

December 2, 2005

The Honorable Mike Johanns
Secretary of Agriculture
Department of Agriculture
14th and Independence Avenue, SW
Washington, DC 20250

Dear Mr. Secretary:

As members of the Coalition to Promote U.S. Agricultural Exports, we wish to take this opportunity to applaud your strong statements concerning the importance of opening up foreign markets and expanding U.S. agricultural exports. The importance of such action is underscored in that farm income and American agriculture's economic well being are heavily dependent on export opportunities. Agricultural exports account for over 25 percent of U.S. producers' cash receipts, provide jobs for nearly one million Americans, and make a positive contribution to our nation's overall trade balance.

It is for this reason we urge your strong support for maintaining full authorized funding for USDA's export programs, including the Market Access Program (MAP) and Foreign Market Development (FMD) Program as the Administration develops its FY 07 budget. We strongly urge that MAP be funded at no less than \$200 million, 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, also as provided in the Farm Bill. We greatly appreciate the strong support annually expressed by Congress in fully funding these vital export promotion programs and urge the Administration to also propose full authorized funding in the FY 07 budget.

American agriculture and American workers continue to face strong subsidized foreign competition. In 2003, according to USDA, the European Union (EU) spent more than \$3.25 billion on agricultural export subsidies compared to approximately \$30 million by the U.S. In other words, the U.S. is being outspent by more than 100 to 1 by the EU alone with regard to the use of export subsidies. Presently, prospects for remedy to this inequity appear dim, given continued resistance by the EU to the U.S. agenda for the Doha Round at the Hong Kong Ministerial later this month.

In recent years, the EU, the Cairns group, and other foreign competitors also devoted approximately \$1.2 billion on various market development activities to promote their exports of agricultural, forestry, and fishery products. A significant portion of this is carried out in the United States. Because market promotion is permitted under World Trade Organization (WTO) rules, with no limit on public or producer funding, it is increasingly seen as a centerpiece of a winning strategy in the future international trade battleground. Many competitor countries have announced ambitious trade goals and are shaping export programs to target promising growth markets and bring new companies into the export arena.

Both MAP and FMD, it should be noted, are cost-share programs under which farmers and other participants are required to contribute as much as a 50 percent match of their own resources to be eligible. They have been and continue to be excellent examples of effective public-private partnerships that work. 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. Since 1992, MAP participants have

increased their contributions from 30 percent (30 cents for every dollar contributed by USDA) to 166 percent (\$1.66 in industry funds for every USDA dollar). For FMD, the contribution rate has risen from 76 percent to the current level of 139 percent.

By any measure, these programs have been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports, protect American jobs, strengthen farm income and help, at least in part, to offset the subsidies and other government supported advantages afforded foreign competitors. Reducing funding for these programs in the face of continued highly subsidized foreign competition and while we are in the midst of WTO negotiations would be nothing less than unilateral disarmament. American agriculture is one of the most competitive industries in the world, but it cannot and should not be expected to compete alone against the treasuries of foreign governments.

For these reasons, we strongly urge your support for full authorized funding of \$200 million for MAP and \$34.5 million for FMD as part of the Administration's FY 07 budget. We appreciate this opportunity to express our views and look forward to working with you to achieve the goal of expanding U.S. agricultural exports.

Sincerely,

Coalition to Promote U.S. Agricultural Exports (See attached.)

cc: Honorable Charles F. Conner
Honorable J. B. Penn
Honorable Ellen Terpstra