2011 Explanatory Notes
Foreign Agricultural Service

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FOREIGN AGRICULTURAL SERVICE

PURPOSE STATEMENT

The Foreign Agricultural Service's (FAS) mission is linking U.S. agriculture to the world to enhance export opportunities and global food security. FAS helps to provide outlets for the wide variety of agriculture products produced by U.S. farmers, thereby enhancing economic activity for U.S. workers. FAS serves U.S. agriculture's interests by expanding and maintaining international export opportunities, supporting international economic development and trade and science capacity building, and supporting climate change analysis and U.S. agricultural interests in international negotiations. The outcomes envisioned are exports that help U.S. agriculture prosper; the expansion of U.S. exports of organics and crops produced using new technologies; food that is globally available, accessible, and appropriately used; and climate change provisions in international agreements that benefit U.S. agriculture. In addition to its Washington-based staff, the agency maintains a network of overseas offices that serve as first responders in cases of market disruption. The overseas offices also provide the Department with critical market and policy intelligence, and they represent U.S. agriculture in consultations with foreign governments.

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690, approved August 28, 1954, transferred the agricultural attaches from the Department of State (DoS) to the Foreign Agricultural Service. Secretary's Memorandum No. 1020-39, dated September 30, 1993, transferred the functions of the former Office of International Cooperation and Development to the Foreign Agricultural Service. FAS reorganized November 13, 2006, realigning functions and personnel to address significant changes in world agricultural trade and better address new challenges.

Description of Agency Activities:

Agricultural Exports

A substantial portion of U.S. agricultural cash receipts comes from export sales, making the vitality of rural America heavily dependent on international trade. FAS gives U.S. government policy makers, producer groups, private exporters, and producers the market intelligence they need to develop successful market strategies. Commodity analysts and country experts in Washington and around the world provide timely analysis of global trends, which enable policy makers and private exporters to respond promptly to changes in the international market. FAS' unique relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to nimbly respond to such changes. FAS also works to gain, maintain, and expand access to foreign markets in the face of unfair trade barriers. Removing existing barriers, while ensuring new ones are not introduced, directly helps rural America thrive. U.S. farm exports benefit from a wide range of programs and services administered by FAS. FAS also facilitates development and access to markets through technical assistance and capacity building programs, which promote the development of trade-friendly regulatory systems and infrastructure in emerging markets. The FAS programs that contribute to agricultural exports include: Market Access Program (MAP), Foreign Market Development (FMD) Program, Technical Assistance for Specialty Crops (TASC) Program, Emerging Markets Program (EMP), Quality Samples Program, and Export Credit Guarantee Program.

New Technologies

FAS promotes the acceptance of crops produced using biotechnology and other new technologies and organic standards around the world by drawing on Attachés covering more than 150 countries and knowledge of negotiations to work with international organizations to develop fair, transparent international standards that will support the use of new technologies. In 2009, approximately 85 percent of the corn, 55 percent of the cotton, and 91 percent of the soybeans planted in the United States were biotech varieties. An estimated 80 percent of U.S. food products contain biotech ingredients and could be negatively affected by restrictive labeling measures, testing requirements, or outright bans. Exports of these crops and other foods produced or processed using modern biotechnology form the core of the U.S. agricultural exports that totaled $96.6 billion in 2009. Additionally, FAS works with developing countries to expand their capacity to effectively regulate and commercialize crops produced using new technologies. Finally, FAS advances educational programs to introduce government officials and other opinion leaders to the benefits of new technologies, alongside the DoS and private industry. FAS programs that contribute to new technologies include the Borlaug Fellowship Program and the Cochran Fellowship Program.

Food Security

FAS is the link that enables the United States to share both its food resources and its technical expertise with those in need. The FAS global network of agricultural Attachés and locally engaged staff (LES) provide first-hand information on foreign agricultural markets, crop conditions, political dynamics, an institutional knowledge of host countries, and long-term relationships with foreign stakeholders. FAS has significant experience administering aid, technical assistance, capacity building programs, and exchanges that build in-country productivity. FAS also manages USDA's component of the Civilian Response Corps and the deployment of USDA experts abroad to assist in developing competitive food systems in countries which are of high priority for meeting U.S. national security and food security objectives. The programs that support food security include the: McGovern-Dole International Food for Education Program, Food for Progress, Borlaug Fellowship Program, Cochran Fellowship Program, Technical Assistance and Capacity-Building, Civilian Response Corps, and agricultural reconstruction and stabilization activities. These capabilities complement USAID capabilities and the overall policy lead of the Department of State.

Climate Change

Careful monitoring and analysis of international climate change policies, legislation, and activities ensures that U.S. agriculture receives the full benefit of international agreements and trade rules. FAS provides a global monitoring system for U.S. agricultural trade through its overseas offices. Agricultural Counselors, Attachés, and Officers covering over 150 countries are often the first to hear about issues of concern to U.S. agricultural interests.

Headquarters of the Foreign Agricultural Service is in Washington, D.C. In addition to a highly specialized Washington-based staff, the agency maintains a targeted and highly efficient network of 97 offices around the world that serve as first responders in cases of market disruption, provide critical market and policy intelligence to support our strategic goals, and represent U.S. agriculture in consultations with foreign governments. As of September 30, 2009, FAS had 714 permanent full-time employees, including 525 in headquarters and 189 in field locations.

Foreign Agricultural Service
USDA Office of Inspector General and U.S. Government Accountability Office Audit Activity
Fiscal Year 2009

GAO Audits	Status/Date	Subject
GAO-09-86R	Report Issued October 1, 2008	Provincial Reconstruction Teams in Afghanistan and Iraq
320664	Audit Began March 23, 2009	Global Food Security
GAO-09-570	Report Issued May 29, 2009	International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation
320680	Audit Began August 17, 2009	U.S. Assistance to the Water Sector in Afghanistan
320719	Audit Began September 24, 2009	Export Promotion Resources
GAO-09-977SP	Report Issued September 30, 2009	International Food Assistance: Key Issues for Congressional Oversight

No OIG audits were started or reported in FY2009

FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff Years
2009 Actual and Estimated 2010 and 2011

Item	Actual 2009		Estimated 2010		Estimated 2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses	165,436,000	725	180,367,000	786	258,780,000	786
CCC Export Loans Program Account	4,985,000	31	6,465,000	33	6,525,000	33
Total, Salaries and Expenses	170,421,000	756	186,832,000	819	265,305,000	819
Obligations under other USDA appropriations:						
Commodity Credit Corporation for:						
Market Access Program Admin. Costs	1,680,500	3	2,115,000	3	2,115,000 [a]	3
Technical Assistance for Specialty Crops Program Admin. Costs	62,000	1	375,000	1	375,000 [a]	1
Emerging Markets Program Admin. Costs	127,000	2	750,000	2	750,000 [a]	2
Quality Samples Program Admin. Costs	36,000	1	175,000	1	175,000 [a]	1
Foreign Market Development Program Admin. Costs	-	--	350,000	1	350,000	1
Local and Regional Procurement Admin. Costs	250,000	1	1,550,000	2	1,550,000 [a]	2
Food for Progress Admin. Costs	9,000	1	3,300,000	2	3,300,000 [a]	2
Trade Adjustment Assistance Program - Admin Costs	220,834	1	615,000	1	150,000	1
McGovern Dole Program - Admin Costs	3,000,000	13	3,500,000	13	3,500,000	13
Landsat data and support of export programs	1,752,500	3	2,000,000	3	2,250,000	3
IRM Activities	15,027,200	--	19,127,200	--	15,767,000	--
IRM Activities (Non-CCC)	5,000,000	--	5,000,000	--	5,000,000	--
Under Secretary Int'l Travel for Trade Matters	300,000	--	400,200	--	450,000	--
Emerging Markets Program	5,552,295	7	5,000,000	5	5,000,000	5
Support of and access to the USDA Satellite Imagery Library: NRCS, APHIS, ARS, RMA, NASS, FS	2,005,117	1	1,100,000	1	1,100,000	1
Capital Security Cost Share	3,576,817	--	3,720,000	--	3,720,000	--
Visiting Scientist Program	1,003,328	1	1,100,000	--	1,500,000	--
Codex	820,758	1	763,000	--	800,000	--
Miscellaneous	137,538	1	200,000	--	200,000	--
Office of the Secretary: Congressional Relations	197,000	1	200,000	--	200,000	--
Trade Negotiations and Biotechnology Fund (OSEC)	1,076,021	8	1,100,000	8	1,100,000	8
Avian Influenza (APHIS)	477,256	6	200,000	1	200,000	1
CCC Program Support	7,284,585	--	-	--	-	--
Agricultural Reconstruction and Stabilization (DM)	-	--	13,000,000	--	-	--
P.L. 480 Title I	4,876,560	--	-	--	-	--
P.L. 480 Title II	101,088	1	120,000	1	120,000	1
Total, Other USDA Appropriations	54,573,397	53	65,760,400	45	49,672,000	45
Total, Agriculture Appropriations	224,994,397	809	252,592,400	864	314,977,000	864
Other Federal Funds:						
U.S. Agency for International Development (USAID) and others for developmental assistance	66,686,670	142	65,800,000	142	65,800,000	142
USAID and U.S. Department of State (DoS) for Reconstruction and Stabilization Activities	19,207,300	--	209,000,000	--	18,000,000	--
Total, Other Federal Funds	85,893,970	142	274,800,000	142	83,800,000	142
Total, Foreign Agricultural Service	310,888,367	951	527,392,400	1,006	398,777,000	1,006

[a] Funding to be made available based on the authority provided in the General Provisions that will extend section 103 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff Year Summary
2009 Actual and Estimated 2010 and 2011

Grade	2009 Wash DC	2009 Field	2009 Total		2010 Wash DC	2010 Field	2010 Total	2011 Wash DC	2011 Field	2011 Total
Senior Executive Service	7	0	7		7	0	7	7	0	7
Senior Foreign Service	4	14	18		4	14	18	4	14	18
GS-15	64	0	64		64	0	64	64	0	64
GS-14	158	0	158		158	0	158	158	0	158
GS-13	193	1	194		195	1	196	195	1	196
GS-12	138	0	138		138	0	138	138	0	138
GS-11	13	0	13		13	0	13	13	0	13
GS-10	1	0	1		1	0	1	1	0	1
GS-9	16	0	16		16	0	16	16	0	16
GS-8	20	1	21		20	1	21	20	1	21
GS-7	25	0	25		25	0	25	25	0	25
GS-6	7	0	7		7	0	7	7	0	7
GS-5	0	0	0		0	0	0	0	0	0
GS-4	0	0	0		0	0	0	0	0	0
GS-3	0	0	0		0	0	0	0	0	0
GS-2	0	0	0		0	0	0	0	0	0
Other Graded Positions..........................	8	177	185		8	177	185	8	177	185
Ungraded Positions..........	--	--	--		--	--	--	--	--	--
Total Permanent Positions........................	654	193	847		656	193	849	656	193	849
Unfilled Positions end-of-year....................	129	4	133		--	--	--	--	--	--
Total, Permanent Full-Time Employment, end-of-year..................	525	189	714	a/	656	193	849	656	193	849
Staff Year Estimate..........	710	241	951		765	241	1,006	765	241	1,006

a/ The total permanent full-time employment does not match 113-A due to erroneous count for foreign country staff (line 5 of the 113-A).

Size, Composition and Annual Cost

Agency:	United States Department of Agriculture Foreign Agricultural Service

Number of Vehicles by Type

Fiscal Year	Sedans & Stationwagons (includes minivans)	Light Trucks 4x2	Light Trucks 4x4	Medium Trucks	Heavy Trucks	Ambulances	Buses	Total Vehicles	Annual Operating Costs
FY 2008	6	24	26	0	0	0	0	56	$217,689
Change fron 2008	17	-19	-1					-3	($9,108)
FY 2009	23	5	25	0	0	0	0	53	$208,581
Change from 2009	0	1	-1					0	($103,285)
FY 2010	23	6	24	0	0	0	0	53	$105,296
Change from 2010	0	3	-3					0	$64,499
FY 2011	23	9	21	0	0	0	0	53	$169,795

Notes: The mission of FAS is linking U.S. agriculture to the world to enhance export opportunities and global food security. The FAS mission requires the use of official vehicles to provide for crop assessment trips to gather agricultural data, official travel to countries within regional coverage, transportation to local government offices, travel to official functions that include representational events with agribusiness organizations, transportation of official visitors, and mail/messenger courier services. FAS acquires and assigns official U.S. Government (USG) vehicles to overseas stations for the express purpose of carrying out the official business in the performance of the FAS mission. The criteria considered annually for assigning a vehicle to an overseas post consists of the purpose of the vehicle, the availability of other means of transportation and related costs, the security of FAS personnel, and the authorized ceiling by Congress and USDA. Each FAS overseas office is responsible for the daily management of their official vehicle with the ultimate oversight responsibility residing in FAS/Washington. The FAS Overseas Administrative Handbook cites guidelines governing the management of official USG vehicles that requires a Vehicle Usage Log to be maintained recording official vehicle use. FAS policy states that the criterion for replacing official vehicles is 7 years old or more than 100,000 miles. Condition of the vehicle and analysis of repairs and operating costs are also factors in replacement. In FY 2010, FAS will be replacing three (3) 4 x 4 SUV's with three (3) 4 x 2 SUV's. Although there have been no overall changes to FAS' overseas vehicle inventory, the decrease in operating costs from FY 2009 to FY 2010 is credited to more detailed vehicle reporting and careful analysis. The FY 2011 FAS overseas vehicle fleet will be comprised of two (2) sedan/station wagons, twenty-one (21) 4 x 2 passenger minivans, nine (9) 4 x 2 light SUV trucks, and twenty-one (21) 4 x 4 light SUV trucks. The difference in the F.A.S.T data acquisition and operating costs is a reflection of estimates and not actual. The F.A.S.T data is required before FAS overseas offices are required to report at fiscal year end at final budget reviews. The data included in the size, composition, and operating cost of the FAS fleet are actual numbers.

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (including transfers of funds):

For necessary expenses of the Foreign Agricultural Service, including not to exceed $158,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [$180,367,000] *$258,780,000*: *Provided,* That the Service may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1737) and the foreign assistance programs of the United States Agency for International Development: *Provided further, That of the amount appropriated under this heading, $14,600,000 is for stabilization and reconstruction activities to be carried out under the authority provided by title XIV of the Food and Agriculture Act of 1977 (7 U.S.C. 3101 et seq.) and other applicable laws: Provided further,* That funds made available for middle-income country training programs and up to $2,000,000 of the Foreign Agricultural Service appropriation solely for the purpose of offsetting fluctuations in international currency exchange rates, subject to documentation by the Foreign Agricultural Service, shall remain available until expended: *Provided further, That of the total amount appropriated under this heading, $34,500,000 shall be available for market development activities of the Foreign Market Development Program pursuant to title VII of the Agricultural Trade Act of 1978 (Public Law 95-501), as amended: Provided further, That of the total amount appropriated under this heading, $9,000,000 shall be available for activities under the Technical Assistance for Specialty Crops Program pursuant to section 3205 of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171), as amended.*

FOREIGN AGRICULTURAL SERVICE
SALARIES AND EXPENSES - CURRENT LAW

Appropriations Act, 2010		$186,832,000
Budget Estimate, 2011		265,305,000
Increase in Appropriations	+	78,473,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of appropriation)

Item of Change	2010 Estimated	Pay Costs	Program Changes	2011 Estimated
Agricultural Exports	$122,672,000	$905,000	$58,378,000	$181,955,000
New Technologies	$23,406,000	$173,000	$928,000	$24,507,000
Food Security	$37,825,000	$279,000	$17,667,000	$55,771,000
Climate Change	$2,929,000	$22,000	$121,000	$3,072,000
Total Available	$186,832,000	$1,379,000	$77,094,000	$265,305,000

Project Statement - Current Law
(On basis of appropriation)

	2009 Actual		2010 Estimated		Increases or Decreases	2011 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Agricultural Exports	$111,811,000	496	$122,672,000	533	$59,283,000 (1)	$181,955,000	533
New Technologies	$21,415,000	95	$23,406,000	101	1,101,000 (2)	$24,507,000	101
Food Security	$34,490,000	153	$37,825,000	173	17,946,000 (3)	$55,771,000	173
Climate Change	$2,705,000	12	$2,929,000	12	143,000 (4)	$3,072,000	12
Total Available or Estimate	170,421,000	756	186,832,000	819	78,473,000	265,305,000	819
Credit Reform Funds Transfer from CCC Export Loans Program Accounts	-4,985,000	-31	-6,465,000	-33	-60,000	-6,525,000	-33
Total, Available Funds	$165,436,000	725	$180,367,000	786	$78,413,000	$258,780,000	786

SALARIES AND EXPENSE BY FUNDING SOURCE
(Dollars in Thousands)

	Direct Appropriation	CCC Export Credit	Total
FY 2010 Enacted	$180,367,000	$6,465,000	$186,832,000
FY 2011 Estimated Changes:			
National Export Initiative	53,500,000	0	53,500,000
Cochran and Borlaug Fellowship Programs	1,500,000	0	1,500,000
Agricultural Reconstruction and Stabilization Activities	14,600,000	0	14,600,000
Pay Cost	1,379,000	0	1,379,000
ICASS	3,430,000	0	3,430,000
Overseas IT Support	4,004,000	0	4,004,000
Export Credit Guarantee Program Admin. Expense	0	60,000	60,000
Total, FY 2011 Estimated	$258,780,000	$6,525,000	$265,305,000

Justification of Increases and Decreases

The FY 2011 budget reflects a total increase of $78,413,000.

1. An increase of $53,500,000 for the National Export Initiative. FAS supports the National Export Initiative which has the primary goals of spurring economic growth and employment opportunities. The future of U.S. agriculture is tied to trade, as agricultural trade is an important generator of output, employment, and income in the U.S. economy. In concert with the interagency Trade Promotion Coordinating Committee (TPCC), FAS will work with and through U.S. farm groups, state departments of agriculture and state regional trade groups (SRTGs), agricultural trade and industry organizations, and other USDA agencies to draw on all available expertise to maximize the positive impacts of this initiative.

   The initiative includes an increase of $10 million to expand FAS exporter assistance and in-country promotion activities and to meet higher operating costs at FAS overseas posts. The initiative also includes $34.5 million to supplement funding for the Foreign Market Development (Cooperator) Program and $9 million for the Technical Assistance for Specialty Crops Program. Funding is increased for the Cooperator Program in order to broaden the opportunity for program participation and to support new, innovative program activities. The expansion in TASC funding reflects the growing importance of specialty crops for U.S. agricultural export growth and the success TASC has had in helping to resolve numerous trade barriers.

2. An increase of $1,500,000 to fund the Borlaug and Cochran Fellowship programs. This funding will improve FAS' capability to provide technical assistance and capacity building programs, including in-country, third-country, and U.S.-based training programs, as appropriate. FAS would increase the Cochran Fellowship Program and the Norman E. Borlaug International Agricultural Science and Technology Fellows Program to support USDA's efforts to improve world food security.

3. An increase of $14,600,000 to fund agricultural reconstruction and stabilization activities. This request moves funding for these activities from Departmental management to FAS and includes an additional $1,600,000 to cover cost-of-living increases and higher administrative expenses for agricultural development work, primarily in Afghanistan.

4. An increase of $1,379,000 to cover the anticipated FY 2011 pay raise. Pay cost increases are based on 2.0 percent for the January 2010 pay raise and 1.4 percent for the January 2011 pay raise. These funds will ensure FAS has the ability to carry out its mission to link U.S. agriculture to the world to enhance exports and global food security.

5. An increase of $3,430,000 for the International Cooperative Administrative Support Services (ICASS) and Other Agreements. FAS has no administrative staff overseas. Instead, FAS relies on the administrative and support services provided by the DoS and U.S. Agency for International Development. The ICASS system is the principal means by which the DoS provides and shares the cost of common administrative support to FAS and other foreign affairs agencies at its more than 200 diplomatic and consular posts overseas. Major factors contributing to higher ICASS costs in 2011 are increased pay allowances for DoS staff for danger pay and high threat posts, rapidly increasing costs of operating New Embassy Compounds, growth in ICASS direct hire positions, increased compensation for locally employed staff providing ICASS services, overseas comparability pay for Americans providing ICASS services, and other increased DoS personnel costs.

6. An increase of $4,004,000 for Overseas IT Network Support and Maintenance by DoS. Strong security for FAS IT systems is essential because of the sensitivity of the information that is handled by the agency. For example, an estimated 34 percent of U.S. agricultural pricing data is derived from information and support provided by FAS. An October 2008 security analysis identified substantial

risks to USDA and other U.S. Government networks resulting from FAS' international network operation and configuration. Issues that compromise FAS' international network security include:

- Reliance on local Internet service provider connectivity at the posts which does not provide the level of security required by federal government organizations;
- Insufficient security measures to address present and future security risks;
- Extensive security compromises of overseas hosts;
- Outdated network equipment; and
- Lack of on-site FAS IT expertise at posts.

To correct these problems, USDA's Chief Information Officer has directed FAS to transfer all overseas IT network support and maintenance responsibilities to the DoS by 2011. This will allow FAS to take advantage of the secure information system infrastructure that is operated and maintained by the DoS. Because the DoS has an average of twenty times more users per post than FAS they will be able to provide a secure, cost effective computing environment. DoS will add FAS to its Sensitive But Unclassified (SBU) network in all collocated locations and extend SBU network access to locations where FAS and DoS are not collocated. All networking components, including routers, firewalls, intrusion detection, egress filtering, other security measures as required, email, file services, managed Internet access, Blackberry support, telephone support, and required cabling will be fully supported by DoS. All FAS staff will utilize a certified workstation that will be routinely patched and scanned and will adhere to OMB-mandated Federal Desktop Core Configuration standards. DoS staff will provide on-site workstation support.

For brevity and clarity, a single line reference to the FY 2011 Pay Raise, ICASS and Overseas IT Security requirements discussed above is included for each budget activity. The allocation between programs generally follows the percentages below:

Goal 1:	Agricultural Exports	65%
	New Technologies	13%
Goal 2:	Food Security	20%
	Climate Change	2%
	Total	100%

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Project Statement by Program
(On basis of appropriation)
($000)

Program Activity	2009 Actual Amount	2009 Actual Staff Years	2010 Budget Amount	2010 Budget Staff Years	Increase or Decrease	2011 Estimated Amount	2011 Estimated Staff Years
Agricultural Exports	$111,811	496	$122,672	533	+$59,283 (1)	$181,955	533

Agricultural Exports

A substantial portion of U.S. agricultural cash receipts come from export sales, making the vitality of rural America heavily dependent on international trade. U.S. farmers and ranchers are among the most productive and efficient in the world. However, they face complex and unfair obstacles in the global marketplace, where 95 percent of the world's consumers live. A cooperative effort with the U.S. industry is needed to ensure that the U.S. farmer has fair market access, a strong understanding of key market trends, and support in overcoming constraints such as tight credit in international markets.

Unfair trade barriers limit U.S. sales to many countries. As tariffs and other traditional trade barriers have been negotiated away, many importing countries have begun to erect new trade barriers using unscientific plant and animal health requirements and other technical barriers to limit trade. Removing existing barriers, while ensuring new ones are not introduced, will directly help rural America thrive.

U.S. producers are not guaranteed a role in the global marketplace. Successful marketing strategies depend on a strong understanding of market trends, such as rising incomes in China and India that stimulate demand for a more nutritious and varied diet. As markets change, farmers need the tools to introduce new products to new customers, maintain current sales in the face of new competition, and overcome constraints such as tight credit.

