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**U.S. DEPARTMENT OF
AGRICULTURE**

**Improvements Needed in
Market Promotion Program**

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General Government Division



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**U.S. DEPARTMENT OF AGRICULTURE:
IMPROVEMENTS NEEDED IN THE MARKET PROMOTION PROGRAM**

**SUMMARY STATEMENT BY ALLAN I. MENDELOWITZ, DIRECTOR
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The Market Promotion Program (MPP) was created to encourage exports of U.S. agricultural products. It focuses primarily on high-value products such as fruits, nuts, and processed products and gives priority to products adversely affected by unfair foreign trade practices. From fiscal year 1986 through fiscal year 1993, over \$1.25 billion has been authorized for MPP and its predecessor, the Targeted Export Assistance program.

MPP operates through about 65 not-for-profit associations that either run market promotion programs themselves or pass the funds along to private sector companies to spend on their own market promotion efforts. About 60 percent of all program activities involve generic promotions, with the remaining 40 percent spent for "branded" (brand-name) promotions.

GAO believes that there are problems in the operation of the program. The MPP's goals of encouraging the development, maintenance, and expansion of agricultural exports are broad enough to justify program support under any market situation. The Foreign Agricultural Service (FAS), which administers MPP, uses a number of factors to allocate MPP funds among the various eligible applicants. However, GAO believes that the current funding process for MPP does not address a number of important factors.

- FAS currently has no way of assuring that money provided under the program is supporting additional promotional activities rather than simply replacing funds that would have been spent anyway.
- FAS lacks criteria regarding the length of time participants can remain in the program or the circumstances under which beneficiaries should graduate from the program.
- FAS has not focused on the issue of the participation of foreign companies, and the desired distribution of program funds to firms of various sizes.
- FAS lacks the data to fully apply its own criteria for allocating program funds.

FAS is currently evaluating MPP in response to a directive from Congress. However, methodological obstacles make it very difficult to establish a causal link between MPP activities and increased exports.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Agriculture's Market Promotion Program (MPP). From fiscal year 1986 through fiscal year 1993, over \$1.25 billion has been authorized for MPP and its predecessor, the Targeted Export Assistance (TEA) program. I will address the historical development of the program and its management and operations. I will also highlight several important program-related issues that need to be addressed by Congress and the Department of Agriculture to improve the program.

BACKGROUND

In 1985, to reverse the decline in U.S. agricultural exports and to counter the negative effects on U.S. exports of unfair foreign trade practices, the Food Security Act (P.L. 99-198) authorized the TEA program. The TEA program provided funds to support market development activities for commodities adversely affected by unfair foreign trade practices.

In 1990, the TEA program was replaced by MPP, which was authorized by the Food, Agriculture, Conservation and Trade Act of 1990 (P.L. 101-624). MPP is administered by the Department of Agriculture's Foreign Agricultural Service (FAS). MPP helps finance overseas promotional activities for U.S. agricultural products. MPP, like its predecessor, was created to develop, maintain, and expand U.S.

agricultural exports. However, MPP gives priority to, but unlike the TEA program does not limit participation to, commodities adversely affected by unfair foreign trade practices.

Eighty percent of MPP funds are used to promote high-value agricultural products (HVP), which constitute an increasing portion of world agricultural trade.¹ High-value products have increased as a percentage of world agricultural exports from 66 percent in 1962 to 75 percent in 1990. In 1990, the United States exported \$25 billion in high-value agricultural products, as compared to the European Community (EC) countries, which exported \$37 billion (excluding intra-EC trade).

MPP provides funding primarily for consumer-related promotions of high-value generic and brand-name products. Generic activities involve the efforts of not-for-profit organizations to increase the total market for their commodities with no emphasis on a particular brand. Brand-name activities help private firms establish consumer loyalty to a particular brand.

¹High-value agricultural products include a wide variety of items, most of which have value added to their original state through specialized handling, transportation, marketing, processing, or packaging. HVPs are generally classified into three groups: semi-processed products (e.g. flour, oilseed meal, and animal fats); highly processed consumer-oriented products (e.g., processed meats and dairy products); and high-value unprocessed consumer-oriented products (e.g, fresh fruit, eggs, and nuts). Bulk commodities, which are raw agricultural products, have little value added after they leave the farm gate besides relatively uncomplicated transportation and handling costs. Some typical bulk commodities are wheat, corn, rice, oilseeds, raw tobacco, and raw cotton.

MPP operates through about 65 not-for-profit associations that either run market promotion programs themselves or pass the funds along to private sector companies to spend on their own market promotion efforts. When associations pass funds along to private corporations, it is the associations, operating under interim program regulations, that determine which companies receive funds and how much they receive. About 60 percent of all program activities now support generic promotions, with the remaining 40 percent funding "branded" (brand-name) promotions. The majority of MPP funds are spent on promotions in Western Europe, Japan, and Pacific Rim countries.

MPP now operates on a cost-sharing basis with its participants. Under the current MPP interim regulations, participants must contribute a minimum of 5 percent of their own resources for generic promotions; previously, they were encouraged, but not required, to contribute. For brand-name activities, private firms are generally reimbursed not more than 50 percent of their eligible expenses.²

²Private firms could receive more than 50-percent reimbursement if (1) the commodity being promoted had a favorable decision by the U.S. Trade Representative under Section 301 of the 1974 Trade Act and the U.S. Trade Representative has not terminated action taken as a result of such favorable decision; and (2) the commercial entity was reimbursed at more than 50 percent for eligible expenses under the TEA program during fiscal year 1990 with the reimbursement rate being phased down, beginning with fiscal year 1991, to a level of 50 percent by fiscal year 1995.

