

United States General Accounting Office

GAO

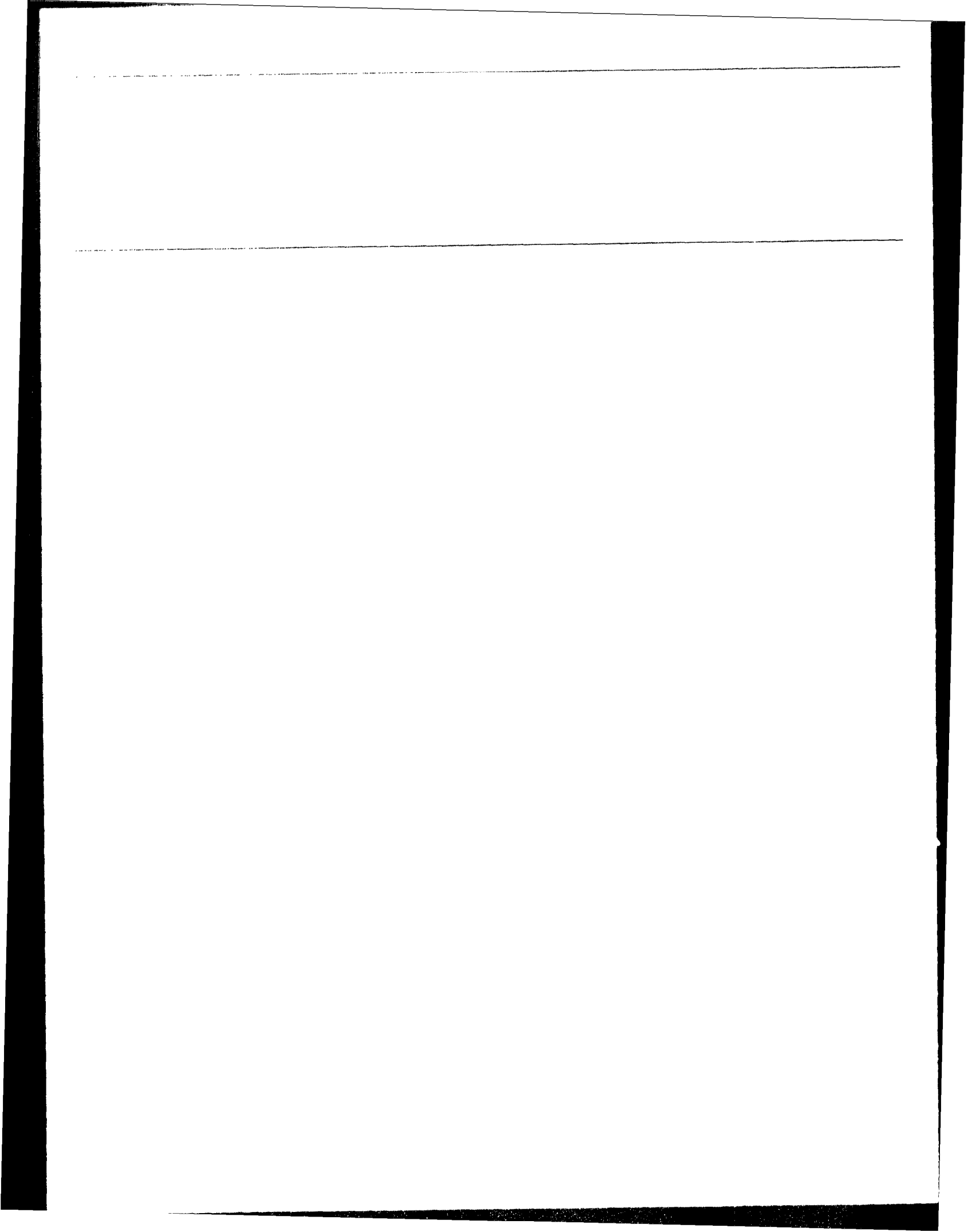
Report to the Honorable  
Charles E. Schumer and the Honorable  
Robert E. Wise, House of  
Representatives

June 1993

# INTERNATIONAL TRADE

## Effectiveness of Market Promotion Program Remains Unclear







General Government Division

B-253318

June 4, 1993

The Honorable Charles E. Schumer  
The Honorable Robert E. Wise  
House of Representatives

This report responds to your request that we evaluate the U.S. Department of Agriculture's (USDA) Market Promotion Program (MPP).<sup>1</sup> You specifically asked that we review whether (1) MPP has successfully developed, maintained, or expanded U.S. agricultural exports; and (2) MPP participants continue to need federal funding. We focused on MPP participants in Japan because that country ranks first in MPP expenditures.

