Supply Chains for Food Trade in Asia: Implications for U.S. Farm Policy*

Domestic and Trade Impacts of U.S. Farm Policy: Future Directions and Challenges

November 16, 2007
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Director, Center for Agricultural Business
California State University, Fresno

* This presentation was prepared in collaboration with Dr. Tom Reardon, Professor, Michigan State University and Dr. Tom Wahl, Professor and Department Chairman, North Dakota State University based on ongoing research funded by the California Department of Agriculture.
Introduction

- Dynamics of the Asian Food Supply Chain
- Linkages to U.S. Farm Policy?
  &
  Thoughts on the Future
Reality of the Present & Promises For the Future

Asia is a Big Market & Asia is where the Money and People Will Be in the Near Future
Rapidly Shifting Nature of Asian Food Economy … almost defies description
Markets
Flourishing
Urbanizing

[Shenzhen in 1980 and 2000, S. China borer Hong Kong]
Industrializing
Westernizing
Huge Market Potential

1.3 billion People

Biggest consumption push will come over the next 20 years when hundreds of millions of rural residents migrate to the city.
Overall Increase in Off-farm Work

1.3 billion
800 million rural
200 million farmers

More than 150 million people shifted to the off farm sector between 1980 and 2004

Off farm Employment

Rozelle, Jikun, Reardon, et. al survey 2005
China Rural To Urban Migration

Annual per capita income in China, selected cities and rural provincial averages, 2000

- Shenzhen: 20,240 yuan
- Guangzhou: 13,967 yuan
- Shanghai: 11,718 yuan
- Beijing: 10,349 yuan
- Urban average: 6,280 yuan
- Rural Zhejiang: 4,254 yuan
- Rural Guangdong: 3,654 yuan
- Rural average: 2,253 yuan
- Rural Henan: 1,986 yuan
- Rural Shaanxi: 1,444 yuan
- Rural Guizhou: 1,374 yuan

Note: 1 dollar = 8.28 yuan.
Source: China and Guangdong statistical yearbooks.
### Facts and figures at a glance

**India**

<table>
<thead>
<tr>
<th>Name</th>
<th>The Republic of India, Bharat (Hindi)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Form of government</strong></td>
<td>Federal republic</td>
</tr>
<tr>
<td><strong>Capital city</strong></td>
<td>New Delhi</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td>3.2 million km², making it 1.5 times bigger than Western Europe</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>1.12 billion, the 2nd most populous land in the world (after China)</td>
</tr>
<tr>
<td><strong>Population growth</strong></td>
<td>1.5 percent</td>
</tr>
<tr>
<td><strong>Official languages</strong></td>
<td>Hindi and English, plus several other regional languages</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td>1 Indian rupee = 100 paise</td>
</tr>
<tr>
<td><strong>Gross domestic product (GDP)</strong></td>
<td>approx. 697 bn. euros</td>
</tr>
<tr>
<td><strong>GDP per capita</strong></td>
<td>approx. 623 euros</td>
</tr>
<tr>
<td><strong>GDP growth</strong></td>
<td>+8.0 percent</td>
</tr>
</tbody>
</table>

Status: 2006

Source: FERI
India’s growing middle class

The middle class in India is on the rise: the number of households with an annual income of between 2,000 and 4,999 US dollars is increasing continuously. The average household in India consists of 5.5 people.*

<table>
<thead>
<tr>
<th>Year</th>
<th>Well-off households (5,000+)</th>
<th>Spenders (2,000-4,999)</th>
<th>Aspirers (1,000-1,999)</th>
<th>Low-income (less than 1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>1</td>
<td>32</td>
<td>54</td>
<td>77</td>
</tr>
<tr>
<td>2005</td>
<td>3</td>
<td>47</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>2015</td>
<td>10</td>
<td>80</td>
<td>90</td>
<td>50</td>
</tr>
</tbody>
</table>

A total of 164 million households in 1995, increasing to 230 million households in 2015.

