

Treasure Map:

The Market Access Program's
Bounty of Waste, Loot and Spoils
Plundered from Taxpayers



USDA



Senator Tom Coburn

June 2012

June, 2012

Dear Taxpayer,

At the request of Congress, the United States Department of Agriculture (USDA) has spent more than two billion dollars on the Market Access Program (MAP), a government program that uses your tax dollars to subsidize the advertising costs of profitable agriculture companies and trade associations doing business overseas.

Many Americans might respond with disbelief that we are paying for private companies to market their products in the first place. That we are doing so overseas is even more troubling.

With a host of other agricultural priorities, it is time to reduce funding for this program. At a time when we are cutting funding for our troops, taxpayers cannot continue to subsidize the filming of Reality-TV shows in India, wine tastings for foreign journalists, pet food advertising, and even to advertise pet shampoo anymore. We need to make tough choices.

More than ten years ago, many of the financial beneficiaries of this program were some of this country's largest corporations. *Treasure MAP* has found that many of those same companies are still indirectly receiving the government funding through this program. You will recognize many of these as household names, such as Welch's, Sunkist, and Blue Diamond. Despite their combined \$2 billion in sales in 2009, these companies received more than \$6 million in 2012 from taxpayers for product promotion.^{1 2} Also receiving millions from taxpayers for private overseas advertising are the agricultural trade groups whose members include Tyson Foods, Purina, Hershey's, Georgia-Pacific and Jack Daniels.³

The California wine industry, which had domestic sales of \$17.9 billion in 2009,⁴ drank in nearly \$7 million this year through its industry promotion group, the Wine Institute, Cotton Council International, on behalf of the American cotton industry received \$20.2 million from MAP (and another \$4.7 from another USDA market development program) in 2011, the same year in which U.S. cotton crop receipts were estimated to exceed \$8.2 billion.⁵

While promoted as a merit-based program, the Market Access Program has become a permanent subsidy to some of the nation's most prominent agricultural companies and trade associations.⁶ In fact, 57 of the

¹ Nixon, Ron, New York Times: "US Spends Millions to Support Agricultural Exports," February 12, 2011, <http://www.nytimes.com/2011/02/13/us/politics/13agriculture.html?ref=todayspaper>, Last accessed on June 7, 2012.

² United States Department of Agriculture, "Total Available FY 2011 Funding for Market Access Program," http://www.fas.usda.gov/info/webstories/map_042911.asp, Last accessed on June 7, 2012.

³ Tyson Foods is a member of the National Renderers Association; Purina is a member of the Pet Food Institute; Hershey's is a member of the National Confectioners Association; Georgia Pacific is a member of the American Forest and Paper Association; and Jack Daniels is owned by Brown-Forman Co, a member of the Distilled Spirits Council of the United States.

⁴ The Wine Institute website, "2009 California Wine Shipments to US Rise Modestly," Posted April 8, 2010, <http://www.wineinstitute.org/resources/pressroom/04082010>, Last accessed on January 26, 2011.

⁵ Schnepf, Randy, Congressional Research Service, "U.S. Farm Income," December 5, 2011,

⁶ USDA requires annual application and calls it a "competitive review process."

76, or three quarters of the associations or cooperatives awarded assistance between 2000 and 2010, received funding every year over the last ten years. In fact, many of the groups have been subsidized since the inception of the program in 1978.

In all, this program has spent more than \$2.1 billion since 1999, but its overall benefit to the economy is unclear. Despite the billions of dollars in taxpayer funds, little, if any, data exist to show how the program has had any significant impact on American agriculture's total share of global exports.

The Market Access Program is a case study of federal inefficiency and overlap. President Obama clearly summed up the failures of MAP best in his budget proposals for FY 2010 and 2011: "MAP's economic impact is unclear and it does not serve a clear need."⁷ In addition to MAP and four other USDA foreign market development programs, at least nine federal agencies or departments operate dozens of market development assistance programs.

As the federal government has amassed more than \$15.6 trillion in debt, or nearly \$50,000 per American, and as Congress borrows more than 40 cents of every dollar it spends, it is now time to scrutinize every federal program, no matter its size, shape or beneficiary. Congress has a duty to root out duplicative and inefficient programs. It must also learn to set priorities as budgets inevitably constrict and determine whether programs are consistent with a proper constitutional role for the federal government.

The time has come to debate whether the federal government should be in the business of promoting private market goods to foreign buyers.

Sincerely,

Tom A. Coburn, MD
U.S. Senator

⁷ White House, Office of Management and Budget, "Terminations, Reductions and Savings (FY 2011)," <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf>, Last accessed on June 7, 2012.

Background on the Market Access Program

The United States Department of Agriculture's Foreign Agricultural Service (FAS), spends nearly \$2 billion annually to: "improve foreign market access for U.S. products, build new markets, increase competitiveness for U.S. agriculture in the global marketplace, and [provide] assistance to developing foreign countries."⁸

FAS operates five overseas marketing programs, including the Market Access Program (MAP), the Foreign Market Development Program (FMDDP), the Emerging Markets Program (EMP), the Quality Samples Program (QSP), and the Technical Assistance for Specialty Crops (TASC) program.

The biggest marketing program in terms of taxpayer funds, and the primary focus of this report, is the Market Access Program (MAP). MAP was established by Section 203 of the Agricultural Trade Act of 1978.⁹ It provides \$200 million annually to subsidize advertising, market research, and travel around the globe for various trade groups, cooperatives, corporations, and their members or employees.¹⁰ Since its inception in 1978, MAP has spent \$3.4 billion of taxpayers' funds.

Funding for MAP, which is mandatory under Congressional spending rules, has more than *doubled* since FY 2000.¹¹

USDA describes the program's mission as a "partnership between non-profit U.S. agricultural trade associations, non-profit U.S. agricultural cooperatives, non-profit state-regional trade groups, small U.S. businesses, and USDA's Commodity Credit Corporation (CCC)."¹² The intent of the program was to "share the costs of overseas marketing and promotional activities, such as trade shows, market research, consumer promotions for retail products, technical capacity building, and seminars to educate overseas customers."¹³

Every year, program administrators provide annual grants to recipients in what they describe as a competitive process, but most beneficiaries of MAP have been in the program for years and in many instances, decades. The program offers two types of assistance: 1) branded assistance allows recipients to cost-share reimbursement (50 percent) for brand specific promotion. Brand specific promotion reimbursements can range from \$3,500 to \$300,000 per year.¹⁴ 2) Generic promotion assistance reimburses beneficiaries up to 90 percent of total expenses and is intended to focus more on categories of

⁸ United States Department of Agriculture Foreign Agricultural Service website, "About Foreign Agricultural Service," <http://www.fas.usda.gov/aboutfas.asp>, Last Accessed on January 26, 2011.

⁹ United States Department of Agriculture Foreign Agricultural Service website, "Fact Sheet: Market Access Program," <http://www.fas.usda.gov/info/factsheets/mapfact.asp>, Last Accessed on January 26, 2011.

¹⁰ United States Department of Agriculture, "FY 2013 Budget Summary and Annual Performance Plan," <http://www.obpa.usda.gov/budsum/FY13budsum.pdf>, Last Accessed on June 7, 2012.

¹¹ Ho, Melissa and Charles Hanrahan Congressional Research Service, "Agricultural Export Programs: Background and Issues," April 19, 2010, <http://www.crs.gov/pages/Reports.aspx?PRODCODE=R41202&Source=search>

¹² United States Department of Agriculture Foreign Agricultural Service website, "Fact Sheet: Market Access Program," <http://www.fas.usda.gov/info/factsheets/mapfact.asp>, Last Accessed on January 26, 2011

¹³ United States Department of Agriculture Foreign Agricultural Service website, "Fact Sheet: Market Access Program," <http://www.fas.usda.gov/info/factsheets/mapfact.asp>, Last Accessed on January 26, 2011

¹⁴ Food Export Alliance, website, "Receive Funding for Your Export Marketing Activities," Page 2 http://www.foodexportalliance.org/ewebtestimages/images/branded/branded_program_market_promotions.pdf Last Accessed on January 26, 2011.

products, rather than individual products. The line between the two types of assistance is not always clear cut, however, as “generic” activities often include well known branded products. Since 1999, total reimbursements for MAP’s international market promotion activities have reached **\$2 billion**.¹⁵

¹⁵ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

Case studies of potential misuse of taxpayer funds in the Market Access Program (MAP)

Through the Market Access Program (MAP), about \$200 million annually is spent on advertising and promotional campaigns around the world. In the pages that follow, taxpayers will have an opportunity to see case studies on exactly what their money is buying.

1. “World’s Largest Almond Producer” Needs Your Help

Blue Diamond Growers is the self-proclaimed “world’s largest tree nut processing and marketing company.”¹⁶ Since 1999, the company has received more than \$28 million from the Market Access Program to market its almonds overseas. Blue Diamond’s trademarked products¹⁷ are the dominant almond products brand in the United States, found in 93 percent of all American grocery stores¹⁸. According to a recent analysis, “Blue Diamond remains the world’s largest almond processor. It reported \$3.3 billion in sales over the past five years—\$709 million” in 2009 alone.¹⁹

Blue Diamonds Grower is a prolific advertiser. If you have seen major professional sports events, you have seen their ads.²⁰ Recent ads feature major league baseball and football themes.²¹

Its annual sales are almost three times the amount USDA spends each year on the entire MAP program. Yet, it received \$3.3 million in taxpayer funds this, its highest total in a decade, to promote its products in foreign markets. Since 1999, these almond growers have received \$28.2 million from federal taxpayers.²²

According to Blue Diamond’s own website, “Government is intended to serve all the people, but the fact is that it serves those who participate most in the decision-making.”²³



¹⁶ Blue Diamond Growers, “Company Profile,” <http://www.bluediamond.com/index.cfm?navId=12>, Last Accessed on January 26, 2011.

¹⁷ Blue Diamond is a cooperative of California almond growers and is active in 94 countries.

¹⁸ Blue Diamond Growers, “100 Years: Shaped By a Legacy of Core Values,” http://www.bluediamond.com/flipbooks/annual_report2010/, Last Accessed on January 26, 2011.

¹⁹ Wasserman, Jim, Sacramento Bee, “Blue Diamond Growers Bank on China, India,” August 10, 2010, <http://www.scrippsnews.com/content/blue-diamond-almond-growers-bank-china-india>, Last Accessed on June 7, 2012.

²⁰ Allen, Gray, Communications World, “Every Market Needs a Different Message,” April, 1990, http://findarticles.com/p/articles/mi_m4422/is_n5_v7/ai_8377072/, Last Accessed on June 7, 2012.

²¹ YouTube, Blue Diamond Growers Videos, <http://www.youtube.com/user/BlueDiamondGrowers>, Last Accessed on June 6, 2012.

²² Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

²³ Blue Diamond Growers, “A Strong Voice for Almonds,” <http://www.bluediamond.com/index.cfm?navId=136>, Last accessed on June 7, 2012.



2. ‘Your finest wines, sir’

Though the wine industry in California already accounts for 90 percent of American wine exports²⁴ and has retail sales in the U.S. of nearly \$18 billion,²⁵ California’s *Wine Institute* is the one of the single largest recipients of Market Access Program promotional funds.