Justification for Increases and Decreases

1. An increase of $59,283,000 for Agricultural Exports ($122,672,000 available in 2010) consisting of:

   A. An increase of $10,000,000 for a government-wide National Export Initiative.

   The future of U.S. agriculture is tied to trade, which benefits the U.S. economy. In concert with the interagency Trade Promotion Coordinating Committee (TPCC), FAS will work with and through U.S. farm groups, state departments of agriculture and state regional trade groups, agricultural trade and industry organizations to draw on all available expertise to accomplish the expansion of export objectives. This provides additional funding as part of a National Export Initiative to include:

   - Continued funding for the FAS Posts' Country Strategy Support Fund (CSSF) as the primary tool for implementing Departmental strategies at the country level and providing posts with the means and latitude to carry out priority activities that help achieve the strategic goals of FAS and USDA. The CSSF was developed, expanding on the former Annual Marketing Plan, to provide Posts with greater latitude to design activities that address broad strategic goals. These areas include: market access, including sanitary and phytosanitary (SPS), technical barriers to trade (TBT), and biotech issues; market knowledge and intelligence; trade capacity building; food security; strategic communication; and traditional market development;
   - Linking foreign buyers with U.S. exporters through expanded support of foreign buyers to attend major U.S. and international food and agricultural trade shows profiling U.S. products, with enhanced trade services, such as arranged one-on-one meetings and visits to food processors, retail outlets and agricultural production facilities;
   - Supporting state organized trade missions to visit foreign markets and meet directly with prospective buyers and consumers to promote their products and educate U.S. companies on doing business overseas;
   - Providing funding for FAS-initiated export education programs, such as trade education seminars with Land Grant universities, participation in trade-related conferences and meetings, and a direct mail campaign, to enable FAS to capitalize on available personnel and information resources to reach out to stakeholders and potential new exporters to promote the importance of trade and trade opportunities through speeches, presentations, seminars, conferences, and other events; and
   - Meeting higher overseas operating expenses to ensure that FAS Overseas Posts have sufficient funding to achieve successful implementation of the National Export Initiative.

   B. An increase of $34,500,000 for the Foreign Market Development Program.

   This will provide additional discretionary funding for the Foreign Market Development Program as part of the National Export Initiative. This funding will be in addition to the $34.5 million of CCC funding to be made available for the program. Under this program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Increasing this funding level in 2011 will provide new opportunities for participation and innovative activities, as well as provide a better balance in the funding levels among FAS' market development programs.

C. An increase of $9,000,000 for Technical Assistance for Specialty Crops.

This will provide additional discretionary funding for the Technical Assistance for Specialty Crops (TASC) Program as part of a National Export Initiative. This funding will be in addition to the $9.0 million of CCC funding to be made available for the program. TASC is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome sanitary, Phytosanitary, or related technical barriers to trade. Increased funding for the program reflects the growing importance of specialty crops for U.S. agricultural export growth and the contribution that the program has made in resolving numerous trade barriers.

D. An increase of $905,000 to cover higher personnel compensation costs associated with the anticipated FY 2011 pay raise;

E. An increase of $2,231,000 for higher ICASS payments to DoS;

F. An increase of $2,587,000 for overseas IT support; and

G. An increase of $60,000 for administrative expenses of the Export Credit Guarantee Program.

Project Statement by Program
(On basis of appropriation)
($000)

Program Activity	2009 Actual Amount	2009 Actual Staff Years	2010 Budget Amount	2010 Budget Staff Years	Increase or Decrease	2011 Estimated Amount	2011 Estimated Staff Years
New Technologies	$21,415	95	$23,406	101	+$1,101 (2)	$24,507	101

New Technologies

U.S. farmers are taking full advantage of biotechnology and other new technologies to increase their productivity. They are also expanding production of organic products in response to growing consumer demand. Commercialization of U.S. products from cloned animal progeny, genetically engineered animals, and nanotechnology is increasing significantly. However, trade in these products has been slowed by other countries' failure to provide timely approvals for new technologies and standards for organics. Unchecked, this situation will worsen as more and more biotech crop varieties and other new technologies are adopted by U.S. agriculture without being approved abroad. In 2009, approximately 85 percent of the corn, 55 percent of the cotton, and 91 percent of the soybeans planted in the United States were biotech varieties. An estimated 80 percent of U.S. food products contain biotech ingredients and could be negatively affected by restrictive labeling measures, testing requirements, or outright bans. Exports of these crops and other foods produced or processed using modern biotechnology form the core of the U.S. agricultural exports that totaled $96.6 billion in 2009.

Justification for Increases and Decreases

2. An increase of $1,101,000 for New Technologies ($23,406,000 available in 2010) consisting of:

   A. An increase of $173,000 to cover higher personnel compensation costs associated with the anticipated FY 2011 pay raise;

B. An increase of $422,000 for higher ICASS payments to DoS; and

C. An increase of $506,000 for overseas IT support.

Project Statement by Program
(On basis of appropriation)
($000)

Program Activity	2009 Actual Amount	2009 Actual Staff Years	2010 Budget Amount	2010 Budget Staff Years	Increase or Decrease	2011 Estimated Amount	2011 Estimated Staff Years
Food Security	$34,490	153	$37,825	173	+$17,946 (3)	$55,771	173

Food Security

Global food insecurity affects people worldwide. With over one billion hungry, the current global economic downturn exacerbates the problem. Food security exists when food is available, accessible, and appropriately used. Food assistance alone is not enough; food availability is also dependent on food trade and in-country production. The biggest causes of insufficient in-country production are chronic under-investment in agriculture, inefficient use of inputs and markets, and poor governance.

To address food insecurity, states must improve the entire value chain from farm to table, increasing production, improving the efficiency of inputs, reducing post-harvest losses, adding value, and supporting mechanisms that encourage local, regional, and international trade. Food security must be country-driven and focused at the local and community levels.

Failing agricultural systems and food shortages are fueling political instability in the developing world. This instability is increasingly undermining global stability and threatening U.S. security. The United States therefore has a strong interest in promoting competitive agricultural systems in the developing world, particularly in counties like Iraq and Afghanistan. The United States is in a unique position to combat global hunger. Our farmers and scientists are among the most productive and advanced in the world, producing bountiful supplies of staple foods like wheat, rice and soybeans, which meet immediate food needs around the world, and developing new innovative crop technologies and farming techniques.

Justification for Increases and Decreases

3. An increase of $17,946,000 for Food Security ($37,825,000 available in 2010) consisting of:

   A. An increase of $1,500,000 to fund Borlaug and Cochran programs.

   This funding will improve FAS' capability to provide technical assistance and capacity building programs, including in-country, third-country, and U.S.-based training programs, as appropriate. FAS would increase the Cochran Fellowship Program and the Norman E. Borlaug International Agricultural Science and Technology Fellows Program to support USDA's efforts to improve world food security.

   The Cochran and Borlaug Fellowship Programs are essential agricultural development tools that advance U.S. government food security and stabilization programs in such priority countries as Afghanistan, Pakistan and Haiti. In Afghanistan and Pakistan these exchange programs train agricultural extension agents, veterinary officials, and agricultural researchers to support food production and regional trade. In Haiti, another priority country, both programs are focusing on development of the mango sector as a key component of a new U.S. strategy that aims to put Haiti on a competitive path of economic growth. Globally, there is an urgent need for capacity building in the arena of food security, especially in countries such as Nigeria, Ghana, Mali, Senegal, Liberia, and Ethiopia.

B. An increase of $14,600,000 to fund agricultural reconstruction and stabilization activities.

This request moves funding for agricultural reconstruction and stabilization activities from Departmental management to FAS and includes a $1,600,000 increase to cover cost-of-living increases and higher administrative expenses for agricultural development work, primarily in Afghanistan.

C. An increase of $279,000 to cover higher personnel compensation costs associated with the anticipated FY 2011 pay raise;

D. An increase of $725,000 for higher ICASS payments to DoS; and

E. An increase of $842,000 for overseas IT support.

Project Statement by Program
(On basis of appropriation)
($000)

Program Activity	2009 Actual Amount	2009 Actual Staff Years	2010 Budget Amount	2010 Budget Staff Years	Increase or Decrease	2011 Estimated Amount	2011 Estimated Staff Years
Climate Change	$2,705	12	$2,929	12	+$143 (4)	$3,072	12

Climate Change

Cap and Trade programs offer the hope of addressing climate change, promoting competitive production and supporting farm income. However, throughout the world variations of the Cap and Trade system are in development, creating concern that some of the new schemes will evolve into protectionist programs that limit trade based on social criteria rather than objective scientific criteria. It will be critical to take a truly global approach and connect that approach to individual U.S. farmers.

Voluntary carbon markets that trade "carbon offsets" have been in existence since 2005 and were valued at $331 million in 2007. Trading in carbon offsets by U.S. farmers has held a domestic focus, using the Chicago Climate Exchange (CCX). There has not yet been full exploration of the global market's potential long-term economic benefits for the U.S. farmer.

Justification for Increases and Decreases

2. An increase of $143,000 for Climate Change ($2,929,000 available in 2010) consisting of:

   A. An increase of $22,000 to cover higher personnel compensation costs associated with the anticipated FY 2011 pay raise;

   B. An increase of $52,000 for higher ICASS payments to DoS; and

   C. An increase of $69,000 for overseas IT support.

FOREIGN AGRICULTURAL SERVICE

Geographic Breakdown of Obligations and Staff Years
2009 Actual and Estimated 2010 and 2011

	2009		2010		2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia	$112,739,101	710	117,506,426	765	176,397,868	765
Overseas	57,681,899	241	69,325,574	241	88,907,132	241
Total, Available or Estimate	$170,421,000	951	$186,832,000	1,006	$265,305,000	1,006

FOREIGN AGRICULTURAL SERVICE
Salaries and Expenses

Classification By Objects
2009 Actual and Estimated 2010 and 2011

Personnel Compensation:	2009	2010	2011
Washington, D.C.	$40,540,135	$49,615,618	$56,949,507
Field	32,948,865	33,904,382	34,819,800
11 Total personnel compensation	73,489,000	83,520,000	91,769,307
12 Personnel benefits	22,038,000	25,947,000	28,076,693
13 Benefits for former personnel	184,000	184,000	184,000
Total pers. comp. & benefits	95,711,000	109,651,000	120,030,000
Other Objects:			
21 Travel	6,249,505	6,250,000	6,750,000
22 Transportation of things	171,290	171,000	221,000
23.2 Rental payments to others	6,967,565	6,968,000	6,968,000
23.3 Communications, utilities and miscellaneous charges	1,107,729	1,108,000	1,108,000
24 Printing and reproduction	312,304	312,000	412,000
25.0 Other Services	170,118	171,000	171,000
25.1 Departmental services	1,855,662	1,856,000	11,456,000
25.2 Other services	46,372,145	48,841,000	57,835,000
25.3 Maintenance	367,978	368,000	368,000
25.4 Market Promotion	188,840	189,000	5,439,000
25.5 Cooperative Agreements	4,675,518	4,676,000	48,176,000
25.8 Subsistence & Support of Persons	275,000	275,000	275,000
26 Supplies and materials	4,645,166	4,645,000	4,745,000
31 Equipment	887,274	887,000	887,000
41 Grants, Subsidies and Contributions	463,906	464,000	464,000
Total other objects	74,710,000	77,181,000	145,275,000
Total direct obligations	170,421,000	186,832,000	265,305,000
Position Data:			
Average Salary, ES/FE Positions	$170,298	$173,704	$177,351
Average Salary, FO/FP Positions	$112,509	$114,759	$117,169
Average Salary, GS/GM/FSN Positions	$76,985	$78,525	$80,174
Average Grade, GS/GM/FSN Positions	11.8	11.8	11.8

FOREIGN AGRICULTURAL SERVICE
Salaries and Expenses

SUMMARY OF RECOVERY ACT FUNDING

Program/Project/Activity	2009	2010	2011
Trade Adjustment Assistance for Farmers	$25,000,000	$90,000,000	$22,500,000
Unobligated Balance	65,000,000	0	0
Total Appropriated	$90,000,000	$90,000,000	$22,500,000

Project Statement - Recovery Act

(On basis of available funds)

	2009 Actual		2010 Estimated		Increases or Decreases	2011 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Trade Adjustment Assistance for Farmers	$25,000,000	1	$25,000,000	1	-$2,500,000	$22,500,000	1
Unobligated Balance brought forward from prior years	0	--	-65,000,000	--	-65,000,000	-130,000,000	--
Unobligated Balance brought forward to next year	65,000,000	--	130,000,000	--	0	130,000,000	--
Total Available or Estimate	90,000,000	1	90,000,000	1	-67,500,000	22,500,000	1

a. Goals and Coordination Efforts: *Goals.* The Trade Adjustment Assistance (TAA) for Farmers program helps producers of raw agricultural commodities and fishermen adjust to a changing economic environment associated with import competition through technical assistance and cash benefits.

Coordination. FAS, National Institute of Food and Agriculture (NIFA), and Farm Service Agency (FSA) program managers will be responsible for implementing, improving, and monitoring program activities. Individual performance plans of FAS managers are tied to the Agency mission and goals contained in the FAS Strategic Plan. FAS will monitor overall program execution. NIFA will monitor the delivery of technical assistance projects and the Training Coordination entity will report directly to NIFA as well as to FAS. FSA will monitor the individual producer application process and the development and functioning of IT and software requirements on a daily basis and will coordinate with the Training Coordination entity. Field reviews will also be conducted on a quarterly basis by involved agencies, commencing with the certification of group petitions.

b. Objectives: The TAA for Farmers Program provides technical assistance and cash payments to assist qualified farmers and fishermen, adversely affected by imports, in adjusting their business operations to either be more competitive with imported products or to switch to production of commodities that could be more profitable.

Benefits. The TAA for Farmers program will provide free technical assistance to producers of agriculture products, aquaculture products, and fishermen to assist them in becoming more competitive with imports of like products. Qualified producers will receive initial technical assistance training, intensive technical assistance training, and assistance in the development of an initial business plan and a long-term business adjustment plan. The Extension Service, NIFA, will provide technical assistance through their university partners located in the geographic region associated with the certified petition. Cash payments of up to

$4,000 after the completion of an approved business plan, and up to $8,000 for the implementation of an approved long-term business plan, will be paid to participants through FSA.

c. Delivery Schedule: Implementation of the TAA for Farmers Program will be conducted to accomplish all milestones simultaneously.

Milestone: Development of Program Regulation, Group Petition Certification, and Producer Application;

- Activity includes development of a Final Rule for implementation of the program, receipt of commodity specific petitions from producer groups, and receipt of applications under certified petitions from individual producers.

Milestone: Development and Implementation of Outreach Plan; and

- FAS, NIFA, FSA, and the Agricultural Marketing Service (AMS) will all be involved in the outreach effort. A plan is being developed to outline the outreach strategy for this program and the involvement of these agencies in its execution. FAS has established a website for TAA for Farmers which is now linked to USDA, FSA, NIFA and AMS websites. The plan calls for proactive outreach to producers, producer organizations, state departments of agriculture, USDA employees at local USDA Service Centers, and extension educators at State universities and county offices. Accepted and certified petitions will be announced via Federal Register Notice, USDA press releases and website postings. The Training Coordination entity will also be engaged in providing outreach in coordination with federal TAA for Farmers agencies to all county Extension offices in the United States; the program information will explain program purpose and will be communicated in hard copy as well as through electronic means.

Milestone: Development of Information Technology Requirements and Grant Agreement Execution.

- FSA is in the process of defining software requirements for management of producer applications and payments. NIFA is in the process of developing requirements for competitive request for applications for university partners receiving grants to organize and implement the delivery of technical assistance.

d. 2009 Accomplishments: The proposed rule for the TAA for Farmers program and the opening of a 30-day public comment period was published on August 25, 2009. The interim rule for the TAA for Farmers program, which allows the program to be implemented immediately and provides for an additional 30-day public comment period, has been drafted to incorporate comments received during the proposed rule public comment period and is undergoing final inter-agency review. After that review is complete, the program will be announced and petitions may be submitted for consideration of benefits. The TAA for Farmers programs provides for $90 million in each of FY 2009 and FY 2010, and $22.5 million for the first three months of FY 2011. Obligations under the program totaled $25.0 million in FY2009. All FY2009 obligations were administrative costs associated with running the program, particularly the establishment of the training component for the program ($17 million) and the establishment of the software for administering the petition, application, and payment phases of the program ($5 million).

e. 2010 and 2011 Planned Activities: The ARRA of 2009 reauthorized and modified the TAA for Farmers program. Producers of a commodity who have recently suffered a greater than 15 percent decrease in the national average price, the quantity of production, value of production, or cash receipts compared to the average of the 3 preceding marketing years, and imports contributed importantly to this decline, may be eligible to receive free information, technical assistance, and cash payments to develop and implement business adjustment plans from the TAA for Farmers program. A total of $202.5 million has been authorized for the program, with $90 million per year for the 2009 and 2010 fiscal years, and $22.5 million for October through December 2011.

These funds will be used for developing and implementing approved Extension training programs, as determined by NIFA, for cash payments to producers for development and implementation of business plans, and for USDA administration of the program. Eligible producers who develop an approved business plan, with guidance from educators working under approved Extension programs, are entitled to receive a cash payment of up to $4,000 to implement the initial business plan or develop a long-term business plan. Producers who subsequently develop approved longer-term business plans are entitled to receive an additional cash payment of up to $8,000 to implement their long-term plans.

FOREIGN AGRICULTURAL SERVICE

STATUS OF PROGRAM

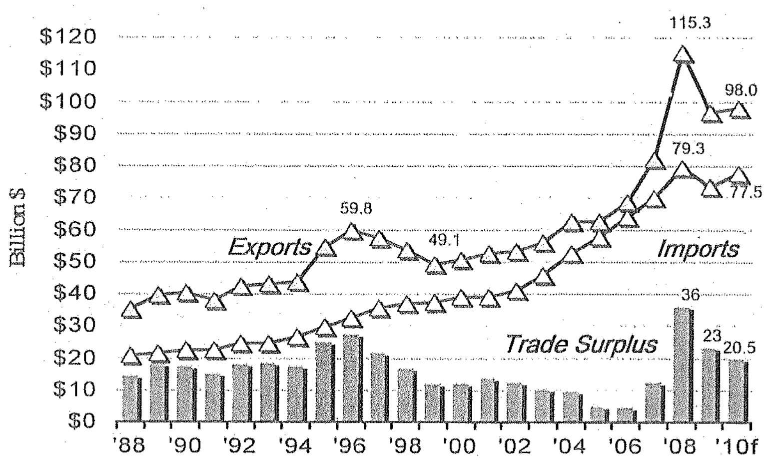
SUMMARY OF AGRICULTURAL TRADE

In FY 2009, U.S. agricultural exports reached $96.6 billion, a significant decline from the previous year's record of $115.3 billion. The factors causing the fall in exports included, among others, falling commodity prices and weak demand resulting from the global recession. Nevertheless, exports were the second highest ever despite the recession's significant impact. The outlook for FY 2010 shows exports rebounding slightly and continuing the last decade's upward trend with sales at $98 billion. While the FY 2010 forecast is down from the record level seen 2 years ago, the forecast is still the second highest on record.

Overseas markets remain vital to U.S. farmers. For many agricultural products, exports account for a substantial portion of domestic production (on a volume basis). Exports are also an important source of income for food processing companies, packaging materials companies, transportation, and other related industries.

U.S. Agricultural Trade

Led by a recovering global economy and record horticultural exports, 2010 exports are forecast to be the second highest on record while strong imports lead to a marginal reduction in the trade surplus



Note: Forecasts are based on USDA's "Outlook for U.S. Agricultural Trade" published on November 30, 2009. Source of trade data: the U.S. Bureau of the Census.

FY 2010 agricultural imports are forecast at $77.5 billion, up $4.1 billion from last year's $73.4 billion in imports. The weak economy and low commodity prices in 2009 resulted in a record drop of nearly $6 billion from the previous year. In 2010, a rebound in imports is expected with a modest recovery in spending by consumers and higher prices for some high-value commodities. The trade surplus in agricultural commodities is expected to fall to $20.5 billion.

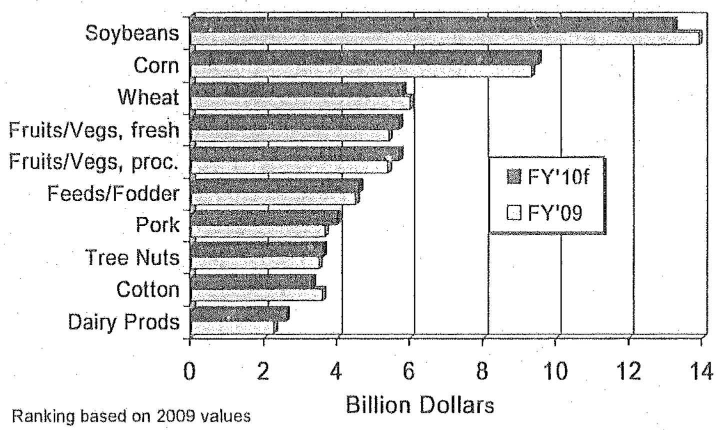
COMMODITY EXPORT HIGHLIGHTS

The overall increase in the agricultural export value for FY 2010, compared to the previous year, reflects a boost in demand for U.S. high-value products such as meat and dairy products, fruits and vegetables, and tree nuts. Horticultural product exports are forecast to reach a record $21.5 billion over last year. Gains in these high-value products are expected to more than compensate for slightly lower exports of bulk commodities such as grains and oilseeds. While volumes for these bulk commodities are expected to rise due to plentiful supplies, lower prices should account for overall value reduction.

Bulk commodity exports are forecast at $35.5 billion in FY 2010. Total bulk export volume is forecast up, with coarse grains and wheat accounting for most of the increase. Compared to the previous year, the highlights for FY 2010 are:

Grains. Wheat and coarse grain exports are forecast at $16 billion. Large exportable wheat supplies in nearly every competing country except Argentina have created intense competition. Meanwhile larger wheat crops in North Africa, the Middle East, and South Asia limit global import demand and put downward pressure on prices. Coarse grain export volumes are expected up as a record U.S. crop and weaker competition from Russia and Ukraine combine with less global wheat feeding. While prices for all grains are forecast lower, the increased volumes lead to little overall change in the export value.

Export Outlook for Top 10
U.S. Agricultural Product Groups



Ranking based on 2009 values

Soybeans. Soybean exports are forecast at $13.2 billion. A record U.S. harvest combined with very strong demand from China and less early seasonal competition from South American supplies is expected to lead to volume gains. However, large global supplies resulting in lower unit values will more than offset the slightly higher volumes.

Cotton. Cotton exports are forecast at $3.3 billion, a fall of $300 million from the previous year, as a decline in export volume is only partially offset by higher unit values. A smaller U.S. crop and greater competition are expected to impact volume levels. However, falling U.S. ending stocks and recovering global demand should put upward pressure on prices. China remains the largest buyer and largest source of demand growth.

High-value product exports are forecast at $62.5 billion in FY 2010, signaling stronger foreign demand as the global economy recovers from the recession. Oilseed product exports are forecast to increase $400 million while animal product exports are forecast at $19.9 billion. Horticultural exports, which include all fresh and processed fruits, vegetables, tree nuts, and wine, are forecast up $900 million to a record $21.5 billion. Compared to the previous year, the highlights for FY 2010 are:

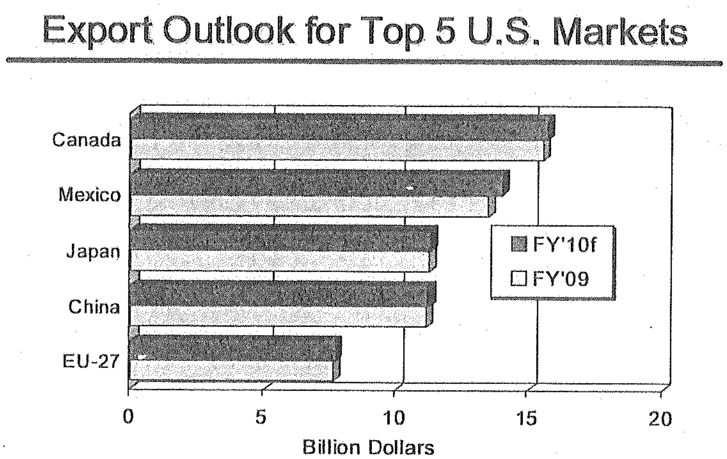
Feed and Oilseed Products. Soybean meal export volume is expected to increase due to less competition from South American supplies, although lower unit values will outweigh the increased volumes. Soybean oil exports are forecast to rise $500 million in FY 2010 due to increased shipments as rising biodiesel production in Brazil and Argentina limits competition. Feed and fodder exports are forecast up $100 million as stronger volume shipments are mostly offset by lower unit values.

Animal Products. The export forecast for livestock, poultry, and dairy products is $19.9 billion, up more than $1 billion from last year. The increase is due to expected improvement in global economic conditions, which should drive demand growth across most of the livestock product sector. Pork exports are forecast to reach $4 billion largely due to greater volume. Beef exports are forecast at $2.8 billion, mostly on higher volume, but also some gains in unit value as general global economic recovery bolsters demand. Poultry exports are forecast down slightly to $4.5 billion due to greater broiler meat competition from Brazil and reduced turkey meat demand from Mexico. Dairy exports are expected to grow to $2.6 billion as global demand recovers and international prices rebound.