Funding History

The Food Security Improvements Act of 1986 authorized annual funding for MPP at a minimum level of \$110 million for fiscal years 1986 through 1988 and \$325 million for 1989 and 1990. Our May 1988 report on the program identified a number of management weaknesses and expressed concern that an increase in funding for the program from \$110 million to \$325 million for fiscal years 1989 and 1990 would exacerbate existing management problems. The House and Senate Appropriations Committees reduced authorized funding to \$200 million annually for fiscal years 1989 and 1990. Fiscal years 1991 and 1992 MPP allocations were also \$200 million. Due to continued concerns about the operation of the program, Congress reduced fiscal year 1993 funding to \$147.7 million.

The amount of promotional funds provided to individual participants has been substantial. Appendix I contains the funding provided to not-for-profit associations. Appendix II provides a listing of participants who received cumulative amounts in excess of \$1 million to promote brand-name products.

CONGRESSIONAL ACTION ADDRESSING

PROGRAM ADMINISTRATION

The Food, Agriculture, Conservation and Trade Act of 1990 contained a number of provisions directed toward improving MPP

administration. Related congressional hearings indicated that Congress intended that assistance be provided on the basis of merit and on the potential for real market growth. It also intended that marketing plans and evaluation be improved.

The act detailed conditions under which assistance could be terminated, and placed specific requirements upon the Secretary of Agriculture. The Secretary of Agriculture was required to issue program regulations that specified the criteria used to evaluate and approve MPP proposals. The Secretary was also required to (1) review each MPP recipient within 15 months after the initial provision of funds to the recipient, (2) evaluate the effectiveness of the program in developing or maintaining markets for U.S. agricultural commodities, and (3) determine whether assistance is necessary to maintain such markets.

The act also placed specific administrative requirements upon program participants. Participants were required to submit marketing plans describing the activities to be carried out and containing specific market goals.

MPP INTERIM REGULATIONS

FAS published interim regulations for MPP in the August 16, 1991, Federal Register. Comments on the interim regulations were due by October 15, 1991. FAS officials told us that they were unable to

finalize the regulations due to staff resource limitations. Any further effort at this time is restricted by a freeze on the issuance of new regulations imposed by the new administration. As a result, the current MPP regulations do not incorporate any changes that might be made in response to comments received.

The interim regulations set out the following application process and criteria: FAS announces program availability in the Federal Register. Interested applicants are to respond by the deadline established in the announcement of program availability.⁴

Generally, an applicant must be a not-for-profit agricultural trade association, state regional trade group, agricultural cooperative, or state agency to receive MPP program funds directly from FAS. The applicant must not stand to profit directly from specific sales of the agricultural commodity or product for which an MPP allocation is requested. FAS can enter into an agreement directly with a U.S. commercial entity when FAS determines that such an agreement would significantly contribute to developing an export market.⁵ Interested parties must then submit an application containing the following information:

⁴For fiscal year 1993, FAS announced the program availability on August 5, 1992; established October 7, 1992, as the deadline for the applications; and made the program allocations public on December 18, 1992.

⁵FAS will only enter into direct agreements with commercial entities under the MPP's Export Incentive Program (MPP/EIP). FAS criteria for MPP/ require that there be no other MPP participant interested in or capable of undertaking the promotion. MPP/ promotions are for branded products for which the commercial entity owns or has a sole agency agreement in the targeted market.

--a description of the agricultural commodity to be promoted, including the percentage of U.S. content by weight, exclusive of added water;

--the anticipated export availability of the agricultural commodity or product over the duration of the proposed agreement;

--the volume and value of U.S. exports of the agricultural commodity or product during the most recent 3 years prior for which data are available, and the source of such information;

--a description of the unfair trade practice, if any, affecting the exports of the product;

--a strategic plan that describes the overall export objectives for a commodity or product in the target market, specific market conditions/constraints affecting exports of the commodity, a general approach to overcoming the constraints, and the expected results of using MPP funds;⁶

⁶If funds were requested for branded promotions to be performed by or through the MPP participant, the following additional information is required in the strategic plan: a description of how the branded program would be made available to U.S. and/or foreign commercial entities; a description of any differences in program operations between U.S. commercial entities and foreign commercial entities; an identification of the method to be used to announce the availability of the branded program; a description of the information solicited from the U.S. and/or foreign commercial entities applying for the branded program; the criteria used to distribute program funds to branded participants; and the criteria

--for not-for-profit organizations, a description of the organization, membership, articles of incorporation, an Internal Revenue Service tax exempt number, the identity of affiliated organizations, their export and promotion experience, their expertise in managing programs, and their staffing levels by position of U.S. personnel that will be operating the program;

--the anticipated MPP participant contribution level in dollars, the total contribution as a percent of MPP funds requested, the source of the contributions, and the amount expected from other federal or state programs similar to MPP;

--the amount of program funds requested; and

--a statement as to whether the proposal is for 1 or more years and, if for multi-years, the justification.

