

2013 Explanatory Notes  
Foreign Agricultural Service

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## FOREIGN AGRICULTURAL SERVICE PURPOSE STATEMENT

The Foreign Agricultural Service (FAS) is U.S. agriculture's link to the constantly changing global marketplace. FAS serves as the principal coordinator for international agricultural trade activities within the U.S. Government, drawing on the broad expertise of U.S. agricultural organizations. These groups range from governmental to non-governmental, and from the private sector to the academic and research community. As the Department's coordinator for international activities, FAS helps strengthen food and agricultural systems in developing countries, establishing a foundation for future food and agricultural trade opportunities.

The core mission of FAS is to facilitate trade and international cooperation, which are critical to the economic vitality of the U.S. agricultural sector and the Administration's top economic priority: job creation. Increased economic activity in food and agricultural related sectors of the economy help rural communities build and maintain prosperity. Nowhere is this more evident than in agricultural trade. For every \$1 billion of agricultural exports, an estimated 8,400 jobs are supported and an additional \$1.31 billion in economic activity is generated.<sup>1/</sup> In fact, our strategic goal is to generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation for food and agricultural products over the next 5 years which is based on a projected increase of \$65 billion in U.S. agricultural exports by year-end 2016, over the baseline of \$108.7 billion in 2010. FAS plans to achieve this goal through eight objectives aligned under three core activity pillars: trade promotion, trade policy, and capacity-building/food security.

FAS' trade promotion programs and services provide timely and accurate market information to the U.S. agricultural industry; timely and efficient delivery of market development and export credit guaranteed loan programs; expanded and enhanced partnerships with Small- and Medium-Sized Exporters (SMEs); and increased public awareness of export opportunities through education and outreach efforts. The overarching benefit of FAS' trade promotion programs and services is the expansion of foreign demand for U.S. food and agricultural products, which ultimately creates jobs and income for rural America.

FAS partners with other government agencies and trade associations, as well as regional and international organizations in a coordinated effort to pursue trade liberalization through negotiation of trade agreements; monitoring trade agreement compliance through formal and informal mechanisms; establishing transparent, science-based standards for U.S. agricultural products; and the elimination of trade barriers. The principle benefit of FAS' trade policy work is that it provides a level playing field for U.S. food and agricultural exporters who compete in the international marketplace.

FAS trade capacity building and food security programs and services are aimed at addressing food security challenges by building food and market systems that expand trade and economic growth through food assistance programs. FAS leverages partnerships with other U.S. government agencies, land grant universities, other institutions, and the private sector to conduct technical assistance, training, and adoption of market-based policies in food-insecure nations. The primary benefit of FAS' trade capacity building and food security programs and services is that they lay the groundwork and solidify international relationships for furthering U.S. agriculture's trade interests in developing countries.

<sup>1/</sup> The projected increase in economic activity is based on research performed by the USDA's Economic Research Service (ERS), and procedures established and approved by the Trade Promotion Coordinating Committee (TPCC) and used in preparation of the annual National Export Strategy report submitted to the Congress. (Reference: <http://www.ers.usda.gov/data/trademultiplier/econeffects/2009overview.aspx>)

## Description of Agency Activities:

### **Trade Promotion**

A substantial portion of U.S. agricultural cash receipts comes from export sales, making the vitality of rural America dependent on international trade. FAS 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 respond to such changes in the international market place for food and agricultural exports. FAS programs that contribute to food and agricultural exports include: Market Access Program (MAP), Foreign Market Development Program (FMD), Technical Assistance for Specialty Crops Program (TASC), Emerging Markets Program (EMP), Quality Samples Program (QSP), and Export Credit Guarantee Program (GSM-102).

### **Trade Policy**

FAS works to 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 and also adds jobs and income to allied sectors such as storage, transportation, and insurance. FAS also promotes the acceptance of crops produced using biotechnology and other new technologies and organic standards around the world. The Agency draws on headquarters staff and attachés covering more than 160 countries to negotiate with foreign governments and work with international organizations to develop fair, transparent international standards that will support the use of these technologies. An estimated 60-80 percent of U.S. processed food products contain biotechnological ingredients which could be negatively affected by restrictive labeling measures, testing requirements, and/or outright bans. Exports of these crops and other foods produced or processed using modern biotechnology form the core of U.S. agricultural exports that totaled \$137.4 billion in 2011.

