be made part of the official hearing record.

Blue Diamond Growers is a 100 year-old agricultural marketing cooperative owned and governed by over 3,000 California almond growers who average about 60 acres of almonds each. They market their brand under the Blue Diamond label to 95 countries worldwide. California almond growers produce 82 percent of the world supply, 100 percent of the U.S. supply of almonds and export 70 percent. A majority of the almonds exported are sold for further processing as an ingredient in other foods.

Without Blue Diamond, members would not be able to pool their resources to market and process almonds successfully in the global market. Industry earnings from export sales are currently valued at over $2 billion. Cooperative growers receive their share of these earnings as patronage dividends which are spent in Northern California communities where the almonds are grown. In turn, over 20,000 jobs related to the almond export business are generated in California.

The United States must continue policies and programs that allow American agriculture to compete in a global marketplace that is still governed by unfair foreign subsidies and market access restrictions. Unfortunately, U.S. branded products are at a disadvantage in foreign markets where a country's own brand dominates. In addition, almonds compete with foreign grown almonds and with other nuts that may be more accepted in the culture. In the European Union (EU), for example, almonds for snacking are accepted by approximately 4 percent of EU consumers on average. According to the WTO's most recent statistics, the EU is also providing $1.4 billion in advertising and marketing activities to support their agricultural sector. It is expected that the EU will increase this spending based on a recent EU resolution passed by Parliament. Two-thirds of U.S. almonds are exported to EU countries! EU funds spent on advertising their brands and products clearly put the U.S. at a competitive disadvantage.

Currently funded at $200 million, down from a $325 million level, MAP is the only tool many in agriculture have that is accepted under WTO rules to counter unfair foreign trade practices. This current funding level has not changed in 10 years, and a strong case can be made that as more countries struggle to compete in the global marketplace, unfair trade practices are at an all-time high. The program is the most efficient, cost-share government program that requires one hundred percent matching funds by branded programs. In addition to the matching fund requirement, Blue Diamond funds its own research, export team and their travel, and all other expenses related to international trade. Participants can only be small business, nonprofit agricultural trade associations, nonprofit agricultural cooperatives and nonprofit state regional trade groups.

A recent independent USDA-commissioned audit of MAP and other USDA trade programs prepared by HIS Global Insight, INC confirmed that MAP uses government funds to supplement, not replace, industry funds. According to the report, the increase in market development spending by government and industry from 2002–09 enlarged U.S. market share and increased the annual value of U.S. agricultural exports by $6.1 billion. This equates to $35 in agricultural export gains for every additional $1 expended, a 35 to 1 return on investment!

The report also showed that from 2002–09, export gains associated with the programs increased average annual farm cash receipts by $4.4 billion and net cash farm income by $1.5 billion. It further confirmed that, due to higher prices from increased demand abroad, U.S. domestic farm support payments were reduced by roughly $54 million annually, thus reducing the net cost of these U.S. programs.

Many of our competing countries are completing their own bilateral trade agreements and have committed to increasing their support of advertising and marketing activities. European countries, for example, are expanding their promotional activities in other regions including Asia, Latin America and Eastern Europe. Canada, Australia, New Zealand, Chile and Brazil have also invested in significant promotional activities worldwide.

The almond industry has invested in MAP activities in India and China where market growth potential outranks all other regions. Shipments over the last five years have tripled to India and have nearly doubled over the same time period annually in China! These two markets alone are returning nearly $500 million back to rural communities in California on an annual basis!

Returns on investments like these are tangible examples of how sound public policy and partnership with government can benefit Americans. To remain competitive, it is vital that programs like MAP continue in the 2012 Farm Bill and beyond. The current application process and oversight works well and should not be altered. Targeting funds to specific sectors is not a viable long-term policy for success in foreign markets.

Thank you for this opportunity to provide comments to the Committee and for its leadership on U.S. agriculture exports. We ask for your support and recognition of the attributes and return on investment that the Market Access Program provides to our farmers and ranchers and to our rural communities in an increasingly competitive global marketplace.

Submitted Letter by Guy P. Cotton, Grower Direct Marketing

April 15, 2011

Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture, House Committee on Agriculture,
Washington, D.C.

Dear Subcommittee Members,

My name is Guy Cotton, and I serve as Managing Director of Grower Direct Marketing. As an exporter of California cherries that has close experience with the Market Access Program (MAP) and Technical Assistance for Specialty Crops (TASC), I appreciate this opportunity to provide my thoughts on their effectiveness. After witnessing the difference these programs have made in the California cherry industry, I am a firm believer that MAP and TASC merit your continued support.

MAP and TASC funding are used by the California cherry industry through the California Cherry Advisory Board (CCAB). CCAB has used MAP funding very successfully to promote California cherry sales, especially in Asia. For example, cherry sales to Korea increased 22.5% by value to $17.4 million in 2010. Grower Direct Marketing contributed to this success, exporting $1,200,000 worth of cherries to Korea in 2010. This increase is an obvious sign that the industry's message that California cherries are healthy and high-quality is resonating among Korean consumers. Without MAP funding, the significant expansion we have seen in the Korean market would be much more difficult.

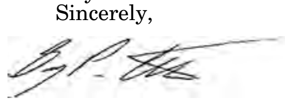
Similarly, MAP funding has contributed greatly to strong growth in the Japanese market. California cherry exports to Japan grew to $56.7 million in 2010, an increase of 16.7% over 2009. Grower Direct Marketing exported 165,000 cartons of cherries worth approximately $6,600,000 to Japan. The successful retail promotions and advertising that have driven this growth are attributable to the combined effort of industry and MAP funding.

The TASC program is also an important tool that can help the California cherry industry increase exports. As mentioned above, the introduction of new quarantine pests creates a challenging environment for exporting California cherries. TASC provides a way to quickly address technical trade barriers as an industry, resolving issues that would otherwise close a market. In this way, the TASC program is an important safety net for the California cherry industry. While the cost of most TASC projects is typically fairly low, they produce a significant impact by keeping markets open or enabling specialty crop producers to expand their exports to a market.

MAP, TASC, and other agricultural programs are sometimes targeted for budget cuts by those that do not understand their value. However, my experience with MAP and TASC have shown that these provide benefits that far exceed the cost of the programs. Even considering only the increase in export value achieved through these programs, MAP and TASC have displayed an enviable return on investment. When the additional effects of improved pricing and employment growth are factored in, it is clear that these programs are very successful and provide an excellent return to U.S. taxpayers. For these reasons, Grower Direct Marketing strongly supports full funding for MAP and TASC programs. We respectfully request that you to do the same.

Thank you.

Sincerely,



GUY P. COTTON,
Grower Direct Marketing.

SUBMITTED STATEMENT BY WALLACE L. DARNEILLE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PLAINS COTTON COOPERATIVE ASSOCIATION

Mr. Chairman and Members of the Subcommittee, I am writing on behalf of the 25,000 stockholders of Plains Cotton Cooperative Association (PCCA). I ask that this statement be included as part of the record for your April 7 hearing regarding market promotion and development programs administered by USDA's Foreign Agricultural Service (FAS). The success of the Market Access Program (MAP) and the Foreign Market Development (FMD) program is well documented, and I urge Congress and the Administration to maintain funding for these programs at the $200 million level as authorized by the 2008 Farm Bill.

Exports of U.S. agricultural products facilitated by MAP and FMD play a key role in the U.S. economy and support 1.1 million American jobs. Agriculture's trade surplus also helps reduce the United States' overall trade deficit. Exports are vitally important to U.S. cotton producers including the farmer-owners of PCCA. Today, the United States exports more than 95 percent of its cotton as fiber, yarn or fabric. Without those export markets, the U.S. cotton industry would be much smaller than it is. Furthermore, our cotton producers could not compete against the heavily subsidized foreign cotton in these export markets without MAP and FMD funded programs.

With these programs, Cotton Council International (CCI) promotes U.S. cotton, yarn and fabric in the world's major markets, and the results are significant. A good example is Turkey, PCCA's top export market during the past 10 years, where CCI has worked since the mid-1980s. U.S. cotton exports to Turkey have increased 225 percent during the past decade to more than 2.2 million bales, a 64 percent market share, with an estimated value of $1.8 billion.

Another example is Vietnam where CCI has had a local representative on the ground for the past four years. By sponsoring trade missions, hosting seminars and working with Cotton Incorporated to carry out technical servicing to local mills, Vietnam's imports of U.S. cotton have increased 228 percent during that period, a 48 percent market share, with a value of $303 million.

CCI's Sourcing USA program that promotes U.S. yarn and fabric sales to Latin America has led to a 50 percent increase in sales to Caribbean Basin countries since 2000, accounting for 90 percent of all cotton spun in the United States. This success has ensured as many textile-related jobs as possible remained in our country. It also has enabled PCCA to invest in opportunities in Latin America to move up the value chain for the benefit of our farmer-owners. These investments provide the potential to add value to our farmers' cotton.

Earlier, I mentioned the competition we face from heavily subsidized foreign cotton. A 2007 study produced by the Cotton Economics Research Institute of Texas Tech University summarized the farm policies of 21 countries for seven major crops including cotton. The study found that the cotton policies of Brazil, the West African Countries, and China include price support, direct payments or both for their cotton producers. Brazil and China have single and two-tier (TRQ) import tariffs, respectively, for cotton. Brazil's WTO bound import tariff for cotton is 35 percent, and China's TRQ ranges from 5 to 40 percent on cotton imports above the quota amount. Prices received by cotton producers in the West African Countries are strictly controlled by government entities. Both Brazil and China provide credit subsidies and transportation/storage subsidies, and China also subsidizes input costs for fertilizer, irrigation, seed and energy. Thus, MAP and FMD funding is needed to counter these and other foreign activities.

U.S. agricultural exports have been a strong and positive contributor to our country's balance of trade for many years. By increasing these exports, we improve the lives of our farmers, create jobs, improve our balance of trade, and positively affect the economy. I respectfully ask you to maintain the MAP and FMD programs to help ensure the competitiveness of our producers in the increasingly competitive global market.

SUBMITTED STATEMENT BY THOMAS C. DORR, PRESIDENT AND CHIEF EXECUTIVE OFFICER, U.S. GRAINS COUNCIL

Thank you, Chairman Johnson, Ranking Member Costa, and distinguished Members of the House Agriculture Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture for holding this important oversight hearing to review U.S. market promotion programs and their effectiveness in expanding exports of U.S. agricultural exports.

My name is Tom Dorr. I am President and CEO of the U.S. Grains Council (USGC). The Council appreciates the opportunity to submit this formal statement and provide our views on why these marketing programs are critical to the success in expanding U.S. agricultural exports.

USGC Structure and Objectives

Founded in 1960, The Council is a private, nonprofit corporation with 10 international offices, representatives in 16 countries and programming in more than 50 countries. Its unique membership includes barley, corn and sorghum producer organizations and agribusinesses from across the United States with a common objective in developing export markets.

These members provide financial support along with member goods and services contributions and foreign third party goods and services contributions totaling $13.4 million in 2010. As an eligible cooperator under the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) market promotion programs, the Council was able to leverage the member and third party goods and services contributions and receive $15.4 million, primarily for use under the Market Access Program (MAP) and Foreign Market Development Program (FMD). This unique private-public partnership enables the Council and FAS to jointly support the development, maintenance and expansion of commercial exports of U.S. agricultural commodities and products.

The singular focus of the Council is emblematic of our vision—Developing Markets, Enabling Trade, Improving Lives. We accomplish that vision with our ability to work with the food and feed sectors in countries around the world to educate and demonstrate how they can efficiently and effectively use feed grains to improve their ability to grow their industries. This, in turn, enables them to provide their consumers with safe, affordable food that improves their standard of living.

The underlying premise of export market development is take advantage of potential market opportunities where there is population and economic growth that is generating a growing middle class looking to improve their diets. To accomplish that requires transparent government policies that comply with international trade rules and regulations and as well as transparent market institutions and systems. It can involve working with local agricultural industries to assist them to learn how to address policy issues with their government in the interest of their industry.

It also involves exposing food and feed industries to modern production/management practices that increase their efficiency, quality and profitability. It is responding to consumer demand issues (price, quality, safety and preference). Finally, it involves engagement and constant interaction with our customers through timely market information and ensuring they understand how to utilize the information. In essence, it is about bringing change to institutions, policies, relationships .That in turn, serves as the catalyst for entrepreneurial U.S. companies to pursue these market opportunities which creates economic value both here domestically but also in our partner countries.

