



States promote international trade of agricultural products

by Carolyn Orr

Strong is good, weak is bad, right? Not necessarily, at least when it comes to U.S. agricultural trade.

According to Kurt Markham, marketing director for the Minnesota Department of Agriculture, the weaker value of the U.S. dollar has led to the record export numbers being reported this year by the federal government. The country's agricultural exports for fiscal year 2004 are expected to reach \$62 billion, surpassing the 1996 record of \$59.8 billion. Those figures are especially noteworthy considering the bans on U.S. beef, which are estimated to have stifled overall trade numbers by \$3 billion.

But as strong as the recent trade figures have been, state officials in the Midwest say the full potential of U.S. agricultural trade has not been tapped.

"Many more small- and medium-sized companies have an interest in international sales, but they lack both the knowledge and resources to make it successful," says Lora Klenke, marketing director for the Wisconsin Department of Agriculture. "They need the services offered by state international trade offices."

Ohio international trade specialist Tim Sword adds that there is a "significant need for greater educational outreach efforts with small producers and companies." About two-thirds of the region's export companies currently employ fewer than 20 people, making it difficult for individual business owners to handle the complex mix of economic and political issues involved with international trade.

The incentive for states to provide assistance is clear. International markets provide big, and essential, business to U.S. agriculture, which is twice as reliant on overseas trade as other economic sectors. Nowhere is such activity more important than in the Midwest, home to seven of the nation's 10 leading export states for agriculture: Iowa (second), Illinois (fourth), Nebraska (fifth), Kansas (sixth), Minnesota (seventh), North Dakota (eighth) and Indiana (10th.)

Recent upward trends in agricultural exports have been especially encouraging for this region. Iowa, the nation's leading exporter of soybeans and feed grains, has experienced significant increases in trade. Similarly, states like Kansas and North Dakota have benefited from higher wheat prices, while improvements in the livestock market have aided Nebraska and Kansas.

States, meanwhile, continue to work at finding new markets for agricultural products while also helping companies and producers get involved in the export business. But at a time when fiscal conditions are tight, trade officials are having to develop creative ways of maintaining and improving their services.

Barriers to trade officials

States facilitate the export of agricultural products in a number of ways, from providing information on various business opportunities, to running training programs, to organizing trade events and missions.

Some outreach efforts, though, have been hampered in recent years due to budget problems.

According to a recent State International Development Organization (SIDO) survey, state governments have reduced spending on trade programs by 20 percent over the last two years. In the Midwestern states, average spending per state on international trade has

dropped almost 50 percent since 2002.

Gib Frier, Illinois' bureau chief of marketing and promotion, says his state has had to reduce its number of international marketing offices from four to two. Other Midwestern states are reporting similar closures or the need to consolidate offices.

The services provided by these offices often involve attempts to add value to the region's raw commodities. The hundreds of food product companies located in the Midwest are ideal candidates for assistance. As just one example, Wisconsin recently received a grant from the U.S. Department of Agriculture to begin providing specialty cheese makers with trade and supply-chain management services.

Other states like Illinois see their best opportunities in marketing the export of farming equipment, livestock genetics and other "branded" products that can provide a greater return to producers.

Sharing resources

The diversity of agricultural products, the large number of international markets and the wide array of regulations all complicate the jobs of state trade officials. Further, they have had to find ways of doing their work under tight budgets. The closing of overseas offices and state travel restrictions are just two examples of the impact.

What have state agricultural offices done — or can they do — to adjust?

One way to stretch limited dollars is through the strengthening of ties and partnerships with other state agencies or offices. The marketing

division of the Wisconsin Department of Agriculture has worked with the state's Department of Commerce to gather international trade resources and create a one-stop shop for exporters.

States also can share their resources with one another. For example, the Council of Great Lakes Governors runs a network of seven overseas offices for five of its member states. The

CSG creates database on ag exports

The Council of State Governments has developed a one-stop, searchable database for agricultural producers wanting to access documents and materials related to the export of their products.

The database contains information on more than 75 countries. An average of 30 documents is available per country.

Easily searchable by both product and country, the

database can be found at www.csg.org; keyword: trade.

The new service is being provided by CSG's Agricultural Group, which also offers extensive online information on state legislation or programs related to biobased products and rural economic development.

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SIDO survey concludes that this kind of collaborative approach has allowed states to maintain a presence in key markets at a minimal expense.

Another alternative to closing international trade offices is to turn them over to private

contractors, who earn fees from the export sales they arrange. Nevada opened six new offices in 2003 using this approach.

Some Midwestern states also have decided to conduct "reverse trade missions," in which international buyers are brought to the region. The personal contact is the same, and the buyers are given the opportunity to visit the sites where products are made.

Wisconsin recently brought two Mexican delegations, including members of a dairy cooperative board, to study the state's dairy industry. The investment is paying off; nearly 50 percent of dairy cattle in the Mexican state of Jalisco have Wisconsin pedigrees.

Public-private partnerships, such as one coordinated by Michigan's trade agency, is another method of making state resources go further. In addition, every state in the region enjoys an ongoing partnership with the Mid-America International Agri-Trade Council (MIATCO). The nonprofit, agricultural trade promotion organization uses federal, state and industry resources to promote the export of Midwestern products. State officials say MIATCO has helped them better access federal funds, collaborate on trade missions and share training resources.

The different ideas tried in order to make the most of the money spent on agricultural trade promotion reflect not only current state fiscal conditions, but also the importance of helping foster international trade. In the future, states will continue to seek new ways of providing the types of educational, marketing and logistical support that assist regional companies and producers. ✨