FAS will continue monitoring and enforcing international Sanitary and Phyto-Sanitary (SPS) rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards, in the trade policy arena.

### **Capacity Building/Food Security**

FAS is the link that enables the U.S. to share both its food resources and its technical expertise with those in need. 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 deploys 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 and Child Nutrition 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 U.S. Agency for International Development (USAID) capabilities and the overall policy lead of the Department of State (DoS). FAS' ongoing effort to improve internal operational processes will enable the Agency to continue to conduct in-country trade capacity building, research, and technical training with prospective future trading partner countries. These base resources allow FAS to play the lead role in coordinating the linkage of agricultural expertise to U.S. international development activities, ensuring alignment with U.S. trade and foreign affairs policies, as well as the national security strategy.

FAS' capacity building and food security activities help in the U.S. Government's agricultural reconstruction and stabilization activities. FAS' capacity building and food security activities lay the groundwork for furthering U.S. agriculture's trade interests in developing countries. This request will be used specifically for agricultural reconstruction and stabilization activities in Afghanistan and other countries. The agency provides administrative resources relating to in-country trade capacity-building, research, technical training, and food assistance activities targeted at developing economies with promising market potential in a more cost-efficient and effective manner.

Headquarters: FAS's headquarters is located in Washington, D.C. In addition to a highly specialized Washington-based staff, the agency maintains a targeted and highly efficient network of 98 offices providing coverage in 163

countries 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, 2011, FAS had 778 in permanent full-time employment, which included 598 in headquarters and 180 in field locations.

#### LEGISLATIVE AND DEPARTMENTAL AUTHORITIES

FAS 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 attachés from the Department of State to FAS. These memoranda were consolidated in Title 5 of the Agricultural Trade Act of 1978, as amended. Secretary's Memorandum No. 1020-39 dated September 30, 1993, transferred the functions of the former Office of International Cooperation and Development to FAS.

Title 5 of the Agricultural Trade Act of 1978, most recently amended in 2008, states that the Administrator of FAS is given the power to “exercise such functions and perform such duties related to foreign agriculture,” and may also be assigned other duties by law or by the Secretary of Agriculture (Title 5, section 502b). Additionally, the Administrator is responsible for oversight of FAS, the General Sales Manager, and the Agricultural Attaché Service (Title 5, section 502c).

Specifically, U.S. Code, Title 7, Chapter 87, 5693, mandates: “*The Service shall assist the Secretary in carrying out the agricultural trade policy and international cooperation policy of the United States by –*

- (1) Acquiring information pertaining to agricultural trade;*
- (2) Carrying out market promotion and development activities;*
- (3) Providing agricultural technical assistance and training; and*
- (4) Carrying out the programs authorized under this Act, the Food for Peace Act (7 U.S.C. 1691 et seq.), and other Acts.” (Title 5, section 503)”*

USDA Regulation 1051-001 (June 2005) defines the role of the Foreign Agricultural Service as the Department’s lead agency in coordinating all agricultural matters with foreign countries. Regulation 1051-002 (December 2004) further states that FAS’ responsibilities “include, but are not limited to, the responsibility to coordinate the carrying out by Department agencies of their functions involving foreign agriculture policies and programs and their operations and activities in foreign areas; acting as a liaison on these matters and functions relating to foreign agriculture with the DOS, the United States Trade Representative (USTR), USAID, and foreign governments; conducting functions of the Department relating to the World Trade Organization (WTO), and legislation affecting international agricultural trade; and administering and directing the Department’s programs in international development, technical assistance and training carried out under the Foreign Assistance Act of 1961, as amended.”

