



October 25, 2023

The Honorable Alexis Taylor  
Under Secretary for Trade and Foreign Agricultural Affairs  
U.S. Department of Agriculture  
1400 Independence Ave., SW  
Washington, DC 20250

Dear Under Secretary Taylor,

On behalf of the U.S. dairy industry, we want to start by expressing our appreciation for USDA's recent decision to invest \$2.3 billion from the Commodity Credit Corporation into programs that will improve market opportunities for U.S. commodities, including dairy, and expand U.S. food aid avenues. As you know, U.S. dairy depends on exports to grow and thrive, and this funding will directly help American dairy farmers and processors as they work hard to keep pace with competitors from across the world. As our key competitors increasingly benefit from tariff advantages over U.S. dairy exporters due to those countries' free trade agreements with key dairy importing markets the challenge to grow exports is more daunting.

This new funding offers an excellent opportunity for FAS to address the historically driven discrepancies in the allocation of Market Access Program (MAP) and Foreign Market Development (FMD) funds. MAP and FMD allocations have long been heavily weighted toward those industries that were among the first to initiate robust exports. Although the U.S. dairy industry now has a record as an exporter of almost three decades, those historical allocation approaches have continued to weigh heavily on the share dairy receives in current export promotion programs.

The U.S. Dairy Export Council received a lower percentage of combined MAP and FMD funding compared to value of both total production and exports than many other industries received for fiscal year 2023. For example, one USDA cooperator received a 71% higher MAP and FMD allocation, while a second cooperator received an investment 223% greater than that of the dairy sector in 2023. This discrepancy exists despite the comparable value of exports for all three industries last year.

Despite the disparate promotional funding support for dairy, our industry is investing to develop its export capacity. The number of new and expanding cheese processing plants in the United States with production focused on international markets is growing rapidly. More robust funding for market development programs is urgently needed to build demand, gain global market share, combat trade barriers, and raise the value of U.S. dairy

product exports. Not only will greater dairy exports benefit American dairy farmers, but they will also support prices for feed input producers, such as hay, soy, corn, small grains, and more.

We urge you to use the new CCC export promotion program to focus on funding those sectors, especially dairy, that have historically seen less ample MAP and FMD allocations despite their robust export profile.

In addition to recalibrating market development funding, we respectfully ask you to consider utilizing Commodity Credit Corporation authorities to procure in-kind international food assistance for Ready-to-Use Therapeutic Food (RUTF), which includes milk powder. These programs can be more impactful as disruptions from the COVID-19 pandemic to Russia's war in Ukraine to climate change are increasingly affecting global commodity markets.

USDEC and NMPF appreciate USDA's planned incorporation of industry recommendations as details for the new programs are unveiled. We believe it is important that the initiatives are structured in a manner that limits constraints on USDA cooperators to creatively invest the funds and maximize returns for U.S. agricultural producers.

Thank you again for your continued support for U.S. dairy. We look forward to working with you on USDA's humanitarian mission while supporting American farmers.

Sincerely,



Krysta Harden  
President and CEO  
U.S. Dairy Export Council



Jim Mulhern  
President and CEO  
National Milk Producers Federation

cc:

Daniel Whitley, FAS Administrator