

**TESTIMONY OF  
MICHAEL J. WOOTTON  
COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS  
AND  
THE NATIONAL COUNCIL OF FARMER COOPERATIVES**

**BEFORE THE  
HOUSE AGRICULTURE COMMITTEE  
SUBCOMMITTEE ON RURAL DEVELOPMENT, RESEARCH, BIOTECHNOLOGY, AND  
FOREIGN AGRICULTURE**

**APRIL 7, 2011**

Good morning, Mr. Chairman, Ranking Member Costa, and Members of the Subcommittee. My name is Michael Wootton. I am Senior Vice President of Sunkist Growers, and am pleased also to be testifying as Chairman of the Coalition to Promote U.S. Agricultural Exports and on behalf of the National Council of Farmer Cooperatives.

On behalf of Sunkist's grower-members, and the more than two million farmers and ranchers who belong to farmer cooperatives, I appreciate this opportunity to submit testimony regarding our vital export promotion programs, and respectfully request that this statement be made part of the official hearing record.

Sunkist Growers is a 118 year-old agricultural marketing cooperative owned and governed by 4,000 citrus growers in California and Arizona. The average size of their family farms is approximately forty acres. Their Sunkist cooperative markets their citrus both in the U.S. market and internationally under the Sunkist brand.

Farmer cooperatives across the country offer their farmers an opportunity to market their products and compete in a global marketplace. Cooperatives, through collective resources, enable individual farmers, who do not have the resources or production volume

individually to access and successfully compete in foreign markets with their U.S.-grown products. Earnings from these overseas sales then flow back to the farmer-owners in the form of increased patronage dividends and help lower our U.S. trade deficit.

The Coalition to Promote U.S. Agricultural Exports is a coalition of over 150 organizations, representing U.S. farmers and ranchers, fishermen and forest product producers, cooperatives, small businesses, regional trade organizations, and the State Departments of Agriculture (see attached). The Coalition believes the United States must continue policies and programs that enable American agriculture to compete effectively in a global marketplace still dominated by unfair foreign subsidies and access restrictions.

The farm revenues and economic well-being of our agricultural sector depend heavily on exports, which account for over 25% of U.S. farm cash receipts, provide jobs for over one million Americans, and make a positive contribution to our nation's overall trade balance. The support provided by USDA's Market Access Program (MAP) is essential to our export health.

As important as agriculture is to our balance of trade, unfair foreign competition remains a growing problem in foreign outlets and here at home. In the fruit and vegetable sector, for example, which includes a large number of MAP cooperators, foreign competitors have made extraordinary in-roads over the past decade. As a result of open U.S. trade policies, half of all fresh fruits and vegetables consumed in the U.S. are now of foreign origin.

The in-roads made by Spanish Clementine Mandarins in our domestic market are illustrative. Spanish producers, assisted by EU trade promotion initiatives and other forms

of subsidy assistance, began shipping large volumes of Mandarins into the U.S. market in recent years. Their in-store promotions and attractive packaging enabled them to seize a high-value share of the U.S. market and reduce returns for American producers.

The scope and cost of their marketing activities has been alarming. Spanish exporters, which are producing citrus in a high-cost, developed nation and incurring significant transport costs to move their product thousands of miles into U.S. grocery stores, have been able to deliver to U.S. consumers a product with extremely expensive packaging at a competitive price against California citrus produced near Mr. Costa's district.

These Spanish producers are not so competitive that they can defy the laws of economics. Their main advantage is clear: they are receiving extensive EU and national support to sell and promote their product abroad. According to the EU's most recent WTO notification, the EU is providing over \$1.4 billion in marketing and advertising activities to support its agricultural sector. Just last month, the EU Parliament passed a resolution urging the EU to commit even greater resources to promote agricultural exports. The EU and its 27 nations are clearly persuaded that government-supported export promotion is essential to growing exports in the agricultural arena.

Other foreign competitors are funding large promotional activities as well. USDA's Foreign Agricultural Service (FAS) issued a report late last year on China's programs in this area. That report states that in China, "industry associations, **most with government support**, are active in most areas, and their presence is often critical to success." The report observes that in cases of runaway export success stories out of China, the critical factor is usually a strong, government-supported program.

American agricultural producers, including our 4,000 growers, are confident of their ability to compete around the world based on quality and, in our case, the asset of brand identity. But we cannot compete against foreign farmers standing on the broad shoulders of their national treasury.