In 2012, the Institute has received \$6.9 million from taxpayers, and has received nearly \$60 million in the past decade through the Market Access Program.²⁶ With a membership that includes some of the world’s most prominent wine makers, like E & J Gallo, California wine makers travel the world promoting their products with Market Access Program funds. The program offers reimbursement for half of all eligible expenses related to brand specific foreign travel, international wine tasting events, trade shows, and consumer advertising²⁷, and 100 percent reimbursement of all eligible expenses for regional or “wine-style associations” (*View Appendix B sample expense report*).²⁸

Past trips have included wine festivals and tastings in London, Denmark, and Dublin.²⁹ Other promotions have included “educational wine tastings” in Mexico.³⁰

²⁴ The Wine Institute, website, “US Wine Exports Surpass \$1 Billion in 2008,” <http://www.wineinstitute.org/resources/exports/article394>, Last Accessed January 26, 2011.

²⁵ The Wine Institute, website, “2009 California Wine Sales,” <http://www.wineinstitute.org/resources/statistics/article122>, Last Accessed on January 26, 2011.

²⁶ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

²⁷ California Wine Export Program, “MAP Program 2010/2011: Matching Funds Application for California Wineries,” <http://www.calwinexport.com/files/MAP%20Application-Final%202010-2011.pdf>

²⁸ California Wine Export Program, “MAP Program 2010/2011: Application for California Regional and Wine Style Associations,” Page 2, <http://www.calwinexport.com/files/MAP%20Application%20Regional-Final%202010-2011.pdf>

²⁹ California Wine Export Program, “Events,” <http://www.calwinexport.com/event>, Last Accessed on January 26, 2011.

³⁰ Foreign Agricultural Service Online, Horticultural and Tropical Products Division, MAP Funds Continue to Help the California Wine Industry Make Inroads Internationally,” <http://www.fas.usda.gov/http/marketing/MAPSucces/sucwi.htm>, Last accessed on June 7, 2012.

3. Taxpayers footing bill for Indian reality TV show

Let's Design is a popular reality television program in India where, “aspiring designers create fashionable outfits using cotton”³¹ and where contestants compete for prizes and nationwide exposure. In 2011, the program announced: “*Let's Design* is back for a third season and this time it's all about falling in love. Play up the romance, with chic designs, flamboyant colours, romantic laces, cute frills and more. Just be ‘Naturally in Love’.”³²

Let's Design was created by the Cotton Council International (CCI), which received \$20 million in US taxpayer funds through the Market Access Program.³³

Though MAP is intended to assist with “promotional activities for U.S. agricultural products,”³⁴ CCI acknowledges *Let's Design* has little connection to American grown cotton. The Council has publicly admitted that the show was “created to promote the use of cotton in general, not necessarily cotton from the United States.”³⁵ This is an amazing admission considering that India produces close to *twice the amount of* cotton as American farmers, and is a net exporter.^{36 37}

Over the past decade, CCI has received more than \$169 million from American taxpayers through the Market Access Program.³⁸ In addition, CCI receives assistance from other USDA market promotion and developments programs, including \$21.4 million since 2006 from the Foreign Market Development Program (FMDP) to “conduct overseas market development activities”³⁹ and \$690,000 in 2010 from the USDA Emerging Markets Program.⁴⁰



³¹ Nixon, Ron, New York Times: “US Spends Millions to Support Agricultural Exports,” February 12, 2011, <http://www.nytimes.com/2011/02/13/us/politics/13agriculture.html?ref=todayspaper>, Last accessed on June 7, 2012.

³² Facebook, “Let’s Design 3,” http://www.facebook.com/permalink.php?story_fbid=145838335465121&id=122562764472609, Last accessed on June 7, 2012.

³³ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

³⁴ United States Department of Agriculture, Foreign Agriculture Service, “Market Access Program,” <http://www.fas.usda.gov/mos/programs/map.asp>, Last accessed on June 7, 2012.

³⁵ Nixon, Ron, New York Times: “US Spends Millions to Support Agricultural Exports,” February 12, 2011, <http://www.nytimes.com/2011/02/13/us/politics/13agriculture.html?ref=todayspaper>, Last accessed on June 7, 2012.

³⁶ National Cotton Council of America, “Production Ratings MY 2011,” <http://www.cotton.org/econ/cropinfo/cropdata/rankings.cfm>, Last accessed on June 7, 2012.

³⁷ Economic Times, “India’s Cotton Exports May Jumpy by 21 percent in 2011-12,” September 4, 2011, http://articles.economictimes.indiatimes.com/2011-09-04/news/30112682_1_cotton-exports-second-largest-cotton-producer-bales, Last accessed on June 7, 2012.

³⁸ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

³⁹ USDA, Foreign Market Development Program, <http://www.fas.usda.gov/info/factsheets/coopertr.asp>, Last accessed on June 7, 2012.

4. Tax dollars used for overseas pet food advertising

Though the industry had billions in domestic sales and exports, MAP is subsidizing pet food advertising and market development activities through multiple entities.⁴¹

The Pet Food Institute, whose membership includes Purina brands (Puppy Chow, Alpo, Friskies, and Beggin Strips), Del Monte Foods (Meow Mix and Kibbles and Bits), and Whiskas and Pedigree, received \$1.3 million from taxpayers to promote U.S. cat and dog food manufacturers in 2012.⁴²

Similarly, the Food Export Association of the Midwest, USA, which received \$11.2 million in 2012, also includes pet foods in its portfolio of promoted products, including recent financial assistance it is offered to the makers of a Missouri-based dog and cat food manufacturer.⁴³ The Association recently subsidized the market development activities of the Wholistic Pet Organics Company which “produces certified organic and human grade animal health products and food supplements.”⁴⁴



Finally, the Southern United States Trade Association (SUSTA), which received \$4.8 million in 2012, includes pet foods in its list of represented products, including recent efforts in India.⁴⁵

⁴⁰ USDA, “USDA Awards over \$8 million under Emerging Markets Program,” <http://www.fas.usda.gov/mos/em-markets/2010%20Press%20Release.pdf>, Last accessed on June 7, 2012.

⁴¹ Pet Food Institute, website, “Manufacturers: Active Members,” <http://www.petfoodinstitute.org/Index.cfm?Page=Manufacturers>, Last Accessed on January 26, 2011.

⁴² Pet Food Institute, website, “Manufacturers: Active Members,” <http://www.petfoodinstitute.org/Index.cfm?Page=ActiveMembers>, Last Accessed on January 26, 2011.

⁴³ Food Export Association of the Midwest USA, “Success Stories,” http://www.miatco.org/us_food/success/index.htm, Last Accessed June 7, 2012.

⁴⁴ Food Export Association, “New Hampshire Organic Pet Food Company Makes First-Time Export Sale To Canada,” July 2010, <http://www.usaadc.org/success.cfm>, Last Accessed June 7, 2012.

⁴⁵ Javangula, Srinivas, “India Embraces Southern Cuisine,” http://www.susta.org/about/success_india04_06.html, Last Accessed on January 26, 2011.

5. Livestock semen?

Taxpayers may be surprised to learn that their tax dollars are subsidizing, among other things, the marketing of livestock semen. According to an announcement from U.S. Livestock Genetics Export, Inc, a group that received \$1.1 million from the USDA in 2011, federal funds are available for “private livestock



breeders, companies, or cooperatives interested in promoting livestock, semen, or embryo sales in international markets through December 31, 2010.”^{46 47} The group also notes that the MAP funds partial reimbursement of “approved activities such as international advertising, the development, translation and distribution of promotional materials, and participation in foreign trade shows and exhibitions.”⁴⁸

According to USDA, MAP funds have been used to participate in horse fairs in China, which resulted in the sale of 14 horses in July 2010, and to assist in the development of the French Paint Horse Association.⁴⁹ The group also paid for a recent educational visit to Vietnam for Wisconsin state agricultural officials.⁵⁰

In total, livestock genetics groups have received \$14 million since 1999. This does not include the more than \$750,000 it receives from the USDA’s Foreign Market Development Program.⁵¹

⁴⁶ United States Department of Agriculture, “Total Available FY 2011 Funding for Market Access Program,” http://www.fas.usda.gov/info/webstories/map_042911.asp, Last accessed on June 7, 2012.

⁴⁷ U.S. Livestock Genetics Export, Inc, website, “MAP Branded Program: FY 2010 MAP Branded Livestock Program Announcement,” <http://www.uslge.org/brandprog.html>, Last accessed on June 7, 2012.

⁴⁸ U.S. Livestock Genetics Export, Inc, website, “MAP Branded Program: FY 2010 MAP Branded Livestock Program Announcement,” <http://www.uslge.org/brandprog.html>, Last accessed on June 7, 2012.

⁴⁹ United States Department of Agriculture, Office of Trade Programs, “Export Programs at Work,” October 2010, http://www.fas.usda.gov/mos/success_story/2010%20otp%20final%20success%20story%20report%20-%2010-14-10.pdf, Last accessed on June 7, 2012.

⁵⁰ Wisconsin Ag Connection, “Brancel's Trade Visit to Vietnam Aims to Open New Markets,” January 6, 2012, <http://www.wisconsinagconnection.com/story-state.php?id=20>, Last accessed on June 7, 2012.

⁵¹ United States Department of Agriculture, Foreign Market Development Program, “Fact Sheet: January 2011,” <http://www.fas.usda.gov/info/factsheets/fmd.asp>, Last accessed on June 7, 2012.

6. There's a Fungus Among US

Despite MAP funded efforts to promote organic mushrooms through the Organic Trade Association, the Western United States Agricultural Trade Association (WUSATA), also a MAP recipient, recently subsidized the market development efforts of the *FungusAmongUs* company in four countries (“The Organic Mushroom People”).⁵² Taxpayer assistance also helped *FungusAmongUs* products recently win an award at the New York Fancy Food Show.



Industry experts believe this is a growing market to American suppliers. According to product representatives, “Dried matsutake mushrooms are increasing in popularity. Canada is a major market for us and we are looking into some South American countries.”⁵³

Other products receiving MAP funds from WUSATA include potpourri and candy manufacturers, such as the **Before and After Candy Mint Company**, which has been able to “[embark] on a demonstration and tasting tour in the United Kingdom (U.K.),” as well as convert its package labeling into other languages including: “French, Spanish, German, and Arabic.”^{54 55}

7. Sunkist: Orange With Envy

With sales exceeding \$1.2 billion annually, and hundreds of products available around the world, Sunkist Growers is considered one of the biggest sellers of fresh fruit internationally.

According to its own website, “The Sunkist® brand is among the most recognized and respected in the world.”⁵⁶ In fact, the company has had a century of successful advertising campaigns,⁵⁷ and has long been associated with prominent advertising firm, DraftFCB, whose clients also includes Boeing, Kraft, KFC, Motorola, and Hilton.⁵⁸

⁵² Western United States Agricultural Trade Association, “Branded Success Stories,” <http://www.wusata.org/services/BrandedSuccess.html>, Last Accessed on January 26, 2011.

⁵³ American Food and Ag Exporter, “The Strength of U.S. Brands,” Spring 2006, <http://www.americanfoodandag.com/electronic-books/expspring06.pdf>.

⁵⁴ Western United States Agricultural Trade Association, “Western Agri-Export Quarterly: Winter 2010,” Page 3, <http://www.wusata.org/news/pdf/WTRWAQ09.pdf>, Last accessed on June 7, 2012.