The many Council programs and activities include:

- Capacity-building to the aquaculture, livestock, poultry and dairy sectors in best management practices and training in feed formulation and price benefits associated with using corn, sorghum, barley, and important co-products such as distiller's dried grains and other important value-added products;
- Marketing and promotion of food uses;
- U.S. grain trade promotion through grain marketing and risk management training for grain importers;
- Working with governments to establish rules-based regulations on grain standards, food safety, biotechnology and transportation; and
- Addressing tariff and non-tariff barriers that are constraints to trade.

Leveraging Market Development Programs

The Council's market development programs—capacity building; direct trade from marketing efforts; addressing market access barriers—emanate from the Unified Export Strategy (UES) that is developed annually and forwarded to FAS for their consideration and approval. The UES serves as the blueprint for the various planned programs and activities that the Council anticipates will be implemented.

MAP provides the majority of the funding for USGC market promotion activities. For example, through these funds, U.S. sorghum checkoff investments in international marketing efforts pay significant dividends, as evidenced by USDA's record of sorghum exports to Morocco. According to USDA, Morocco went from importing no U.S. sorghum in the 2009 marketing year, to 123,000 tons (4.8 million bushels) valued at $21 million in the 2010 marketing year. So far in the 2011 marketing year through January, Morocco has imported nearly 48,000 tons valued at more than $11 million.

Also funded in-part by MAP was the 2011 VIV-Asia Trade Show in Bangkok, Thailand. The U.S. Grains Council and some of its members recently took part in what is touted as the largest feed and livestock industry show in Southeast Asia. According to preliminary survey results, Council members generated an estimated $38,000 in on-site sales from the event, including five brokerage trades.

Surveys also project that 12 month sales resulting from the show will reach at least $195,000 for Council members. The Council's participation in the biannual trade show allows it, and participating members, the opportunity to meet with current and prospective contacts and customers.

In addition, a portion of MAP funds are reserved for Global Based Initiatives (GBI). The Council has utilized this initiative to help form the Food and Agriculture Export Alliance (FAEA) in 2004 as an effort to achieve more intensive cooperation among various commodity groups. FAEA members include: U.S. Grains Council (Lead organization in submitting GBI proposal); U.S. Soybean Export Council; U.S. Dairy Export Council; USA Poultry & Egg Export Council; U.S. Meat Export Federation—representing almost 40 percent of U.S. agricultural exports.

The broad goals of FAEA are to enhance cooperation among commodity groups in addressing Sanitary and Phytosanitary (SPS), Technical Barriers to Trade (TBT), Codex and food safety issues; and to focus more effectively on developing export markets for the benefit of U.S. agriculture in general and of the U.S. grain-oilseeds-animal sectors in particular.

FAEA has identified SPS regulations as an area of common concern to its stakeholders. This is an area that has become increasingly important as other forms of trade barriers are being eliminated through multi-party trade agreements or bilateral negotiations. SPS is now referred to as 'the trade barrier of choice' and poses a threat to existing and expansion of world agricultural trade.

The next GBI project, which began in 2007, provided for multi-year efforts in Vietnam to encourage development and implementation of food safety laws and regulations. The project goal was to increase consumer confidence in the safety of meat, milk and eggs, leading to accelerated demand growth; and to provide reasonable food safety rules that ensure access for imports from the United States to meet that growing demand.

Beginning with the 2008 GBI FAEA developed and supports an English/Mandarin website containing U.S. government documents on food safety. The purpose of the website is to enable Chinese government officials to understand U.S. food safety regulations and practices. That understanding will form the basis for development of Chinese food safety regulations in harmony with U.S. regulations. This 2010 GBI introduces a new opportunity for FAEA to cooperate with the Chinese food safety agency AQSIQ to help build harmony between central government regulations and actual practices in the provinces.

Equally important the FMD program provides cost-share assistance for the Council's efforts to support overseas market development activities to remove long-term impediments to increased trade opportunities.

The presence of distiller's dried grains with soluble (DDGS), a co-product of U.S. ethanol production, is gaining popularity in markets around the world. U.S. corn producers send their corn to U.S. ethanol plants and receive added value for their crop from DDGS, a widely used feed ingredient in the United States.

In the 2010 marketing year, many notable markets drastically increased their imports of U.S. DDGS. These markets include Chile, Morocco, Egypt, China, Japan and Thailand. The U.S. Grains Council conducts educational seminars and feeding trials to increase familiarity and usage of the U.S. feed ingredient.

MAP and FMD funds have allowed the Council to actively promote DDGS around the world, increasing demand for the product and thus increasing exports to reach 7.2 million metric tons in 2010 for a total of $1.4 billion dollars in sales.

The Quality Samples Program has been an integral tool to introducing new products such as DDGS and other value-enhanced grains into potential export markets. Through the use of QSP, the Council was able to tender 60 metric tons of U.S. sorghum to Saudi Arabia in February 2011 for commercial poultry feeding trials.

In Saudi Arabia, the government subsidizes feed grains—but the subsidy varies from grain to grain. The country is the largest importer of barley in the world but when global grain prices spiked in 2006–07, the government began to look at other grains in order to diversify its needs. Subsidy levels, however, continue to vary and are not always on par with the value of the grain.

By conducting the trial, the Council aims to demonstrate the feeding value of U.S. sorghum to Saudi Arabian feed manufacturers, livestock producers and the government, which may then treat the feed grain on a more equitable basis.

Finally, the Emerging Markets Program allows the Council and other cooperators to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. USGC is targeting India as a high potential priority emerging market. With its steadily growing population and annual economic growth, India is emerging middle class will undergo dynamic expansion and the need for increased protein in their diets. The Council will identify and address the policy barriers to trade and the best approach to resolve these issues. It will also involve conducting sector specific market assessments in the food and feed sectors and approaches to help build demand for feed products in their dairy and poultry sectors.

Performance and Accountability

The Council has historically placed a high priority in demonstrating performance and accountability in terms of the impacts of its programs and activities to both FAS and to our members. USGC takes the responsibility of appropriately and effectively utilizing Federal tax dollars seriously. Over the entire period of participation of the market development programs, the Council has consistently met the requirements of the FAS Office of Compliance and Emergency planning.

In terms of the annualized value of the trade impact of USGC activities, Informa Economics, a third party economic research firm, reviewed the Council programs and the impact it had on trade. According to this impartial analysis, the Council's efforts generated more $395 million in exports last year. This equates to almost $22 worth of exported corn, barley, sorghum and DDGS for every $1 invested by members and federal government. The increased demand from these exports increased the price paid to U.S. farmers, generating more than $915 million in income for all U.S. feed grain producer, providing a return of more than $50 in additional income for every $1 invested by the Council.

The Council's objectives and strategies are assessed on a continual basis through the prism of policy—not just trade policy but all policies that can affect or impact demand, marketing and trade facilitation. From the assessment of all of the Council's marketing activities, the consistent theme was that policy constraints are the overarching concern in over 60 percent of all target markets.

As a result, the Council has developed concise country market assessment overviews that provide a snapshot of the current and potential market opportunities; ranking of constraints that are policy, demand, marketing or trade related; desired actions to address the constraints; and specific performance measures to establish goals and calculate gains against those goals. These measures will be incorporated and supplement the existing benchmarks of our UES submissions to FAS. An example of this document is provided as attachment to the statement.

In an effort to build off of this effort, the Council is coordinating an effort through a GBI initiative with other cooperators that will develop a systematic methodology for measuring market development gains and for relating programs to trade results across multiple commodities, markets and issues. We believe that a more comprehensive and coordinated methodology and information management system will enhance the ability to allocate resources wisely and report more accurately on the value of USDA-funded export market development programs.

Growing Importance of International Trade

U.S. exports of agricultural commodities and products have grown significantly over the last decade. The U.S. Department of Agriculture's most recent announcement of a record $135.5 billion dollars in projected U.S. agricultural exports for FY 2011 and its continued growing contribution of a U.S. trade surplus demonstrate that strong growth.

The opportunities for continued growth of U.S. agricultural exports are potentially open-ended, particularly in China, India and Southeast Asia. In addition, significant opportunities for strong growth of agricultural commodities exist in our own hemisphere.

The Council strongly supports the Administration's National Export Initiative and its aggressive goals of doubling U.S. exports in the next five years and generating 2 million U.S. jobs, and growth. U.S. agriculture has been a strong contributor and beneficiary of participating in international markets.

However, if U.S. agriculture is to continue to be competitive and take advantage of these tremendous opportunities, the U.S. Government has to take a leadership role in liberalizing global trade rules and regulations that will allow the U.S. agricultural sector to be the world's most reliable supplier of food and feedstuffs.

We see great opportunity and progress if there is successful ratification the existing free trade agreements with Korea, Colombia and Panama; resolution of the decade-old Doha Development Round; and completion of the 21st century Trans-Pacific Partnership agreement.

Without them, it will be extremely difficult to overcome market access constraints and take advantage of the strong potential growth opportunities. With global trade becoming increasingly important, the need for these market development programs becomes even more vital, particularly with strong competition from other trading partners that are aggressively pursuing bilateral and regional trade agreements with our most important customers.

Summary/Conclusions

In summary, open markets that provide for the free flow of trade will be necessary if we are to meet the future needs of a growing world population their food and nutrition requirement. The United States can continue to be the world's most consistent and reliable supplier and meet the needs of countries to be self-sufficient in food, fuel, feed and fiber.

As this global demand continues to grow, it will have an increasing role in providing economic returns to our nation's producers and increase economic growth and promote new job opportunities. However, market development programs will be even more critical if we are to take advantage of these global opportunities.

Again, Mr. Chairman, Ranking Member Costa, and Members of the subcommittee, I appreciate the opportunity to offer the views of the U.S. Grains Council on these vital market development programs.

ATTACHMENT

China

Market Snapshot—U.S. Grains Council

Coarse Grain S&D

- DDGS imports began 2009; growing rapidly.
- China corn imports projected to grow to 15 mmt in 5 years (industrial use 40 mmt, accounts for ½ of projected demand growth).
- China corn yield growth unlikely to keep pace with demand.

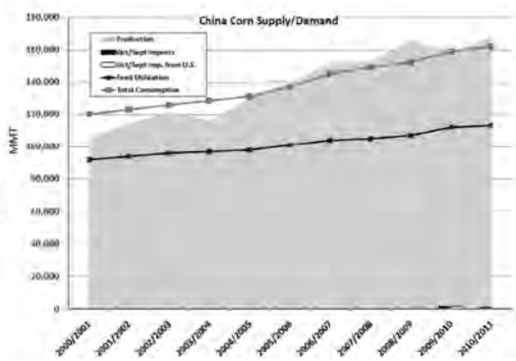
Market Overview

- Population: 1.3 billion
- GDP growth: 10.5% (2010)
- #1 importer of DDGS (2010)
- #2 corn producer
- 90% of arable land in use
- Rural-urban migration 100 m/year

Market Growth Potential

- Population to reach 1.4 billion by 2030.
- Domestic grain production near capacity.
- Growing affluent population with a growing demand for meat protein.
- Largest swine producer and consumer.
- Will become consistent importer of feed grains and food.
- Policy and infrastructure issues pose potential threat to imports.
- Half of world pig population is in China.

Imports/U.S. Share (2009/10)			Market Growth	DDGS Imports (CY 2010)	DDGS Import Potential	Market Access
Barley	2.3 mmt	0%	Emerging	3.16 mmt	6 + mmt	Uncertain
Corn	1.3 mmt	94%				
Sorghum	0.1 mmt	0%				



China Market Profile—Prepared January 2011, U.S. Grains Council.

