

GAO

Report to the Ranking Minority Member,
Subcommittee on Risk Management and
Specialty Crops, Committee on
Agriculture, House of Representatives

April 1995

AGRICULTURAL MARKETING

Comparative Analysis of U.S. and Foreign Promotion and Research Programs





United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

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The Honorable Charlie Rose
Ranking Minority Member
Subcommittee on Risk
Management and Specialty Crops
Committee on Agriculture
House of Representatives

Dear Mr. Rose:

In response to your request, this report presents information on U.S. and foreign promotion and research programs. U.S. producers, importers, and others handling a variety of agricultural products pay millions of dollars annually for promotion and research programs to increase domestic and foreign sales of these products. The programs, authorized by individual federal laws, are known as check-off programs because of the way they are funded: A small amount is deducted from the revenues that producers and/or other members of an industry receive from the sale of their products. The programs are operated by check-off boards, such as the National Dairy Promotion and Research Board. The Secretary of Agriculture appoints the board members from candidates nominated by industry. Many other countries also have agricultural marketing organizations that conduct agricultural promotion and research activities. As the General Agreement on Tariffs and Trade (GATT) reduces export subsidies and domestic price supports and increases access to protected markets, the check-off programs may become a more important tool for enhancing agricultural competitiveness in both domestic and foreign markets.

Specifically, this report provides information on (1) how U.S. check-off programs are organized and what kinds of activities they carry out, (2) what factors the check-off boards consider in planning future program activities, and (3) how comparable marketing organizations in Australia, Germany, New Zealand, and the United Kingdom are organized and carry out their activities.

Results in Brief

The six U.S. check-off programs we reviewed¹ collected over \$200 million from their industries during 1994 and varied considerably in organizational

¹These programs are the (1) Cattlemen's Beef Promotion and Research Board, (2) Cotton Board, (3) National Dairy Promotion and Research Board, (4) American Egg Board, (5) National Potato Promotion Board, and (6) United Soybean Board.

structure and activities conducted.² Organizationally, the programs vary by the (1) composition of the board, (2) amount of revenue collected, (3) specific method of assessment, and (4) options for initiating, continuing, and/or terminating a program. In terms of activities, the boards differ in the emphasis they place on developing domestic and/or export markets and the methods of communication they use to sell their products. They also vary in their reliance on research to develop new products, enhance production, and address nutritional concerns.

These check-off boards use market research and program evaluation techniques to plan future activities. They also coordinate with related groups in preparing and carrying out these plans. The boards collect extensive market research information on consumers' perceptions and consumption patterns to identify and measure existing and potential market demand for their products. Once programs are in place, the boards conduct evaluations to assess their programs' effectiveness. Moreover, the boards use a variety of methods—such as joint planning, cost sharing, and data base sharing—to coordinate their activities with those of related groups. Through coordination, the boards hope to avoid duplication of effort and attain greater efficiency.

While the foreign promotion and research programs we reviewed are each authorized by their national government, these programs differed from U.S. check-off programs in their organizational structure, funding mechanisms, types of activities performed, and emphasis on export activities. Specific differences included the following:

- In contrast to U.S. check-off programs, which promote the products of a single industry, some foreign programs promote related products, such as beef, sheep, and pork, while others promote unrelated products, such as beef products, dairy products, and fruits and vegetables. Furthermore, unlike U.S. check-off boards, some foreign countries' marketing organizations have government representatives on their boards.
- Like most of the assessment rates for U.S. check-off programs, foreign marketing organizations' assessment rates are generally fixed per unit sold. However, in contrast to U.S. boards, some foreign organizations can revise their maximum assessment rates with ministerial approval, and no statutory amendment is necessary. Furthermore, only one foreign marketing organization we reviewed assesses imported products, and none allow refunds or the use of a referendum to terminate a program.

²These assessments collected at the national level do not include assessments that go directly to the state and regional organizations that carry out promotion and research activities similar to those of the national check-off boards.

Generally, these organizations do not exempt smaller-volume producers from assessments. In addition, some foreign marketing organizations receive significant funding from sources other than mandatory industry assessments, including fees for services, revenues from the sales of products, and government grants. Some U.S. board-sponsored export promotion activities that are funded by program assessments may also receive government funding.

- Compared with their U.S. counterparts, foreign marketing organizations generally engage in a wider range of activities, including purchasing and marketing products, training, licensing exports, and ensuring the quality of marketed products.
- Many foreign marketing organizations focus more on promoting exports than domestic sales. In contrast, five of the six U.S. programs we reviewed use their assessments largely for domestic activities.

Background

Generic promotion and research programs funded through voluntary check-off contributions have existed at the local, state, and regional levels for more than 50 years. These programs were developed to expand the market for the agricultural products of a given industry. To facilitate better coordination across states, encourage equitable participation from all those who benefit from these programs, and create a larger funding base, agricultural industry groups began to seek federal legislative authority to establish mandatory national programs. The first federally authorized program was enacted in 1954, but the majority were created during the 1980s and 1990s.³ Of the 19 programs that have been authorized, 15 are currently active and 4 are inactive. Industry members who would pay the assessments must approve the creation of a check-off program in a referendum. Legislation for all check-off programs also provides industry members with an opportunity to terminate the program through a referendum.

The U.S. Department of Agriculture (USDA), through its Agricultural Marketing Service (AMS), is responsible for (1) developing regulations to implement these check-off programs, in consultation with the affected industry, and (2) ensuring compliance with the authorizing legislation and the agency's related orders. AMS reviews each board's budgets, projects, and contracts to ensure that the board does not engage in prohibited activities, such as lobbying. Boards reimburse AMS for its oversight costs.

³For an overview of these check-off programs, see our report entitled Agricultural Marketing: Federally Authorized Commodity Research and Promotion Programs (GAO/RCED-94-63, Dec. 29, 1993).

Generally, USDA does not review the effectiveness of the programs. However, the legislation authorizing the Dairy Board requires the Secretary of Agriculture to submit an annual report to the Congress that includes an independent analysis of the Dairy Board's effectiveness. In addition, USDA's Foreign Agricultural Service requires evaluations of the check-off projects that receive funding from its Market Promotion Program.⁴

Check-Off Programs' Organizational Structures and Activities Vary Considerably

The six check-off programs vary organizationally and in the emphasis given to, and methods used to carry out, promotion and research activities.

Check-Off Programs Differ in the Way They Are Organized and Conduct Business

The programs we reviewed vary in the composition of their governing boards, methods used to assess industry members, and ways the programs are initiated and terminated. (See app. I for more detailed information on each board reviewed.)

The authorizing legislation for each program specifies the composition of the check-off board. These boards vary by the groups represented—that is, producers, importers, and consumer advisers or public representatives—and by size. For example, the Beef Board has 101 producers and 6 importers on its board, and the Egg Board has 18 producers and their alternates. Board membership generally reflects a geographical mix of the producers assessed and can be changed administratively in some cases to reflect shifts in production. Some boards—Cotton, Egg, and Potato—are authorized to include consumer advisers or public representatives. Members of the boards are appointed for 2- or 3-year terms.

The authorizing legislation for each program also sets an assessment level and specifies who in the industry should be assessed. However, these legislative provisions vary in the (1) methods used to calculate the assessment, (2) assessment of imports, (3) refunding of assessments,

⁴The Market Promotion Program provides USDA funds to trade associations to conduct generic promotions or to fund private companies' brand-name promotions in foreign countries, predominately for high-value products. In our report entitled *Agricultural Trade: Five Countries' Foreign Market Development for High-Value Products* (GAO/GGD-95-12, Dec. 14, 1994), we discussed USDA's efforts to measure the effectiveness of activities funded by the Market Promotion Program.

(4) process for revising assessment rates, (5) arrangements for giving credit to producers for contributions made to qualified state and regional check-off programs, and (6) methods for terminating the program.

As table 1 shows, the six check-off boards we reviewed used several assessment methods.

Table 1: Assessment Methods, Options to Change Rates, and Current Rates for the Six Programs Reviewed

Assessment method and options to change rate	Agricultural product and current assessment rate
Fixed rate per unit or volume sold. Rate can be changed only by statutory amendment.	Beef—\$1 per head of cattle sold. Milk—15 cents per hundredweight of milk sold.
Fixed percentage of market value. Percentage can be changed only by statutory amendment.	Soybeans—0.5 percent of net market value of soybeans sold.
Fixed rate plus a percentage of market value. Percentage is capped at 1 percent. Fixed rate and percentage cap can be changed only by statutory amendment. The current percentage rate can be changed up to the maximum by the Secretary on the basis of the board's recommendation.	Cotton—\$1 per bale plus 0.5 percent of bale value on sales of cotton.
Fixed rate per unit sold. Rate is capped at 20 cents, and this limit can be changed only by statutory amendment. The current rate can be changed up to the maximum by the Secretary on the basis of the board's recommendation. Any proposed increase must be approved by referendum.	Eggs—10 cents per 30- dozen case of eggs sold.
Fixed rate or fixed percentage of the average national market value for several years. Rate is capped at 2 cents or 0.5 percent of the average U.S. sales price during the immediate past 10 years. These limits can be changed only by statutory amendment. The current rate can be changed up to the maximum by the Secretary on the basis of the board's recommendation.	Potatoes—2 cents per hundredweight.

Smaller-volume producers are exempt from assessments for two of the six programs—egg and potato. The authorizing legislation for three of the check-off programs—beef, dairy, and soybean—gives credit to producers for contributions they make to qualified state or regional check-off programs. The Egg and Cotton boards have provided funds to state and regional groups, although they are not required to do so. Finally, three of

the six programs we reviewed—beef, cotton, and potato—assess importers.

In the past, many check-off programs allowed those who had been assessed but did not wish to participate in the program to request refunds of the assessment they had paid. However, most refund provisions have been eliminated. Of the six programs reviewed, only the soybean program continues to offer refunds of up to a maximum of 10 percent of the assessments collected from producers in each state. By statute, USDA must poll soybean producers to see if they want a referendum held to determine support for the refund policy. Such a poll is scheduled for July 1995.

The check-off programs we reviewed also differ in their requirements for revising assessment rates. The programs with fixed rates—beef, dairy, and soybean—must have their rates revised by statutory amendment, while the other programs—cotton, eggs, and potatoes—can have their rates revised administratively within their statutory ceiling. For the egg program, any increase must be approved by referendum.

All programs have termination provisions that enable producers voting in a referendum to terminate the program. The soybean program provides for periodically polling producers to determine whether they want to have a referendum on continuing the program. The dairy program is unique in that it allows dairy cooperatives to cast bloc votes for their members. However, members are given an opportunity to vote individually if they disagree with their cooperative's position. Legislation was introduced in January 1995 in the Senate that would eliminate the dairy program's bloc voting process because of concerns about whether it is fair and equitable. In addition, this proposed legislation would require that the Dairy Board periodically determine producers' support for the program. No action has been taken to date on this legislation.

Check-Off Boards Place Different Emphasis on Promotion, Research, and Information Activities

The six boards vary considerably in the emphasis placed on, and methods used to carry out promotion (domestic and export), research, and consumer and industry information activities. (See apps. II and III for more information on the use of funds and the activities conducted by the six check-off boards.)

Five of the six boards spent most of their fiscal year 1994 funds—ranging from about 56 percent for the Egg Board to 75 percent for the Potato Board—promoting agricultural products, principally in the domestic

market. The Soybean Board does not promote products in the domestic retail market. However, it does provide information to domestic consumers on the use of soybean products. The boards relied on a mix of methods—television and radio advertising, print media, in-store promotions, and industry newsletters—to communicate their messages to various audiences. The boards also targeted their promotions to certain consumer or industry groups. The three major types of intended audiences were consumers, the food service industry (restaurants and institutions), and manufacturers.

The boards also use different advertising methods for various target audiences. For example, the Beef, Cotton, Dairy, and Egg boards have devoted a considerable portion of their promotion budgets to television advertising campaigns intended to influence consumers. Additionally, the Egg Board has used radio tie-ins with major networks to deliver its national campaign message. Promotional efforts have included such campaigns as the Egg Board’s “I Love Eggs” and the Beef Board’s “Beef. It’s What’s For Dinner.” In contrast, the Potato Board’s 1993 consumer advertising concentrated on print advertisements in national magazines.

The boards also differ in the emphasis they place on developing foreign markets; funding for export promotion activities ranged from less than 1 percent for the Egg Board to 29 percent for the Soybean Board. In addition, the boards have participated either directly or through related industry contractor organizations in the Foreign Agricultural Service’s export promotion programs—the Market Promotion Program and/or the Foreign Market Development Program.⁵ These programs provide funds for projects to promote exports through supermarket promotions, nutritional information, and technical assistance. Federal funding for these two programs has decreased over the past few years from about \$237 million authorized in fiscal year 1992 to about \$134 million authorized in fiscal year 1994.

The percentage of fiscal year 1994 funds spent on research activities and the types of research also varied among the six boards. The percent of check-off funds spent on research varied among the boards, with the Cotton Board being the highest at about 24 percent. Research efforts of the Beef, Dairy, and Egg boards have focused primarily on nutrition

⁵The Market Promotion Program (authorized in the 1990 farm bill) and the Foreign Market Development Program (first authorized in 1954) are jointly funded by USDA, cooperating nonprofit commodity organizations, and U.S. companies. The Market Promotion Program focuses primarily on high-value products, such as fruits, nuts, and processed products. In contrast, the Foreign Market Development Program focuses primarily on developing markets for grains and oilseeds.

education and product development. However, other boards, such as the Cotton and Soybean boards, focus their research efforts on production enhancement and product development. These efforts have included the Soybean Board's production research on altering the genetic composition of soybeans and product development research on identifying and developing new uses for soybeans, such as soy ink and SoyDiesel fuel. In some cases, the authorizing legislation for a board prohibits it from conducting certain types of research. For example, the Dairy and Beef boards are prohibited from engaging in production research activities.