Application Approval Process

FAS had a three-stage application approval process for the 1992 program. In the first stage, a committee of senior marketing specialists reviewed each application to determine compliance with the requirements specified in the interim regulations. In the second stage, marketing specialists analyzed the content of each

used to evaluate branded promotions.

proposal and prepared recommendations for the allocation level, required cost-share level, and ceiling levels by program, country, and generic versus branded activities. The marketing specialists used criteria specified in the interim regulation to arrive at their funding allocation recommendations.⁷ The FAS commodity division directors then reviewed and approved the marketing specialist's allocation recommendations. In the final stage, a committee chaired by the FAS Assistant Administrator for Commodity and Marketing Programs made adjustments to the divisions' funding recommendations, because the total recommended funding allocations exceeded the funds available.

According to FAS, the committee used five factors to make the final allocations: (1) the presence of an unfair trade practice; (2) the proposed contribution (cost-share) level; (3) the proposed budget size in relation to exports; (4) the proposed budget size in

⁷The allocation criteria included five specific factors: (1) the extent to which the prospective participant represents production of the agricultural commodity; (2) the applicant's ability to provide with its resources a U.S.-based staff capable of conducting overseas promotion projects, its willingness to otherwise contribute resources to the project, and the scope and complexity of its proposed activities in relation to the applicant's prior export experience and U.S. based staff resources; (3) the adequacy of the applicant's strategic plan in terms of its description of market conditions and its identification of constraints, its likelihood of overcoming constraints using MPP funds, and the estimated change in exports and/or market share expected as a result of overcoming the constraints; (4) for brand-name promotions, a detailed explanation of the prospects of success of the proposed activities in terms of increasing U.S. exports of the U.S. agricultural commodity or product; and (5) the adequacy of the applicant's provisions for monitoring and evaluating the activities proposed in the strategic plan.

relation to the expected change in exports; and (5) the 1991 export performance in relation to 1991 goals/forecasts. The allocation factors enter into the decision-making process in a weighted formula.

FAS officials stated that they followed a similar process for the fiscal year 1993 program funding allocations. However, they included two additional allocation factors in response to language contained in the 1993 agriculture appropriations conference report. Specifically, they added factors intended to favor products that were U.S. grown and manufactured while putting foreign branded products at a disadvantage. FAS also stated that it increased the funding of the state regional trade groups from the 1992 level in an effort to raise the participation level of small- and medium-sized firms.

MPP PROGRAM CRITERIA DO NOT ADDRESS

IMPORTANT FACTORS

FAS uses a number of factors to allocate MPP funds among the various eligible applicants. However, we believe that the current funding process for MPP does not address a number of important factors. Specifically, there are no criteria addressing the "additionality" of funds expended for market promotion activities, and the graduation from MPP of program participants receiving funding. In addition, FAS needs to address the issues of the

participation of foreign versus domestic firms and large versus small firms. Lastly, FAS has only limited information regarding the extent to which products are processed in the United States, one of the criteria used in the funding decision.

Funding Additionality

The issue of whether program-funded promotional activities would have been undertaken without government assistance, which we refer to as "funding additionality," needs to be addressed. FAS currently has no way of knowing whether money provided under the program is supporting additional promotional activities or merely replacing funds that would have been spent anyway. To ensure that benefits are achieved, program funds should not replace expenditures that a company would undertake irrespective of the program.

Other federal programs, such as the research and experimentation tax credit, restrict program benefits to the incremental increases in expenditures over prior-years' amounts. The research and experimentation tax credit provides a 20-percent credit only for expenses that exceed a base-period amount. The base period is generally the average amount of the 3 prior years' expenditures. MPP lacks such a criterion.

Furthermore, applicants are not required to provide sufficient information for FAS to determine the extent to which additional program efforts are occurring. Currently, FAS does not collect information on program applicants' prior promotional expenditures in international markets. Likewise, FAS does not ask program participants to obtain prior promotional expenditure information from the commercial entities receiving MPP funds for branded promotions.

The lack of information needed to demonstrate funding additionality creates the opportunity for program participants to use taxpayer dollars to support promotional activities that would otherwise have been undertaken with private funds. For example, it is currently possible for a commercial entity that has substantial resources and export expertise to receive MPP funds to promote its branded product in a market in which it already has a promotional effort underway. The commercial entity could simply maintain its previous level of promotional efforts by using the MPP matching funds provided by the government. The commercial entity could then use the funds it saved for other purposes, such as increasing its profits or augmenting its domestic advertising.

MPP Lacks a Program Graduation Requirement

FAS does not have criteria regarding the length of time that participants can remain in the program or the conditions under

which assistance should be phased out. There were 54 brand-name participants in the program from fiscal year 1986 to 1992 that received over \$1 million each in MPP funding for branded promotions. Of these 54 participants, two-thirds had received program funds for 5 or more years. For example, Sunkist Growers, which has been the largest program recipient, received \$67 million over a 7-year period. E.J. Gallo Winery received \$16 million over a 6-year period.

The Food, Agriculture, Conservation and Trade Act of 1990 required FAS to evaluate each MPP recipient to determine whether continued program assistance was necessary for market maintenance. However, FAS has not developed specific criteria to make the required evaluations. We believe that without specific criteria for phasing down and reallocating funds to other program participants, support may be going to those for whom government funding may no longer be needed or justified.

Foreign Firm Participation

There has been considerable discussion about foreign firm participation in MPP. FAS has allowed each of the participating organizations to develop its own criteria regarding the extent of foreign firm participation. Some participants have funded foreign companies exclusively, while other participants have funded few, if any, foreign corporations.