---

## Results in Brief

USDA has authorized over \$1.25 billion for MPP from fiscal years 1986 to 1993. Because of the many variables that affect exports, however, there is no clear relationship between the amount spent on MPP and changes in the level of U.S. agricultural exports. The market development activities in Japan that we examined as case studies showed mixed results. Some participants' activities have been ineffective, while others seem to have been successful in accomplishing their objectives. In addition, USDA has conducted few evaluations of MPP-funded programs. Out of the more than 100 organizations that participated in MPP during fiscal years 1986-92, USDA conducted or planned only 12 program evaluations. We believe that evaluations, although difficult, are essential to begin to determine whether MPP has been successful in developing, maintaining, or expanding exports.

Concerning the need for continued funding, USDA cannot be sure that in the absence of MPP, participants would not have funded these activities by themselves. USDA has not established criteria for determining when a participant's funding should be reduced or eliminated. The stated goals of MPP—to encourage the development, maintenance, and expansion of foreign markets for U.S. agricultural products—are so broad that they could provide a rationale for continued support under almost any market situation.

---

## Background

U.S. agricultural exports declined from about \$44 billion in 1981 to about \$31 billion in 1985. To reverse the decline and to counter the negative effects of unfair foreign trade practices, such as import quotas on U.S. exports, the Food Security Act (P.L. 99-198) of 1985 authorized the

---

<sup>1</sup>MPP will be used throughout this report to refer to the Market Promotion Program and its predecessor, the Targeted Export Assistance (TEA) program, since both programs are essentially the same.

exports, the Food Security Act (P.L. 99-198) of 1985 authorized the Targeted Export Assistance (TEA) program. In 1990, the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) established MPP to replace TEA. 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, unlike TEA, MPP gives priority to, but 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, which constitute an increasing portion of world agricultural trade.<sup>2</sup> High-value products have increased as a percentage of world agricultural exports from 66 percent in 1962 to 75 percent in 1990, according to FAS. In fiscal year 1992, the United States exported a record \$23 billion in high-value agricultural products.

MPP operates through about 65 not-for-profit associations that either run market promotion programs themselves or pass the funds along to private 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.

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 Congress reduced 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.

<sup>2</sup>High-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.

---

According to FAS data, the amount of promotional funds provided to MPP participants has been more than \$1 billion. Appendix I lists the funding provided to MPP participants during fiscal years 1986-92. Appendix II provides a listing of participants who received cumulative amounts in excess of \$1 million to promote brand-name products. We did not verify the data that FAS provided to us.

---

## Scope and Methodology

To determine whether MPP developed, maintained, or expanded markets for U.S. exports, we selected five case studies of MPP participants in Japan. Japan ranks first in MPP expenditures. We looked at the extent to which these five MPP participants achieved their market development activity goals as an indication of the program's effectiveness.

We reviewed selected MPP activities for fiscal year 1989 of the California Raisin Advisory Board, the U.S. Meat Federation, the U.S. Confectionery Industry Export Program, the Cotton Council International, and the Florida Department of Citrus.

We selected these participants based on cumulative program funding for fiscal years 1988 through 1990 worldwide and in Japan. With the exception of the U.S. Confectionery Industry, the other four MPP participants previously cited were among the top six—both worldwide and in Japan—in program funding. We reviewed the U.S. Confectionery Industry to ensure coverage of all FAS commodity divisions (except the Forest Products Division, which was the subject of a separate GAO review).<sup>3</sup>

To address the issue of the need for MPP participants to receive continued federal funding, we reviewed MPP regulations and program files for fiscal years 1992 and 1993. We also spoke with FAS officials and representatives of selected MPP participants to obtain additional information on participation criteria and the application process. We assessed the length of time commercial firms received MPP funding by obtaining and analyzing summary information maintained by FAS on the commercial firms funded by the program from fiscal year 1986 to fiscal year 1992.

In addition, we interviewed FAS officials responsible for the management and oversight of MPP and discussed FAS overseas operations with the U.S. Minister-Counselor for Agricultural Affairs, agricultural attachés, and the

---

<sup>3</sup>Agricultural Marketing: Export Opportunities for Wood Products in Japan Call for Consumer Focus (GAO/RCED-93-137, May 19, 1993).

**Agricultural Trade Office Director in Japan.** We reviewed documents and files pertaining to MPP funding and analyzed trade data maintained by FAS.