⁵⁵ Kenefsky, Janet, Western United States Agricultural Trade Association, “International Promotional Funding Opportunities: The Market Access Program,” http://www.brewersassociation.org/attachments/0000/1210/EDP_Market_Access_Program_07ppt.pdf, Last Accessed on January 26, 2011.

⁵⁶ Sunkist Growers, “Packaged Products,” http://www.sunkist.com/products/licensed_products.aspx, Last Accessed on January 26, 2011.

⁵⁷ Beato, Greg, Reason.com, “The Original Mad Man: Advertising Genius Albert Lasker Transformed America,” November, 2010, <http://reason.com/archives/2010/10/22/the-original-mad-man>, Last accessed on June 7, 2012.

⁵⁸ DraftFCB, “Clients: We Work With More Than 100 Companies in the Global Fortune 500,” <http://www.draftfcb.com/clients.aspx>, Last Accessed on January 26, 2011.

Despite its brand ubiquity, Sunkist receives \$3-4 million annually from U.S. Department of Agriculture to promote its products worldwide and to perform market research. In total, \$34.1 million in taxpayer funds have been collected by Sunkist since 1999.

Recent MAP funded activities have included advertising Sunkist lemons in Japan, China, and Hong Kong, and Sunkist oranges in Singapore.⁵⁹

According to Sunkist management, “the support provided by USDA’s Market Access Program (MAP) is essential to our export health.”⁶⁰



8. Distilled Spirits Council of the United States “aka American liquor”

With the help of nearly \$200,000 from taxpayers annually, the Distilled Spirits Council of the United States (DISCUS) is now courting “importers, restaurant and nightclub owners, managers, bartenders, spirits buyers and media” in Russia, the Czech Republic, China, India, South Korea, and Brazil by hosting “seminars and tastings of super premium American whiskeys.”⁶¹ Recent events in St. Petersburg, Prague, and Tianjin have “celebrate[d] the taste, style and sophistication of American distilled spirits.”

The Distilled Spirits Council (DISCUS) “is the national trade association representing America’s leading distillers and nearly 70% of all distilled spirits brands sold in this country.”⁶² With members that include Jim Beam and Jack Daniels, the DISCUS represents an industry that has annual revenues exceeding \$18 billion and has over \$1 billion in exports.⁶³

In 2009, help from taxpayers allowed DISCUS to feature “signature Asian-themed American Whiskey cocktails” throughout India. In its coverage of DISCUS three city tour, Nightclub.com reports: “Famed New York mixologist and author Toby Cecchini redesigned several classic American Whiskey cocktails with distinctively Asian flavors for the promotions which aimed to balance unique spices of the East with the notably smooth flavors of American Whiskey. The final recipes resulted in Bourbon and Tennessee Whiskey combined with tamarind and citrus, or ginger and mint.”⁶⁴

⁵⁹ House Subcommittee on Rural Development, Research Biotechnology and Foreign Agriculture, Testimony of Michael J. Wootton, <http://agriculture.house.gov/pdf/hearings/Wootton110407.pdf>, Last Accessed June 7, 2012.

⁶⁰ House Subcommittee on Rural Development, Research Biotechnology and Foreign Agriculture, Testimony of Michael J. Wootton, <http://agriculture.house.gov/pdf/hearings/Wootton110407.pdf>, Last Accessed June 7, 2012.

⁶¹ Distilled Spirits Council of the United States, “Distilled Spirits Council of The U.S. To Host American Spirits Promotions in China, Russia and Czech Republic; Indian Media will visit the American Whiskey Trail,” March 29, 2010, http://www.discus.org/media/press/article.asp?NEWS_ID=586, Last accessed on June 7, 2012.

⁶² Distilled Spirits Council of the United States, website, “About Us,” <http://www.discus.org/about/>, Last Accessed on January 26, 2011.

⁶³ Distilled Spirits Council of the United States, website, “About Us,” <http://www.discus.org/pdf/DistilledSpiritsCouncilIndustryReview.pdf>, Last Accessed on January 26, 2011.

⁶⁴ Nightclub and Bar Magazine, “DISCUS Showcases American Whiskey Cocktails With Asian Flare at WhiskeyFest NYC,” November 10, 2009, <http://www.nightclub.com/events/industry-event-calendar/news/discus-showcases-american-whiskey-cocktails-with-asian-flare-at->, Last Accessed June 7, 2012.

In two events sponsored by USDA in St Petersburg and Prague and featuring the head of American whiskey maker Makers Mark, attendees were able to “discover the style and sophistication of cocktails prepared with American Whiskey during a mixology demonstration by renowned local bartenders.”⁶⁵

Finally, through DISCUS, taxpayers are also paying for foreign journalists to visit American distilleries. In the fall of 2010, Indian journalists were treated to a tour of “America’s Whiskey Trail,” a collection of historic and current American distilleries ranging from George Washington’s Mt. Vernon distillery, to those of Jack Daniels, Makers Mark and Jim Beam.⁶⁶

The group has received a total of \$2.5 million from taxpayers since 1999.

9. Welch’s: The Grapes of Wealth

Despite being a well-known and successful brand of juice, Welch’s has received millions of dollars in MAP subsidies.

According to the company website, Welch’s “is one of the most recognizable, respected, and enduring American brands.”⁶⁷ The company has net annual sales exceeding \$658 million and is active in nearly 50 countries.⁶⁸ It also employs the Via Group, a marketing firm that also handles advertising for American Eagle Outfitters, HBO, Hewlett Packard, JP Morgan, and Puma.⁶⁹

Yet, in 2010, Welch Foods, Inc. received \$893,415 from the USDA’s Market Access Program to promote its products. The cooperative has received more than \$10.2 million from taxpayers since 1999.⁷⁰



⁶⁵ Cowdery, Chuck, “Chuck Cowdery blog: American Whiskey and Other Stuff,” Posted July 9, 2010, <http://chuckcowdery.blogspot.com/2010/07/bill-samuels-is-going-to-russia-czech.html>, Last Accessed June 7, 2012.

⁶⁶ Saran, Mitali, Outlook Traveller: “Tennessee Vaults: Drink Your Fill of Tennessee Whiskey and Kentucky Bourbon,” December 1, 2010, <http://travel.outlookindia.com/printarticle.aspx?268500>.

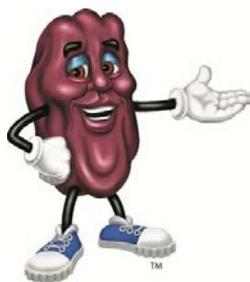
⁶⁷ Welch’s Food, Inc, “More From the Core, 2010 Annual Report,” Page 4, <http://www.welchs.com/media/361768/2010annualreportwebsite.pdf>, Last Accessed June 7, 2012.

⁶⁸ Welch’s Food, Inc, “More From the Core, 2010 Annual Report,” Page 4, Last Accessed June 7, 2012. <http://www.welchs.com/media/361768/2010annualreportwebsite.pdf>, Last Accessed June 7, 2012.

⁶⁹ The Via Group, LLC, website, “Clients,” <http://www.vianow.com/clients/>, Last Accessed on January 26, 2011.

⁷⁰ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

10. 'I Heard it Through the Grapevine'



While few Americans have heard of the organization, the Raisin Administrative Committee or its partner organization, the California Raisin Marketing Board, they will be familiar with its branded image, the California Raisins. They were a 1980's icon that spawned hit music singles, videos, and animated television specials and a series.

The Committee represents California raisin growers, and has received \$31.7 million since 1998 to promote their products outside the United States—this despite the fact that it already produces 99.5 percent of all American raisins and 45 percent of the entire world crop.⁷¹ The production value of California raisins exceeded \$700 million in 2010.⁷²

Through advertising funded by American taxpayers, residents of Great Britain have learned that “raisins are used in dairy, confectionery, snacking, snacking mixes, sauces and condiments - and even beer!”⁷³

11. The Brewers Association

Started nearly 70 years ago, the Brewers Association is the main trade association and lobby group for the American craft beer industry, consisting of hundreds of small, regional beer producers along with industry heavyweights like Samuel Adams, Anheuser Busch and MillerCoors bottlers. ,⁷⁴⁷⁵ Craft beer sales exceeded 282 million gallons in 2009, with a total retail value of \$6.98 billion.⁷⁶

With help from MAP, some of the benefits the Brewers Association members enjoy include: “Subsidized participation in European Beer Star, Australian International Beer Awards, BrewNZ Beer Awards and Stockholm Beer Competition,” and “new promotional materials, political and media exposure.”⁷⁷



⁷¹ California Raisins, “The California Raisin Industry,” <http://www.calraisins.org/about/the-raisin-industry/>, Last Accessed on January 26, 2011.

⁷² United States Department of Agriculture, National Agricultural Statistics Service, California Raisin Grapes: 1920-2010, http://www.nass.usda.gov/Statistics_by_State/California/Historical_Data/Grapes-R.pdf, Last Accessed June 7, 2012.

⁷³ The Grocery Trader, “California Raisins—The Interview,” July 8, 2008, <http://grocerytrader.co.uk/?p=424>.

⁷⁴ Brewers Association, “Brewers Association Brewery Members as of 11/3/2010,” http://www.brewersassociation.org/attachments/0000/0234/Brewery_members.pdf, Last Accessed on January 26, 2011.

⁷⁵ Brewers Association, “Mission and History,” <http://www.brewersassociation.org/pages/about-us/mission-and-history> Last Accessed June 7, 2012.

⁷⁶ Brewers Association, “Facts,” <http://www.brewersassociation.org/pages/business-tools/craft-brewing-statistics/facts>, Last Accessed June 7, 2012.

⁷⁷ Brewers Association, “About Us: Background,” <http://www.brewersassociation.org/pages/business-tools/export-development-program/about>, Last Accessed June 7, 2012.

12. Hair Care Products, Spa Products, and Perfume... for Dogs and Cats

Want your pets to look their absolute best? SUSTA, the long time recipient of MAP funds, is subsidizing the promotional efforts of Espree Animal Products, a Texas-based company that specializes in natural and organic hair care products for dogs, cats, and horses.



The company's products include: Boost! Volumizing Spray, to "promote volume" for a dog's coat; Freeze! Hair Hold, a hair spray for dogs; Freeze! Styling Gel; Candy Cane Sparkle Spray ("Leaves the coat with specks of shiny glitter and aroma of Candy Cane"); Twinkle Berry Sparkle Spray; a line of facial cleansers (Aloe Oat, Plum Perfect, Rainforest), Bad Boy Spray Cologne; and a line of spa products like Ruff Ruff Romance Parfum ("Tails entwined, walking side by side. It's love. Spread the love, spread the romance. Ruff Ruff Romance").⁷⁸
79 80 81

According to SUSTA, MAP funds have been used by the company to participate in international trade shows, initiate a distributorship in Columbia, and to boost sales in Poland, Indonesia, and Singapore. Espree's products are found in over 16 countries.⁸²

13. MAP's Sweet Tooth

The National Confectioners Association, whose members include Ghirardelli, Godiva, Jelly Belly, Mars (Snickers, M&Ms), Nestle (Baby Ruth, Butterfinger), and Hershey's, is the industry's primary trade association.⁸³ Despite the recent economic downturn, the American candy industry has annual sales nearing \$30 billion.⁸⁴

The Confectioners Association also received \$1.3 million in 2012 MAP funds for international market development and promotion activities, and more than \$14 million in the past decade.⁸⁵

⁷⁸ Espree Animal Products, "Dog Care: Show Style," <http://www.espree.com/productcat.asp?sc=1&s=27>, Last Accessed June 7, 2012..