FAS does not provide MPP funds directly to foreign companies. The branded program is administered by the participating organizations, which in turn may choose to allow foreign firms to be beneficiaries under the program.⁸ FAS only requires that the participating organization's criteria for distributing program funds among branded participants be objective and reasonably related to its worldwide promotional goals.

According to FAS representatives and the five MPP participants we spoke with, providing MPP funds to foreign companies is consistent with the program's goals and objectives. They stated that the primary goal of the program was to increase the exports of U.S. agricultural commodities. They explained that foreign companies are sometimes better situated to promote and export U.S. agricultural products in certain foreign markets because they have greater name recognition, superior distribution networks, and more market knowledge than domestic companies.

Of the 64 participating organizations receiving MPP funds between fiscal year 1986 and 1992,⁹ 9 provided funds to foreign corporations. The nine MPP participants provided over \$78 million to foreign corporations for the promotion of branded products

⁸The only exceptions are the commercial entities that participate in MPP/ALL. FAS directly provides these firms with funds for branded promotions. According to FAS, all of the companies participating in MPP/ALL are U.S.-based corporations.

⁹Does not include MPP/ALL participants.

containing seafood, soybeans, raisins, walnuts, cotton, honey, peanuts, sunflower seeds, and rice. The \$78 million does not include funds provided to U.S. subsidiaries of foreign corporations.

The funding of foreign firms raises the possibility that exports of U.S. firms could find themselves in competition with foreign products promoted with MPP funds. We are collecting information to determine the extent to which this situation may be a problem.

Participation Levels of Large and Small Firms

The 1993 appropriations language directed FAS to encourage the participation of smaller, medium-sized, and new-to-export firms in the program. In response, FAS attempted to raise the participation of smaller firms in the program by increasing funds provided to state regional trade groups during the 1993 funding process. In doing so, FAS was in effect relying on statements made by the state regional trade groups that about 80 percent of companies to which they provided MPP funds met the Small Business Administration's (SBA) definition of a small company.¹⁰

Nevertheless, FAS did not provide guidance to the program participants regarding the desired distribution of program funds to

¹⁰Generally, SBA defines a small business as having 500 employees or less. SBA has defined specific size standards by industry using standard industrial code designations.

firms of various sizes. In fact, FAS lacked a requirement that program participants maintain information on the size of the firms that are funded under the program.

In addition, representatives from FAS and participating organizations said that larger companies with significant export experience can often use program funds more efficiently and effectively than smaller or new-to-export firms. As a result, they felt that the participation of larger firms benefitted U.S. agricultural producers, because they could export a larger volume of agricultural products or commodities than smaller firms. Furthermore, the Wine Institute justified the program participation of E.J. Gallo, which had \$1 billion in sales during 1991, by explaining that the winery purchases its grapes from hundreds of smaller grape growers. Therefore, E.J. Gallo's success in increasing exports benefits the smaller growers. While this argument may have merit, the ability of such firms to conduct market promotion activities overseas without a government subsidy may outweigh the effectiveness argument.

U.S. Content and Processing of MPP Products Not Verified

Prior to fiscal year 1993, FAS did not routinely verify the accuracy of statements made by program participants regarding the U.S. content of their agricultural products. MPP regulations permit full funding only for products that have at least 50-percent

U.S. content by weight (exclusive of added water). Products that have less than 50-percent U.S. content are eligible for proportionally less funding.

In addition, FAS does not require applicants to provide data on the extent to which their products were processed in the United States. Despite this lack of information, FAS factored the U.S. processing of products into the fiscal year 1993 funding process.

In their 1992 MPP applications, 45 trade groups administering MPP during fiscal year 1992 stated that the U.S. content was 100 percent; 12 stated that the U.S. content was at least 50 percent; and 1 stated that the U.S. content ranged from 14 to 68 percent.

FAS officials told us that they did not verify the U.S. content of branded products prior to 1993. Instead, they relied on statements made in the MPP applications. Starting in 1993, FAS' Compliance Review Staff have begun to review the support for certifications made regarding U.S. content during their audits of participants. However, FAS Compliance Review Staff typically limit their work to the participant and do not as a rule audit the commercial entities performing branded promotions. This situation severely limits the ability of the Compliance Review Staff to assess the accuracy of statements regarding the U.S. content of branded products promoted with MPP funds.

Representatives from the MPP participants we contacted told us that they relied on statements made by the commercial entities in their applications for MPP funds regarding the U.S. content of their products. They explained that they only reviewed the U.S. content of a product on an "exception" basis. For example, some of the commercial entities will request assistance from the MPP participant to determine if their product meets the minimum 50-percent U.S. content required for full funding.

FAS informed us in January 1993 that it adjusted the fiscal year 1993 MPP allocation formula to favor products that were primarily U.S. manufactured. However, neither FAS nor the trade groups have information on the extent to which branded products are manufactured or processed in the United States. FAS officials stated that they assumed the level of U.S. processing by the nature of the product and the presence or absence of foreign brands in the program.

STATUS OF FAS EVALUATION OF MPP

The 1993 agriculture appropriations conference report directed FAS to complete an evaluation of MPP and provide the results to the appropriations committees by February 1, 1993.