China

USGC Game Plan 2011—U.S. Grains Council

Focus/ Weight	Issue	Desired Outcome	Impact
Policy 5	**DDGS registration requirement** - MOA requires registration of each ethanol plant. No U.S. companies have complied.	- First U.S. plant registration completed - Other plants follow that template - Eliminate MOA registration requirement	8 mmt DDGS sales and 15 mmt corn sales at risk
	Biotechnology approval process: - Priority on building domestic biotech industry; unpredictable biotech policy environment. Asynchronous approval process; U.S. corn sales always at risk.	- Interact w/China officials to avert cargo rejection - Build Chinese confidence in domestic biotech in order to remove barriers to import approvals. - Government develops/implements LLP policy to assure uninterrupted trade flows - Government harmonizes review and approval process with U.S.	
	Self-sufficiency - Food security = self-sufficiency policy leads to unstable policy environment for imports. **Lack of reliable regulations and consistent enforcement:** China has several regulations that are currently not enforced but could be when Chinese crop demands a barrier.	- Policy think-tanks promote food security through trade. - Confidence in efficient domestic production builds confidence in need for trade to meet food security requirements.	
	Food safety regulations and enforcement - Food safety assurance would lead to higher Chinese consumer confidance and more consumption.	- Industry associations/academies of science influence government to implement/enforce higher standards - Food safety issues are reduced, consumer confidence improves and consumption grows.	
Trade 1	**Private TRQ holders have small allocations** - When the government allocates quotas, some quotas are too small to be used by a single holder which tends to hamper the flow of trade.	- Local trade helps coordinate/aggregate small TRQ holders to transact combined purchases.	100 tmt
Demand 3	**No institutions effective in educating producers re efficient, safe production and management.** Without proper information and education Chinese meat, poultry and dairy industries operate inefficiently, limiting feed grain demand.	- Partner organizations become effective in distributing market and technical information and providing services to industry.	180 tmt
Mktg 1	**DDGS registration by interested companies** - While registration is currently unenforced, registration is required by Chinese government in order to trade DDGS.	- At least 5 U.S. DDGS exporting companies will obtain registration from MOA.	
	Standards for DDGS trading - Without a universal DDGS grading system, inconsistent quality affects demand.	- U.S. industry will establish DDGS 'grading standards'	
	Biotechnology - Asynchronous approval process. U.S. industry to consider China approval process before releasing new events for production.	- U.S. biotech corn developers will defer commercial release of new variety until China approval is completed.	

China Market Profile—Prepared January 2011, U.S. Grains Council.

China

Weighted Performance Measures—U.S. Grains Council

Categories of Performance			2010		2011		2012		2013		2014	
			#	Wtd	#	Wtd	#	Wtd	#	Wtd	#	Wtd
Policy 5	**1. Policy Gains**—Changes in govt policies (tariffs, quotas, SPS barriers)	Goal			3	15	4	20	4	20		
		Actual										
Trade 1	**2. Market Resolutions**—Solving market disruptive developments	Goal					1	1				
		Actual										
	3. U.S. Market Share Gains—Changes in trade practices that improve U.S. market share	Goal										
		Actual										
	4. Total Trade—Total imports of coarse grains and co-products	Goal										
		Actual										
Demand 3	**5. New Customer Contacts**—Expansion of base of partners and target audience.	Goal										
		Actual										
	6. Consumer and New Products Awareness—Expanding awareness, improved understanding.	Goal										
		Actual										
	7. Demand Initiatives—Production efficiency and consumer marketing gains.	Goal			1	3	1	3	1	3		
		Actual										
Mktg 1	**8. U.S. Industry Initiatives**—Actions by U.S. industry that build effectiveness of Council efforts.	Goal			2	2	4	4				
		Actual										
	TOTAL	Goal			7	21	10	28	5	23		
		Actual										

This table shows for each year the Council's goal for the number of discrete gains in 8 **Categories of Performance**. Gains are weighted according to the relative importance of program categories shown in column 1. The table will show the cumulative achievements of the Council each year, and the weighted value of those accomplishments compared with the goals we set

Symbol Key

#	=	The number of discrete gains
Wtd	=	The number of discrete gains weighted by the relative importance of that program category (shown in column 1)
Goal	=	USGC goal for the number of discrete gains under each performance measure
Actual	=	Actual number of discrete gains achieved under each performance measure.

China Market Profile—Prepared January 2011, U.S. Grains Council.

Submitted Letter by Dennis Engelhard, President, United States Dry Bean Council

April 15, 2011

Hon. Timothy V. Johnson,
Chairman,
Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture, House Committee on Agriculture,
Washington, D.C.

Re: Comments for the Record for the Subcommittee's April 7, 2011 Public Hearing to review market promotion programs and their effectiveness on expanding export of U.S. agricultural products

Dear Chairman Johnson:

Please accept the following as comments of the United States Dry Bean Council submitted for the record for the Subcommittee's April 7, 2011 hearing, the stated objective of which was to review market promotion programs and their effectiveness on expanding export of U.S. agricultural products. USDBC's purpose in submitting these comments is to go on record as a strong supporter of the Market Access Program, the Foreign Market Development Program, and other market promotion programs of the U.S. Government. USDBC would like to appropriately recognize the programs' effectiveness in helping to maintain our competitive position and in expanding exports of U.S. agricultural products in general, and U.S. grown dry beans, in particular.

USDBC is the sole national trade association representing all segments of the domestic dry bean industry. Our membership includes state and regional grower organizations, state and regional dealer/shipper organizations, processors, canners, retailers, and other entities in more than 35 states involved in the U.S. dry bean industry. More than 20 classes of dry edible beans were planted on more than 1.7 million acres in the U.S. in 2010, producing dry beans with a farm gate value approaching $1 billion.

As is the case with other U.S. agricultural commodities, dry bean exports make up a significant portion of annual U.S. dry bean disappearance, averaging about 35 percent of production. As a result, effective export market promotion is fundamental to the continued success and health of all segments of the U.S. dry bean industry. That is why USDBC has been an active participant in the MAP, FMD, and other export market promotion programs for a number of years, and has annually adopted a position paper that, among other points, strongly supports continuation of MAP and FMD at their full mandatory funding levels. In Fiscal Year 2010, USDBC was fortunate enough to utilize $1.08 million in MAP funds and $138,000 in FMD funds, along with contributed dry bean industry funds, to generically promote U.S. grown dry beans throughout the world.

Some examples of positive export progress that has resulted from USDBC participation in these valuable programs for marketing years 2005 through 2010 follows:

- Annual U.S. dry bean exports to the world increased 208 percent in value from $136,384,000 to $284,480,000;
- Participation in USDA promotion programs helped U.S. dry bean exporters capture more than 15 percent share of one the world's largest bean consuming markets—Mexico. U.S. exports to Mexico have increased 309 percent in value from $31,797,000 to $98,364,000;
- Angola, a former U.S. food aid recipient, became a major importer of U.S. dry beans as a result of USDA funded market promotion program activities. U.S. dry bean exports to Angola have increased 367 percent in value from $2,292,000 to $8,414,000;
- USDA market promotion programs helped turn around exports to canners in the United Kingdom, which were being lost to competing suppliers in Canada, Ethiopia, and China. U.S. dry bean exports to the United Kingdom increased 167 percent in value from $15,193,000 to $25,461,000;
- U.S. pinto beans have become the number one bean of choice for Dominicans thanks to USDA funded trade service and consumer promotion programs U.S. dry bean exports to the Dominican Republic increased 300 percent in value from $7,760,000 to $23,305,000;
- With the help of USDA international market promotion programs the U.S. Dry Bean Council encouraged Guatemala's refried bean manufacturers to use new

varieties of U.S. beans in their manufacturing processes. U.S. dry bean exports to Guatemala increased 368 percent in value from $1,990,000 to $6,924,000.

As these examples show, the market promotion programs have benefited all U.S. producers of dry beans by providing efficient and effective overseas market development activities, such as market research and analysis, educational seminars, trade missions, new product development tailored to cultural and regional preferences, participation in international food shows, and other innovative trade servicing activities. They allow U.S. dry bean growers to compete on an international playing field where U.S. dry beans face difficult competition from subsidized producers of dry beans in countries such as China, Canada and the European Union, a vital point since dry beans are not a U.S. program crop and U.S. growers receive no price supports from the U.S. Government. This last point is especially important in light of the fact that market promotion programs, such as MAP and FMD, are recognized to be acceptable components of trade policy by our international trade organizations. USDBC has long believed that eliminating these programs or significantly cutting their funding, given the continued subsidized foreign competition we face, would be tantamount to unilateral disarmament of this vital export component.

USDBC recognizes the difficult choices that are faced by the need for governmental spending to be more fiscally responsible. In that regard, we believe it is paramount that priorities be established for those programs that have proven their merit and that deserve to be maintained and preserved.

USDBC feels strongly that MAP and FMD clearly meet that criterion, which was established in great detail by testimony received by the Subcommittee in its hearing, *i.e.,* agricultural exports being up more than 300 percent since the inception of MAP and predecessor programs; every billion dollars generated in U.S. agricultural exports supports 8,000 American jobs; every $1 spent in the promotion programs has resulted in more than $35 in export activity; the positive balance of trade enjoyed by agricultural exports continues to be one of the few bright spots in our trade environment, *etc.*

Certainly, the above examples show how these promotion programs are providing a significant return on investment for both the U.S. taxpayer and the U.S. dry bean industry. Consequently, USDBC is proud to express its continued support for, and recognition of the vital and helpful role that MAP and FMD play in allowing U.S. agricultural products in general, and U.S. dry beans in particular, to maintain and expand our competitive position in international markets.

Thank you for the opportunity to submit these comments for the hearing record.

Sincerely,

Dennis Engelhard

DENNIS ENGELHARD,
President,
United States Dry Bean Council.

SUBMITTED STATEMENT BY KEN O. KECK, EXECUTIVE DIRECTOR, FLORIDA DEPARTMENT OF CITRUS

The Importance of Market Access Program (MAP) Funding to the Florida Citrus Industry

We commend the Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture for holding a hearing to review market promotion and development programs administered by USDA's Foreign Agricultural Service (FAS). We appreciate the opportunity to share information about the importance of Market Access Program (MAP) funding to the Florida citrus industry and respectfully request that this statement be made part of the official hearing record.

The Florida Department of Citrus (FDOC), a FAS cooperator, is an executive agency of Florida government having the statutory mandate to "protect the health and welfare, and stabilize and protect the citrus industry of the State."

The FDOC represents the interests of the entire Florida citrus industry, which includes all geographic regions and organizations involved in the growing, packing, processing, shipping and selling of fresh and processed grapefruit, orange, and specialty citrus products. That representation includes approximately 45 citrus packinghouses and 20 citrus processing plants, and over 8,000 growers, many of whom are small family operations. It is especially the small family growers that are dependent on the FDOC's promotional efforts for reliable market movement and strong consumer demand. Without the FDOC's consistent and steadfast marketing efforts over the years, many of the smaller family operations would not exist today.

The FDOC has been involved in the world market since its inception in 1935, and has had a very successful relationship with FAS as a participant in the Targeted Export Assistance (TEA) program since 1986–1987 and the Market Access Program (MAP) since the early 1990s. Despite global involvement for nearly 75 years, the Florida citrus industry's international business did not truly develop until the FDOC's participation in the FAS programs.

Today, the Florida grapefruit industry is dependent on international trade for its survival. In the mid-1980s, only about 35 percent of Florida's fresh grapefruit crop was exported. In the last five years, the overwhelming majority (over 65 percent) of the fresh crop was exported. Similarly, grapefruit juice exports in the mid-1980s comprised less than 10 percent of the total business; today over 35 percent of Florida's grapefruit juice production is exported. Florida is now recognized as the world leader in fresh grapefruit and grapefruit juice exports. This would not have been possible without FAS support.

Eliminating or reducing funding for MAP in the face of continued subsidized foreign competition would put the Florida citrus grower and workers at a substantial competitive disadvantage. In recent years, the European Union and other foreign competitors devoted considerable resources on various market development activities to promote their exports of agricultural products. A significant portion of this is carried out in Europe, which is a vital market for Florida citrus products.

In addition to its market growth since the inception of the TEA program, Florida is considered by the international trade and foreign consumers as the premium supplier of citrus products. This position is verified annually in tracking studies conducted in countries where the FDOC executes programs. The premium positioning, created through marketing programs funded by MAP dollars, has allowed Florida exporters to price their products at a premium to competition. Pricing above foreign competition provides the more than 8,000 Florida growers with the opportunity to optimize returns on their crops, hence assuring long-term viability for the citrus industry. This is critical to an industry that employs more than 76,000 people and provides a $9 billion annual impact to the State of Florida.