Households in millions
- Well-off households: annual income of more than 5,000 US dollars
- Households that can afford a few luxuries (“spenders“): annual income between 2,000 and 4,999 US dollars
- Up-and-coming households (“aspirers“): annual income between 1,000 and 1,999 US dollars
- Low-income households: annual income of less than 1,000 US dollars

*Household incomes are not inflation-adjusted

Source: IGD
Growing consumer spending in India

Private consumption in India is rising continuously. Indians spend almost half of their incomes on food – in the region of nine billion Indian rupees in 2005. That equates to around 160 million euros.

Household consumer spending in billion Indian rupees

- Food
- Rent
- Healthcare
- Recreation
- Clothing
- Furniture
- Transport
- Miscellaneous

Sources: MSPI, Deutsche Bank Research, 2006
Urban Household Food Expenditure by Category

- Eating-out
- Beverage & Liquors
- Bread & Confectionery
- Seasoned Foods
- Fruits
- Vegetables & Sea Weeds
- Fishes & Shellfishes
- Dairy Products
- Meat
- Grain

Korea
The Food Market Place is Changing To Accommodate the Changing Consumers
Korean Food Retail Market
(Food share in sales) (Fresh Produce share in sales)

- Supermarket (80%) (35%)
- Supercenter (40-50%) (20-25%)
  - Large-scale food discounter store
  - E-mart, LotteMart, HomePlus, Wal-Mart
    Supercenter, Carrefour
- Convenience Store (80%)
  - Seven Eleven, LG25
- Department Store (20%)
  - In Korea, Department Stores have a supermarket in basement floor.
- Mom and Pop Store (80%)
- Traditional Market(Wet Market)
Korea
Share of Consumer Purchase Channel by Product
(Based on the amount; January to June 2004)

Source: AC Nielsen, 2004
# The volume of retail sales of Supermarkets in China 12 large cities

<table>
<thead>
<tr>
<th>City</th>
<th>Total volume of retail sales (100 million yuan)</th>
<th>Total amount of sales of supermarkets (100 million yuan)</th>
<th>Proportion of supermarkets (%)</th>
<th>No. of stores of supermarket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai</td>
<td>2368</td>
<td>896</td>
<td>37.8</td>
<td>10220</td>
</tr>
<tr>
<td>Beijing</td>
<td>2112</td>
<td>616</td>
<td>29.2</td>
<td>5000</td>
</tr>
<tr>
<td>Tianjin</td>
<td>1016</td>
<td>240</td>
<td>23.6</td>
<td>3000</td>
</tr>
<tr>
<td>Chongqing</td>
<td>920</td>
<td>200</td>
<td>21.7</td>
<td>3785</td>
</tr>
<tr>
<td>Qingdao</td>
<td>584</td>
<td>168</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>Shenyang</td>
<td>776</td>
<td>208</td>
<td>26.8</td>
<td>4000</td>
</tr>
<tr>
<td>Wuhan</td>
<td>928</td>
<td>240</td>
<td>25.9</td>
<td>2350</td>
</tr>
<tr>
<td>Suzhou</td>
<td>600</td>
<td>96</td>
<td>16.0</td>
<td>1093</td>
</tr>
<tr>
<td>Ningbo</td>
<td>576</td>
<td>136</td>
<td>23.6</td>
<td></td>
</tr>
<tr>
<td>Taiyuan</td>
<td>216</td>
<td>48</td>
<td>22.2</td>
<td></td>
</tr>
<tr>
<td>Hangzhou</td>
<td>680</td>
<td>120</td>
<td>17.6</td>
<td>1222</td>
</tr>
<tr>
<td>Yantai</td>
<td>424</td>
<td>56</td>
<td>13.2</td>
<td>1400</td>
</tr>
<tr>
<td>Harbin</td>
<td>680</td>
<td>32</td>
<td>4.7</td>
<td>253</td>
</tr>
</tbody>
</table>
Fig. 1 The sales and stores of Supermarket Chain within of 100 top retail companies (2001–2006)
The FDI supermarkets have entered into China’s market