⁷⁹ Espree Animal Products, "Dog Care: Rashes, Razor Burn, Sunburn," <http://www.espree.com/productcat.asp?sc=1&s=71>, Last Accessed June 7, 2012.

⁸⁰ Espree Animal Products "Dog Care: Facial Cleaners," <http://www.espree.com/productcat.asp?sc=1&s=9>, Last Accessed June 7, 2012..

⁸¹ Espree Animal Products, "Dog Care: Pefumes," <http://www.espree.com/productcat.asp?sc=1&s=8>, Last Accessed June 7, 2012.

⁸²Southern United States Trade Association, "MAP Participation Opens Markets, Increases Sales for Texas Firm," http://www.susta.org/about/success_espree0309.html, Last Accessed on January 23, 2012.

⁸³ National Confectioners Association, "NCA Members- Domestic Manufacturers," <http://www.candyusa.com/About/content.cfm?ItemNumber=1611>, Last Accessed June 7, 2012.

⁸⁴ National Confectioners Association, "Profile of the U.S. Candy Industry," <http://www.candyusa.com/content.cfm?ItemNumber=1607>, Last Accessed on January 20, 2012.

⁸⁵ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

In 2012, smaller NCA members (500 or fewer employees) “are eligible to receive matches up to 50% of [their] qualifying marketing and promotional expenses including advertising, sample shipments, public relations, seminars, certain publication expenditures and many trade show related expenses.”⁸⁶ The NCA notes that MAP funds can be used for a wide variety of promotional and travel expenses, including the “production and placement of advertisements on magazines, newspapers, billboards, posters, transit and direct-mail advertising. TV and radio advertisements are also eligible.” Additionally, MAP funds may be used by NCA members for international travel, including airfare and reimbursement at a federal per diem rate.⁸⁷ Maximum reimbursement annually per company cannot exceed \$400,000.

Pretty sweet deal.



14. National Renderers Association: Fat Subsidies

The National Renderers Association (NRA) is a suburban Washington, D.C. based trade association made up of some of the most profitable agricultural brands in the nation, including Tyson Foods, Cargill, Hormel, and Pilgrim’s Pride⁸⁸ whose combined sales exceeded \$164 billion in 2011.

The NRA represents the interests of North American renderers in our nation’s capital and around the world. Rendering, the process of separating fats and proteins from leftover animal parts, results in a wide array of valuable, critical ingredients for “livestock feed and pet food, soaps, pharmaceuticals, lubricants, plastics, personal care products, and even crayons.”⁸⁹ Rendered materials have been used more recently to produce biodiesel to meet the federal government’s escalating renewable fuels refining mandate.



With offices in Alexandria, Virginia and regional offices in Hong Kong and Mexico, the NRA received \$812,892 from MAP this year for market promotion and development outside the United States.⁹⁰

⁸⁶ National Confectioners Association, “Market Access Program,” <http://www.candyusa.com/Sales/content.cfm?ItemNumber=667&navItemNumber=2687>, Last Accessed June 7, 2012.

⁸⁷ National Confectioners Association, “Market Access Program (See Reimbursable Expenses),” <http://www.candyusa.com/Sales/content.cfm?ItemNumber=667&navItemNumber=2687>, Last Accessed June 7, 2012..

⁸⁸ National Renderers Association , Membership Directory, <http://nationalrenderers.org/assets/4f15ac2cdabe9d37c3004d66/nra2011directoryjan12.pdf>, Last Accessed on January 25, 2012.

⁸⁹ Congressional Research Service, “Animal Rendering: Economics and Policy,” March 17, 2004.

⁹⁰ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011

Additionally, it received \$945,818 from the USDA Foreign Market Development Program (FMDP) for similar purposes.⁹¹

A closer look at that the organization's spending priorities, however, calls into question the need for taxpayer assistance. NRA staff compensation and benefits exceed the total amount it receives from MAP annually.⁹² It spends more than \$300,000 on annual conferences, conventions, and meetings. Its 2011 annual conference occurred at Ritz Carlton in Tucson, with the 2012 installment planned for a Ritz Carlton resort in Southern California.⁹³



15. A-Twitter for Beef in Japan

The USDA's Market Access Program (MAP) is also in the business of using taxpayers' money to create Japanese Twitter accounts to promote American beef in the land of the rising sun.

According to the website USAgNet, "Japanese consumers are accustomed to following bloggers and visiting mobile websites to learn more about U.S. beef, but Twitter is a relative newcomer to Japan. As the number of Twitter fans in Japan recently topped 15 million, [U.S. Meat Export Federation] USMEF launched a multi-phase Twitter campaign to engage and motivate consumers to digitally share their interest in U.S. beef and win tasty prizes. Funding for the campaign is provided through the USDA Market Access Program (MAP) and the Beef Checkoff Program."⁹⁴

MAP funds are envisioned to be used to have Japanese diners 'Tweet While You Eat' in order to share their excitement about U.S. beef.

⁹¹ United States Department of Agriculture, Foreign Market Development Program, "Fact Sheet," <http://www.fas.usda.gov/info/factsheets/fmd.asp>, Last Accessed June 7, 2012..

⁹² Guidestar, Form 999: Return of Organization Exempt from Income Taxes, National Renderers Association, <http://www.guidestar.org/>

⁹³ National Renderers Association, "79th NRA Annual Convention," <http://nationalrenderers.org/events/convention/>, Note: the convention will take place October 23-26, 2012.

⁹⁴ Staff Writer, USAgnet: "Japanese Consumers A-Twitter Over U.S. Beef," June, 8, 2012, Last Accessed June 7, 2012.



The USMEF also believes that spending taxpayers’ dollars on Twitter alone is not enough. The group has begun spending money on traffic to its website, through the “American Beef Go! Go!” campaign to provide education about U.S. beef in an entertaining format. Entertaining educational programs related to the beef products include earning stamps as Twitter followers and website goers demonstrate knowledge of beef safety, flavor and other positive product characteristics. Rewards include 2.2 lbs of beef and cooking utensils courtesy of the US taxpayer.⁹⁵

⁹⁵ Staff Writer, USAgnet: “Japanese Consumers A-Twitter Over U.S. Beef,” June, 8, 2012, Last Accessed June 7, 2012.

Is MAP Unique?

“We must also change the way Washington does business—ending programs that don’t work, streamlining those that do, cracking down on special interest access, and bringing a new responsibility to how tax dollars are spent.”⁹⁶

President Obama’s Office of Management and Budget, FY 2011 Budget

Though it has recently muted its criticism of the program, in 2010, the Administration boldly stated its view on MAP: “The Administration proposes to reduce the Market Access Program (MAP) by 20 percent because it overlaps with other Department of Agriculture trade promotion programs and its economic impact is unclear.” It also noted the program “does not serve a clear need.”⁹⁷

Citizens Against Government Waste (CAGW), a taxpayer watchdog, goes further by saying that the Market Access Program “has been the epitome of corporate welfare and government waste for many years.”⁹⁸

This section will examine three primary areas of waste and inefficiency:

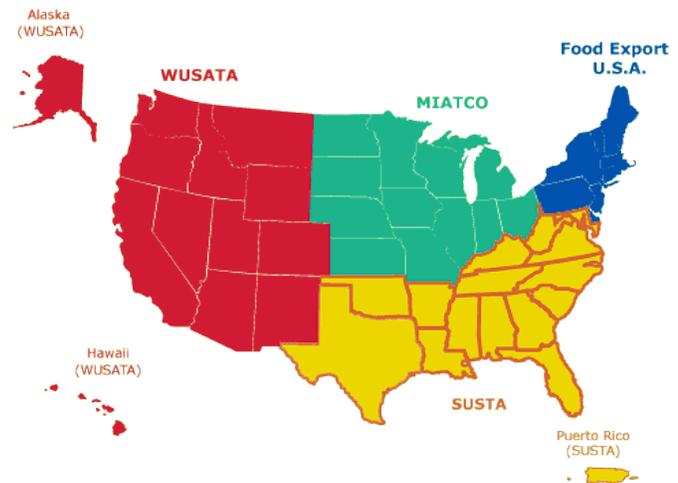
- 1) Overlap and structural inefficiency *within* the Market Access Program
- 2) Overlap and duplication with other USDA programs
- 3) Overlap with other non-USDA federal and state programs.

Overlap and inefficiency within the Market Access Program

With a funding target list that includes both trade associations that promote specific products (like wine) *and* groups with a regional focus that promote many of the same products, MAP’s efficiency and effectiveness needs to be reevaluated.

Commodity or Region—which is it?

In addition to the dozens of product-specific organizations receiving direct MAP funding, the program also funds four regional associations representing the various state departments of agriculture across the nation: the Western United States Agricultural Trade Association (WUSATA), the Southern United States Trade Association (SUSTA), Food Export Association of the Midwest USA (Midwestern states), and Food Export USA (northeastern states). These associations fund many of the same



⁹⁶ White House, Office of Management and Budget, “Terminations, Reductions and Savings (FY 2011),” <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf>, Last Accessed June 7, 2012.

⁹⁷ White House, Office of Management and Budget, “Terminations, Reductions and Savings (FY 2011),” <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf>, Last Accessed June 7, 2012.

⁹⁸ Garrett, Representative Scott, “Garrett and Announce ‘Scrap the Map’ Legislation,” February 24, 2010, <http://garrett.house.gov/News/DocumentSingle.aspx?DocumentID=173397>, Last Accessed June 7, 2012.

activities carried out by other MAP funded commodity groups. In FY 2011, the four regional groups received a total of \$35,312,588 in MAP funds, or more than 17 percent of all funds available.⁹⁹ Similarly, the National Association of State Departments of Agriculture (NASDA) receives annual MAP subsidies ranging from \$2 million to \$4 million.¹⁰⁰

The potential for overlap caused by subsidizing both regional and product specific groups, as the MAP currently does, is already occurring:

- While prunes (“dried plums”) and plums are already directly targeted for assistance by USDA through the California Prune Board (\$3.6 million, 2010) and the California Tree Fruit Agreement (\$2.5 million, 2010), the Western United States Agricultural Trade Association (\$9.6 million, 2010) brags in a recent association newsletter that “CropSource International of Walnut Creek, CA has been a part of the WUSATA’s Branded Program since 2004, when they received \$50,000 towards marketing their Sunsweet® brand prunes and prune juice in New Zealand (NZ).”¹⁰¹ Additionally, the Organic Trade Association, a MAP funded organization, also promotes dried plums.¹⁰²
- While the US Dairy Export Council receives more than \$4 million annually from MAP for its international promotion efforts, at least two regional trade associations supported by MAP funds also assist dairy export promotion. Both Food Export USA, Midwest (\$10.7 million, 2010) and Food Export USA, Northeast (\$8.1 million, 2010) note their efforts to similarly promote dairy exports.¹⁰³
- Though taxpayers are already subsidizing the promotion of American made candy through the National Confectioners Association (\$1.3 million, 2012), Food Export USA, Midwest (\$11.2 million, 2012) also notes its efforts to promote local candy companies.¹⁰⁴
- Similarly, as taxpayers support market development for the pet food industry via the Pet Food Institute (\$1.3 million, 2012), the Southern United States Trade Association (\$4.8 million, 2012) notes its own effort to promote pet food products.¹⁰⁵
- The Popcorn Board, funded by USDA at more than \$250,000 annually, promotes American popcorn and related products. Similarly, Food Export, USA (\$11.2 million, 2012) recently assisted a Nebraska-based gourmet popcorn maker with sales in Japan.¹⁰⁶

⁹⁹ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

¹⁰⁰ Congressional Research Service, chart provided to Office of Senator Tom Coburn, January 14, 2011.