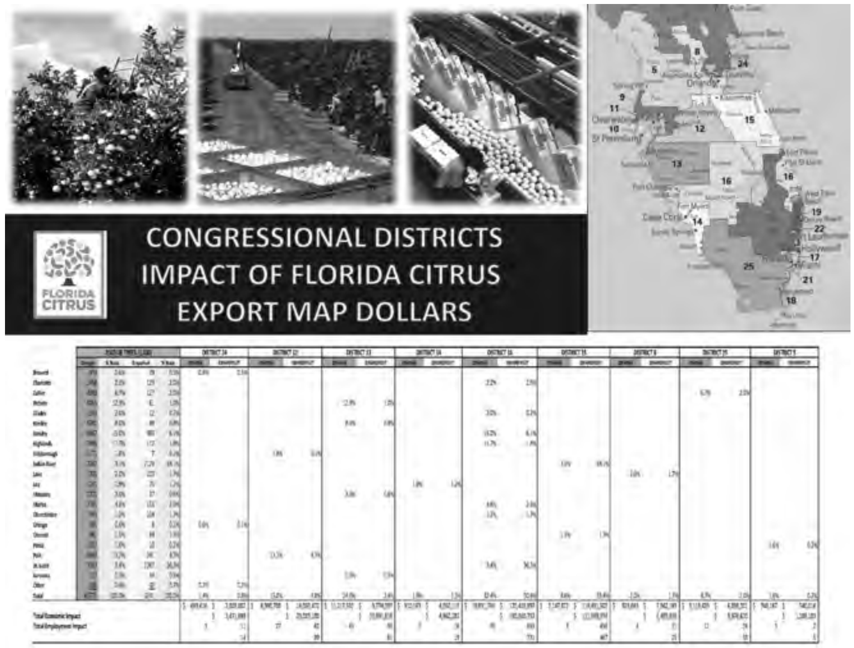
Because unemployment is of such critical concern to our nation, and is so acute in Florida today, we have performed an analysis of the employment directly attributable to the continued full funding of the MAP program, by selected Florida Congressional Districts. This analysis reveals that today almost 1,500 jobs throughout the citrus growing region of Florida rely directly on the approximate $5 million provided by MAP to the Florida Department of Citrus.

Thank you for the opportunity to provide information to the Subcommittee. On behalf of the Florida citrus industry, we ask that the MAP and other vital FAS programs be sustained to help ensure the competitiveness of American agricultural producers in the increasingly competitive global marketplace.

Respectfully submitted,

KEN O. KECK,
Executive Director,
Florida Department of Citrus.

CHARTS



Congressman Nugent
District 5

	2007/08 TREES (1,000)				DISTRICT 5	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	3389	5.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%		
Highlands	7696	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	961	1.5%	84	1.3%		
Pasco	1050	1.6%	10	0.2%	1.6%	0.2%
Polk	9348	14.2%	291	4.7%		
St. Lucie	3580	5.4%	2267	36.3%		
Sarasota	121	0.2%	34	0.5%		
Other	391	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	1.6%	0.2%
					$ 748,167	$ 540,016
Total Economic Impact						$ 1,288,183
Total Employment Impact					3	2
						5

Congressman Webster
District 8

	2007/08 TREES (1,000)				DISTRICT 8	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%		
Highlands	7696	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%	2.0%	1.7%
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	961	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	8668	13.2%	291	4.7%		
St. Lucie	3583	5.4%	2267	36.3%		
Sarasota	123	0.2%	34	0.5%		
Other	386	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	2.0%	1.7%
					$ 923,663	$ 5,562,163
Total Economic Impact						$ 6,485,826
Total Employment Impact					4	21
						25

Congressman Ross
District 12

	2007/08 TREES (1,000)				DISTRICT 12	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%		
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Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	961	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	8668	13.2%	291	4.7%	13.2%	4.7%
St. Lucie	3583	5.4%	2267	36.3%		
Sarasota	123	0.2%	34	0.5%		
Other	386	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	15.0%	4.8%
					$ 6,990,708	$ 16,092,472
Total Economic Impact						$ 23,083,180
Total Employment Impact					27	62
						89

Congressman Buchanon
District 13

	2007/08 TREES (1,000)				DISTRICT 13	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%	12.3%	1.0%
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%	8.0%	0.8%
Hendry	9867	15.0%	383	6.1%		
Highlands	7690	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%	3.5%	0.6%
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	961	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	8668	13.2%	291	4.7%		
St. Lucie	3561	5.4%	2267	36.3%		
Sarasota	123	0.2%	34	0.5%	0.2%	0.5%
Other	386	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	24.0%	2.9%
					$ 11,217,532	$ 9,774,287
Total Economic Impact						$ 20,991,819
Total Employment Impact					43	38
						81

Congressman Mack
District 14

	2007/08 TREES (1,000)				DISTRICT 14	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5290	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%		
Highlands	7696	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%	1.9%	1.2%
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	961	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	8668	13.2%	291	4.7%		
St. Lucie	3581	5.4%	2267	36.3%		
Sarasota	123	0.2%	34	0.5%		
Other	396	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	1.9%	1.2%
					$ 910,163	$ 4,050,119
Total Economic Impact						$ 4,960,282
Total Employment Impact					3	16
						19

Congressman Posey
District 15

	2007/08 TREES (1,000)				DISTRICT 15	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%		
Highlands	7696	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%	3.1%	34.1%
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	981	1.5%	84	1.3%	1.5%	1.3%
Pasco	1053	1.6%	10	0.2%		
Polk	[illegible]	13.2%	291	4.7%		
St. Lucie	3583	5.4%	2267	36.3%		
Sarasota	123	0.2%	34	0.5%		
Other	[illegible]	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	4.6%	35.4%
					$ 2,147,872	$ 119,451,502
Total Economic Impact						$ 121,599,374
Total Employment Impact					8	459
						467

Congressman Rooney
District 16

	2007/08 TREES (1,000)				DISTRICT 16	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%	2.2%	2.0%
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%	2.0%	0.2%
Hardee	5280	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%	15.0%	6.1%
Highlands	7696	11.7%	112	1.8%	11.7%	1.8%
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%	4.8%	2.5%
Okeechobee	793	1.2%	104	1.7%	1.2%	1.7%
Orange	390	0.6%	8	0.1%		
Osceola	981	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	[illegible]	13.2%	291	4.7%		
St. Lucie	3583	5.4%	2267	36.3%	5.4%	36.3%
Sarasota	123	0.2%	34	0.5%		
Other	[illegible]	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	42.4%	50.6%
					$ 19,831,756	$ 170,428,997
Total Economic Impact						$ 190,260,753
Total Employment Impact					76	655
						731

Congressman Adams
District 24

	2007/08 TREES (1,000)				DISTRICT 24	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%	0.6%	0.5%
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%		
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%		
Highlands	7696	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%	0.6%	0.1%
Osceola	961	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	8668	13.2%	291	4.7%		
St. Lucie	3583	5.4%	2267	36.3%		
Sarasota	121	0.2%	34	0.5%		
Other	[illegible]	0.6%	42	0.7%	0.2%	0.2%
Total	65775	100.0%	6241	100.0%	1.4%	0.8%
					$ 663,616	$ 2,808,082
Total Economic Impact						$ 3,471,699
Total Employment Impact					3	11
						14

Congressman Riviera
District 25

	2007/08 TREES (1,000)				DISTRICT 25	
	Oranges	% State	Grapefruit	% State	ORANGE	GRAPEFRUIT
Brevard	414	0.6%	29	0.5%		
Charlotte	1458	2.2%	123	2.0%		
Collier	4389	6.7%	127	2.0%	6.7%	2.0%
DeSoto	8065	12.3%	61	1.0%		
Glades	1334	2.0%	12	0.2%		
Hardee	5280	8.0%	49	0.8%		
Hendry	9867	15.0%	383	6.1%		
Highlands	7696	11.7%	112	1.8%		
Hillsborough	1171	1.8%	7	0.1%		
Indian River	2062	3.1%	2128	34.1%		
Lake	1300	2.0%	103	1.7%		
Lee	1281	1.9%	75	1.2%		
Manatee	2320	3.5%	37	0.6%		
Martin	3181	4.8%	155	2.5%		
Okeechobee	793	1.2%	104	1.7%		
Orange	390	0.6%	8	0.1%		
Osceola	961	1.5%	84	1.3%		
Pasco	1053	1.6%	10	0.2%		
Polk	8668	13.2%	291	4.7%		
St. Lucie	3583	5.4%	2267	36.3%		
Sarasota	121	0.2%	34	0.5%		
Other	[illegible]	0.6%	42	0.7%		
Total	65775	100.0%	6241	100.0%	6.7%	2.0%
					$ 3,118,429	$ 6,858,201
Total Economic Impact						$ 9,976,630
Total Employment Impact					12	26
						38

SUBMITTED LETTER BY CHILES WILSON, PRESIDENT, RIVERMAID TRADING COMPANY

April 15, 2011

Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture, House Committee on Agriculture,
Washington, D.C.

Dear Members of the Subcommittee,

Thank you for this opportunity to indicate our strong support for U.S. agricultural export programs such as the Market Access Program (MAP). As President of Rivermaid Trading Company, I have seen firsthand the impact that MAP funding has had on our company and the California pear industry as a whole.

Due to a variety of factors, including high input costs and declines in demand for pears, the California pear industry has struggled in the domestic market in the past several years. MAP funding granted to the California Pear Advisory Board (CPAB) has allowed pear shippers such as Rivermaid to expand export markets and continue to thrive.

CPAB has used MAP and industry funds to conduct a very successful marketing program in Canada. Without the support of MAP funding, the industry's small and family businesses would not have the resources to aggressively promote their pears in the Canadian market. By pooling industry resources and leveraging MAP assistance, California pear shippers have been able to maintain a strong presence in Canada. In 2010, Rivermaid exported 1,992 tons of pears worth $1,872,552 to Canada in part due to the marketing support provided by the MAP program.

Mexico is also an important market for the California pear industry, and one where MAP funding is equally important. Despite setbacks for the industry related to Mexico's retaliatory tariffs on U.S. pears, MAP grants have allowed CPAB to continue working with retailers to put on successful promotions to increase California pear sales. Rivermaid shipped $1,132,145 worth of pears to Mexico in 2010.

As these examples demonstrate, MAP plays a vital role in assisting California's pear farmers to market and export their products abroad. With approximately 19% of the California fresh pear crop going to foreign markets, Rivermaid Trading Company and other industry members depend on the programs that MAP supports. The program is a shining example of a government-industry partnership that results in solid, noticeable returns for U.S. agricultural producers and the rural communities that they sustain.

Another important program is the Technical Assistance for Specialty Crops (TASC) grant, which provides the California pear industry with a way to respond quickly when new technical trade issues arise. Sanitary and phytosanitary issues are increasingly being used as trade barriers around the world, and the TASC program has been used to provide the California specialty crop industry with the information, research, and systems needed to address these issues and keep export markets open. TASC is a welcome source of support, especially considering the number of invasive pests that have become established in California in the past few years. The program is a valuable resource that allows the California pear industry to fight against and eliminate technical trade barriers that would otherwise significantly restrict trade.

I realize that in this time of tight budgets, Congress is looking for places to cut programs. However, the value of the MAP and TASC programs and the difference they make to Rivermaid and other U.S. agricultural producers' bottom line cannot be overstated. I urge you to continue funding these agricultural export programs at the maximum levels provided for in the farm bill.

Thank you again for considering my comments on this important matter.

Sincerely,

CHILES WILSON,
President,
Rivermaid Trading Company.

SUBMITTED STATEMENT BY AMERICAN SEED TRADE ASSOCIATION

Chairman Johnson and Members of the Committee, thank you for the opportunity to provide a statement for the record supporting the U.S. Department of Agriculture's (USDA) cooperator programs and their effectiveness on expanding exports of U.S. agricultural products. On behalf of the American Seed Trade Association (ASTA) and its more than 700 members, we are pleased to provide comment to the Committee regarding the importance of these programs and the American seed industry's participation in them.

Who We Are

Founded in 1883 and located in Alexandria, VA, ASTA is one of the most established trade organizations in the United States. Our membership is involved in production and distribution, plant breeding and related industries around the globe. As an authority on plant germplasm, ASTA advocates science and policy issues important to the industry.

ASTA's mission is to be an effective voice of action in all matters concerning the development, marketing and movement of seed, associated products and services throughout the world. ASTA promotes the development of better seed to produce better crops for a better quality of life. Our members represent all areas of the seed industry—from alfalfa to zucchini and range in size from small and medium regional seed companies, to large multi-nationals. ASTA members develop and market seed produced through conventional plant breeding, organic and modern biotechnology techniques.

Ninety-two percent of ASTA's active members are small businesses that report annual sales of less than $16 million. Without ASTA's efforts overseas, supported by cooperator program funding, many of these small- to medium-sized companies would not have a representative in key markets. Company participation and access through the programs result in jobs at the local level, increased global sales and profitability.

Importance of Seed

The U.S. seed industry is one of the most dynamic in the world. It is also increasingly subject to the forces of globalization. The U.S. seed industry has a commercial value of approximately $12 billion. With more than 60,000 varieties of planting seed, the United States is the largest and most diverse planting seed market in the world.

An important breeding and technology center for the global seed industry, the United States attracts the largest and most viable seed companies from around the globe. The seed industry is poised to continue to invest a large share of its revenue in research and development in techniques such as genetic engineering and traditional and marker assisted breeding to develop beneficial novel traits and improved germplasm. In the seed industry, there has been a shift in global research expenditures from the public sector to the private sector. Private expenditures during the past two decades have outpaced those of the public sector. This trend was brought about by such factors as increased return from planting seed exports, improved intellectual property rights protection, and the entry of life science companies into the planting seed industry. This trend benefits the U.S. farmer, agricultural commodity groups, food and feed industries. This is especially true for members of the seed industry, where the overwhelming majority of seed companies are small and medium in size and resources.