<table>
<thead>
<tr>
<th>Year</th>
<th>Name of Company</th>
<th>Country</th>
<th>Place of first Supermarket</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>Yohan</td>
<td>Japan</td>
<td>Shanghai</td>
</tr>
<tr>
<td>1992</td>
<td>7-Eleven</td>
<td>Japan</td>
<td>Shenzhen</td>
</tr>
<tr>
<td>1995</td>
<td>Carrefour</td>
<td>France</td>
<td>Shanghai</td>
</tr>
<tr>
<td>1996</td>
<td>Metro</td>
<td>Germany</td>
<td>Shanghai</td>
</tr>
<tr>
<td>1996</td>
<td>Wal-Mart</td>
<td>USA</td>
<td>Shenzhen</td>
</tr>
<tr>
<td>1997</td>
<td>Lotus Super Center</td>
<td>Thailand</td>
<td>Shanghai</td>
</tr>
<tr>
<td>1998</td>
<td>Ito Yokado</td>
<td>Japan</td>
<td>Beijing</td>
</tr>
<tr>
<td>1999</td>
<td>Auchan</td>
<td>France</td>
<td>Shanghai</td>
</tr>
</tbody>
</table>
Sales and Store Number of FDI Supermarket in China
Changing Food Markets
Increasingly This Growth Is Helping Fuel Trade
Food Imports Becoming More Important
Metro Estimates of Imports to Supply China

Share of Total Food

2003 2004 2005 2006 2007 2008 2009 2010
And Increasingly
That Trade is Regional
Sourcing From Within the Region
MCC China trade flow within Asia countries

Asia imported food share 16% of total MCC China import

<table>
<thead>
<tr>
<th>Countries</th>
<th>Share %</th>
<th>Main products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>24</td>
<td>Fruit / Rice / sea Food</td>
</tr>
<tr>
<td>Korea</td>
<td>23</td>
<td>Gen. Food</td>
</tr>
<tr>
<td>Japan</td>
<td>13</td>
<td>Gen. Food</td>
</tr>
<tr>
<td>Philippine</td>
<td>10</td>
<td>Fruit</td>
</tr>
<tr>
<td>Singapore</td>
<td>10</td>
<td>Gen. Food</td>
</tr>
<tr>
<td>Taiwan</td>
<td>8</td>
<td>beverage</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4</td>
<td>Sea Food</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2</td>
<td>Gen. Food</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>Gen. Food</td>
</tr>
</tbody>
</table>
Sourcing From Within the Region
MCC China trade flow within Asia countries

Asia imported fruit share 9% of total
MCC China import fruit

<table>
<thead>
<tr>
<th>Countries</th>
<th>Share %</th>
<th>Main products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippine</td>
<td>53</td>
<td>Banana</td>
</tr>
<tr>
<td>Thailand</td>
<td>35</td>
<td>Durian</td>
</tr>
<tr>
<td>Vietnam</td>
<td>9</td>
<td>Dragon fr</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1</td>
<td>Mango</td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
<td>Apples</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>Pear</td>
</tr>
</tbody>
</table>

Metro C&C Exchange 2008

<table>
<thead>
<tr>
<th>Countries</th>
<th>Main products</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>Mango</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Mango</td>
</tr>
<tr>
<td>Suppliers</td>
<td>2004 Value of imports Million $</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>China</td>
<td>2,198.53</td>
</tr>
<tr>
<td>United States of America</td>
<td>1,504.86</td>
</tr>
<tr>
<td>Philippines</td>
<td>639.29</td>
</tr>
<tr>
<td>New Zealand</td>
<td>298.99</td>
</tr>
<tr>
<td>Rep. of Korea</td>
<td>249.94</td>
</tr>
<tr>
<td>ROW</td>
<td>1,721.45</td>
</tr>
<tr>
<td>Total</td>
<td>6,613.06</td>
</tr>
</tbody>
</table>

Source: Extracted from the UNSD Comtrade Database
Who are these Folks?

Asian Suppliers to this Dynamic Market &
The Corresponding Supply Chain

- Small
- Many
- But Changing
China’s Farm Structure

- 200,000,000+ million farms
- Every rural resident (800,000,000 of them) has land
- Almost all farms are “family farms”
- Farm size: “1 mu per person”
- Average size of vegetable operation (about 1/3 of an acre ... a big garden!)
- Few Cooperatives or Farmer Associations

6 mu acre; 15 mu hectare
Diversified Farming Operation
China Scale
### The typical fruit growing farm in China, 2005