¹⁰¹ Western Agri-Export Quarterly, “Newsletter, Summer 2009, Page 3,

<http://www.wusata.org/news/pdf/WAQSummer09F.pdf>

¹⁰² Organic Trade Association, “Organic Export Directory Online,” <http://usorganicproducts.com/index.cfm>, Last Accessed on January 26, 2011.

<http://usorganicproducts.com/businessExportsearch.cfm?language=English&ebt=food&keyword=prunes%2C%20dried&displayword=prunes%2C%20dried>

¹⁰³ Food Export USA, Northeast, website, “Success Stories,” <http://www.foodexportusa.org/success/index.htm>, Last Accessed on January 26, 2011.

¹⁰⁴ Food Export USA, Northeast, website, “Success Stories,” <http://www.foodexportusa.org/success/index.htm>, Last Accessed on January 26, 2011.

¹⁰⁵ Southern United States Trade Association, “Report to the Community, Summer 2010,” Page 3, <http://www.susta.org/downloads/2009annualrpt.pdf>, Last Accessed June 7, 2012.

¹⁰⁶ Food Export Association of the Midwest USA, “Success Stories,” http://www.miatco.org/us_food/success/index.htm, Last Accessed June 7, 2012.

- Though the Organic Trade Association (OTA) receives more than \$400,000 annually to promote organic agricultural products, Food Export USA, Midwest (\$11.2 million, 2012) is also assisting organic agricultural products.¹⁰⁷ Also, while the OTA promotes organic mushrooms, similarly, the Western United States Agricultural Trade Association promotes organic mushrooms.¹⁰⁸
- Perhaps the most popularly duplicated product with the Market Access Program is wine. In addition to the efforts of the Wine Institute (\$7. million, 2012), the Northwest Wine Promotion Coalition (\$871,960, 2012), and the New York Wine and Grape Foundation (\$408,255, 2012) nearly every regional trade association has its own wine promotion activities.^{109 110 111 112}

Overlap with other USDA programs

In addition to the Market Access Program, the USDA administers three similarly focused market development programs: 1) the Foreign Market Development Program (FMDP), 2) the Emerging Markets Program (EMP), and 3) the Quality Samples Program (QSP).

Foreign Markets Development Program (FMDP)

The goals and objectives of the Market Assistance Program (MAP) are significantly duplicative of the Foreign Markets Development Program.

The Administration itself has noted the overlap among the two programs. The Administration has observed that “the program overlaps with other Department of Agriculture trade promotion programs, including the Foreign Market Cooperator Program (as the FMDP was previously known), which also provides funding for overseas marketing.”¹¹³

In fact, all but two of the 22 associations that received FMDP’s \$34.5 million in 2010, also received MAP assistance. All told, these 22 groups received more than \$115 million in 2010 from the two overlapping USDA programs.

By definition, the two programs are difficult to distinguish from one another. USDA defines the two in this way:

- FMDP- “Under the FMD, *Commodity Credit Corporation* (CCC) funds partially reimburse cooperators for conducting approved overseas promotional activities. Preference is given to nonprofit

¹⁰⁷ Food Export Association of the Midwest USA, “Success Stories,”

http://www.miatco.org/us_food/success/index.htm, Last Accessed June 7, 2012.

¹⁰⁸ Western United States Agricultural Trade Association, “Branded Success Stories,”

<http://www.wusata.org/services/BrandedSuccess.html>, Last Accessed on January 26, 2011.

¹⁰⁹ Southern United States Trade Association, “Report to the Community, Summer 2010,” Page 3,

<http://www.susta.org/downloads/2009annualrpt.pdf>, Last Accessed June 7, 2012.

¹¹⁰ Food Export USA, Northeast, website, “Midwest Wine Promotion in Germany,”

<http://www.foodexportusa.org/services/forms2/WinePA1.pdf>. Last Accessed on January 26, 2011.

¹¹¹ <http://www.wines-info.com/En/html/2010/7/228-33181.html>, Last Accessed June 7, 2012.

¹¹² Food Export USA, Northeast, website, “Success Stories,” <http://www.foodexportusa.org/success/index.htm>, Last Accessed on January 26, 2011.

¹¹³ White House, Office of Management and Budget, “Terminations, Reductions and Savings (FY 2011),”

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf>, Last Accessed June 7, 2012.

U.S. agricultural and trade groups that represent an entire industry or are nationwide in membership and scope.”¹¹⁴

- MAP- The MAP forms a partnership between non-profit U.S. agricultural trade associations, non-profit U.S. agricultural cooperatives, non-profit state-regional trade groups, small U.S. businesses, and USDA's *Commodity Credit Corporation* (CCC) to share the costs of *overseas marketing and promotional activities*, such as trade shows, market research, consumer promotions for retail products, technical capacity building, and seminars to educate overseas customers.

Emerging Markets (EM) Program

While it is much smaller and more focused on generic promotion of American made or grown products, the EM program at USDA has many similarities with its MAP and FMDP cousins.

USDA defines the program this way:

“The Emerging Markets Program is a market access program that provides funding for technical assistance activities intended to promote exports of U.S. agricultural commodities and products to emerging markets in all geographic regions, consistent with U.S. foreign policy. The program is authorized by the Food, Agriculture, Conservation, and Trade Act of 1990, as amended. The EMP regulations appear at 7 CFR part 1486. Funding is set at \$10 million each fiscal year from the Commodity Credit Corporation from now through the end of the current Farm Bill.”¹¹⁵

Like the FMDP, the Emerging Markets Program counts many of the same beneficiaries as MAP. In fact more than 27 of the 82 projects funded by the Emerging Markets (EM) Program went to MAP recipients. For instance:

- In addition to the nearly \$400,000 it received from MAP in 2010, the Brewers Association received a \$65,000 boost from the EM program “for craft beer seminars in Brazil and China.”¹¹⁶
- The California Export Council, which obtained \$859,622 from MAP in 2010, also received \$120,000 from the EM program for its China Moon Cake Project.¹¹⁷
- The Organic Trade Association, which received \$376,953 from MAP, earned more than \$165,000 from the EM program for Chinese and Indian “familiarization tours” of the American organics industry.¹¹⁸
- The American Soybean Association, having received \$5.75 million from MAP in 2010, also obtained nearly \$500,000 for various promotion activities from the EM program.¹¹⁹

¹¹⁴ Foreign Agricultural Service, website, “Fact Sheet: Foreign Market Development Program,” December 2009, <http://www.fas.usda.gov/info/factsheets/coopertr.asp>, Last Accessed June 7, 2012.

¹¹⁵ Foreign Agricultural Service, website, “Fact Sheet: 2008 Emerging Markets Program,” <http://www.fas.usda.gov/info/factsheets/emofact.asp>, Last Accessed June 7, 2012.

¹¹⁶ Brewers Association, “Newsletter: August 2010,” <http://www.brewersassociation.org/pages/business-tools/export-development-program/Newsletter>, Last Accessed June 7, 2012.

¹¹⁷ Foreign Agricultural Service, website, “FY 2010 Emerging Markets Program Allocation,” <http://www.fas.usda.gov/info/fiscal2010/EMP.asp>, Last Accessed June 7, 2012.

¹¹⁸ Foreign Agricultural Service, website, “FY 2010 Emerging Markets Program Allocation,” <http://www.fas.usda.gov/info/fiscal2010/EMP.asp>, Last Accessed June 7, 2012.

¹¹⁹ Foreign Agricultural Service, website, “FY 2010 Emerging Markets Program Allocation,” <http://www.fas.usda.gov/info/fiscal2010/EMP.asp>, Last Accessed June 7, 2012.

- The Alaska Seafood Marketing Institute, with more than \$4.6 million from MAP in 2010, also received a \$15,000 grant from the EM program to perform a market feasibility study for the Brazilian market.¹²⁰

Quality Samples Program (QSP)

The next USDA market assistance program, the Quality Samples Program (QSP), is a small program (\$2 million) aimed at helping introduce American products by providing samples to foreign manufacturers and processors.

USDA defines the mission of this grant program this way: “The Quality Samples Program (QSP) helps U.S. agricultural trade organizations provide samples of their agricultural products to potential importers in emerging markets overseas.”¹²¹

In fact, all of its 13 grants in 2010 went to groups that also received MAP funds, including the Alaska Seafood Marketing Institute, the American Soybean Association, the California Agricultural Export Council, and Hop Growers of America.¹²²

Other USDA market assistance programs and grants

In addition to the direct assistance that USDA provides for market development and promotion activities, it also administers several other export market assistance programs. A sample includes:

- The USDA’s Foreign Agricultural Service (FAS) has 102 offices with staff in at least 82 countries dedicated to advancing agricultural trade and development.¹²³
- The Technical Assistance for Specialty Crops (TASC) program provides \$8 million annually for specialty crop association to overcome technical barriers in other nations. MAP recipients represent the single largest group of TASC grant recipients.¹²⁴
- Through the Dairy Export Incentive Program (DEIP), the “U.S. Department of Agriculture pays cash to exporters as bonuses, allowing them to sell certain U.S. dairy products at prices lower than the exporter’s costs of acquiring them.”¹²⁵ The US Dairy Export Council already receives \$4.1 million annually via MAP.
- The Export Credit Guarantee Program (ECGP) allows USDA to assist with “commercial financing of U.S. agricultural exports.” According to USDA, “The guarantees encourage exports

¹²⁰ Foreign Agricultural Service, website, “FY 2010 Emerging Markets Program Allocation, <http://www.fas.usda.gov/info/fiscal2010/EMP.asp>, Last Accessed on June 7, 2012.

¹²¹ Foreign Agricultural Service, website, “Fact Sheet: Quality Samples Program,” <http://www.fas.usda.gov/mos/programs/qspfact.asp>, Last Accessed on June 7, 2012.

¹²² Foreign Agricultural Service, website, “FY 2010 Quality Samples Program Allocation, <http://www.fas.usda.gov/info/fiscal2010/QSP.asp>, Last Accessed on June 7, 2012.

¹²³ Foreign Agricultural Service, website, “FAS Overseas Offices,” http://www.fas.usda.gov/ofso/overseas_post_directory/ovs_directory_search.asp, Last Accessed on June 7, 2012.

¹²⁴ Foreign Agricultural Service, website, “FY 2010 Technical Assistance for Specialty Crops Program Allocation, <http://www.fas.usda.gov/info/fiscal2010/TASC.asp>, Last Accessed on June 7, 2012.

¹²⁵ Foreign Agricultural Service, website, “Dairy Export Incentive Program,” <http://www.fas.usda.gov/excredits/deip/deip-new.asp>, Last Accessed on June 7, 2012.

to buyers in countries where credit is necessary to maintain or increase U.S. sales.”¹²⁶ As of January 2011, the program had \$1.6 billion available.¹²⁷

- The Facility Guarantee Program (FGP) “is designed to expand sales of U.S. agricultural products to emerging markets where inadequate storage, processing, or handling capacity limit trade potential. The program provides payment guarantees to finance commercial exports of U.S. manufactured goods and services that will be used to improve agriculture-related facilities.”¹²⁸

Overlap with other Federal agencies



It is safe to say that the Market Access Program’s efforts to promote international market development do not stand alone in the federal government. In fact, a review of government-wide international market development projects finds that XX government more than a half dozen agencies are involved in similar activities.