With the global commercial market for planting seed estimated at $38.5 billion, the U.S. market is estimated to be 30 percent of the global market. The domestic share of U.S. seed exported is equal to approximately $1.25 billion which is approximately 10 percent of the overall value of the U.S. seed industry.

A number of factors are needed to support export growth including:

- International regulations that promote the movement of seed
- Improved global economic conditions
- Liberalized government agricultural and trade policies
- Global acceptance of biotechnology and science based regulations
- Bilateral and multilateral free trade agreements
- Adoption and enforcement of intellectual property rights
- Elimination of phytosanitary constraints to trade
- Science based policies and regulations
- Better understanding for how seed moves globally
- Increased demand and familiarity of U.S. cultivars and seed technology

In many emerging markets, it is estimated that formal seed commerce accounts for only 10–20 percent of their total market with the remaining 80–90 percent supplied by the non-commercial or informal market (*i.e.,* farmer saved seed). The global market for seed still shows great potential for future introduction of improved U.S.

varieties. However, the implementation of robust intellectual property regulations, particularly in emerging markets around the globe, is necessary for the widespread introduction of these new and improved varieties.

As a Cooperator of the USDA's Foreign Market Development (FMD) and Market Access (MAP) programs, ASTA has been involved in export promotion and development activities for more than 50 years. ASTA does not have an overseas staff, which means the association and its members rely heavily on the USDA-Foreign Agricultural Services' (FAS) offices overseas. ASTA has developed a cooperative and complimentary relationship with FAS posts to achieve U.S. seed industry and USDA objectives in priority markets.

Seed exports continue to track higher and as a Cooperator, ASTA has utilized cooperator program funding for activities that have reinforced this upward trend.

Export Year	U.S. Exports ($)	World Trade ($)
2006	879,680,000	3,993,838,493
2007	1,019,679,000	4,033,776,878
2008	1,277,310,000	4,074,114,646
2009	1,150,403,000	4,114,855,733
2010	1,253,484,375	* 4,156,004,351

Estimate.

How ASTA Directs Cooperator Funding

ASTA receives approximately $350,000 between MAP and FMD programs. With this budget, ASTA operates programs and activities in five priority markets (Argentina, Brazil, Mexico, China, and India). In addition, three regional markets (The Americas, Asia Pacific, and Africa) are targeted. Key issues include intellectual property rights, phytosanitary trade barriers and Adventitious Presence/Low-level Presence in seed. Without cooperator program funding, the seed industry's efforts to expand U.S. seed exports and business development would be markedly reduced.

The seed industry is unique in that it is a highly regulated industry worldwide. Utilization of the MAP and FMD programs allows ASTA to address resulting impediments to the international movement of seed. The focus of ASTA's export promotion activities has been primarily focused on six areas:

- International organizational meetings to promote trade in seed and seed technology worldwide and enhancements of intellectual property rights
- Incoming/outgoing trade missions for international consultation and discussions designed to overcome unfair trade practices and addressing phytosanitary issues affecting U.S. seed exports
- Exploratory trade missions designed to collect market intelligence and foster commercial relationships for U.S. seed companies
- Mutually beneficial programs of technical assistance and capacity building designed to encourage seed regulatory and policy reform in less developed or emerging seed markets worldwide
- Viable framework and system promotion for trade in biotechnology products
- International agricultural and seed trade policy specifically focused on intellectual property rights protection and phytosanitary regulations

Measuring Success

In 2010–2011, several key accomplishments were recorded as a result of ASTA's direct participation in the cooperator programs. These specific success stories highlight the diversity of the seed industry, the global nature of agriculture and new opportunities for seed exports.

Mexico's NOM 078 Regulation for Sorghum Ergot Repealed

On Dec.14, 2010 Mexico's counterpart to USDA's Animal and Plant Health Inspection Service (APHIS) advised that the final steps to deregulate sorghum ergot were complete. For U.S. companies exporting sorghum seed to Mexico, this victory was a long and hard fought battle. The action, the last step in a three year effort, was well received by U.S. companies that ship more than $5 million of sorghum seed annually to Mexico. ASTA's ability to direct cooperator funds to the effort complemented APHIS's efforts via extended discussions with government officials and Mexico's seed trade association.

Korean Market for Radish Seed Re-Opened

In 2011, a small seed company was experiencing difficulties exporting radish seed to Korea, due to the radish yellow edge virus (RYEV). Although the company had followed all protocols for meeting Korean import requirements, RYEV had never officially been communicated to the United States by Korea as a quarantine pest. For its part, ASTA began directing efforts and learned that this particular virus was common and most likely already present in Korea. By coordinating testing protocols and industry intelligence, APHIS and ASTA worked with the Korean government to lift its testing requirement for the virus. The market for radish seed has been re-opened and the company immediately shipped four loads of seed, worth nearly $300,000. The company is planning to ship an additional $500,000 of radish seed for the remainder of 2011.

Argentina Intellectual Property Rights Outreach Project

The most valuable asset of the seed industry is its intellectual property. ASTA utilized cooperator funds in Argentina to conduct outreach and education to industry stakeholders and growers. The message focused on the value of seed by highlighting research investment and the commitment of the seed industry to bring new and improved varieties to the market each year for growers. Moreover, advancing and acknowledging intellectual property rights was a shared responsibility. The goal of the project was to evaluate whether or not access to information explaining the importance of intellectual property rights for seed and innovation had any effect on growers opinion and their perception of purchasing legal seed. The conclusion was that grower awareness significantly increased and that innovation is better understood.

U.S./EU Bilateral Agreement on Seed Re-Export

Re-export of seed continues to be a major challenge for the seed industry. Every time seed is moved from one country to another, it must meet the phytosanitary import requirements of the next country of import. In most cases, if the phytosanitary measures were not conducted in the country of origin where the seed was produced, the seed cannot be certified by the country of re-export as meeting the phytosanitary import requirements of the next country. This issue caused many delays and lost markets for numerous seed companies that move seed internationally. ASTA worked closely with USDA's APHIS to negotiate bilateral agreements between countries with significant seed re-export problems. Due to years of APHIS and ASTA diligence, an agreement with the European Union is expected to impact more than $50 million in seed trade annually. APHIS continues to pursue, with ASTA's support, agreements with other countries where re-export remains an issue, including Mexico, Chile, and Argentina.

2010 China-U.S. Seed Legal System Conference

ASTA has been working in China and with the Ministry of Agriculture for a number of years. In 2010, a conference utilizing cooperator funds was held in Beijing to discuss China's seed law and ways to implement revisions and improvements using the United States' Federal Seed Act and state seed laws as models. In addition, presentations and discussions included the United States' seed certification process and the use of licenses and contracts in the U.S. seed industry. ASTA views these steps as incremental and key to addressing more uniform, harmonized, and transparent views and policies on intellectual property rights for U.S. and global seed developers and enhancing grower awareness.

Brazil Normative 36 Amended, Seed Markets Kept Open

On Dec. 30, 2010, Brazil published with no comment period, Normative 36, which lays out new, highly restrictive phytosanitary import requirements for 118 different species of seeds. Impacting 50 countries that export seeds to Brazil, neither the U.S. seed industry, nor the World Trade Organization or U.S. government was informed prior to publication of the normative. The collective value of the U.S. commercial seed market in Brazil exceeds $10 million annually. ASTA partnered with USDA through FAS and APHIS to address this issue. While the restrictive normative has been amended for one year, ASTA continues to work diligently with U.S. government as well as ASTA counterparts in Brazil, the Brazil Seed Association (ABRASEM) and Brazil's Ministry of Agriculture for a long term resolution so that seed exports to Brazil will not be further interrupted.

Conclusion

These examples illustrate a number of successes that would not have been possible if the cooperator programs were not in place. Members of the American seed industry have benefitted greatly from the cooperator programs and USDA's leadership via the FMD and MAP programs. Through targeted programs and seed industry efforts, markets have been enhanced, identified and seed is moving. Phytosanitary issues are being addressed and incremental progress continues to be made. ASTA firmly believes that the cooperator programs better position the U.S. seed industry to compete in the global marketplace. Agriculture's foundation is the seed and the U.S. seed industry is poised to continue making headway throughout the world. U.S. agriculture depends on quality seed and each year the U.S. seed industry strives to maintain its position as the global leader. The commercial value of that position is approximately $12 billion and growing.

Thank you for this opportunity to share with the Committee examples of ASTA's work through the USDA cooperator programs, not only for the seed industry, but U.S. agriculture in general. ASTA's motto—*first the seed*—confirms the relevance and role of quality seed, here at home and around the world. We maintain that the cooperator programs add value to U.S. agriculture, provide dividends to the U.S. taxpayer and support small and medium sized seed companies at the local level. We urge the Congress, as budget discussions continue, to support the cooperator programs at USDA. In doing so, U.S. agriculture benefits and, the U.S. seed industry prospers.

Submitted Statement by U.S. Apple Association

Mr. Chairman and Members of the Committee, exports play a critical role in the economic vitality of the American apple industry. Promotion programs established under the farm bill are vital tools to help maintain and increase overseas apple sales in the face of fierce foreign competition. Under these programs, U.S. apple growers partner with the U.S. Department of Agriculture (USDA) to increase consumption of U.S. apples overseas and capture markets from foreign producers.

American apples are grown commercially in over 30 states, from Michigan to North Carolina and Washington to Maine. Our $2.2 billion crop is produced on approximately 350,000 acres. U.S. apple exports reached almost $800 million in 2009, or 40 percent of our total crop value. This means that over $1 in every $3 in apple revenue comes from exports. Overseas apple sales are critical for our orchards and the entire apple industry.

The U.S. Apple Association appreciates this Committee's support to authorize and fund various important export promotion programs in the 2008 Farm Bill. The Market Access Program, the Technical Assistance for Specialty Crops Program and the Emerging Markets Program are utilized by the apple industry in partnership with USDA to grow foreign demand and maintain a strong marketplace for our fruit. Looking to the future, we believe our strongest market growth potential lies in the export arena, especially in developing economies as per capita incomes increase and diets improve. However, we face stiff competition from foreign producers to capture these market opportunities.

USDA's promotion programs help level the playing field as we compete in the export market against countries such as China and Chile that have lower production costs. U.S. apple growers are confident in their ability to compete around the world based on quality, reliability, and often brand identity. However, they cannot compete against the treasuries of foreign governments which support export promotion and sales. For example in China, which grows half the world's apples, the government has encouraged aggressive exports with the benefit of an undervalued currency, the renminbi. This makes imports more expensive in China and Chinese exports less expensive in foreign markets. China's lower production costs for apples are largely attributable to an abundant, inexpensive supply of unskilled labor in rural areas relative to the labor-scarce United States. (Both the renminbi and labor factors are cited in the recent report, "*China's Agricultural Trade: Competitive Conditions and Effects on U.S. Exports*," (*http://www.usitc.gov/publications/332/pub4219.pdf*) USITC Publication 4219, March 2011.) USDA's promotion programs are important to help counteract the effects of such foreign assistance.

The **Market Access Program** (**MAP**) provides critical funding, more than matched by industry contributions, to promote American apple consumption around the world. Without MAP, individual apple growers would not have the financial resources or organizational support for this essential foreign market development and promotion. The apple industry is made up of many individual small businesses, from growers and packers to shippers and exporters. The MAP program provides a catalyst for them to work together collectively in partnership with USDA to grow markets overseas.

The **Technical Assistance for Specialty Crops program** (**TASC**) complements the MAP program because it helps our industry reduce foreign sanitary, phytosanitary and technical barriers that prohibit or threaten apple exports. TASC is a nimble, quick-response program which enables apple growers to reduce these trade barriers in order to maintain access to current markets and open new ones where they can utilize MAP.

The **Emerging Markets Program** (**EMP**) is designed to develop and promote exports of U.S. agricultural products to low and middle income emerging markets. EMP has opened the door for apple growers to initiate MAP programs in new markets. The program has enabled apple growers to conduct market research essential to understanding new potential customers and in-country market opportunities.

MAP, TASC and EMP yield tangible and valuable results for the U.S. apple industry and the overall U.S. economy. Several examples illustrate how they have helped the nation's small apple businesses successfully gain long-term export customers.