We did our work in accordance with generally accepted government auditing standards. During the course of this review, we testified on several occasions before congressional committees and subcommittees on the management, operations, and effectiveness of MPP.<sup>4</sup>

## Difficulty of Proving Relationship Between MPP Funding and Export Increases

FAS believes that there is a positive relationship between program funding levels and U.S. export levels. According to the agency, the increase in U.S. agricultural exports that could be attributed to MPP is several times the amount of program expenditures: FAS has claimed that the additional value of the exports due to the program ranged from \$2 to \$7 for each \$1 in program expenditures. FAS has based this claim, however, on data covering only fiscal years 1986 to 1988.

In our view, the large number of variables that determine export levels makes it extremely difficult to demonstrate a relationship between program-funded promotion activities and increased exports. The complexity of the international market, the long-term nature of some MPP activities, and the numerous market variables affecting individual importers' buying decisions add to this difficulty.

FAS has acknowledged the need to evaluate the programs conducted by participants. The guidelines also said that FAS may undertake evaluations, by FAS specialists or independent consultants, of selected MPP programs. FAS guidance in October 1988 said that commodity divisions would conduct program evaluations as the Assistant FAS Administrator deemed appropriate. From fiscal year 1986 through fiscal year 1992, only 12 program evaluations had been completed or planned by FAS. During this period, there were over 100 program participants, including those in the Export Incentive Program (EIP).<sup>5</sup> Furthermore, at the time of our review, only 9 of the 26 participants that received more than \$10 million in

<sup>4</sup>U.S. Department of Agriculture: Improvements Needed in Market Promotion Program (GAO/T-GGD-93-17, Mar. 25, 1993); U.S. Department of Agriculture: Better Management Could Increase Effectiveness of FAS Export Operations (GAO/T-GGD-93-5, Feb. 23, 1993); U.S. Department of Agriculture: Improved Management Could Increase the Effectiveness of Export Promotion Activities (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).

<sup>5</sup>EIP is a program by which FAS enters into direct agreements with private firms to promote brand-identified products that are not represented by an association or trade group.

program funds were evaluated. FAS officials cited limited staff and travel funds as factors that limited the number of program evaluations.

## MPP Activities in Japan

MPP-funded market development strategies and related activities are directed toward a variety of goals such as overcoming trade barriers, entering a new market, or expanding exports to existing markets. Some program activities that we examined in Japan did not achieve their objectives. For example, efforts by the California Raisin Advisory Board to introduce raisins as a snack food and the U.S. Confectionery Industry Export Program's efforts to promote candy for Valentine's Day were not successful in Japan, partially due to inadequate market research and management problems. The short-term goals of the Cotton Council International's 1989 MPP activities were also not achieved. According to Council officials, however, its marketing strategy is based on long-term goals, and the desired level of market penetration in Japan may not be reached for 15 years.

Other program activities seem to have achieved their objectives. For example, efforts by the U.S. Meat Export Federation to increase consumer awareness of U.S. beef in Japan supported U.S. trade negotiations to remove restrictions on beef imports. After import restrictions were modified, the Federation carried out activities that helped U.S. beef exporters expand sales in Japan. Likewise, the efforts of the U.S. Confectionery Program to remove a barrier to candy imports were successful. The Florida Department of Citrus' efforts to increase consumer awareness of its product were also successful. As previously noted, however, the large number of factors affecting exports make definitive linkage to MPP difficult.

### Poor Promotional Preparation Limited the Impact of MPP-Funded Raisin Promotions

In September 1989, the California Raisin Advisory Board launched a \$3 million MPP-funded campaign directed at marketing raisins as a snack in Japan. At that time, consumer-packaged sales of raisins constituted only about 10 percent of Japanese consumption, and the board believed an opportunity existed to increase raisin sales. The campaign, managed by a private contractor on behalf of the board, was based primarily on in-store promotions and television advertising.

Many problems existed in the campaign. The lyrics sung by the "dancing" raisins in the Japanese television commercial were in English. Because the television commercial was tested at the same time that it was aired, it could not be revised even though revisions were warranted. Moreover,

board officials and others told us that the commercial's "dancing" raisin figures (misshapen and shriveled) frightened children, who were part of the target audience. Furthermore, according to board officials and an independent evaluation contracted for by the board, the contractor experienced major problems in getting the raisins into retail outlets during the promotional period, thus diluting the impact of the television advertising. Also, the contractor failed to conduct expected trade-related public relations work and to provide sufficient product information to retailers.