In addition to promotion and research, the six boards spend funds to provide educational information to consumers and industry. In 1994, funds spent in this way ranged from about 1 percent for the Cotton Board to about 30 percent for the Soybean Board. Consumer information involves activities to provide product information to consumers through groups that influence consumers, such as educators, dieticians, physicians, and food manufacturers. These efforts have included the Egg Board's distribution of educational kits to kindergarten through sixth grade classroom teachers across the United States. These kits contain lessons and activities about food safety, nutrition, and product characteristics. Industry information efforts have included the Beef Board's distribution of information to commercial meat buyers in the marketing chain to help them in purchasing trimmed beef while maintaining an acceptable profit margin.

Check-Off Boards Plan Activities Using Market Research, Evaluation, and Coordination

In planning future activities, check-off boards rely heavily on market research and program evaluation. The boards also work with related state and regional check-off boards and industry groups to jointly plan and carry out program activities.

Market Research and Evaluation Are Major Tools for Program Development

All six boards use the results of market research to evaluate their activities and set priorities for future undertakings. This market research consists of a variety of efforts, including measuring changes in consumers' attitude and behavior toward a board's products, assessing consumers' attitudes toward a board's advertising campaigns, and identifying new uses and markets for a board's products, including export markets. The boards also obtain market research on the views of other groups, such as health and food service professionals, that may affect demand for the product.

While only the Dairy Board is legislatively required to evaluate its program's activities, all the check-off programs we reviewed evaluate their activities using market research, and some use econometric studies.⁶ These evaluations were for specific projects as well as the overall program. Evaluations may occur during a project as well as upon its completion. We did not assess the evaluation methods used by the six check-off boards.

In addition to other evaluation methods, the Dairy and Beef boards use independently prepared econometric studies to help them measure the effectiveness of their domestic programs. As part of its statutorily required annual report on the effectiveness of the dairy program, USDA's Economic Research Service prepares an annual econometric report on the impact of the board's advertising on the sales of two major dairy products—fluid milk and cheese. Similarly, the Beef Board prepares a biennial econometric report on the impact of its program on beef prices and calculates the return on each dollar invested.

Check-off boards use several methods to evaluate the effectiveness of their export programs, including feedback from trade shows, consumer surveys, and promotion reports. In addition, board-sponsored export promotion activities that receive federal funding must comply with the Foreign Agricultural Service's evaluation requirements.

In 1993, we reported that USDA had evaluated few of the Market Promotion Program's activities.⁷ However, our December 1994 report noted that USDA now attempts to measure the effectiveness of activities funded under the Market Promotion Program by selectively evaluating the results of participants' ongoing activities against measurable goals provided in the participants' funding proposals. USDA has developed a methodology to identify activities that have not been effective in expanding or maintaining market share. Our 1994 report also noted that the agency has developed an econometric model to evaluate the effectiveness of Market Promotion Program participants' expenditures in increasing U.S. exports.

⁶An econometric study is a statistical analysis that isolates the effect of advertising from other factors affecting product sales.

⁷International Trade: Effectiveness of Market Promotion Program Remains Unclear (GAO/GGD-93-103, June 4, 1993).

Check-Off Boards Work With Other Organizations to Plan and Carry Out Activities

All of the check-off boards we reviewed that share assessments with state and regional groups jointly plan and carry out research and promotion activities. These national boards coordinate with the state and regional boards to ensure that their efforts complement each other and achieve maximum impact. In addition, the boards plan future work with input from manufacturers, universities, and related trade groups.

The joint efforts take a variety of forms. For example, the Beef Board obtains comments on its preliminary annual plan from state beef boards, with which it shares assessment revenues, and other industry-related groups. As an incentive for state groups to participate in the Egg Board's "I Love Eggs" national campaign, the Egg Board agreed to pay a portion of the state industry group's radio advertising costs for most of 1994.

Check-off boards share marketing and research-related information with state and other organizations through monthly newsletters, annual reports, data bases, and periodic meetings. This arrangement helps ensure more efficient use of resources and avoid duplication of effort. For example, the Potato Board shares monthly briefing information and promotional material and holds an annual meeting with state program managers. Similarly, the Dairy Board has established a market research data base that it shares with related industry groups.

In addition, the Dairy Board has formed a cooperative effort with a related industry group, and the Beef Board plans to work with a new industry group. In 1994, the Dairy Board and the United Dairy Industry Association undertook a cooperative effort, Dairy Management Incorporated, to formalize joint planning and funding between the two organizations. A beef industry oversight committee, in which the Beef Board participates, is recommending that two of the board's major contractors—the National Cattlemen's Association and the National Live Stock and Meat Board—be consolidated. The Beef Board would remain outside of this new organization but expects to coordinate and contract with it for many services.

Agricultural Marketing Programs in Four Foreign Countries Are Significantly Different From U.S. Check-Off Programs

National agricultural marketing programs in the four countries we reviewed—Australia, Germany, New Zealand, and the United Kingdom—varied significantly from U.S. check-off programs in their organizational structure, sources of funding, activities performed, and emphasis on export promotion activities. These countries have a long history of exporting and have developed significant expertise in marketing. Different types of marketing organizations have evolved in these countries—some are managed by a combination of public and private representatives and draw funds partially from the public sector. (See app. IV for more detailed information on the 19 programs we reviewed in these four countries.)

Foreign Marketing Organizations' Structure and Sources of Funding Differ From Those of U.S. Counterparts

Some marketing programs in the four countries we reviewed perform different functions from U.S. check-off programs, which promote the products of a single industry. Some foreign programs promote many unrelated agricultural products, and others promote several related products. For example, Germany's Central Marketing Organization of German Agricultural Industries (CMA) promotes most agricultural products in both domestic and export markets. The United Kingdom's Food From Britain also promotes British food and drink products primarily in export markets. Other organizations in the four countries may promote several related agricultural products. New Zealand's Meat Producers Board, for example, promotes beef, sheep, goat, and horsemeat products.

Unlike U.S. check-off programs, some foreign countries' marketing programs either have government members on their boards or are guided by councils that include government members. For example, 6 of the 13 organizations whose programs we reviewed in Australia and New Zealand have voting government representatives on their boards. In Germany, while government representatives are not on CMA's board, they participate in a supervisory board that helps guide CMA's activities.

The assessment methods used by the marketing organizations in the four countries we reviewed also differed from the methods used by the U.S. check-off boards. While the foreign programs' assessment rates were generally a fixed dollar amount per unit or volume sold, like the U.S. programs' assessment rates, the foreign rates can generally be revised with the approval of the Minister of Agriculture and do not require statutory amendment. In addition, while the U.S. check-off boards we reviewed assess producers, the United Kingdom's Meat and Livestock Commission assesses slaughterhouses and exporters as well as producers. Unlike some

U.S. check-off boards that assess imported products, only 1 of the 19 foreign marketing organizations we reviewed assessed imported products. Furthermore, smaller-volume producers are generally not exempted from paying required assessments, as they sometimes are in the United States; refunds of assessments are not permitted; and the programs cannot be terminated through a referendum. According to officials of the marketing organizations we reviewed, only national legislation can terminate their programs.

Some foreign marketing organizations receive significant funding from sources other than mandatory industry assessments. The United Kingdom's Food From Britain receives about 60 percent of its funds from the government,⁸ and the remainder comes from industry contributions and user fees. New Zealand's organizations may receive partial government funding for some research projects. In addition, other foreign organizations received funding from a variety of other sources, including fees for services, such as grading agricultural products according to quality specifications; investments in commercial enterprises; and revenues from the sales of agricultural products.⁹

Marketing Organizations in Foreign Countries Differ in Activities Performed and Emphasis on Export Activities

Like the U.S. check-off programs, many foreign marketing programs carry out promotion and research activities. However, unlike their U.S. counterparts, these foreign programs may provide other services, such as buying and selling products, providing training to industry, inspecting products, and licensing exporters. The foreign programs, like the U.S. programs, use market research information to evaluate their marketing activities. In addition, the United Kingdom and New Zealand governments are either conducting reviews or planning to periodically review their marketing programs.

Many of the marketing organizations in the four countries also performed other activities. For example, New Zealand's Dairy, Kiwifruit, and Apple and Pear boards purchase and market all products intended for export, and Australia's Wheat Board purchases and markets wheat and other grains for both the domestic and export markets.

⁸The British government plans to gradually decrease government support.

⁹As discussed below, some organizations in Australia and New Zealand do not receive assessments but instead purchase and market agricultural products for the industry, primarily in the export market. New Zealand's Dairy Board, for example, operates in this manner.

In addition, both the United Kingdom's Meat and Livestock Commission and New Zealand's Meat Producers Board conduct vocational training to improve the quality and safety of meat. The New Zealand Meat Producers Board also licenses exporters of meats covered by their program. Germany's CMA grants its Seal of Quality to German food products that have passed required tests and inspections. It then emphasizes the quality of these products in its marketing activities.

While many organizations in the four countries were active in both domestic and export markets, all but one of the marketing organizations we reviewed in Australia and New Zealand emphasized export promotion. Both countries have small domestic markets and depend much more on exporting. For example, the Australian Wool Research and Promotion Organization spent about 76 percent of its funds on export-related activities. New Zealand marketing organizations also focus most of their activities around the development of export markets.

Observations

While the recent multilateral trade agreement of the Uruguay Round of GATT would limit the extent to which countries could provide subsidies to the agricultural sector, it would not limit the extent to which countries could support market development activities. As a result, market development efforts may become a more important tool for increasing agricultural exports. Some foreign competitors have a long history of exporting and have developed significant expertise in market development activities. This greater emphasis on exports may give foreign producers a competitive advantage in the global marketplace.

In this context, a more vigorous export focus would seem to be in the interest of U.S. promotion and research boards. On the other hand, foreign countries now have increased access to some U.S. markets that were previously protected from import competition. Consequently, U.S. promotion and research programs for products that have had import protection may face an increasing need to promote their products in the domestic market in light of increased foreign competition. In either situation, the boards will continue to play an important role.

Agency and Industry Comments

We discussed the facts presented in this report with USDA officials—including the Deputy Administrator, Commodity and Marketing Programs, Foreign Agricultural Service, and top-level officials from Agricultural Marketing Service's Cotton, Dairy, Fruit and Vegetable,

Poultry, and Livestock and Seed divisions. In addition, we obtained comments on the facts presented in relevant sections of this report from representatives of the U.S. check-off boards and the foreign marketing organizations we reviewed. These officials generally agreed with the information discussed and updated budget and program information that had changed since we completed our fieldwork. We have incorporated this new information into the report where appropriate.

Objectives, Scope, and Methodology

At the request of the Ranking Minority Member, Subcommittee on Risk Management and Specialty Crops, House Committee on Agriculture, we reviewed 6 federally authorized U.S. check-off programs—beef, cotton, dairy, egg, potato, and soybean—and 19 comparable programs in four other countries. We selected the six U.S. check-off programs on the basis of their size, years of operation, organizational structure, and activities, including domestic and export promotion. We selected the four countries because they have industry-funded agricultural promotion and research marketing organizations that perform activities similar to those of U.S. check-off boards.

To understand how the U.S. check-off programs operate, we reviewed the relevant authorizing legislation; implementing orders, plans, and regulations; and USDA guidelines. We also discussed program operations with USDA officials, including representatives from USDA's Agricultural Marketing Service, Foreign Agricultural Service, and Economic Research Service.

We also met with representatives of the six U.S. check-off boards and some of the associations that the boards have contracted with to carry out program activities. In addition, we reviewed check-off boards' annual reports, budgets, marketing plans, program descriptions, and evaluation reports to gain an understanding of the programs' size, complexity, and routine activities.

To obtain information on similar programs in Australia, Germany, New Zealand, and the United Kingdom, we met with officials of the foreign marketing organizations and U.S. agricultural attachés posted in these countries. We also reviewed reports prepared by USDA's Foreign Agricultural Service attachés posted in the four countries. We discussed the organizations' establishment, structure, funding, and activities with the officials of the organizations. We reviewed relevant documents of the marketing organizations, including annual reports and other pertinent

information. The information on Australia, Germany, New Zealand, and the United Kingdom does not reflect original analysis of these countries' laws and regulations on our part but rather the views and interpretations of the officials from the marketing organizations and foreign governments with whom we spoke. We did not independently validate the data provided by the marketing organization officials and others.

We conducted our review between April 1994 and April 1995 according to generally accepted government auditing standards.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 14 days from the date of this letter. At that time, we will send copies to the Secretary of Agriculture and other interested parties. We will also make copies available to others on request.

Please contact me on (202) 512-5138 if you or your staff have any questions about this report. Major contributors to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink, reading "John W. Harman". The signature is written in a cursive style with a large, sweeping initial "J".