FAS was specifically directed to evaluate the following for each of the last 5 fiscal years: (1) the number of companies or groups

receiving MPP funds for the first time in each fiscal year compared to the number of companies or groups that received MPP funds in at least 1 of the previous 5 fiscal years; (2) the dollar value of the annual export sales of MPP participants and the percentage of the MPP participant's marketing budget represented by MPP funds; (3) the number of small business participants in MPP; (4) the question of whether MPP participants would have entered an export market regardless of the availability of MPP funds; (5) the dollar value of annual export sales directly attributable to MPP funds; and (6) the number of new applicants for MPP funds, especially small businesses, that were not funded compared to the number of companies or groups that received MPP funds in at least 1 of the previous 5 years.

FAS sent a letter to the appropriations committees on February 23, 1993, reporting on the status of its evaluation of the program. In the letter, FAS stated that it planned to conduct a survey of the program recipients because much of the information required for the evaluation was not available in FAS. An FAS official subsequently stated that the survey was being reviewed by the Office of Management and Budget for compliance with the Paperwork Reduction Act. Once the survey is sent and data obtained, FAS intends to provide an evaluation summary to the appropriations committees on its findings and possible program recommendations.

We would like to enter a final note of caution regarding what can reasonably be expected from this evaluation. FAS and MPP participants continue to cite increased exports as evidence of program success. We believe the large number of variables that determine exports makes it extremely difficult to demonstrate a direct relationship between program-funded promotion activities and increased exports. Exports depend on a number of factors, and it is very difficult to separate out the importance of each individual factor. Factors that influence export sales include relative price differences, foreign exchange rate fluctuations, competitor practices, trends in domestic commodity production, changes in gross national product, changes in consumer preferences, and changes in government policies. In light of the methodological difficulties in demonstrating export additionality, FAS should exercise caution in asserting export increases as a result of MPP.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I will be happy to answer any questions that you or the Subcommittee may have.

**TOTAL FUNDS RECEIVED BY MARKET PROMOTION PROGRAM
PARTICIPANTS, FISCAL YEARS 1986-93**

PARTICIPANT ORGAN	COMMODITY	Amount Approved for each FY in (\$)								TOTAL
		FY86 TEA	FY87 TEA	FY88 TEA	FY89 TEA	FY90 TEA	FY91 MPP	FY92 MPP	FY93 MPP	
Alaska Seafood Marketing Institute	Salmon Osb		\$1,500,000	\$1,050,000	\$4,000,000	\$4,500,000	\$8,700,000	\$8,520,000	\$8,000,000	\$38,210,000
Almond Board of California	Almonds								\$3,230,000	\$3,230,000
American Horticultural Marketing Council	Live Plants							\$148,000		\$148,000
American Indian Trade and Development Council	Beef, Seafood, Forest Prod							\$228,000	\$75,000	\$303,000
American Plywood Association	Plywood	\$1,950,000	\$1,000,000	\$1,200,000	\$5,700,000	\$8,500,000	\$8,000,000			\$23,420,000
American Seed Trade Association	Seeds		\$350,000							\$350,000
American Sheep Industry Association	Wool & Breeding Sheep				\$100,000	\$148,000		\$200,000	\$240,000	\$748,000
American Soybean Association	Soybeans	\$8,500,000		\$9,000,000	\$11,450,000	\$11,500,000	\$10,130,000	\$5,040,000	\$3,300,000	\$65,720,000
Asparagus	Fresh, Frozen and Processed							\$210,000	\$340,000	\$550,000
Bandy Export Association	Fruit basket and grapes							\$1,070,000	\$830,000	\$1,900,000
California Avocado Commission	Avocados		\$420,000	\$450,000	\$650,000		\$1,030,000	\$332,000	\$440,000	\$3,322,000
Calif. Citrus Peach Advisory Board	Canned Peaches Pears, and Fruit Cocktail	\$2,500,000	\$5,000,000	\$5,700,000	\$4,700,000	\$3,500,000	\$3,020,000	\$2,350,000	\$1,020,000	\$29,690,000
Calif. Kiwifruit Commission	Kiwifruit		\$800,000	\$500,000	\$1,000,000	\$800,000	\$830,000	\$650,000	\$400,000	\$4,878,000
Calif. Pistachio Commission	Pistachios	\$200,000	\$200,000		\$500,000	\$750,000	\$1,030,000	\$1,210,000	\$1,310,000	\$5,200,000
California Prune Board	Prunes	\$4,000,000	\$4,500,000	\$5,500,000	\$5,000,000	\$7,500,000	\$7,030,000	\$7,520,000	\$4,950,000	\$46,000,000
California Fishes Advisory Board	Fishes	\$8,300,000	\$8,000,000	\$8,000,000	\$10,700,000	\$12,500,000	\$8,520,000	\$8,410,000	\$4,130,000	\$70,160,000
California Strawberry Advisory Board	Strawberries					\$500,000	\$670,000	\$830,000	\$370,000	\$2,470,000
California Table Grape Commission	Table Grapes	\$350,000	\$450,000	\$750,000	\$1,850,000	\$2,300,000	\$3,250,000	\$2,090,000	\$2,550,000	\$14,390,000