The board was unable to achieve the objectives set out for the campaign. For example, one objective was to export 900 tons of raisins during the campaign period, but according to an evaluation of the program by a contractor, exports reached only 565 tons. A second objective was to increase awareness of the product from 0 to 40 percent, but awareness ranged from only 5 to 14 percent in areas where advertisements ran. A test of consumer response to the commercial found that (1) some respondents were unable to discern what product was being advertised and thought it was potatoes or chocolates, (2) respondents had a low brand recall rate of only 4 percent for the total audience, and (3) only 10 of 250 participants recalled the brand name after seeing the commercial.

The board later replaced the contractor for the promotion due to inadequate performance and redesigned the television commercial for promotion in 1990. An evaluation of the revised campaign said that the promotion showed improvements, but consumer reaction was still meager. In August 1991, board representatives told us that they had not had any successful MPP activities in Japan but hoped to have more success in the future. According to an FAS estimate, the MPP funds allocated for the above promotions averaged about \$3,000 per exported ton when, based on our estimate made from Japanese import figures, the estimated value for a ton of raisins was \$1,583.

FAS told us that market research on the Japanese raisin market might have alerted the board not to use the "dancing raisins." They added, however, that the participant learned from this experience and from subsequent evaluation, and that the program was redirected.

The U.S. Confectionery Industry Export Program's 1990 generic Valentine's Day promotions for U.S. candy, which used \$27,000 in program funds, was poorly planned and largely ineffective. Valentine's Day in Japan is a major sales period for candy—20 percent of annual candy sales are

**U.S. Confectionery Industry  
Generic Promotions  
Experienced Problems**



related to this occasion. The candies Japanese prefer for gift-giving during this period are expensive and handmade; however, the generic promotions involved less-expensive, mass-produced U.S. candies that were inappropriate for the holiday, according to a Japanese industry official. In addition, as a result of late or poor planning, the candies were placed in out-of-the-way locations in participating stores. Also, since the Valentine's Day promotional packaging that had been planned for the candies was not ready, the U.S. candies had to compete with other candies that had special wrapping for the holiday.

FAS officials told us that the confectionery market in Japan is so large and so competitive that the objective of the participant's Valentine's Day promotion was to increase consumer awareness, not impact overall sales.

**U.S. Meat Export Federation's  
Activities Helped to Eliminate  
Trade Barrier**

In 1987 and 1988, the U.S. Meat Export Federation used MPP funds to persuade trade groups and Japanese consumers to be more receptive to U.S. meat by conducting television, magazine, and newspaper promotions. The activities were directed against, among other things, highly restrictive import quotas. The federation emphasized the high cost of beef in Japan and the potentially lower prices in the absence of tariffs. In July 1988, a Beef and Citrus Agreement between the United States and Japan liberalized beef import restrictions.<sup>6</sup> The Director of the U.S. Agricultural Trade Office in Japan credited federation activities with expediting this liberalization.

According to the federation's records and statistics compiled by Japan's Ministry of Finance, the achievements occurring from fiscal years 1986 to 1990 included an increase in exports of U.S. beef and veal to Japan from about 64,000 metric tons to about 163,000 metric tons and a rise in the U.S. market share for imported beef and veal from about 36 percent to about 43 percent.

**U.S. Confectionery Industry  
Export Program Helped  
Remove Trade Barrier**

The U.S. Confectionery Industry Export Program undertook MPP-funded activities directed toward securing Japanese government approval of Red No. 40 used in confectionery products. Red No. 40 is a widely used coloring agent accepted by the U.S. Food and Drug Administration and the European Community. The activities were carried out from 1986 through

<sup>6</sup>According to FAS, the agreement allowed for an annual 60,000-metric ton incremental increase in the imported beef quota, raising the total amount of beef allowed to be imported from 274,000 metric tons in 1988 to 394,000 metric tons in 1990. On April 1, 1991, the market was liberalized; beef quotas were eliminated and replaced by an import duty of 70 percent (up from 25 percent); the duty declined to 60 percent in April 1992 and to 50 percent in April 1993. Japan has the option to implement an additional 25-percent tariff during 1991-93 if Japanese beef imports reach 120 percent of the previous year's import level. After 1993, the tariff on beef will remain at the 50-percent level.