TASC and MAP Boost Apple Exports to Mexico

TASC allowed apple shippers from Michigan, Virginia and California to bring the required Mexican inspectors to each state, to review the cold treatment facilities and the treatments undertaken for each apple sold to Mexico. Simultaneously, the TASC program has funded efforts for these shippers to bring in technical experts and to work with APHIS and our Mexican counterparts to find ways to reduce this onerous requirement. Without TASC funding, growers and shippers in Michigan, Virginia and California would lose important export sales and contacts that they have spent years to develop. Between 2003 and 2010, these exports have accounted for well over $6 million, all exports that would not have occurred without TASC and MAP funding.

MAP funding enabled Washington apple growers, in partnership with the Northwest pear and California table grape industries, to conduct a month-long promotion last fall in Mexico with the popular children's television show "Lazytown." Mexico is a major market for all three fruits and holds strong potential for additional growth. This promotion was funded under MAP's Global-Based Initiative program which encourages collaboration among cooperator groups who have a similar project goal.

The *Lazytown* promotion resulted in an historic first-time partnership between the Mexican government, USDA and U.S. cooperator groups. *Lazytown* is a popular children's show that airs to an estimated 500 million homes in 128 countries worldwide, including Mexico. The theme of every episode of "Lazytown" is designed to motivate kids to make healthy lifestyle choices. This is done through "leading by example." The main character (and healthy superhero) eats "sports candy" (fruits and vegetables) to get energy to overcome the lazy plots and schemes of the show's villain to make the kids of "Lazytown" lazy. The Mexican Secretary of Health endorsed this *Lazytown* project and provided an umbrella under which to incorporate national and regional Mexican retailers.

The promotion incorporated media coverage promoting health with *Lazytown*'s superhero, along with wide in-store sampling, superhero store events, and promotional materials featuring the *Lazytown* characters, and Washington apples, Northwest pears and California table grapes.

Additional funding has been granted to continue the *Lazytown* promotion in winter 2011–12.

As a result of this promotion, Washington apple exports increased 29% in November 2010 compared to the previous season. In value, exports increased 38% over 2009–10 for a total of $13.5 million (an increase of $3.7 million). Retailers experienced strong sales lift, and the promotion strengthened business relationships with the apple industry.

Importantly, this promotion yielded successful results *despite* imposition by Mexico of a new 20 percent duty on imports of U.S. apples last August as the fall harvest was starting. Without the tariff, Mexican consumers could have enjoyed even more U.S. apples.

EMP and MAP: India Seen as Key Future Market for Apple Exports from Pennsylvania, New York and Michigan

The apple industry used EMP funds to conduct market research in India. An in-country representative was then hired to help identify appropriate targets and educate Indian apple importers and retailers about the quality and varieties of the apples grown on the East Coast of the U.S. In 2009–10, eastern apple shippers developed a strong business in India with sales in excess of $2 million. These shippers hope to expand this new market by offering exports off of the East Coast that are competitive with other routes. Indian interest has been strong for apples from Michigan, New York and Pennsylvania. *All of this interest and sales can be directly traced back to the impact of the EMP-funded research, initial market development activities, and MAP-funded trade show presence and programs to promote apples at* *retail and wholesale outlets in India.* These businesses in Pennsylvania, Michigan and New York view the Indian market as a key element to their future businesses and long-term success.

MAP: Middle East Market Grows for Washington Apples

Using MAP funds, retail promotions and merchandising activities were implemented by the Washington apple industry in the United Arab Emirates and Saudi Arabia in the current marketing year. As a result, exports of apples expanded significantly to the two markets. From September 1, 2010 through March 31, 2011, Washington apple exports rose by more than one third in volume, compared to the same period last year. Export value increased 32 percent, or $9.1 million.

	2009–10		2010–11	
	No. of Cartons	Estimated $ Value	No. of Cartons	Estimated $ Value
UAE	972,073	$18.5 million	1,297,568	$23.9 million
Saudi Arabia	635,431	$12.1 million	861,973	$15.8 million

Promotional activities reinforced the quality image of Washington apples and created awareness, visibility and demand for new apple varieties, namely Gala and Fuji, which registered record high export growth this season (Gala and Fujis surging 75.4% and 17.7%, respectively).

Despite the competition from Europe, Southern Hemisphere suppliers and Lebanon and Syria, Washington apples are maintaining upward sales momentum.

TASC: Reducing Technical Barriers for Apple Exports to Mexico

Mexico is the single largest export market for U.S. apple exports. Consequently, the apple industry must address technical trade issues with the Mexican government to help ensure that the market remains accessible for growers, shippers and exporters.

In 2009, TASC funded projects to produce pest information and educate Mexican plant quarantine officials about the Pacific Northwest fruit industry, including apples. One program provided for survey trapping for the Oriental Fruit Moth, as required by Mexico's Director General de Sanidad Vegetal (DGSV), from spring to the flight of the final generation. The trapping was done in Idaho and Washington to verify population levels of OFM previously reported to Mexico which were based on trapping done a number of years ago. Another program funded an on-site verification visit of Mexican plant quarantine officials during the apple growing season to review conditions in registered export orchards and participating packinghouses.

TASC: Providing MRL Data for Foreign Markets

TASC has funded the establishment and continued operation of a vital database of international maximum residue limits (MRL's) for specialty crops. The apple industry uses this database to verify specific MRL requirements in foreign markets. Produce that does not meet the MRL standards of an overseas country may not be exported there. EPA has participated as a financial partner to support this project. The MRL database for specialty crops is recognized by the U.S. Government, commodity groups and pesticide registrants as having the most accurate MRL information available.

Conclusion

MAP, TASC and EMP are important USDA programs which yield direct increases in export sales for U.S. apple growers, help maintain jobs for their employees and support their rural communities. These programs help growers compete against foreign producers aided by overseas governments.

In partnership with USDA, apple growers are committed to succeeding in the export market in order to build strong future for their family businesses. To remain globally competitive, the American apple industry supports strong MAP and other promotion programs as part of an aggressive trade title in the next Farm Bill.

SUBMITTED STATEMENT BY U.S. WHEAT ASSOCIATES; NATIONAL ASSOCIATION OF WHEAT GROWERS

The free and fair flow of trade is essential to U.S. wheat farmers as roughly half of the wheat they produce is exported each year. In the most recent full marketing year (2009/10), the United States exported 24.0 million metric tons (MMT) of wheat, roughly 40 percent of production. Also in 2009/10, the United States accounted for nearly 18 percent of global exports as world wheat exports were estimated at 135.8 MMT. In 2010/11, U.S. wheat exports are expected to reach 34.5 MMT, representing 58 percent of domestic production and 28 percent of world wheat trade.

The National Association of Wheat Growers (NAWG) was founded more than 60 years ago by producers to work together for the common good of the industry. Today, NAWG works with its 21 state associations and many coalition partners to unite the wheat industry on issues as diverse as federal farm policy, environmental regulation and the future commercialization of biotechnology in wheat.

U.S. Wheat Associates (USW), the wheat industry's export market development organization, conducts training and provides information to customers in more than 100 countries on behalf of America's wheat producers. USW's activities are made possible by producer check off dollars managed by 18 state wheat commissions and cost-share funding from the Market Access Program (MAP) and Foreign Market Development (FMD) program administered by USDA's Foreign Agricultural Service. USW works on behalf of American wheat producers to increase wheat exports by collaborating with foreign government officials and industry representatives to address market constraints and opportunities.

USW and NAWG appreciate the opportunity to comment for the record on the importance of market development programs and their role in agricultural trade. Wheat has benefitted from FMD and MAP for many years and was one of the first associations to utilize the FMD program after its creation in the 1950s. U.S. wheat producers understand the importance of exports to their profitability and contribute roughly 50 percent of USW's promotional expenses through direct contributions and in-kind support to match government program funds. These funds support a network of 15 overseas offices as well as the promotional activities.

USW staff presence in these markets allows for routine contact with overseas customers to educate them on the process and benefits of buying U.S. wheat, to identify and promote U.S. wheat to potential new customers and to follow-up on previous purchases to ensure a positive experience from start to finish. The routine on-the-ground contact provides assurance, creates confidence and is a key factor for continuing a high level of U.S. wheat exports in the face of competition from a number of wheat exporting nations.

USW promotional activities funded by MAP and FMD are multi-faceted. One on one meetings through trade servicing educates customers on the marketing system, qualities and contracting of U.S. wheat and creates comfort and confidence in navigating the complex U.S. system. Technical assistance to properly mill and bake U.S. wheat ensures that the full value of U.S. wheat is extracted from each purchase. USW routinely sponsors trade teams of customers to the United States for a first-hand experience in understanding the various assurances built into our marketing system. In addition, customers routinely attend courses at partner institutions such as the International Grains Program at Kansas State University, the Northern Crops Institute at North Dakota State University and the Wheat Marketing Center in Portland, Oregon.

The increased quantity of wheat exports to Nigeria is an example of the remarkable success of the MAP and FMD export promotion programs. USW worked collaboratively with new market players to educate them on the U.S. wheat marketing system and to help develop local products made from U.S. wheat. These efforts resulted in the importation of all six U.S. wheat classes and to Nigeria becoming the top U.S. wheat customer in 2009/10. USW efforts resulted in loyalty by Nigerian millers and the United States maintains an 80 percent market share, despite increased price competition from Canada and the Black Sea region.

Agriculture is a bright spot in the U.S. economy and agricultural trade is unique compared to traditional goods. Agriculture consistently maintains a trade surplus, thanks in part to cooperator activities funded through FMD and MAP programs. USW and NAWG are proud of the success already accomplished by USDA/FAS as well as the relationship with USTR in overcoming trade and technical barriers. The structure within USDA and the communication between intertwined agencies such as the Foreign Agricultural Service (FAS), the Animal Plant Health Inspection Service (APHIS), the Federal Grain Inspection Service (FGIS) and others facilitates the efficient export of goods as well as the timely resolutions of trade disruptions. The special trade issues that agriculture faces needs to be an important consideration in any reorganization plan of the government's trade-related agencies.

Attached is a fact sheet specific to wheat on the FMD and MAP programs to illustrate the impressive benefits of USDA's market development programs, and their admirable returns on investment. We encourage Congress to support the Obama Administration's fiscal year 2012 budget request and fully fund both programs at $34.5 million and $200 million, respectively. As already proven, these relatively small investments by the American people will continue to create impressive returns to U.S. farmers, U.S. agriculture and the U.S. economy.

ATTACHMENT

Fact Sheet

Market Access Program, Foreign Market Development Benefits

January 2011

The Market Access Program (MAP) and Foreign Market Development (FMD) program administered by USDA's Foreign Agricultural Service (FAS) form the core of a highly successful partnership between nonprofit U.S. agricultural trade associations, farmer cooperatives, nonprofit state-regional trade groups, small businesses, and USDA to share the costs of overseas market development efforts. These programs continue to have a positive and significant impact on U.S. agricultural exports. MAP and FMD are crucial to the U.S. wheat industry to maintain sales and market share in an increasingly competitive trade environment.

By any measure, MAP and FMD are good government programs with:

- excellent returns, that actually grow with investment, to the government and farmer cooperators;
- proven potential to create American jobs and help the rural economy grow;
- efficient, effective administration;
- direct contributions that improve conditions for the private sector to increase exports;
- benefits to the entire agricultural supply chain from wheat farmers to the longshoremen who load wheat on vessels for export.

Excellent Return on Investment

An independent study conducted by IHS Global Insight, Inc., for USDA in 2010 found that between 2002 and 2009, the incremental investment in market development increased U.S. export market share by 1.3 percentage points and the annual value of U.S. agricultural exports by $6.1 billion. For every additional $1 expended by government and industry on market development, U.S. food and agricultural exports increased by $35.

These results are consistent with the conclusions of a January 2010 economic analysis of wheat export promotion showing U.S. wheat farmers received $23 in net revenue for every $1 they invested in export promotion between 2000 and 2007. The study also showed that every $1 invested by U.S. wheat farmers and the government returns $115 to the U.S. economy.

$1	***investment***
= $35	***increase in exports***
= $23	***to Farmers***
= $115	***to U.S. Economy***

An Effective Public-Private Partnership

Industry funds currently represent almost 60% of total annual market development spending, up from about 45% in 1996 and roughly 30% in 1991, which demonstrates farmer commitment to the effort (Source USDA). Like other cooperators, U.S. wheat farmers are strongly committed to this partnership. Wheat commissions from 19 states contributed an estimated $12.8 million in checkoff funds and in-kind services in 2009/2010 to qualify for MAP and FMD activities conducted by U.S. Wheat Associates. These cost-share programs provide a critical incentive to invest in U.S. grain export market development. Without them, it is highly unlikely that there would be sufficient private funds to maintain a strategic, coordinated export promotion program in the increasingly competitive global wheat market.

