



U.S. WHEAT FARMERS DEPEND ON MAP AND FMD

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 gastronomic demand shifts.

Even though U.S. wheat supplies must fight a global wheat glut, increased competition and a relatively strong U.S. dollar, it is still the premier choice of quality-conscious customers worldwide. That is a testament to the the farmers who grow it and who invest in export promotion, to the U.S. government's partnership with farmers, and to the people promoting U.S. wheat overseas.



Dr. Gary Williams was the principle economist for the 2016 Cost-Benefit Study led by Informa Economics IEG.

“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 and funding in-country activities. Because of the wide range of agricultural commodities supported by MAP, the program offers versatile approaches to market development, though funding is always under USDA oversight and only used to promote overseas consumption of American-grown commodities. Congress apportioned \$200 million annually for MAP in the 2014 Farm Bill, an amount that has not changed since 2006.

FMD: Foreign Market Development

The primary purpose of the FMD program is long-term market development. Its funding of \$34.5 million per year has not changed since 2002. 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 the ability FMD provides to serve buyers and end-users, and to maintain strong business relationships, U.S. wheat farmers would likely lose many customers and sales.

EXPORT PROMOTION IS WORTH THE TAXPAYER INVESTMENT

Multiple studies 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 between 1999 and 2015. 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 U.S. agricultural supply chain; unfortunately, other governments now outspend the United States by 4 to 1 in public agricultural export market development.



U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its activities are made possible by producer checkoff dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service.

National Association of Wheat Growers (NAWG) is a federation of 21 state wheat grower associations that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and grower-funded, and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research and sustainability.

