

THE COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS

April XX, 2022

The Honorable Tammy Baldwin
Chair
Subcommittee on Agriculture
Senate Appropriations Committee
United States Senate
Washington, D.C. 20510

The Honorable John Hoeven
Ranking Member
Subcommittee on Agriculture
Senate Appropriations Committee
United States Senate
Washington, D.C. 20510

Dear Chair Baldwin and Ranking Member Hoeven,

We ask you and your committee colleagues to maintain funding in fiscal year 2023 for essential export promotion and market development funds provided by the Agricultural Trade Promotion and Facilitation programs. Specifically, we request at least \$200 million for the Market Access Program (MAP) and \$34.5 million for the Foreign Market Development (FMD) program. These modest investments, paired with full private-sector cost share, are invaluable as we race to reclaim global export markets shut off during the pandemic and diversify markets amid war and geopolitical unrest.

Following a multi-year trade conflict with China and uncertainty with our North American trading partners, American food and agricultural exporters have answered the challenge to diversify markets to decrease the reliance on any single market. Export growth to Myanmar, the Philippines, and to the Middle East as well as South America all demonstrate American exporters pursuit of new markets even in the face of tariffs leftover from our trade policy of the last three years. This pursuit occurs every day in the face of growing investment and new trade pacts made by international competitors.

This year, the European Commission allocated €185.9 million euros (\$210.6 million USD) for the promotion of European Union agri-food products both globally and in Europe. China's Belt and Road Initiative states, "We will actively pursue agricultural co-operation and development overseas, establish large-scale offshore centres for farm product production, processing, storage, and transportation, and cultivate internationally competitive multinational agricultural companies." And, in January, the Regional Comprehensive Economic Partnership went into effect. This \$200 billion non-U.S. trade agreement among 15 Asia-Pacific member countries establishes the largest trade agreement in history, accounting for 30% of the world's population and 30% of the world's GDP.

At home, U.S. food and agriculture exporters continue to face real challenges. A recent forecast by the U.S. Department of Agriculture Chief Economist noted that U.S. agricultural exports face economic fallout associated with the Russian invasion of Ukraine and higher containerized shipping rates which make up more than 35% of the value of U.S. agricultural exports. Containerized agricultural exports are

saddled with higher U.S.-to-Asia shipping rates and reduced carrier service for key export routes to Southeast and East Asia, with containerized shipment volumes down more than 20% over the second half of 2021. In the last two years container shipping costs have increased between 300-500% meaning lost export value, depending on the product, of 10-40%. Shipping cancellations and delays have cost over 20% in lost food and agricultural export sales.

Full funding of these programs ensures that we can continue to compete and that we don't miss a step moving forward. The success story of American food and agricultural exports continues even as the real dollar value of these programs has declined. MAP has been at the same funding level since 2006, and since that time, fully one-third of MAP funding has been lost to sequestration, inflation, and program administration. FMD hasn't had an increase in 19 years. Therefore, we are asking you and your colleagues to use discretionary funds to provide \$7 million – less than 3 percent of the program investment - for USDA administrative and operational costs to begin reversing this trend of diminished value. With administrative funding in place, the full investment of MAP and FMD can be realized for the intended purpose of U.S. agricultural export promotion and long-term market development.

We're thankful for your work and the work of the Agriculture Appropriations Subcommittee. Please continue the investment in these critically necessary programs.

Sincerely,

The Coalition to Promote U.S. Agricultural Exports (see attached)

The Coalition to Promote U.S. Agricultural Exports includes over 125 food and agricultural organizations across the nation spanning all segments of food and agriculture.