John W. Harman
Director, Food and
Agriculture Issues

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Abbreviations

AMS	Agricultural Marketing Service
AWRAP	Australian Wool Research and Promotion Organization
CMA	Central Marketing Organization of German Agricultural Industries
ERS	Economic Research Service
FAS	Foreign Agricultural Service
GAO	General Accounting Office
GATT	General Agreement on Tariffs and Trade
IWS	International Wool Secretariat
MPP	Market Promotion Program
USDA	U.S. Department of Agriculture
ZMP	Central Marketing and Price Reporting Office for Agricultural, Forestry and Food Products

Six Federally Authorized Agricultural Promotion and Research Programs

Name of board (year started)	Composition of board	Total revenue for fiscal year ended in 1994	Authorized/current assessment rate and action required to change rate	Coverage/ (estimated number)	Assessment refunds currently available?	Initial referendum and last referendum
Cattlemen's Beef Promotion and Research Board (1986)	Authorized: Producers and importers, based on number of cattle per state or unit. As of 3/31/95: 101 domestic producers and 6 importers.	Total: \$44,704,379. ^a Sources: 83% from assessments on domestic sales, 15% from assessments on imports, 2% from investments, and less than 1% from other sources.	Authorized/current: \$1 per head of cattle sold. Producers can receive credit for contributions to qualified state groups of up to 50 cents on each dollar assessed by the national board. Rate can be changed only by statutory amendment.	All cattle producers (1.1 million) and importers of cattle and beef.	No	Initial referendum: Delayed until 22 months after program started. Last referendum: May 1988, approved by 79%. ^b
Cotton Board (1966)	Authorized: At least one representative from each cotton-producing state, importers, and up to 15% to be consumer advisers. As of 3/31/95: 20 domestic producers, 4 importers, 1 consumer adviser, and their alternates.	Total: \$59,244,274 Sources: 73% from assessments on domestic sales, 23% from assessments on imports, 3% from investments, and 1% from other sources.	Authorized: \$1 per bale of cotton sold plus up to 1% of bale value on sales of cotton. As of 3/31/95: \$1 per bale plus 0.5% of bale value. Percentage portion can be changed up to the maximum by the Secretary on the basis of board's recommendation. Rate and percentage caps can be changed only by statutory amendment.	Producers (35,000) and importers of upland cotton and cotton products.	No	Initial referendum: Prior to program start. Last referendum: July 1991, approved by 60% of those voting. ^b

(continued)

**Appendix I
Six Federally Authorized Agricultural
Promotion and Research Programs**

Name of board (year started)	Composition of board	Total revenue for fiscal year ended in 1994	Authorized/current assessment rate and action required to change rate	Coverage/ (estimated number)	Assessment refunds currently available?	Initial referendum and last referendum
National Dairy Promotion and Research Board (1984)	Authorized: 36 milk producers. As of 3/31/95: 36 producers.	Total: \$78,248,454 ^a Sources: 99% from assessments and 1% from investments.	Authorized/current: 15 cents per hundredweight of milk sold. Producers can receive credit for contributions to qualified state and regional groups of up to 10 cents on each 15 cents assessed by the national board. Rate can be changed only by statutory amendment.	Dairy farmers (125,000).	No	Initial referendum: Delayed until 18 months after program start. Last referendum: August 1993, approved by 71% of those voting. ^b
American Egg Board (1976)	Authorized: Up to 20 members and their alternates, consisting of egg producers and consumer or public representatives. As of 3/31/95: 18 producer members and their alternates. Provision for consumer representation was not approved in referendum.	Total: \$8,387,727 Sources: 98% from assessments, 2% from investments, and less than 1% from other sources.	Authorized: Up to 20 cents per 30-dozen case of eggs sold. As of 3/31/95: 10 cents. Rate cap can be changed only by statutory amendment. Current rate can be changed by the Secretary up to the maximum if recommended by the board. Any increases must be approved by referendum. ^c	Producers with more than 75,000 laying hens (365).	No	Initial referendum: Prior to program start. Last referendum: November 1994, rate increase approved. ^b

(continued)

**Appendix I
Six Federally Authorized Agricultural
Promotion and Research Programs**

Name of board (year started)	Composition of board	Total revenue for fiscal year ended in 1994	Authorized/current assessment rate and action required to change rate	Coverage/ (estimated number)	Assessment refunds currently available?	Initial referendum and last referendum
National Potato Promotion Board (1972)	Authorized: Producers based on production, up to 5 importers, and 1 public representative. As of 3/31/95: 99 domestic producers, 1 public member, and 2 importers.	Total: \$8,044,777 Sources: 92% from domestic assessments, 7% from assessments on imports, and less than 2% from investments.	Authorized: Up to 2 cents per hundredweight or up to 0.5% of immediate past 10-year U.S. average price on sales. Rate and percentage caps can be changed only by statutory amendment. As of 3/31/95: 2 cents per hundredweight. Current rate can be changed by the Secretary, upon the board's recommendation, up to the maximum. ^d	Producers growing potatoes on 5 or more acres (6,200), and importers.	No	Initial referendum: Prior to program start. Last referendum: August-September 1991, approved by 81% of those voting. ^d

(continued)

**Appendix I
Six Federally Authorized Agricultural
Promotion and Research Programs**

Name of board (year started)	Composition of board	Total revenue for fiscal year ended in 1994	Authorized/current assessment rate and action required to change rate	Coverage/ (estimated number)	Assessment refunds currently available?	Initial referendum and last referendum
United Soybean Board (1991)	Authorized: Producers selected on geographic and production basis. As of 3/31/95: 60 producers representing 29 states.	Total: \$24,890,901 ^a Sources: 98% from assessments and 2% from investments.	Authorized/current: 0.5% of net market value of soybeans sold. Producers can receive credit for contributions to qualified state groups of up to 50% of the rate assessed by the national board. Percentage rate can be changed only by statutory amendment.	Producers (381,000)	Yes, but limited to 10% of each state's assessments ^e	Initial referendum: Delayed until 32 months after program start. Initial referendum held February 1994, approved by 54%. No referendums held since then. ^f

Note: Data exclude USDA Foreign Market Development Program and Market Promotion Program funds that went either directly to the boards or to other industry groups that carry out related export promotion activities.

^aBeef, Dairy, and Soybeans: For the beef, dairy, and soybean programs, the assessment amounts reported do not include the amounts collected through the national check-off programs that, in accordance with their authorizing legislation, go directly to state and regional promotion programs. Of the total assessments collected under the national check-off programs, the following amounts go directly to state/regional programs annually: about \$36 million for beef, \$150 million for dairy, and \$24 million for soybean programs.

^bBeef, Cotton, Dairy, and Eggs: For the beef, cotton, dairy, and egg programs, the Secretary of Agriculture is required to hold a suspension/termination referendum if requested by 10 percent or more of those subject to the program (beef, dairy), or who voted in the referendum approving the order (egg), or in the most recent referendum (cotton).

^cEggs: In fiscal year 1994, the egg program allocated \$609,288 of its assessments to state and regional egg promotion programs.

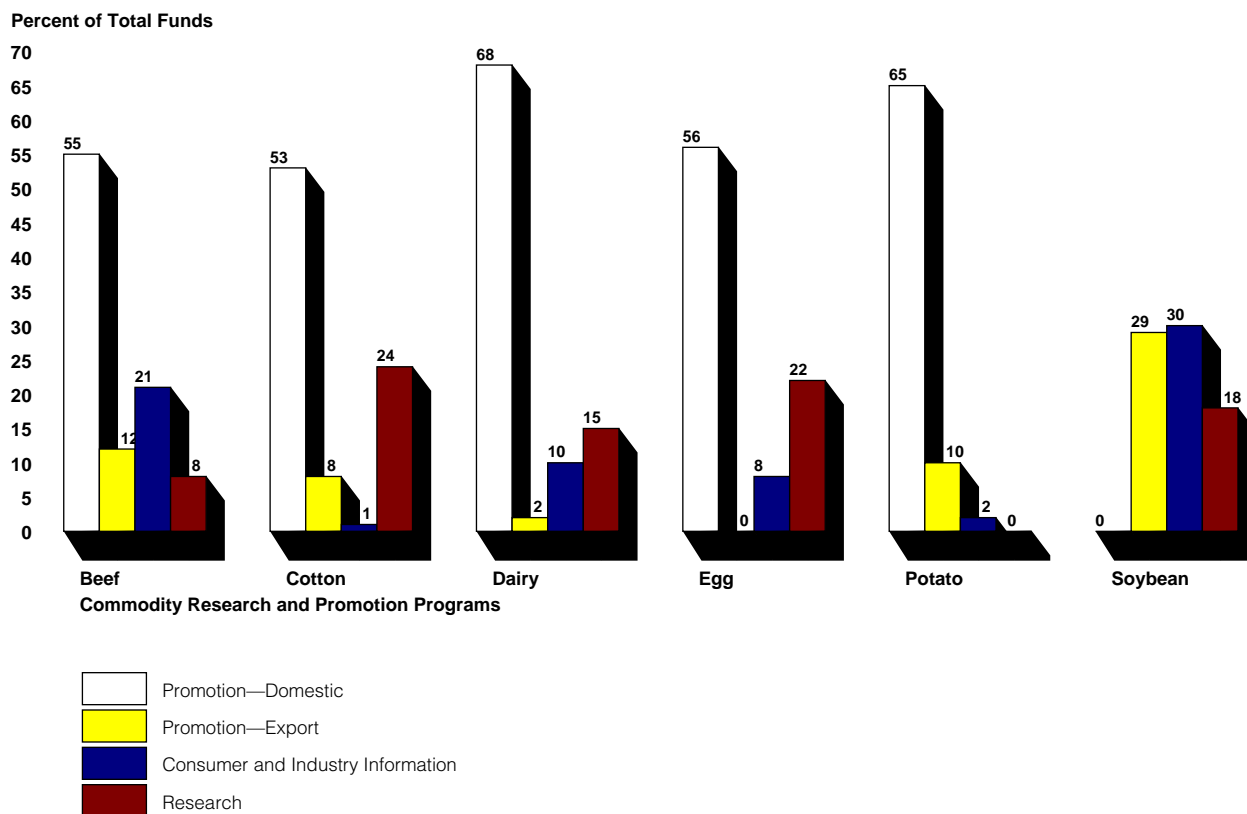
^dPotatoes: For the potato program, the Secretary is required to hold a suspension/termination referendum if requested by the board or by 10 percent or more of the potato producers.

^eSoybeans: For the soybean program, the Secretary is required to conduct a poll to determine if the producers want a referendum conducted on whether to continue refunds.

^fSoybeans: For the soybean program, the Secretary is required to conduct a poll every 5 years to determine if the producers want a reconfirmation referendum to be conducted; if requested by 10 percent of those covered under the program, the Secretary is required to hold a suspension/termination referendum.

Source: Information provided by the Beef, Cotton, Dairy, Egg, Potato, and Soybean boards.

Primary Uses of Funds for Six Federally Authorized Agricultural Promotion and Research Programs



Notes: Bars do not add to 100%. Other uses of funds—contributions to state and regional promotion programs; payments to USDA for oversight; and administrative and miscellaneous uses—ranged from 4 to 23% of total funds.

The Egg Board's 22% of funds allocated for research is primarily used for nutrition education.

The Soybean Board does not promote soybeans in the domestic retail market. But it does conduct domestic consumer and industry information activities. For example, it provides information on soybean products to dieticians and food manufacturers.

Data exclude USDA's Foreign Market Development Program and Market Promotion Program funds.

Source: GAO's analysis of data provided by the Beef, Cotton, Dairy, Egg, Potato, and Soybean boards.

Activities of Six Federally Authorized Agricultural Promotion and Research Programs

We reviewed the activities of six U.S. check-off programs: the (1) Cattlemen's Beef Promotion and Research Board, (2) Cotton Board, (3) National Dairy Promotion and Research Board, (4) American Egg Board, (5) National Potato Promotion Board, and (6) United Soybean Board. This appendix provides information on the boards' promotion, research, and evaluation activities and their joint efforts with related groups.

Cattlemen's Beef Promotion and Research Board

The Cattlemen's Beef Promotion and Research Board, more commonly known as the Beef Board, is administered by a board of 101 producers and 6 importers. These members serve 3-year terms, with no member serving more than two consecutive terms. The Secretary appoints board members from nominations submitted by state cattle associations and state general farm organizations that meet specific requirements. Table III.1 provides an overview of the beef board.

**Appendix III
Activities of Six Federally Authorized
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Table III.1: Overview of the Beef Board

Program aspect	Examples
Products	Beef and beef products.
Expenditures (% of 1994 funds) ^a	Domestic promotion (55%). Export promotion (12%). Consumer and industry information (21%). Research (8%). Other (4%). ^b
Restrictions	No lobbying. Advertising cannot disparage other agricultural products. No production research. Cost limitation of 5% for administration and collection of assessments. Must contract with certain groups.
Promotion activities	TV campaign theme: "Beef. It's What's For Dinner." Print advertisements: "30 Meals in 30 Minutes."
Research	Nutrition. Product technology.
Evaluation	Market research. Biennial econometric study. Individual project evaluations. Foreign Agricultural Service (FAS) evaluation.
Joint efforts	Contracts with national industry-governed organizations to manage and conduct programs. Forty-four qualified state beef councils received about 46% of the assessments, or \$37 million in 1994. The board's \$44.7 million revenue is in addition to this amount.

^aDoes not include USDA market promotion funds.

^bIncludes administrative and miscellaneous costs.

