



Senate Bill 325: Promoting the Export of Wisconsin's Agricultural and Agribusiness Products
Senate Committee on Agriculture and Tourism
Testimony of Senator Joan Ballweg
May 5, 2021

Good morning, members of the committee, and thank you for hearing SB 325.

Agriculture is the second largest industry in our state, and we are in the top 10 states for agriculture production¹, yet we only rank 13th for our food, forestry, and agricultural exports. In 2020, Wisconsin exports grew about 1.37 percent to \$3.37 billion, well below the national rate of 4.08 percent, but Wisconsin's growth was mostly attributed to a nearly 30 percent increase to China. However, our exports decreased to our other top four export partners (Canada, Japan, South Korea, and Mexico). When you look back at the trend, the DATCP International Agribusiness Center states that "the average Wisconsin food, forestry, and agriculture exports for the past five years of \$3.43 billion is \$420 million below the ten year peak in 2014 of \$3.85 billion."² In other words, Wisconsin produces a large variety of quality agricultural products, but we have seen a decrease in exports, and we are not as competitive compared to other states.

This bill creates a joint agricultural and agribusiness export initiative between the Wisconsin Economic Development Corporation (WEDC) and the DATCP International Agribusiness Center. Under the bill, WEDC and DATCP shall cooperate to achieve the following export growth objectives by June 30, 2026:

1. Increase the value of milk and other dairy product exports by at least 25 percent over the value as of December 31, 2021; and,
2. Increase the value of meat, including poultry and fish, and meat product exports by at least 25 percent over the value as of December 31, 2021; and,
3. Increase the value of crop and crop product exports by at least 25 percent over the value as of December 31, 2021.

A total of \$5 million is provided over the five year period to accomplish these objectives, and periodic reports to the legislature are required in addition to an evaluation by the Legislative Audit Bureau at the end of the initiative to monitor progress.

The Governor included about \$2.16 million in his budget. However, he did not originally include all types of agricultural products, and he does not provide sufficient funding, require cooperation with WEDC, or require reporting on the various objectives. We appreciate the Governor highlighting the need to focus on Wisconsin exports, but we believe our comprehensive proposal provides the necessary tools to help our farmers strengthen relationships with our existing export partners and find new markets to sell their products. Thank you for your time, and I am happy to answer any questions you may have.

¹ USDA Economic Research Service: <https://data.ers.usda.gov/reports.aspx?ID=17844>

² DATCP International Agribusiness Center 2020 Export Highlights:
<https://datcp.wi.gov/Documents2/IABCEExportHighlights2020Full5YRReview20210303.pdf>



TONY KURTZ

STATE REPRESENTATIVE • 50th ASSEMBLY DISTRICT

Senate Bill 325

Wednesday, May 5, 2021

Senate Committee on Agriculture and Tourism

Thank you Chairwoman Ballweg and committee members for hearing Senate Bill 325 today and listening to my testimony.

The agriculture industry is the backbone of Wisconsin. It provides nearly \$105 billion, and 436,000 jobs to our economy. Wisconsin is ranked first in the country in the production of cheese, cranberries, snap beans, dry whey and corn for silage. Second in milking cows, milk production, and oats. And third in potato production, sweet corn, carrots, and green peas. Despite all this, Wisconsin ranks an astonishing 17th in total agricultural exports. That's behind almost all of our midwestern neighbors including: Illinois, Minnesota, Indiana, and Ohio. This is unacceptable.

Senate Bill 325 requires the Wisconsin Economic Development Corporation (WEDC), in conjunction with the Department of Agriculture, Trade, and Consumer Protection (DATCP), to establish an agricultural exports program to facilitate the export of Wisconsin agricultural and agribusiness products. The bill sets a benchmark for DATCP's Center for International Agribusiness Marketing and WEDC to increase exports by 25% by June 30, 2026. Specifically, it sets a goal of an increase of the value of Wisconsin milk and dairy products, meat industry, crops, and crop production.

Senate Bill 325 requires WEDC and DATCP to submit a plan to the Legislature by December 31, 2021, detailing how they will achieve this goal by December 31, 2021. WEDC would be able to allocate \$5 million under the program. Of this amount, \$2.5 million must be devoted to increasing the value of Wisconsin's milk and other dairy products, \$1.25 devoted to meat exports, and another \$1.25 million devoted to crop exports.

Senate Bill 325 will help our struggling farmers, and Wisconsin's economy as a whole by increasing the value of Wisconsin's agricultural exports, and putting them on a level playing field with our neighboring states, and the rest of the country. Thank you, and I ask for your support.

