

STATEMENT
BY
FOOD EXPORT - MIDWEST
AND FOOD EXPORT - NORTHEAST

TO THE UNITED STATES HOUSE OF
REPRESENTATIVES

COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN
AGRICULTURE

FEBRUARY 28, 2017

Good afternoon, Mr. Chairman. My name is Tim Hamilton, and I am Executive Director of Food Export - Midwest, and Food Export - Northeast. These are State Regional Trade Groups that offer services to help small and medium U.S. food and agricultural companies promote their products in foreign markets. We commend you, Mr. Chairman, and members of the committee, for holding this hearing and appreciate this opportunity to share our work.

The organizations I represent are associations of the 22 Midwestern and Northeastern state departments of agriculture. Like our counterparts in the West and South, we work with our member states using MAP Funds to increase the number of food and agricultural companies that export, and to help current exporters increase the volume and value of their sales.

We focus almost exclusively on helping small companies. Many of these firms are family owned. Most of them are food processors that use ag.commodities as inputs which they turn into finished goods for export. They are located in both rural and urban locations. What they all have in common is that they are made from U.S. agricultural products.

Food and agricultural producers are challenged to find growth opportunities here at home. At the same time, emerging markets overseas offer tremendous growth potential for these U.S. producers, if only companies know about these markets and how to take advantage of them.

Even among firms who want to export, they are uncertain how to proceed. Small firms are often reluctant, unsure of how to do business in another language, another currency, another culture. With support from MAP, we provide education and training to help them target their best markets, and overcome whatever hurdles they face.

Once export ready, their first challenge is to find customers: We arrange meetings with qualified international buyers. We offer technical support at international trade

shows, making sure companies are prepared with appropriate pricing, translations, market research, competitor data, and introductions to the right foreign customers. By preparing them ahead of time, we significantly improve their chances for success.

Like in the U.S., it is essential that exporters promote their products in these competitive markets. Our promotional support can help these firms get their products established and increase their market share. This support includes advertising, demonstrations, trade show costs, label modifications, and others. It is all made possible through MAP funding, and is done on a cost-share basis, with companies investing at least 50% of the costs.

During 2015, with support from MAP, Food Export-Midwest and Northeast have assisted 1,406 different firms, most of them small businesses. They reported more than \$1.5 billion in new export sales, and project nearly double that in additional sales over the next year. These companies reported 563 new jobs because of this program, and we estimate that their overall export sales support nearly 12,000 new or existing jobs.

American Popcorn Sioux City, Iowa

American Popcorn Company was founded in 1914 in Sioux Falls, IA and is still family owned and operated today. Many of their competitors have been acquired by large food conglomerates. The company counts their 170 employees and many multi-generational growers throughout the region as part of their extended family, some dating back to the 1930s. Their growers are based in Iowa, Nebraska and South Dakota so their economic impact extends across the region.

A main factor of their success has been exporting. With support from the MAP, their Jolly Time brand popcorn is now sold in 35 countries, and their export sales have grown from \$2 million to \$11 million, and comprises over 10% of their total revenue.

That growth had led to a 10% increase in their number of employees and helped support a new production facility. Their economic impact in Western Iowa is significant, and they attribute their export success to support from the Market Access Program.

Bassetts Ice Cream Philadelphia, PA

Bassetts Ice Cream is a fifth-generation family business and a Philadelphia tradition since 1861. In 2008 Bassetts was selling around \$12,000 of their ice cream in China. With help from Food Export – Northeast supported by MAP, Bassetts now generates \$2 Million annually in export sales, accounting for 25% of their revenues.

This export growth has led to hiring new staff and expansion of their production line. Purchases of milk and cream have grown by 25%, benefitting many Pennsylvania dairy farms. The first container of Bassetts ice cream just arrived in Korea this month and

they have talks taking place with buyers in the UAE and other mideastern countries.

This is a prime example of the Market Access Program providing economic benefit for both rural and urban communities. As a small regional ice cream manufacturer, international sales would not be possible without the Market Access Program.

**Schafer Fisheries
Thomson, Illinois**

Schafer Fisheries, Inc., located in Northwestern Illinois' 17th Congressional District, is a wholesale/retail distributor of fresh fish and frozen seafood. This family owned business, established in 1954, purchases and processes fresh fish caught by over 100 commercial fishermen within a 1,000 mile radius. They have broad U.S. distribution and now sell internationally. Schafer has used services offered through Food Export – Midwest and funded by MAP to grow their export sales from \$85,000 to \$2,000,000 over the past decade.

Since they started exporting they have added 6 new employees and they are currently selling to 16 countries and considering expansion with a new plant. They attribute their export success to the Market Access Program.

**US Greens
Larned, KS**

U.S. Greens is a family-owned and operated manufacturing company that has been producing and processing greens since 1946 in Larned, KS in the state's 1st Congressional District. They provide premier nutritional powdered greens for commercial resale and production included alfalfa, barley grass and wheat grasses. Four years ago with support from the Market Access Program they began to explore international markets and in a short time they have gained over \$200,000 in export sales. This growth contributed to their need for a new milling center Bonner Springs, KS.

Many of the jobs that are supported by agricultural exports are intrinsically U.S. jobs. They cannot be outsourced overseas. They are tied to farm production in the U.S. The products are grown here, and they are processed here. If we are able to maintain our overseas markets, then these jobs will be held by Americans. If we lose these overseas markets, then we risk losing these jobs to our competitors in China, Europe and elsewhere.

In our work with international customers, we are constantly reminded of the extensive and increasing support that our competitor nations offer. Our competitors receive substantially more public support than do U.S. farmers. A 2013 study showed that in 2011, competing government support for agricultural exports from just 12 European countries and the EU central government was \$700 million per year. For comparison, the U.S. budgets approximately \$235 million annually in public funds through MAP and FMD for agricultural export development. A 2016 study of our competitors showed that the EU allocates \$255 million annually just to promote wine.

But what we are doing is not enough. More than 95% of U.S. companies do not export. As our competitors ramp up their efforts, we need additional support. U.S. food and agricultural products are recognized around the world for being safe, high quality and innovative. This is a real opportunity for our country.

Every day, we see small U.S. companies successfully entering that global marketplace that they were previously unaware of, or fearful of. And we hear from them day after day, that most of them could not have done it without the support made possible from the MAP program.

The rhetoric around trade has become complex and highly charged. But the simple fact is that EXPORT trade remains critically important to American agriculture. We need to market our farm products aggressively against broad foreign competition, and export programs like the MAP are the tools that agriculture needs to remain competitive. Additional MAP resources can help us reach more firms, increase jobs in the U.S., become competitive overseas and maintain our market share.

U.S. agriculture must be aggressive in competing overseas in order to maintain our industry at home. Our nation's exports of food and agricultural products can continue to be a major success story. This is not the time to cut back on these efforts. It is a chance to take advantage of these global opportunities, and provide the support and incentive that companies, including small companies, need to pursue these markets, build sales, and put Americans to work.

Mr. Chairman and members of the committee, I encourage you to support efforts that continue to boost America's food and agricultural exports, including MAP, that support our farmers, our small businesses, and the Americans that produce these outstanding products. Thank you.