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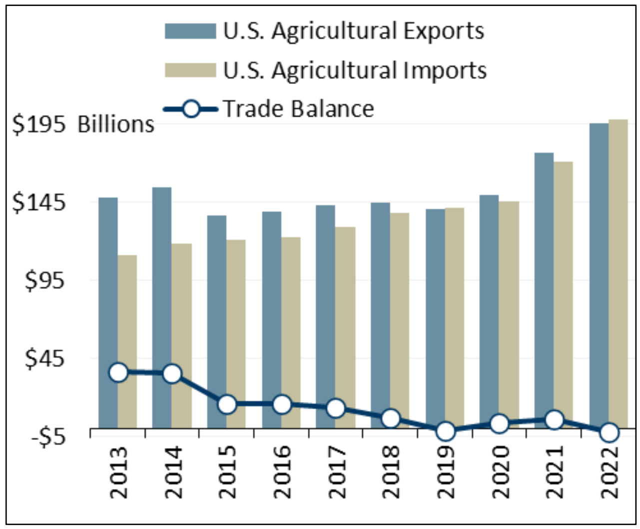
Farm Bill Primer: Trade and Export Promotion Programs

Agricultural exports are significant to farmers and the U.S. economy. With the productivity of U.S. agriculture growing faster than domestic demand, farmers and agriculturally oriented firms rely heavily on export markets to sustain prices and revenue. The trade title of the 2018 farm bill (P.L. 115-334) authorized programs from FY2019 to FY2023 to expand foreign markets for U.S. farmers and food manufacturers through export market development programs and export credit guarantee programs. Congress extended the authorization and funding for these programs through FY2024 (P.L. 118-22, Division B, §102). These market expansion programs derive their statutory authorities from the Agricultural Trade Act (P.L. 95-501). For more information about USDA's export promotion programs, see CRS Report R46760, *U.S. Agricultural Export Programs: Background and Issues*. The trade title of the 2018 farm bill also includes international food assistance programs and international science and technical exchange programs and provisions, which are not addressed in this In Focus.

Trade Situation Overview

U.S. food and agricultural exports totaled $196 billion, and U.S. imports totaled nearly $198 billion in 2022, resulting in a trade deficit of more than $2 billion (**Figure 1**), according to U.S. Department of Agriculture (USDA) data. Bulk commodities, such as soybeans, corn, cotton, wheat, and rice, are the leading U.S. farm exports. Leading consumer-oriented exports include dairy, meat and poultry, tree nuts, fruits, and vegetables. Over 60% of U.S. agricultural exports by value were destined for China, Mexico, Canada, Japan, and the European Union in 2022.

Figure 1. Value of U.S. Agricultural Trade



Source: CRS from USDA's Global Agricultural Trade System data (BICO-10). Data are not adjusted for inflation. Trade balance constructed as imports subtracted from exports.

The U.S. agricultural trade surplus peaked at $40.1 billion in 2011. It has since fallen and became a trade deficit in 2019 and 2022. Many attribute the rise in U.S. food and agricultural imports to increasing domestic demand for imported, consumer-oriented goods such as fruits, vegetables, alcoholic beverages, beef, and coffee products.

As the margin of exports over imports has narrowed, some producer groups have sought enhanced export promotion and market development. Some U.S. government officials and industry representatives have expressed interest in addressing certain policies of some U.S. trading partners that may be impeding U.S. food and agricultural exports. The Office of the U.S. Trade Representative (USTR) in its annual *National Trade Estimate Report on Foreign Trade Barriers* highlights a range of tariff and nontariff concerns, including sanitary and phytosanitary (SPS) and technical trade barriers. These and other potential issues for Congress are discussed below.

Trade Provisions in the 2018 Farm Bill

The 2018 farm bill reauthorized several export market development programs and export credit guarantee programs, administered by USDA's Foreign Agricultural Service. The 2018 farm bill included other trade and export promotion provisions aimed at developing overseas markets and addressing nontariff barriers.

Export Market Development Programs

The 2018 farm bill consolidated four existing USDA export promotion programs under a single Agricultural Trade Promotion and Facilitation program and created the Priority

Trade Fund, with mandatory funding of $255 million annually through FY2023 (7 U.S.C. §5623).

- **Market Access Program (MAP)** provides cost-sharing of overseas marketing and promotional activities that help build commercial markets for U.S. agricultural exports ($200 million per year).
- **Foreign Market Development (FMD) Cooperator Program** funds projects that address long-term opportunities to reduce foreign import constraints or expand export growth opportunities ($34.5 million per year).
- **E. (Kika) de la Garza Emerging Markets Program** provides cost-sharing for technical assistance to support generic U.S. agricultural exports ($8 million per year).
- **Technical Assistance for Specialty Crops** funds projects addressing SPS and technical trade barriers to U.S. specialty crop exports ($9 million per year).
- **Priority Trade Fund** supports activities to access, develop, maintain, and expand markets for U.S. agricultural exports ($3.5 million per year).