Horticultural Products. Horticultural product exports are forecast to rise $900 million to a record $21.5 billion. Fresh fruit and vegetable exports are forecast at a record level, as export value to Canada, Mexico, and Japan increases. Demand from top markets will push processed product exports. Tree nut exports are forecast to grow slightly to $3.6 billion as demand from Asian and European markets continues to grow while record U.S. almond stocks will help the industry meet foreign demand.

TOP EXPORT MARKETS

The top five markets account for 62 percent of U.S. agricultural exports. U.S. agricultural exports to our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, are forecast at $29.7 billion. U.S. exports to Canada, our largest foreign market, are forecast to increase a modest $200 million to $15.7 billion. Canada's economy is coming out of a recession and its high-income consumers should demand more high-value products, especially fresh and processed fruits and vegetables, many of which come from the United States. Higher prices for horticultural exports to Canada contribute to much of the increased value expected. Sales to Mexico, our second largest market, are forecast at $14 billion. Exports to this market are a mix of bulk grains, soybeans, and cotton, as well as high-value products such as meats, dairy products, snack foods, and fruits. The annual increase of nearly $500 million is due to more high-value shipments as the economy rebounds as well as higher prices for these high-value products.



Ranking based on 2009 values

U.S. agricultural exports to Asia are expected nearly unchanged from last year at $38 billion or 39 percent of the total. Lower bulk commodity prices are offset by gains in high-value products. Sales to Japan, our third largest market, are forecast at $11.3 billion while sales to China, our fourth largest market, are forecast at $11.2 billion. The forecast for China is similar to last year as greater soybean shipments are offset by lower soybean unit values and reduced cotton shipments. U.S. agricultural exports to the European Union (EU)-27, our fifth largest market, are forecast at $7.7 billion or 7.5 percent of total exports.

COMMODITY IMPORT HIGHLIGHTS

With more than 300 million of the world's most affluent consumers, the U.S. food market is second only to the EU in total food expenditures. Strong demographic characteristics, combined with a demand for year-round availability of fresh fruits and vegetables, an appetite for diversity and luxury products, and a relatively open market make the United States a top priority for food manufacturers around the globe.

Prior to 2009, U.S. agricultural imports had risen steadily for the past 4 decades. From FY 2003-2008, the import value had grown at roughly twice the historical rate. However, 2009 saw the largest drop ever in imports due to lower commodity prices and reduced demand resulting from the recession. Imports are expected to rebound in 2010 to $77.5 billion as demand recovers and prices for key imported products increase.

The overall import outlook for FY 2010 reflects an expected modest recovery in consumer spending and higher import prices for some high-value products. Horticulture products and tropical products will lead all categories in increased imports.

Horticultural and High-Valued Products. Imports are forecast to rise to a near record $34.4 billion. Modest gains are expected for all product groups but with fresh fruit expected to see the largest increase over last year as unit values rise along with volumes.

Grains, Oilseeds, and Products. Imports are forecast up $850 million to $13.6 billion. Much of the increase is due to higher vegetable oil import prices though volumes are also expected up.

Cattle and Swine. Imports are forecast to increase $400 million to $1.8 billion while dairy product imports are expected to increase $300 million.

Tropical Products. Imports are forecast to increase $1.2 billion to a record $16.5 billion as tropical product prices rise. The price of cocoa beans has exceeded the 2008 highs and sugar prices are exacerbated by supply problems in Brazil and India. Coffee bean imports are forecast up $200 million as prices continue to pick up. Rubber prices from Malaysia are also heading higher and, coupled with greater demand as U.S. auto production and car sales rebound, are forecast to push rubber imports to $2 billion.

TOP FOREIGN SUPPLIERS

The top five suppliers in descending order are Canada, the EU-27, Mexico, China, and Brazil. Forecast to increase $2.1 billion to a record $42.2 billion in FY 2010, the Western Hemisphere accounts for 55 percent of the total import bill. Europe/Eurasia, with an expected increase of $600 million, rises to $15.1 billion or 20 percent of the total. Asia, with an expected increase of $1.2 billion, rises to $13.2 billion or 17 percent of the total.

CURRENT ACTIVITIES

The Foreign Agricultural Service (FAS) budget activity structure reflects core agency priorities and areas of emphasis identified through the FAS organizational review. The structure incorporates the agency's goals that U.S. farmers, ranchers, and agricultural industry maintain and expand exports, and U.S. agriculture's resources support food and national security policies, in line with the USDA Strategic Plan.

AGRICULTURAL EXPORTS

Because a substantial portion of U.S. agricultural cash receipts come from export sales, the vitality of rural America is heavily dependent on international trade. U.S. farmers and ranchers are among the worlds most productive and efficient. However, they face complex, unfair obstacles in the global marketplace, where 95 percent of the world's consumers live. A cooperative effort with the U.S. industry is needed to ensure the U.S. farmer has fair market access, a strong understanding of key market trends, and support in overcoming constraints such as tight credit in international markets.

Market Access

Greater access to foreign markets for U.S. agricultural producers requires an aggressive trade policy to lower tariffs, reduce non-tariff barriers, eliminate export subsidies, and reduce trade-distorting domestic subsidies. FAS works with other USDA agencies, the United States Trade Representative (USTR), and others in the United States Government (USG) to negotiate new trade agreements and to monitor and enforce existing trade agreements. On a continuing basis, FAS Attachés and analysts in Washington, covering more than 150 countries worldwide, resolve trade problems involving U.S. products and provide country and regional intelligence to support U.S. exporters and agricultural producers. Notable achievements in these areas in FY 2009 include:

-- **Doors Open to U.S. Beef from Cattle of All Ages.** In 2009, the United States continued to press at every opportunity to expand market access consistent with World Organization for Animal Health (OIE) guidelines that allow U.S. beef and beef products from cattle of all ages. The OIE's 2007 classification of the United States as "controlled risk" for bovine spongiform encephalopathy (BSE) has been a cornerstone of these efforts. During January through September 2009 exports of all U.S. beef and beef products reached $2.3 billion, heading toward the second highest annual level since 2003. In FY 2009, Chile, Jordan, Nicaragua, and St. Kitts joined the growing list of countries that comply with OIE standards, and Taiwan made significant progress by announcing on October 23, 2009, its intention to comply with OIE guidelines. The normalization of the beef trade after the market closures caused by the findings of BSE in the United States beginning in 2003 has been the largest single technical trade issue of concern to USDA for the past few years.

-- **U.S. High Quality Beef Gains Greater Access to EU.** After more than 20 years of contentious disputes, in May 2009 the USTR concluded an agreement with the European Commission that will substantially expand opportunities for U.S. cattlemen to sell beef to Europe. The agreement is fragile, but if it endures beyond the initial 3-years of implementation, duty-free access will jump from 20,000 to 45,000 metric tons (MT) of high-quality, high-value beef to this very lucrative market. FAS support has been vital to these efforts since the EU first banned imports of meat from cattle treated with hormones in January 1989.

-- **FAS Prevents Ban of U.S. Meat and Poultry Combo Bins in Mexico.** An agreement reached in January 2009, significantly reduced the impact on U.S. exporters of a Mexican ban on imported meat combo bins by limiting the ban to frozen combo bins. Few U.S. combos arriving in Mexico are frozen. In March 2009, representatives from FAS, the Food Safety and Inspection Service, the Canadian Food Inspection Service and the Mexican government observed combo inspections in the Detroit Toronto area. The visit reassured Mexico by providing a firsthand look at how NAFTA partners carry out inspections on the U.S./Canada border. The United States exports over $664 million of pork, beef and turkey to Mexico in combos annually.

-- **H1N1 Bans of U.S. Pork Rescinded in 22 Countries.** In 2009, the mischaracterization of pandemic H1N1 influenza as "swine flu" led many countries to ban live pigs and pork products from the United States. FAS led an interagency effort to engage trading partners on the issue, including facilitating announcements by the OIE and the World Health Organization (WHO) on pork safety, ultimately resulting in the lifting of non-scientific meat bans in 22 countries that accounted for over $700 million of U.S. pork exports in 2008.

-- **U.S. Specialty Crops Overcome Pesticide-Related Trade Barriers in Asia.** In July 2009, FAS negotiated a Memorandum of Understanding (MOU) with Japan, which has played a key role in resolving pesticide maximum residue limit (MRL) trade barriers that affect U.S. agricultural commodities. The MOU protects over $800 million in U.S. specialty crop exports from unwarranted import sanctions imposed on U.S. suppliers, and culminates 3 years of negotiations with Japan under the Regulatory Reform Initiative trade policy forum. In addition, FAS protected over $300 million in U.S. agricultural trade by encouraging Taiwan to address its MRL application backlog. Since December 2008, Taiwan has approved over 200 MRLs that are priorities to the U.S. agriculture industry. In September 2009, FAS persuaded Thailand to suspend the implementation of a superfluous regulation requiring 100 percent test and hold of fresh fruit and vegetables imports that affected $30 million in U.S. exports of perishable products.

-- **EU Accepts International Standard on Wood Packaging Material (WPM).** In the fall of 2008, FAS and Animal and Plant Health Inspection Service (APHIS) successfully pressed the EU to harmonize its debarking standards on wood packaging material with the international standard (ISPM-15), and delay their January implementation of new regulations until July 2009. In March 2009, the International Plant Protection Convention adopted the revised ISPM-15 that sets a global standard for debarked wood. Fifty percent of the United States' $286 billion exports to the EU are shipped with WPM and thus affected by these measures. FAS has continued to coordinate an industry-interagency strategy to engage trading partners in support of a revised international standard acceptable to the world's largest traders.

-- **Asian Food Safety Laws Modified in Favor of U.S. Exporters.** In 2009, FAS mitigated the trade impact of nonscientific food safety legislation imposed without notification by many countries in response to anxiety over melamine, salmonella, and H1N1. FAS convinced foreign counterparts to notify, delay and even modify legislation to reduce the burden on U.S. exporters. For example, following numerous USG meetings with senior

Chinese officials in Beijing, and a Washington meeting of China's Food Safety Director with 60 USG and industry representatives, China agreed to accept U.S. products without new labels, waived new meat and poultry inspection requirements, and continue pre-existing standards for processed foods and additives. This prevented a $95 million decrease in consumer-ready food exports, saved the industry $3 million in repackaging charges, and achieved the release of $1.5 million of detained U.S. goods. Similar successes were achieved in Vietnam and Indonesia in FY 2009.

Trade Development

FAS supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. food and agricultural products. The Agency administers several export development programs including the Foreign Market Development (Cooperator) Program (FMD), Market Access Program (MAP), Technical Assistance for Specialty Crops (TASC) Program, Quality Samples Program (QSP), and Emerging Markets Program (EMP). These programs provide matching funds to U.S. organizations to conduct a wide range of activities including market research, consumer promotion, trade servicing, capacity building, and market access support. Working with the State Regional Trade Groups (SRTGs) and other industry organizations, FAS also encourages outreach efforts that focus on facilitating export readiness for U.S. exporters. FAS' overseas offices also support industry efforts--especially in developing markets--by providing market intelligence and helping introduce U.S. exporters to potential foreign customers. In addition, FAS facilitates the United States' participation in a range of international trade shows.

MARKET DEVELOPMENT PROGRAMS

-- **Grains Council Expands U.S. Exports of Distilled Dried Grains with Solubles (DDGS) to Canada.** Exports of U.S. DDGS to Canada skyrocketed from a negligible amount in 2005 to 772,000 MT in 2008, and projections of 880,000 MT or $1 million in 2009 following implementation of U.S. Grain Council programs. In 2005, the Council initiated research in Canada's swine industry that demonstrated that hogs can be fed high inclusions of the ethanol co-product with minimal or no detrimental impact on pork quality, resulting in significant financial savings on feed to hog farmers. Currently, the Council is also working in the Canadian beef sector to educate end-users on the financial benefits of feeding higher rates of U.S. DDGS with no negative impact on nutrition and meat quality. This new research could save feedlot operators as much as $50 per head.

-- **U.S. Beef and Pork Exports Benefiting from United States Meat Export Federation (USMEF) Training Program in Mexico.** USMEF has an ongoing strategy to provide in-depth training to the sales forces of importers and distributors to improve their effectiveness in selling U.S. red meat. These two day MAP and check off funded sales force training seminars focus on technical meat topics, proper handling practices, hands-on cutting demonstrations, merchandising techniques, and sales and negation strategies. Over the past couple of years, USMEF has provided training to about 300 employees from about 100 Mexican companies. According to surveys following the seminars, participating firms stated that on average they plan to increase purchases of U.S. beef by 30-40 truckloads during the next 12 months. Despite the down economy, U.S. beef exports to Mexico through August 2009 reached 201,970 MT valued at $636.6 million. In 2008, Mexico was the largest market for U.S. beef, with exports up 10 percent in volume to 396,065 MT, and up 18 percent in value to nearly $1.4 billion. Mexico was the third largest destination for U.S. pork, with exports up 43 percent to 396,609 MT, a 54 percent increase in value to $691 million.

-- **MAP Supported Identification of Alaska Seafood Increases Sales in Japan.** In June 2009, Alaska Seafood Marketing Institute (ASMI) used MAP funds to help a major seafood distributor, Aiku Company, stimulate sales of Alaskan snow crab in Japan. Alaskan seafood faces fierce competition from Canada and Russia. ASMI used MAP funds to produce special poly-bags with the ASMI logo and messaging. Aiku distributed these packages during the 2009 summer to major supermarket chain stores across Japan, including AEON Group, on of Asia's largest retailers. In total, 130 metric tons (286,600 lbs) of Alaskan snow crab was distributed to more than 300 retail store outlets, leading to sales of $3.6 million. Identification of Alaskan origin contributes to successful Alaskan seafood seasonal promotions and has generated increased interest in using the ASMI logo in future promotions.

-- **Small North Carolina Truffle Company Products Following to Japan.** Susan Rice Truffle Products, a small North Carolina company, is new to exporting. As a result of the contacts made during a Southern United States Agricultural Trade Association's (SUSTA's) MAP sponsored trade event, the company has shipped 2,000 bags of gourmet truffle-flavored popcorn to over 100 stores in Japan.

-- **Pet Food Supplier Doubles Export Sales with MAP.** Recently, New York's OmniPro Pet Food Company attended the Interzoo tradeshow in Germany, with the help from MAP. The company sold four containers of product on the spot totaling $64,000 in new sales, with projected annual sales of $240,000.

-- **Dave's Gourmet is Turning up the Heat Around the World.** Dave's Gourmet, a small San Francisco burrito restaurant with a signature hot sauce, used financial assistance from the Western United States Agricultural Trade Association's (WUSATA) MAP-funded program, to attract international buyers to their wide range of award-winning hot sauces, organic pasta sauces, and other premium condiments. These efforts have resulted in a $141,000 increase in their 2008 export sales and over a $200,000 increase in 2009.

-- **MAP Helps Washington Winery Launch Two Brands in the United Kingdom (UK) with Sales Reaching One Million Dollars in First Year.** In 2009, over 20 Washington and Oregon members of the Northwest Wine Coalition (NWC) participated in the London International Wine and Spirits Fair, at a booth that was designed, built, and staffed with MAP funding. As a result of relationships developed there since the spring of 2008, Precept Wine Brands has shipped approximately 20,000 cases of two brands of their portfolio to the UK worth about $1,000,000, with plans for regular shipments in the future. In early June, the Co-op, a large grocery retailer, conducted a sales promotion with these two brands, which grew awareness of the wines' availability to shoppers and increased sales by approximately 15 percent over non-promotional periods.

-- **MAP Helps California Wine Win Market Share in Poland.** Twelve month exports through May 2009 saw a 27 percent increase, as compared to 2008, in the value of California wine sales to Poland, putting California's market share in Poland at 15 percent, and making it the largest supplier of wine (in value) ahead of France. California wine retail promotions at major retailers Alma, Makro, and Tesco, which Wine Institute initiated and supported with the use of MAP funding, have contributed greatly to this success. The value of California wine exports to Poland currently exceeds $26 million.

-- **MAP Helps U.S. Apple Export Council (USAEC) Maintain Presence in EU Market.** MAP-funded activities have helped shippers in New York to maintain good, competitive returns for apple exports to the UK in July 2008 through June 2009, despite a crop almost half of its normal size, a global economic meltdown, and a price war between the top retailers in the UK. USAEC's marketing activities, such as in-store product sampling and in-store merchandising, have resulted in an increase in Empire movement over 250 percent over the prior month. This undeniable boost provided by marketing efforts allowed USAEC exporters to keep pricing at or near the previous year's levels while other varieties and origins saw their pricing drop, in some cases to less than 50 percent of the prior year levels. USAEC exports to the UK in July 2008 through June 2009 were over $4 million.

-- **FMD Results In Holstein Cattle Sales to Russia.** As a result of approximately $66,000 of FMD funds spent on Holstein activities in Russia, participants expressed interest in purchasing at least 5,000 head of dairy cattle in 2009 valued at approximately $15 million. The Holstein Association USA, a member of U.S. Livestock Genetics Export, Inc., used FMD funds to bring a livestock genetics importer to the 2007 World Dairy Expo, and later to Holstein headquarters in 2008. In coordination with this importer, the Holstein Association brought a team of 18 Russian large dairy owners/buyers to tour the Wisconsin dairy industry and to attend the 2008 World Dairy Expo. The sales to be generated from this visit are expected to be approximately $15 million.

-- **TASC Helps Open Thai Market to U.S. Seed Potatoes.** The U.S. Potato Board (USPB) reported that the TASC program has been instrumental in facilitating a U.S. seed potato import protocol between APHIS and the Government of Thailand, signed October 15, 2009. This protocol will allow the first U.S. seed potatoes from the key production states of Washington, Idaho, Oregon, and California to enter the market. USPB will use TASC funds to bring Thai officials back to the United States in the spring of 2010 to facilitate additional seed potato producing states to be included under the import protocol. Fueled by a rapidly growing demand for snack products, large chip-stock potato users in Thailand (manufacturer/processors) are expected to initially import $1 to $3 million of seed potatoes per year from the United States.

-- **EMP QSP Help Build Soy Markets in Nigeria.** In 2009, two beverages using soy were launched on the commercial market in Nigeria, and there is growing interest in using soy in baked goods. The World Initiative for Soy in Human Health (WISHH), a program of the American Soybean Association, began working in Nigeria 2 years ago with support from USDA's EMP. Initial efforts focused on providing technical assistance to targeted food processors and hosting conferences to bring together multiple stakeholders. A QSP request was approved the following year, enabling samples of various value added soy products to be brought into the country and utilized by targeted companies. In 2009, commercial sales of isolated soy protein and defatted soy flour have exceeded $715,000.

-- **EMP Brings About First Swaziland Notification to the World Trade Organization (WTO).** FAS received $4,500 in EMP funds to train Swaziland officials in understanding and implementing WTO notification obligations, providing regulatory transparency to decisions that impact the import of U.S. goods. Within 2 weeks following the training, Swaziland notified its first sanitary and phytosanitary (SPS) measure to the WTO. This initiative was in direct response to a request at a recent meeting of the WTO-SPS Committee, where the United States was asked to "mentor" Swaziland to improve the functioning of their WTO Enquiry Point. U.S. agricultural exports to Swaziland are valued at $2.9 million – a small but emerging market.

-- **EMP Helps Establish United States–China Pesticide Regulatory Partnership.** FAS used $104,000 of EMP funds to facilitate a series of technical and policy exchanges on pesticide regulations between the U.S. Environmental Protection Agency (EPA) and their Chinese counterparts, the Institute for the Control of Agrochemicals, Ministry of Agriculture (ICAMA). FAS worked with the two agencies to develop a near-term (3 year) cooperative work plan, and implemented sixteen exchanges between the two agencies during FY 2008-2009. Both the EPA and ICAMA have released promotional documents highlighting their relationship and the importance of international cooperation on pesticide issues, demonstrating the sincere commitments from both agencies. Additionally, the EPA document highlighted a set of new International Program Strategic Goals that included language to help "minimize unnecessary technical barriers to trade" – a significant expansion in EPA policy. With U.S. agricultural exports to China valued at approximately $12 billion (2008), it is critical that China utilizes sound, science-based, pesticide standards when inspecting and assessing U.S. agricultural products.

-- **EMP Strengthened Relationship with Chinese Inspectors, Helped to Maintain Trade.** In October 2009, the China Inspection Quarantine (CIQ) in Shanghai announced that it would strictly enforce existing import regulations on U.S. poultry products arriving at a Shanghai port due to concerns on the authenticity of official shipping documents. The effect could have been a significant disruption to U.S. exports. Due to the communication and trust established through the EMP-funded technical capacity building exchanges between U.S. regulatory agencies and Chinese food safety and inspection officials, FAS was able to negotiate an agreement with CIQ whereby the United States verified certain information on questionable shipments and CIQ accepted the U.S. poultry and poultry products. This agreement has allowed more than 60 containers to enter commerce in China, worth $750,000. The $100,000 in EMP funded programs directly resulted in maintaining this trade with China

INTERNATIONAL TRADE SHOWS

In FY 2009, over 910 U.S. companies participated in 31 FAS-endorsed trade shows, making more than 12,540 trade contacts, reporting on-site sales totaling $74 million, and projecting an estimated $707 million in 12-month sales. More than 7,720 new products were introduced in various markets. FAS direct costs in support of these events totaled approximately $70,000. Over the past several years, FAS has successfully transferred management of U.S. pavilions at most shows to the private sector, while shifting FAS focus to negotiating the terms of management for the American Pavilion with trade show organizers and providing market information and trade contacts to U.S. exhibitors. As a result, FAS has reduced the staff time needed for show support compared to previous years. Examples of show results follow:

-- **SIAL Paris 2008 Generated over $97 Million in Sales for U.S. Food Companies.** From October 19-23, 2008, the SIAL food and beverage exposition, one of the world's largest food trade shows, was held in Paris, France. Held biennially, SIAL Paris 2008 featured approximately 5,500 exhibiting companies from 104 countries, and attracted approximately 147,860 visitors from over 180 countries. The U.S. Pavilion included 126 U.S. exhibitors, food companies and trade organizations, who reported $4.2 million in on-site sales and $97.2 million in 12-month projected sales.

-- **$24.8 Million in Sales Projected at Food & Hotel China.** On December 4-6, 2008, Food & Hotel China was held in Shanghai, China. Approximately 16,000 food trade visitors attended the show, resulting in 606 promising contacts for U.S. exhibitors. Forty-nine U.S. companies and cooperators reported $24.8 million in 12-month sales.

-- **$135 Million in Sales Projected at the Gulfood Show.** The show took place in Dubai, United Arab Emirates, February 23-26, 2009. With 3,300 exhibitors from 76 countries, this trade-only event is the Middle East's largest hospitality-related food and equipment exhibition, drawing buyers from throughout the Middle East, Asia, Europe, and Africa. One-hundred and one U.S. companies reported $22 million in on-site sales and projected an additional $135 million in 12-month sales.

-- **$18.5 Million in Sales Projected at ANTAD.** Mexico's largest food and retail show took place in Guadalajara, Mexico, March 10-13, 2009. Over 15,000 trade visitors attended. Forty-two U.S. companies and cooperators participated in the U.S. Pavilion with a wide range of products, reporting $20,000 in on-site sales and projecting an additional $18.5 million in 12-month sales.

-- **World Food Moscow (WFM) 2009 Generated Over $12 Million in Sales for U.S. Companies.** WFM, one of the largest food forums in Russia, took place in Moscow, September 15-18, 2009. This show attracts approximately 50,000 trade visitors and it remains the main event for food exporters intending to start or develop sales to Russia. Thirty companies participated in the U.S. Pavilion. Pavilion exhibitors reported $334,000 in on-site sales, and $12.7 million in 12-month projected sales.

U.S. SHOWS WITH INTERNATIONAL COMPONENT

FAS staff have been active in facilitating buyer team visits at 12 U.S. shows with substantial international participation. Three of those key U.S. shows, (National Restaurant Association, Americas Food and Beverage Show, and the Institute of Food Technology), resulted in 23 buyer teams, with 490 participants from various regions and $7.9 million in projected sales of U.S. products.

