

June 3, 2004

Honorable Henry Bonilla, Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related
Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Honorable Marcy Kaptur, Ranking Member
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related
Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman and Ranking Minority Member Kaptur:

We are writing to urge your strong support for maintaining and strengthening funding for USDA's export programs, including the Market Access Program (MAP) and Foreign Market Development (FMD) program, when the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies considers the FY 05 agriculture appropriations bill. We strongly urge that MAP be funded at no less than \$140 million for FY 05, as authorized in the 2002 Farm Bill. In addition, we believe that FMD should be funded at its full authorized level of \$34.5 million, as provided in the Farm Bill. We also urge you to strongly oppose any efforts that would either eliminate or reduce funding for these important programs.

Farm income and agriculture's economic well being depend heavily on exports, which account for one-third or more of domestic production. During development of the 2002 Farm Bill, Congress recognized the importance of U.S. agricultural exports by approving an increase in funding for MAP and FMD, which began to reverse the decline in funding for these export programs that occurred over the last decade. It should be noted that MAP was originally authorized in the 1985 Farm Bill at a level of \$325 million annually, and actual funding reached a high of \$200 million per year in the late 1980's and early 1990's.

American agriculture and American workers continue to face strong subsidized foreign competition. According to USDA, the European Union (EU) currently spends more than \$2 billion annually on agricultural export subsidies compared to less than \$100 million by the U.S. In other words, the U.S. is being outspent by a factor of 20 to 1 or more by the EU alone with regard to the use of export subsidies.

In recent years, the EU, the Cairns group, and other foreign competitors also devoted more than \$1 billion on various activities to promote their exports of agricultural, forestry, and fishery products. Information compiled by USDA also shows that such countries are spending over \$100 million annually just to promote sales of their products in the United States. In other words, they are spending almost as much to promote their agricultural exports to the United States, as the U.S. budgets (\$125 million in FY 04) through MAP to promote American-grown and produced products worldwide!

U.S. imports of agricultural products continue to grow on an annual basis. Our traditional trade surplus is shrinking because imports are at record levels and continue to rise faster than exports. In FY 99, the U.S. recorded its first agricultural trade deficit with the EU of \$1 billion. In FY 04, USDA forecasts that the trade deficit with the EU will grow to \$4.3 billion, the largest agriculture deficit the U.S. runs with any market.

Again, this underscores the importance of and need for USDA's export programs, especially MAP and FMD. These programs are among the few tools specifically allowed under World Trade Organization

(WTO) rules to help American agriculture and American workers remain competitive in a global marketplace still characterized by subsidized foreign competition. The over 70 U.S. agricultural groups that share in the costs of the MAP and FMD programs fully recognize the export benefits of market development activities. In fact, they have sharply increased their own contributions to both programs over the past decade while use of USDA funds has actually dropped. Since 1992, MAP participants have increased their contributions from 30 percent (30 cents for every dollar contributed by USDA) to almost 175 percent (\$1.75 in industry funds for every USDA dollar). For FMD, the contribution rate has risen from 76 percent to the current level of 146 percent.

By any measure, such programs have been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports, protect American jobs, and strengthen farm income. Reducing or eliminating funding for these programs in the face of continued subsidized foreign competition and while we are in the midst of WTO negotiations would be nothing less than unilateral disarmament.

Again, we urge you to do everything you can to help maintain and fully fund these vitally important programs, as authorized under the 2002 Farm Bill.

Sincerely,

Coalition to Promote U.S. Agricultural Exports (See Attached List)

Cc: Members, House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies

Agri-Business Coalition for Foreign Market Development
Alaska Seafood Marketing Institute
American Forest and Paper Association
American Hardwood Export Council
American Peanut Council
American Quarter Horse Association
American Seed Trade Association
American Sheep Industry Association
Blue Diamond Growers
Calcot, Ltd.
California Agricultural Export Council
California Assoc. of Winegrape Growers
California Dried Plum Board
California Kiwifruit Commission
California Pistachio Commission
California Walnut Commission
Diamond of California
Florida Citrus Packers Association
Food Export USA - Northeast
Georgia Poultry Federation
Mid-America International Agri-Trade Council
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Grape Cooperative Association, Inc.

National Milk Producers Federation
National Pork Producers Council
National Potato Council
National Renderers Association
National Sunflower Association
North American Millers' Association
Northwest Horticultural Council
Pet Food Institute
Produce Marketing Association
Softwood Export Council
Southern Forest Products Association
Sun Maid Growers of California
Sunsweet Growers, Inc.
The Popcorn Institute
Tree Top, Inc.
USA Dry Pea and Lentil Council
USA Rice Federation
U.S. Apple Association
U.S. Dairy Export Council
U.S. Livestock Genetics Export, Inc.
U.S. Wheat Associates
Valley Fig Growers
Welch's
Western U.S. Agricultural Trade Association
Winegrape Growers of America
Wine Institute