Promotion Activities. While the Beef Board's promotion theme and creative content changed in 1992, the underlying message about beef remained relatively the same, with emphasis on variety, use, and health. In 1993-94, the board directed its consumer advertising campaign towards moderate to heavy beef users, placing primary emphasis on the meal purchaser/preparer. Women 25 to 54 years old were the major focus of the campaign. Television has been the primary medium for the Beef Board's campaign theme, "Beef. It's What's For Dinner," which reached an estimated 95 percent of the target audience. Complementing the television campaign were print advertisements featuring "30 Meals in 30 Minutes"

that appeared in 18 national lifestyle, food, and women's magazines. Similarly, in the food service sector, the board developed marketing partnerships with some national restaurant chains.

Board-sponsored consumer information programs are aimed at four primary audiences: food journalists, media professionals, health care professionals, and teachers. Public relations activities are not only designed to help sell beef but also to dispel negative perceptions about beef and the U.S. cattle industry while educating consumers.

However, the largest potential growth area for American beef products may not be in the United States but in foreign markets. In fiscal year 1993, exported beef and beef products, totaling \$2.5 billion, accounted for nearly 10 percent of the wholesale value of all domestic production. The Beef Board's foreign marketing efforts are directed at expanding markets in Japan, Korea, and Mexico. The board is also interested in establishing a presence in emerging world markets, such as China, Latin American nations, and Taiwan.

In fiscal year 1994, the Beef Board spent about \$5.6 million through its contract with the U.S. Meat Export Federation (a nonprofit organization) to promote beef exports. The Beef Board does not receive any USDA Market Promotion Program funding. However, the U.S. Meat Export Federation, which promotes beef and other meats in the export market, received about \$7.2 million in Market Promotion Program funds and \$1.9 million in Foreign Market Development Program funds for fiscal year 1994. Accordingly, the Beef Board benefits indirectly from this funding to the extent that the federation uses these funds to promote beef.

Research Activities. According to board officials, research provides the (1) precise, highly sophisticated information that characterizes "good" marketing campaigns that achieve the highest levels of success and (2) factual foundation for supporting beef products as part of a varied, convenient, and healthful diet. The board's research initiates the transfer of research-based information to appropriate end-users.

Evaluation Efforts. The Beef Board uses several methods to evaluate its programs. It contracts with a university every other year to conduct an independent econometric evaluation of its promotion and research activities. The latest econometric review, issued in January 1994, concluded that beef check-off programs have significantly improved demand for beef. The study further estimated that beef producers had

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received a return of about \$5.40 for every dollar invested since October 1987.

During the past 2 years, the Beef Board has emphasized the evaluation of individual projects. Methods for evaluating these projects have included assessing each project against pre-established objectives, conducting interim evaluations for projects lasting longer than one year, and conducting in-depth evaluations for two to four projects each year.

Joint Efforts. As directed in the authorizing legislation, the Beef Board carries out all beef promotion and research projects through nonprofit, producer-governed beef industry organizations. The Beef Industry Council of the National Live Stock and Meat Board is the primary contractor for the Beef Board's domestic promotion and advertising. As the federation of 44 state beef councils, the Council helps coordinate state and national check-off dollars and programs. The board coordinates its foreign market development activities primarily with the U.S. Meat Export Federation.

Currently, the Beef Board's main joint effort is participation on a beef industry oversight committee that is seeking to concentrate the beef industry's resources (check-off revenue, dues, and other revenue) on developing and implementing a single, industrywide long-range plan. This committee has recommended the consolidation of the National Cattlemen's Association and the National Live Stock and Meat Board, two of the Beef Board's major contractors. The Beef Board will remain outside this consolidated structure but expects to coordinate closely with the new organization. The new organization expects to include a Center for International Marketing to coordinate closely with the U.S. Meat Export Federation in carrying out international marketing programs for beef.

Cotton Board

The Cotton Board is administered by 20 producers, 4 importers, and one consumer adviser who serve 3-year terms. The Secretary of Agriculture appoints each Cotton Board member and an alternate from nominations submitted by producer organizations within each major cotton-producing state and by importer organizations in the United States. The board contracts with Cotton Incorporated, a private, nonprofit corporation, to develop and execute its marketing and research programs. Table III.2 provides an overview of the Cotton Board.

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Table III.2: Overview of the Cotton Board

Program aspect	Examples
Products	Upland cotton, including cotton seed and products derived from such cotton and its seed. ^a
Expenditures (% of 1994 funds) ^b	Domestic promotion (53%). Export promotion (8%). Consumer and industry information (1%). Research (24%). State programs (5%). Other (9%). ^c
Restrictions	No lobbying. Advertising cannot disparage other agricultural products. Must contract with a certain group.
Promotion activities	The Fabric of Our Lives™ campaign. Joint promotion with a major consumer products company. Recognition for the Seal of Cotton™.
Research	Textile research/implementation. Agricultural research. Fiber quality. Fiber processing.
Evaluation	Market research. Individual project evaluations. FAS evaluation.
Joint efforts	AMTEX™ Partnership (a research consortium).

^aUpland cotton, a type of cotton, makes up about 98 percent of the cotton grown in the United States.

^bDoes not include USDA market promotion funds.

^cIncludes administrative and miscellaneous costs.

Promotion Activities. The board’s contractor uses the majority of its promotion funds for national television advertising (e.g., The Fabric of Our Lives™ campaign). The contractor’s marketing efforts also include trade print campaigns, retail promotions, full-scale publicity events, and collaborations with mills and manufacturers. All of these programs focus on building demand for cotton apparel and home furnishings (except for cotton carpets). Furthermore, recognition of the Seal of Cotton™ increased in 1993, when the Cotton Board’s contractor signed an agreement with the largest consumer marketing company in the United States.

International marketing representatives build demand for cotton in world markets through offices in Japan, Switzerland, Singapore, and Mexico. According to the Cotton Board's contractor, with 40 to 45 percent of the U.S. cotton crop exported annually, the United States has a strong presence in the world cotton market. During the 1993-94 season, cotton exports reached 6.9 million bales, with Asia and Oceania consuming 70 percent of that total. Latin American countries, particularly Mexico, are also increasing their demand for cotton.

The board's contractor also helps leverage the U.S. cotton industry's export sales efforts by contributing \$1 million annually in matching funds to the Cotton Council International. The Cotton Council International adds this contribution to its Market Promotion Program funds to promote U.S. cotton overseas.

Research Activities. According to the Cotton Board's contractor, research plays a critical role in the demand for the industry's fiber. For example, research may help develop new products that provide new cotton options for the retail market or innovations that enhance the cost-effectiveness of cotton mills.

Furthermore, in 1993, the board's contractor entered a new research initiative—The AMTEX™ Partnership—to help to bring together various components of the textile industry and undertake cooperative research that will increase the competitiveness of the domestic textile industry. The partnership is a consortium of fiber, textile, and apparel research organizations and national laboratories. The board's contractor stated that the partnership will ensure that cotton remains at the leading edge of technological developments.

Joint Efforts. The authorizing legislation directs the Cotton Board to contract with an organization or association whose governing body consists of cotton producers to develop and carry out promotion and research activities. Accordingly, the board contracts with an independent contractor to carry out all promotion and research activities. The Cotton Board's contractor is the only organization that promotes cotton domestically, and the board provides about 5 percent of the contractor's budget to fund state support programs. The contractor coordinates agriculture research with land grant universities and textile and fiber quality research with textile universities.

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Evaluation Efforts. The Cotton Board has not had an outside evaluation in over 10 years. However, the board uses several methods to evaluate the overall effectiveness or success of the program, primarily steady gains in market share and increased sales volume at the retail level. The board's goal is to increase cotton's market share of retail sales of apparel and home furnishings (except for cotton carpets) to 60 percent in the next few years. During the first 9 months of 1993, retail sales of cotton merchandise rose \$3 billion and the market share for the period increased from about 55 percent to 56 percent. Other evaluation methods include measuring the recognition and awareness of the Seal of Cotton™.

**National Dairy
Promotion and
Research Board**

The National Dairy Promotion and Research Board, also known as the National Dairy Board, is administered by a board of 36 producers who serve 3-year terms, with no member serving more than two consecutive terms. The Secretary appoints board members from nominations submitted by producer organizations certified by the Secretary, general farm organizations representing producers, or other associations. Table III.3 provides an overview of the dairy board.

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Table III.3: Overview of the Dairy Board

Program aspect	Examples
Products	Fluid milk, cheese, butter, and frozen dairy products.
Expenditures (% of 1994 funds) ^a	Domestic promotion (68%). Export promotion (2%). Consumer and industry information (10%). Research (15%). Other (5%). ^b
Restrictions	No lobbying. Advertising cannot disparage other agricultural products. No production research. Limitation of 5% for administrative costs.
Promotion activities	TV. "Milk. It does a body good." TV. "Cheddar makes everything better." Limited branded advertising.
Research	Dairy foods. Nutrition.
Evaluation	Market research. Mandatory annual report to the Congress (econometric study). Individual project evaluations. FAS evaluation.
Joint efforts	Undertook a cooperative effort with the United Dairy Industry Association in January 1995. Sixty-six state and regional promotion programs receive two-thirds of the assessment, or an estimated \$150 million for 1994.
Other	Bloc voting. Termination referendum.

^aDoes not include USDA market promotion funds.

^bIncludes administrative and miscellaneous costs.

Promotion Activities. The Dairy Board's domestic promotion activities are primarily targeted at consumers, the food service industry, and manufacturers. The board uses a variety of marketing techniques and advertising themes, depending on the product and the targeted market. For example, the board promotes retail consumption of fluid milk primarily through television advertising, but it uses a mix of television, print, and radio advertising to promote cheese, butter, and frozen dairy

products.¹ The board contracts with advertising firms to assist with its market promotion activities.

The board supports both generic advertising to promote consumption of the general agricultural product and branded advertising to promote the particular characteristics of a given brand of an agricultural product. In November 1992, the Dairy Board adopted a policy to encourage the dairy industry to bring new, unique products to the marketplace more quickly by offering matching funds for branded advertising. The new product must establish a new product category and cannot compete with another established dairy product. For example, the Dairy Board provided matching funds to promote Yo-J, a yogurt-juice blend that competes with juices. The board matches every \$3 spent by the marketer with \$1 of check-off funds. Total board expenditures to support branded advertising may not exceed 2 percent of the Dairy Board's annual budget. Once another brand enters the product category, the board discontinues support for branded advertising.

The Dairy Board established an export promotion program in 1990. In 1994, the board promoted cheese and frozen dairy products in Japan, and yogurt, ice cream, and cheese in Mexico. It carries out these activities through supermarket and food service promotions, trade missions, newsletters, participation at trade fairs, trade servicing, and seminars aimed at the press and food distributors. Export promotion in other markets includes promotional and market research in the Caribbean, the Far East, and South America. During 1994, the Dairy Board spent \$1.6 million on export promotion activities. In addition, according to the board, it received \$373,000 from the Foreign Market Development Program and \$65,000 from the Market Promotion Program during fiscal year 1994.

Research Activities. The Dairy Board divides its research into two broad categories—dairy foods research and nutrition research. Dairy foods research is intended to encourage the development of new dairy products, processes, and packaging technologies. Much of this research is conducted at research centers located at 12 universities. The centers are funded with equal contributions from the Dairy Board, the universities, and the local industry. In addition, the board funds research at two

¹Our prior report discusses the national Fluid Milk Processor Education and Promotion Program (GAO/RCED-95-60R, Dec. 16, 1994). While the National Dairy Board operates a check-off program for producers to promote dairy products, including fluid milk, the fluid milk processors' program, which started in 1994, provides additional information to consumers about milk's nutritional value.

nutrition and health research institutes—the Genetics and Nutrition Institute and the Cancer of the Colon Institute.

Evaluation Efforts. The board measures the effectiveness of its programs in a variety of ways, including market research and an econometric evaluation, and USDA reports the results annually to the Congress, as the board's authorizing legislation requires. For promotions that run for short periods of time, the board compares actual to expected sales volume as one measure of the program's effectiveness. For continuous advertising and public relations programs, the board monitors consumption rates and conducts telephone surveys to measure the change in consumer attitudes and behaviors over time. The Dairy Board's July 1994 annual report to the Congress indicated that for 1993, advertising increased fluid milk and cheese sales by 3.5 percent and 2.5 percent, respectively.

Joint Efforts. The board coordinates its activities with other state and regional industry groups and also jointly plans and funds projects. For example, the United Dairy Industry Association has been the lead organization for the fluid milk national advertising campaign, and various state and regional promotion groups also fund this effort. In January 1995, the Dairy Board and the association undertook a cooperative effort, Dairy Management Incorporated, to formalize the joint planning and funding between the two organizations. Other methods of coordinating the Dairy Board's activities with other industry groups include sharing market research and other research information.

Other. The Dairy Board's authorizing legislation provides for a termination referendum if requested by 10 percent of those covered under the program. As a result of a petition, a nationwide referendum was conducted in August 1993 to determine whether producers favored continuing the program. For the program to continue, more than 50 percent of the producers participating in the referendum had to vote in its favor. About 71 percent of the qualified votes were cast for continuation. About 63 percent were cast by cooperative associations bloc voting for all their members.

The dairy program is unique in that it allows dairy cooperatives to cast bloc votes for their members. However, members are given an opportunity to vote individually if they disagree with their cooperative's position. Legislation was introduced in January 1995 in the Senate that would eliminate the dairy program's bloc voting process because of concerns

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about whether it is fair and equitable. In addition, this proposed legislation would require that the Dairy Board periodically determine producers' support for the program. No action has been taken to date on this legislation.