1990 and used a total of \$607,420 in program funds. The activities consisted of identifying and preparing manuscripts on available Red No. 40 studies, establishing and maintaining a dialogue between U.S. and Japanese governmental institutions responsible for food safety standards, conducting additional scientific research, translating studies into Japanese, and arranging for the U.S. Food and Drug Administration to formally request approval of Red No. 40. Approval was gained in January 1991.<sup>7</sup>

### Florida Department of Citrus Increased Awareness and Achieved Export Goals

In the late 1980s, the Florida Department of Citrus undertook MPP-funded activities to increase the overall market for grapefruit in Japan. The department used over \$7 million in MPP funds to greatly expand grapefruit promotion activities during the 1986, 1987, and 1988 seasons and engaged in television advertising, printed advertising, public relations activities, and consumer and trade promotions (such as in-store promotional materials, demonstrations, and sampling).<sup>8</sup> An evaluation of advertising and promotional activities during the 1988 season indicated that the activities increased awareness of Florida as a citrus-producing area.

During the 1987 and 1988 seasons, exports of Florida grapefruit to Japan were over 10.9 million cartons and 12 million cartons, respectively.<sup>9</sup> These amounts were significantly above the average export level of 5.8 million cartons achieved during the 6 growing seasons before MPP funds were used, and the export goals specified in the department's MPP plans were achieved.

### Long-term MPP Promotion of U.S. Cotton

Although MPP is designed primarily to support short-term promotional activities according to FAS officials, some market strategies are long-term, and significant changes in exports are generally not expected in the short term. The Cotton Council International is engaged in such a long-term promotional effort in Japan. According to the council, its marketing strategy calls for long-term development, not immediate results, and it will require an estimated 15 years to achieve the desired level of market penetration.

In 1989, the council designed a promotional strategy that centered on the "Cotton USA" trademark to promote cotton products composed of at least

<sup>7</sup>On January 17, 1991, Japan's *Gazetting*, a document similar to the U.S. *Federal Register*, indicated that Food Red No. 40 was approved for food uses, with certain exceptions. Confectionery was not among the exceptions noted.

<sup>8</sup>Similar activities were initiated in 1989 but were cancelled because of a freeze that affected the crop.

<sup>9</sup>One carton contains 4/5 bushel of grapefruit.

50 percent U.S. cotton. The promotional campaign includes generic and brand-name advertising aimed at both the cotton industry and the consumer. The objective was to increase the U.S. cotton content of products manufactured and sold in targeted countries.

The council's short-term goals for 1989 were to achieve a 25-percent awareness level for the "Cotton USA" trademark among its target audience. The goal was not achieved. A preliminary advertising survey found that the "Cotton USA" trademark had a 5-percent awareness level. By 1990, only minimal improvement was achieved for trademark awareness: a June 1990 advertising survey measured awareness of the "Cotton USA" trademark at 6 percent.

---

## Funding "Additionality" and Graduation Have Not Been Addressed

FAS currently has no way of ensuring that money provided under MPP is supporting additional promotional activities rather than simply replacing funds that would have been spent anyway. Further, FAS lacks criteria regarding the length of time participants can remain in the program or the circumstances under which they should graduate from the program.

---

## Funding Additionality

The issue of whether MPP-funded promotional activities would have been undertaken without government assistance has not been 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 in any case. To ensure that benefits are achieved, program funds should not replace expenditures that a company would have undertaken irrespective of the program, we believe.

Applicants for MPP funding are not required to provide sufficient information for FAS to determine the extent to which additional program efforts are occurring. FAS does not collect information on program applicants' prior promotional expenditures in domestic or international markets. Likewise, FAS does not obtain such information on the firms that use MPP funds for brand-name promotions.

The lack of information needed to identify 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 money and export expertise to receive MPP

funds in order to promote its brand-name product. The commercial entity may already have a promotional effort under way in that market. Thus, the commercial entity could simply maintain its previous level of promotional efforts by using the MPP matching funds provided by the government.

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 amount is generally the average amount of the 3 prior years' expenditures. MPP lacks such a criterion.

### 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. Fifty-four out of 101, or 53 percent, of brand-name participants in the program from fiscal years 1986 to 1992 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 received the largest amount of program funds, 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 to maintain market share. However, FAS has not developed criteria to indicate when program participants should assume the entire cost of promotions. We believe that without 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.

FAS is opposed to a mandatory graduation requirement. FAS believes that sufficient controls are in place to phase out ineffective activities. While phasing out ineffective activities is important, a graduation requirement would force participants with successful programs to assume the costs of their promotional activities since a successful firm may be more willing to assume such costs than an unsuccessful firm.