MAP and FMD Contribute to Jobs at Home and Capacity Building Abroad

U.S. agricultural exports totaled nearly $109 billion in FY10. Since MAP was created in 1985, U.S. agricultural exports increased by nearly 300 percent at their peak in 2008 (Source USDA). USDA estimates that every $1 billion in agricultural exports create 8,000 jobs. Thus more than 800,000 Americans have jobs that depend on these exports thanks in part to MAP, FMD and related programs. We can expect increased demand for agricultural products as the global economy recovers, which reinforces the need for such valuable programs as MAP and FMD that help create, expand, and maintain markets for U.S. agricultural products.

> ***". . . more than 800,000 Americans have jobs that depend on these exports thanks in part to MAP, FMD and related programs."***

The benefits of export market development extend beyond U.S. shores, however. Nigeria imported more U.S. wheat than any other country in 2009/10. Since 2001 when USW opened a technical service office in Lagos supported by FMD and MAP funds, average annual wheat sales to Nigeria have doubled to almost 3 million metric tons. Nigerian flour milling executives say wheat export promotion is helping build economic capacity in their country. One senior executive said: "MAP and other programs provide training for our employees and if we can do more together, the potential for significant growth is there." Noting that USW uses MAP funds for technical training that helps build new wheat-based food markets, the CEO of Nigeria's Honeywell Flour said: "Whatever we have achieved, the foundation has been laid by U.S. Wheat Associates. We know that USW is funded by farmers and USDA. It is money well-spent."

MAP and FMD Help Counter Subsidized Foreign Competition

In recent years, the Canadian Wheat Board monopoly seller, the EU, the Cairns Group, and other foreign competitors have devoted considerable resources on agricultural export market development activities, a significant portion of which is carried out in the United States. Eliminating or reducing funding for MAP in the face of continued subsidized foreign competition will put American farmers and workers at a substantial competitive disadvantage. Conversely, maintaining or increasing MAP and FMD programs, which are non-trade distorting and not subject to World Trade Organization (WTO) disciplines, increases U.S. export competitiveness.

Funding for FMD is designed to establish an on-the-ground country or regional presence, identify new markets and address long-term foreign import constraints and export growth opportunities. Yet funding for FMD has been static for many years while overseas expenses continue to increase. Like other FAS cooperators, U.S. Wheat Associates does all it can to maximize its efficiency and has already made significant FMD cuts by consolidating offices and reducing staff. Additional funding cuts will force U.S. Wheat Associates to abandon markets with upside potential, an outcome that will only benefit our competitors and hurt American farmers and those whose jobs depend on exports.

Protecting MAP and FMD makes good economic sense. If you want to reduce government spending and increase jobs, cutting MAP and FMD is not the way to do it.

SUBMITTED STATEMENT BY USA RICE FEDERATION

Mr. Chairman and Members of the Subcommittee, the USA Rice Federation thanks you very much for this opportunity to submit comments about market-promotion programs (MPP's) and their effectiveness in expanding exports of U.S. agricultural products. The hearing is very timely and we appreciate you holding it.

The USA Rice Federation strongly supports market-promotion programs and the highly productive role played by the Foreign Agricultural Service (FAS) in implementing them. As an active participant in the U.S. Agricultural Export Development Council, an organization to promote U.S. agricultural exports, the USA Rice Federation works aggressively with other members to advocate authorization of and annual funding at farm bill-legislated levels for the Market Access Program (MAP) and the Foreign Market Development Program (FMD), the two market-promotion programs that we use most frequently and have participated in for many years.

Exports

The U.S. rice industry is a key player in the global rice market and the economic health of the rice industry is tied to exports. While the United States produces only 2 percent of global rice output, the United States ranks, in any year, as the third or fourth largest global exporter and between 45 and 50 percent of the U.S. rice crop is exported.

The United States exports all types and forms of rice: long grain, short grain and medium grain in the form of white-milled rice, brown-milled rice, parboiled rice, and paddy or rough rice (unprocessed harvested rice). Approximately ⅔ of U.S. exports are milled rice and the remaining ⅓ are rough-rice exports.

The United States exports rice across the globe, with a major presence in North and Central America, Northeast Asia, the European Union, Turkey and the Middle East, and Africa.

In many years, the U.S. rice industry exports a greater portion of production than any other major rice exporter and this dependence on trade makes the U.S. rice industry particularly vulnerable to trade disruptions or barriers. As one of the most protected and sensitive commodities traded worldwide, market-access obstacles are widespread and discourage increased exports of U.S. rice.

Imports

On the import side, U.S. tariff protection is minimal, and 15 percent of domestic consumption is sourced from imports, largely fragrant rice from Thailand and basmati rice from India. Vietnam and China are also import sources.

Economic Contributions

U.S. rice production supported 128,000 jobs and more than $34 billion of economic output nationally in 2009. Those directly involved in rice exports contributed $6 billion in output and supported more than 14,000 jobs.

U.S. rice exports support small- to-medium-size enterprises (SME's):

- According to the 2007 Census of Agriculture (USDA/NASS), there are 10,431 rice farm operators in the United States (AR—4,602; CA—2,518; LA—1,303; MS—621; MO—720; and, TX—667). 100% of these farms would qualify as SMEs.
- USA Rice mill membership through the USA Rice Millers' Association and/or USA Rice Council includes 30 mills, representing nearly all U.S. rice milling capacity with mill members in seven states: Arkansas, California, Florida, Louisiana, Mississippi, Missouri, and Texas. At least 75% of the mills qualify as small/medium-size enterprises.
- The USA Rice Millers' Association also has 33 associate members, which include exporters and allied businesses, an estimated ⅔ of which qualify as small/medium-size enterprises.
- The USA Rice Merchants' Association represents rough-rice merchandisers and seedsmen, as well as associated members. The Association has 28 merchant members and 11 associate members. Of the total membership, 92 percent qualify as small/medium-size enterprises.

MAP and FMD

The Market Access Program and Foreign Market Development Program play key roles in helping to promote U.S. rice sales overseas. USA Rice Federation industry members spend more than $3 in matching funds for each $1 of FAS funds received.

By participating in and contributing to the MAP–FMD public-private partnership, USA Rice Federation members are able to export rice successfully in a highly-competitive world-rice market and, at the same time, contribute significantly to local, state, and national economies.

The USA Rice Federation uses MAP and FMD funding in over 25 markets to conduct successful export market development initiatives, including Mexico, Turkey, Nigeria, and South Korea.

The USA Rice Federation has used MAP and FMD funds to expand rice exports to Mexico, the largest customer for U.S. long-grain rice. Of the rice consumed in Mexico, 80% comes from the U.S. U.S. rice sales to Mexico have boomed in recent years, reaching $313.4 million in value in 2010, which is nearly double the total export value in 2005. USA Rice export promotions have resulted in per-capita rice consumption doubling in Mexico during the past 25 years, to reach 17 pounds per capita.

In Turkey, the USA Rice Federation used MAP and FMD funds to organize seminars for the Turkish rice industry and consumer groups to help overcome trade barriers erected by the government (pricing, import licensing, minimum import pricing). U.S. rice exports were at record levels in 2010 (428,000 MT), a volume increase of 866% when compared to 2009 and Turkey is now the third-largest market in value and second in volume terms for U.S. rice-export sales. The U.S. rice industry sells mostly medium-grain rice, but also exports some long-grain rice to Turkey.

World food supply and price conditions led Nigeria to modify its import regime in 2009, reducing tariffs on rice from 85% to 10% or less. In the previous 25 years little or no U.S. rice was exported to the country. The USA Rice Federation conducted successful trade-servicing and promotion activities by using MAP and FMD funds to re-establish the Nigerian export market. These initiatives resulted in the U.S. exporting to Nigeria 75,500 metric tons of long-grain parboiled rice, valued at $39.3 million, in calendar year 2010. MAP and FMD funding make possible a further strengthening of Nigeria's consumer base for U.S. rice exports and the potential for Nigeria to serve as an export gateway for U.S. rice into other African markets.

In 2001, South Korea began importing U.S. rice under its minimum-access WTO obligation and channeled the imports into industrial uses under strict government control. In 2005, rice imported into South Korea began to enter the country's consumer market. In 2008, following a FMD-funded USA Rice Federation trade mission to bring South Korean buyers to the U.S. to learn about the U.S. rice industry, a South Korean retailer developed an online business to purchase U.S.-origin rice. Since that time the company's total online sales of U.S. rice has expanded from less than 20 percent to 70 percent and there has been a 60 percent increase in the buyer's sale of U.S. rice being made to South Korean consumers. The company is now ranked as the top U.S. rice sales outlet through online open markets in South Korea.

Conclusion

U.S. market promotion programs and the federal-private-sector partnership they have established are significant trade and economic resources for the nation, its agricultural sector, and, specifically, the U.S. rice industry, to compete in world markets. Equally as important is the fact that to achieve President Barack Obama's National Export Initiative goal of doubling U.S. exports over five years, USA Rice believes that the upcoming 2012 Farm Bill should emphatically reaffirm Congress' longstanding commitment to market promotion programs by providing additional resources for them.

MAP and FMD are among the few tools specifically allowed without restriction under WTO rules to help American agriculture and American workers remain competitive in a global marketplace that is characterized by subsidized foreign competition. The MAP and FMD programs have been tremendously successful and extremely cost-effective in maintaining and expanding U.S. agricultural exports, protecting and creating American jobs, and strengthening farm income.

The USA Rice Federation is most appreciative for the opportunity to comment on market promotion programs. We look forward to continuing to work with the Subcommittee and the House Agriculture Committee on behalf of MPP's, in particular MAP and FMD, which are the two we use most frequently. If we can assist in any other way regarding market promotion programs, please call on us at any time.

SUBMITTED QUESTIONS

Response from John Brewer, Administrator, Foreign Agricultural Service, U.S. Department of Agriculture

Questions Submitted by Hon. Timothy V. Johnson, a Representative in Congress from Illinois

Question 1. Mr. Brewer, in your written statement you highlighted the fact that "participants from all corners of the U.S. agricultural community utilize FAS-administered trade programs." Earlier this year USDA proposed some changes to the MAP and FMD programs which seem to place a greater emphasis on funding small and medium-sized entities (SME) directly. Given that virtually all of the ultimate recipients or beneficiaries are SME's, could you clarify exactly what you hope to achieve with the proposed program changes?

Answer. FAS initiated a discussion on possible adjustments to the market development programs in November 2010 with the U.S. Agricultural Export Development Council's (USAEDC) 70+ members to seek their input on strengthening the effectiveness and ensuring the relevancy of the programs.

USAEDC feedback has informed FAS on program strengths and where programs could be strengthened. This feedback will lead to more effective program management that ensures the programs are accessible, connect with the needs of the international market, and operate in a manner that meets regulatory requirements, the needs of the stakeholders, and can be accomplished with available FAS resources. The possible program adjustments highlight small and medium sized enterprises (SMEs), in line with the President's National Export Initiative (NEI). NEI, in part, aims to expose U.S. companies to the benefits of the export market and resources available to help them take advantage of export opportunities, a goal consistent with the objectives of the market development programs. FAS briefed both House and Senate agriculture committee staff in early December regarding the proposals and solicited their input.

FAS intends to continue these discussions. Any resulting program changes would be thoroughly reviewed with stakeholders and Congressional staffs, gradually implemented, and have a primary goal of sharpening program effectiveness. FAS's goal remains to enhance the effectiveness of program operations, promote the diversity of groups participating, improve groups' performance through better training, promote outreach to SMEs, and ensure administrative efficiencies.

Question 2. Mr. Brewer, USDA has proposed to provide some direct funding to small businesses through the MAP program. As you know, these programs are successful in part because of the stringent accountability required of cooperators. FAS requires significant accounting and reporting by participants. If this proposal were to be implemented, could you please describe how you would avoid losing the efficiencies and accountability gained through partnering with farmer cooperatives, state and regional trading groups, and trade associations?

Answer. FAS raised with USAEDC membership the concept of direct MAP funding to small businesses. After discussion with stakeholders, FAS decided that the four State Regional Trade Groups (SRTGs) should continue as the primary outreach and program delivery entities to SMEs, on FAS's behalf. To that end, FAS awarded additional program funds to the SRTGs through the 2011 MAP Global Broad-based Initiatives program to strengthen SRTG outreach to find and educate new exporters on doing business in the international marketplace. In 2010, the SRTGs helped more than 700 U.S. companies through the branded program, and many more in their generic activities.

