USDA MARKET DEVELOPMENT PROGRAMS

Wheat is the most trade-dependent of the major food and feed crops grown in the United States. Without exports, the price of wheat would collapse and many wheat farmers would have to exit farming altogether. But individual farming operations cannot effectively market wheat overseas. Their wheat will likely travel thousands of miles and change hands several times before reaching customers. USDA market development programs are used to encourage those customers to consider the various classes and qualities of wheat grown across the United States for the benefit of thousands of Americans working throughout the supply chain from farm to port.

HOW THE WHEAT INDUSTRY USES EXPORT MARKET FUNDS

U.S. Wheat Associates (USW) represents wheat farmers in overseas markets. The key goal is to train millers and end product manufacturers about the benefits of using U.S. wheat and flour so that they choose to purchase those products even when there is a price premium compared to wheat from other countries. USW provides objective, transparent information; facilitates communication between the exporting and importing industries; helps resolve plant safety and wheat quality issues; and works with governments to lower trade barriers. USW overseas staff has their fingers on the pulses of these markets and can help farmers adjust to economic, demographic and gastronomical demand shifts.

Even though wheat exports have recently been at low levels due to the strong dollar’s negative impact on export competitiveness, the fact that U.S. wheat is still the premier choice of quality-conscious customers worldwide is a testament to the people promoting U.S. wheat overseas and the farmers who grow it.

“Export market development programs have accounted for 15 percent of the export revenue that has been generated for agriculture. That is huge.”

– Dr. Gary Williams, professor of Agricultural Economics and co-director of the Agribusiness, Food and Consumer Economics Research Center (AFCERC) at Texas A&M University
HOW EXPORT PROMOTION FUNDING WORKS

The two largest export promotion programs fund public-private partnerships between the USDA and associations representing different aspects of U.S. agriculture known as cooperators (U.S. Wheat Associates is the cooperator for the wheat industry and is led by wheat farmers). Every year, cooperators submit a strategy document to USDA when requesting funds that describes market dynamics and proposed tactics for expanding exports. U.S. Wheat Associates’ strategy document typically totals around 600 pages of detailed market analysis and objectives. USDA considers these strategy documents, industry size, export potential and other relevant factors in allocating funding. The wheat industry uses checkoff dollars to complement USDA funding, demonstrating the industry’s commitment to export promotion.

TRADE SERVICING

TECHNICAL ASSISTANCE

PROMOTION

MAP: Market Access Program

The largest export promotion program, MAP assists cooperators in identifying market opportunities. Congress provided $200 million annually in the 2014 Farm Bill. Because of the wide range of agricultural commodities supported by MAP, there are a variety of market access approaches that can help U.S. producers get a foothold in foreign markets, thus MAP is versatile in allowed approaches, though funding is always under USDA oversight and only used to promote overseas consumption of American-grown commodities.

FMD: Foreign Market Development

While similar to MAP in many respects, the primary purpose of the FMD program is long-term market development. As with any business, maintaining premium customers requires regular attention to continuously demonstrate value. U.S. Wheat Associates uses FMD primarily to fund its overseas staff and offices, which are central to the wheat industry’s market development mission. Without being able to provide technical assistance, facilitate dispute resolution, and simply maintain strong business relationships, U.S. wheat farmers would likely lose many customers and sales.

EXPORT PROMOTION IS WORTH THE TAXPAYER INVESTMENT

Multiple studies – both USDA and industry-funded – have shown a positive return on investment from export promotion programs. A USDA study showed in 2016 showed an increase in agricultural exports of $28 for every market development dollar spent. A 2015 analysis for the wheat industry showed that wheat farmers received $45 in net revenue for every $1 invested in export promotion. These programs provide benefits to the entire agricultural supply chain, from wheat farmers, to rail operators, to longshoremen loading vessels for export.