### Agency Comments

We discussed the results of our work concerning the MPP case studies in Japan with FAS officials. The agency had no substantial disagreement with

---

our presentation of participant activities. We incorporated comments on evaluation and graduation contained in FAS' April 1, 1993, letter to the Chairman of the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, House Committee on Appropriations.

---

As you requested, we plan no further distribution of this report until 15 days after its issue date, unless you publicly announce its contents earlier. At that time, we will send copies to the Secretary of Agriculture and other interested parties. We will also make copies available to others on request.

Please contact me on (202) 512-4812 if you have any questions concerning this report. Other major contributors to this report are listed in appendix III.

*Allan I. Mendelowitz*

Allan I. Mendelowitz, Director  
International Trade, Finance, and  
Competitiveness

---

# Contents

---

Letter	1
Appendix I Total Funds Received by All Market Promotion Program Participants, Fiscal Years 1986-92	14
Appendix II Market Promotion Program Brand-Name Participants Receiving More Than \$1 Million, Fiscal Years 1986-92	18
Appendix III Major Contributors to This Report	20

---

---

## Abbreviations

EIP	Export Incentive Program
FAS	Foreign Agricultural Service
MPP	Market Promotion Program
TEA	Targeted Export Assistance Program
USDA	United States Department of Agriculture



# Total Funds Received by All Market Promotion Program Participants, Fiscal Years 1986-92

<b>Participants</b>	<b>Total funds (actual dollars, in thousands)</b>	<b>Total funds (expressed in 1992 dollars, in thousands)</b>
Agripac, Inc. (EIP)	\$30	\$31
Alaska Seafood Marketing Institute	30,914	32,500
American Fine Foods (EIP)	113	117
American Horticultural Marketing Council	148	148
American Indian Trade and Development Council	228	228
American Legend Cooperative (EIP)	1,002	1,188
American Plywood Association	16,210	17,503
American Seed Trade Association	107	122
American Sheep Industry Association, Inc.	508	515
American Soybean Association	57,566	62,851
Asparagus USA	216	216
Blue Diamond Growers (EIP)	25,346	28,157
Brandy Export Association	1,070	1,070
California Avocado Commission	2,370	2,580
California Cling Peach Advisory Board	27,955	31,384
California Grown Nut Company (EIP)	12	12
California Independent Almond Growers (EIP)	47	49
California Kiwifruit Commission	3,553	3,870
California Pistachio Commission	3,875	4,068
California Prune Board	40,162	43,940
California Raisin Advisory Board	64,268	70,827
California Strawberry Advisory Board	1,931	1,968
California Table Grape Commission	11,536	12,225
California Tree Fruit Agreement	2,707	2,766
California Walnut Commission <sup>a</sup>	51,767	57,745
Cal-Almond, Inc. (EIP)	179	191
Catfish Farmers of America	9	11
Cherry Marketing Institute, Inc.	1,994	2,072
Concord Grape Association	1,134	1,250

(continued)



**Appendix I  
Total Funds Received by All Market  
Promotion Program Participants, Fiscal  
Years 1986-92**

<b>Participants</b>	<b>Total funds (actual dollars, in thousands)</b>	<b>Total funds (expressed in 1992 dollars, in thousands)</b>
Cotton Council International	77,327	82,958
Del Monte Foods, USA (EIP)	172	178
Dole Dried Fruit and Nut Company (EIP)	1,154	1,234
Dole Fresh Fruit Company (EIP)	5,837	6,543
Eastern U.S. Agricultural and Food Export Council, Inc.	9,006	9,752
Florida Department of Citrus	47,415	51,240
Friday Canning (EIP)	20	21
Ginseng Board of Wisconsin, Inc.	514	518
Golden West Nuts (EIP)	130	150
Hansa-Pacific Associates (EIP)	1,428	1,569
Hop Growers of America, Inc.	421	429
Horizon Marketing (EIP)	106	109
Hudson's Bay Company Fur Sales, Inc. (EIP)	689	824
Hughson Nut Marketing (EIP)	153	161
Hunt-Wesson Food International, Ltd.	236	242
International American Supermarket Corporation (EIP)	20	21
Kentucky Distillers' Association	8,890	9,101
Leather Industries of America	2,753	3,285
LoBue Brothers, Inc. (EIP)	43	44
Michigan Apple Commission	208	208
Mid-America International Agri-Trade Council	15,542	16,235
Monarch International (EIP)	79	87
National Association of State Departments of Agriculture	1,513	1,630
National Association of Animal Breeders	1,355	1,414
National Dry Bean Council	2,466	2,608
National Council of Farmer Cooperatives	15	17
National Forest Products Association	30,330	30,890
National Hay Association, Inc.	217	237
National Honey Board	1,456	1,522
National Pasta Association	904	1,058