American Egg Board

The American Egg Board, known as the Egg Board, is administered by 18 producer members and their alternates who serve 2-year terms; initial appointments were for 2 and 3 years to allow for staggered terms. No member is allowed to serve more than three consecutive terms in the same position. The Secretary appoints all members from nominations submitted by eligible organizations, associations, cooperatives, or other producers. Table III.4 provides an overview of the board.

Table III.4: Overview of the Egg Board

Program aspect	Examples
Products	Eggs, egg products, spent fowl, and products of spent fowl. ^a
Expenditures (% of 1994 funds) ^b	Domestic promotion (56%). Export promotion (<1%). Consumer and industry information (8%). Research (22%). State programs (7%). Other (about 6%). ^c
Restrictions	No lobbying. Advertising cannot disparage other agricultural products.
Promotion activities	"I Love Eggs" campaign. Advertising tie-in opportunities.
Research	Nutrition.
Evaluation	Market research. Individual project evaluations. FAS evaluation.
Joint efforts	Coordinates with 41 states and various related industry groups.

^aSpent fowl are hens that have been used to produce eggs for the commercial market and have been removed for slaughter.

^bDoes not include USDA market promotion funds.

^cIncludes administrative and miscellaneous costs.

Promotion Activities. The Egg Board's current advertising strategy is principally to link eggs with the positive images consumers have of the taste of eggs. The primary target for the Egg Board's recent consumer

advertising campaign, "I Love Eggs," is women with children, who make most decisions about family breakfasts. The Egg Board is concentrating on capturing the "weekend breakfast." The board uses a variety of marketing techniques and advertising themes, depending on the targeted audience. For example, the board promotes retail consumption of eggs primarily through television and radio advertisements and promotes eggs to the food service industry primarily through national food service trade publications and trade shows.

Research Activities. The nutrition portion of the Egg Board's budget funds nutrition research and nutrition education. In recent years, the board has used an increased portion of funds on research to evaluate the effects of dietary cholesterol on plasma lipids. Since 1991, the Egg Board has funded \$1.5 million in research projects at various universities on this issue.

Evaluation Efforts. The Egg Board conducts market research and evaluates individual projects. However, the board has not conducted an overall program evaluation since 1981. Board officials, however, are considering whether to conduct a program evaluation in 1995 that would include an econometric study.

Joint Efforts. The Egg Board coordinates its activities with state and regional organizations by developing publicity campaigns several times each year for use by state and regional groups and by holding two joint annual meetings with state organizations. In 1994, state and regional groups received about \$609,000 from the Egg Board for promotional activities. Additionally, in 1985, the board assembled a scientific advisory panel of medical and nutrition professionals to help develop strategies to communicate the importance of eggs in Americans' diets and to assist the board in deciding which research projects to fund.

Other. In 1994, as a result of a referendum, the Egg Board increased the exemption level for producer assessments from producers with 30,000 laying hens to producers with 75,000 laying hens and increased the assessment rate from 5 cents to 10 cents for each 30-dozen case of commercial eggs. The rate was increased to provide additional funds, primarily for advertising and research.

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representative appointed by the Secretary of Agriculture for 3-year terms. No member serves more than two consecutive terms. Although each state is entitled to nominate at least one member, states with production exceeding 5 million hundredweight of potatoes are allowed to nominate additional members. Producers nominate producer members, and the board nominates the public member. Importers may nominate up to five importer members to serve on the board. One-third of the members' terms expire annually. The board meets annually to review programs and to determine policy for the upcoming year. Table III.5 provides an overview of the board.

Table III.5: Overview of the Potato Board

Program aspect	Examples
Products	Potatoes and potato products.
Expenditures (% of 1994 funds) ^a	Domestic promotion (65%). Export promotion (10%). Consumer and industry information (2%). Other (23%). ^b
Restrictions	No lobbying. Advertising cannot disparage other agricultural products.
Promotion activities	Potato shopping cart advertisements. Quick-and-easy potato/chicken recipes in magazines.
Research	None at this time.
Evaluation	Market research. Individual project evaluations. FAS evaluation.
Joint efforts	Partnership with Snack Food Association.

^aDoes not include USDA market promotion funds.

^bIncludes administrative and miscellaneous costs.

Promotion Activities. The Potato Board developed 20-minute potato recipes because market research showed that potato preparation time and efficiency were of great importance to meal preparers. The board paired these recipes with chicken because chicken consumption is growing rapidly in popularity. The board also developed a software package containing 40 quick-meal ideas.

In 1993, potato shopping cart advertisements were another major promotion effort. Messages about potatoes appeared on shopping carts in 23 of the largest 25 supermarket chains. These advertisements resulted in

a sales increase of 9.6 percent. Additionally, the board used a “personality” to deliver advertisements to the trade. These advertisements were placed in magazines and featured potato industry people talking about why potatoes were important to them and how the board worked to increase demand. The board also provides nutrition educators with tools to spotlight potatoes, such as the Vegetable Parade Poster, which includes potatoes in the “5-a-day” food pyramid.

The board has directed its export efforts to the Pacific Rim and East Asia, the largest markets for frozen potatoes and french fries. However, future efforts will be directed towards Central and South America and Mexico because the board sees potential in these markets. According to board officials, the export promotion program has increased U.S. potato exports worldwide. From 1989 to 1994, potato exports increased by 120 percent. The board received \$1 million in 1994 from the Market Promotion Program.

Research Activities. The Potato Board does not fund production research.

Evaluation Efforts. The board measures the effectiveness of its programs in a variety of ways, including internal, external, and Foreign Agricultural Service (FAS) evaluations. The board contracted with an outside market research firm to evaluate the effectiveness of four major print advertisements. Market research results, such as potato usage and attitude-tracking studies, print advertising tests, and national eating trend surveys, provide the basis for internal evaluations of promotion projects. The board also measures its programs by participating in joint promotion evaluation projects. For example, in 1993, the Potato Board and a major research organization evaluated the board’s promotion of potato products in South Korea. In addition, the board uses independent contractors to evaluate projects funded by FAS. The board submits these evaluations to FAS at the end of the year, and FAS follows up with compliance audits to ensure that the evaluations are conducted within its regulations.

Joint Efforts. The Potato Board has worked with states and other groups on market research for fresh potatoes in other countries. It also supports joint promotion efforts. For example, the Potato Board joined with a major restaurant chain in Japan to promote potatoes, with the restaurant contributing \$4 million and the board \$110,000. Other coordination efforts include the “Snack Food Month” promotion conducted by the board and a snack food association to promote potato chips.

Other. The authorizing legislation provides for the Secretary to conduct a referendum at any time to terminate or suspend the operation of the program at the request of the board or of 10 percent or more of the potato producers. Legislation also allows the board to establish an operating monetary reserve and to carry over excess funds to subsequent fiscal years, provided that funds in the reserve do not exceed approximately 2 fiscal years' expenses. The reserves may be used to defray any authorized expenses. In 1994, reserve funds totaled about \$4.3 million. Under a procedure prescribed by the 1990 farm bill, producers and importers have voted to eliminate refunds of assessments.

United Soybean Board

The United Soybean Board, commonly known as the Soybean Board, is a 60-member producer board nominated by soybean producers. The Secretary of Agriculture appointed the initial board members for 1-, 2-, or 3-year terms from nominations submitted by soybean producers and eligible organizations. During each subsequent year, the Secretary appoints one-third of the board members for 3-year terms. No member may serve more than three consecutive 3-year terms. Table III.6 provides an overview of the Soybean Board.

**Appendix III
Activities of Six Federally Authorized
Agricultural Promotion and Research
Programs**

Table III.6: Overview of the Soybean Board

Program aspect	Examples
Products	Soybeans and soybean products.
Expenditures (% of 1994 funds) ^a	Domestic promotion (0%). Export promotion (29%). Consumer and industry information (30%). Research (18%). Other (22%). ^b
Restrictions	Lobbying allowed in some foreign countries. Advertising cannot disparage other agricultural products. Allowed to contract with certain groups. Limitation of 5% for administrative costs.
Promotion activities (export only)	Technical assistance to foreign feed mills and oil refiners. Consumer promotion of oil through radio and point-of-sale materials.
Research	Production. Product development and new uses.
Evaluation	Market research. Individual project evaluations. FAS evaluation.
Joint efforts	27 state soybean board offices representing 29 states received about 50% of the assessments, or \$24 million in fiscal year 1994. The board's \$24.9 million in revenues is in addition to this amount.
Other	Refunds of assessments. Conducts a producer poll every 5 years to determine the need for a termination referendum.

^aDoes not include USDA market promotion funds.

^bIncludes administrative and miscellaneous costs.

Promotion Activities. The Soybean Board focuses its promotion activities on soybean meal and soybean oil. Currently, all of the board's promotion programs occur in foreign countries because the Soybean Board's goal is to increase foreign demand for soybeans and soybean products. In 1994, between 45 and 50 percent of domestic soybean production was exported, in contrast with many agricultural commodities that are primarily consumed domestically. The Soybean Board has organized four promotion subcommittees to represent the four regions where promotion activities occur: (1) Latin America, (2) Asia, (3) Western

and Northern Europe, and (4) the former Soviet Union, Central Europe, and North Africa.

In addition to board expenditures for export promotion, the board's contractor—the American Soybean Association—received about \$1.7 million in Market Promotion Program funds and \$6.3 million in Foreign Market Development Program funds. These funds are used in foreign markets for radio advertisements and point-of-sales promotions.

Consumer information on the use of soybean products is targeted at key groups, such as dieticians and food manufacturers in both domestic and foreign markets.

Research Activities. The Soybean Board's research activities involve four primary areas of study. Production research focuses on such projects as creating soybean varieties that are drought- and pest-resistant and developing genetic improvements to boost yields. Quality-based research efforts include improving oil production, protein content, and amino acid balance. Market-focused research includes such efforts as decreasing the saturated fat content of soy oil to better compete in today's health-conscious consumer market and expanding the utilization of soybeans through new products like SoyDiesel, Soy Ink, and Environ (building material). Basic research focuses on developing new products to compete with petroleum-based plastics and adhesives.

Evaluation Efforts. The Soybean Board uses various methods to evaluate program effectiveness. For example, the board sets aside 2 percent of its budget for program evaluations. While the Soybean Board selects the program to be evaluated, its contractor, in consultation with the board, chooses an independent third party to evaluate specific projects. Other evaluation methods include reviews by a technical advisory panel. For instance, researchers are required to submit progress reports to the board so that a technical advisory panel can review them under a 9-month review system. This periodic review enables the board to terminate funding for projects that are not working out so that they are not automatically funded for another year. Additionally, for FAS-funded projects, the Soybean Board's contractor is responsible for complying with FAS evaluation requirements.

Joint Efforts. To enhance coordination, the board's authorizing legislation requires the board to enter into agreements to ensure that its authorized activities—promotion, research, consumer information, or

industry information—are each implemented by a single entity. Accordingly, the Soybean Board contracts with national, nonprofit producer-governed organizations, such as the American Soybean Association, for these four activities. The Soybean Board’s contractor implements all board plans for these four activities and coordinates with qualified state soybean boards through national and regional meetings. In addition, the board uses a technical advisory panel, which is composed of researchers, marketers, and educators, for advice on its future direction.

Other. The board’s authorizing legislation provides that each producer shall have the right to demand and receive a refund from the board of any assessment collected from that producer. Of the six boards we reviewed, this is the only board that currently allows refunds. Refunds are now limited to 10 percent of the total assessments collected from producers in each state. In fiscal year 1994, the board’s refunds totaled about \$9.9 million. Full refunds were allowed until April 1, 1994, after which refunds were limited to the current level. The results of a producer poll, scheduled for July 1995, will determine if the Secretary of Agriculture must hold a referendum to determine if refunds should continue. If the poll indicates that a refund referendum is needed, producers may continue to receive refunds until the results of the referendum are released.

Until 1990, all check-off programs were restricted from lobbying federal, state or foreign governments. However, the Congress recognized the need for direct contact with foreign government officials in certain instances under the soybean program. Therefore, the authorizing legislation includes an exemption to the prohibition on influencing governmental action for “any action designed to market soybean or soybean products directly to a foreign government or political subdivision thereof.”

Information on Selected Agricultural Promotion and Research Programs in Australia, Germany, New Zealand, and the United Kingdom

We reviewed the activities of 19 marketing organizations in four countries: (1) Australia, (2) Germany, (3) New Zealand, and (4) the United Kingdom. This appendix provides information on the foreign organizations' board structures and functions, sources of funding, role of government, types of activities carried out, and emphasis on export promotion.

Selected Agricultural Promotion and Research Programs in Australia

Australia is one of the world's major exporters of agricultural products. It accounts for over one-half of the world's wool exports, about one-fourth of the world's beef exports, and nearly one-seventh of the world's wheat exports. The country has a large resource base and a relatively small population. Therefore, its export competitiveness has always been important. In the past, the Australian government had focused its agricultural assistance on programs to help minimize the effects of unstable and low world prices on farm income. However, over the past decade, it has shifted away from price-related assistance towards more market-oriented policies. The government has gradually reduced its protectionist measures and recast the role of grower-funded marketing organizations, which concentrate their efforts on market promotion, research, and development.