Question 3. Mr. Brewer, we have heard concern from industry participants about these proposed changes to MAP and FMD. Have you heard these concerns and made revisions or proposed any new changes to the original announcement?

Answer. FAS initiated discussion on concepts to strengthen the market development programs with U.S. Agricultural Export Development Council (USAEDC) membership at the November 2010 USAEDC Annual Workshop in Baltimore. FAS has heard industry participant's concerns and, importantly, remains in an ongoing dialog with our partners and other stakeholders on ideas for program improvements.

At this time, there are no decisions that would warrant adjusting program guidelines.

Question 4. Mr. Brewer, you highlighted the extensive presence that FAS has throughout the world. Could you describe in greater detail the unique role filled by your Foreign Service officers? What is accomplished through in-country interactions, that would not be possible just from a desk here in D.C.?

Answer. Our global network of agricultural attachés and locally hired staff identify problems, provide practical solutions, and work to advance opportunities for U.S. agriculture and support U.S. foreign policy in the countries in which they work. FAS employees overseas provide market information gathered from contacts and travel throughout the countries in which they operate; represent USDA in market access discussions with foreign governments; partner in market promotion activities conducted in-country; facilitate capacity-building and food assistance programs with appropriate contacts in country and provide trade servicing for U.S. exporters by explaining the market and the opportunities within. FAS Foreign Service Officers are the face of U.S. agriculture overseas, and engage in essential contact-building and outreach to promote opportunities, explain U.S. policies and positions, and cultivate allies in agricultural fora.

A critical function that cannot be accomplished from a desk in Washington is resolving agricultural shipment problems through ministry-to-ministry engagement. For example, French authorities detained three containers of Florida citrus fruit at the port of LeHavre earlier this year due to the suspected presence of citrus canker. When the FAS office in Paris discovered that only one out of the three containers included fruit from a grove suspected of actually harboring the disease, they presented the evidence to the French Ministry of Agriculture. FAS then worked closely with USDA's Animal and Plant Health Inspection Service to issue an additional declaration needed for the European Union, which stated that the fruit came from groves free of citrus canker. With this new and proper documentation the French authorities released 90 percent of the citrus from this shipment as eligible for import, with a value of $100,000.

In another instance, the FAS office in Algiers intervened to ensure the delivery of two blocked shipments of planting seeds after learning that the Algerian Ministry of Agriculture had not responded to the company's request for an attestation that the shipment was eligible for entry into Algeria. FAS Algiers was able to contact the Ministry, quickly resolve the issue and gain release of the delayed shipments of vegetable seeds, one a sea freight order for $193,000 and the other an air freight order for $44,000. The company was at risk of losing an annual contract worth more than $560,000 in trade with Algerian clients. In both cases our close contacts with both private and public entities facilitated the resolution of the issues.

Question 5. Mr. Brewer, you mentioned in your testimony that "FAS employees serving in U.S. embassies are our eyes and ears around the world, providing the agricultural expertise to identify and seize opportunities, by capturing real-time information on emerging trade and market development issues, and averting problems before they become trade barriers that impede U.S. exports." How do FAS employees leverage their in-country presence to fulfill these responsibilities?

Answer. FAS employees work to identify market opportunities by providing market intelligence, identifying best market prospects and potential barriers to increased market access for agricultural exports. In some countries FAS employees provide ground truth when agricultural market information is not readily available and/or unreliable. FAS staff identify proposed detrimental trade actions. Early identification is essential to developing strategies to quickly address and resolve threats to trade which range from a blocked shipment to host government legislation. FAS overseas offices support U.S. trade objectives by proposing activities and selecting candidates for training, technical assistance or scientific and academic exchanges that serve to educate other countries in new technologies, trade-friendly regulatory systems and infrastructure development. Our ability to identify and respond to both opportunities and threats is the result of the cultivation of an extensive network of contacts, both in the government and the private sector in the countries where FAS has an in-country presence.

In May 2010, FAS' Agricultural Trade Office (ATO) in Beijing led a delegation of 35 Chinese buyers to participate in the Food Marketing Institute show in Las Vegas, Nevada. The delegation was mixed between experienced buyers from Beijing and new buyers from specifically targeted emerging city markets such as Qingdao, Zhengzhou, Dalian, Harbin and the provinces of Xinjiang and Inner Mongolia. One ATO staff person accompanied the group, providing translation and general support for the group. ATO's initial estimate of sales generated from this show was $15 million for one year. At eight months, confirmed actual sales have exceeded $17 million. Of particular note are the sales of alfalfa, which were a direct result of the expanded program set up by ATO; and sales of fruit into the emerging market city of Qingdao.

In 2010, U.S. exporter Max InterAmericas/Maruchan Foods met with ATO Sao Paulo to introduce themself and solicit market advice for introducing their product (noodles) to the Brazilian market. Meetings arranged on the same day between Max InterAmericas/Maruchan Foods and Spectrus Importacao led to the importer purchasing its first container of noodles in October 2010. For 2011, sales are expected to reach $2 million.

Question 6. Mr. Brewer, your Foreign Service officers (FSO) are known for their expertise in trade and agricultural issues abroad. Could you describe the background and training required at USDA which makes your FSO's unique and helps them effectively promote U.S. exports?

Answer. To be eligible to apply to be a Foreign Service Officer, candidates must have 18 months of USDA service and one year of FAS service. Successful candidates undergo intensive on-the-job training, including learning about the USDA and FAS mission and objectives, such as commodity and trade reporting, trade policy, market development, domestic policies, regulatory issues affecting food safety and animal and plant health, and supervision and management. Once selected for an assignment, FSOs enter into intensive training including language, area studies, cultural awareness and other courses related to their assignment. Many FSOs have agricultural backgrounds and education, including advanced degrees, are former Peace Corps volunteers and have other related experiences.

Question 7. Mr. Brewer, in your testimony you highlighted the value of U.S. farm and food products. In your view, how important is it to expand exports of branded products through the Market Access Program to global consumers who associate those brands with high-quality U.S. products?

Answer. The export successes of small companies and agricultural cooperatives achieved through branded activities funded by the Market Access Program (MAP) are well documented in the FAS Office of Trade Programs' publication "Export Programs at Work," copies of which have been shared with Congressional offices. While generic promotion works well for broad commodities, such as grains and oilseeds, and products for which branding is difficult, such as beef and leather, for the processed products sector and some specialty crops, branding is fundamental. With nearly 95 percent of the world's consumers living outside the borders of the United States, many of whom are young and looking for new products to try, MAP provides critical seed money to help our small, inexperienced and emerging food processors to better understand the opportunities, and challenges, of the export market, and to see if and how they can develop such opportunities into actual foreign sales.

Questions Submitted by Hon. Collin C. Peterson, a Representative in Congress from Minnesota

Question 1. What criteria does USDA use to evaluate the effectiveness of the five export programs under FAS?

Answer. Program effectiveness is assessed in a number of ways. Each participant submits a Unified Export Strategy (UES), which is an activity plan and application for funding for all programs sought, and a reporting tool for results from previous program activities for returning organizations. The UES process covers all five FAS administered export programs. The review process for recommending funding, places the most weight on evaluation of past efforts and program results. Each recipient of program funding is obligated to annually report results against the performance measures established in their approved program/project proposals.

Since 2005, FAS has tracked a variety of program metrics, UES performance measure results, industry contributions, and various measures related to small company participants, *i.e.,* number of companies making their first export sale. FAS, in 2010, commissioned an update of a 2007 third party cost-benefit study of market development programs. The updated study analyzed the impact of the increase in foreign market development investment that took place under the 2002 Farm Bill through 2009. It concluded that every dollar of increased investment in market development activities resulted in $35 in U.S. agricultural exports. It also reported that U.S. agricultural exports were $6.1 billion higher in 2009, compared to what they would have been without the increased investment.

Question 2. Are their requirements that entities that receive Market Access Program (MAP) funding "graduate" from the program after a certain number of years?

Answer. Small and medium-sized entities (SMEs) participating in MAP-branded programs are limited to 5 years of funding in a single country, after which entities graduate from the country.

Question 2a. If so, how many MAP recipients have actually graduated from the program since inception?

Answer. MAP branded activities have a 5 year graduation period for branded activities for a given company in a given market. Since 1994, when FAS began keeping detailed SME records, about 8,800 SMEs have participated in branded MAP programs and, of those, about eight percent overall are documented as having graduated out of a particular market. A company may stop using MAP funds in a market before the end of their 5 year period; may become established and shift to enter a different market or may leave the market and program for business reasons. A given company may be in more than one market, and each company-market situation has its own graduation period. The State Regional Trade Groups, that manage the larger portion of the MAP branded effort, have tracking systems in place to monitor such activities, by company and market, to ensure participating companies graduate out of a given market at the end of the respective 5 year period.

Question 2b. How many are still exporting the product to the region for which they were receiving funding?

Answer. The 5 year period establishes a company's presence in a market. FAS does not track a company's sales after it is no longer receiving MAP funds.

Question 2c. If not, what are some reasons why graduation may not be possible for some commodities, regions, or organization?

Answer. In MAP branded programming, FAS partners with program participants, such as State Regional Trade Groups (SRTGs), in a 50/50 cost share effort to assist individual small companies to establish their brand in a particular market. For most of the companies participating in branded programs, 5 years is appropriate for the targeted markets. Participation in some of the major foreign trade shows is exempted from the graduation requirement as such events often draw buyers from all over the world, in addition to importers from the country hosting the show.

Question 3. How does USDA determine the priority among different U.S. commodities for the Foreign Market Development Program (FMDP)? What are the primary criteria for deciding funding levels?

Answer. Foreign Market Development (Cooperator) Program (FMD) funding is allocated as broadly as possible to achieve the program's purpose to create, expand or maintain foreign markets for U.S. agricultural commodities and products. FMD does not set priorities among commodities. Close to 25 commodity organizations representing broad commodity and product sectors—from wheat and feed grains, to dairy, leather and livestock genetics—participate in FMD. Potential and existing Cooperators apply for FMD and any of the other four USDA market development programs using the Unified Export Strategy (UES). This document is an application, an activity plan, and is also a reporting tool. The UES is the basis for determining if an organization will receive funding. On receipt, the UES is first reviewed for sufficiency, *i.e.,* all information necessary has been submitted. The UES then undergoes a thorough qualitative review by FAS program, technical and field staff to evaluate the applicant's program proposal and the merits of the market conditions noted as justification. In that review, FAS also assesses the applicant's capabilities to conduct strategic planning, implement and manage programs, and, for returning groups, the past record of the organization on those factors, along with program evaluations and demonstrated results. Demonstrating results is the primary criteria. For on-going programs, increased or decreased funding is in large part based on past performance, the previous year's level of funding, and current year available funds. New applicants are reviewed on potential program impact, capabilities and resources to implement requested programming. Recommendations then undergo a quantitative competition in a formula. The contributions the applicant brings to the program are the heaviest weighted factor in the final funding level.

Question Submitted by Hon. Vicky Hartzler, a Representative in Congress from Missouri

Question. Mr. Brewer, in your written statement you spoke to the problem we have in emerging markets with counterfeiting of U.S. brands and what FAS is doing in coordination with EMP and participants to protect U.S. brands and prevent counterfeiting. Could you elaborate, for the Committee, about some of the findings from the above, further work to preserve intellectual property rights such as trademarked brands, and protection of branded products in emerging markets?

Answer. FAS does accept EMP proposals that address counterfeiting of U.S. brands. As an example, for more than a decade, the Ginseng Board of Wisconsin (GBW) has battled Chinese counterfeiters selling fake Wisconsin Ginseng. With 90 percent of its exports going to China, the GBW moved aggressively to regain control of its brand. Using EMP, GBW initiated research to develop a technique to detect trace elements of ginseng's valuable root to Wisconsin or where it was grown originally; initial findings are promising.

FAS' global network of agricultural attachés also work to identify IPR infringement of U.S. products overseas and help protect U.S. producers. For example, in response to trademark property threats, FAS offices in China provide intellectual property assistance to U.S. cooperators, agricultural companies and interests, both newly entering and already established in the China market. Additionally, FAS Beijing provides on-the-ground investigation of the IPR protection of U.S. food and agricultural products. In a 2010 report, prepared by FAS Beijing, FAS' attachés identified the most at-risk U.S. products and offered recommendations for U.S. exporters to combat IPR infringement and minimize its impact. This information has been provided to U.S. exporters via public attaché reports for use by the agricultural exporting trade. Additionally, FAS has provided information to bolster the U.S. Embassy's web-based IPR toolkit and maintains an IPR issues page on the FAS Embassy website with useful information for U.S. exporters on how to protect their rights.

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