



**Fact Sheet**  
**Market Access Program, Foreign Market Development Benefits**  
**January 2011**

The Market Access Program (MAP) and Foreign Market Development (FMD) program administered by USDA's Foreign Agricultural Service (FAS) form the core of a highly successful partnership between non-profit U.S. agricultural trade associations, farmer cooperatives, non-profit state-regional trade groups, small businesses, and USDA to share the costs of overseas market development efforts. These programs continue to have a positive and significant impact on U.S. agricultural exports. MAP and FMD are crucial to the U.S. wheat industry to maintain sales and market share in an increasingly competitive trade environment.

**By any measure, MAP and FMD are good government programs with:**

- excellent returns, that actually grow with the investment, to the government and farmer cooperators;
- proven potential to create American jobs and help the rural economy grow;
- efficient, effective administration;
- direct contributions that improve conditions for the private sector to increase exports;
- benefits to the entire agricultural supply chain from wheat farmers to the longshoremen who load wheat on vessels for export.

**Excellent Return on Investment**

An independent study conducted by IHS Global Insight, Inc., for USDA in 2010 found that between 2002 and 2009, the incremental investment in market development increased U.S. export market share by 1.3 percentage points and the annual value of U.S. agricultural exports by \$6.1 billion. For every additional \$1 expended by government and industry on market development, U.S. food and agricultural exports increased by \$35.

These results are consistent with the conclusions of a January 2010 economic analysis of wheat export promotion showing U.S. wheat farmers received \$23 in net revenue for every \$1 they invested in export promotion between 2000 and 2007. The study also showed that every \$1 invested by wheat farmers and government returns \$115 to the U.S. economy.

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<i><b>in exports</b></i>
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<i><b>Farmers</b></i>
<i><b>= \$115 to</b></i>
<i><b>U.S. Economy</b></i>

**An Effective Public-Private Partnership**

Industry funds are now estimated to represent almost 60% of total annual market development spending, up from about 45% in 1996 and less than 30% in 1991, which demonstrates farmer commitment to the effort (Source USDA). Like other cooperators, U.S. wheat farmers are strongly committed to this partnership. Wheat commissions from 19 states contributed an estimated \$12.8 million in checkoff funds and in-kind services in 2009/2010 to qualify for MAP and FMD activities conducted by U.S. Wheat Associates. These cost-share

programs provide a critical incentive to invest in U.S. grain export market development. Without them, it is highly unlikely that there would be sufficient private funds to maintain a strategic, coordinated export promotion in the increasingly competitive global wheat market.

### **MAP and FMD Contribute to Jobs at Home and Capacity Building Abroad**

U.S. agricultural exports were estimated at nearly \$108 billion in FY 10. Since MAP was created in 1985, U.S. agricultural exports increased by nearly 300 percent at their peak in 2008 (Source USDA). USDA estimates that every \$1 billion in agricultural exports create 8,000 jobs. Thus more than 800,000 Americans have jobs that depend on these exports thanks in part to MAP, FMD and related programs. We can expect increased demand for agricultural products as the global economy recovers, which reinforces the need for such valuable programs as MAP and FMD that help create, expand, and maintain markets for U.S. agricultural products.

*“...more than 800,000 Americans have jobs that depend on these exports thanks in part to MAP, FMD and related programs”*

The benefits of export market development extend beyond U.S. shores, however. Nigeria imported more U.S. wheat than any other country in 2009/10. Since 2001 when USW opened a technical service office in Lagos supported by FMD and MAP funds, average annual wheat sales to Nigeria have doubled to almost 3 million metric tons. Nigerian flour milling executives say wheat export promotion is helping build economic capacity in their country. One senior executive said: “MAP and other

programs provide training for our employees and if we can do more together, the potential for significant growth is there.” Noting that USW uses MAP funds for technical training that helps build new wheat-based food markets, the CEO of Nigeria’s Honeywell Flour said: “Whatever we have achieved, the foundation has been laid by U.S. Wheat Associates. We know that USW is funded by farmers and USDA. It is money well-spent.”

### **MAP and FMD Help Counter Subsidized Foreign Competition**

In recent years, the Canadian Wheat Board monopoly seller, the EU, the Cairns Group, and other foreign competitors have devoted considerable resources on agricultural export market development activities, a significant portion of which is carried out in the United States. Eliminating or reducing funding for MAP in the face of continued subsidized foreign competition will put American farmers and workers at a substantial competitive disadvantage. Conversely, maintaining or increasing MAP and FMD programs increases U.S. export competitiveness under a non-trade distorting “green box” classification by the World Trade Organization.

Funding for FMD is designed to establish an on-the-ground country or regional presence, identify new markets and address long-term foreign import constraints and export growth opportunities. Yet funding for FMD has been static for many years while overseas expenses continue to increase. Like other FAS cooperators, U.S. Wheat Associates does all it can to maximize its efficiency and has already made significant FMD cuts by consolidating offices and reducing staff. Additional funding cuts will force U.S. Wheat Associates to abandon markets with upside potential, an outcome that will only benefit our competitors and hurt American farmers and those whose jobs depend on exports.

**Protecting MAP and FMD makes good economic sense. If you want to reduce government spending and increase jobs, cutting MAP and FMD is not the way to do it.**