




State of Wisconsin
Governor Tony Evers

Department of Agriculture, Trade and Consumer Protection
Secretary Randy Romanski

DATE: July 19, 2022

TO: The Honorable Mark Born, Co-Chair
Joint Committee on Finance

The Honorable Howard Marklein, Co-Chair
Joint Committee on Finance

FROM: Randy Romanski, Secretary 
Department of Agriculture, Trade and Consumer Protection

SUBJECT: Request under s. 13.10, Stats. for supplemental funding

Request

The Department of Agriculture, Trade and Consumer Protection (DATCP) requests \$558,400 GPR for FY23 in supplemental funding from s. 20.865 (4) (a), general purpose revenue funds general program supplementation, be transferred to s. 20.115 (3) (b), Agricultural exports.

Background

In the 2021-2023 state budget (2021 Wisconsin Act 58), Governor Evers and the Wisconsin Legislature approved a historic investment to increase Wisconsin's export of its agricultural products. Act 58 provided \$558,400 GPR in each year in the Joint Committee on Finance's supplemental appropriation, with the provision that DATCP could request to promote Wisconsin products, train Wisconsin agricultural exporters, and elevate the Wisconsin brand internationally. In addition, on December 3, 2021, Governor Evers signed 2021 Wisconsin Act 92, which, in part, directed DATCP to work with the Wisconsin Economic Development Corporation (WEDC) to develop a plan to increase Wisconsin's dairy, meat, crop, and other product exports by 25 percent by June 30, 2026. DATCP, in collaboration with WEDC, submitted the *Wisconsin Initiative for Agricultural Exports (WIAE)* – a five-year plan to help Wisconsin agribusinesses to leverage international trade opportunities - to the Wisconsin Legislature on December 31, 2021.

On February 1, 2022, the Joint Committee on Finance transferred \$558,400 GPR from its supplemental appropriation to s. 20.115 (3) (b), Agricultural exports, to fund the FY22 WIAE work plan and begin implementation. DATCP is now requesting funding for FY23 to continue implementing the WIAE work plan.

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Analysis

FY22

DATCP and WEDC have actively collaborated on implementing the WIAE work plan. Generally, planning and payments for trade promotion activities occur eight to twelve months before an event; therefore, the activities which took place in FY22 relied upon leveraging existing opportunities. In addition, international market conditions required a pivot from the FY22 plan submitted to the Joint Committee on Finance in December 2021. The WIAE FY22 commitments to date have been as follows:

Trade Promotion Activities \$137,100

Commitments in this area have been for trade shows, inbound buyers missions, trade missions, export trainings, memberships and symposiums. While participants have broad worldwide representation, audiences have been (or will be) parties in Pakistan, Japan, Netherlands, Spain, Colombia, United Kingdom, China, France, and Mexico.

Grants

International Market Access Grants \$90,000
Export Expansion Grants \$287,500

Total FY22 Commitments \$514,600

DATCP will utilize the remaining funds of \$43,800 in the continuing appropriation for early FY23 trade promotion events and completing activities that have already been planned.

Results of FY22 funding to date

- Export sales resulting from trade promotion activities normally can take three to five years to reach full potential. Immediate sales are usually smaller trial orders. As of early June 2022, companies participating in the trade promotion activities reported **\$460,000 of initial sales and are anticipating \$1.59 million** in sales one year following the events they participated in.
- DATCP provided a Forestry Exporter training to Wisconsin based wood companies who are new to exporting. The training provided basic export training and development and had 40 participants.
- Twenty Wisconsin companies participated in trade promotion activities which included: outbound trade missions, trade shows, inbound buyer missions, and social media campaigns.
- Nine companies received WEDC International Market Access Grants totaling \$90,000. The International Market Access Grant provides assistance to support companies' specific export development and deployment strategies.

- Seven organizations received DATCP Export Expansion Grants totaling \$287,500. The Export Expansion Grant is for organizations to accelerate export growth through agribusiness export expansion projects benefiting multiple companies.

The FY22 WIAE funds committed to date are in the following amounts per product category:

- \$54,100¹ on dairy and dairy products.
- \$201,000 on meat and meat products.
- \$252,500 on crop and crop products.
- \$7,000 pending product sector classification.

FY23

Looking to build on the momentum from year one, DATCP and WEDC anticipate the WIAE funding plan for year two is as follows:

Trade Promotion Activities	\$248,400
Grants and Scholarships	
International Market Access Grant	\$100,000
Export Expansion Grant	\$200,000
<i>ExporTech</i> TM Scholarship	<u>\$10,000</u>
Total FY23 Projected Expenditures	\$558,400

Trade Promotion Activities

The new trade promotion activities planned in FY23 include two trade shows, two inbound trade missions and an outbound trade mission. Other activities that were funded by FY22 funds such as the USDA United Kingdom mission, SIAL Paris, FONA Holstein Mexico, China Dairy and World Dairy Expo Symposium will be completed in early FY23.

- **GulFood** and **VIV Asia** are major trade shows drawing buyers from top target markets across all three product categories² creating opportunities for Wisconsin companies. Each of these trade shows anticipates the participation of five Wisconsin companies.
- Two inbound buyer missions will take place in the spring of 2023. The **wood inbound buyers mission** will continue the success of the recent Pakistan inbound mission and will include eight companies. Wood is a major Wisconsin export product, which does not have federal funds available for promoting. The **food inbound buyers mission** will be focused on retail and food service drawing buyers from North America, Central America,

¹ Additionally, DATCP awarded \$297,098 to businesses and organizations in grants for promoting dairy exports from s. 20.115 (3) (h), loans for rural development. 2021 WI Act 207 approved use of this funding for grants to promote dairy exports.

² Per 2021 Wisconsin Act 92, DATCP is charged to increase exports among three product categories: dairy and dairy products, meat and meat products, and crop and crop products.

South America, the Caribbean, and Southeast Asia. This inbound buyer mission will have broad representation across all three product categories and involve eight companies.

- The **United Kingdom outbound trade mission** in 2023 will help all three product category agribusinesses to be early-movers and better positioned to benefit from the post-BREXIT, U.S.-United Kingdom Free Trade Agreement. The United Kingdom imports nearly two-thirds of its food requirements and there is an opportunity for Wisconsin to capture a greater share of the market. This outbound trade mission is anticipated to be led by the DATCP Secretary and involve eight Wisconsin companies.

Grants and Scholarships

As directed under 2021 Wisconsin Act 92, a significant portion of FY23 dollars are to be utilized for grants and scholarships. The Department anticipates year two of the WIAE will provide a total of \$310,000 in grants and scholarships as additional support resources to companies and organizations to increase export opportunities.

Summary

In order to continue its robust efforts to increase agricultural exports, DATCP requests the \$558,400 GPR currently in the JFC supplemental appropriation for agricultural exports be released at this time. The initiatives of the WIAE will increase Wisconsin's share of the growing global market by addressing challenges faced by exporters, and capitalizing on opportunities most aligned with Wisconsin's products and strengths. Investing in the export of Wisconsin's diverse range of food, forestry and agricultural products into new and existing markets will result in long-term benefits for Wisconsin agribusinesses.