<table>
<thead>
<tr>
<th>Farm Characteristic</th>
<th>(ha)</th>
<th>0.4 ha (1 acre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distinct Plots</td>
<td>(number)</td>
<td>5 plots</td>
</tr>
<tr>
<td>Number of crops (diversification)</td>
<td>(number)</td>
<td>3 crops (horticulture makes up $\frac{1}{2}$)</td>
</tr>
</tbody>
</table>

#### Ownership and Control

<table>
<thead>
<tr>
<th>Ownership and Control</th>
<th>(%)</th>
<th>96%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted from “collective”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rented from other farmer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of area decided by farmer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Farm Size

<table>
<thead>
<tr>
<th>Farm Characteristic</th>
<th>(ha)</th>
<th>0.4 ha (1 acre)</th>
</tr>
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<tbody>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>Number of crops (diversification)</td>
<td>(number)</td>
<td>3 crops (horticulture makes up $\frac{1}{2}$)</td>
</tr>
</tbody>
</table>

#### Labor

<table>
<thead>
<tr>
<th>Farm Characteristic</th>
<th>(mandays)</th>
<th>312</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own Labor Days / ha</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hired Day / ha</td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>Wage</td>
<td>(US$/day)</td>
<td>3.2</td>
</tr>
</tbody>
</table>
### The typical fruit growing household in China, 2005

<table>
<thead>
<tr>
<th>Household characteristics</th>
<th>(person)</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>HH size</td>
<td>(person)</td>
<td>4</td>
</tr>
<tr>
<td>Age of HH head</td>
<td>(year)</td>
<td>42</td>
</tr>
<tr>
<td>Share of HH head with ag extension training</td>
<td>(%)</td>
<td>50</td>
</tr>
<tr>
<td>Off-farm job</td>
<td>(%)</td>
<td>20</td>
</tr>
<tr>
<td>Share of HH head who has off-farm jobs (in factory)</td>
<td>(%)</td>
<td>20</td>
</tr>
<tr>
<td>Share of household head who has off-farm jobs (self employed)</td>
<td>(%)</td>
<td>25</td>
</tr>
<tr>
<td>Assets: Farm equipment</td>
<td>(US$)</td>
<td>402</td>
</tr>
<tr>
<td>Housing</td>
<td>(US$)</td>
<td>7882</td>
</tr>
</tbody>
</table>

Rozelle, Jikun, Reardon, et. al survey 2005, greater Beijing area
**Major Assets**

* Same place that has lunar orbiting satellite?
But the Times they are a Changing

Melon Production Under Plastic
The Evolving Supply Chain
Sales Primarily still at point of Production (2004)

Percent of all purchases

Note; -- “In the village” = Off the tree + From Home + Road-side
-- Share sold in wet markets in cities down over time
Small Trader-dominated System
(2004)

Percent of all purchases

Supermarkets / coops
Process Firms
Supply Firms
U-pick
Small Traders
Typical Trading “Firm” Arrangement

Farmer’s field

Division I

Small Trader:
Finds seller / contacts trucker / buys with cash

Partners: in other villages

Going from village to village

Private, “contract” truckers

Div II

Small Trader -- Partner

Outlets Inside China’s cities (>90% private)

Small Trader -- Partner

In the city wholesale mkt

Rozelle, Jikun, Reardon, et. al survey 2005
Small Traders Purchase Product Transfer to Partners in Markets

Big Wholesale To Big Buyers Supermarkets, Institutions, Military, etc

Some Product Sold Directly

Smaller Wholesale to Restaurants & Mom and Pops
Asian Food Supply Chain Evolution

- Ministry of Commerce/local government
- Agricultural Technical Station
- Food and Drug Administration
- Third-party QA Agents
- Metro Distribution Center
- Domestic/global market
- Global sourcing system
- Working Committee:
  - MOFCOM
  - Local Government
  - Metro
  - Agri-Tech Station
  - FDA
  - Third-Party QA Agents
- Reporting
- Authorization
- Entrust
- Professional Customer
- Customer

- Farmer
- Produce
- Quality Control/Pricing
- Deal
- Standard making & Training
- Metro China HQ
- Logistic company

Metro Cash & Carry
Wholesaler to Small Retail and Food Service
An efficient supply chain saves time and money and assures product quality. The quicker a product makes its way from the producer to the end user the lower the costs – for instance, for transport and storage. In India, however, there can be up to four intermediaries involved. The Metro Cash & Carry supply chain, on the other hand, is simple and efficient.