Below are a few other agencies, besides USDA, export marketing programs:

- **International Trade Administration:** The Department of Commerce maintains multiple efforts aimed at increasing U.S. exports, market development, and trade assistance. Most notably, the Department oversees the International Trade Administration and its Office of Commercial Services (OCS). According to ITA, “U.S. Commercial Service trade professionals in over 100 U.S. cities and in nearly 80 countries help U.S. companies get started in exporting or increase sales to

¹²⁶ Foreign Agricultural Service, website, Export Credit Guarantee Programs,” <http://www.fas.usda.gov/excredits/ecgp.asp>, Last Accessed on June 7, 2012.

¹²⁷ Foreign Agricultural Service, website, “GSM-102 Program,” <http://www.fas.usda.gov/excredits/ecgp.asp>, Last Accessed on June 7, 2012.

¹²⁸ Foreign Agricultural Service, website, “Fact Sheet: Facility Guarantee Program,” http://www.fas.usda.gov/info/factsheets/fgp_fact.asp, Last Accessed on June 7, 2012.

new global markets.” Much like MAP, OCS assists with developing “market intelligence,” “trade counseling,” “business matchmaking,” and “trade advocacy.”¹²⁹

- **Economic Development Administration (EDA):** Also within the Department of Commerce is the Economic Development Administration. EDA administers the Trade Adjustment Assistance for Firms, which as a “cost-sharing federal assistance program helps pay for projects that improve firms’ competitiveness.” Among its many efforts, the program assists export and market development, advertising and sales promotion development, and market research.
- **Small Business Administration (SBA):** Through its extensive network of regional offices, SBA offers the following finance options assistance options for companies looking to enter new export markets: Export Express, the Export Working Capital Program, and the International Trade Loan Program. Via its Office of International Trade, SBA also offers an array of assistance and counseling services for small businesses looking to maintain or expand into foreign markets.¹³⁰
- **United States Trade and Development Agency (USTDA):** An independent federal agency, USTDA’s mission “is to promote economic growth in developing and middle income countries, while simultaneously helping American businesses to export their products and services, thereby creating U.S. jobs.”¹³¹ With its International Business Partnership Program, the agency also promotes reverse trade missions, similar to those used by MAP recipients that allow foreign buyers to tour targeted industries.

Overseas Private Investment Corporation (OPIC):

- **Overseas Private Investment Corporation (OPIC) –** OPIC is an independent federal agency created in 1969 to fulfill investment and promotion activities for USAID. According to its mission, OPIC helps “U.S. businesses invest overseas, [it] fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. Foreign policy.”¹³² While OPIC is not tasked by law with supporting U.S. exports and job creation, the agency estimates its activities have generated \$74 billion in U.S. exports and have supported more than 275,000 jobs since beginning operations in 1971.¹³³ However, critics contend that the agency merely distorts markets. A recent analysis by the Congressional Research Service observed that, “Economists generally oppose the use of subsidized credits to promote trade or investment abroad. They believe such subsidies tend to distort the flow of capital and resources away from the most efficient uses. They

¹²⁹ International Trade Administration, website, U.S. Commercial Service, <http://www.ita.doc.gov/cs/>, Last Accessed on June 7, 2012.

¹³⁰ Small Business Administration, website, “Office of International Trade,” <http://www.sba.gov/about-offices-content/1/2889/resources>, Last Accessed on January 26, 2011.

¹³¹ United States Trade and Development Agency, website, “About USTDA,” <http://www.ustda.gov/about/>, Last Accessed on January 26, 2011.

¹³² Overseas Private Investment Corporation, website, “OPIC Overview,” <http://www.opic.gov/about-us>, Last Accessed on January 26, 2011.

¹³³ Shayerah Ilias, “The Overseas Private Investment Corporation: Background and Legislative Issues,” Congressional Research Service, March 28, 2012.

also believe that by promoting investment abroad, OPIC may be crowding out, and thereby reducing, some domestic investment.”¹³⁴

- **The Bureau of Economic, Energy, and Business Affairs (EEB):** An agency of the Department of State, EEB oversees International Finance and Development unit (IFB), Trade Policy and Programs (TPP), and the Office of Commercial and Business Affairs (CBA). Most notably, the CBA’s “mission is to ensure that private sector business concerns are fully integrated into U.S. foreign and economic policy, and engages U.S. government resources to assist and promote U.S. business interests overseas.”¹³⁵
- **Senior Visitor Business Liaison:** Also within the Department of State, Secretary Hillary Clinton has created the Senior Visitor Business Liaison. According to President Obama, this will require “every one of our embassies to create a senior visitors business liaison who will manage our export advocacy efforts locally, and when our ambassadors return stateside, we’ll ask them to travel the United States to discuss export opportunities in their countries of assignment.”¹³⁶ Similarly, USDA has Foreign Agricultural Service employees stationed around the world.¹³⁷
- **Export-Import Bank of the United States (Ex-Im):** According to the independent agency, its “mission is to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank enables U.S. companies — large and small — to turn export opportunities into real sales that help to maintain and create U.S. jobs and contribute to a stronger national economy.”¹³⁸

Overlap with state led efforts

Like the federal government, most states maintain aggressive international market development programs and initiatives. For instance:

- The Oklahoma Department of Commerce Oklahoma “maintains trade offices in Mexico, the Middle East (Israel), China, and Southeast Asia (Vietnam) and offers a variety of free services to help companies move into these and other markets.”¹³⁹ The Oklahoma Department of Agriculture’s Market Development Division, International Markets has “coordinators [who] specialize in assisting both buyers and sellers with information and technical advice when conducting foreign trade.”¹⁴⁰
- In Texas, “the International Business & Recruitment (IBR) Program helps Texas companies expand into foreign markets and to assist with recruiting foreign companies to Texas.” IBR also

¹³⁴ Shayerah Ilias, “The Overseas Private Investment Corporation: Background and Legislative Issues,” Congressional Research Service, March 28, 2012.

¹³⁵ United States Department of State, “Doing Business in International Markets,” <http://www.state.gov/e/eeb/cba/>, Last Accessed on January 26, 2011.

¹³⁶ Obama, President Barack, “Remarks by the President at the Export-Import Bank’s Annual Conference,” March 11, 2010, <http://www.whitehouse.gov/the-press-office/remarks-president-export-import-banks-annual-conference>, Last Accessed on June 7, 2012.

¹³⁷ Foreign Agricultural Service, website, “Country Information,” <http://www.fas.usda.gov/countryinfo.asp>, Last Accessed on January 26, 2011.

¹³⁸ Export-Import Bank of the United States, “Mission,” <http://www.exim.gov/about/mission.cfm>, Last Accessed on January 26, 2011.

¹³⁹ Oklahoma Department of Commerce, website, “FDI and Trade, Oklahoma Global Snapshot,” <http://www.okcommerce.gov/FDI-And-Trade>.

¹⁴⁰ Oklahoma Department of Agriculture, “Market Development (See International Programs),” <http://www.oda.state.ok.us/mktdev-section.htm#economic>, Last Accessed on June 7, 2012.

conducts trade missions and connects Texas businesses to upcoming international trade shows and seminars. Similarly, the Texas Department of Agriculture's "GO Texan" initiative recognizes and promotes Texas business development in international markets.¹⁴¹

- In New York, the "International Division of Empire State Development is New York State's international economic development agency. Our mission is to promote competitiveness and foster economic activity abroad in order to expand the State's presence around the world. With a vast network across the State and around the world, our division is New York State's global connection and international business resource."¹⁴² It also maintains dozens of offices around the world to further these efforts.

¹⁴¹ Texas Department of Agriculture, website, "About Go Texan," http://www.gotexan.org/gt/channel/render/items/0,1218,1670_19227_0_1682,00.html, Last Accessed on January 26, 2011.

¹⁴² State of New York, Empire State Development, website, "Welcome to Empire State Development's International Division," <http://www.empire.state.ny.us/International.html>, Last Accessed on January 26, 2011.

Whose interests are being served?

*“Government is intended to serve all the people, but the fact is that it serves those who participate most in the decision-making.”*¹⁴³

Blue Diamond Almond Growers, long time MAP recipient

By subsidizing a function that legitimately belongs in the private sector, Congress and Department of Agriculture have often chosen to reward the most well organized D.C. lobby and trade associations, building a powerful constituency that ensures the program’s continued growth.

K-Street or Main Street, USA?: Many recipients are active, Washington, DC based legislative lobbying organizations:^{144 145}

- American Peanut Council, headquartered in the Washington suburb of Alexandria, VA, receives over \$2 million annually from taxpayers for international market development.
- American Forest and Paper Association based in Washington, DC, receives over \$9 million from taxpayers to promote industry products outside the United States.
- American Hardwood Export Council based in Reston, VA receives \$8.4 million annually.
- American Seed Trade Association receives more than \$50,000 annually and is based in Alexandria, VA.
- Cotton Council International, based in Washington, DC, receives over \$18 million.
- Distilled Spirits Council, based in Washington, DC, receives nearly \$250,000 annually.
- National Confectioners Association, based in Washington, DC, receives \$1.3 million annually.
- National Renderers Association, based in Alexandria, VA received nearly \$1 million annually.
- Pet Food Institute, based in Washington, DC, receives \$1.3 million each year.
- U.S. Dairy Export Council, based in Arlington, VA, receives \$4 million annually.
- U.S. Dry Bean Council based in Washington, DC, receives \$1 million.
- U.S. Grains Council, Washington, D.C, receives over \$7 million.
- U.S Hide, Skin, and Leather Association, Washington, DC, receives \$76,000.
- US Wheat Associates, Arlington, VA, receives \$6 million.
- USA Rice Federation, Arlington, VA, receives \$2.8 million.

‘Bringing home the Bacon’ Regional product promotion and the Market Access Program¹⁴⁶

- American Sheep Industry Association based in Eagleton, CO receives \$410,300.
- National Potato Promotion Board based in Denver, CO \$5.2 million.
- America Soybean Association based in St. Louis, MO receives \$5.8 million.

¹⁴³ Blue Diamond Growers, “A Strong Voice for Almonds,” website, <http://www.bluediamond.com/index.cfm?navId=136>, Last Accessed on June 7, 2012.

¹⁴⁴ USDA and various trade association websites, “Total Available FY 2012 Funding for Market Access Program,” http://www.fas.usda.gov/mos/Funding/MAP_2012.asp, Last Accessed June 7, 2012.

¹⁴⁵ Johnson, Andrea, Minnesota Farm Guide: “Conner, Market Access Program needed to build exports,” May 31, 2012, Last Accessed May 8, 2012.

¹⁴⁶ Johnson, Andrea, Minnesota Farm Guide: “Conner, Market Access Program needed to build exports,” May 31, 2012, Last Accessed May 8, 2012.