APPENDIX I

APPENDIX I

PARTICIPANT ORGAN	COMMODITY	Amount Approved by each FY in (\$)								
		FY86 TEA	FY87 TEA	FY88 TEA	FY89 TEA	FY90 TEA	FY91 MPP	FY92 MPP	FY93 MPP	TOTAL
California Tomato Board	Fresh Tomatoes								\$140,000	\$140,000
California Tree Fruit Agreement	Plums, Pears, Nectarines, Prunes & Peaches					\$500,000	\$1,000,000	\$1,210,000	\$340,000	\$3,050,000
California Walnut Commission (formerly Walnut Marketing Board)	Walnuts	\$8,000,000	\$7,000,000	\$8,500,000	\$7,300,000	\$8,000,000	\$8,070,000	\$8,710,000	\$4,700,000	\$57,380,000
Calish Farmers of America	Calish			\$50,000	\$150,000					\$200,000
Calish Institute	Calish								\$210,000	\$210,000
Cherry Marketing Institute, Inc.	Fresh Tart Cherries				\$500,000	\$400,000	\$450,000	\$814,000	\$300,000	\$2,374,000
Chocolate Mfrs. Association	Chocolate and Confectionary Products	\$2,500,000		\$2,500,000	\$3,000,000	\$900,000	\$1,550,000	\$2,110,000	\$2,570,000	\$15,130,000
Concord Grape Association	Grapes				\$1,500,000	\$700,000				\$2,200,000
Cotton Council International	Cotton	\$7,000,000	\$8,000,000	\$1,450,000	\$15,000,000	\$15,400,000	\$8,400,000	\$15,780,000	\$10,340,000	\$90,180,000
Eastern U.S. Agric. & Food Export Council	High Value Food & Ag Prod	\$1,000,264	\$1,000,000	\$1,100,000	\$2,100,000	\$2,050,000		\$1,430,000	\$4,200,000	\$13,878,264
Flaish Department of Citrus	Citrus	\$4,000,000	\$7,000,000	\$7,000,000	\$5,400,000	\$8,000,000	\$5,330,000	\$8,870,000	\$7,170,000	\$55,270,000
Ginseng Board of Wisconsin, Inc.	Ginseng Root						\$158,000	\$358,000	\$310,000	\$824,000
Hop Growers of America	Hops					\$50,000	\$172,000	\$199,000	\$170,000	\$591,000
International Apple Institute	Fresh Apples								\$910,000	\$910,000
Kentucky Distillers' Association	Bourbon Whiskey					\$2,000,000	\$3,100,000	\$3,780,000	\$3,470,000	\$12,360,000
Leather Industries of America	Leather		\$1,500,000	\$1,500,000	\$1,000,000					\$4,000,000
Michigan Apple Commission	Fresh sweet apples							\$200,000		\$200,000
Mkt-America Intern. Agri-Trade Council	High Value Food & Ag Prod	\$600,000	\$1,200,000	\$1,100,000	\$1,900,000	\$2,700,000	\$5,170,000	\$4,250,000	\$4,420,000	\$21,340,000

PARTICIPANT ORGANIZATION	COMMODITY	Amount Approved for each FY in (\$)												
		FY86 IEA	FY87 IEA	FY88 IEA	FY89 IEA	FY90 IEA	FY91 MPP	FY92 MPP	FY93 MPP	TOTAL				
National Council of America	Molasses												\$110,000	\$110,000
Nat Assoc of State Animal Breeders	Bovine Semen				\$400,000	\$402,000	\$200,000	\$704,000	\$200,000	\$704,000	\$200,000	\$704,000	\$200,000	\$1,684,000
Nat Assoc of State Dept of Agriculture	High Value Food & Ag. Prod.	\$500,000			\$100,000	\$750,000				\$500,000			\$300,000	\$2,260,000
Nat Council of Farmer Cooperatives	Ag Products			\$350,000	\$300,000									\$650,000
National Dairy Research and Promotion Board	Dairy Products												\$200,000	\$200,000
Nat Dry Bean Council	Dry Beans			\$800,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$2,800,000
Nat Forest Products Association	Wood Products				\$2,150,000	\$7,400,000	\$5,424,000	\$11,880,000						\$35,854,000
National Honey Association	Honey & Bee Products		\$300,000											\$300,000
National Honey Board	Honey				\$500,000	\$1,000,000	\$500,000	\$81,000					\$200,000	\$2,301,000
National Pasta Association	Pasta	\$2,100,000												\$2,100,000
National Peanut Council	Peanuts	\$4,500,000	\$4,500,000	\$1,500,000	\$7,400,000	\$4,540,000	\$4,620,000	\$1,100,000	\$1,100,000	\$2,600,000	\$2,600,000	\$2,600,000	\$30,800,000	
National Potato Promotion Board	Potatoes	\$2,000,000	\$2,550,000	\$2,400,000	\$4,700,000	\$4,600,000	\$3,600,000	\$5,600,000	\$5,600,000	\$2,670,000	\$2,670,000	\$2,670,000	\$28,650,000	
National Processors Association	Edible and Inedible Tallow												\$180,000	\$180,000
National Sunflower Association	Sunflower Seed, Oil, and Confectionary Sunflower		\$3,000,000		\$2,400,000	\$4,000,000	\$1,500,000	\$979,000	\$979,000	\$1,020,000	\$1,020,000	\$1,020,000	\$13,459,000	
New York Wine and Grape Foundation	Wine												\$110,000	\$110,000
Pineapple American Export Club Association	Guava, Okra etc												\$400,000	\$760,000
Northwest Milk Council (Pears)	Fresh Pears	\$300,000	\$400,000	\$500,000	\$600,000	\$900,000	\$900,000	\$3,020,000	\$3,020,000	\$2,100,000	\$2,100,000	\$2,100,000	\$8,920,000	
Northwest Milk Council (Cheerles)	Fresh Sweet Cherries		\$120,000	\$450,000	\$600,000	\$1,000,000	\$1,200,000	\$1,040,000	\$1,040,000	\$520,000	\$520,000	\$520,000	\$5,130,000	