#### 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 year 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.

USDA OFFICE OF INSPECTOR GENERAL AND U.S. GOVERNMENT ACCOUNTABILITY OFFICE AUDIT  
ACTIVITY  
2011

**Office of Inspector General Reports**

<b>In Progress</b>	<b>Status/Date</b>	<b>Subject</b>
50601-02-ER	October 29, 2010	Effectiveness of the Department's Recent Efforts to Enhance Agricultural Trade
50703-1-23	February 18, 2011	Trade Adjustment Assistance for Farmers Program
07601-0001-22	June 30, 2011	Private Voluntary Organization Grant Fund Accountability
50601-0001-16	July 15, 2011	Pakistan Section 632(a) Transfer of Funds from USAID to USDA

**U.S. Government Accountability Office Reports**

<b>Completed</b>	<b>Status/Date</b>	<b>Subject</b>
GAO-11-491	May 12, 2011	Better Nutrition and Quality Control Can Further Improve U.S. Food Aid
GAO-11-544	May 19, 2011	USDA's Oversight of the McGovern-Dole Food for Education Program Needs Improvement
GAO-11-544	June 23, 2011	Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities is Inefficient and Can Cause Adverse Market Impacts
GAO-11-710	July 20, 2011	Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government
<b>In Progress</b>	<b>Status/Date</b>	<b>Subject</b>
320766	May 18, 2010	U.S. Civilian Surge in Afghanistan
320802	September 22, 2010	Embassy Services Cost Sharing
320794	September 24, 2010	U.S. Accountability of U.S. Direct Funding Provided to Afghanistan
320845	June 24, 2011	World Food Program Internal Controls
361338	September 21, 2011	Trade Adjustment Assistance for Farmers and Fisherman

## FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff Years

(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Appropriations:								
Salaries and Expenses.....	\$180,367	702	\$186,000	820	\$176,347	851	\$176,789	801
McGovern-Dole Program.....	209,500		199,500	-	184,000	-	184,000	-
Rescission.....	-		-771	-	-	-	-	-
Transfers In.....	6,465		6,452		6,465		6,452	
Adjusted Appropriation.....	396,332	702	391,181	820	366,812	851	367,241	801
Balance Available, SOY.....			61,000					
Total Available.....	396,332	702	452,181	820	366,812	851	367,241	801
Lapsing Balances.....	-1,597	-	-	-	-	-	-	-
Total Obligations.....	394,735	702	452,181	820	366,812	851	367,241	801
<u>Obligations under other USDA appropriations:</u>								
Commodity Credit Corporation for:								
Reimbursable Activities:								
Market Access Program Admin. Costs.....	2,115	3	4,741	3	4,750	3	4,750	3
Technical Assistance for Specialty Crops								
Program Admin. Costs.....	280	1	209	1	210	1	210	1
Emerging Markets Program Admin. Costs.....	578	2	270	2	270	2	270	2
Quality Samples Program Admin. Costs.....	196	1	100	1	100	1	100	1
Foreign Market Development Program Admin. Costs.....	318	1	1,092	1	1,100	1	1,100	1
Local and Regional Procurement Admin. Costs.....	1,013	2	1,368	2	1,400	2	1,400	2
Food for Progress Admin. Costs.....	2,082	2	1,658	2	1,700	2	1,700	2
Maritime Administration (MARAD).....	9,000	13	12,148	13	12,148	13	12,148	13
Landsat data and support of export programs.....	1,811	3	1,500	3	1,500	3	1,500	3
IRM Activities.....	19,090	--	18,000	--	18,000	--	18,000	--
IRM Activities (Non-CCC).....	5,000	--	4,000	--	4,000	--	4,000	--
Under Secretary Int'l Travel for Trade Matters.....	473	--	531	--	550	--	550	--
Emerging Markets Program.....	2,462	5	3,097	5	3,100	5	3,100	5
Support of and access to the USDA Satellite Imagery							-	
Library: NRCS, APHIS, ARS, RMA, NASS, FS.....	449	1	375	1	375	1	375	1
Capital Security Cost Share.....	3,642	1	3,595	1	3,600	1	3,600	1
Visiting Scientist Program.....	1,274	--	1,018	--	1,000	--	1,000	--
Codex.....	1,904	--	1,649	--	1,650	--	1,650	--
Miscellaneous.....	661	--	--	--	--	--	--	--
Office of the Secretary: Congressional Relations.....	142	--	--	--	--	--	--	--
Trade Negotiations and Biotechnology Fund (OSEC).....	1,181	8	--	8	--	8	--	8
Avian Influenza (APHIS).....	527	1	109	1	110	1	110	1
CCC Program Support.....	--	--	1,142	--	1,150	--	1,150	--
Agricultural Reconstruction and Stabilization (DM).....	12,690	--	--	--	--	--	--	--
P.L. 480 Title I.....	--	--	--	--	--	--	--	--
P.L. 480 Title II.....	81	1	95	1	100	1	100	1
Total, Other USDA Appropriations.....	66,969	45	56,697	45	56,813	45	56,813	45
Total, Agriculture Appropriations.....	461,704	747	508,878	865	423,625	896	424,054	846
<u>Other Federal Funds:</u>								
U.S. Agency for International Development (USAID) and others for developmental assistance.....	70,625	217	76,900	65	65,800	65	65,800	65
USAID and U.S. Department of State (DoS) for Reconstruction and Stabilization Activities.....	39,050	28	201,661	122	52,900	91	52,900	91
Total, Other Federal Funds.....	109,675	245	278,561	187	118,700	156	118,700	156
Total, Foreign Agricultural Service.....	571,379	992	787,439	1,052	542,325	1,052	542,754	1,002

## FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff Year Summary

Item	2010 Actual			2011 Actual			2012 Estimate			2013 Estimate		
	Wash.	Field	Total	Wash.	Field	Total	Wash.	Field	Total	Wash.	Field	Total
	D.C.			D.C.			D.C.			D.C.		
ES.....	6	-	6	7	-	7	7	-	7	7	-	7
SES.....	6	14	20	2	15	17	2	15	17	2	15	17
GS-15.....	67	-	67	69	-	69	69	-	69	69	-	69
GS-14.....	163	-	163	177	-	177	177	-	177	177	-	177
GS-13.....	189	1	190	197	1	198	197	1	198	197	1	198
GS-12.....	159	-	159	160	-	160	160	-	160	160	-	160
GS-11.....	15	-	15	22	-	22	22	-	22	22	-	22
GS-10.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-9.....	18	-	18	24	1	25	24	1	25	24	1	25
GS-8.....	20	1	21	18	-	18	18	-	18	18	-	18
GS-7.....	23	-	23	24	-	24	24	-	24	24	-	24
GS-6.....	8	-	8	6	-	6	6	-	6	6	-	6
GS-5.....	1	-	1	-	-	-	-	-	-	-	-	-
Other Graded Positions.....	9	177	186	11	169	180	11	169	180	11	169	180
Ungraded Positions.....	-	-	-	-	-	-	-	-	-	-	-	-
Total Perm. Positions.....	685	193	878	718	186	904	718	186	904	718	186	904
Unfilled, EOY....	140	5	145	120	6	126	-	-	-	-	-	-
Total, Perm. Full-Time Employment, EOY.....	545	188	733	598	180	778	718	186	904	718	186	904
Staff Year Est.....	702	290	992	862	190	1,052	862	190	1,052	812	190	1,002

## Statement of Proposed Purchase of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Acquisitions			Net Active Fleet, EOY
			Replace- ments	Additions to Fleet	Total	
2010	55	-	-	-	-	55
2011	55	-	-	2	2	57
2012	57	-	-	-	-	57
2013	57	-	-	1	1	58

## Additions to Fleet:

Yerevan, Armenia's vehicle was included in 2010. A new vehicle was requisitioned for FAS' new office in Mumbai, India. Santo Domingo, Dominican Republic's old vehicle remains on the inventory, but it will be transferred to Haiti to support the FAS' mission after the earthquake.

## FOREIGN AGRICULTURAL SERVICE

Size, Composition, and Annual Operating Costs of Vehicle Fleet

Fiscal Year	Number of Vehicles by Type *								Annual Operating Costs (\$ in 000) **
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambu- lances	Buses	Heavy Duty Vehicles	Total Number of Vehicles	
		4x2	4x4						
2010	3	30	24	-	-	-	-	57	\$105,296
Change	-	+3	-3	-	-	-	-	-	+64,499
2011	3	33	21	-	-	-	-	57	169,795
Change	-	-	-	-	-	-	-	-	-34,999
2012	3	33	21	-	-	-	-	57	134,796
Change	-	+1	-	-	-	-	-	+1	+34,999
2013	3	34	21	-	-	-	-	58	169,795

\* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.