The 2018 farm bill also allowed USDA to fund MAP and FMD activities in Cuba, which was otherwise prohibited (7 U.S.C. §5623(f)(4)).

Export Credit Guarantee Programs

The 2018 farm bill reauthorized $1 billion annually through FY2023 in export credit guarantees for exports to emerging markets (7 U.S.C. §5622 note). Additionally, $5.5 billion is available annually with no funding expiration date (7 U.S.C. §5641(b)). Export credit guarantees are carried out under two programs.

- **GSM-102 Program** provides credit guarantees to finance commercial U.S. agricultural exports mainly to developing countries. For FY2024, USDA announced the availability of $2.5 billion in credit guarantees.
- **Facility Guarantee Program (FGP)** provides payment guarantees to improve or establish agriculture-related facilities in emerging markets. FY2024 FGP credit guarantee availability is estimated at $500 million.

Under these programs, the Commodity Credit Corporation (CCC) provides payment guarantees on commercial financing and assumes the risk of default on payments by the foreign purchasers on loans to facilitate U.S. exports.

Other Export-Related Provisions

The 2018 farm bill reauthorized the Biotechnology and Agricultural Trade Program (7 U.S.C. §5679) and authorized $2 million in annual appropriations through FY2023 to fund grants for public and private sector projects that provide "quick response intervention" and develop protocols as part of bilateral negotiations with other countries. Trade concerns pertain to nontariff regulatory barriers to U.S. exports produced with agricultural biotechnology and other new technologies and requirements involving food safety, plant and animal disease, or other SPS measures.

The 2018 farm bill also directed USDA, coordinating with other federal agencies, to work with tribal representations on U.S. trade missions to increase the inclusion of tribal food products in trade-related activities (7 U.S.C. §5608).

Administrative Action

In November 2023, USDA announced funding availability of $1.2 billion over five years for a new export promotion program called the Regional Agricultural Promotion Program (RAPP). RAPP is modeled after MAP and the temporary Agricultural Trade Promotion Program that was created in 2018 in response to foreign retaliatory tariffs and trade disruptions. The first-year tranche of $300 million in funding emphasizes markets in Africa, Latin America, the Caribbean, and South and Southeast Asia. RAPP is authorized and funded by the CCC Charter Act (15 U.S.C. §714c(f)).

USDA uses the same CCC authority to fund the Quality Samples Program (QSP), which promotes U.S. agricultural products. QSP is annually funded at $2.5 million.

Issues and Options

As Congress considers issues related to U.S. agricultural exports, it may evaluate, reauthorize, modify, or end existing programs or establish new programs and initiatives.

During the run-up to the 2014 and 2018 farm bills, deficit reduction proposals targeted MAP for cuts or elimination. Critics claimed export promotion programs provide federal support for activities that private firms could and would otherwise fund. Supporters of the programs claimed these programs keep U.S. agricultural products competitive overseas, diversify market opportunities, help generate additional farm income, and increase jobs in the farm and food sector.

In the 118th Congress, Members introduced bills addressing MAP and FMD. Some bills would increase annual funding for MAP and FMD to $400 million and $69 million, respectively (H.R. 648/S. 176), and other bills would authorize $1 million annually for FMD to focus on technical assistance to improve the infrastructure in foreign markets (H.R. 4612/S. 2570).

Other bills introduced in the 118th Congress would address trade barriers by directing USDA and USTR to negotiate with foreign governments to ensure the right to use common names for U.S. agricultural and food products in foreign markets that may otherwise be prohibited due to geographical indication protections (H.R. 3423/S. 1652). Some bills propose modifying a congressionally mandated annual U.S. specialty crops trade issues report (7 U.S.C. §5623(e)(7)) to explicitly include USTR, public, and industry participation and require specific information on actions taken to resolve trade barriers (H.R. 6399/S. 3300).

Other trade-related issues often outside the context of the farm bill—but debated in view of lower farm export sales in recent years—may include various multilateral and bilateral trade negotiations that U.S. farm groups generally support. Congress also may review the implications of retaliatory trade tariffs that remain in effect and/or are under consideration, including retaliatory tariffs imposed on U.S.

exports limiting certain U.S. food and agricultural exports in response to U.S. Section 232 steel and aluminum duties.

Congress may also debate policy issues related to U.S. agricultural trade and involvement within the World Trade Organization and other trade agreements. Some bills call for establishing an interagency agricultural trade enforcement task force to identify agricultural trade barriers that are "vulnerable to dispute settlement" under trade agreements and for enforcing trade agreement violations with a particular focus on India's agricultural subsidies (H.R. 5790/S. 2992).

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