DATE: May 5, 2021

TO: Senate Committee on Agriculture and Tourism
Joan Ballweg, Chair

FROM: Wisconsin Farm Bureau Federation
Debi Towns, Sr. Director Government Relations
dtowns@wbf.com

RE: Senate Bill 325

I want to thank Senator Ballweg and Representative Kurtz for bringing this issue to light as well as the Senate Agriculture and Tourism Committee for publicly hearing SB 325.

SB 325 defines a path to overtly step up the efforts to increase agriculture export markets for Wisconsin-grown products. The clarity defined in the bill includes specific benchmarks and calls two of the State's agencies to cooperatively work to create strategies to meet these benchmarks. Ideally, the Wisconsin Economic Development Corporation (WEDC) and the Center for International Agribusiness Marketing within the Department of Agriculture, Trade and Consumer Protection (DATCP) will join their knowledge and experience with the fiscal resources provided to spur economic activity which will benefit Wisconsin producers.

Export markets are critical to growing a healthy ag economy. While it is also important to saturate domestic markets, exporting product to external buyers offers access to new uses and new dollars.

SB 325 sets up a structure and measurable goals to do just that. The strategic plan, which is intended to be shared with the legislature, should provide exciting anticipation for our state's farmers who hope to see the Wisconsin brand stretch out to new international markets. Wisconsin Farm Bureau members appreciate that the authors recognized the diversity of ag products coming out of Wisconsin and included dairy, meats, and crops. Not many states can boast the variety stratum of food products that Wisconsin can. So, we thank you for that.

Recognizing the added value of local exporters by defining a deadline for specific grants to be appropriated should also help ensure commitment to the effort.

In closing, this bill sets up a path for accountability. Rather than assume the money and efforts will net a benefit, requiring a five-year evaluation and audit will give a clear picture of whether the resources were well-spent. At that time, the current legislature can consider whether it is worthy to consider continuing to fund the effort.

WFBF looks forward to reading the success story in that program evaluation!
Thank you for your time on this.



May 5, 2021

TO: Members of the Senate Committee on Agriculture and Tourism
FROM: Tom Lochner, Executive Director, WSCGA
RE: Support for Senate Bill 325, Promoting the Export of Wisconsin's Agricultural and Agribusiness Products

Senator Ballweg and Members of the Committee:

On behalf of Wisconsin cranberry growers, I am here today to urge the Wisconsin Legislature to support Senate Bill 325, which will support the expansion of agricultural exports from Wisconsin.

The WSCGA was formed in 1887 and we represent 85% of the annual production of Wisconsin cranberries. Cranberries are the state's largest fruit crop and Wisconsin annually grows in excess of 60% of the United States' crop and 50% of the global crop. The most recent estimates are that Wisconsin cranberry growing contributes over \$1 billion to the state's economy and provides over 4,000 jobs for state residents.

However, over the past ten years, the price of cranberries has fallen more than 50% due to an increase in inventories triggered by stagnant domestic demand, record crops. In response to the decline in grower returns the industry aggressively pursued controlling supply while investing in export markets.

Today, Wisconsin exports nearly 35% of its cranberry crop and we see opportunities to grow those markets beyond those levels. However, we also see challenges. Three years ago, China and the European Union were the largest consumers of cranberries but the imposition of tariffs in 2019 caused a loss of nearly \$43 million to the nation's cranberry industry.

As I said we believe there is tremendous opportunity for growth in Wisconsin's cranberry export market, especially to open new markets in Southeast Asia and India. Cranberries are a unique and innovative product. We believe that with the investment of additional time and effort, we can greatly expand the international markets for Wisconsin cranberries. Senate Bill 325 will support those efforts.

We very much appreciate Senator Ballweg and Representative Kurtz introducing this important legislation.



May 5, 2021

**Testimony in Favor of Senate Bill 325 -
promoting the export of Wisconsin's agricultural and agribusiness products**

Good morning, my name is Chad Zuleger. I am the associate director of government affairs for the Dairy Business Association. DBA membership includes dairy farmers, processors and a variety of affiliated businesses that help ensure farmers are successful in our state and that the products we produce remain delicious, nutritious, and desired around the world.

Thank you, Chair Ballweg, Ranking Member Pfaff and committee members for the opportunity to speak in favor of Senate Bill 325. We appreciate the leadership shown by Chairwoman Ballweg and Representative Kurtz in authoring this legislation and, the support of cosponsors.