- The modern Metro Cash & Carry supply chain

- The traditional supply chain in India
  - Originator/producer
  - Unorganized (65%)
    - Collection point/shipping
  - Organized 5%
  - Processing
  - Organized 30%
  - Wholesalers
  - Intermediaries
  - Retailers
  - End customers

- The supply chain in India is complicated and inefficient
- The numerous intermediate stages increase costs by up to 30 percent
- Around a fourth of products are lost or spoil on the way from the producer to the end customer
**Distribution Flow for Fruits and Vegetables in Korea**

- **APC**: Agricultural Processing Center (mostly operated by regional ag. co-op)
- **RPC**: Rice Processing Center (operated by regional ag co-op or farm related firm)

Source: Korea Ministry of Agriculture, 2003
<table>
<thead>
<tr>
<th>Year</th>
<th>First Half</th>
<th>Second Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>2000</td>
<td>25</td>
<td>34</td>
</tr>
<tr>
<td>2001</td>
<td>14</td>
<td>41</td>
</tr>
<tr>
<td>2002</td>
<td>16</td>
<td>50</td>
</tr>
<tr>
<td>2003</td>
<td>26</td>
<td>57</td>
</tr>
<tr>
<td>2004</td>
<td>27</td>
<td>65</td>
</tr>
</tbody>
</table>

Legend:
- **Wal Mart**: Yellow
- **Lotte Mart**: Light Blue
- **Carrefour**: Red
- **Home Plus**: Dark Blue
- **E-Mart**: Light Brown
Taste:
Propose good tasting products above market standard

Quality/Price:
Guarantee the best and stable quality products with an accessible price
Retribute producers according to their work

Food safety:
- Contribute to the human health and food safety for the consumer by applying the precaution and prevention principle.
- No GMO
- Control the food chain: from the field to the plate (guide line, control plan and traceability)

Authenticity:
Preserve and promote the agricultural heritage
Look for the best origin
Encourage and Support
Regions and Countries where Carrefour is presented

Permanence:
Preserve the social, economical and ecological environment
QL project in Carrefour China

7 product

Signed Product

7 product

Litchi 99.06
Pomelo 02.09
Mandarin 02.12
Salmon 03.03
Pork 03.06 (SH)
Pork 04.11 (BJ)
Pork 05.05 (South)

6 product

Product in trial (launching in store)

6 product

Veg BJ
Fuji
Veg SH
Orange
Pork DL
Beef SH

8 product

Project in development

8 product

KIWI
Shrimp
Veg GZ
Veg ShZ
Pork CD
Pork KM
Pork ShYang
Beef BJ
Carrefour Future Supply Chain

- Breeder
- Farming
- Transportatio
- Slaughtering, Cutting
- Meat
- Carrefour’s product
- Customer
- Control
- Analyse
- Record
- Sale
- Delivery
- Carrefour’s product
Summary

- Asian Food Supply Chain Developing at a Rapid Rate
- Increasing Demand for High Quality (Safe) and Diversity in Products
- Intra Asian Supply Becoming Important in Food Trade
- Producers Increasing Quality and Quantity
- Growth in Consumer Base Has Great Potential for Higher Valued Products
- Global and Regional Food Chains Increasing Presence in Control of the Flow
Linkages to U.S. Farm Policy?

Does Farm Policy Enhance U.S. Agriculture’s Ability to Benefit from Changes In Asian Food Supply Chain?
What’s In the Farm Bill?