-- **FAS' Study of Company Participation in USDA Endorsed Trade Shows.** FAS conducted an internal study for reporting the participation of small and minority companies in various USDA-endorsed trade shows around the world. This report analyzed data compiled from evaluations received from 27 USDA endorsed trade shows taking place in 2008. Over 930 companies participated in these shows, with 50 percent of the responding companies meeting small company status and 46 percent responding as ethnic ownership. Statistics show that the most active minority ethnic group participants are Asian making up about 5 percent of the total companies reported.

-- **Small Florida Company Thanks FAS for New Sales.** "FAS has saved us a lot of money, a lot of time, and a lot of effort, and prevented us from having to waste our time doing something that would not be beneficial to us in the end," said Mohamed Bouras, president of Bouras Global Trading. The company attributes much of its growth—a doubling of total sales since it began working with FAS—to its involvement in international trade shows and incorporating the information found on the FAS Web site into its business plan.

-- **U.S. Exports of White Oak Wood to Argentina.** As a result of the FAS Custom Matchmaking Service, and with assistance from the Kentucky Department of Agriculture, an Argentine importer recently made a $30,000 purchase of U.S. white oak wood. Since 2004, FAS via the Custom Matchmaking Service, has assisted the Argentine firm in importing over $185,000 of U.S. wood and wood products.

COUNTRY STRATEGY SUPPORT FUND

FAS Headquarters works closely with FAS Posts to link Country Strategy Support Fund (CSSF) use to FAS and USDA goals and country strategies. The fund supports market promotion and other FAS strategic priorities, including market access. Project examples include:

-- **FAS Nigeria Scratches Out $350,000 in Chicken Feed.** FAS Nigeria recruited 30 leading poultry operators and grain importers to participate in the International Poultry Exposition and the International Feed Exposition (IPE/IFE) held in Atlanta, Georgia, January 28-30, 2009. The mission was designed to take advantage of the Government of Nigeria's repeal of a corn and sorghum import ban after 20 years. The mission participants have already imported more than $350,000 worth of U.S. poultry input products. In addition, eight selected industry leaders participated in a trade-servicing program in Washington D.C., hosted by the U.S. Grains Council (USGC), immediately following the IPE. Participants in the USGC activity are currently working as a group to import a shipload of U.S. corn. The CSSF program gave $4,310 for a locally employed staff member to accompany the mission participants and provide translation services.

-- **Korean Seafood Show Catches Some Big Sales.** FAS and SUSTA collaborated to bring U.S. seafood to Korean buyers at the Busan International Seafood & Fishery Expo, held November 13-15, 2008 in Busan, Korea. The U.S. exhibitors estimated they would sell $2.2 million worth of fish and seafood over the 12 months following the show. FAS spent a total of $7,510 in CSSF to pay for an FAS booth and a contact dinner, bringing 35 Korean importers and the U.S. exhibitors together. CSSF also funded travel for FAS staff to help work the show.

-- **Caribbean Basin Buyers Mission Orders up Sales at the National Restaurant Association Show.** The Caribbean Basin Agricultural Trade Office (CBATO) sponsored a buyer's mission to the 2009 National Restaurant Association Show on May 15-19 in Chicago, Illinois. The State Regional Trade Groups (SRTGs) paid for the travel of three of the participants, the other 15 participants paid their own way. The Caribbean buyers reported planned purchases of $2.3 million over the next year because of show contacts. CBATO utilized $1,700 from its CSSF budget to fund staff travel to this event, representing a potential return of approximately $1,373 for every dollar invested in this market development activity.

-- **Philippine Inspection Mission Renders Success.** From August 30 through September 10, 2009, FAS, APHIS, Food and Drug Administration (FDA), and the National Renderers Association (NRA), worked together to take a group of high-level Philippine government officials and feed industry representatives to the United States to audit and inspect rendering facilities and meet with U.S. government officials. NRA paid for the travel of the Philippine government officials and CSSF paid $5,400 for the travel expenses of an FAS Manila staff member to accompany the group. The visit is expected to result in market access for U.S. ruminant and bone meal, which has been banned in the Philippines since 2000 due to BSE concerns. The market potential for U.S. exports to the Philippines is expected to be worth $20 to $30 million.

-- **SIAL China Has Largest USA Pavilion Ever.** In May 2009, FAS organized the largest USA Pavilion ever at SIAL China. There were 41 U.S. exhibitors participating in the pavilion. SUSTA and the Food Export Association of the Midwest USA had multi-company stands. Other participating cooperators included the California Prune Board, Georgia Pecan Growers Association, Minnesota Turkey Council, Popcorn Board, Texas Pecan Crowers Association, USA Poultry & Egg and Export Council, and Wild Blueberry Association of North America. Thirty percent of the U.S. exhibitors were new to the market. The National Association of State Departments of Agriculture provided $17,971, EMP provided $4,676, and CSSF contributed $360, making it possible to offer exhibitors better facilities and conveniences at the pavilion, providing it with a business lounge, internet service, and attractive decoration of the overall USA Pavilion. The exhibitors reported $2.5 million in on-site sales and projected sales of $17 million over the next 12 months.

COMMODITY CREDIT CORPORATION (CCC) EXPORT CREDIT GUARANTEE PROGRAMS

The primary objective of the CCC export credit guarantee programs is to increase sales of U.S. agricultural commodities to international markets by facilitating the extension of export credits to countries that do not have access to adequate commercial credit. These CCC programs encourage U.S. lenders and exporters to extend credit terms on sales of agricultural commodities and products to overseas customers. The CCC credit guarantee programs support the involvement of foreign private sector banks and private sector importers in commercial trade transactions with the United States.

The GSM-102 program provides guarantees for export sales with repayment terms up to three years. The FY 2009 GSM-102 program provided credit guarantees, which facilitated sales of about $5.3 billion, up significantly from $3.2 billion in 2008. Africa and the Middle East and Southeast Balkans reflected GSM-102 export sales for the first time in several years. Increased sales and/or additions of U.S. agricultural commodities were exported to seven countries and eight regions. While most sales were bulk commodities, new products such as tree nuts and distilled dry grains to Korea emerged, and a variety of wood products were shipped to Turkey.

GSM-102 EXPORT CREDIT SALES REGISTRATIONS
Summary of FY 2009

Country/Region	$ Millions
Africa and Middle East	$207.5
Caribbean	337.5
Central America	607.2
China/Hong Kong	348.2
Eurasia	262.8
Jamaica	9.4
Korea	1,290.6
Mexico	289.1
Russia	368.1
South America	590.3
Southeast Asia	522.8
Southeast Balkans	10.5
Turkey	478.6
TOTAL	**$5,322.6**

FACILITY GUARANTEE PROGRAM (FGP)

On August 6, 2009, USDA published an advanced notice of proposed rulemaking soliciting comments on options to reform the FGP. The comment period closed on October 5, 2009. The major change to the statute, enacted in the 2008 Farm Bill, is to allow a waiver of U.S. content on capital goods if the Secretary determines that use of U.S. goods is not practical. FAS will develop and implement a revised program regulation in FY 2010.

PROGRAM MANAGEMENT

During FY 2009, FAS proactively managed GSM-102 program risks and costs. The 2008 Farm Bill requires GSM-102 to be budget neutral over a 10-year period. To help meet this goal, FAS analyzed historical program defaults and recoveries to predict net default rates, and applied actuarial data to the subsidy cash flow model. This approach culminated in OMB's acceptance of the revised GSM-102 default and recovery assumptions that determine subsidy levels. Average program subsidy dropped from 0.87 percent in FY 2009 to -1.21 percent in FY 2010, indicating revenues will exceed program costs. FY 2011 subsidy is projected to be slightly higher but still negative at 0.87 percent. On the revenue side, FAS developed a revised draft program fee schedule that is more commensurate with program risk. This fee schedule was published in the Federal Register on September 21, 2009, for public comment. The comment period closed on October 21, 2009. FAS will consider comments received, adjust the draft fee schedule as needed, and implement a revised fee schedule in FY 2010.

MARKET EXPANSION PROGRAM

In FY 2009, in response to poor domestic market conditions and the reintroduction of dairy export subsidies by the EU, FAS reactivated the Dairy Export Incentive Program (DEIP). DEIP helps U.S. dairy exporters meet prevailing world prices and encourages the development of international export markets in countries or regions where U.S. dairy products are not competitive due to subsidized dairy products from other countries. On May 22, 2009, USDA announced DEIP for the July 2008 through June 2009 year. On July 6, 2009 the initial tranche for the July 2009 through June 2010 year was announced. As of November 6, 2009, since the initial May announcement, USDA has awarded bonuses for 37,228 MT of nonfat dry milk, 17,470 MT of butterfat, and 1,843 MT of cheese. The program has facilitated sales of U.S. dairy products to Africa and the Middle East, Asia/Eurasia, Central and South America, and the Caribbean.

IMPORT AND TRADE SUPPORT PROGRAMS

-- **Improvements in Mexican Sugar Market Data.** The quality and timeliness of publicly available data on the Mexican sugar market improved during FY 2009. Access to better data on the Mexican sugar market is important to USDA for managing the U.S. sugar supply-control program, since Mexico is the only country with open access to the U.S. sugar market. This achievement was due in large part to the work during FY 2009 of the government-to-government Mexico-U.S. Sweeteners Working Group (SWG) that was established in 2007 to improve and exchange sugar market data, actively monitor trade in sugar and high fructose corn syrup (HFCS), and apprise the other government of policy and market developments. Beginning in June 2009, in large part due to the efforts of the SWG, which meets about four times a year, the Mexican government for the first time began to publish, on a public web site, a supply and demand balance sheet for the Mexican sugar market. Staff from FAS and the Office of the USTR co-chair the SWG for the United States, while staff of the Secretariats for Agriculture and the Economy (Economia) co-chair for Mexico.

-- **Import Safeguard Program.** In May 2009, the annual *Federal Register* Notice on the WTO Agricultural Safeguard Trigger Levels was published. The notice lists the updated quantity trigger levels for over-quota imports of certain beef, dairy, sugar, and cotton products that may be subject to additional U.S. import duties under the safeguard provisions of the WTO Agreement on Agriculture. During FY 2009, consolidated databases for WTO and Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) agreements were completed.

-- **The Trade Adjustment Assistance (TAA) for Farmers Program.** The American Recovery and Reinvestment Act (ARRA) of 2009 reauthorized and modified the TAA for Farmers program. The TAA for Farmers program helps producers of raw agricultural commodities and fishermen adjust to a changing economic environment associated with import competition through technical assistance and cash benefits. Producers of a commodity who have recently suffered a greater than 15 percent decrease in the national average price, the quantity of production, value of production, or cash receipts compared to the average of the 3 preceding marketing years, and imports contributed importantly to this decline, may be eligible to receive free information, technical assistance, and cash payments to develop and implement business adjustment plans from the TAA for Farmers program. A total of $202.5 million has been authorized for the program, with $90 million per year for the 2009 and 2010 fiscal years, and $22.5 million for October through December 2011.

These funds will be used for developing and implementing approved Extension training programs, as determined by the National Institute for Food and Agriculture (NIFA), for cash payments to producers for development and implementation of business plans, and for USDA administration of the program. Eligible producers who develop an approved business plan, with guidance from educators working under approved Extension programs, are entitled to receive a cash payment of up to $4,000 to implement the initial business plan or develop a long-term business plan. Producers who subsequently develop approved longer-term business plans are entitled to receive an additional cash payment of up to $8,000 to implement their long-term plans. An interim rule for the TAA for Farmers program is expected to be published in FY 2010.

NEW TECHNOLOGIES

U.S farmers are taking full advantage of biotechnology and other new technologies to increase their productivity, and they are expanding production of organic products in response to growing consumer demand. Commercialization of U.S. products from cloned animal progeny, genetically engineered animals, and nanotechnology is increasing significantly. However, trade in these products has been slowed by other countries' failure to provide timely approvals for new technologies and standards for organics. Unchecked, this situation will worsen as more and more biotech crop varieties and other new technologies are adopted by U.S. agriculture. In 2009, approximately 85 percent of the corn, 55 percent of the cotton, and 91 percent of the soybeans planted in the United States were biotech varieties. Exports of these crops and other foods produced or processed using modern biotechnologies are ubiquitous and form the core of U.S. agricultural exports.

FAS Defends Domestic Policies of U.S. Bioenergy Programs.

U.S. legislation calls for the production and use of 36 billion gallons of biofuel in the transport sector by 2022. Meeting this mandate requires a 4-fold increase over 2008 levels. Internationally there is concern over the environmental and social sustainability of such an ambitious program as well as the impact on global food prices. As a result, there are numerous international efforts to develop both criteria and indicators for assessing sustainable bioenergy production as well as the development of international standards aimed at certifying sustainable bioenergy. FAS is actively participating in several international organizations, most notably Global Bioenergy Partnership (GBEP) and International Organization for Standardization (ISO), and is strongly advocating for U.S. interests while defending USG bioenergy policies as an important factor in meeting climate and energy security objectives. Notable achievements in the area of New Technologies in FY 2009 include:

- **Japan's Biotech Risk Management Protocol Significantly Reduces Costs to U.S. Soy and Corn Exporters.** Japan prohibits the import of biotech-derived products that have not undergone a food safety, feed, and environmental review. Following extensive FAS engagement over several years, in FY 2009, Japan introduced a new risk management plan to address the low-level presence of unapproved biotech feeds. Consequently, testing requirements for StarLink biotech feed corn exports were eliminated and testing requirements for other products reduced. The U.S. grain trade has saved an estimated $36 million dollars as a result. Japan annually imports 16 million MT of corn and 4.2 million MT of soybeans, valued at over $4 billion in FY 2009.

- **FAS Prevents Adoption of International Standards that Would Negatively Impact Biotechnology.** Working with other USG agencies, FAS efforts in several standard setting bodies have prevented the adoption of standards that would have negatively affected trade in products derived from biotechnology. For example, in the Codex Committee on Food Labeling, a decision on the mandatory labeling of biotech foods was again deferred. The Leonardo Academy, a private standards-setting body, agreed not to exclude biotechnology from its standards for sustainability. Similarly, the United Nations Commission for Sustainable Development adopted text that did not contain statements that biotechnology is not sustainable. Finally, at the International Organization for Standardization (ISO) Technical Committee 34 on Food Products, FAS efforts resulted in the elimination of references to genetically modified organism detection testing and traceability standards from its business plan, and from the biomolecular markers sub-committee of ISO TC 34 scope and mission statements.

- **EU Approves Biotech Round-Up Ready 2 Yield Soybeans.** Ongoing discussions led by FAS for USDA facilitated EU approval of second-generation Roundup Ready (RR2), also known as "Roundup Ready 2 Yield," genetically engineered soybeans for import and processing for food and feed uses. RR2 soybeans were commercialized in the United States in 2009. Prior to this, only one biotech soybean variety was commercially cultivated in the United States, and approved for import and processing for food and feed uses in the EU. U.S. soybean exports to the EU were valued at $737 million in FY 2009, and are crucial for the EU's livestock and feed manufacturing industries.

- **FAS Facilitates Support for Biotechnology in Mexico.** Ongoing discussions and technical assistance led by FAS under the auspices of the North American Biotechnology Initiative (NABI) have helped develop support for biotechnology in Mexico and had a positive effect on U.S. agricultural exports. NABI serves as a forum for the United States, Canada, and Mexico to exchange ideas and information on the regulation and trade of biotech products. These discussions facilitated Mexico's recent approval of field trials for biotech corn. They also reduced the trade impact following the inadvertent shipment in late 2008 of a small quantity of unauthorized biotech cottonseed to Mexico from a cotton field trial in Texas. Furthermore, in recent trilateral discussions, Mexican officials expressed interest in working with the United States and Canada to foster the development of a domestic biotechnology industry. FY 2009 U.S. exports of corn, soybeans, and cotton to Mexico were valued at $4.3 billion, most of which were biotech varieties.

-- **FAS Prevents EU Cloning Regulations that Threaten U.S. Livestock and Livestock Product Exports.** In concert with other USG agencies, FAS forestalled the EU's adoption of restrictive measures on cloning that could have affected U.S. exports of livestock and livestock products. Since September 2008, the European Parliament has called for an EU ban on all livestock products derived from animal clones, or the offspring of clones. Despite Parliament's efforts, multiple interventions by the USG and industry at various levels in the European Commission have succeeded in keeping the internal discussion open and forestalled a ban. Both the United States and the EU have animal clones. While the U.S. industry maintains a moratorium on introducing products from clones into food channels, the presence and use of the offspring of clones is not tracked globally. Therefore, all livestock products imported by the EU potentially could be affected by a ban. In FY 2009, U.S. exports of dairy products, red meat and live animals to the EU were valued at $421 million.

-- **FAS Preempts Trade Disruption by Securing Korean Approval of Biotech Corn and Soybeans.** A series of technical discussions undertaken by FAS with Korean officials facilitated Korean approval of several new biotech corn and soybean varieties recently commercialized in the United States. Korea approved the new soybean variety, "Roundup Ready 2 Yield" genetically engineered soybean (RR2) (MON89788) on March 4, 2009. The two corn varieties, MON89034 and A2704-12 were approved April 2. These timely approvals averted the disruption of U.S. corn and soybean exports to Korea, valued at almost $1.3 billion in FY 2009.

-- **U.S. Organic Equivalency Agreements with Taiwan and Canada.** During FY 2009, the sustained efforts of FAS culminated in organic equivalence determinations with Taiwan and Canada that maintain or grow the flow of U.S. organic trade. In March 2009, Taiwan recognized the U.S. organic system as equivalent to the Taiwanese organic regulations following active engagement by FAS and the Agricultural Marketing Service's National Organic Program (NOP). Recognition of NOP in Taiwan has kept the Taiwanese market open to an estimated $50 million in annual U.S. organic exports. Similarly, in 2007, FAS began engaging Canadian officials as they began development of organic standards, with the aim of reaching an equivalence agreement. FAS performed technical analysis of the differences in the regulations of both countries, and initiated negotiations in coordination with the USTR's office and NOP. After 18 months of negotiations, the United States and Canada signed a determination of equivalence on June 17, 2009. Canada is by far the largest export market for U.S. organic products, with exports estimated at $1.4 billion annually.

FOOD SECURITY

Global food insecurity impacts people worldwide; with over 1 billion hungry, the problem is exacerbated by the current global economic downturn. Food assistance alone is not enough – availability is also about trade and in-country production increases. The biggest contributing factors to insufficient in-country production are chronic under-investment in agriculture, inefficient inputs and markets, and poor governance. To address food insecurity, states must improve the entire value chain from farm to table, increasing production and efficient inputs, reducing post-harvest losses, adding value, and supporting mechanisms that encourage local, regional, and international trade. Food security must be country-driven and focused at the local and community levels.

MARKET INTELLIGENCE

Market intelligence is an essential and core component to the work conducted in FAS that ultimately results in policy, market, and food aid decisions. In FY 2009, FAS continued to provide primary analytical input to USDA's global supply and utilization estimates for major agricultural commodities. Using attaché reports, market intelligence, satellite imagery, and other information FAS provided monthly global market intelligence and analysis used for USDA program operations and regulatory and policy-making activities. FAS analysis also supported international agricultural trade policy and market access activities, negotiations, and export programs. As a result, USDA policy makers and the U.S. agricultural industry received timely, unbiased, and reliable information that allowed them to make important policy and strategic decisions.

-- **Assessing Domestic and Global Production.** FAS provided objective, timely, and reliable information on the global food supply and crop conditions, as it was critical to the United States and global agriculture as well as the implementation of various Commodity Credit Corporation (CCC) programs. Such intelligence sealed critical information gaps in high risk and disaster affected regions around the world. FAS overseas analysts and satellite imagery products provided continuous validation of global commodity supply changes that were critical for targeting and right-sizing food aid needs in support of CCC food aid programs such as the Food for Peace and Food for Progress (FFP) programs and evaluating implementation of the Export Credit Guarantee Program. One example was FAS' ability to provide early warning of both drought devastation of winter grains in Iraq and a record wheat harvest in Afghanistan well before harvest via the crop monitoring program. These early assessments allowed government agencies, private sector non-governmental organizations and food aid agencies to accurately adjust or tailor program activities and react to changing circumstances. The U.S. government was able to assure the Iraqi government of their continued need for larger than normal grain imports, while the Afghan government could rebuild emergency grain reserves and reduce food aid disbursements and imports.

COCHRAN FELLOWSHIP PROGRAM

The Cochran Fellowship Program (CFP) provided short-term training in the United States for 395 international participants from 73 countries in FY 2009. Since its inception in 1984, the program has provided training to more than 13,500 participants from 121 countries. Cochran participants meet with U.S. agribusinesses, attend policy and food safety seminars, and receive technical training related to short and long-term market development and trade capacity building. The following are examples of CFP benefits reported in FY 2009:

Bangladesh: The CFP staff worked jointly with the American Soybean Association to sponsor fish-feed industry personnel to attend a comprehensive short course at Texas A&M University on the production and quality control of extruded fish feed. After completing the course, Mr. Habibur Rahman, Manager of Aftab Bahumukhi Farm Ltd., started building the Aftab Aqua Feed Mill. In late November 2008, the newly built feed mill commenced production of extruded floating feed for Tilapia farming. Mr. Rahman said that the course in Texas helped him to finalize establishment of his new feed mill and he has now released modern, floating fish feed into the local market. It is expected that other participants of the short course would start using modern technologies obtained from Texas A&M University in their feed processing plants by the end of 2009.

China: The CFP introduced the U.S. pet food and animal feed industry to Animal Feed Registration Office officials from China's Ministry of Agriculture. Feed registration has been a significant hurdle for U.S. exports of animal feed, especially pet food, for a number of years because of a lack of knowledge in China about the highly developed U.S. industry. Following a trip to several locations in the United States, the team reported there was a significant increase in their knowledge and comfort level with U.S. products exported to China. From the U.S. perspective, industry officials stated that their interaction with the Chinese officials was valuable in understanding China's concerns and proving that the United States produces a safe, sustainable product. The Pet Food Institute played a vital role in co-sponsoring and organizing this program.

China: This CFP was designed to increase China's knowledge of the U.S. plant variety protection (PVP) system and to demonstrate how the U.S. seed industry relies on two key aspects of our PVP system that are lacking or weak in China. The first aspect is accession to the standards of the 1991 International Union for the Protection of New Varieties of Plants (China is currently using an older version of the agreement). The second is providing a PVP registration system that is faster, uses more industry-supplied data, and is more robust in enforcement. U.S. industry believes that the Chinese market could be much more significant if it were following rules similar to those of the United States. The American Seed Trade Institute provided important assistance in hosting and organizing the visit.

Indonesia: CFP provided training in U.S. Halal certification practices to Indonesia in FY 2009. Halal is an Arabic word meaning "permissible under Islamic law." As the most populous Muslim- majority country, Indonesia requires Halal certificates for all imported animal-based food products except pork. The Halal certificates are issued by the Islamic Centers (the Halal Certifier Bodies) in the United States that have been acknowledged by the Indonesian Council of Ulama (MUI), which plays a key role in certifying to the authenticity of Halal standards for food products. The CFP served as an important tool for resolving market access issues related to U.S. meat exports to Indonesia by helping to enhance the U.S. relationship with MUI and increasing the number of U.S. Islamic centers approved by Indonesia. The Cochran Fellows developed heightened awareness of the U.S. food safety system, food processing practices, and Halal certifying measures. Following the training, MUI updated the list of approved U.S. Halal Certifier Bodies from one to five cattle slaughtering plants, an important outcome. The updated list of approved certifiers went into effect in October 2009.

Philippines: From 2002 – 2008, Officers of the Philippine Bureau of Animal Industry (BAI) and the National Meat Inspection Service gained knowledge about the U.S. food safety system and animal quarantine, inspection and clearance program in a CFP. This has helped them quickly resolve various trade issues and gain confidence in the U.S. regulatory system. Successes include an immediate lifting of the temporary ban on U.S. pork products and live swine after the H1N1 detection in 2009; and immediate action by BAI on Bureau of Customs questions about dates of USDA Food Safety and Inspection Service certificates and accreditation of U.S. meat and poultry plants. The CFP training has helped FAS Post develop a strong relationship with Philippine meat and poultry regulatory agencies and has been instrumental in increasing U.S. meat and poultry exports to the Philippines. U.S. meat and poultry exports to the Philippines more than tripled over the last five years, from $30.67 million in 2003 to $106.85 million in 2008. FAS hopes for similar success with CFP fellowships for Philippine plant-quarantine officers.