\*\* Excludes acquisition costs and gains from sale of vehicles as shown in FAST.



## FOREIGN AGRICULTURAL SERVICE

## Proposed Language Changes

The estimates included in FAS' 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), [~~\$176,347,000~~] \$176,789,000: *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, \$5,550,000 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, funds made available for the Borlaug International Agricultural Science and Technology Fellowship program, 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.

The change in language authorizes funding for USDA's participation in agricultural reconstruction and stabilization activities in Afghanistan.

FOREIGN AGRICULTURAL SERVICE  
SALARIES AND EXPENSES

Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$182,812,000
Budget Estimate, 2013.....	<u>183,241,000</u>
Change from 2012 Appropriation.....	+ \$429,000

Summary of Increases and Decreases  
(Dollars in thousands)

	2010 <u>Actual</u>	2011 <u>Change</u>	2012 <u>Change</u>	2013 <u>Change</u>	2013 <u>Estimate</u>
Salaries and Expenses:					
Trade Promotion.....	60,220	-578	-3,104	+168	58,689
Trade Policy.....	77,798	+2,915	-3,897	+180	77,667
Capacity Building/Food Security.....	40,752	+1,516	-2,280	+94	40,433
CCC Export Guarantee Programs Admin. Expense.....	6,452	+1,395	+13	-13	6,452
Subtotal.....	<u>185,222</u>	<u>+5,248</u>	<u>-9,268</u>	<u>+429</u>	<u>183,241</u>
Total, Appropriation or Change.....	<u>185,222</u>	<u>5,248</u>	<u>-9,268</u>	<u>429</u>	<u>183,241</u>

## FOREIGN AGRICULTURAL SERVICE

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Staff		Staff		Staff		Staff		Staff	
	Amount	Years	Amount	Years	Amount	Years	Amount	Years	Amount	Years
Discretionary Appropriations:										
Trade Promotion.....	\$60,808	242	\$61,625	284	\$58,521	295	+\$168	-18	\$58,689	277
Trade Policy.....	78,469	282	81,384	331	77,487	345	+180	-21	77,667	324
Capacity Building/Food Security.....	41,103	148	42,619	174	40,339	180	+94	-11	40,433	169
CCC Export Guarantee Programs										
Admin. Expense.....	6,452	30	6,452	31	6,465	31	-13	-	6,452	31
Subtotal.....	186,832	702	192,080	820	182,812	851	429	-50	183,241	801
Total Adjusted Approp.....	186,832	702	192,080	820	182,812	851	+429	-50	183,241	801
Rescissions and										
Transfers (Net).....	-6,465	-	-6,080	-	-6,465	-	13	-	-6,452	-
Total Appropriation.....	180,367	702	186,000	820	176,347	851	+442	-50	176,789	801
Transfers In:										
CCC Export Programs Admin. ....	6,465	-	6,452	-	6,465	-	-13	-	6,452	-
Subtotal.....	6,465	-	6,452	-	6,465	-	-13	-	6,452	-
Rescission.....	-	-	-372	-	-	-	-	-	-	-
Bal. Available, SOY.....	-	-	-	-	-	-	-	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-	-	-	-	-	-
Total Available.....	186,832	702	192,080	820	182,812	851	429	-50	183,241	801
Lapsing Balances.....	-1,597	-	-	-	-	-	-	-	-	-
Total Obligations.....	185,235	702	192,080	820	182,812	851	+429	-50	183,241	801