(continued)

**Appendix I  
Total Funds Received by All Market  
Promotion Program Participants, Fiscal  
Years 1986-92**

<b>Participants</b>	<b>Total funds (actual dollars, in thousands)</b>	<b>Total funds (expressed in 1992 dollars, in thousands)</b>
National Peanut Council	24,147	26,987
National Potato Promotion Board	25,907	28,047
National Sunflower Association	9,798	10,741
Nicolaysen Farms (EIP)	47	55
Norpac Food Sales (EIP)	281	297
North American Export Grain Association	380	380
Northwest Cherry Growers	4,485	4,762
Ocean Spray Cranberries (EIP)	1,000	1,026
Oregon Seed Council	187	187
Oregon-Washington-California Pear Bureau	6,820	7,108
Pacific Coast Canned Pear Service, Inc.	327	332
Paramount Farm (EIP)	16	18
Popcorn Institute	197	197
Porino's (EIP)	14	15
Ryan-Parreira Almond Company (EIP)	49	52
Sequoia Enterprises (EIP)	226	253
Southeast Fisheries Association	205	205
Southern U.S. Trade Association	9,235	9,857
Sun World, Inc. (EIP)	545	607
Sunkist Growers, Inc. (EIP)	53,130	59,803
Sun Pacific Shippers, Inc. (EIP)	27	33
S&W Fine Foods, Inc. (EIP)	13	13
Tenneco West (EIP)	30	37
Texas Produce Export Association	30	32
The DiMare Company (EIP)	76	82
The Pillsbury Company (EIP)	6,406	6,775
The Triad Group (EIP)	63	65
Tobacco Associates, Inc.	10,162	10,544
Tri Valley Growers (EIP)	280	287
U.S. Confectionery Industry Export Program	12,371	13,381
USA Dry Pea and Lentil Council, Inc.	8,425	9,487
USA Poultry and Egg Export Council, Inc.	36,771	40,599

(continued)

**Appendix I  
Total Funds Received by All Market  
Promotion Program Participants, Fiscal  
Years 1986-92**

<b>Participants</b>	<b>Total funds (actual dollars, in thousands)</b>	<b>Total funds (expressed in 1992 dollars, in thousands)</b>
USA Rice Council	35,375	38,227
U.S. Feed Grains Council	22,015	23,756
U.S. Meat Export Federation	67,122	72,410
U.S. Mink Export Development Council	8,437	8,797
U.S. Wheat Associates, Inc.	19,158	20,330
Washington State Apple Commission	20,142	21,768
Welch's Foods, Inc. (EIP)	1,215	1,247
Western U.S. Agricultural Trade Association	24,508	26,026
Wild Blueberry Association of North America	26	26
Wine Institute	55,684	58,923
Export Incentive Program (1992 allocation)	18,540	18,540
<b>Total</b>	<b>\$1,041,232<sup>b</sup></b>	<b>\$1,126,203</b>

**Legend**

EIP = Export Incentive Program

Note: For fiscal years 1986-90, actual expenditures were used. For fiscal year 1991, budgeted figures were used, including carryover funding from 1990. For fiscal year 1992, allocation figures were used; however, funding for EIP was not available by participant.

\*Formerly Walnut Marketing Board.

<sup>b</sup>Total differs from sum of individual participant funds due to rounding.

Source: GAO analysis of Foreign Agricultural Service data.