Kenya: Lawrence Njuguna from Kenya attended 2-week training in dairy herd management, nutrition, and milk processing at the University of Minnesota through the CFP in 2003. Presently in 2009, Mr. Njuguna is passing along the skills learned during his CFP training to hundreds of Kenyan dairy farmers by conducting on-farm trainings and sharing his knowledge on a daily radio talk show on farming. Mr. Njuguna has also improved animal nutrition and genetics that have led to doubling his herd's milk production and has introduced marketing strategies that yielded improved prices for milk and heifer sales.

Costa Rica: The International Center of Food Technology (CITA) at the University of Costa Rica participated in a CFP which provided training on Hazard Analysis and Critical Control Point (HACCP) Plan Validation and Verification. CITA provides training and education on HACCP, as well as technical assistance for the implementation of HACCP Programs. The CFP training program, which was given in conjunction with Texas A&M University, strengthened CITA's training practices, and over 20 industries have now been trained in HACCP validation.

Colombia: The CFP conducted a Biotechnology Regulatory Program to assist Colombia in enhancing its understanding of science-based information regarding biotechnology- engineered products, as well as to increase sales opportunities for U.S. biotech engineered foods and products. After completing the program, Adriana Castaño-Hernández, the Deputy Director of the Foods Division at the National Institute for Food and Drug Surveillance noted that, while the biotechnology regulations for Colombia and the United States were similar, the training helped Colombia to update its labeling requirements to be consistent with U.S. standards.

Jamaica: The CFP conducted a training program for Jamaica to increase understanding of pesticide-residue-level testing procedures and related U.S. regulations. Jamaica had been evaluating its pesticide regulations on imported and exported fruits and vegetables, and a common understanding of pesticide regulations and procedures was important in enhancing two-way trade between the United States and Jamaica. After the training, the Jamaican delegation participated in the April 2009 Codex Committee on Pesticide Residues (CCPR) meeting in Beijing, China, where Jamaica was an active and vocal supporter of U.S. initiatives. This constituted a shift in its position from previous CCPR meetings. Furthermore, it contrasted the opposition made by the EU against the U.S. initiatives for increased maximum-residue-limits or MRL harmonization. The CFP training program on Pesticide Residue Levels directly contributed to Jamaica's support for U.S. policies.

St. Kitts: The CFP, in conjunction with the University of Puerto Rico Mayaguez and USDA's Food Safety and Inspection Service, conducted a Meat and Poultry Inspection program in the summer of 2008. The Chief Veterinary Officer for St. Kitts attended the training to gain an understanding of the U.S. system for controlling risks in meat and poultry products. His attendance was a shared effort between the CFP and the FAS Caribbean Basin Agricultural Trade Office (CBATO) in Miami. On June 14, 2009, the Government of St. Kitts granted complete market access for U.S. beef and beef products from cattle of all ages. The CFP training program played a critical role in persuading the St. Kitts government to expand market access. St. Kitts had previously allowed only boneless meat from animals less than 30 months of age, and U.S. beef and beef product exports to St. Kitts totaled $550,000 in 2008. With this agreement, St. Kitts has signaled a determination to follow international standards, and U.S. beef exports are expected to increase substantially.

Ukraine: The CFP conducted a Biofuels Program in February 2009 to assist Ukraine in understanding U.S. biodiesel and ethanol regulations, production and marketing. After completing the program, the Deputy Head of the Secretariat of Parliamentary Committee on Energy Policy, Ukrainian Rada (Parliament), noted that the training helped Ukraine update their renewable energy requirements to be consistent with U.S. standards. On April 1, 2009, the Ukrainian Parliament adopted the Law "An Amendment of the Law of Ukraine 'On Electrical Energy' Regarding Stimulation of Usage of Alternative Sources of Energy" No. 1220-VI (the Green Tariff Law), which went into effect on April 22, 2009.

FY 2009 Participants by Region and Funding Source

	Appropriation	Freedom Support Act	USAID	Iraq/Afghanistan Technical Assistance[a/]	Emerging Markets Program	Total
Asia	77	0	0	0	0	77
Eastern Europe and Eurasia	50	84	0	0	0	134
Latin America and the Caribbean	70	0	0	0	0	70
Africa and the Middle East	97	0	9	8	0	114
Program Total	**294**	**84**	**9**	**8**	**0**	**395**

[a/] Additional funding obtained from FAS appropriations.

BORLAUG FELLOWS PROGRAM (BFP)

In its fifth year, the Norman E. Borlaug International Agricultural Science and Technology Fellows Program (BFP) continued to expand, training some 358 Fellows from 49 countries since the program's inception in 2004 and more than 89 Fellows in FY 2009. The authorization for the BFP under the Food, Conservation and Energy Act of 2008 institutionalizes this successful trade and scientific capacity-building program. The BFP offers fellowships for scientific training and study in the United States to individuals from eligible countries. The program helps developing countries strengthen agricultural practices through the transfer of new science and agricultural technologies, including those related to production, processing, marketing. The program also addresses obstacles to the adoption of technology, such as ineffectual policies and regulations. The BFP continues to strive for diversity, with females comprising nearly 50 percent of participants. Accomplishments in FY 2009 include the following:

-- **Borlaug Organic Certification Program.** During 2008, the first Borlaug Organic Certification Program was successfully initiated in support of requests from African Growth and Opportunity Act (AGOA) leaders. Five African scientists and researchers from Benin, Burkina Faso, Nigeria, and Niger received organic certification and regulatory training. In collaboration with scientists at Colorado State University and Washington State University, the Borlaug fellows focused their research collaboration and received hands-on training in organic production, marketing and farming systems as well as U.S. certification guidelines and regulations. Of the five trained, the representative from Nigeria successfully met all requirements to officially certify organic products to U.S. standards. The training has helped address barriers to bilateral trade by fostering the adoption of U.S. regulatory standards and providing U.S. agribusinesses with access to high-quality organic, raw materials for value-added U.S. exports.

-- **Indonesia.** The ongoing partnership of FAS and the World Cocoa Foundation continues to pay dividends to beneficiary countries and the U.S. confectionary industry. This public-private partnership builds the capacity of local scientists on techniques to improve plant-health issues affecting the cocoa crop such as integrated pest management (IPM) and post harvest technologies. An Indonesian Borlaug fellow collaborated with scientists at USDA's Agricultural Research Service (ARS) in 2009 to correctly identify *Thanatephorus theobromae*, the fungus responsible for vascular streak dieback (VSD). VSD has devastated cocoa crops in Indonesia killing 75 percent of the cocoa crop infected, and work is underway with collaborators at ARS to develop media to facilitate growth of the fungus to allow sequencing of the genome and *in-vitro* growth assays to assess potential IPM for VSD. This collaboration has led to a greater understanding of VSD and will set the stage for an IPM strategy for cocoa in Indonesia. Adoption of IPM techniques within the cocoa sector will improve the quality and safety of Indonesian cocoa while ensuring a reliable source of inputs for U.S. processors.

-- **Malawi and Mozambique.** In 2008, two female Borlaug fellows from Malawi and Mozambique received training in goat production and genetic improvements at Texas A&M and Prairie View Universities. Agricultural extension agents with animal expertise, the Borlaug fellows learned artificial insemination (AI) techniques for goats that will help African farmers improve native goat breeds for milk and meat traits. The Fellows returned to their respective countries armed with new skills and practical AI kits for in-field use. Within a year, the African families and female goat owners, with whom the Borlaug fellows worked, found their young goats providing more milk and/or meat. Goat production is entirely conducted by women and children in Africa, and family goat herds often provide the only food products for consumption or income for families. It is estimated that the two Borlaug fellows were able to employ AI and assist with improving the goat genetics of 50 families in Malawi and Mozambique.

-- **Sub-Saharan Africa.** Under the USDA BFP, 35 African scientists and researchers from 35 Sub-Saharan African countries received training at 12 American land grant institutions in FY 2008. In FY 2009, the Borlaug Program used seven land grant institutions, including two minority-serving land grant institutions to train 19 Fellows, including the first Borlaug Fellow from Liberia. This training has helped address barriers to bilateral trade, provided U.S. agribusinesses access to scarce inputs and new consumer markets, and will improve food production and trade opportunities for U.S. exporters.

-- **Survey of Borlaug Fellows.** The BFP launched an online survey in September 2009 to gather information from Borlaug alumni about the impact of the fellowship program on their work. By mid-November 2009, 100 surveys had been completed by former BFP participants from around the world. The majority of Borlaug fellows surveyed stated that their fellowship had a positive impact on one or more aspects of their work. Additional survey results include the following:

- 92 percent of respondents reported that the Borlaug Program had a positive impact on their research.
- 74 percent reported the program had a high impact on their teaching,
- 14 percent reported a high impact on their policy work, and
- 52 percent reported that their fellowship training led to the adoption of one or more new techniques or technologies in their home institutions.

-- **El Salvador.** A Borlaug fellow from El Salvador has taken the initiative to produce a comprehensive integrated pest management (IPM) training manual in Spanish to use for training extension agents from the Centro Nacional de Tecnología Agropecuaria y Forestal (CENTA). As part of the Ministerio de Agricultura y Ganaderia (MAG), CENTA's extension workers are a main source of information for the country's farmers. The lack of standardized training manuals and educational literature has prevented successful communication between extension workers and farmers in El Salvador in the past. The Borlaug fellow has also developed an illustrative poster for farmers describing proper IPM procedures. In addition, he is drafting a training manual on Good Agricultural Practices and updating the Good Manufacturing Practices training manual for El Salvador. These achievements are particularly significant because MAG does not have the resources to create educational materials itself.

SCIENTIFIC COOPERATION EXCHANGE PROGRAM (SCEP)

In 1978, USDA signed a cooperative agreement with the Ministry of Agriculture (MOA) of the People's Republic of China to exchange scientific teams and technical information in the fields of agriculture, forestry, and water and soil conservation. Since its inception, the SCEP has facilitated the exchange of nearly 2000 U.S. and Chinese scientists. The exchange program is an effort to enhance overall relations between the two countries and create a positive atmosphere for trade. Several SCEP programs have directly supported the objective of developing trade with China.

-- **United States Helps China Improve Food Security with Remote Sensing Technology.** USDA and faculty members from universities in Arizona and California educated Chinese policy makers, extension workers, and academia on the beneficial uses of remote sensing in agriculture. The program addressed techniques used to identify water deficiencies and surpluses, plant diseases, and herbicide damage, as well as the use of remote sensing in variable rate applications of fertilizers and pesticides. Precision agriculture and improved remote sensing techniques will provide opportunities for Chinese policy makers and scientists to improve food security, and closely monitor and potentially mitigate the long-term effects of climate change.

-- **Chinese Farmers Trained on U.S. Distillers' Dried Grains.** Grain experts and ethanol producers from Illinois trained livestock and aquaculture producers in China on the economic and nutritional benefits of using U.S. DDGS. The training will allow Chinese farmers to reduce livestock mortality rates—thereby improving food availability—and improve efficiency, while simultaneously generating a market for U.S. DDGS.

SCIENTIFIC COOPERATION RESEARCH PROGRAM (SCRP)

The SCRP continues to collaborate with a diverse group of U.S. institutions to build long-lasting, international research partnerships. Projects link U.S. scientists with researchers worldwide and make practical use of biotechnology and other tools to help solve trade, food, and agricultural problems. Following are examples of USDA projects from this mutually beneficial, competitive grants program.

-- **Biotechnology Improves Nutritive Qualities of Peanuts.** Scientists from Alabama A&M University, a minority-serving institute, conducted joint research with academia from Senegal to improve the health and nutritional qualities of peanuts. The research resulted in an allergy-free peanut, which will provide economic gains for peanut producers in Senegal and the United States.

-- **Research Collaboration Helps Subsistence Farmers in Guatemala.** Scientists from the University of Florida and Rafael Landivar University conducted joint research to reduce pesticide usage on Guatemalan snow peas. The research results helped improve basic pest management skills among field support staff and subsistence farmers in Guatemala.

-- **U.S. and Guatemalan Scientists Collaborate to Control Bacteria Wilt.** Scientists from the University of Wisconsin and the University of San Carlos in Guatemala collaborated on strategies to control bacterial wilt that infects U.S. geraniums and Guatemalan tomatoes. The scientists worked cooperatively to begin breeding geranium and tomato cultivars that are bacterial wilt-resistant.

FOREIGN FOOD ASSISTANCE PROGRAMS

FAS administers several food assistance programs to help developing countries with humanitarian crises, economic development, and the transition from being food aid recipients to commercial markets. Programs administered by FAS consist of P.L. 480, Title I; Food for Progress (FFP); the McGovern-Dole International Food for Education and Child Nutrition Program (FFE); and the Local and Regional Procurement Pilot Project (LRP). Fiscal year 2009 activities focused on helping countries move toward graduation and the development of their agricultural economies. The programs featured a mix of monetization, direct distribution, and local food aid commodity procurement to meet the specific needs of recipient countries.

FAS programmed 415,000 tons of food assistance with an estimated value of about $406.2 million. Of this amount, estimated commodity costs represented $197.1 million and estimated transportation and other non-commodity costs were $209.1 million. FAS provided all of the food assistance through donations, with no concessional sales agreements in FY 2009. FAS also programmed $4.8 million of food assistance through local and regional commodity procurement under the pilot project, for a total food assistance value of $411 million. Twenty-nine countries received food assistance through FAS-administered programs.

FAS FOOD ASSISTANCE PROGRAM SUMMARY, FY 2009

	$ Millions	000 MT
P.L. 480 Title I Funded/FFP	$22.0	14.3
CCC Funded/FFP	$215.8	274.2
McGovern Dole Food for Education	$168.4	126.5
Local and Regional Procurement Pilot Project	$4.8	N/A
TOTAL, Food Assistance	**$411.0**	**415.0**

In addition, FAS has improved its procurement operations for food assistance by avoiding the "bunching" of shipments just before the close of each fiscal year. This is accomplished through increased use of long-term, multi-year agreements with private voluntary organizations and the World Food Program (WFP), which permit shipments well in advance of the close of the fiscal year, and by extending procurement efforts (commodity and freight) traditionally scheduled for the end of the year into the following year. FAS also fully utilizes the services of the Farm Service Agency, including the single-step procurement of commodity and freight for packaged commodities. When possible, FAS further combines purchases of both packaged and bulk commodities with the purchases of the U.S. Agency for International Development, thus taking advantage of volume discounts afforded by greater quantities purchased and shipped.

P.L. 480 TITLE I PROGRAM

Providing food assistance to targeted developing countries in order to promote economic growth is an objective of the concessional sales component of the Title I program. It promotes the recipient country's transition to commercial trade by gradually reducing the concessionality of the program and eliminating ocean freight financing. During FY 2009, no programming was done under the concessional sales component of the Title I program.

Title I funds may also be used to support the FFP program, which is a grant program designed to assist countries working to transition to more market-oriented economies. In FY 2009, Title-I funding provided over 14,300 MT valued at $8.9 million, and $13.1 million of transportation and other non-commodity costs. These programs were with the WFP. Funds used to support these programs were carried over from unobligated balances from prior years.

FY 2009 P.L. 480 TITLE I FUNDED/FOOD FOR PROGRESS COUNTRY ALLOCATIONS
($ Millions)

COUNTRY	TOTAL VALUE
Burundi	$10.0
Central African Republic	12.0
Subtotal	**$22.0**
COMMODITY	**000 MT**
Corn	3.5
Cornmeal	3.6
Corn Soy Blend	2.0
Peas/Lentils	3.2
Vegetable Oil	2.0
Subtotal	**14.3**

Below is an example of an FY 2009 Food for Progress program funded through P.L. 480 Title I:

Burundi: Burundi has a high population density and very limited natural resources, and about 90 percent of Burundians depend on subsistence farming. The assassination of Burundi's first democratically elected president in October 1993 led to a decade of conflict. This resulted in 300,000 deaths and left 1.4 million internally displaced persons and refugees in neighboring countries, as well as 25,000 war orphans. Despite recent improvements in the political situation, long-term effects of the civil war and widespread food insecurity persist throughout the country. Humanitarian assistance is still needed to address the needs of the most vulnerable, including returnees and refugees. Rising food prices are also impacting vulnerable people in both rural and urban areas. USDA provided $10 million of Title I funding through the FFP program to the WFP. The program is supporting the recovery process in six provinces characterized by high levels of food insecurity and includes general food distribution and support for vulnerable groups, school feeding, asset creation, skills training, and nutrition programs.

CCC-FUNDED FOOD FOR PROGRESS

The FFP program assists developing countries in expanding private enterprise and making the transition to a market economy. FFP agreements with countries may be funded with CCC or, as noted above, P.L. 480, Title I resources. In FY 2009, CCC funding provided over 267,000 MT valued at $117.2 million, and $98.6 million of transportation and other non-commodity costs. USDA completed FFP programs with both private voluntary organizations (PVO) and foreign governments. These implementing partners usually monetize (sell on the local market) the commodities and use the sales proceeds to fund development projects. The countries receiving CCC-funded FFP assistance and the quantity of the commodities programmed are shown in the tables below:

FY 2009 CCC-FUNDED FOOD FOR PROGRESS ($000)

COUNTRY	TOTAL VALUE
Afghanistan	$34.0
Armenia	0.2
Bangladesh	10.5
Bolivia	1.2
Dominican Republic	13.5
Ethiopia	13.8
Malawi	35.1
Mongolia	1.7
Mozambique	8.8
Niger	0.7
Pakistan	44.0
Philippines	24.9
Senegal	18.2
Uganda	9.2
Subtotal	**$215.8**

COMMODITIES PROGRAMMED IN FY 2009 UNDER CCC-FUNDED FOOD FOR PROGRESS

COMMODITY	000 MT
Crude Vegetable Oil	1.2
Soybean Meal	48.4
Soybean Oil	26.5
Vegetable Oil	0.1
Wheat	198.0
Subtotal	**274.2**

FFP activities have included improving agricultural techniques and marketing systems, providing education to farmers, helping develop cooperatives, teaching irrigation and land conservation techniques, supporting agribusinesses and microcredit enterprises, and building the capacity to trade. Additional examples of success in FY 2009 under the FFP include the following:

Afghanistan: The United States has made a long-term commitment to help Afghanistan rebuild after years of war. The Afghanistan Food Security Monitoring Bulletin of 2007 indicates that 37 percent of households cannot meet their nutritional needs. Shelter for Life International (SFL) is using proceeds from 25,000 MT of monetized wheat to implement programs that fight food insecurity. The total value of SFL's FFP agreement is $12.1 million, including commodity and ocean freight. SFL is rehabilitating irrigation systems, building storage facilities for commodity maintenance, facilitating information sharing and extending credit to local farmers. With training and technical support, agricultural productivity is increasing, local markets are becoming more accessible, and grain mills are improving. The objectives are to increase income for participating farmers by 15 percent in the first year, 75 percent in the second year, and 5-10 percent every subsequent year for 5 years. In addition, productivity should increase 100 percent, and conflict should decline by 50 percent over 3 years. In targeted communities, agricultural participation should increase by 50 percent, and the purchasing power of local families is projected to rise by 400 percent. USDA food assistance is helping build the foundation for economic and agricultural growth in war-torn Afghanistan.

Bangladesh: Although Bangladesh has made major strides to meet the food needs of its increasing population, it is among the poorest and most densely populated countries in the world. Fifty percent of the total population lives in poverty, 34 percent lives on less than $1 per day, and over 52 percent of children under 5 years of age face severe malnutrition. Cornell University is using the proceeds from 4,850 MT of monetized, crude, degummed soybean oil to implement programs that fight poverty in the region. The total Food for Progress grant value including commodities, ocean freight and other program costs for FY 2009 is $10.5 million. Cornell is providing training and micro-loans to small farmers to enhance agricultural production technology in liming, bedding and arsenic management. Cornell is also improving the capacity of national agricultural institutions, non-governmental organizations and input-supply dealers to provide technical support and infrastructure development to farmers. By the end of the program, it is projected that crop productivity will increase by 40 percent, food insecurity will decrease by 50 percent, and incomes for local farmers will increase by 25 percent. USDA food assistance is essential in fighting food insecurity, malnutrition and poverty in Bangladesh.

Dominican Republic: Food insecurity and malnutrition are most widely seen in the underserved sugar cane farming communities (bateyes) in the Dominican Republic where access to farming and agricultural production is limited. The Batey Relief Alliance (BRA) is implementing programs designed to address the pressing needs of millions in the Dominican Republic, especially in the bateyes. BRA is monetizing 1,250 MT of crude, degummed vegetable oil and is using the proceeds to implement program activities that address the food needs of the Dominican Republic. BRA's FY 2009 FFP grant is valued at $2 million, including commodities, ocean freight and other program costs. BRA is improving the region's agricultural productivity by training local farmers in agricultural management. Through a Food for Work program, enhanced technical and business training is provided by engaging local inhabitants in development projects. These program activities are projected to accomplish the following: increase agricultural production by 20 percent; decrease crop loss by 20-25 percent; grow income and food sales by 20 percent; raise beneficiary access to markets by 35 percent; and increase the number of people with access to potable and clean water by 50 percent.

Ethiopia: Ethiopia is among the most underdeveloped countries in the world, ranking 171 out of 177 countries in the 2009 United Nations Human Development Index. Undernutrition is rampant, affecting an estimated 50 percent of the population. The World Council of Credit Unions (WOCCU) is using proceeds from 23,000 MT of monetized hard red winter wheat to implement programs that address food insecurity in the region. The total grant value from Food for Progress for WOCCU for FY 2009 is $13.8 million, including commodities, ocean freight and other program costs. WOCCU is developing a basic commercial environment for agriculture by providing technical assistance on productivity, post-harvest handling and marketing strategies to the farmer members of rural credit unions. Infrastructure such as storage facilities, irrigation systems, access roads, bridges, basic sanitation facilities and other support projects are improving through the support of community self-help activities. Finally, WOCCU is strengthening community-based agricultural credit unions in order to expand credit and micro-loans to local farmers. These activities will increase output, yields, and income for local farmers by 30 percent. USDA food assistance in Ethiopia is providing a means to attain sustainable economic and agricultural growth.

Malawi: Malawi faces serious economic and agricultural problems that necessitate immediate assistance. According to the International Monetary Fund, over half of the 13.6 million inhabitants live in poverty. Dependence on rain-fed agriculture, exposure to high regional transport costs, extended dry spells, and the inability to prevent soil erosion causes 30-50 percent of the population to be at risk of food insecurity. FINCA International is monetizing 10,000 MT of hard red spring wheat and using the proceeds to implement programs to reduce food insecurity. The FFP grant for FY 2009 equaled $8.5 million. FINCA is expanding microfinance services to agribusiness entrepreneurs in rural areas as well as conducting social and economic assessments to determine the influence of loans on household welfare and agriculture related businesses. Moreover, training and support is helping local farmers to promote long-term sustainable agricultural growth. These activities are projected to increase individual business sales and income for loan recipients by 10 percent annually. Agricultural productivity and food security should increase by 15 percent as access to tools, equipment, inputs, marketing opportunities, and financial points of service for rural clients increase. USDA food assistance in Malawi is paving the way for sustainable economic and agricultural development.

Pakistan: Since 2001, Pakistan has seen a surge of foreign direct investment (FDI) and has experienced relatively high macro-economic growth; however, this has done little to thwart poverty and food insecurity, since low levels of spending in social services and a high population growth rate persist. Pakistan's extreme poverty and underdevelopment are key concerns, especially in rural areas. The Government of Pakistan (GOP) is using 50,000 MT of wheat and 6,800 MT of soybean oil to assist internally displaced persons. The GOP's FY 2009 FFP grant is valued at $20 million.

Philippines: Economic growth and a decreasing national average of poverty in the Philippines masks the unfortunate realities that exist in the Mindanao provinces where poor agricultural practices, natural disasters, and conflict are a constant burden. In response, Catholic Relief Services (CRS) monetized 9,000 MT of soybean meal and will use the proceeds to implement several activities focused on alleviating these pressures. CRS' FY 2009 Food for Progress grant is valued at $5.7 million, including commodities, ocean freight and other program costs. CRS will implement the Expanded Small Farms and Marketing Program (E-SFMP) to increase food production and reduce poverty. The program will focus on enhancing technical support to farmers, increasing post-harvest capacity, and improving post-harvest practices. CRS' agreement will build upon the successes of CRS/Philippines' ongoing USDA-assisted Small Farms and Marketing Program (SFMP), which has been implemented in five pilot sites throughout Mindanao. CRS activities in the Mindanao provinces are projected to increase farm income of resource-poor farmers by an average of 50 percent, provide agricultural extension and marketing services for 10,000 farmers, and increase crop production.