Our export programs have long recognized this reality. The predecessor of the Market Access Program, the Targeted Export Assistance (TEA) Program, was a bipartisan program signed into law in 1985 by President Ronald Reagan and expressly designed to counter unfair foreign activities. As unfair foreign trading practices have grown over time, MAP has been the only means for many in American agriculture to counteract the harm.

As a so-called “green box program,” MAP is among the few tools specifically allowed under WTO rules to help American farmers and exporters remain competitive in a global marketplace still dominated by unfair foreign competition. Though MAP’s authorization has been as high as \$325 million annually over the long life of this program, its current funding level of \$200 million annually was authorized nearly ten years ago under the 2002 Farm Bill and saw no increase under the current bill. The program is efficiently administered on a cost-share basis, with farmers and other participants required to contribute up to 100 percent match of their own resources. Those participants can only include small businesses, non-profit U.S. agricultural trade associations, non-profit U.S. agricultural cooperatives and non-profit state-regional trade groups.

By any measure, MAP and other USDA trade promotion programs have been tremendously successful and cost-effective in maintaining and expanding U.S. agricultural

exports, creating American jobs, and strengthening farm income. A recent independent USDA-commissioned audit of MAP and other USDA trade programs prepared by IHS Global Insight, Inc. (the world's largest economic analysis and forecasting firm) confirmed that MAP uses government funds to supplement, not replace, industry funds. According to the report, the increase in market development spending by government and industry from 2002-2009 enlarged U.S. market share and increased the annual value of U.S. agricultural exports by \$6.1 billion. This equates to \$35 in agricultural export gains for every additional \$1 expended, **a 35 to 1 return on investment.**

The report also showed that from 2002-2009, export gains associated with the programs increased average annual farm cash receipts by \$4.4 billion and net cash farm income by \$1.5 billion. It further confirmed that, due to higher prices from increased demand abroad, U.S. domestic farm support payments were reduced by roughly \$54 million annually, thus reducing the net cost of these U.S. programs.

As noted, because, non-trade distorting market promotions are permitted under WTO rules, and are not expected to be subject to disciplines under any final Doha agreement, market promotion is increasingly seen as a centerpiece of a winning agricultural strategy in developed nations and developing ones alike. A great many competitor countries have announced ambitious trade goals and are shaping export strategies based on strong government promotion programs. European countries are expanding their promotional activities in Asia, Latin America, and Eastern Europe. Canada, Australia, New Zealand, and Brazil have budgeted significant investments in export promotion expenditures worldwide in recent years. And, even as market promotion programs expand into global markets, a significant portion of foreign market promotion money will continue to be carried out here in the United States at our local supermarkets.

As an approved USDA Cooperator organization, Sunkist Growers has seen first-hand how MAP can make a large difference in counteracting the effects of this pervasive foreign assistance. With matching monies, our MAP-funded activities increased lemon sales in Japan by 13.4% over the life of the campaign, increased lemon sales in China and Hong Kong in 2009 by 195% compared to 2008, and increased orange sales in Singapore by 127% over the life of the campaign.

These examples, and others like them from a host of other cooperators, are the tangible benefits of sound public policy. They have been made possible because Congress and every Administration since Ronald Reagan's have recognized that global agriculture is heavily impacted by foreign governments. American producers cannot succeed without a reasonable partnership with our government. To give up this supportive partnership is to cede the playing field to foreign producers and the governments that stand behind them.

If American agriculture is to remain globally competitive, the Coalition to Promote U.S. Agricultural Exports believes the Administration and Congress should ensure the strength of MAP and the other valuable export programs as part of a robust trade component in the new Farm Bill and encourage their aggressive utilization. We further believe the current system of funding under these FAS programs, based upon the competitive merit of each applicant proposal, works well and should not be changed. We do not believe that targeting funds to specific sectors is necessary or prudent.

Thank you again for the opportunity to testify today before the Committee and for your leadership on U.S. agriculture exports. We ask that the Market Access Program and our

other vital FAS programs be sustained to help ensure the competitiveness of American producers in the increasingly competitive global marketplace.