## FOREIGN AGRICULTURAL SERVICE

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>		<u>2011 Actual</u>		<u>2012 Estimate</u>		<u>Inc. or Dec.</u>		<u>2013 Estimate</u>	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses:										
Trade Promotion.....	\$60,220	242	\$61,625	284	\$58,521	295	+\$168	-18	\$58,689	277
Trade Policy.....	77,798	282	81,384	331	77,487	345	+180	-21	77,667	324
Capacity Building/Food Security.....	40,752	148	42,619	174	40,339	180	+94	-11	40,433	169
CCC Export Guarantee Programs										
Admin. Expense.....	6,465	30	6,452	31	6,465	31	-13	-	6,452	31
Subtotal.....	185,235	702	192,080	820	182,812	851	429	-50	183,241	801
Total Obligations.....	185,235	702	192,080	820	182,812	851	429	-50	183,241	801
Lapsing Balances.....	1,597	-	-	-	-	-	-	-	-	-
Total Available.....	186,832	702	192,080	820	182,812	851	429	-50	183,241	801
Transfers In.....	-6,465	-	-6,452	-	-6,465	-	-13	-	-6,452	-
Rescission.....	-	-	372	-	-	-	-	-	-	-
Bal. Available, SOY.....	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	180,367	702	186,000	820	176,347	851	+442	-50	176,789	801

## FOREIGN AGRICULTURAL SERVICE

## JUSTIFICATION OF INCREASES AND DECREASES

The 2013 S&E budget request is \$183,241,000. This is an increase of \$429,000 over the 2012 enacted level. This funding level will allow FAS to continue to move forward in the support of America's agricultural economic sector. Through several cost cutting initiatives FAS is ensuring that funding is available to push forward our core goals. In 2012, FAS is offering Voluntary Separation Incentive Payments (VSIP), continuing a hiring freeze, and closing 2 overseas posts. FAS will continue to move toward its long-term goal of increasing U.S. economic activity through trade facilitation and international cooperation.

1. An increase of \$404,000 for pay costs. This increase will enable FAS to maintain staffing levels, which are critical to achieving the agency's objective of facilitating trade and international cooperation for U.S. agricultural products. Approximately 73 percent of FAS' budget is in support of personnel compensation.
2. A decrease of \$404,000 from the agency's advisory and assistance services to cover pay costs. This decrease will be used to offset the requested pay cost increase.
3. An increase of \$5,035,000 to fund non-discretionary overseas operations. The additional funds are for non-discretionary cost increases associated with the operation of the agency's 98 overseas office, resulting from overseas inflation and exchange rate losses. This increase is based on the Department of State cost growth forecasts. The base funding for this activity allows FAS' global network of agricultural attachés and LES's to continuously provide the eyes, ears, and a voice for U.S. agriculture.
4. An increase of \$5,550,000 to fund agricultural reconstruction and stabilization activities. An increase of \$5,550,000 to fund agricultural reconstruction and stabilization activities. The agency currently has over 50 advisors in Afghanistan providing expertise in agriculture production techniques. The agency also, through contracts and inter-agency agreements, is providing support to the Afghan Ministry of Agriculture in institutional capacity-building, crop monitoring, water management, and trade capacity. Most of the funding has come from the State Department and USAID. The requested funding will enable the agency to provide the support necessary to maintain the momentum on these successful activities.
5. A decrease of \$10,156,000 for FAS headquarters' administrative costs. A decrease of \$10,156,000 will be offset from headquarters offices to cover the increase to overseas operations and to fund agricultural reconstruction and stabilization. Headquarters' offices will see a decrease in salary and benefits, travel, transportation, supply, equipment, and other services allotments. Absorbing these costs in headquarters will require continuing the hiring freeze in 2013, use alternate methods of communications instead of incurring travel costs, postpone any updates to computer hardware, and for offices to maintain current equipment.

For FY 2013, the budget activity structure for FAS' Salaries and Expenses has been revised as follows:

**2012 Budget Activity Structure:**

USDA Goal 1: Agricultural Exports .....	66%
New Technologies .....	12%
Climate Change .....	2%
USDA Goal 3: Food Security .....	<u>20%</u>
Total.....	100%

**2013 Budget Activity Structure:**

USDA Goal 1: Trade Promotion .....	36%
Trade Policy.....	42%
USDA Goal 3: Capacity Building/Food Security .....	<u>22%</u>
Total.....	100%

FAS' strategic framework mirrors its commitment to provide exceptional service and consistent management excellence across the Agency. FAS has separate management plans that detail its strategies to achieve its goals in the areas of enterprise governance, financial resource management, human capital management, performance and efficiency, information technology, and emergency preparedness.