# Market Promotion Program Brand-Name Participants Receiving More Than \$1 Million, Fiscal Years 1986-92

<b>Participants</b>	<b>Total funds (actual dollars)</b>	<b>Total funds (expressed in 1992 dollars)</b>
Sunkist Growers	\$66,894,052	\$74,837,301
Blue Diamond	35,744,713	39,114,960
Sunsweet Growers	19,142,000	20,833,836
Gallo	15,955,400	16,641,729
Sun-Maid	11,984,362	12,592,339
Tyson's Foods, Inc.	9,960,874	11,215,571
The Pillsbury Company	9,293,503	9,933,669
Dole Fresh Fruit Co.	8,152,705	9,084,497
Dole Dried Fruit/Dole Nut Co.	6,989,195	7,425,085
Borges <sup>a</sup>	6,412,430	7,006,488
Welch's	5,066,209	5,322,733
Mariani Packing/Mariani Nut Co.	4,047,708	4,590,637
American Legend	3,910,998	4,274,637
M&M/Mars	3,781,523	4,140,273
Diamond	3,336,346	3,959,570
Hudson's Bay	3,238,863	3,566,219
Master Foods (Uncle Ben's)	2,812,140	3,105,881
Rockingham/Wampler-Longrace	2,725,000	3,067,864
Vintners International	2,639,400	2,765,361
Heublein	2,477,895	2,585,149
CPC/Best Foods	2,456,000	2,716,975
Brown-Forman	2,425,000	2,472,755
Seagrams	2,337,768	2,428,050
KP <sup>a</sup>	2,317,500	2,598,224
John West Foods <sup>a</sup>	2,307,100	2,354,471
Wrangler, Japan <sup>a</sup>	2,225,254	2,303,983
Bruce Foods	2,059,590	2,256,060
Duyvis (Sara Lee)	2,025,000	2,213,494
Hansa-Pacific Association	2,005,400	2,157,059
Fruit of the Loom <sup>a</sup>	1,931,210	2,016,806
Jim Beam Brands	1,865,000	1,904,564
Ocean Spray	1,826,850	1,854,544
National Raisin Co.	1,773,393	1,872,476
Mayfair Packing	1,737,122	1,967,228
Bobson	1,673,801	1,713,750
Gunze <sup>a</sup>	1,635,573	1,816,638

(continued)

**Appendix II  
Market Promotion Program Brand-Name  
Participants Receiving More Than  
\$1 Million, Fiscal Years 1986-92**

<b>Participants</b>	<b>Total funds (actual dollars)</b>	<b>Total funds (expressed in 1992 dollars)</b>
Campbells Soup	1,630,119	1,692,897
Nestle	1,603,110	1,723,724
Crivellaro <sup>a</sup>	1,558,500	1,847,319
YG Urban, Japan	1,557,500	1,582,763
Akel Tekstill <sup>a</sup>	1,537,479	1,665,951
Valley View Packing	1,479,000	1,598,235
Hershey	1,454,870	1,566,471
Tilda <sup>a</sup>	1,420,610	1,519,033
Meistermarken-Werke <sup>a</sup>	1,409,520	1,566,951
Ralston Purina	1,384,987	1,468,071
Euryza	1,236,478	1,353,812
Yuen Loong <sup>a</sup>	1,195,309	1,362,130
McDonald's Corporation	1,185,000	1,255,928
Sequoia Enterprises	1,148,400	1,313,345
Rifle, Europe	1,078,075	1,119,646
California Prune Packing	1,072,000	1,101,821
Kraft GmbH	1,031,002	1,134,400
West Coast Packers	1,012,159	1,081,350

Note: The figures shown for each company represent funding levels as of February 10, 1992. Since fiscal year 1992 EIP amounts were not allocated at that time, the figures shown do not reflect 1992 EIP amounts. For fiscal years 1986-1988, actual expenditures were used. For fiscal years 1989-1991, budget figures were used, including carryover funding from 1990. The figures for some companies may be different than those listed in appendix I. Aside from receiving money directly from FAS, companies engaged in brand-name promotions can receive additional MPP funds from organizational MPP participants involved in promoting the same commodity. In addition, because appendix I data were obtained at an earlier date, figures may have been adjusted.

<sup>a</sup>Foreign brand.

Source: Marketing Operations Staff, Foreign Agricultural Service.

---

# Major Contributors to This Report

---

**General Government  
Division, Washington,  
D.C.**

**Phillip J. Thomas, Assistant Director  
John J. Bachkosky, Adviser  
Michael Tovaes, Evaluator  
Rona Mendelsohn, Reports Analyst**

---

**Boston Regional  
Office**

**Nicholas J. White Jr., Regional Management Representative  
Teresa D. Dee, Evaluator-in-Charge  
Pamela L. Mancini, Senior Evaluator**

---

**San Francisco  
Regional Office**

**Kane Wong, Assistant Director  
Harry Medina, Senior Evaluator  
Dexter Porter, Evaluator**

---

### Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

#### Orders by mail:

U.S. General Accounting Office  
P.O. Box 6015  
Gaithersburg, MD 20884-6015

#### or visit:

Room 1000  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC

Orders may also be placed by calling (202) 512-6000  
or by using fax number (301) 258-4066.

---

**United States  
General Accounting Office  
Washington, D.C. 20548**

**Official Business  
Penalty for Private Use \$300**

**First-Class Mail  
Postage & Fees Paid  
GAO  
Permit No. G100**

---