**COALITION TO PROMOTE U.S. AGRICULTURAL EXPORTS**  
**MEMBERSHIP**  
**2011**

Alaska Seafood Marketing Institute	Florida Citrus Processors Association
American Cotton Exporters Association	Florida Department of Citrus
American Cotton Shippers Association	Florida Fruit & Vegetable Association
American Farm Bureau Federation	Florida Peanut Producers Association
American Feed Industry Association	Food Export Association of the Midwest USA
American Forest and Paper Association	Food Export USA - Northeast
American Hardwood Export Council	Georgia Poultry Federation
American Meat Institute	Ginseng Board of Wisconsin
American Peanut Council	Gulf Citrus Growers Association
American Quarter Horse Association	Hardwood Federation
American Seed Trade Association	Highlands County Citrus Growers Association, Inc.
American Sheep Industry Association	Hop Growers of America, Inc.
American Soybean Association	Idaho Wheat Commission
Atlantic Seaboard Wine Association	Indian River Citrus League
Blue Diamond Growers	Kansas Association of Wheat Growers
Calcot, Ltd.	Kansas Livestock Association
California Agricultural Export Council	Kansas Wheat Commission
California Apple Commission	Kentucky Distillers' Association
California Asparagus Commission	Land O'Lakes, Inc.
California Association of Wheat Growers	Leather Industries of America
California Association of Winegrape Growers	Maryland Grain Producers Association
California Blueberry Commission	Minnesota Association of Wheat Growers
California Canning Peach Association	Minnesota Wheat Research and Promotion Council
California Cherry Export Association	Mohair Council of America
California Cling Peach Board	Montana Grain Growers Association
California Dried Plum Board	Montana Wheat and Barley Committee
California Farm Bureau Federation	National Association of State Departments of Agriculture
California Fig Advisory Board	National Association of Wheat Growers
California Grape and Tree Fruit League	National Barley Growers Association
California Kiwifruit Commission	National Cattlemen's Beef Association
California Pear Advisory Board	National Chicken Council
California Pear Growers	National Confectioners Association
California Pistachio Export Council	National Corn Growers Association
California Plum Marketing Board	National Cotton Council
California Strawberry Commission	National Council of Farmer Cooperatives
California Table Grape Commission	National Farmers Union
California Tomato Farmers	National Grange
California Walnut Commission	National Grape Cooperative Association, Inc.
California Wheat Commission	National Milk Producers Federation
Cal Pure Pistachio, Inc.	National Oilseed Processors Association
Cherry Marketing Institute	National Pork Producers Council
CoBank	National Potato Council
Colorado Association of Wheat Growers	National Renderers Association
Colorado Wheat Administrative Committee	National Sorghum Producers
Dairy Farmers of America	National Sunflower Association
Dairylea Cooperative, Inc.	National Turkey Federation
Distilled Spirits Council of the United States	Nebraska Wheat Board
Florida Citrus Commission	Nebraska Wheat Growers Association
Florida Citrus Mutual	New York Wine & Grape Foundation
Florida Citrus Packers Association	



NORPAC Foods, Inc.  
North American Millers' Association  
North Dakota Grain Growers Association  
North Dakota Wheat Commission  
Northwest Cherry Growers  
Northwest Horticultural Council  
Northwest Wine Coalition  
Ocean Spray Cranberries, Inc.  
Oklahoma Wheat Growers Association  
Oregon Wheat Commission  
Oregon Wheat Growers League  
Peace River Valley Citrus Growers Association  
Pet Food Institute  
Produce Marketing Association  
Shelf-Stable Food Processors Association  
Softwood Export Council  
South Dakota Wheat Commission  
Southern Forest Products Association  
Southern U.S. Trade Association  
Sunkist Growers  
Sun Maid Growers of California  
Sunsweet Growers, Inc.  
Texas Cattle Feeders Association  
Texas Wheat Producers Association  
Texas Wheat Producers Board  
The Catfish Institute  
The Farm Credit Council  
The Popcorn Institute  
Tree Top, Inc.  
United Durum Growers Association

United Egg Association  
United Egg Producers  
United Fresh Produce Association  
USA Dry Pea and Lentil Council  
USA Poultry & Egg Export Council  
USA Rice Federation  
U.S. Apple Association  
U.S. Apple Export Council  
U.S. Dairy Export Council  
U.S. Dry Bean Council  
U.S. Grains Council  
U.S. Hides, Skins & Leather Association  
U.S. Livestock Genetics Export, Inc.  
U.S. Meat Export Federation  
U.S. Rice Producers Association  
U.S. Wheat Associates, Inc.  
Utah Department of Agriculture  
Valley Fig Growers  
Virginia Wineries Association  
Washington Apple Commission  
Washington State Fruit Commission  
Washington Wheat Commission  
Welch Foods Inc., A Cooperative  
Western Growers Association  
Western Pistachio Association  
Western U.S. Agricultural Trade Association  
WineAmerica (The National Association of American Wineries)  
Winegrape Growers of America  
Wine Institute