NATIONAL CORN GROWERS ASSOCIATION

March 27, 2019

The Honorable Sonny Perdue, Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Perdue:

On behalf of the farmer-members of the National Corn Growers Association (NCGA), I appreciate the opportunity to provide input into the U.S. Department of Agriculture's (USDA) implementation of the Agriculture Improvement Act of 2018 (the Farm Bill). As we communicated to Congress during the reauthorization process, the programs included throughout all titles of the Farm Bill are critically important, particularly at a time of uncertainty in the agriculture and rural economies, and an uncertain trade environment.

Founded in 1957, the National Corn Growers Association represents nearly 40,000 dues-paying corn farmers nationwide and the interests of more than 300,000 growers who contribute through corn checkoff programs in their states. NCGA and its 50 affiliated state organizations work together to create and increase opportunities for corn growers.

Ensuring a smooth and timely Farm Bill implementation requires clear communication to producers and other stakeholders about the timeframe during which implementation will take place, as well as clear communication about programmatic changes. This opportunity to submit written comments and to appear in person for a listening session is a great start to what we hope will be an ongoing and regular dialogue with USDA.

The Farm Bill's Trade Title (Title III) is very important to NCGA, as America's corn farmers derive an estimated 33 percent of their incomes from the export of corn and corn products. Farmers' ability to benefit from exports of corn, corn gluten feed/meal, distillers dried grains with solubles (DDGS), ethanol, and other corn products is driven by the quality and competitiveness of our products, trade policy, and the important export promotion and market development work that the USDA Foreign Agricultural Service and Cooperators do on our behalf. Title III of the Farm Bill also authorizes critical international food assistance, development and capacity building programs that reflect the largess of America's heartland and farmers' desire to invest in the long-term development of economies that will become tomorrow's export markets.

Export Market Development Programs

USDA's Market Access Program (MAP) and the Foreign Market Development Program (FMD) were top Farm Bill priorities for NCGA. The U.S. Grains Council (USGC) is the Cooperator that carries out this valued work on behalf of corn farmers, in partnership with USDA. These programs have a long track record of delivering a high rate of return to farmers. Since MAP and FMD require private sector investment they have true buy-in from our farmer members.

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Informa Economic IEG, working with Texas A&M University and Oregon State University, in 2016 released a study, "Economic Impact of USDA Export Market Development Programs," evaluating the economic impacts of FMD and MAP.

The econometric study of export demand showed that MAP and FMD generated a remarkable return on investment between 1977 and 2014 of $28.30 in export gains for every additional $1 spent on foreign market development, which is consistent with previous study results. In addition, the study showed the programs are responsible for 15 percent of total agricultural export revenue, equal to $309 billion, since 1977. MAP and FMD also returned an average annual increase in farm net income of $2.1 billion while creating 239,800 new full and part-time jobs between 2002 and 2014. The study found that if the FMD and MAP programs were eliminated U.S. agricultural exports would drop by $14.7 billion annually.

The 2018 Farm Bill recognized the importance of MAP and FMD by renewing these vital trade promotion programs and securing their baselines for the future. During the Farm Bill debate, NCGA advocated for increased investment in the MAP and FMD programs due to increased demand for program funds and the fact that funding levels have remained unchanged since 2006, when increased levels were phased in from the 2002 Farm Bill. NCGA supports the Farm Bill's changes to the programs outlined below and encourages USDA to consult closely with Congress and stakeholders to ensure implementation aligns with Congressional intent.

<u>Subtitle B, Section 3201 - Agricultural Trade Promotion and Facilitation</u>: The Agricultural Trade Promotion and Facilitation section combines the funding ($255 million per year) for MAP, FMD, the Emerging Markets Program (EMP), Technical Assistance for Specialty Crops (TASC), and the Priority Trust Fund. This addresses the Congressional Budget Office's elimination of the baseline for programs under $50 million. The provision restores the mandatory funding for FMD at not less than $34.5 million annually and, importantly, also affirms MAP's funding at no less than $200 million per fiscal year. The legislation also intentionally maintains the unique characteristics and functions of each program, which must be a priority in implementation.

<u>Priority Trade Fund:</u> The Priority Trade Fund is established in the same Section and provides $3.5 million per year to be used at USDA's discretion to distribute to any of the four trade programs, with the priority going to those programs where the requests are greater than the funds available. Additionally, any unallocated funds for FMD, MAP, Emerging Markets, and TASC shall be deposited in the Priority Trade Fund for use. NCGA advises USDA to maintain open communication and consultation with stakeholders regarding the use of these funds and to the extent that the Department establishes internal criteria for the allocation of these funds.

<u>Cuba</u>: The bill allows MAP and FMD funds to be used for market development activities in Cuba, assuming these activities do not contravene the National Security Presidential Memorandum entitled 'Strengthening the Policy of the United States Toward Cuba' issued by the President on June 16, 2017, during the period in which that memorandum is in effect. NCGA supports this provision based on the promise of Cuba as a potentially significant market for agricultural exports and because of the need of the Cuban people for a reliable food source.

<u>Administrative Costs</u>: The bill authorizes such sums as are necessary be appropriated to carry out the programs, which gives the Appropriations Committees the ability to use discretionary funds for administrative costs. Currently, administrative costs come out of the MAP and FMD program funding. NCGA will pursue commensurate

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appropriations from Congress in support of this authority, as we will continue to pursue increased overall mandatory investment in the MAP and FMD programs in future Farm Bills.

Subtitle C, Section 3301- Growing American Food Exports: NCGA supports the Farm Bill's efforts to make this program more robust, to include new agricultural production technologies and to increase program funds to $2 million per year.

Food Assistance, Development and Exchange Programs

While NCGA does not have specific input on implementation of the other programs and activities authorized in Subtitle C, we want to take this opportunity to express NCGA's support for the food assistance, development, exchange and technical assistance programs and fellowships that the Foreign Agricultural Service implements.

NCGA supports the objectives and activities of Food for Progress (FFP), the McGovern-Dole International Food for Education and Child Nutrition program (McGovern-Dole) and the Bill Emerson Humanitarian Trust to reduce global hunger. NCGA was disappointed that the President's budget requests have reduced or eliminated funding for FFP and McGovern-Dole and we are pleased that Congress continues to authorize and appropriate funding for implementation of these programs. These programs are part of the Farm Bill's legacy and American agriculture's legacy. They leverage the abundance of U.S. agricultural commodities to ensure that nutritious food is accessible to the people in the world who need it most.

Not only do these programs serve as an extension of American diplomacy and rural values, they help stabilize domestic commodities markets and engender the long-term international economic development and capacity building that emerging markets require to ultimately become commercial partners of the United States – truly a win-win. The U.S. Grains Council's Food for Progress project strengthening the poultry and feed industries in Tanzania serves as an example of an approach that connects critical development goals with long-term commercial interests. NCGA encourages USDA to promote the success of these programs and to provide program managers and program partners with flexibility to innovate in their implementation of these projects, to the extent practicable, to achieve the best possible outcomes.

In conclusion, NCGA thanks you once again for the opportunity to provide feedback on USDA's implementation of the Trade Title of the Farm Bill. Title III programs are important contributors to our farmer members' global competitiveness. We look forward to continued dialogue as you move forward with a timely implementation and wish you luck in this endeavor.

Sincerely,

Lynn E. Chrisp

Lynn Chrisp, President
National Corn Growers Association