- **Commodity Programs**: Make changes to payment limits, modify loan rates and target prices among commodities, and add a revenue counter-cyclical payment option, among other program changes.
- **Horticulture**: Provide mandatory funding for specialty crop block grants and additional support for organic agriculture, and provide additional funding for inspection, and pest and disease detection programs, among other provisions.
- **Livestock**: Provide for animal welfare and inspections, competition and marketing provisions, and country-of-origin labeling requirements.
- **Conservation**: Reauthorize, expand, and/or modify existing working lands and farmland retirement programs, and create some new programs and initiatives.
- **Agricultural Trade**: Reauthorize and amend USDA’s food aid, export market development, and export credit guarantee programs.
- **Nutrition**: Increase food stamp benefits and modify food stamp eligibility rules, allow “geographic preference” when buying food for schools, and add money for fresh fruits and vegetables for schools and other domestic food programs.
- **Agricultural Credit**: Expand borrowing opportunities under USDA’s Farm Service Agency loan programs, among other changes.
- **Rural Development**: Reauthorize, expand, and/or modify existing programs, and create new programs and initiatives, including rural infrastructure, economic development, and broadband and telecommunications development.
- **Research**: Expand existing research initiatives, as well as reorganize the administration of USDA’s research, extension, and economic agencies, and establish a national institution to administer competitive programs.
- **Forestry**: Make changes to existing forestry programs, allowing one to expire.
- **Energy**: Reauthorize, expand, and/or modify existing programs, and create new programs and initiatives to promote biofuels and cellulosic ethanol production.
- **Miscellaneous**: Make changes to crop insurance and other programs.
What Does Current Policy Contribute?

- Commodity Title?

Cheap inputs for Asian fiber sector: cotton to China, textiles back to U.S.;
Cheap inputs for Asian feed sector: corn and soybeans for livestock and poultry feed, value added products in return;

Not readily apparent any significant contribution to U.S. agriculture having increased opportunities in growing markets in Asia.
What Does Current Policy Contribute?

Horticulture?

Planting Flexibility: no change in either House or Senate version except for pilot program of 10,000 of processing tomatoes in Indiana (Not much supply Side impact)

Block Grants to States: Could fund efforts to expand access in Asian Markets and/or develop new products, etc. $365 million over 5 years ($73 million/50 = $1.46 million per state) Modest Support by Title I standards Last Time Authorized $44.4 million annually Provided $7 (PL 180-465); Allocated by production %
### What Does Current Policy Contribute?

What Does Current Policy Contribute?

Other Provisions?

COOL, may create standards that are adopted/required in Asian Markets.

#### Export Market Promotion:

<table>
<thead>
<tr>
<th>House</th>
<th>Senate</th>
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<tr>
<td>Market Access Program (MAP): Cost-share federal funding of agricultural export market development for generic and branded commodities.</td>
<td>MAP changes: organic agricultural commodities eligible for MAP promotions; increased annual MAP funding from $200 million (FY2007) to $225 million (FY2008-12).</td>
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<tr>
<td>Foreign Market Development Program (FMDP): Cost-share federal funding of export market development of mainly generic (bulk) commodities.</td>
<td>FMDP funding authorized at $34.5 million for FMDP from FY2008 through FY2012.</td>
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<td>Dairy Export Incentive Program (DEIP): direct export subsidies for U.S. dairy products.</td>
<td>Reauthorizes DEIP through FY2012 (Commodity Title)</td>
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<tr>
<td>Reauthorizes MAP: $210 million (FY08), $220 million (FY2009), $230 million (FY2010), $240 million (FY2011), $200 million (FY2012). Organic commodities eligible; and 50% of funds over $200 million allocated to specialty crops.</td>
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<td>Reauthorizes FMDP: $39.5 million (FY2008 and FY2009), $44.5 million (FY2010), and $34.5 million (FY2011-12)</td>
<td>Reauthorizes EMP through FY2012.</td>
</tr>
<tr>
<td>Repeals authority for EEP.</td>
<td>Reauthorizes DEIP through FY2012 (Commodity Title)</td>
</tr>
</tbody>
</table>
What Does Current Policy Contribute?

Technical Assistance for Specialty Crops (TASC)
Funding to assist in removal of SPS barriers to
U.S. agricultural Exports: Provides Input into Standards
Development Adopted in Asian Supply Chains (Public/Private)

Reauthorizes TASC. Provides increased funding of $2 million (FY2007) to $4 million (FY2008); increases to $10 million annually (FY2011 and FY2012). (H)

Reauthorizes TASC. Provides increased funding of $6.8 million annually (FY2008-FY2011), and $2 million (FY2012) (Commodity Title) (S)
Does Farm Policy Enhance U.S. Agriculture’s Ability to Benefit from Changes in Asian Food Supply Chain?

Not Much, Indirectly for the Most Part

What Could We Do if We Should Do Anything?