- Florida Department of Citrus based in Lake Alfred, FL receives \$5.3 million.
- Western United States Agricultural Trade Association based in Vancouver, WA receives \$9.7 million

It pays to know your way around the Capitol:

In 2011, 23 lobbying organizations registered on behalf of program beneficiaries with the specific purpose of furthering funding for the Market Access Program. This includes prominent corporate brands like Sunkist and Blue Diamond Almond Growers.¹⁴⁷ This also includes the North American subsidiary of British-based Diageo, the “world’s leading premium drinks business” whose brands include Johnnie Walker, Crown Royal, Smirnoff, Baileys, Captain Morgan, Jose Cuervo, Tanqueray, and Guinness.¹⁴⁸

A closer inspection reveals that many beneficiaries are active, influential players on Capitol Hill:

Blue Diamond Growers

Blue Diamond Growers, previously mentioned in this report, is also a very active player on Capitol Hill.

In addition to employing lobbyists, its associated Blue Diamond Political Action Committee has given more than \$225,000 over the past three election cycles to Federal candidates. According to an industry expert, “It [Blue Diamond] has the size and political clout to go to Washington to get the Foreign Agricultural Service and members of Congress and the White House to go to bat for them.”¹⁴⁹ It tells its members:

- “Government is intended to serve all the people, but the fact is that it serves those who participate most in the decision-making.”
- “Blue Diamond has long been active in government affairs with good results for you and your cooperative. However, politics is getting tougher as government budgets decline and interest groups scrap over a shrinking pie. To maintain a strong voice in government, Blue Diamond needs your participation in the Issues Action Program (IAP).”
- “Blue Diamond helped save USDA’s export promotion program. The Market Access Program will provide \$2.5 million a year in matching funds for almond export development.”

National Association of State Departments of Agriculture (NASDA)

NASDA’s executive director is a former Chief of Staff to the House Agriculture Committee and played a part in drafting the 2002 Farm Bill, the same bill that authorizes MAP.¹⁵⁰ Senior staff also includes a former congressional staff member



¹⁴⁷ United States Senate, Lobbying Disclosure Act Searchable Database, <http://soprweb.senate.gov/index.cfm?event=selectfields>, Last Accessed on June 7, 2012.

¹⁴⁸ Diageo, “About Us,” <http://www.diageo.com/en-ie/ourbusiness/aboutus/pages/default.aspx>, Last Accessed on January 20, 2012.

¹⁴⁹ Wasserman, Jim, Sacramento Bee, “Blue Diamond Growers Bank on China, India,” August 10, 2010, <http://www.scrippsnews.com/content/blue-diamond-almond-growers-bank-china-india>.

¹⁵⁰ National Association of State Departments of Agriculture, “Directory: Steven Haterius, Executive Director,” <http://www.nasda.org/cms/7195/9474/17027.aspx>, Last Accessed on January 26, 2011.

who assisted in the drafting of the 2008 Farm Bill conference report.¹⁵¹

In a recent letter to congressional appropriators, NASDA's president writes:

"We urge conferees to fully fund the **Market Access Program (MAP)** at \$200 million and maintain support for the MAP Branded Products Promotion Program. Additionally, we ask that the Conferees retain the following language from the Senate Committee Report in support of the MAP Branded Products Promotion Program: "*The Committee continues the full mandatory funding for the Market Access Program and expects the Department to administer the program as authorized in 7 U.S.C. 5623, without changing the eligibility requirements for participation of cooperative organizations, small businesses, trade associations, and other entities.*"¹⁵²

Wine Institute

While it promotes California's lucrative wine export industry, by its own admission, the Wine Institute also acts as the industry's voice in the legislative process.

The Institute lists "representation of industry in legislative matters," as one of only two key missions of the organization.¹⁵³ Additionally, the Institute is also a major contributor to a political action committee that gives "to candidates of both parties that are in a position to affect a positive influence on the California wine industry."¹⁵⁴



The California-based institute, with an office just blocks from the White House in Washington, D.C., holds an annual meeting where "members meet with Congressional leaders in the Capitol and host a reception in the Great Hall of the Library of Congress."

Brewers Association, Inc.

The Brewers Association (BA), Inc., a MAP recipient since 1994, offers its members a tutorial on how to build relationships and make personal connections with Members of Congress and their staff, what types of gifts are allowable, and tips on arranging tours of local breweries with Congressmen and Senators. It offers this succinct advice to its members: "Some members of Congress choose not to accept any type of gift and may politely decline. There is no rule, however, against showing them to a good table if they want to stay and buy themselves dinner at your establishment!"¹⁵⁵

¹⁵¹ National Association of State Departments of Agriculture, "Directory: Nathan Bowen, Manager of Legislative and Regulatory Affairs," <http://www.nasda.org/cms/7195/9474/20811.aspx>, Last Accessed on June 7, 2012.

¹⁵² National Association of State Departments of Agriculture, "NASDA Send Letter to Appropriators," September 10, 2009, <http://www.nasda.org/cms/7196/20728/20741/23863.aspx>, Last Accessed on June 7, 2012.

¹⁵³ Wine Institute, Tax Form 990, 2008, Page 2, Accessed via Guidestar, <http://www.guidestar.org/FinDocuments/2009/940/987/2009-940987020-05afaa65-90.pdf>

¹⁵⁴ Wine Institute, Tax Form 990, 2008, Page 14, Accessed via Guidestar, <http://www.guidestar.org/FinDocuments/2009/940/987/2009-940987020-05afaa65-90.pdf>.

¹⁵⁵ Brewers Association, "Connect with Elected Officials," <http://www.brewersassociation.org/pages/government-affairs/connect-with-elected-officials>, Last Accessed on January 11, 2011.

BA Members are also encouraged to contact their Representatives and urge them to join the newly created (2007) House Small Brewers Caucus.¹⁵⁶

Do existing industry trade associations, and current MAP recipients, have the resources to promote their own products?

As one MAP recipient noted: “... many of the industry trade associations that receive MAP dollars base big chunks of their annual operating budgets and employee salaries on MAP receipts. Hell hath no fury like a MAP recipient with a threatened export promotion program.”¹⁵⁷

A closer examination reveals the trade associations’ have sufficient resources to offer association members MAP-like benefits on their own :

- **American Forest and Paper Association:** Representing an industry that produces “about \$175 billion”¹⁵⁸ in products each year and whose members include industry giants like Georgia-Pacific and Domtar, the AFPA has twelve employees who earn more than \$100,000 each, including seven employees who earn more than \$200,000. The trade organization also has four contractors who earn more than \$200,000 each.¹⁵⁹
- **U.S. Wheat Associates, Inc.:** The United States is the world’s largest exporter of wheat.¹⁶⁰ Federal subsidies account for 74 percent of the trade association’s nearly \$17 million revenues.¹⁶¹¹⁶² According to most recent non-profit filings, the Arlington, VA based organization spends about \$3.4 million on employee compensation, with seven key employees earning more than \$100,000.¹⁶³ It reports assets of \$6.8 million.
- **The Wine Institute-** Representing a California wine industry that holds a dominant domestic market position that already accounts for 90 percent of American wine exports, the Wine Institute sits in an enviable position.¹⁶⁴ The Institute, with more than \$20 million in organizational revenues, maintains a senior staff that includes 8 employees who make more than \$100,000 annually or more than \$2.6 million. The Institute’s President earns more than \$1.1 million annually.¹⁶⁵

¹⁵⁶ Brewers Association, “House Small Brewers Caucus,” <http://www.brewersassociation.org/pages/government-affairs/house-small-brewers-caucus>, Last Accessed on January 11, 2011.

¹⁵⁷ National Renderers Association, Render: The International Magazine of Rendering, “Balancing the Budget Axe,” April 2011, Page 6, <http://render-site.s3.amazonaws.com/issues/Apr11Render.pdf>, Last Accessed on June 7, 2012.

¹⁵⁸ American Forest and Paper Association, “Economic impact,” <http://www.afandpa.org/ourindustry.aspx?id=35>, Last Accessed on June 7, 2012.

¹⁵⁹ American Forest and Paper Association, Tax Form 990, 2008, Pages 8-10, Accessed via Guidestar, Wine Institute, Tax Form 990, 2008, Page 2, Accessed via Guidestar, www.guidestar.org.

¹⁶⁰ U.S. Wheat Associates, “Long Term Investment in Export Market Development Yields Excellent Returns to US Wheat Producers,” Page 1, [http://www.uswheat.org/reports/annualReport/doc/00FB842AE7FAA568852577BB004964B7/\\$File/USW%202009-2010%20Annual%20Report.pdf?OpenElement#](http://www.uswheat.org/reports/annualReport/doc/00FB842AE7FAA568852577BB004964B7/$File/USW%202009-2010%20Annual%20Report.pdf?OpenElement#), Last Accessed on June 7, 2012.

¹⁶¹ U.S. Wheat Associates, “About Us: Focused on Export Market Development,” <http://www.uswheat.org/usWheat>, Last Accessed on January 27, 2011.

¹⁶² US Wheat Associates, Tax Form 990, 2009, Page 1, Accessed via Guidestar, www.guidestar.org.

¹⁶³ US Wheat Associates, Tax Form 990, 2009, Page 9, Accessed via Guidestar, www.guidestar.org.

¹⁶⁴ The Wine Institute, website, “US Wine Exports Surpass \$1 Billion in 2008,” <http://www.wineinstitute.org/resources/exports/article394>, Last Accessed January 26, 2011.

¹⁶⁵ Wine Institute, Tax Form 990, 2008, Page 20, Accessed via Guidestar, <http://www.guidestar.org/FinDocuments/2009/940/987/2009-940987020-05afaa65-90.pdf>

- **The Distilled Spirits Council of the United States-** The Council, whose members include prominent brands like Bacardi, Beam Global (Jim Beam, Makers Mark and Courvoisier), Brown-Forman (Jack Daniels, Canadian Mist, and Korbel), and Diageo (Jose Cuervo, Captain Morgan, Smirnoff, and Guinness), has 7 senior staffers who each earn more than \$200,000 annually, including its president who is paid \$1.75 million. Of note, the salary of the organization's president is nearly ten times the amount the council receives for market promotion from taxpayers. In a recent annual filing for non-profit organizations, the Council also reported spending \$1.7 million on lobbying, \$818,598 on "government relations," more than \$160,000 on entertainment, and \$454,934 on "conferences, conventions, and meetings."

Is the program effective?

“Questions remain about the overall economic benefits derived from MAP funding... In addition, the evidence from market-level studies is inconclusive regarding MAP’s impact on specific commodities in specific markets.”¹⁶⁶

Government Accountability Office, April 1999

While it is apparent that program duplication and wasteful allocations are preventing the program from operating at peak efficiency, is there any evidence that the program is effective?

USDA and program beneficiaries obviously believe so.

The Western United States Agricultural Trade Association, which has received over \$113 million in MAP funds since 1999, tells applicants that its branded program (reimbursement of expenses for the promotion of specific brands) has a return on investment of 20 to 1.¹⁶⁷

USDA points to an agency financed study that says “the increase in market development spending since 2002 increased U.S. export market share by 1.3 percentage points and the annual value of U.S. agricultural exports by \$6.1 billion.”¹⁶⁸

Market Failure?