Senegal: The higher cost of imported rice is straining many households in a region where poverty and undernutrition rates are already high. The National Cooperative Business Association (NCBA) is using proceeds from 4,200 MT of monetized, crude, degummed soybean oil to implement programs that focus on millet production, an important staple crop to Senegal. The FFP grant to NCBA for FY 2009 equaled $8.3 million. NCBA is teaching financial management, efficient production and processing methods, marketing strategies and business development to targeted inhabitants. NCBA is distributing improved seeds, promoting conservation farming and establishing information systems along with guarantee funds. These activities are strengthening producer organizations, enhancing millet production, improving market linkages and increasing access to financial services. Over the three-year program, yields are projected to grow by 75 percent and profits to increase by 150 percent. USDA food assistance in Senegal is enhancing cultivation methods, access to markets and financial institutions, and management practices in order to fight poverty and food insecurity.

MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM

The McGovern-Dole International Food for Education and Child Nutrition (FFE) program supports preschool and in-school food for education programs and nutrition programs for women, infants, and children in foreign countries. The program was authorized by the Farm Security and Rural Investment Act of 2002 and started operating in FY 2003. About $168.5 million of assistance was made available through the program in FY 2009. Approximately 42 percent of the total program cost was allocated for commodity expenses. The remainder of the funding was allocated as follows: 24 percent for freight and 34 percent for providing administrative expenses and other non-commodity costs. USDA programmed over 108,100 MT of commodities to support programs implemented by the WFP and PVOs. More than 4.2 million children and mothers benefited from the FY 2009 program.

FY 2009 MCGOVERN-DOLE FOOD FOR EDUCATION
($ Millions)

COUNTRY	TOTAL VALUE
Angola	$29.5
Bangladesh	5.3
Cambodia	1.2
Cameroon	2.9
Chad	5.5
Ethiopia	5.3
Guatemala	14.2
Guinea-Bissau	18.3
Kenya	9.5
Laos	2.9
Liberia	9.0
Malawi	6.1
Mozambique	7.8
Niger	13.2
Rwanda	8.8
Sierra Leone	9.9
Uganda	19.0
Subtotal [a/]	**$168.4**

[a/] Includes CCC Funding authorized by the 2008 Farm Bill.

COMMODITIES PROGRAMMED IN FY 2009 UNDER MCGOVERN-DOLE FOOD FOR EDUCATION

COMMODITY	000 MT
Beans	6.4
Bulgur	9.0
Canned Salmon	0.5
Corn	0.5
Corn-Soy Blend	30.1
Cornmeal	11.2
Dehydrated Potatoes	0.5
Peas/Lentils	3.4
Rice	21.6
Soybeans and Soy Products	6.4
Soybean Oil	0.5
Vegetable Oil	10.2
Wheat	21.3
Wheat-Soy Blend	4.9
Subtotal	**126.5**

The following are examples of successes in FY 2009 under the McGovern-Dole Food for Education program:

Cambodia: Decades of war and internal strife continue to impede Cambodia's economic growth. With a per capita GDP of $723 and an inflation rate of 19.7 percent, the purchasing power of Cambodia's currency is continuously undercut. This has major implications for the country's largest economic sector, agriculture. Although agriculture produces 75 percent of total GDP and employs 29 percent of the workforce, poor farming practices, inadequate irrigation systems, and unfavorable market conditions subject the rural population to extreme hardships. Many families can only produce a single rice crop per year, and widespread micronutrient deficiencies are common. In response, International Relief and Development (IRD) is using 1,930 MT of McGovern-Dole-donated commodities to increase school enrollment by 29 percent, expand attendance by 20 percent and raise the continuation rate to 86 percent in 51 schools in the Kampong Chhanang province. IRD will provide nutritious, on-site meals and take-home rations for girls, for students who complete the sixth grade, and for high-performing teachers. Program activities will reach 31,100 students, 200 teachers, and 1,300 families. Each targeted school will have active health and nutrition education programs to effectively fight high undernutrition rates.

Guatemala: Guatemala is a food-deficit country that is facing serious economic and humanitarian problems. In areas such as the Central and Northwestern Highlands, malnutrition rates are as high as 80 percent. Over 56 percent of the population lives under the poverty line. The McGovern-Dole program has donated 13,780 MT of commodities to Asociación SHARE de Guatemala (SHARE) to increase the nutritional and educational status of children in targeted areas of the rural Mayan highlands. Its program activities include feeding children, providing take-home rations, establishing and training Parent-Teach Associations (PTAs), developing school infrastructure, promoting capacity building of indigenous organizations, and establishing school gardens for educational purposes. SHARE will directly reach over 70,000 students and 2,300 teachers. By 2011, enrollment should increase by 17 percent and attendance by 19 percent. In addition, the promotion rate should rise to 79.5 percent. Approximately 385 schools will be supported by SHARE's food for education program.

Liberia: After years of civil war and government mismanagement, Liberia's economy is weak and unstable. It is one of the poorest countries in the world with a GDP per capita of $135 in 2007. Upwards of 40 percent of the children under five suffer from malnutrition, and more than one third of the population lives below a $1 per day income level. Life expectancy is 44.7 years, and the adult literacy rate is 51.9 percent. Recently elected President Johnson Sirleaf has begun taking steps to reduce corruption, build support from international donors, and encourage private investment. With the government's refocus on economic development and food security, International Relief Development (IRD) is implementing a 3-year McGovern-Dole-funded program in five counties in Liberia that include Montserrado, Grand Bassa, Maryland, Grand Kru, and River Gee. Program activities are targeted to benefit 30,000 students and 600 teachers and indirectly reach 25,000 families through a combination of direct feeding, health/nutrition and HIV/AIDS education, school resource and infrastructure improvement, and the building of sustainability through PTAs, school farms, and youth clubs. Within 3 years, IRD is projected to increase total enrolment by 29.5 percent and attendance by 44 percent. Over 50 percent of targeted schools will receive adequate school supplies such as pencils, paper, and chalk. Furthermore, the number of target schools receiving printed materials that support literacy and numeracy will increase by 35 percent.

Pakistan: Pakistan continues to face nutritional shortfalls. Undernutrition rates average 37 percent for children under five, and 13 percent of children are dangerously underweight. The average school life expectancy from primary to tertiary school is only 7 years, and the national literacy rate is 55 percent. McGovern-Dole assistance to the WFP since 2005 is having profound effects in the region. WFP has provided female beneficiaries in targeted food-insecure districts with access to development opportunities through three primary activities. The first focuses on improving enrollment, attendance and retention rates among girls at targeted primary schools. Second, pregnant mothers are provided with quality health services during pre- and post-natal periods. Last, WFP supported asset creation and livelihood improvement activities in order to improve the socio-economic condition of rural women and their families. WFP has reached over 6.4 million Pakistanis since its program's conception in 2005. The enrollment rate and completion rates for females in targeted schools have increased by 21.45 percent and 59 percent respectively, in 2007 alone. In the same year, deliveries by trained birth attendants increased from 51 percent to 93 percent, and 149,416 women routinely received health services. Furthermore, the number of families with access to clean drinking water increased by 63.5 percent. In FY 2009, WFP continued to receive support for these programs through the McGovern-Dole program.

Uganda: Although Uganda is endowed with significant natural resources, it has been plagued with chronic political instability and erratic economic management, making it among the world's poorest and least-developed countries. Karamoja is one of its most vulnerable regions, and its educational indicators are low. Only 18 percent of men and 6 percent of women are literate and as of 2007, only 33 percent of children were enrolled in school. The WFP is implementing a McGovern-Dole-funded program in the Karamoja region to assist the government in improving the livelihood and cognitive performance of primary school children. WFP will provide school meals to students in both day and boarding schools and allocate take-home rations to girls achieving 80 percent attendance per term. By the end of the program, these activities are projected to increase total enrollment by 30 percent, attendance for girls by 23 percent, attendance for boys by 11 percent, and the total continuation rate by 6 percent. In addition, the government of Uganda will gradually integrate itself into program administration and activities to ensure its sustainability.

LOCAL AND REGIONAL FOOD AID PROCUREMENT PILOT PROJECT

The 2008 Farm Bill authorized the Local and Regional Procurement (LRP) pilot project. The primary objective of the project is to use local and regional purchasing to help quickly meet urgent food needs due to food crises and disasters. The goal is to protect against a decline in food consumption, save lives, and reduce suffering. In FY 2009, $4.8 million was allocated for programming in three countries with $2.73 million for local and regional procurement of commodities and $2.02 million for associated costs including inland transportation and storage and handling. These programs were with the World Food Program (WFP).

FY 2009 LOCAL AND REGIONAL FOOD AID PROCUREMENT PILOT PROJECT
($Millions)

COUNTRY	TOTAL VALUE
Malawi	$1.7
Mali	1.1
Tanzania	2.0
Subtotal	**$4.8**

Below is one example of a FY 2009 success story for the LRP pilot project:

Malawi: Malawi ranks 160th of 177 countries in the United Nations Development Programme (UNDP) 2009 Human Development Index. Half of its 12 million citizens live below the poverty line, and 20 percent of the population is extremely poor, living on less than U.S. $0.20 per day. Malawi's economy is based largely on agriculture, but land distribution is unequal as 40 percent of smallholders cultivate less than one hectare, mostly maize. Small, fragmented landholdings contribute to households' inability to produce enough food to meet their requirements. WFP's program, with support from LRP pilot project funding, is working to address the food needs of households that are at risk of hunger and poverty. In addition to providing food to vulnerable groups, WFP will specifically focus on procuring food from smallholder farmer groups. WFP aims to purchase cereals, pulses and corn-soy blend through pro-smallholder tendering practices. The overall WFP country goal is to strengthen the engagement of smallholders and small/medium-scale traders in the markets, stimulate agricultural production and cohesion within the smallholder farmer organizations, and raise the income levels of smallholders and traders.

CLIMATE CHANGE

Cap and Trade programs offer the hope of addressing climate change, promoting sustainable production, and supporting farm income. However, various Cap and Trade systems in development throughout the world are creating concern that some of the new schemes will evolve into protectionist programs that limit trade based on social criteria rather than objective scientific criteria. It is critical to take a truly global approach, and connect that approach to individual farmers. Voluntary carbon markets where "carbon offsets" have been traded since 2005 were valued at $331 million in 2007. Thus far trading in carbon offsets by U.S. farmers has been domestically focused, using the Chicago Climate Exchange. The global market's potential long-term economic benefits for the U.S. farmer have not been fully explored.

-- **Global Alliance Formed for Research on Agricultural Climate Change.** Globally, agriculture is a significant contributor to greenhouse gas emissions and will be heavily affected by climate change. At the same time, agricultural production must increase to feed a growing world population. USDA has been instrumental in developing the concept and building international support for a global research alliance on agricultural greenhouse gas emissions that will help to ensure that agricultural emissions are well understood and that global greenhouse gas emissions decline for every unit of food produced, while contributing to ensuring food security for the future. The purpose of the alliance will be to deepen and broaden existing networks of research and build new ones, enhance scientific capacities in this area (particularly in developing countries) and effect a fundamental change in the current relationship between food production and greenhouse gases around the world. The Secretary of Agriculture and other Ministers launched this alliance at the December 2009 meeting of the Parties to the United Nations Framework Convention on Climate Change.

FOREIGN AGRICULTURAL SERVICE

Summary of Budget and Performance
Statement of Department Goals and Objectives

The Foreign Agricultural Service (FAS) was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. The mission of the agency is "*Linking U.S. agriculture to the world to enhance export opportunities and global food security*."

FAS has two strategic goals and seven strategic objectives that contribute to three of the USDA Strategic Goals and two high priority performance goals (HPPG).

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Strategic Goal: USDA will assist rural communities to create wealth so they are self sustaining, repopulating, and economically thriving.	**Agency Goal 1:** U.S. farmers, ranchers, and agricultural industry maintain and expand exports.	Objective 1.1: Improve market access by increasing adherence to rule - based international trading systems. Objective 1.2: Increase effectiveness of marketing programs through improved public and private partnerships. Objective 1.3: Increase the value of intelligence and analysis provided to agricultural stakeholders.	Agricultural Exports Market Access Program; Foreign Market Development Program; Technical Assistance for Specialty Crops Program; Emerging Markets Program; Quality Samples Program; Export Credit Guarantee Program	Key Outcome 1A: Exports help U.S. agriculture prosper.
USDA Strategic Goal: USDA will help America promote competitive agricultural production and biotechnology exports as America works to increase food security.	**Agency Goal 1:** U.S. farmers, ranchers, and agricultural industry maintain and expand exports.	Objective 1.1: Improve market access by increasing adherence to rule-based international trading systems.	New Technologies Borlaug Fellowship Program, Cochran Fellowship Program	Key Outcome 1B: U.S. exports of organics and crops produced using new technologies expand.

USDA Strategic Goal: USDA will help America promote competitive agricultural production and biotechnology exports as America works to increase food security.	**Agency Goal 2:** U.S. agriculture's resources support food and national security policies.	Objective 2.1: Increase in-country capacity to develop competitive agricultural systems. Objective 2.2: Promote adoption of science-based solutions and technology. Objective 2.3: Improve USDA's ability to respond to international crises. Objective 2.4: Inform decision-makers with timely intelligence and analysis.	Food Security McGovern-Dole International Food for Education; Food for Progress; Borlaug Fellowship Program; Cochran Fellowship Program; Technical Assistance and Capacity-Building; Civilian Response Corps; Agricultural Reconstruction and Stabilization Activities	Key Outcome 2A: Food is globally available, accessible, and appropriately used.
USDA Strategic Goal: USDA will ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.	**Agency Goal 2:** U.S. agriculture's resources support food and national security policies.	Objective 2.4: Inform decision-makers with timely intelligence and analysis.	Climate Change	Key Outcome 2B: Climate change provisions in international agreements benefit U.S. agriculture.

Key Outcome 1A: Exports help U.S. agriculture prosper.

HPPG Measure:

Performance Measure	2009 Actual	2010 Target	2011 Target
Number of major markets where non-tariff trade barriers were reduced	n/a	n/a	5
Value of U.S. in agricultural exports ($ billions)	96.6	98.0	100.0

For every $1 billion worth of agricultural exports, 9,000 U.S. jobs are created and an additional $1.4 billion in economic activity is generated. Nevertheless, while U.S. farmers and ranchers are among the most productive and efficient in the world, they face unfair and complex obstacles in the global marketplace outside U.S. borders, where 95 percent of the world's consumers live. Foreign trade barriers limit exports, thereby reducing farm income and preventing job growth in the agricultural sector. Typical foreign non-tariff trade barriers facing U.S agriculture include:

- differences in the maximum residue levels for pesticides on crops;
- outright bans on the use of some compounds that can improve food safety; and
- onerous labeling requirements.

Long-term Performance Measures:

Performance Measure	2009 Actual	2010 Target	2011 Target
Dollar value of agricultural trade preserved through trade agreement negotiation, monitoring, and enforcement (Non-Sanitary and Phytosanitary) ($ Billions)	$0.37	$0.50	$0.53

The key to maintaining America's competitive edge in international markets is a level playing field. FAS works to improve market access for U.S. agricultural products by eliminating tariff and non-tariff barriers as well as other trading practices that reduce the international competitiveness of U.S. agriculture. These other trading practices include subsidies on agricultural production and exports, and involvement of government trading entities in commercial markets.

Careful monitoring and enforcement of trade agreements ensures that U.S. agriculture receives the full economic benefit of international trade agreements and trade rules. FAS provides a global monitoring system for U.S. agricultural trade through its overseas offices. Agricultural Counselors, Attachés, and Officers covering over 150 countries are often the first to hear about new or potential restrictions on U.S. trade. This global monitoring system enables USDA to act quickly to resolve bilateral market access issues for U.S. agriculture, resulting in millions of dollars of preserved trade each year.

With expanded exports, the chances increase that U.S. agriculture will encounter unexpected impediments to trade, including changing import regulations or the way they are applied, improper certification, disputes over testing or sampling to meet quality or other criteria, and disagreements over how trade rules should be implemented. Quick and effective resolution of these problems – without resorting to lengthy dispute settlement procedures – is important to U.S. exporters. When problems arise for U.S. companies in foreign markets, Agricultural Counselors and Attachés play a critical role in providing immediate assistance to prevent disruptions to trade.

Performance Measure	2009 Actual	2010 Target	2011 Target
Value of trade preserved through USDA staff intervention leading to resolutions of barriers created by SPS or TBT measures ($ Billions)	$9.5	$3.6 [1/]	$4.0 [1/]

[1/] The methodology for this measure was revised to incorporate actual values of trade resulting from staff interventions. Previous measurements were based on estimated values of trade. Measuring the actual value of trade flows will significantly improve the accuracy of the measure.

Agricultural trade is unique with respect to the risks associated with the transfer of pests and diseases. As traditional barriers, such as tariffs, have been reduced, however, the prevalence of non-tariff barriers to trade, particularly in the SPS area, increased. In spite of the WTO Agreement on the Application of SPS Measures, countries are looking increasingly to SPS barriers to protect domestic industries as global trade expands. Unnecessarily restrictive regulations to address the risks to human and animal health (sanitary) and plant health (phytosanitary) are major barriers to the expansion of global agricultural trade. FAS works to improve market access for U.S. agricultural products and reduce the harm to the industry resulting from sanitary, phytosanitary, and technical regulations, by monitoring and enforcing international SPS rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards.

While FAS does not generally negotiate new SPS commitments in the texts of new trade agreements, these commitments do provide the incentive for our trading partners to more quickly bring problematic SPS measures into line with international standards.

FAS Agricultural Counselors, Attachés, and Officers, covering over 150 countries, report routinely on SPS and technical regulations in foreign countries and work to resolve market access issues relating to these measures.

Selected Past Accomplishments toward Achievement of the Key Outcome: FAS has taken the following actions:

- Fought to gain, maintain, and expand access to foreign markets in the face of unfair trade barriers;
- Given U.S. government policy makers, producer groups, private exporters, and producers the market intelligence they need to develop successful market strategies;
- Facilitated development of and access to markets through technical assistance and capacity building programs;
- Supported commercial sales through credit guarantees and other strategic marketing support; and
- Provided the tools to build markets for U.S. exports.

Commodity analysts and country experts in Washington and around the world provide timely analysis of global trends, which enable policy makers and private exporters to respond promptly to changes in the international market. FAS' unique relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to nimbly respond to such changes. In FY 2009, over 910 U.S. companies participated in 31 FAS-endorsed trade shows, reporting on-site sales totaling $74 million, and projecting estimated 12 month sales of $707 million.

U.S. farm exports also benefit from a wide range of programs and services administered by FAS. The level of agricultural exports of $96.6 billion in FY 2009 translates to roughly 900,000 U.S. jobs. Almost one in every three farm jobs is related to exports. FAS plays a critical role in maintaining and expanding markets for U.S. farm exports. The Grains Council reported their market development programs generated approximately $50 in additional producer income for every dollar invested. Their study concluded that the Council's market development program impact on the U.S. feed grains industry was worth $915.7 million to U.S. farmers in 2008. The Export Credit Guarantee (GSM-102) program has also been particularly important during the recent global economic downturn. During FY 2009, the program facilitated sales of $5.3 billion, the second highest in the program's almost 30 year history. In addition to helping maintain U.S. agricultural exports, the GSM-102 program has also assisted some U.S. commodities to maintain market share. During FY 2009, the program supported over $700 million in feed grain exports to South Korea, keeping U.S. market share at about 85 percent.

Without an active FAS presence throughout the world and particularly in key markets, such as Canada, Mexico, China, Japan, and the EU, U.S. agricultural exports would fall, creating a ripple effect in rural America through lost jobs and reduced farm incomes. FAS continuously monitors threats, such as the potential for new biotechnology and phytosanitary requirements in China that could threaten soybean exports valued at over $7 billion in 2008. More broadly, the effective monitoring and enforcement of existing trade agreements is crucial to ensuring that the benefits of these agreements accrue to rural America. And finally, capacity building programs are also utilized to promote the development of trade-friendly regulatory systems and infrastructure in emerging markets

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level: FAS supports the National Export Initiative, which has the primary goals of increasing economic activity and employment. Agricultural trade is an important generator of output, employment, and income in the U.S. economy. FAS will work with and through U.S. farm groups, state departments of agriculture and SRTGs, agricultural trade and industry organizations, and other USDA agencies to draw on all available expertise to maximize the positive impacts of this initiative.

Policy and negotiation activities as well as market development and credit programs, supported by FAS' global attaché network and market analysis, provide the tools U.S. companies need to enter and compete in new and difficult markets. For example, India is a huge untapped market. Without FAS activities to open up the market and create a level playing field, U.S. companies will not be able to compete with other countries in the Indian market, which totaled $0.5 billion for agricultural trade in 2008 and might ultimately approach the size of the $12 billion market in China.

Key Outcome 1B: U.S. exports of organics and crops produced using new technologies expand.

Long-term Performance Measure:

Performance Measure	2009 Actual	2010 Target	2011 Target
Total volume of U.S. exports of crops (corn, soybeans, cotton) produced using new technologies (Million Metric Tons)	85.3	81.1	87.3

U.S. farmers have widely adopted biotechnology and other crops produced using new technologies because of productivity gains and other benefits. New agricultural crops and products derived through modern technologies are in the pipeline and could appear in the market in the next few years. However, concern about these products, largely attributable to a lack of accurate information about their safety in other countries, as well as opposition to the technology in general, persists in various regions. These concerns and opposition in other countries have led to the proliferation of regulatory barriers to U.S. trade in biotechnology-derived agricultural products as well as other measures that limit the realization of the technology's potential to help meet food, feed, fuel, fiber, as well as other needs of their citizens.

The United States is the world's largest producer of biotechnology crops. Today, almost all of the corn, soybeans, and cotton produced and exported from the United States are derived through biotechnology. The vast bulk of our biotechnology commodity and derived product exports enter commodity streams along with conventional varieties. FAS strives to minimize unwarranted barriers to the export of biotechnology crops that have undergone appropriate safety reviews. Toward this end, FAS seeks to foster international implementation of policies that ensure safe use of the technology, promote dispersion of its benefits, and maintain and expand trade in biotechnology products. FAS also seeks to achieve a broad and durable public appreciation of the importance of agricultural innovation through biotechnology and other new technologies.

Selected Past Accomplishments toward Achievement of the Key Outcome: FAS promotes the acceptance of crops produced using biotechnology and other new technologies and organic standards around the world by:

- Working with U.S. government agencies and private industry to identify and prioritize key constraints;
- Drawing on Attachés covering more than 150 countries and knowledge of negotiations to work with international organizations to develop fair, transparent international standards that will support the use of new technologies;
- Winning timely approvals for new technologies and resolving any trade disruptions related to new technologies, by drawing on relationships with agricultural counterparts in foreign governments;
- Working with developing countries to develop their capacity to effectively regulate and commercialize crops produced using new technologies; and
- Developing educational programs to introduce government officials and other opinion leaders to the benefits of new technologies, alongside the DoS and private industry.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level: FAS will support trade in U.S. agricultural products produced with new technologies, monitor worldwide developments in technologies including their adoption by competitor countries, and promote the use of new technologies in support of food security and competitive agriculture. A proactive stance is critical because the development of diverse regulatory systems for new technologies could bring a virtual halt to trade in some commodities with a potential trade impact reaching billions of dollars.

The following are specific actions that FAS would support:

- Promote exports of genetically engineered agricultural products and exports of other agricultural products derived from new technologies;
- Avoid trade disruptions that would directly impact U.S. farm income or slow adoption of new technologies in the United States and globally;
- Strengthen initiatives that advance common approaches to risk assessment and science based regulations;
- Encourage countries to create organic regulations and standards in line with the CODEX guidelines in order to harmonize requirements for organic products, with a view towards facilitating trade and preventing misleading claims;
- Encourage and track the notification of new and amended standards and regulations through the Technical Barriers to Trade (TBT) Committee of the WTO; and
- Encourage the creation of recognition and equivalence agreements for organic products, through bilateral discussions, to reduce the burden of multiple certifications on U.S. organic producers.

Key Outcome 2A: Food is globally available, accessible, and appropriately used.

HPPG Measure:

Performance Measure	2009 Actual	2010 Target	2011 Target
Number of food secure provinces in Afghanistan	10	10	14

FAS efforts support implementation of the President's strategies for Afghanistan by providing technical experts who serve as advisors to key government ministries and serve on civilian-military units that work with farmers and local agricultural officials. These technical experts are essential for stabilizing strategic areas of the country, building government capacity, ensuring the successful management of assistance programs, and addressing food insecurity.