PARTICIPANT ORGAN	COMMODITY	Amount Approved in each FY in (\$)								
		FY86 TEA	FY87 TEA	FY88 TEA	FY89 TEA	FY90 TEA	FY91 MPP	FY92 MPP	FY93 MPP	TOTAL
Northwest Wine Promotion Committee	Wine								\$340,000	\$340,000
Oregon Seed Council	Grass seed							\$187,000	\$65,000	\$252,000
Pacific Coast Canned Fruit Service, Inc. (I)	Cantered & Frozen Bartlet Pears						\$208,000	\$129,000		\$337,000
Petfood Institute	Pet Foods								\$630,000	\$630,000
Popcorn Institute	Popcorn							\$197,000	\$500,000	\$697,000
Southwest U.S. Trade Association	High Value Food & Ag. Prod.	\$800,000	\$800,000	\$1,100,000	\$1,900,000	\$2,700,000	\$2,590,000	\$1,540,000	\$4,940,000	\$18,370,000
National Fisheries Association	Crawfish, Squid							\$205,000	\$140,000	\$345,000
Texas Produce Export Association	Grapfruit					\$150,000				\$150,000
Tobacco Associates	Tobacco		\$800,000	\$400,000	\$2,750,000	\$5,000,000		\$3,480,000		\$12,540,000
USA Dry Pea & Lentil Council	Peas & Lentils	\$2,500,000	\$2,500,000	\$3,000,000	\$1,000,000			\$1,100,000	\$420,000	\$10,580,000
USA Poultry and Egg Export Council	Poultry and Eggs	\$8,000,000	\$8,800,000	\$4,250,000	\$8,000,000	\$8,000,000	\$1,000,000	\$7,010,000	\$7,100,000	\$46,520,000
USA Rice Council	Rice	\$3,500,000	\$3,500,000	\$4,500,000	\$3,700,000	\$8,500,000	\$3,200,000	\$5,330,000	\$4,800,000	\$41,170,000
U.S. Dairy Genetics Council	Dairy Breeding Cattle								\$150,000	\$150,000
U.S. Feed Grains Council	Corn, Sorghum & Barley	\$11,100,000	\$2,000,000	\$2,400,000	\$4,200,000	\$8,000,000		\$4,780,000	\$1,120,000	\$32,400,000
U.S. Meat Export Federation	Red Meat	\$7,000,000	\$7,000,000	\$4,500,000	\$17,000,000	\$8,000,000	\$13,020,000	\$12,950,000	\$10,370,000	\$81,440,000
U.S. Milk Export Development Council	Milk Pools				\$2,500,000	\$1,500,000	\$2,300,000	\$2,300,000	\$1,100,000	\$9,700,000
U.S. Sulfur Commission	Sulfur								\$110,000	\$110,000
U.S. Wheat Assoc. Inc.	Wheat	\$3,100,000	\$3,100,000	\$1,200,000	\$4,900,000	\$5,200,000		\$4,350,000	\$3,010,000	\$24,860,000
Vodka Producers of America	Vodka								\$200,000	\$200,000

PARTICIPANT ORGAN	COMMONTY	Annual Appraisals for each FY bi (B)										TOTAL	
		FY86 TEA	FY87 TEA	FY88 TEA	FY89 TEA	FY90 TEA	FY91 MFP	FY92 MFP	FY93 MFP				
Washington State Apple Commission	Fresh Apples	\$1,400,000	\$1,500,000	\$2,000,000	\$2,050,000	\$3,000,000	\$4,300,000	\$4,410,000	\$3,910,000	\$24,210,000			
Western U.S. Agric. Trade Association	High Value Food & Ag. Prod.	\$2,200,000	\$1,950,000	\$1,900,000	\$4,300,000	\$3,250,000	\$8,000,000	\$4,710,000	\$8,370,000	\$32,300,000			
Wild Blueberry Assoc. of North America	Frozen and Canned Wild Blueberries							\$20,000	\$44,000	\$70,000			
Wine Institute	Wine	\$4,000,000	\$2,000,000	\$3,000,000	\$7,000,000	\$8,000,000	\$15,000,000	\$10,310,000	\$11,000,000	\$87,300,000			
TOTAL		\$100,000,204	\$83,820,000	\$80,000,000	\$178,750,000	\$180,050,000	\$170,200,000	\$100,400,000	\$110,174,000	\$1,132,010,204			
Almonds (EIP)	Almonds	\$600,000	\$4,100,000	\$8,500,000	\$11,000,000	\$8,000,000	\$8,200,000	\$4,100,000		\$44,000,000			
CA/VA Citrus (EIP)	Citrus	\$8,500,000	\$10,500,000	\$10,500,000	\$11,200,000	\$8,000,000	\$13,710,000	\$8,200,000	\$4,730,000	\$77,110,000			
Canned Grapes Products (EIP)	Grapes						\$1,400,000	\$1,020,000		\$2,420,000			
Dates & Products Itemed (EIP)	Dates						\$520,000			\$520,000			
Quarantines, Seeds & Grafts (EIP)	Quarantines						\$1,000,000	\$704,000		\$1,704,000			
Milk (EIP)	Milk Pails		\$1,500,000	\$700,000						\$2,200,000			
Processed Cans (EIP)	Cans		\$1,500,000	\$1,250,000	\$1,250,000	\$1,250,000	\$3,230,000	\$2,700,000	\$1,020,000	\$11,010,000			
Processed Tomato Products (EIP)	Tomatoes				\$800,000			\$800,000	\$210,000	\$1,410,000			
EIP SUBTOTAL		\$9,400,000	\$16,100,000	\$19,200,000	\$24,250,000	\$19,050,000	\$20,740,000	\$10,040,000	\$6,000,000	\$141,020,000			
Reserved by CCC for Evaluation Projects							\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000			
TEAMMP GRAND TOTAL		\$109,990,204	\$110,000,000	\$110,000,000	\$210,000,000	\$200,000,000	\$200,000,000	\$200,000,000	\$147,734,000	\$1,277,730,204			