The six Australian marketing organizations we reviewed differ from those in the United States in organizational structure, role of government, sources of funding, types of activities performed, and emphasis on export promotion. These organizations were the (1) Australian Dairy Corporation, (2) Australian Dried Fruits Board, (3) Australian Horticultural Corporation, (4) Australian Wheat Board, (5) Australian Wine and Brandy Corporation, and (6) Australian Wool Research and Promotion Organization/International Wool Secretariat. The size and composition of these boards vary, as do their activities. Generally, research and development activities are managed by separate entities within the same industry and are funded by separate assessments. Owing to a changing economic environment, Australia's farmers must take a more global view of their markets and compete more vigorously in the export arena. Thus, agricultural marketing and promotional boards have turned more of their attention to the export market, concentrating their efforts on expanding foreign trade.

Organizational Structure, Role of Government, and Sources of Funding

All six organizations are managed by boards. These boards range in size from 5 to 17 members and consist of grower representatives and industry and business experts. Some of the boards have independent

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representatives from outside the industry. In contrast to U.S. check-off boards, all but one of the Australian boards have a government representative, who generally serves as the communications link between the board and the federal government and provides the board with expert advice about government policies. Almost all representatives are nominated by the industry and officially appointed by the Minister for Primary Industries and Energy. According to board representatives, their programs may only be terminated by an act of Parliament.¹

Annual revenues in 1993 for the six organizations ranged from \$1.3 million to \$1.7 billion.² Except for the Australian Wheat Board, all the boards we reviewed receive some direct funding from assessments.³ These assessments account for as little as 23 percent to as much as 80 percent of the boards' annual revenues. The industries vote to adjust assessment rates annually, if required, for the following fiscal year. The government collects assessments on producers through handlers and processors. The government then turns these funds over to the appropriate board. For some industries, such as honey, smaller-volume producers are exempted from paying assessments. No provisions exist for refunding the assessments. Unlike some U.S. check-off boards, none of the Australian boards assess importers of agricultural products. For four of the programs we reviewed, other major sources of revenue include government grants, which range from 13 to 30 percent of the boards' incomes; interest income; and user fees.⁴

In the 1980s, the Australian government restructured its agricultural board system. It developed a tripartite system that separates marketing boards from statutory industry councils and research/development bodies in each industry. Now, marketing and research functions are generally conducted by separate entities within the same industry and funded by different assessments. For example, the Dairy Research and Development

¹The International Wool Secretariat is a nongovernmental body and therefore cannot be terminated by Parliament. Its board includes representatives from the other member countries: New Zealand, South Africa, and Uruguay.

²The average annual exchange rate for 1993 was \$1.00 U.S. = A\$1.4704 and the rate for 1994 was \$1.00 U.S. = A\$1.3667.

³Since the Australian Wheat Board is responsible for selling Australian wheat, 98 percent of its revenues, or \$1.7 billion, comes from grain sales. About 82 percent of that amount reflects export sales. In addition, the Wheat Industry Fund, which is managed by the Australian Wheat Board, receives a 2-percent assessment on wheat sales for the board's capital base. The board uses the capital base for investments.

⁴The Australian Dried Fruits Board, Australian Horticultural Corporation, Australian Wine and Brandy Corporation, and Australian Wool Research and Promotion Organization.

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Corporation manages research and development for the dairy industry and receives an assessment of \$0.013 per kilogram of butterfat produced, while the Australian Dairy Corporation receives \$0.0377 per kilogram of milkfat produced for promotional activities.

In addition to representation on some boards, government involvement in board activities ranged from simple oversight to direct economic support of research and promotional activities. The government matches each industry's research and development assessment funds up to a maximum of 0.5 percent of the industry's gross value of production. Boards are required to submit annual reports to Parliament for approval but do not conduct formal evaluations of their activities (except for an annual financial audit).

**Board Activities and Focus
on the Export Market**

Less than 10 years ago, the Australian agricultural economic base was experiencing a downturn characterized as the worst in decades. Because of this economic situation, the Australian government is not providing as much direct financial assistance to its agricultural sector as it once did. The government used to shield its farmers from the uncertainty of world markets by providing price supports and other financial assistance. Now, government assistance typically takes the form of export market development grants and trade enhancement programs rather than price supports. Price supports still exist in the dairy industry but are funded by a market support assessment on milk producers.

Since agricultural industries must focus more on market forces than ever before, promotional and research activities have assumed a greater role. Agricultural producer boards, which are statutory marketing authorities, participate in these activities. In addition, the Australian Dairy Corporation and the Australian Wheat Board can purchase and sell products. While all boards engage in typical marketing activities, such as trade shows, point-of-sale promotions, and advertising, some practice more nontraditional marketing techniques. For example, the Australian Wine and Brandy Corporation participates in the Australian Government Officials' Scheme, through which Australian embassies and consulates purchase domestic wine for official functions, thus increasing the product's exposure.

Australian marketing organizations also carry out other activities not generally conducted by U.S. check-off boards, such as setting quality standards for the industry and issuing export licenses. In addition, they

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invest in other ventures, which allow them to diversify their holdings and further expand their export businesses. For example, the Australian Dairy Corporation wholly controls Austdairy, a subsidiary that turned a profit of \$1.33 million in fiscal year 1993-94. Finally, the Australian Dairy Corporation and the Australian Wheat Board purchase products and sell them in domestic and/or export markets. The Australian Dairy Corporation's sales are limited to specific export markets—e.g., Japan and the European Union—and producers are not required to supply their products to the Australian Dairy Corporation for export to these markets. Neither of these organizations receive direct government income support. However, both boards get indirect government support through government guarantees for the borrowed funds they use to purchase their commodities.⁵

Table IV.1 summarizes selected information on the six marketing programs we reviewed in Australia.

Table IV.1: Selected Information on Promotion and Research Programs in Australia

Marketing organization (year started/ reorganized)	Organizational functions	Composition of board	Sources of funds^a	Types of activities—uses of funds
Australian Dairy Corporation (1986)	Promotes dairy products in both domestic and export markets. Purchases and sells certain products in Japan and the European Union. Controls export licenses in order to fulfill trade commitments.	Authorized: 11. Members: 9 industry (includes chair), 1 government, and 1 managing director (permanent member). Except for the chair, who is chosen by the Minister, and the managing director, the members are self-nominated and appointed by the Minister, Department of Primary Industries and Energy.	Total funding 1994: \$310.2 million ^b Assessments (41%), export sales (57%), and other (2%). Assessments rates (per kg. of milkfat): Market support, \$0.33 (terminates as of 6/95); Promotion, \$0.0377; Corporation, \$0.007.	Export sales cost (58%), Price supports (35%), Domestic marketing (3%), Export marketing and promotion (1%), Investment (1%), Operations (1%), Interest (1%).

(continued)

⁵Products delivered to the marketing boards are pooled for sale, and net revenue is shared among pool participants.

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Marketing organization (year started/ reorganized)	Organizational functions	Composition of board	Sources of funds^a	Types of activities—uses of funds
Australian Dried Fruits Board (1991)	<p>Promotes exports of sultanas, raisins, and currants.</p> <p>Conducts market research on these products.</p>	<p>Authorized: 6. Members: 3 packers or exporters, 1 grower, 1 independent, and 1 chairperson (independent).</p> <p>Members are appointed by the Australian Horticultural Corporation on the basis of recommendations from an expert panel.</p>	<p>Total funding 1993: \$1.3 million.</p> <p>Assessments (80%), government grants (13%), and interest (7%).</p> <p>Assessment: \$10.20 per metric tonne on dried fruit production, collected 44 days after the fruit is sold.</p>	Overseas marketing (66%), Operations (34%).
Australian Horticultural Corporation (1987)	<p>Promotes and coordinates the export of horticultural products, including apples, pears, nashi, citrus, avocados, nursery products, honey, macadamia nuts, and chestnuts in both domestic and export markets.</p> <p>Works to improve the efficiency and quality of production and marketing of these products.</p>	<p>Authorized: 8. Members: 6 industry, 1 government representative, and 1 managing director (permanent member).</p> <p>Industry representatives are chosen by a selection committee and appointed by the Minister, Department of Primary Industries and Energy. The government representative is chosen directly by the Minister.</p>	<p>Total funding 1994: \$6.1 million.</p> <p>Assessments (59%), export charges (8%), government grants (30%), and other (4%).</p> <p>Assessments: Rates vary by use and volume within the following industries: apples, pears, nashi, citrus, and avocados.</p> <p>Nursery, 2.5% of wholesale pot sales; Macadamia nuts, \$0.015/kg.; Honey, \$0.022/kg.; Chestnuts, \$0.037/kg.</p> <p>An additional assessment on exports is charged for all products except chestnuts and nursery.</p>	Domestic marketing (47%), Export marketing (5%), Operations (27%), Market R&D (8%), Industry payments (7%), Meetings/conventions/newsletters (3%), Assessment collection costs (3%).

(continued)

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Marketing organization (year started/ reorganized)	Organizational functions	Composition of board	Sources of funds^a	Types of activities—uses of funds
Australian Wheat Board (1939/1989)	<p>Purchases, promotes, and markets wheat, grain, and their products in both domestic and export markets.</p> <p>Participates in related value-added activities.</p>	<p>Authorized: 11. Members: 1 chairperson, 1 managing director, 1 government representative, and 8 industry representatives (nominated by a selection committee largely appointed by the Grains Council of Australia).</p> <p>Members, except the managing director, are appointed by the Minister and may be farmers or individuals with expertise in finance, marketing, or business management.</p>	<p>Total funding 1993: \$1.7 billion.</p> <p>Export sales (82%), domestic sales (16%), and other (2%).</p> <p>The board purchases and sells Australian wheat.</p> <p>Operating expenses and other direct costs are taken out of the sales, and the profits are returned to the farmers on a pooled basis.</p> <p>The Wheat Industry Fund receives an assessment of 2% on all wheat sales for the board's capital base.</p>	<p>Direct costs (59%), (e.g., storage, freight), Cost of sales (53%), Movement in pool grain inventories (-27%), Interest (9%), Operations (7%), Other (-1%).^c</p>
Australian Wine and Brandy Corporation (1980)	<p>Promotes grape products in both domestic and export markets.</p> <p>Performs market research on these products.</p> <p>Licenses exports.</p> <p>Sets quality standards.</p>	<p>Authorized: 8. Members: 1 chairman (ministerial selection), 1 government member, and 6 members with industry or business expertise.</p>	<p>Total funding 1994: \$3.7 million.</p> <p>Assessments (23%), user fees (35%), government grants (24%), Australian Government Officials' Scheme^d (18%), and other (<1%).</p> <p>Assessments: For up to and including 10 tonnes processed, \$146. For over 10 tonnes processed, \$132 plus a certain amount per tonne, ranging from \$3.07 to \$0.29, based on the total product weight.</p>	<p>Overseas marketing^e (78%), Regulatory services (15%), Operations (7%).</p>

(continued)

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Marketing organization (year started/ reorganized)	Organizational functions	Composition of board	Sources of funds^a	Types of activities—uses of funds
<p>Australian Wool Research and Promotion Organization (AWRAP) International Wool Secretariat (IWS) (1972/ 1991, 1993)</p> <p>As of Dec. 1993, the operations of the two organizations have been combined.</p>	<p>AWRAP promotes wool in domestic and export markets.</p> <p>AWRAP also identifies research and development requirements and provides funding.</p> <p>IWS promotes the use of wool and wool products internationally.</p>	<p>Authorized: 9. Members: 1 chairman, 1 managing director, 1 government representative, and 6 others with industry expertise.</p> <p>AWRAP board members are appointed by the Minister for Primary Industries and Energy. However, the managing director is appointed by the other board members. The appointments are based on advice from an industry selection committee.</p> <p>The IWS board consists of up to 19 members: 8 from AWRAP, 3 from New Zealand, 3 from South Africa, 1 from Uruguay, 1 chief executive officer, 1 director of operations, and up to 2 additional members appointed by the IWS board. The chairman and managing director of AWRAP are the chairman and chief executive officer, respectively, of IWS.</p>	<p>Total funding Dec. 1993-June 1994: \$91.3 million.</p> <p>AWRAP assessments (49%), government grants (15%), other member countries' contributions (25%), and other (11%).</p> <p>AWRAP assessments are based on the value of wool sold to an initial buyer; 3.5% of this value is used for promotional activities and 0.5% for research and development. The government matches research and development expenditures.</p> <p>Fees: Beginning May 1, 1995, IWS will charge companies for use of its "woolmark" (trademark).</p>	<p>Export promotion (76%), Research (14%), Other (10%, includes domestic promotion).</p>

(Table notes on next page)

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^aThe average annual exchange rate for 1993 was \$1.00 U.S. = A\$1.4704 and the rate for 1994 was \$1.00 U.S. = A\$1.3667.

^bIncludes gross value of sales from Austdairy, a wholly owned subsidiary of the Australian Dairy Corporation.

^cDoes not include \$1.2 billion in pool payments to growers.

^dThe Australian Government Officials' Scheme ensures that Australian wines are available at overseas embassies for functions to which foreign dignitaries are invited.

^eIncludes the Australian Government Officials' Scheme.

Selected Agricultural Promotion and Research Programs in Germany

Germany is the world's largest importer and fourth largest exporter of agricultural products, and its food and beverage industry represents Germany's fifth most important industry. Germany's major high-value agricultural products include milk, cheese, meats, and processed foods. More than two-thirds of its agricultural exports are purchased by other European Union countries. Because Germany is a member of the 12-member European Union, all European Union market ordinances apply to its agricultural products. These market ordinances include regulation of price support programs, production quotas and set-asides, import restrictions, and export assistance programs for targeted commodities.