Long-term Performance Measures:

Performance Measure	2009 Actual	2010 Target	2011 Target
Number of women and children assisted under McGovern-Dole (Millions)	4.2	4.5	5.0
Food Aid Targeting Effectiveness (percent)	49%	37%	38%

FAS has significant experience administering aid, technical assistance, capacity building programs, and exchange programs (e.g., McGovern-Dole, Borlaug, and Cochran) that build in-country productivity. The U.S. National Security Strategy (NSS) cites international economic development, defense, and diplomacy as the three pillars of U.S. foreign and national security policy. Food assistance and capacity building have been traditional components of U.S. economic development assistance. FAS administers the Food for Progress and McGovern-Dole International Food for Education and Child Nutrition (FFE) Programs, and the Cochran and Borlaug Fellowship Programs.

The FFE Program has proven to be an effective tool to support the NSS international economic development pillar. The fundamental goal of the FFE program, successor to the Global Food for Education pilot program, is to use food as an incentive to improve education and nutrition. The key objectives of the FFE program are to reduce hunger and improve literacy and primary education, with a focus on girls. By providing school meals, teacher training, and related support, FFE projects help boost school enrollment and academic performance. The FFE program also provides nutrition programs for pregnant women, nursing mothers, infants, and preschool youngsters to sustain and improve the health and learning capacity of children before they enter school.

The U.S. government, through McGovern-Dole, provides 10 percent of the World Food Program's School Feeding Program budget. For many of those children, that is the only meal they consume each day. McGovern-Dole particularly benefits girls; enrollment, attendance, and retention rates for girls would drop drastically if funding was cut, as reflected in the increase in those rates when school feeding programs are introduced. When girls go to school, it has lasting, ripple impacts - additional socio-economic gains that benefit entire societies, such as increased economic productivity, higher family incomes, delayed marriages, and improved health and survival rates for infants and children. In fact, "educating girls quite possibly yields a higher rate of return than any other investment available in the developing world" (UNESCO 2007). Without the incentive of a free school lunch, many of these girls would be kept home, creating a downward pull on their countries' development.

Cochran and Borlaug programs annually fund about 700 participants from over 75 countries who are trained and will influence decisions that result in expanded trade or support science-based practices and policies. For example, Cochran participants attend high-profile events such as the World Dairy Expo and the Produce Marketing Association Fresh Summit or undertake training in integrated pest management, SPS, food safety, biotechnology, or post harvest losses. Borlaug participants conduct research in areas critical to support the competitive production of safe food supplies. Over 13,400 participants have been trained under Cochran from 121 countries. Since 2004, over 360 fellows have been trained under Borlaug from 49 countries.

<u>Selected Past Accomplishments toward Achievement of the Key Outcome</u>: FAS is the link that enables the United States to share both its food resources and its technical expertise with those in need. Our global network of agricultural Attachés and locally engaged staff provide first-hand information on foreign agricultural markets, crop conditions, and political dynamics, an institutional knowledge of host countries and long-term relationships with foreign stakeholders. We have significant experience administering aid, technical assistance, capacity building programs, and exchange programs (e.g., McGovern-Dole International Food for Education and Child Nutrition Program, Norman Borlaug International Science and Technology Fellowship Program, and Cochran Fellowship Program) that build in-country productivity. FAS also manages USDA's component of the Civilian Response Corps and the deployment of USDA experts abroad to assist in developing competitive food systems in countries which are of high priority for meeting U.S. national security and food security objectives. These capabilities complement USAID capabilities and the overall policy lead of the DoS.

Under the 2009 McGovern-Dole program, success is exemplified in Mali and Guatemala. In Mali, 28 percent of the total population is undernourished, and 69 percent is illiterate. USDA began a three year program with Catholic Relief Services (CRS) to enhance the welfare of targeted communities by improving access to food, health, and education. CRS has directly impacted the lives of over 45,000 students, teachers, and school canteen cooks through daily meals, de-worming medications, and vitamin A medications. School enrollment has increased by 8 percent and the number of girls enrolled has increased by 11 percent since the start of the program. In Guatemala, nearly 50 percent of the population lives near sustenance levels. Since 2005, USDA has worked with SHARE Guatemala to provide over 65 million daily food rations and 144,000 take-home rations, and administer micronutrients and de-worming medicines to children, women, and school personnel. As a result, school enrollment in targeted communities and attendance for both boys and girls have increased an average of 4 percent annually, and children promoted to the next grade level increased from 76.8 percent to 81.8 percent. Moreover, those enrolled in a given year who continue enrollment in the next year, regardless of promotion, increased by 6 percent.

About 700 participants from over 75 countries annually receive funding from Cochran and Borlaug programs. Once trained, they will be in a position to influence decisions that expand trade opportunities and support science-based practices and policies. Since 2004, over 360 fellows from 49 countries have been trained under the Borlaug Fellows program. Borlaug Fellows conduct research in areas critical to support the competitive production of safe food supplies. Over 13,400 participants from 121 countries have been trained under the Cochran program. Cochran participants attend high-profile events such as the World Dairy Expo and the Produce Marketing Association Fresh Summit, and undertake training in integrated pest management, sanitary and phytosanitary policy, food safety, biotechnology, and limiting post harvest losses.

Through training programs, Cochran has achieved successes in trade capacity building, which is another important component of food security. Cochran has contributed to increased market access opportunities for U.S. agricultural exports.

These opportunities include the following:

- Colombia updated its biotechnology labeling requirements for consistency with U.S. standards;
- Jamaica changed its position to support U.S. policies and initiatives at the April 2009 Codex Committee on Pesticide Residues meeting;
- USDA's resolution of meat and poultry trade issues with the Philippines resulted in a tripling of exports;
- Ukraine lifted its ban on pork imports, which will allow an estimated $24 million dollars in U.S. exports during 2009; and
- Cochran training for the heads of Plant Quarantine Services in Kenya, Uganda, and Tanzania enabled them to initiate harmonization of phytosanitary services in the three east African countries, which is now at the approval stage for the Council of Ministers.

FAS programs also support U.S. national security:

- Without capacity building efforts to improve food safety, global food supplies could be threatened;
- Without government-to-government capacity building efforts, there is higher risk for the spread of animal diseases, such as BSE and Avian Influenza, and plant diseases, such as UG99 wheat stem rust;
- Without trade capacity building programs, global food security goals will not be met, and countries will not be able to generate income through trade; and
- In addition to FAS food security work done through appropriated funds, FAS also performs capacity building programs under reimbursable agreements with DoS and USAID.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level: Technical assistance and capacity building will be provided through training programs in the United States and in foreign countries, specifically through the Cochran Fellowship Program, the Norman E. Borlaug International Agricultural Science and Technology Fellows Program, and the Faculty Exchange Programs. Since 2004, over 360 fellows have been trained under Borlaug from 49 countries. Over 13,400 participants have been trained under Cochran from 121 countries. FAS desires to continue expanding the good will and influence of that cadre of alumni.

Key Outcome 2B: Climate change provisions in international agreements benefit U.S. agriculture.

Long-term Performance Measure:

Performance Measure	2009 Actual	2010 Target	2011 Target
Number of reports providing timely analysis of the impact on agriculture of global climate change and international policies, legislation, and activities	2	15	30

One key to maintaining America's competitive edge in international markets is a level playing field that ensures that international treatment of climate change obligations and adherence to U.S. domestic climate change requirements are met.

Careful monitoring and analysis of international climate change policies, legislation, and activities ensures that U.S. agriculture receives the full benefit of international agreements and trade rules. FAS provides a global monitoring system for U.S. agricultural trade through its overseas offices. Agricultural Counselors, Attachés, and Officers covering over 150 countries are often the first to hear about issues of concern to U.S. agricultural interests.

Anticipated U.S legislation could provide for both import charges on products from countries with no greenhouse gas emission restrictions (beginning in 2020) and compensation to U.S. industries which may be vulnerable to import competition. This domestic legislation, coupled with an international treaty on climate change that establishes a new multilateral system where all significant contributors to global warming commit to specific actions, necessitates that Agricultural Counselors and Attachés play a critical role in providing analysis, information, and representation in international climate change activities, discussions, and negotiations.

Selected Past Accomplishments toward Achievement of the Key Outcome: Beginning in June 2009, at the request of the USDA Office of the Chief Economist, FAS began providing a negotiator for the agriculture discussions under the UN Framework Convention on Climate Change. FAS staff overseas has provided limited reporting on climate change and the impact on agriculture of new policies to mitigate climate change in other countries.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level: FAS will continue to support the Department and U.S. agriculture by serving at international negotiations. U.S. agriculture needs a voice as international climate change rules are made and implemented. The potential benefit of supportive, trade-friendly climate change rules to U.S. producers could easily be tens of billions of dollars and thousands of jobs. If export markets are lost, U.S. farm prices and farm income will fall. FAS will continue to provide the intelligence and analysis needed to support climate change negotiations and U.S. government policy decisions.

Strategic Goal Funding Matrix
(On basis of appropriation)
($000)

	2009 Actual		2010 Estimated			2011 Estimated	
USDA Strategic Goal	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
Agricultural Exports	$111,811	496	$122,672	533	+$59,283	$181,955	533
USDA Strategic Goal							
Climate Change	$2,705	12	$2,929	12	+$143	$3,072	12
USDA Strategic Goal							
Food Security	$34,490	153	$37,825	173	+$17,946	$55,771	173
New Technologies	$21,415	95	$23,406	101	+$1,101	$24,507	101
Total, Goal 3	$55,905	248	$61,231	274	+$19,047	$80,278	274
Total, Available	$170,421	756	$186,832	819	+$78,413	$265,305	819

FOREIGN AGRICULTURAL SERVICE

Summary of Budget and Performance
Key Performance Outcomes and Measures

USDA Strategic Goal: USDA will assist rural communities to create wealth so they are self sustaining, repopulating, and economically thriving.
Agency Goal 1: U.S. farmers, ranchers, and agricultural industry maintain and expand exports.

Key Outcome: Exports help U.S. agriculture prosper.

Key Performance Measures:
- Dollar value of agricultural trade preserved annually through trade agreement negotiation, monitoring, and enforcement.
- Value of trade preserved through USDA staff intervention leading to resolutions of barriers created by SPS (sanitary/phytosanitary) or TBT (technical barriers to trade) measures.

Key Performance Targets:

Performance Measures	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
--Dollar value of agricultural trade preserved through trade agreement negotiation, monitoring, and enforcement ($ Billions)	$0.01	$0.67	$0.48	$0.37	$0.50	$0.53
--Value of trade preserved through USDA staff intervention leading to resolutions of barriers created by SPS or TBT measures ($ Billions)	$2.6	$2.5	$7.3	$9.5	$3.6 [1/]	$4.0 [1/]

[1/] The methodology for this measure was revised to incorporate actual values of trade resulting from staff interventions. Previous measurements were based on estimated values of trade. Measuring the actual value of trade flows will significantly improve the accuracy of the measure.

HPPG Measure:

Performance Measure	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
Number of major markets where non-tariff trade barriers were reduced	n/a	n/a	n/a	n/a	n/a	5
Value of U.S. agricultural exports ($ Billions)	68.6	82.2	115.3	96.6	98.0	100.0

USDA Strategic Goal: USDA will help America promote competitive agricultural production and biotechnology exports as America works to increase food security.
Agency Goal 1: U.S. farmers, ranchers, and agricultural industry maintain and expand exports.

Key Outcome: U.S. exports of organics and crops produced using new technologies expand.

Key Performance Measure: Total volume of U.S. exports of crops (corn, soybeans, cotton) produced using new technologies (Million Metric Tons)

Key Performance Target:

Performance Measures	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
--Total volume of U.S. exports of crops (corn, soybeans, cotton) produced using new technologies (Million Metric Tons)	96.4	84.3	90.0	85.3	81.1	87.3

Agency Goal 2: U.S. agriculture's resources support food and national security policies.

Key Outcome: Food is globally available, accessible, and appropriately used.

Key Performance Measures:

- Number of women and children assisted under the McGovern-Dole International Food for Education and Child Nutrition Program.
- Food Aid Targeting Effectiveness Ratio

Key Performance Target:

Performance Measures	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
--Number of women and children assisted under McGovern-Dole (Millions)	3.3	3.2	3.0	4.2	4.5	5.0
--Food Aid Targeting Effectiveness (percent)	30-35%	30-35%	57%	49%	37%	38%

HPPG Measure:

Performance Measure	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
--The number of food secure provinces in Afghanistan	n/a	n/a	10	10	10	14

USDA Strategic Goal: USDA will ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.
Agency Goal 2: U.S. agriculture's resources support food and national security policies

Key Outcome: Climate change provisions in international agreements benefit U.S. agriculture.

Key Performance Measure: Number of reports providing timely analysis of the impact on agriculture of global climate change and international policies, legislation, and activities.

Key Performance Target:

Performance Measure	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
--Number of reports providing timely analysis of the impact on agriculture of global climate change and international policies, legislation, and activities	n/a	n/a	1	2	15	30

FOREIGN AGRICULTURAL SERVICE

Full Cost by Agency Strategic Goal

Agency Goal 1: U.S. farmers, ranchers, and agricultural industry maintain and expand exports.

PROGRAM	PROGRAM ITEMS	2009 AMOUNT ($000)	2010 AMOUNT ($000)	2011 AMOUNT ($000)
Agricultural Exports				
	DISCRETIONARY PROGRAM			
	Salaries and Expenses:			
	Direct Costs	76,904	84,374	95,229
	Indirect Costs	34,907	38,298	43,226
	Technical Assistance for Specialty Crops Program	0	0	9,000
	Foreign Market Development Cooperator Program	0	0	34,500
	Subtotal	111,811	122,672	181,955
	MANDATORY PROGRAM (CCC Funded)			
	Market Access Program	200,000	200,000	160,000
	Technical Assistance for Specialty Crops Program	5,116	8,000	9,000
	Emerging Markets Program	8,994	10,000	10,000
	Foreign Market Development Cooperator Program	34,500	34,500	34,500
	Dairy Export Incentive Program	18,994	10,000	0
	Export Credit Guarantee Program	5,357,000	5,400,000	5,400,000
	Quality Samples Program	2,027	2,500	2,500
	Trade Adjustment Assistance for Farmers Program	25,000	90,000	22,500
	Subtotal	5,651,631	5,755,000	5,638,500
	Total Costs	5,763,442	5,877,672	5,820,455
	FTE's	496	533	533
	HPPG Performance Measures:			
	--Number of major markets where non-tariff trade barriers were reduced.	N/A	N/A	5
	--Value of U.S. agricultural exports.	96.6	98.0	100.0
	Non-HPPG Performance Measures:			
	--Dollar value of agricultural trade preserved through trade agreement negotiation, monitoring, and enforcement (Non-SPS). ($Billions)	0.37	0.5	0.53
	--Value of trade preserved through USDA staff intervention leading to resolutions of barriers created by SPS or TBT measures. ($Billions)	9.5	3.6	4.0

Agency Goal 1: U.S. farmers, ranchers, and agricultural industry maintain and expand exports.

PROGRAM	PROGRAM ITEMS	2009 AMOUNT ($000)	2010 AMOUNT ($000)	2011 AMOUNT ($000)
New Technologies				
	DISCRETIONARY PROGRAM			
	Salaries and Expenses:			
	Direct Costs	14,729	16,099	16,861
	Indirect Costs	6,686	7,307	7,646
	Total	21,415	23,406	24,507
	FTE's	95	101	101
	Non-HPPG Performance Measure:			
	--Total Volume of U.S. exports of crops (corn, soybeans, cotton) produced using new technologies. (Million Metric Tons)	85.3	81.1	87.3

FOREIGN AGRICULTURAL SERVICE

Full Cost by Department Strategic Objective

Agency Goal 2: U.S. agriculture's resources support food and national security policies.

PROGRAM	PROGRAM ITEMS	2009 AMOUNT ($000)	2010 AMOUNT ($000)	2011 AMOUNT ($000)
Food Security				
	DISCRETIONARY PROGRAM			
	Salaries and Expenses:			
	Direct Costs	23,722	26,016	28,317
	Indirect Costs	10,768	11,809	12,854
	Agricultural Reconstruction and Stabilization Activities	0	0	14,600
	Subtotal	34,490	37,825	55,771
	Programs:			
	McGovern-Dole International Food for Education and Child Nutrition Program	85,000	209,500	209,500
	Subtotal	85,000	209,500	209,500
	Total, Discretionary Costs	119,490	247,325	265,271
	MANDATORY PROGRAM (CCC Funded)			
	Food for Progress	215,804	150,396	145,943
	McGovern-Dole	84,000	0	0
	Pilot Program for Local and Regional Food Aid	4,750	25,000	25,000
	Total, Mandatory Program Costs	304,554	175,396	170,943
	Total, Discretionary and Mandatory Costs	424,044	422,721	436,214
	FTE's	153	173	173
	HPPG Performance Measure:			
	--Increase in the number of provinces in Afghanistan in which women and children are food secure from 10 to14, ensuring food security for 41% of the country in support of the President's Afghanistan and Pakistan strategy.	10	10	14
	Non-HPPG Performance Measure:			
	--Number of women and children assisted under McGovern-Dole. (Millions)	4.2	4.5	5.0
	--Food Aid Targeting Effectiveness (percent)	49%	37%	38%

Agency Goal 2: U.S. agriculture's resources support food and national security policies.

PROGRAM	PROGRAM ITEMS	2009 AMOUNT ($000)	2010 AMOUNT ($000)	2011 AMOUNT ($000)
Climate Change				
	DISCRETIONARY PROGRAM			
	Salaries and Expenses:			
	Direct Costs	1,860	2,015	2,113
	Indirect Costs	845	914	959
	Total	2,705	2,929	3,072
	FTE's	12	12	12
	Non-HPPG Performance Measure:			
	--Number of reports providing timely analysis of the impact on agriculture of global climate change and international policies, legislation, and activities.	2	15	30

PUBLIC LAW 480

PURPOSE STATEMENT

Under programs authorized by the Food for Peace Act (P. L. 480), as amended, U.S. agricultural commodities are exported to developing countries as food assistance. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale is targeted to the neediest people of that country and is made available through channels other than the government.

Facilities and funds of the Commodity Credit Corporation (CCC) are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes making appropriations to cover costs of such programs. When funds for Title I ocean freight differential and Title II become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is carried forward for use in future years.

The following activities are carried out under P.L. 480, as amended:

1. <u>P.L. 480 Title I- Financing sales of agricultural commodities to developing countries or private entities for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended</u>.

All sales of commodities are made pursuant to agreements concluded under Title I authority, using funds appropriated for P.L. 480. Title I agreements are intended to encourage economic development in recipient countries.

P.L. 480 Title I sales are made to developing countries as defined in section 402(5) of P.L. 480 and must not displace expected commercial sales (sections 403(e) and (h)). Agreements with private entities as well as foreign governments are authorized (sections 101-102).

Repayments for agricultural commodities sold under Title I, with interest at a concessional rate as determined by the Secretary, may be made either in U.S. dollars or in local currencies on credit terms up to 30 years, with a grace period of up to five years. Interest is charged from the date of last delivery in each calendar year. Payments received under fiscal year 1992 and subsequent agreements are deposited in a financing account for use by the U.S. Treasury to offset U.S. Government outlays.

Under the Food for Progress Act of 1985, CCC may provide agricultural commodities on a grant basis or may finance the sale and exportation of agricultural commodities on credit terms to support developing countries and countries that are emerging democracies and have made commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as specified for commodities supplied under Title II.

For most sales agreements under Title I, CCC will pay ocean freight charges only to the extent of the difference between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Merchant Marine Act. This difference in rates is known as the ocean freight differential. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S. food aid will reach the neediest recipients.

Section 411 of P.L. 480 authorizes the President to waive payments of principal and interest under dollar credit sales agreements for countries which are least developed and either (1) have an International Monetary Fund standby agreement or a structural adjustment program of the International Bank for Reconstruction and Development in effect; or (2) do not have an agreement in effect but are pursuing a policy to promote democratic, market-oriented and long-term economic development. If such authority is used to waive payments, no new Title I assistance may be provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress.

2. P.L. 480 Title II- Commodities supplied in connection with dispositions abroad. Commodities are supplied without cost to developing countries to combat malnutrition, to foster sustainable development, to meet famine and other emergency requirements, to promote sound environmental practices and to support donation activities of The World Food Program. CCC pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal storage and distribution costs in emergency situations.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

Title II is administered by the U.S. Agency for International Development (USAID). Local commodity distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by the World Food Program of the United Nations. Funding for administrative, management and personnel support and internal transportation and distribution costs of sponsoring agencies are authorized to be not less than 7.5 percent nor more than 13 percent of the annual Title II program level.

3. Technical assistance to developing countries, middle-income countries, and emerging markets to increase farm production and farmer incomes (Farmer-to-Farmer). The Farmer-to-Farmer program, authorized by Title V of P.L. 480, provides farmer-to-farmer assistance between the United States and eligible countries. This assistance is intended to increase food production and distribution, and improve the effectiveness of farming and marketing operations of farmers.

Administered by USAID, the program utilizes U.S. farmers, agriculturalists, land grant universities, private agribusinesses, and nonprofit farm organizations to work in conjunction with farmers and farm organizations in eligible countries, on a voluntary basis, to facilitate the improvement of farm and agribusiness operations and agricultural systems in such countries.

Not less than the greater of $10 million or 0.5 percent of the amounts made available for P.L. 480 is used to fund the Farmer-to-Farmer program. Funds available for this program may be augmented through the use of local currencies accrued from the sale of agricultural commodities under P.L. 480 and from local currencies generated from other types of foreign assistance activities within the country where the program is being conducted.

FOREIGN AGRICULTURAL SERVICE
Public Law 480
Available Funds
2009 Actual and Estimated 2010 and 2011

Item	Actual 2009 Amount	Estimated 2010 Amount	Estimated 2011 Amount
Title I Program Account:			
Unobligated balance carried forward start of year	$46,494,219	$18,733,000	0
Transfer from Title I OFD Account	0	15,000,000	0
Unobligated balance carried forward end of year	-18,733,000	0	0
Total Title I Subsidy and Grants	27,761,219	33,733,000	0
Appropriation -- Administrative Expenses	2,736,000	2,812,000	$2,846,000
Total Title I Administrative Expenses	2,736,000	2,812,000	2,846,000
Title I Ocean Freight Differential Grants:			
Unobligated balance carried forward start of year	19,097,895	17,171,719	0
Transfer to Title I Program Account	0	-15,000,000	0
Unobligated balance carried forward end of year	-17,171,719	0	0
Maritime Administration Reimbursements	229,402	0	0
Total Title I Ocean Freight Differential	2,155,578	2,171,719	0
Total Title I	32,652,797	38,716,719	2,846,000
Title II Grants:			
Appropriation	2,320,900,000	1,690,000,000	1,690,000,000
Unobligated Balance carried forward start of year	172,964,817	258,038,212	258,038,212
Unobligated Balance carried forward end of year	-258,038,212	-258,038,212	-258,038,212
Recoveries	4,647,041	0	0
Maritime Administration Reimbursements	63,599,966	83,000,000	122,000,000
Total Title II Grants	2,304,073,612	1,773,000,000	1,812,000,000
Total P.L. 480	2,336,726,409	1,811,716,719	1,814,846,000

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for P.L. 480 as follows (new language underscored; deleted matter enclosed in brackets):

Food For Peace Title I Direct Credit And Food For Progress Program Account
(Including Transfers Of Funds)

For administrative expenses to carry out the credit program of title I, Food for Peace Act
(Public Law 83-480) and the Food for Progress Act of 1985, [$2,812,000]$2,846,000, [to]
1 which shall be [transferred to and merged with] paid to the appropriation for "Farm
Service Agency, Salaries and Expenses": *Provided*, That funds made available for the cost
of agreements under title I of the Agricultural Trade Development and Assistance Act of
1954 and for title I ocean freight differential may be used interchangeably between the
two accounts with prior notice to the Committees on Appropriations of both Houses of
Congress.

Food for Peace Title II Grants

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered
prior years' costs, including interest thereon, under the Food for Peace Act (Public Law
83-480, as amended), for commodities supplied in connection with dispositions abroad
2 under title II of [such] said Act, including up to $6,500,000 for costs for services
provided by the Farm Service Agency, which shall be available in addition to other funds
available for such purpose, $1,690,000,000, to remain available until expended.