(1) Pacific Coast Canned Pear Service Merged With California Citrus Pencil Advisory Board in FY 1993

Source: FAS

**MARKET PROMOTION PROGRAM BRAND-NAME PARTICIPANTS RECEIVING
MORE THAN \$1 MILLION, FISCAL YEARS 1986-92**

Participant	Total funds
Sunkist Growers	\$ 66,894,052
Blue Diamond	35,744,713
Sunsweet Growers	19,142,000
E. J. Gallo	15,955,400
Sun-Maid	11,984,362
Tyson's Foods, Inc.	9,960,874
The Pillsbury Company	9,293,503
Dole Fresh Fruit Co.	8,152,705
Dole Dried Fruit/Dole Nut Co.	6,899,195
Borges	6,412,430
Welch's	5,066,209
Mariani Packing/Mariani Nut Co.	4,047,708
American Legend	3,910,998
M&M/Mars	3,781,523
Diamond	3,336,346
Hudson's Bay	3,238,863
Master Foods (Uncle Ben's)	2,812,140
Rockingham/Wampler-Longrace	2,715,000
Vintners International	2,639,400
Brown-Forman	2,425,000
Joseph E. Seagram	2,337,768
KP	2,317,500
John West Foods	2,307,100
Wrangler, Japan	2,225,254
CPC/Best Foods	2,154,500
Bruce Foods	2,059,590

Duyvis (Sara Lee)	2,025,000
Hansa-Pacific Association	2,005,400
Fruit of the Loom	1,931,210
Jim Beam Brands	1,865,000
Ocean Spray	1,826,850
National Raisin Co.	1,773,393
Heublein	1,746,390
Mayfair Packing	1,737,122
Bobson	1,673,801
Gunze	1,635,573
Campbells Soup	1,630,119
Nestle	1,603,110
Crivellaro	1,558,500
YG Urban, Japan	1,557,500
Akel Tekstill	1,537,479
Valley View Packing	1,479,000
Hershey	1,454,870
Tilda	1,420,610
Meistermarken-Werke	1,409,520
Ralston Purina	1,384,987
Euryza	1,236,478
Yuen Loong	1,195,309
McDonalds Corporation	1,185,000
Sequoia Enterprises	1,148,400
Rifle, Europe	1,078,075
California Prune Packing	1,072,000
Kraft GMBH	1,031,002
West Coast Packers	1,012,159

Source: FAS.

MARKET PROMOTION PROGRAM (MPP)-RELATED REPORTS

Transition Series: International Trade (GAO/OGC-93-11TR, Dec. 1992).

U.S. Department of Agriculture: Better Trade Show Management Can Increase Benefits to Exporters (GAO/NSIAD-92-122, Mar. 10, 1992).

International Trade: Agricultural Trade Offices' Role in Promoting U.S. Exports Is Unclear (GAO/NSIAD-92-65, Jan. 16, 1992).

Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness (GAO/NSIAD-92-49, Jan. 10, 1992).

U.S. Department of Agriculture: Strategic Marketing Needed to Lead Agribusiness in International Trade (GAO/RCED-91-22, Jan. 22, 1992).

Agricultural Trade: Improvements Needed in Management of Targeted Export Assistance Program (GAO/NSIAD-90-225, June 27, 1990).

International Trade: Competition for Japan's High Value Agricultural Market (GAO/NSIAD-90-134, Mar. 30, 1990).

International Trade: Foreign Market Development for High Value Agricultural Trade (GAO/NSIAD-90-47, Jan. 17, 1990).

Agricultural Trade: Review of Targeted Export Assistance Program (GAO/NSIAD-88-183, May 24, 1988).

International Trade: Review of Effectiveness of FAS Cooperator Market Development Program (GAO/NSIAD-87-89, March 1987).

MPP-RELATED TESTIMONY

U.S. Department of Agriculture: Better Management Could Increase Effectiveness of FAS Export Operations (GAO-T-GGD-93-5, Feb. 23, 1993).

Export Promotion: Federal Approach Is Fragmented (GAO-T-GGD-92-68, Aug. 10, 1992).

U.S. Department of Agriculture: High-Value Products and U.S. Export Promotion Efforts (GAO-T-GGD-92-30, Apr. 7, 1992).

U.S. Department of Agriculture: Management Issues Remain Unresolved in the Market Promotion Program (GAO-T-GGD-92-25, Mar. 25, 1992).

U.S. Efforts to Increase Exports of High Value Agricultural Products (GAO-T-NSIAD-91-43, June 25, 1991).

Status Report on GAO's Reviews of the Targeted Export Assistance Program, the Export Enhancement Program, and the GSM-102/103 Export Credit Guarantee Programs (GAO-T-NSIAD-90-12, Nov. 16, 1989).

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