We reviewed the overall organizational structure, funding, and activities of the Central Marketing Organization of German Agricultural Industries (CMA) and the German Wine Institute. These two German agricultural marketing organizations varied considerably from U.S. check-off programs in organizational structure, role of government, types of activities performed, and the emphasis on export activities. Funding of the two marketing organizations was similar to U.S. check-off programs in that it came primarily from mandatory assessments, with neither organization receiving government funding.

We also obtained information on the government's Sales Promotion Fund, which collects the assessments that are used to finance both CMA and another organization—the Central Marketing and Price Reporting Office for Agricultural, Forestry and Food Products (ZMP)—which provides agricultural market information for both domestic and export markets. ZMP's principal role is to serve as a central market and price reporting office for market reports on agricultural, forestry, and food products. ZMP's

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annual funding from the Sales Promotion Fund was an estimated \$8.6 million in 1994.⁶

**Organizational Structure,
Role of Government, and
Sources of Funding**

Organizationally, CMA is a quasi-governmental agency that conducts national, generic promotions for virtually all German food and agricultural products,⁷ except for fish, forestry, and wine products. CMA is structured as a corporation, with 55 percent of its shareholders representing farmer organizations and 45 percent representing food processing or food trade organizations. The fish, forestry, and wine industries each has an independent marketing organization to promote its products.

CMA is managed by a board composed of 26 industry members elected by the shareholders, who are in turn indirectly guided by the government's Sales Promotion Fund Administrative Council. This council is composed of both industry and government members, with a government majority. The German Wine Institute is guided by the German Wine Fund, whose administrative council is composed of 44 consumer and industry representatives. The two funds are established by federal law.

These two organizations' expected funding levels for 1995 are an estimated \$92.4 million for CMA and \$14.2 million for the German Wine Institute. Funding comes primarily from mandatory industry assessments; neither organization received government funds. CMA's assessments are ultimately paid by the farmers in a number of product sectors and collected by the government's Sales Promotion Fund. According to CMA, about 70 percent of the assessment funds are from the meat and dairy product sectors. The Sales Promotion Fund Administrative Council uses the assessment funds to finance the operations of both CMA and ZMP. The German Wine Fund collects mandatory assessments from both producers and wine traders. Neither of the organizations assessed imported agricultural products.

The assessments are collected for most domestic agricultural and food industry products, with few exemptions for smaller-volume producers and no provisions for refunds. Other sources of income include CMA's user fees, which are collected to reimburse the organization for the costs associated with issuing quality assurance seals.

⁶The average annual exchange rate for 1994 was \$1.00 U.S. = DM 1.6228. We also used this exchange rate for 1995 dollars.

⁷These sectors include beef, pork, eggs and poultry, milk, cattle for breeding, bread, beer, sugar, fruits and vegetables, flowers, and oil, seeds and tobacco.

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Assessment rates are prescribed by federal law. CMA's assessment rates were revised for the first time in 1993, resulting in increased assessment rates for the majority of the agricultural product sectors. The German Wine Institute's assessment rates were revised in 1994.

**Board Activities and Focus
on the Export Market**

The marketing organizations in Germany engage in a variety of promotion and marketing activities, including point-of-sale promotion, media advertising, market research, and trade shows. The organizations carry out these activities in both the domestic and export markets. In addition, CMA emphasizes food quality with its CMA Seal of Quality for German food products that have passed required tests and inspections. Companies that obtain this quality seal benefit from CMA's Seal of Quality promotions. Between 12,000 to 14,000 German food products carry CMA's Seal of Quality.

In contrast to most of the U.S. check-off programs we reviewed, the CMA and the German Wine Institute placed greater emphasis on export promotion. In 1995, CMA will spend an estimated \$22.2 million, or about one-fourth of its estimated total funding, on export promotion, and the German Wine Institute will spend almost \$6.2 million, or close to one-half of its total funding, on export promotion activities. CMA's export promotion activities are guided by offices in eight countries—six in other European Union countries, one in New York, and one in Tokyo. The German Wine Institute also has offices in other European countries, Japan, and the United States.

Table IV.2 summarizes selected information on the two marketing programs we reviewed in Germany.

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Table IV.2: Selected Information on Promotion and Research Programs in Germany

Marketing organization (year started)	Organizational functions	Composition of board	Sources of funds^a	Types of activities—uses of funds
CMA (1969)	Promotes all agricultural products except fish, forestry, and wine in both domestic and export markets.	Authorized: 26. Members are elected from the 53 producer and agricultural industries (manufacturers, wholesalers, and retailers) associations. ^b	Total estimated funding 1995: \$92.4 million.	Export activities (25%),
	Provides central marketing support.	Members are elected at the shareholder meeting.	Assessments (96%), user fees and other (4%). No government funds are provided.	Domestic activities (75%).
	Conducts food quality tests and inspections. Issues CMA Seal of Quality.		Assessment rates vary by agricultural sector.	
	Trains exporters and sales personnel for food shops.		Assessments are paid by farmers. There is no assessment on imports.	
	Conducts market research in domestic and export markets.			
German Wine Institute (1949)	Markets and promotes German wines in both domestic and export markets.	Authorized: 44 on the Administrative Council. ^c Members: 18 representing wine-estates and their cooperatives, 8 regional wine promotion boards, 7 industry associations and groups, and 11 wine trade and consumers.	Total funding 1995: \$14.2 million.	Export activities (50%),
	Conducts market research in domestic and export markets.		Funding is almost entirely from assessments from the German wine industry. There is no government funding.	Domestic activities (50%).
		The overall strategy is monitored by its supervisory board (7 members). Administrative Council members are appointed by the Ministry of Food, Agriculture and Forestry. Members of the supervisory board are elected by the Administrative Council.	Assessments: Since 1994, the rate for producers has been \$80.11 per hectare of vineyard area. In addition, the assessment rate for all wine traders was \$0.80 per hectoliter of grape must (unfermented pressed juice) or wine; or per 133 kilograms of grapes or grape mash.	

^aThe average annual exchange rate for 1994 was \$1.00 U.S. = DM 1.6228.

^bThe CMA board receives guidance from the Sales Promotion Fund Administrative Council, which is composed of government, producer, agricultural industry, and consumer representatives.

^cThe German Wine Institute is guided by the German Wine Fund Administrative Council, which is composed of industry and consumer representatives.

Selected Agricultural Promotion and Research Programs in New Zealand

New Zealand has a large quantity of productive land in comparison with the size of its population (3 million). Historically, trade has been concentrated on outputs from the land. The most significant productive use of land has always been agriculture. New Zealand's producer marketing boards, which began forming in the 1920s, are among the oldest and best known government-sponsored institutions. Originally they were given broad legislative authority to negotiate freight rates and insurance charges, stabilize domestic prices through product acquisition, even out seasonal peaks in produce shipping, coordinate export promotion, and conduct other activities to improve grower returns. In the mid-1980s, as part of a widespread deregulation of key sectors of its economy, New Zealand abolished more than 30 agricultural production and export subsidy programs. As a result, New Zealand farmers lost nearly 40 percent of their gross income and had to become more responsive to the market. This deregulation also changed the fundamental role of the boards and caused them to reevaluate their operations and marketing strategies and to implement new initiatives.

The seven New Zealand marketing organizations we reviewed were (1) the New Zealand Apple and Pear Marketing Board, (2) the New Zealand Dairy Board, (3) the New Zealand Game Industry Board, (4) the New Zealand Horticulture Export Authority, (5) the New Zealand Kiwifruit Marketing Board, (6) the New Zealand Meat Producers Board, and (7) Wools of New Zealand (formerly the New Zealand Wool Board). The size and composition of these organizations' boards vary, as do their activities. In contrast to U.S. programs, most New Zealand boards' promotion activities are focused on increasing exports. Most boards also conduct research, some of which is partially funded by the government. In addition to promotion and research, these producer boards have other functions, such as issuing export licenses, setting quality standards, and for some, purchasing and selling products in domestic and export markets.

Organizational Structure, Role of Government, and Sources of Funding

All the boards we reviewed are legislatively mandated. The organizations' boards range in size from 5 to 13 members. Generally, board members are elected directly through various affiliated associations to 3- to 4-year terms. Other members are either nominated by the board and/or appointed by the government because of their proven experience or specialized knowledge.

The boards receive no grants or concessionary loans from the government for market promotion activities. However, through its Public Good Science

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Fund, the New Zealand government remains the dominant supplier of research funds. Research priorities and requirements are established by a joint government and private sector board. Funding for agreed-upon projects is disbursed on the basis of bids received. New Zealand producer boards compete for government funds for particular research activities. Long-term basic research (10 to 15 years) is generally carried out by the government's Crown Research Institutes,⁸ and applied research is generally the responsibility of the boards.

New Zealand boards receive their funds in a variety of ways. Some receive their funding from mandatory assessments, others receive income from purchasing and selling products in domestic and foreign markets, and one charges fees for services. The boards that assess members generally collect them from all domestic producers, with no exemptions for smaller-volume producers or option for refunds. None of the boards we reviewed assess imports. Generally, large farms provide the majority of board revenue. For example, about 29,000 farmers pay assessments to New Zealand's Meat Producers Board, but 5,000 to 6,000 farmers account for more than half of the total amount collected. The boards that collect assessments can change the rates, but notification of rate changes must be made in the New Zealand Gazette (which is similar to the U.S. Federal Register). For the most part, assessment rates have remained fairly consistent over the past several years.

Three of the boards we reviewed—the New Zealand Dairy Board, New Zealand Kiwifruit Marketing Board, and New Zealand Apple and Pear Marketing Board—have as their primary responsibility the export of products. These boards purchase and market all products intended for export; deduct their expenses from market returns; and distribute the net returns to contributing farmers, growers, and dairy companies. The boards' involvement in domestic promotion varies. For example, the New Zealand Kiwifruit Marketing Board promotes kiwifruit with domestic retailers, and the New Zealand Dairy Board through its subsidiary companies has limited involvement in the local market in areas such as marketing coordination with local companies and providing educational and nutritional information on dairy products. In 1993, the Apple and Pear Board Act was amended to allow for deregulation of the domestic market, and since January 1994, the New Zealand Apple and Pear Board is no

⁸In 1992, the government formed 10 Crown Research Institutes to take over the major research responsibilities from previous government agencies. These institutes do not have any core funding. They operate as science contractors and are expected to be viable businesses and return a dividend to the government.

longer the only seller in the domestic market. The board will no longer be involved in domestic promotion activities.

Board Activities and Focus on the Export Market

Because about 85 percent of New Zealand's agriculture products are exported, most board activities center around the development of export markets rather than domestic promotion. This is in contrast to U.S. check-off programs' domestic focus. In addition, unlike their U.S. counterparts, some New Zealand boards also license exporters, set grading standards, ensure quality control, and purchase and sell products in both domestic and export markets. Some boards, such as the New Zealand Apple and Pear Marketing Board and the New Zealand Game Industry Board, have developed their own brand names—ENZA and Cervena, respectively—that are used primarily for export promotion.

While most boards' applied research is directed towards market development, some research is production-oriented. For example, the New Zealand Meat Producers Board provides some funds to the Meat Research Development Council, which in turn helps to fund "monitor farms." On these farms, the farmers hold "field days" during which they demonstrate new technologies to other farmers. According to the board, the monitor farm program is well recognized and has increased on-farm productivity.

The New Zealand government has sought to make the boards more accountable to producers and has taken several measures to ensure that the boards operate in the most efficient and effective manner possible. These measures include requiring performance and efficiency audits every 5 years, appointing individuals with commercial expertise to serve on the boards, and requiring financial reporting to be in line with current commercial standards.

Probably the most significant of these measures is the requirement for a performance and efficiency audit every 5 years. These audits, mandated in 1992, are to provide independent assessments of the boards' overall performance. At the time of our review, audits of the New Zealand Dairy Board and the New Zealand Horticulture Export Authority had been completed, and the New Zealand Apple and Pear Marketing Board audit was scheduled to begin soon.

Table IV.3 summarizes selected information on the seven marketing programs we reviewed in New Zealand.

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Information on Selected Agricultural
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Table IV.3: Selected Information on Promotion and Research Programs in New Zealand

Marketing organization (date of most recent reauthorization)	Organizational functions	Composition of board	Sources of funds^a	Types of activities— uses of funds
New Zealand Apple and Pear Marketing Board (1948)	Purchases and markets all apple and pear fruit intended for export.	Authorized: 7. Members: 4 are nominated by the farmers federation; 3 are selected on the basis of their commercial expertise. All members are appointed by the Minister of Agriculture.	Total funding 1993: \$320.7 million. Sales (99%), Other (1%). No assessments. Board deducts its expenses from profit on sales of product and distributes remainder to growers.	Direct costs (25%), Distribution (49%), Operations & marketing (22%), Other (4%).
New Zealand Dairy Board (1961)	Purchases and markets dairy products intended for export. Operates research and development centers in selected countries, focusing on the development of in-market capabilities.	Authorized: 13. Members: 11 are elected by the cooperative dairy companies; 2 are appointed by the Minister of Agriculture on the basis of their commercial expertise.	Total funding 1994: \$3 billion. Sales (86%), Other (14%) (nondairy products). No assessments. Board deducts its expenses from the profits on sales of products and distributes remainder to dairy companies.	Sales cost (40%), Payment to dairy companies for manufacturing costs (27%), Subsidiary operating costs (9%), Other (24%).
New Zealand Game Industry Board (1985)	Promotes venison and velvet products for export. Manages industry research programs. Provides training for quality assurance standards.	Authorized: 8. Members: 4 are deer farmers nominated by the Deer Farmers Association; 3 represent exporters and are nominated by the Deer Industry Association; 1 is nominated by the board. All members are appointed by the Minister of Agriculture.	Total revenue 1993: \$4.9 million. Assessments (92%), Other (8%). General assessment rates: Venison, \$0.13/kg.; Fallow deer, \$0.10/kg.; Velvet, \$1.62/kg.	Venison marketing (55%), Velvet marketing (10%), Research (9%), Quality assurance training (14%), Other (12%).

