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Farm Bill Primer: Trade and Export Promotion Programs

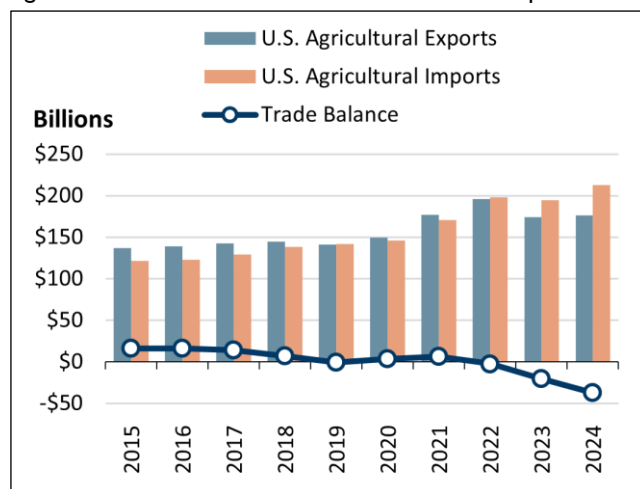
Agricultural exports are significant to farmers and the U.S. economy. With the productivity of U.S. agriculture growing faster than domestic demand, farmers and agriculturally oriented firms rely on export markets to sustain prices and revenue. The trade title of the 2018 farm bill (P.L. 115-334) authorized export market development programs and export credit guarantee programs from FY2019 to FY2023 to expand foreign markets for U.S. farmers and food manufacturers. Congress extended the authorization and funding for these programs twice in one-year extensions (P.L. 118-22, Division B, §102 and P.L. 118-158, Division D). These market expansion programs derive their statutory authorities from the Agricultural Trade Act of 1978 (P.L. 95-501). 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

In 2024, U.S. food and agricultural exports totaled \$176 billion, and U.S. imports totaled \$213 billion, resulting in a trade deficit of more than \$37 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. In 2024, over 60% of U.S. agricultural exports by value were destined for Mexico, Canada, China, the European Union, and Japan.

Figure 1. Value of U.S. Agricultural Trade

Figure is interactive in the HTML version of this report.



Source: CRS from USDA's Global Agricultural Trade System data. 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 was a trade deficit in 2019, 2022, 2023, and 2024. 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 narrowed and with growing agricultural trade deficits in recent years, 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's (USTR's) 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, later extended through FY2025 (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 (no less than \$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 (no less than \$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 (no more than \$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 authorized USDA to fund MAP and FMD activities in Cuba, which had been otherwise prohibited (7 U.S.C. §5623(f)(4)).

Export Credit Guarantee Programs

The 2018 farm bill reauthorized \$1 billion annually through FY2023, later extended through FY2025, 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 FY2025, USDA announced the availability of \$5 billion in credit guarantees.
- **Facility Guarantee Program (FGP)** provides payment guarantees to improve or establish agriculture-related facilities in emerging markets. For FY2025, USDA announced the availability of \$489.7 million in FGP credit guarantees.

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, later extended through FY2025. The program funds 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 SPS measures.

The 2018 farm bill also directed USDA, coordinating with other federal agencies, to work with tribal representatives 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 the Agricultural Trade Promotion Program that was created in 2018 in response to foreign retaliatory tariffs and trade disruptions. In FY2024 and FY2025, RAPP allocated \$300 million

annually to organizations, targeting markets in Africa, Latin America, the Caribbean, and South and Southeast Asia. The FY2026 President’s budget proposal would continue obligations for RAPP through FY2026. 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.

Critics of export promotion programs claim the programs provide federal support for activities that private firms could otherwise fund. Supporters claim the programs keep U.S. agricultural products competitive overseas, diversify market opportunities, help generate additional farm income, and increase farm and food sector jobs.

In the 119th Congress, some Members introduced bills addressing MAP and FMD. H.R. 1086 would increase annual funding for MAP and FMD to \$400 million and \$69 million, respectively. Other bills would authorize \$1 million annually for FMD to focus on technical assistance to improve the infrastructure in foreign markets (H.R. 2322/S. 1119). Outside of a farm bill, the House passed H.R. 1, providing for budget reconciliation pursuant to H.Con.Res. 14, the budget resolution for FY2025. H.R. 1 would provide USDA \$285 million annually for an agricultural export promotion program beginning in FY2027.

Other bills introduced in the 119th 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. 2558/S. 1230).

Other trade-related issues often addressed outside the context of a farm bill 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 tariffs imposed on U.S. agricultural exports in response to U.S. tariff actions.

Congress may also debate policy issues related to U.S. agricultural trade and involvement within the World Trade Organization and other trade agreements. In the 119th Congress, one bill would establish an interagency agricultural trade enforcement task force to identify agricultural trade barriers that are “vulnerable to dispute settlement” under trade agreements and to enforce trade agreement violations, with a particular focus on India’s agricultural subsidies (S. 743).

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