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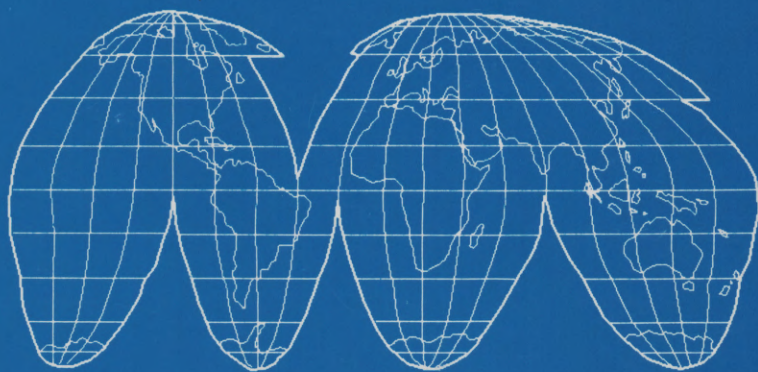
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Commodity Promotion Policy

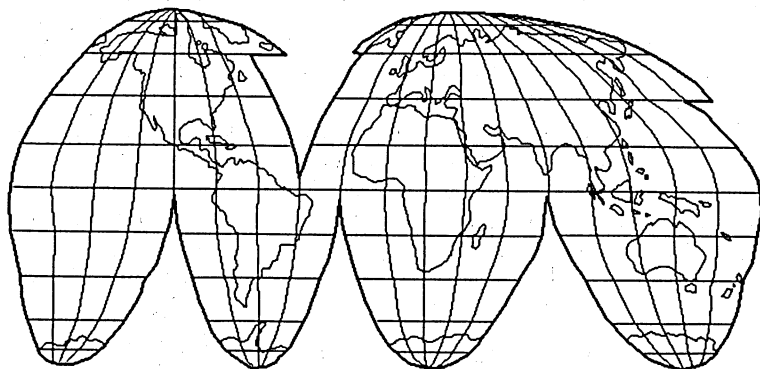


in a
**Global
Economy**

Proceedings of a Symposium
October 22-23, 1992

Arlington, Virginia

Commodity Promotion Policy



in a **Global Economy**

EDITED BY

Walter J. Armbruster and John E. Lenz

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PREFACE

Numerous agricultural commodity groups currently have generic advertising and promotion programs to help market their products. Significant amounts of money are generated to fund such activities through commodity check-offs whereby the specified amount is collected at point of sale. A number of policy questions relate to these commodity promotion programs.

The symposium, *Commodity Promotion Policy in a Global Economy*, was organized to review the scope of commodity promotion programs, assess the state of knowledge about program impacts, identify critical evolving policy issues and specify research and education needs. The symposium, held October 22-23, 1992, in Arlington, Virginia, was sponsored by the NEC-63 Research Committee on Commodity Promotion, Farm Foundation and the U.S. Department of Agriculture's Agricultural Marketing Service, Economic Research Service and Foreign Agricultural Service.

Approximately seventy research economists, program administrators and industry representatives concerned with generic commodity promotion policy issues participated. In addition to the formal papers presented, interaction among the participants and speakers was an important element of the conference. Discussion summaries highlight major points that researchers and policymakers may want to consider when further analyzing policy issues.

We wish to thank our fellow symposium planning committee members: Thomas L. Cox, University of Wisconsin; Lester H. Myers, Economic Research Service, USDA; and John P. Nichols, Texas A&M University.

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CONFERENCE PURPOSES AND CHALLENGES

*Olan D. Forker
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The Research Committee on Commodity Promotion (NEC-63) was organized in 1985. It was sanctioned by the directors of the Northeast Agricultural Experiment Stations. Committee membership includes representatives from academia, government and industry. The goal of NEC-63 is to improve the quality of research undertaken, and enhance the understanding of the economics of, commodity advertising and promotion programs.

The committee operates through an executive committee that establishes policy and develops program activities. Research and education are conducted by committee members independently and collaboratively. The committee itself does not sponsor or conduct research. Rather, it provides a forum for discussion and sharing of information and ideas on research methods and results. The committee facilitates discussion and dissemination of knowledge through semiannual meetings, sponsored conferences and publications.

The purpose of this conference was to focus on policy issues. At previous conferences we have focused on the economic evaluation of commodity advertising programs with special emphasis on methods of analysis and the measurement of advertising impacts. We took the underlying policy as a given.

Even though we now have federal legislation that provides the basis for several large commodity promotion checkoff programs, many policy issues are still being debated. This conference surfaced, and discussed in depth, important and still debated policy issues including: Is it really appropriate for government to provide the authority for mandatory assessments on the entire volume of a commodity that is produced and/or marketed in the United States? Are the oversight procedures and regulations sufficient to insure that the public's interest is being served? Are procedures adequate to make sure funds are being allocated and invested in activities that will yield the greatest possible return on invested capital? Is it appropriate for public funds to be used to subsidize export promotion programs? What about the use of public funds to subsidize the branded-product export promotion programs?

We held this conference to more clearly identify the most important policy issues faced by commodity groups as they operate in a

global economy. We hope to create a better understanding of the economics of commodity promotion programs and to identify the kinds of research needed to clarify the policy issues and help inform the debate.

This was the third conference NEC-63 has held. The first was held in February, 1989, in Orlando, Florida, and resulted in the book, *Commodity Advertising and Promotion*, published by Iowa State University Press. The second conference was held in Arlington, Virginia, in February, 1990, and resulted in the book, *Economic Effects of Generic Promotion Programs for Agricultural Exports*. We also published a set of educational leaflets about commodity advertising in 1988 and an *Annotated Bibliography of Generic Commodity Promotion Research* in 1991. With this conference, we plan to continue the learning process by publishing this proceedings so information and ideas can be shared with a broader audience.

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**ISSUES FACING
COMMODITY PROMOTION PROGRAMS**