



Growing Markets: Market Access & Foreign Market Development

2017

NRA Position

- **NRA strongly supports USDA's Market Access Program (MAP) and the Foreign Market Development (FMD) Program. NRA opposes the Administration's FY 2018 budget proposal to eliminate them.**
- **Instead, NRA supports FY 2018 appropriations of \$200 million for MAP and \$34.5 million for FMD** as authorized in the 2014 Farm Bill.
- **Please cosponsor H.R. 2321, legislation to increase funding for MAP and FMD.** This bill, the "Cultivating Revitalization by Expanding American Agricultural Trade and Exports Act" (CREAATE), would phase in funding growth through FY 2023. It was introduced by Reps. Dan Newhouse (R-WA) and Chellie Pingree (D-ME), and has bipartisan cosponsors.
- **Strong funding is also needed for USDA's Foreign Agricultural Service** to implement these programs and provide export assistance.

The Issue

The MAP and FMD programs are very important to expanding exports of U.S. rendering rendered products. Overseas sales are a vital part of the U.S. rendering industry. Overall, 16 percent of total production is exported. More than 19 percent of rendered animal proteins and 13 percent of rendered fat are sold overseas. Top markets are Mexico, China, Indonesia, Chile, the European Union (EU) and Canada.

NRA receives approximately \$1.7 million annually from the MAP and FMD programs to develop, open and maintain foreign markets. NRA cost-shares with USDA to operate 45 projects in 57 countries, two overseas offices (Hong Kong and Mexico City) and nine consultants in aquaculture, poultry, pet food and EU policy. These programs enable the rendering industry to have a unified effort to grow its exports.

Return on Investment

In 1977-2014, MAP and FMD generated a remarkable *28-to-1 return investment*, with \$28.30 in export gains for every \$1 spent on foreign market development. The programs are responsible for 15 percent of export revenue, equal to \$309 billion, since 1997. They also created 239,800 new jobs between 2002-2014. (2016 study by Informa Economics IEG working with Texas A & M University and Oregon State University economists)

The Farm Bill

The 2014 Farm Bill authorized funding for the MAP and FMD programs at \$200 million and \$34.5 million a year, respectively, through FY 2018. The House and Senate Agriculture Committees are holding hearings now to write a new Farm Bill.

NRA supports including the CREAATE Act's proposed funding increases for MAP and FMD in the 2018 Farm Bill. CREAATE calls for phasing in additional annual funding for MAP to \$400 million and for FMD to \$69 million by FY 2023. A November 2016 econometric study by Informa Economics, IEG, found that doubling public funding for MAP and FMD, coupled with increased private contributions from 10 to 50 percent, would generate up to almost 85,000 new and part-time jobs and increase:

- Average annual agricultural export value by \$3.4 to \$4.5 billion,
- Farm cash income by \$500 million to \$700 million, and
- U.S. gross domestic product by \$4.5 to \$6.0 billion.

CREAATE recognizes that international trade is crucial to America's agricultural and rural economies. By expanding the MAP and FMD programs, the bill will provide U.S. agriculture with the tools to retain its edge in an increasingly competitive global economy.

Federal funding of \$200 million per year for MAP and \$34.5 million per year for FMD has been static since 2006 and 2002, respectively. Inflation, administrative costs and sequestration have significantly cut available program dollars. In FY 2017, just \$173.5 of the \$200 million MAP appropriation was allocated to the 68 non-profit commodity organizations in the program. Only \$26.6 million of the \$34.5 million FMD appropriation was allocated to 23 non-profit commodity organizations in the program. Taking inflation into account, the \$200 million total that FAS awarded for MAP and FMD in FY 2017 had an actual promotional power of only about \$140 million. Opportunities to grow U.S. agricultural exports, seen in funding applications, far exceeded the actual allocated amount.

The MAP and FMD programs are strongly supported by non-profit U.S. agricultural trade associations, farmer cooperatives, non-profit state-regional trade groups and small businesses partners. They also contribute each year to promote agricultural products with more than a 70 percent cost-share match on federal funds, well above program requirements.

Meanwhile, America's competitors have ramped up their own export promotion. For example, the European Union spends more than \$255 million per year just to promote wine exports, more than the U.S. spends for the promotion of all commodities through MAP and FMD. *If this trend continues, the disadvantage in the global marketplace for American agricultural producers will only worsen.*

Passing the CREAATE Act will increase MAP and FMD funding by a fractional portion of the USDA and federal budgets, but provide an enormous return on investment for America's agricultural community and the entire U.S. economy.