(continued)

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Marketing organization (date of most recent reauthorization)	Organizational functions	Composition of board	Sources of funds^a	Types of activities— uses of funds
New Zealand Horticulture Export Authority (1987)	Conducts, collects, and disseminates market research. Licenses exporters. Promotes compliance with grade standards.	Authorized: 5. Members: 3 are appointed by various affiliated federations representing producer and exporter interests; 1 is appointed by the government on the basis of commercial expertise; and 1 chairperson, who cannot be an officeholder or member of any of the nominating bodies.	Total revenue 1993: \$310,000. Farmers (83%), Industry (17%). No assessments. Collects fees for services from farmers and industry.	Employee fees and operating costs (100%).
New Zealand Kiwifruit Marketing Board (1977)	Purchases and markets all kiwifruit intended for export.	Authorized: 8. Members: 4 are elected by the growers; 3 are appointed by the board on the basis of their commercial expertise and approved by the Minister of Agriculture; 1 is appointed by the Minister of Agriculture and represents the government and the interests of the consumers.	Total revenue 1994: \$326.6 million. Sales (99%), Other (1%). No assessments. Board deducts its expenses from the profits on sales of kiwifruit and distributes remainder to growers.	Direct sales costs (48%), Distribution (36%), Marketing (7%), Other (9%).
New Zealand Meat Producers Board (1921)	Promotes beef, sheep, goat, and horse meat products for export. Licenses exporters. Sets quality control standards. Funds research and development for on-farm and off-farm development, which can provide technology transfer. Informs farmers about markets, market development, and how to meet market demand through scheduled meetings.	Authorized: 11. Members: 6 are directly elected by meat producers; 4 are nominated by the board on the basis of their commercial expertise and appointed by the Minister of Agriculture; and 1 represents the Dairy Board and is appointed by the Minister on the basis of a recommendation of the Dairy Board.	Total revenue 1993: \$16.9 million. Assessments (77%), Other (23%). General assessment rates per head at time of slaughter: Sheep/lamb/goats, \$0.25; cattle, \$2.27; calves, \$0.13.	Export promotion (28%), Research (24%), Personnel costs such as staff relocation and salaries (27%), Other, including travel, and property (21%).

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Marketing organization (date of most recent reauthorization)	Organizational functions	Composition of board	Sources of funds^a	Types of activities— uses of funds
Wools of New Zealand (1977)	<p>Promotes wool and wool products in both export and domestic markets.</p> <p>Sets value and sells wool stock until depleted.</p> <p>Provides technical assistance to farmers.</p> <p>Manages a research and development program as well as provides technology transfer for research and development.</p>	<p>Authorized: 10. Members: 6 are elected by farmers; 2 are nominated and appointed by the government on the basis of their commercial expertise; 1 is nominated by the board and appointed by the government; and 1 (the Director General of Agriculture) serves as an ex-officio member.</p> <p>There is no government representation on the board.</p>	<p>Total revenue 1994: \$34.5 million.</p> <p>Assessments (82%), Other (18%).</p> <p>Assessment rate: 6% on value of wool sold to initial buyer.</p>	<p>IWS^b (46%), Promotion & research (13%), Wool sales administration (11%), Interest expense (13%), Other (17%).</p>

^aThe average annual exchange rate for 1993 was \$1.00 U.S. = NZ\$1.8495. For 1994, the average annual exchange rate was \$1.00 U.S. = NZ\$1.6844.

^bThe board pays the International Wool Secretariat a fee for product development, wool promotion, and other activities.

**Selected Agricultural,
Fishery, and Food
Promotion and
Research Programs in
the United Kingdom**

For 40 years after World War II, British farmers were encouraged to produce as much food as possible in a bid to improve self-sufficiency in food supplies. By 1970, the United Kingdom had transformed itself from a net importer to a net exporter of grain. Today, the United Kingdom is the world's ninth largest exporter of high-value agricultural and food products. Its major high-value exports include meat and alcoholic beverages, and more than 60 percent of its agricultural exports are purchased by the other 11 member countries of the European Union. Because the United Kingdom is a member of the 12-member European Union, all European Union market ordinances apply to its agricultural products. These market ordinances include regulation of price support programs, production quotas and set-asides, import restrictions, and export assistance programs for targeted commodities.

The four United Kingdom agricultural marketing organizations we reviewed varied considerably from U.S. check-off programs in organizational structure, role of government and sources of funding, types of activities performed, and emphasis on export promotion. These

organizations were (1) Food From Britain, (2) the Home-Grown Cereals Authority, (3) the Meat and Livestock Commission, and (4) the Sea Fish Industry Authority.

Organizational Structure, Role of Government, and Sources of Funding

Food From Britain is a quasi-government marketing organization that promotes British food and drink products primarily in export markets. The other three marketing organizations promote specific sector products, such as meat, in both domestic and export markets.

The four organizations are managed by boards composed of both industry and independent members appointed by government ministers. The organizations' boards range in size from 12 to 21 members, most of whom are appointed from industry nominations. However the government appoints several key board members, such as the chairman and deputy chairman, who are independent of the industry.

The four marketing organizations receive funding from assessments, government grants, and fees for services to government or industry. In 1993, annual funding levels ranged from about \$9.7 million for Food From Britain to about \$63.5 million for the Meat and Livestock Commission.⁹ In 1993, Food From Britain received about 60 percent of its funding from the Ministry of Agriculture, Fisheries, and Food. However, the government is committed to reducing Food From Britain's reliance on government funding and to having it rely more on private industry funding. The remaining three organizations were funded partially by assessments but also received funding from other sources, such as government grants and fees for services, which accounted for about 15 to 35 percent of their total funding.

The organizations collect assessments from all domestic producers for products brought to market, with no exemptions for smaller-volume producers or provisions for assessment refunds. The Sea Fish Industry Authority was the only marketing organization we reviewed that assessed imported products.

The three organizations vary in how they set assessment rates. Assessment rates for the Sea Fish Industry Authority can be adjusted from time to time, after consultation with industry, within the statutory assessment limits. The rate is imposed by the Sea Fish Industry Authority's regulations

⁹The average annual exchange rate for 1993 was \$1.00 U.S. = .6658 British Pound Sterling and the rate for 1994 was \$1.00 U.S. = .6529 British Pound Sterling.

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and confirmed by the government. The government sets the Meat and Livestock Commission's assessment limits every 3 to 4 years after consulting with the industry. The commission is then free to establish the rates for the year without government approval. The Home-Grown Cereals Authority's assessment rates are reviewed annually and can be adjusted with government approval. Only Parliament can terminate the marketing programs.

The government evaluates these marketing organizations about every 5 years. For example, the Ministry of Agriculture, Fisheries, and Food conducted a policy review of the Sea Fish Industry Authority in 1991 to evaluate, in consultation with the industry, the future role of the authority, the assessment rate, and the basis of industry funding. The government report made a number of recommendations concerning the authority's organizational structure, funding, and activities.

**Board Activities and Focus
on the Export Market**

The marketing organizations in the United Kingdom engage in a variety of research activities and in typical marketing activities, such as trade shows, point-of-sale promotions, and advertising. Most of the organizations spend the majority of their funds on promotional activities. Notably, however, the Home-Grown Cereals Authority spends about 62 percent of its funds on research activities. In contrast to U.S. check-off programs, three of the four organizations we reviewed performed additional activities, such as vocational training, quality assurance, and collection and distribution of information to the government and industry. For example, the Meat and Livestock Commission collects and publishes information on slaughterhouse design and operations, provides industry training for the retail, wholesale, and catering sectors, and runs meat classification programs. Two of the three organizations spend over 30 percent of their funds on activities other than promotion and research.

Some organizations emphasize export promotion activities. For example, Food From Britain spends almost all of its funds promoting exports of British food and drink products, primarily to other European countries and North America. The Home-Grown Cereals Authority and the Meat and Livestock Commission spent about 13 percent and 7 percent, respectively, on export promotion during 1993.

Table IV.4 summarizes selected information on the four marketing organizations we reviewed in the United Kingdom.

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Table IV.4: Selected Information on Promotion and Research Programs in the United Kingdom

Marketing organization (year started)	Organizational functions	Composition of board	Sources of funds^a	Types of activities— uses of funds
Food From Britain (1983)	Promotes British food and drink products, primarily in export markets.	Authorized: No fewer than 13 and no more than 21 industry members representing all sectors of the agrifood industry. Members are appointed by the Minister of Agriculture, Fisheries and Food and the Secretaries of State for Scotland, Wales, and Northern Ireland. The Ministers appoint one member to be chairman and another to be deputy chairman.	Total funding 1993: \$9.7 million. Government grants (60%), and contributions from other agricultural marketing organizations and user fees from exporters (40%).	Export promotion (100%).
Home-Grown Cereals Authority (1965)	Promotes British cereal products and oil seeds. Conducts research on these products. Provides services for the government such as reporting of price information and serving as an agent of the Intervention Board for Agriculture Produce.	Authorized: up to 21 industry and independent members consisting of not less than 5 nor more than 9 cereal growers, an equal number (5 to 9) of dealers and processors, and up to 3 independent members, including both the Chairman and the Deputy Chairman. Members representing the interests of growers, dealers, and processors are nominated by the relevant trade organizations. All members are appointed by Ministers.	Total funding 1993: \$12.6 million. Assessments (85%) and other sources (15%). Assessment rates (exclusive of value-added tax) per tonne traded for fiscal year 1993: cereal growers, \$0.451; cereal dealers (net of grower contribution), \$0.04; processors of cereals for animal feed, \$0.03; other processors, \$0.09; and oilseed growers, \$0.751.	Domestic promotion (6%), Export promotion (13%), Market information (9%), Research (62%), Other (10%).

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Marketing organization (year started)	Organizational functions	Composition of board	Sources of funds^a	Types of activities— uses of funds
Meat and Livestock Commission (1967)	<p>Promotes beef, sheep, and pork products in both domestic and export markets.</p> <p>Conducts research on cattle, sheep, and pigs.</p> <p>Provides support services to the meat industry, including meat quality and classification.</p> <p>Provides planning, design, and project management services to clients in the meat industry such as meat plants.</p> <p>Meat industry training courses, including the retail, wholesale, and catering sectors.</p>	<p>Authorized: 13 industry and independent members (maximum of 15 can be appointed) consisting of 4 from the producer sector, 4 slaughterers, wholesalers, and manufacturers, 2 retailers, and 3 independent members, including the Chairman, Deputy Chairman, and Chairman of the Consumers Committee.</p> <p>Industry members are nominated by industry sectors and appointed by Ministers. The three independent members are appointed directly by Ministers.</p>	<p>Total funding 1993: \$63.5 million.</p> <p>Assessments (65%), fee and other income (23%), reimbursement for government services (12%).</p> <p>Two assessment rates—a general assessment and an assessment for specific species promotion.</p> <p>General assessment rates per head for 1993 were: pigs, \$0.556; cattle, \$2.31; sheep, \$0.391; and calves, \$0.12.</p> <p>Producers pay 50% and slaughterhouses and livestock exporters pay 50% of the general assessment.</p> <p>Species assessment rates per head for 1993: pigs, \$0.511; cattle, \$2.61; and sheep, \$0.391.</p> <p>Producers pay 100% of the species assessment.</p>	<p>Domestic promotion (46%), Export promotion (7%), Research (5%), Services to industry (23%), Services for the government, such as purchasing meat for the government's Intervention Board (12%), Policy, legislation, training, and communication (5%).</p>

(continued)

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Marketing organization (year started)	Organizational functions	Composition of board	Sources of funds^a	Types of activities— uses of funds
Sea Fish Industry Authority (1981)	<p>Promotes sea fish products.</p> <p>Conducts research on sea fish products.</p> <p>Trains all sectors of the sea fish industry.</p> <p>Provides financial assistance in the form of grants and guarantees to the sea fish industry.</p>	<p>Authorized: Up to 12 industry and independent members consisting of 8 nominated from the sea fish industry, and 4 independent members, including the chairman and the deputy chairman, and 2 other members who must be independent of any financial or commercial interests in the sea fish industry.</p> <p>Members are appointed by Ministers.</p>	<p>Total funding 1994: \$13.4 million.</p> <p>Assessments (72%), government grants and fees for services (8%), and other sources (20%).</p> <p>Assessment rates per tonne on sea fish or sea fish products landed, imported, or trans-shipped at sea within British fishery limits for 1994 were: whole sea fish \$11.33 and fish fillets \$22.67. First purchasers pay the assessment.</p>	<p>Domestic promotion (36%), Research and development (32%), Other (31%).</p>

^aThe average annual exchange rate for 1993 was \$1.00 U.S. = .6658 British Pound Sterling and the rate for 1994 was \$1.00 U.S. = .6529 British Pound Sterling.

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