In defense of its foreign “market development” programs, the USDA points to an “independent” study that reveals the programs’ “positive and significant impact on U.S. agricultural trade.”¹⁶⁹ The study, which was paid for by the USDA, focuses on the perceived “market failures” that point to a continued need for federal subsidization of private commercial activities. It concludes:

“From an economic standpoint, the federal role in agricultural market development is justifiable if two conditions are satisfied. Firstly, there should exist a *market failure*, which leads commodity-specific trade organizations to underinvest in export promotion compared with the socially optimal level. Secondly, there must be a compelling public interest that would justify firms to promote more.”¹⁷⁰

¹⁶⁶ Government Accountability Office, “Agricultural Trade: Changes Made to Market Access Program But Questions Remain on Economic Impact,” April 1999, Page 2, <http://www.gao.gov/archive/1999/ns99038.pdf>.

¹⁶⁷ Western United States Agricultural Trade Association: “International Promotional Funding Opportunities via the MAP Branded & Generic Programs in 2011,” <http://www.wusata.org/tutorials/Branded%20seminar%202011.pdf> page 19, Last accessed on January 21, 2011.

¹⁶⁸ Foreign Agricultural Service, website, Independent Study Concludes USDA Market Development Programs Added Billions to U.S. Exports in 2009,” May 19, 2010, http://www.fas.usda.gov/scriptsw/PressRelease/pressrel_dout.asp?Entry=valid&PrNum=0124-10, Last Accessed on June 7, 2012.

¹⁶⁹ Foreign Agricultural Service, website, Independent Study Concludes USDA Market Development Programs Added Billions to U.S. Exports in 2009,” May 19, 2010, http://www.fas.usda.gov/scriptsw/PressRelease/pressrel_dout.asp?Entry=valid&PrNum=0124-10, Last Accessed on June 7, 2012.

¹⁷⁰ Foreign Agricultural Service, website, Independent Study Concludes USDA Market Development Programs Added Billions to U.S. Exports in 2009,” May 19, 2010,

How long does a “market failure” last?

If overcoming a perceived “market failure” on the part of “commodity specific trade associations” is the goal, as the USDA points to as a justification for the program, eventual graduation from the program would appear to be an important measure of effectiveness.

Yet, data provided by the Congressional Research Service indicates that of the 76 associations or cooperatives that have received assistance from 2000-2010, 57 received it all 10 years. Many of the associations have been subsidized since the inception of the program and its predecessors dating back three decades, including Cotton Council International and the Wine Institute.¹⁷¹

What are the objectives of the program?

According to USDA, “MAP encourages the development, *maintenance*, and *expansion* of commercial export markets for agricultural commodities.(emphasis added)”

Similarly, the 1996 Farm Bill (which amended the original authorizing law for MAP) said that USDA’s agricultural export promotion programs “shall encourage the *maintenance*, development, and *expansion* of export markets for United States agricultural commodities and related products, including high-value and value-added products.”¹⁷²

As both the Congress and Department have made the maintenance (holding ground) and expansion of export markets (gaining ground) clear program objectives, export market share should be a key measurement in determining the effectiveness of the program.

How does the program measure up?

In an audit of the program’s administration and effectiveness, the USDA Inspector General has raised serious concerns. In responding to USDA’s criticism a draft IG report in 2007, the IG noted that while the dollar value of exports did rise between 1990 and 2005, “the nation’s market share of global agricultural exports declined by 32 percent.” The IG goes further, noting: “At the same time, those of other exporting nations such as China, Japan, and the European Union (EU) increased significantly.”¹⁷³

The IG concludes: “FAS (USDA) officials have not presented a balanced assessment of U.S. exports in the global market.”

http://www.fas.usda.gov/scripts/PressRelease/pressrel_dout.asp?Entry=valid&PrNum=0124-10, Last Accessed on June 7, 2012.

¹⁷¹ Congressional Research Service, charts provided to Office of Senator Tom Coburn, January 14, 2011 and March 2, 2011.

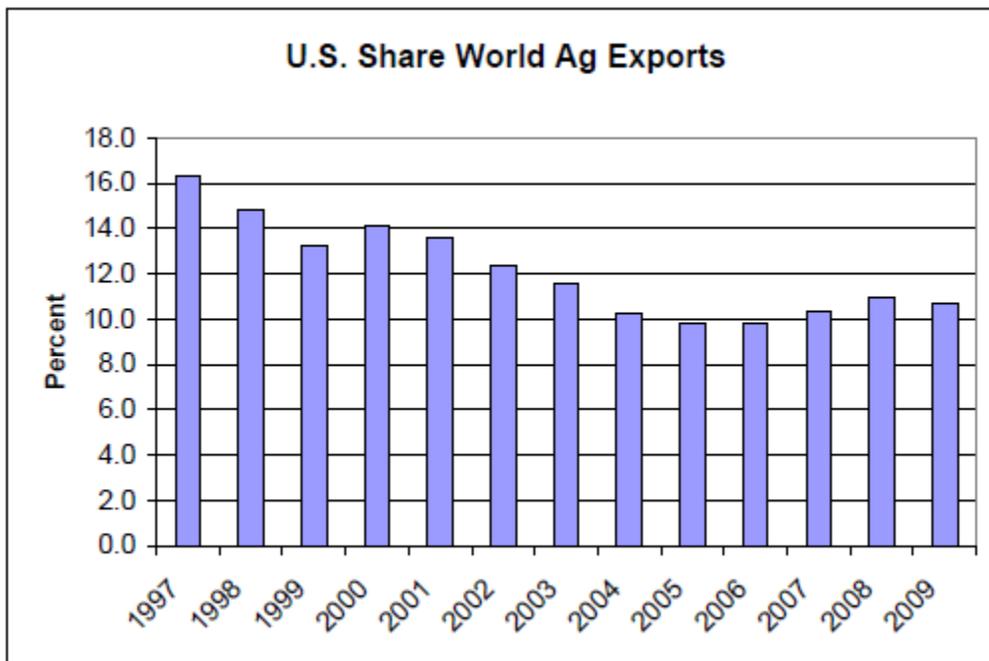
¹⁷² Federal Agriculture Improvement and Reform Act of 1996, Page 77, http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=104_cong_public_laws&docid=f:publ127.104.pdf, Last Accessed on June 7, 2012.

¹⁷³ United States Department of Agriculture, Office of Inspector General (Southeast Region), “Audit Report: Foreign Agricultural Service Implementation of the Trade Title of the 2002 Farm Bill and the 2002 President’s Management Agenda,” Page I, March 2007, <http://www.usda.gov/oig/webdocs/50601-12-AT.pdf>, Last Accessed on June 7, 2012.

Similarly, the Government Accountability Office expressed similar concerns in a 1999 review of the program noting,

“Questions remain about the overall economic benefits derived from MAP funding. FAS estimates of MAP’s macroeconomic impact are overstated because they rely on a methodology that assumes that the resources used were not employed prior to the funding. We note that this is inconsistent with Office of Management and Budget (OMB) cost/benefit guidelines. In addition, the evidence from market-level studies is inconclusive regarding MAP’s impact on specific commodities in specific markets.”¹⁷⁴

Though inconclusive and in need of further study, data provided by the Congressional Research Service (CRS) also raises serious questions about the program’s macroeconomic impact. CRS indicates that the United States’ market share of global agricultural exports has slipped from 16.3 percent in 1997, to 10.7 percent in 2009.¹⁷⁵



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¹⁷⁴ Government Accountability Office, “Agricultural Trade: Changes Made to Market Access Program But Questions Remain on Economic Impact,” April 1999, Page 2, <http://www.gao.gov/archive/1999/ns99038.pdf>, Last Accessed on June 7, 2012.

¹⁷⁵ Data and Chart provided by Mike Donnelly, Congressional Research Service, February 8, 2011.

¹⁷⁶ Data and Chart provided by Mike Donnelly, Congressional Research Service, February 8, 2011.

Conclusion

The time has come for Congress to end the Market Access Program.

As this report has demonstrated, the Market Access Program has become a poster child for Washington's wasteful spending habits and Congress' inability to perform rigorous oversight of federal programs.

Congress should not pick winners and losers in our marketplace. It should get out of the business of subsidizing private sector advertising and promotion, and rewarding influential Washington, D.C trade associations. This is not an appropriate role for the federal government to play.

Rather than arbitrarily picking influential trade associations that can afford to help themselves, random products, or sectors of our agricultural economy to advantage, Congress should instead focus on policies that benefit all agricultural producers, including flattening the tax code to ensure that all American entrepreneurs are treated fairly (and not just those with influence in Washington) and advancing a more effective trade policy that truly open doors to new markets. Surely, the dozens of federal programs tasked with improving trade and ensuring fair market access can do better.

It is also time to get rid of those direct and indirect subsidies that drive up input costs for small businesses. To the candy makers clamoring for MAP assistance, the better solution is to get rid of a self-defeating sugar subsidy policy that artificially drives raw sugar prices up and places all American confectioners at a competitive disadvantage. Similarly, the costly renewable fuels mandate has made life incredibly difficult for the American livestock industry competing for the same feedstock.

Congress has a responsibility to decide if funding multiple, overlapping market export programs is the most efficient way to achieve the stated objectives of each program.

Finally, and perhaps most important, Congress must decide if it will continue to spend billions on a program to expand exports markets, that has actually seen American agricultural exports lose ground to foreign competitors.

MAP is a well meaning program. American agricultural producers have been harmed by poorly conceived federal policies for decades. Picking up the advertising and market development tab for trade associations and their members is not the answer.

Appendix A- California Wine Institute Expense Reimbursement Form



MAP TRAVEL EXPENSE SUMMARY

REF #: _____

TRIP SUMMARY	
<i>Complete one form for each traveler per show</i>	
♦ <i>Attach Travel Notification, Trip Report, Comparable Quote for Airfare (if applicable) and Copy of Exhibitor Listing from show catalog.</i>	
Name and Title of Traveler	
Company Name	
Name of International Trade Show	
Dates of Trade Show	
FLIGHT INFORMATION	
♦ <i>Attach passenger receipt or E-kt receipt, flight itinerary and proof of payment.</i>	
Cost of international airfare (Maximum reimbursement 50% of full fare economy or the cost of the actual ticket whichever is less).	
AIRFARE:	\$
LODGING EXPENSES	
♦ <i>Attach itemized hotel bill and proof of payment.</i>	
A) The nightly hotel room rate including taxes paid in U.S. dollars.	\$
B) The published per diem lodging rate for this city for the month of the show. For rate see: http://aoprals.state.gov/content.asp?content_id=184&menu_id=78	\$
C) Eligible hotel rate - Of the rates listed for A and B, list the lower amount per night	\$
D) The number of nights. List the number of nights the traveler stayed at the hotel that fall between the parameters of 2 days before and 1 day after the show dates.	
TOTAL ELIGIBLE LODGING (C x D):	
\$	
MEALS & INCIDENTALS	
♦ <i>Receipts are not required</i>	
E) Per Diem M&IE rate for the trade show city for the month of the show. For rate see: http://aoprals.state.gov/content.asp?content_id=184&menu_id=78	\$
F) Number of days eligible for full M&IE = (D minus 2 days)	
G) Amount of full M&IE allowance = E x F	\$
H) Number of days eligible for 75% M&IE allowance	2
I) Amount of 75% M&IE allowance = (E x 2) x 75%	\$
M&IE TOTAL (G & I):	
\$	
TOTAL TRAVEL EXPENSES	
J) GRAND TOTAL AIRFARE, LODGING, AND M&IE	\$
Transfer the GRAND TOTAL amount from line J to EXPENSE SUMMARY SHEET. If this travel expense is your only expense, transfer GRAND TOTAL directly to the TRANSMITTAL FORM.	