The first change clarifies the appropriation language for the reimbursement of the FSA Salaries and Expenses account for work to administer Title I direct credit program.

The second change allows the Title II program to reimburse the Farm Service Agency for certain of the agency's costs in providing services related to the Title II program such as commodity procurement, budget and financial management.

FOREIGN AGRICULTURAL SERVICE
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Title I Program Account

Appropriation Act, 2010	$2,812,000
Budget Estimate, 2011	2,846,000
Increase in Appropriation	+34,000

Title II Grants

Appropriation Act, 2010	$1,690,000,000
Budget Estimate, 2011	1,690,000,000
Increase in Appropriation	0

Total PL 480

Appropriation Act, 2010	$1,692,812,000
Budget Estimate, 2011	1,692,846,000
Increase in Appropriation	+34,000

Summary of Increases and Decreases
(On basis of appropriation)

Item of Change	2010 Estimated	Pay Costs	Program Changes	2011 Estimated
Title I Administrative Expense	$2,812,000	$34,000	0	$2,846,000
Title II Grants	1,690,000,000	0	0	1,690,000,000
Total Available	1,692,812,000	34,000	0	1,692,846,000

FOREIGN AGRICULTURAL SERVICE
PUBLIC LAW 480

Project Statement by Program
(On basis of appropriation)

	2009 Actual Amount	2010 Estimated Amount	Increase or Decrease		2011 Estimated Amount
PL 480 Title I Administrative Expenses	$2,736,000	$2,812,000	+$34,000	(1)	$2,846,000
PL 480 Title II Donations	2,320,900,000	1,690,000,000	0		1,690,000,000
Total Available or Estimate	2,323,636,000	1,692,812,000	34,000		1,692,846,000

Project Statement by Program
(On basis of available funds)

	2009 Actual Amount	2010 Estimated Amount	Increase or Decrease	2011 Estimated Amount
Title I Food for Progress				
Title I Food for Progress Grants	$27,761,219	$33,733,000	-$33,733,000	0
PL 480 Title I Ocean Freight Differential	2,155,578	2,171,719	-2,171,719	0
Title I Administrative Expenses	2,736,000	2,812,000	+34,000	$2,846,000
Total Title I	32,652,797	38,716,719	-35,870,719	2,846,000
PL 480 Title II Donations	2,304,073,612 a/	1,773,000,000	39,000,000	1,812,000,000
Total	2,336,726,409	1,811,716,719	3,129,281	1,814,846,000

a/ Includes MARAD reimbursements, and recoveries of prior year obligations.

Justification of Increases

(1) An increase of $34,000 for Title I ($2,812,000 available in FY 2010).
This increase reflects pay cost increases.

FOREIGN AGRICULTURAL SERVICE
PUBLIC LAW 480

Classification by Objects
2009 Actual and Estimated 2010 and 2011

Object Class		2009	2010	2011
Title I				
25.3	Purchases of goods and services	$2,736,000	$2,812,000	$2,846,000
41.0	Grants, subsidies and contributions	29,916,797	35,904,719	0
	Total Title I	32,652,797	38,716,719	2,846,000
Title II				
41.0	Grants, subsidies and contributions	2,304,073,612	1,773,000,000	1,812,000,000
	Total Direct Obligations	2,336,726,409	1,811,716,719	1,814,846,000

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Commodity Credit Corporation Export Loans Program Account (Including Transfers of Funds)

For administrative expenses to carry out the Commodity Credit Corporation's export guarantee
program, GSM 102 and GSM 103, [$6,820,000]$6,884,000; to cover common overhead expenses as
permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the
Federal Credit Reform Act of 1990, of which [$6,465,000]$6,525,000 shall be [transferred to and
1 merged with] paid to the appropriation for "Foreign Agricultural Service, Salaries and Expenses", and
of which [$355,000]$359,000 shall be [transferred to and merged with] paid to the appropriation for
"Farm Service Agency, Salaries and Expenses".

The change clarifies the appropriation language for the reimbursement of the Foreign Agricultural Service and Farm Service Agency Salaries and Expenses accounts for work to administer the Commodity Credit Corporation Export Credit Guarantee Programs.

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS

	Guaranteed Loan Level	Subsidy	Administrative Expenses
Appropriations Act, 2010	$5,500,000,000	$11,130,000	$6,820,000
Budget Estimate, 2011	5,500,000,000	18,480,000	6,884,000
Change in Appropriation	0	7,350,000	64,000

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	FY 2010 Estimated	Pay Costs	Program Changes	FY 2011 Estimated
Subsidy Costs				
GSM-102	0	0	0	0
Facilities Guarantees	$11,130,000	0	$7,350,000	$18,480,000
Total Subsidy Costs	11,130,000	0	7,350,000	18,480,000
Administrative Expenses:				
FSA	355,000	4,000	0	359,000
FAS	6,465,000	60,000	0	6,525,000
Total Administrative Expenses	6,820,000	64,000	0	6,884,000
Total Available	17,950,000	64,000	7,350,000	25,364,000

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS
Project Statement
(On basis of appropriation)

	2009 Actual	2010 Estimated	Increase or Decrease		2011 Estimated
Guaranteed Credit Level					
GSM-102	$5,357,000,000	$5,400,000,000	0		$5,400,000,000
Facilities	0	100,000,000	0		100,000,000
Total Guaranteed Credit Level	5,357,000,000	5,500,000,000	0		5,500,000,000
Subsidy					
GSM-102	40,000,000	0	0		0
Facilities	0	11,130,000	$7,350,000		18,480,000
Total Guaranteed Subsidy Cost	40,000,000	11,130,000	7,350,000	(1)	18,480,000
Administrative Expenses	5,333,000	6,820,000	64,000	(2)	6,884,000
Total, Appropriation	45,333,000	17,950,000	7,414,000		25,364,000

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS
Project Statement
(On basis of available funds)

	2009 Actual	2010 Estimated	Increase or Decrease		2011 Estimated
Guaranteed Credit Level					
GSM-102	$5,357,000,000	$5,400,000,000	0		$5,400,000,000
Facilities	0	100,000,000	0		100,000,000
Total Guaranteed Credit Level	5,357,000,000	5,500,000,000	0		5,500,000,000
Subsidy					
GSM-102	29,834,337	0	0		0
Facilities	0	11,130,000	$7,350,000		18,480,000
Total Guaranteed Subsidy Cost	29,834,337	11,130,000	7,350,000	(1)	18,480,000
Administrative Expenses	5,333,000	6,820,000	64,000	(2)	6,884,000
Total, Appropriation	35,167,337	17,950,000	7,414,000		25,364,000

Justification of Increases and Decreases

(1) An increase of $7,350,000 in estimated subsidy ($11,130,000 available in 2010).
The increase is due to a change in the International Credit Risk Assessment System default assumptions.

(2) An increase of $64,000 in Administrative Expenses
The increase is due to pay costs increases.

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Classification by Objects
2009 Actual and Estimated 2010 and 2011

		2009	2010	2011
25.3	Purchase of goods and services from Government accounts	$5,333,000	$6,820,000	$6,884,000
41.0	Grants, subsidies, and contributions	29,834,337	11,130,000	18,480,000
99.0	Total direct obligations	35,167,337	17,950,000	25,364,000

FOREIGN AGRICULTURAL SERVICE

McGovern-Dole International Food for Education and Child Nutrition Program
Purpose Statement

Section 3107 of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171) authorizes the President to provide U.S. agricultural commodities and financial and technical assistance for (a) preschool and school food for education programs in foreign countries to improve food security, reduce hunger, and improve literacy and (b) for maternal, infant and child nutrition programs for pregnant women, nursing mothers, and infants and children. The statute authorizes appropriations for each of fiscal years 2008 through 2012. It also authorizes the Food and Nutrition Service to provide technical advice on the establishment of programs and on implementation of the programs in the field in recipient countries.

Available Funds
2009 Actual and Estimated 2010 and 2011

Item	Actual 2009 Amount	Estimated 2010 Amount	Estimated 2011 Amount
McGovern-Dole Program.................	$85,000,000	$224,500,000	$209,500,000
Unobligated balance brought forward from prior years..................	0	-15,000,000	0
Unobligated balance carried forward to next year.........................	15,000,000	0	0
Total Available or Estimate, McGovern-Dole Program..............	100,000,000	209,500,000	209,500,000
Obligations under other USDA appropriations:			
Commodity Credit Corporation.....	84,000,000	0	0
Other Federal Funds:			
Maritime Administration (MARAD)	6,073,235	7,400,000	8,900,000
Total, McGovern-Dole Program	190,073,235	216,900,000	218,400,000

Foreign Agricultural Service

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

McGovern-Dole International Food For Education And Child Nutrition Program Grants

For necessary expenses to carry out the provisions of section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o-1), $209,500,000, to remain available until expended: *Provided,* [That of this amount, the Secretary shall use $10,000,000 to conduct pilot projects to field test new and improved micronutrient fortified food products designed to meet energy and nutrient needs of program participants: *Provided further,*] That the Commodity Credit Corporation is authorized to provide the services, facilities, and authorities for the purpose of implementing such section, subject to reimbursement from amounts provided herein.

FOREIGN AGRICULTURAL SERVICE

McGovern-Dole International Food for Education
and Child Nutrition Program

Appropriations Act, 2010	$209,500,000
Budget Estimate, 2011	209,500,000
Increase in Appropriations	0

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	2010 Estimated	Program Changes	2011 Estimated
McGovern-Dole Program	$209,500,000	$0	$209,500,000

Project Statement
(On basis of adjusted appropriation)

2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	Increase	2011 Estimated
McGovern-Dole Program	$ 85,000,000	$209,500,000	$0	$209,500,000
Unobligated balance	15,000,000	0	0	0
Total, Available or Estimate	$100,000,000	$209,500,000	0	$209,500,000
Total Appropriation	$100,000,000	$209,500,000		

Classification by Objects
2009 Actual and Estimated 2010 and 2011

Other Objects:	2009	2010	2011
41 Grants	$85,000,000	$209,500,000	$209,500,000
Unobligated balance	15,000,000	0	0
Total Obligations	$100,000,000	$209,500,000	$209,500,000

Geographic Breakdown of Obligations
2009 Actual and Estimated 2010 and 2011

	2009 Amount	2010 Amount	2011 Amount
District of Columbia	$85,000,000	$209,500,000	$209,500,000
Unobligated balance	15,000,000	0	0
Total Obligations	$100,000,000	$209,500,000	$209,500,000

PUBLIC LAW 480

PURPOSE STATEMENT

Under programs authorized by the Food for Peace Act (P. L. 480), as amended, U.S. agricultural commodities are exported to developing countries as food assistance. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale is targeted to the neediest people of that country and is made available through channels other than the government.

Facilities and funds of the Commodity Credit Corporation (CCC) are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes making appropriations to cover costs of such programs. When funds for Title I ocean freight differential and Title II become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is carried forward for use in future years.

The following activities are carried out under P.L. 480, as amended:

1. P.L. 480 Title I- Financing sales of agricultural commodities to developing countries or private entities for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended.

All sales of commodities are made pursuant to agreements concluded under Title I authority, using funds appropriated for P.L. 480. Title I agreements are intended to encourage economic development in recipient countries.

P.L. 480 Title I sales are made to developing countries as defined in section 402(5) of P.L. 480 and must not displace expected commercial sales (sections 403(e) and (h)). Agreements with private entities as well as foreign governments are authorized (sections 101-102).

Repayments for agricultural commodities sold under Title I, with interest at a concessional rate as determined by the Secretary, may be made either in U.S. dollars or in local currencies on credit terms up to 30 years, with a grace period of up to five years. Interest is charged from the date of last delivery in each calendar year. Payments received under fiscal year 1992 and subsequent agreements are deposited in a financing account for use by the U.S. Treasury to offset U.S. Government outlays.

Under the Food for Progress Act of 1985, CCC may provide agricultural commodities on a grant basis or may finance the sale and exportation of agricultural commodities on credit terms to support developing countries and countries that are emerging democracies and have made commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as specified for commodities supplied under Title II.

For most sales agreements under Title I, CCC will pay ocean freight charges only to the extent of the difference between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Merchant Marine Act. This difference in rates is known as the ocean freight differential. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S. food aid will reach the neediest recipients.

Section 411 of P.L. 480 authorizes the President to waive payments of principal and interest under dollar credit sales agreements for countries which are least developed and either (1) have an International Monetary Fund standby agreement or a structural adjustment program of the International Bank for Reconstruction and Development in effect; or (2) do not have an agreement in effect but are pursuing a policy to promote democratic, market-oriented and long-term economic development. If such authority is used to waive payments, no new Title I assistance may be provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress.

2. P.L. 480 Title II- Commodities supplied in connection with dispositions abroad. Commodities are supplied without cost to developing countries to combat malnutrition, to foster sustainable development, to meet famine and other emergency requirements, to promote sound environmental practices and to support donation activities of The World Food Program. CCC pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal storage and distribution costs in emergency situations.

Commodities requested may be furnished from the Corporation’s inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation’s inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

Title II is administered by the U.S. Agency for International Development (USAID). Local commodity distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by the World Food Program of the United Nations. Funding for administrative, management and personnel support and internal transportation and distribution costs of sponsoring agencies are authorized to be not less than 7.5 percent nor more than 13 percent of the annual Title II program level.

3. Technical assistance to developing countries, middle-income countries, and emerging markets to increase farm production and farmer incomes (Farmer-to-Farmer). The Farmer-to-Farmer program, authorized by Title V of P.L. 480, provides farmer-to-farmer assistance between the United States and eligible countries. This assistance is intended to increase food production and distribution, and improve the effectiveness of farming and marketing operations of farmers.

Administered by USAID, the program utilizes U.S. farmers, agriculturalists, land grant universities, private agribusinesses, and nonprofit farm organizations to work in conjunction with farmers and farm organizations in eligible countries, on a voluntary basis, to facilitate the improvement of farm and agribusiness operations and agricultural systems in such countries.

Not less than the greater of $10 million or 0.5 percent of the amounts made available for P.L. 480 is used to fund the Farmer-to-Farmer program. Funds available for this program may be augmented through the use of local currencies accrued from the sale of agricultural commodities under P.L. 480 and from local currencies generated from other types of foreign assistance activities within the country where the program is being conducted.

FOREIGN AGRICULTURAL SERVICE
Public Law 480
Available Funds
2009 Actual and Estimated 2010 and 2011

Item	Actual 2009 Amount	Estimated 2010 Amount	Estimated 2011 Amount
Title I Program Account:			
Unobligated balance carried forward start of year	$46,494,219	$18,733,000	0
Transfer from Title I OFD Account	0	15,000,000	0
Unobligated balance carried forward end of year	-18,733,000	0	0
Total Title I Subsidy and Grants	27,761,219	33,733,000	0
Appropriation -- Administrative Expenses	2,736,000	2,812,000	$2,846,000
Total Title I Administrative Expenses	2,736,000	2,812,000	2,846,000
Title I Ocean Freight Differential Grants:			
Unobligated balance carried forward start of year	19,097,895	17,171,719	0
Transfer to Title I Program Account	0	-15,000,000	0
Unobligated balance carried forward end of year	-17,171,719	0	0
Maritime Administration Reimbursements	229,402	0	0
Total Title I Ocean Freight Differential	2,155,578	2,171,719	0
Total Title I	32,652,797	38,716,719	2,846,000
Title II Grants:			
Appropriation	2,320,900,000	1,690,000,000	1,690,000,000
Unobligated Balance carried forward start of year	172,964,817	258,038,212	258,038,212
Unobligated Balance carried forward end of year	-258,038,212	-258,038,212	-258,038,212
Recoveries	4,647,041	0	0
Maritime Administration Reimbursements	63,599,966	83,000,000	122,000,000
Total Title II Grants	2,304,073,612	1,773,000,000	1,812,000,000
Total P.L. 480	2,336,726,409	1,811,716,719	1,814,846,000

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for P.L. 480 as follows (new language underscored; deleted matter enclosed in brackets):

Food For Peace Title I Direct Credit And Food For Progress Program Account (Including Transfers Of Funds)

For administrative expenses to carry out the credit program of title I, Food for Peace Act
(Public Law 83-480) and the Food for Progress Act of 1985, [$2,812,000]$2,846,000, [to]
1 which shall be [transferred to and merged with] paid to the appropriation for "Farm
Service Agency, Salaries and Expenses": *Provided*, That funds made available for the cost
of agreements under title I of the Agricultural Trade Development and Assistance Act of
1954 and for title I ocean freight differential may be used interchangeably between the
two accounts with prior notice to the Committees on Appropriations of both Houses of
Congress.

Food for Peace Title II Grants

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered
prior years' costs, including interest thereon, under the Food for Peace Act (Public Law
83-480, as amended), for commodities supplied in connection with dispositions abroad
2 under title II of [such] said Act, including up to $6,500,000 for costs for services
provided by the Farm Service Agency, which shall be available in addition to other funds
available for such purpose, $1,690,000,000, to remain available until expended.

The first change clarifies the appropriation language for the reimbursement of the FSA Salaries and Expenses account for work to administer Title I direct credit program.

The second change allows the Title II program to reimburse the Farm Service Agency for certain of the agency's costs in providing services related to the Title II program such as commodity procurement, budget and financial management.

FOREIGN AGRICULTURAL SERVICE
PUBLIC LAW 480

Title I Program Account

Appropriation Act, 2010	$2,812,000
Budget Estimate, 2011	2,846,000
Increase in Appropriation	+34,000

Title II Grants

Appropriation Act, 2010	$1,690,000,000
Budget Estimate, 2011	1,690,000,000
Increase in Appropriation	0

Total PL 480

Appropriation Act, 2010	$1,692,812,000
Budget Estimate, 2011	1,692,846,000
Increase in Appropriation	+34,000

Summary of Increases and Decreases
(On basis of appropriation)

Item of Change	2010 Estimated	Pay Costs	Program Changes	2011 Estimated
Title I Administrative Expense	$2,812,000	$34,000	0	$2,846,000
Title II Grants	1,690,000,000	0	0	1,690,000,000
Total Available	1,692,812,000	34,000	0	1,692,846,000

FOREIGN AGRICULTURAL SERVICE
PUBLIC LAW 480

Project Statement by Program
(On basis of appropriation)

	2009 Actual Amount	2010 Estimated Amount	Increase or Decrease		2011 Estimated Amount
PL 480 Title I Administrative Expenses	$2,736,000	$2,812,000	+$34,000	(1)	$2,846,000
PL 480 Title II Donations	2,320,900,000	1,690,000,000	0		1,690,000,000
Total Available or Estimate	2,323,636,000	1,692,812,000	34,000		1,692,846,000

Project Statement by Program
(On basis of available funds)

	2009 Actual Amount		2010 Estimated Amount	Increase or Decrease	2011 Estimated Amount
Title I Food for Progress					
Title I Food for Progress Grants	$27,761,219		$33,733,000	-$33,733,000	0
PL 480 Title I Ocean Freight Differential	2,155,578		2,171,719	-2,171,719	0
Title I Administrative Expenses	2,736,000		2,812,000	+34,000	$2,846,000
Total Title I	32,652,797		38,716,719	-35,870,719	2,846,000
PL 480 Title II Donations	2,304,073,612	a/	1,773,000,000	39,000,000	1,812,000,000
Total	2,336,726,409		1,811,716,719	3,129,281	1,814,846,000

a/ Includes MARAD reimbursements, and recoveries of prior year obligations.

Justification of Increases

(1) An increase of $34,000 for Title I ($2,812,000 available in FY 2010).
This increase reflects pay cost increases.

FOREIGN AGRICULTURAL SERVICE
PUBLIC LAW 480

Classification by Objects
2009 Actual and Estimated 2010 and 2011

Object Class		2009	2010	2011
Title I				
25.3	Purchases of goods and services	$2,736,000	$2,812,000	$2,846,000
41.0	Grants, subsidies and contributions	29,916,797	35,904,719	0
	Total Title I	32,652,797	38,716,719	2,846,000
Title II				
41.0	Grants, subsidies and contributions	2,304,073,612	1,773,000,000	1,812,000,000
	Total Direct Obligations	2,336,726,409	1,811,716,719	1,814,846,000

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows (new language underscored, deleted matter enclosed in brackets):

Commodity Credit Corporation Export Loans Program Account (Including Transfers of Funds)

For administrative expenses to carry out the Commodity Credit Corporation's export guarantee
program, GSM 102 and GSM 103, [$6,820,000]$6,884,000; to cover common overhead expenses as
permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the
Federal Credit Reform Act of 1990, of which [$6,465,000]$6,525,000 shall be [transferred to and
1 merged with] paid to the appropriation for “Foreign Agricultural Service, Salaries and Expenses”, and
of which [$355,000]$359,000 shall be [transferred to and merged with] paid to the appropriation for
“Farm Service Agency, Salaries and Expenses”.

The change clarifies the appropriation language for the reimbursement of the Foreign Agricultural Service and Farm Service Agency Salaries and Expenses accounts for work to administer the Commodity Credit Corporation Export Credit Guarantee Programs.

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS

	Guaranteed Loan Level	Subsidy	Administrative Expenses
Appropriations Act, 2010……………………….	$5,500,000,000	$11,130,000	$6,820,000
Budget Estimate, 2011…………………………..	5,500,000,000	18,480,000	6,884,000
Change in Appropriation……………………….	0	7,350,000	64,000

Summary of Increases and Decreases
(On basis of adjusted appropriation)

Item of Change	FY 2010 Estimated	Pay Costs	Program Changes	FY 2011 Estimated
Subsidy Costs				
GSM-102 ……………………………………….	0	0	0	0
Facilities Guarantees …………………………	$11,130,000	0	$7,350,000	$18,480,000
Total Subsidy Costs..……………………………	11,130,000	0	7,350,000	18,480,000
Administrative Expenses:				
FSA ……………………………………………	355,000	4,000	0	359,000
FAS ……………………………………………	6,465,000	60,000	0	6,525,000
Total Administrative Expenses …………..……	6,820,000	64,000	0	6,884,000
Total Available ………………………..….	17,950,000	64,000	7,350,000	25,364,000

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS
Project Statement
(On basis of appropriation)

	2009 Actual	2010 Estimated	Increase or Decrease		2011 Estimated
Guaranteed Credit Level					
GSM-102	$5,357,000,000	$5,400,000,000	0		$5,400,000,000
Facilities	0	100,000,000	0		100,000,000
Total Guaranteed Credit Leve	5,357,000,000	5,500,000,000	0		5,500,000,000
Subsidy					
GSM-102	40,000,000	0	0		0
Facilities	0	11,130,000	$7,350,000		18,480,000
Total Guaranteed Subsidy Cost	40,000,000	11,130,000	7,350,000	(1)	18,480,000
Administrative Expenses	5,333,000	6,820,000	64,000	(2)	6,884,000
Total, Appropriation	45,333,000	17,950,000	7,414,000		25,364,000

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS
Project Statement
(On basis of available funds)

	2009 Actual	2010 Estimated	Increase or Decrease		2011 Estimated
Guaranteed Credit Level					
GSM-102	$5,357,000,000	$5,400,000,000	0		$5,400,000,000
Facilities	0	100,000,000	0		100,000,000
Total Guaranteed Credit Leve	5,357,000,000	5,500,000,000	0		5,500,000,000
Subsidy					
GSM-102	29,834,337	0	0		0
Facilities	0	11,130,000	$7,350,000		18,480,000
Total Guaranteed Subsidy Cost	29,834,337	11,130,000	7,350,000	(1)	18,480,000
Administrative Expenses	5,333,000	6,820,000	64,000	(2)	6,884,000
Total, Appropriation	35,167,337	17,950,000	7,414,000		25,364,000

Justification of Increases and Decreases

(1) An increase of $7,350,000 in estimated subsidy ($11,130,000 available in 2010).
The increase is due to a change in the International Credit Risk Assessment System default assumptions.

(2) An increase of $64,000 in Administrative Expenses
The increase is due to pay costs increases.

COMMODITY CREDIT CORPORATION
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Classification by Objects
2009 Actual and Estimated 2010 and 2011

		2009	2010	2011
25.3	Purchase of goods and services from Government accounts	$5,333,000	$6,820,000	$6,884,000
41.0	Grants, subsidies, and contributions	29,834,337	11,130,000	18,480,000
99.0	Total direct obligations	35,167,337	17,950,000	25,364,000