Senate Bill 325 expands upon recent proposals to establish a dairy-only export program. In the Governor's budget, that concept was expanded to include additional agricultural commodities. We welcome and applaud the inclusion of all agriculture commodities. It makes good sense. As a revenue-generator for the state of Wisconsin, agriculture represents \$104 billion annually. Strengthening our existing export partnerships, as well as fostering new relationships with emerging markets and, seeking opportunities to promote products "Proudly from Wisconsin" is exactly what common-sense legislation looks like.

Senate Bill 325 allocates \$5 million, with JFC oversight, to WEDC and requires they establish an ag exports program to promote Wisconsin ag and agribusiness products. The bill requires WEDC to work with DATCP's Center for International Agribusiness Marketing to achieve the core objective of 25 percent increase in the export of milk/dairy products, meat/fish/poultry and crop/crop products by 2020.

These two agencies must report to the legislature how they intend to achieve these metrics by the end of this year and include a plan to disburse at least 15 percent of funds allocated to exporters by June 30, 2022. Additionally, the two agencies, WEDC and DATCP, must report to the chief clerks of the Assembly and Senate, as well as the Standing Committees with oversight, on progress made towards achieving the 25 percent increase by June 30, 2024. Finally, the Legislative Audit Bureau is directed to conduct a program evaluation audit of the program by December 31, 2026.

SB 325 establishes measurable objectives, promotes collaboration, and requires detailed reporting and oversight. The goal set forth in the bill, across commodities, to increase the value of Wisconsin's milk and other dairy product exports by at least 25 percent by June 2026, is laudable, lofty, and reachable.

Within the dairy space, there is reason to be optimistic. High demand in the specialty cheese market both at home and abroad creates great opportunity for Wisconsin dairy processors. The U.S. exports just 5 percent of its cheese and our farmers and processors stand ready to increase that. Exports were a key feature of the Dairy Task Force 2.0 recommendations. SB 325 touches on three separate recommendations from the final report, citing need for a renewed focus on increasing dairy exports.

Again, we thank the authors for their leadership and, committee members for their time today. We urge approval of SB 325 in this committee to move it on to the floor for vote of the full senate.

Thank you.

and committee members

Thank you, Madam Chair, for allowing Specialty Cheese to address your committee. SB325

I am Jack Heinemann Export Sales Manager for the Specialty Cheese Company. Specialty Cheese Company was established in 1991 when Paul Scharfman purchased 5 cheese plants that had been producing cheese since the 1860's. Under Paul's leadership Specialty Cheese Company outgrew these facilities. Paul, as an outside the box thinker, purchased the local high school building in 2003 - moved and consolidated his production into this facility. Specialty Cheese Company continues to grow – to accommodate this growth Specialty Cheese will bring on line an additional 20,000 sq ft production facility. In an effort to fill this expanded capacity, in 2018 we started exploring the export markets to sell our world champion Paneer and Just the Cheese products. This has proven successful as we now have these products registered in countries around the world. This process has taken time and diligence. We have sold product into the Middle East - we are working on projects in Japan, Canada, Korea and Latin America.

It should be noted that Wisconsin has done a great job promoting Wisconsin dairy domestically - 90% of Wisconsin dairy products are sold in the US. If we

want to continue to grow the Wisconsin dairy industry we will need to pursue the export market. 97% of our potential customer base lives outside the US borders. The middle class in the international markets continue to expand. The internal middle class want the same things as the US middle class. They want safe, realizable and healthy foods. We provide them all!

It is a belief that Wisconsin cheesemakers are not exporting because it is a tough market that takes time to understand and penetrate. The market takes focus and a long time to develop. Midsized companies have a number of priorities that may limited their efforts to explore export markets. They include:

- They may not have the capability to meet country product labeling requirements
- They may not know where to start: which market would best fit their product offering.
- They may not have the staff/knowledge to get product registered in country or prepare export documentation
- Etc.

It is my belief that if we want to expand cheese exports, we need to provide some state funding to

help midsized producers meet the demands of the export markets.

While there are other groups promoting US dairy exports – these groups are focused on expanding the US dairy exports, not specifically Wisconsin.

This funding will specifically support Wisconsin midsized producers.

Wisconsin's brand as the dairy state is known around the world. We need to help our midsize producers access this market.

As I mentioned it takes time and focus to pursue these markets. The sooner we provide supplemental funding to our midsize producers to pursue exporting, the sooner we will be expanding the Wisconsin dairy land brand around the world.

I want to thank the lawmakers involved in this effort for their support of the dairy industry. The funding will be used to provide focused Wisconsin support to expand Wisconsin's dairy exports.