In support of the USDA Strategic Plan and the Administration's economic priority of increasing exports and creating jobs, the FAS strategy's overarching goal is to generate an additional \$85 billion worth of domestic economic activity through agricultural export growth by the end of 2016. FAS' unrivaled global network of agricultural affairs and agricultural trade offices connect agricultural exporters to foreign customers and provides crucial information on international agricultural markets. This goal is underpinned by three activity pillars: trade promotion, trade policy, and capacity building/food security. These three pillars work together to help maintain the Agency's focus on helping create economic growth in rural America, and the overall U.S. economy, through agricultural trade.

**Trade Promotion**

- (1) A net increase of \$155,000 and a decrease of 18 staff years for Trade Promotion (\$64,986,000 and 326 staff years available in 2012) administrative costs and activities.
  - A. An increase of \$145,000 to cover compensation costs for 2013 pay raise;
  - B. A decrease of \$145,000 from advisory and assistance services to offset the 2013 pay raise;
  - C. An increase of \$1,813,000 for support of FAS overseas operating costs; and
  - D. A decrease of \$1,658,000 in funding for headquarters' administrative costs, and a reduction in administrative expenses in the CCC Export Guarantee Program.

With this net increase, FAS will continue its trade promotion activities which help U.S. food and agricultural exporters take advantage of market opportunities created by its trade policy and capacity building successes. FAS administers programs and activities, working in partnership with private sector associations and state and regional trade groups, and U.S. food and agricultural exporters. Successful marketing strategies depend on a strong understanding of market trends, such as rising incomes in countries such as China, Indonesia, and Mexico 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. The results of FAS' efforts ultimately benefit both the farm and non-farm sectors of the U.S. economy through job creation and additional economic activity.

The 2013 increase will improve service delivery to support trade promotion activities as part of the Agency's ongoing effort to assist U.S. food and agricultural exporters to take advantage of market opportunities created by the Agency's trade policy and capacity building successes. FAS is responsible for administering these programs and activities and partners with private sector associations, state and regional trade groups, and U.S. food and agricultural exporters. The results of FAS' efforts ultimately benefit both the farm and non-farm sectors of the U.S. economy through job creation and additional economic activity.

FAS continues to support the National Export Initiative (NEI) which has the primary goal of spurring economic growth and employment opportunities. Currently, FAS coordinates with the interagency Trade Promotion Coordinating Committee, State Departments of Agriculture, agricultural and industry organizations, and other USDA agencies to maximize the positive impacts of NEI. The agency employs available personnel and information

resources to contribute to preparation of the National Export Strategy, report on NEI activities and accomplishments, and plan and execute NEI road shows.

There will be an 18 staff year decrease for trade promotion activities from 2012 levels. Proposed resources continue support of CCC-funded programs (MAP, TASC, FMD, EMP, and QSP) and overseas post coverage of trade promotion activities.

### **Trade Policy**

(2) A net increase of \$180,000 and a decrease of 21 staff years for Trade Policy (\$77,487,000 and 345 staff years available in 2012) administrative costs and activities.

- A. An increase of \$170,000 to cover higher personnel costs for 2013 pay raise;
- B. A decrease of \$170,000 from advisory and assistance services to offset the 2013 pay raise;
- C. An increase of \$2,115,000 in support of FAS overseas operations costs; and
- D. A decrease of \$1,935,000 in funding for headquarters' administrative costs.

The Agency continues its trade policy work which ensures that U.S. exporters can sell safe, wholesome U.S. food and agricultural products around the world. With its network of knowledgeable overseas attachés and Washington experts, FAS is well positioned to harness a wide range of resources to address complex problems. FAS partners with other U.S. Government agencies and trade associations, as well as regional and international organizations in a coordinated effort to negotiate trade agreements; establish transparent, science-based standards; and resolve trade barriers. Removing existing barriers, while ensuring new ones are not introduced, will directly help U.S. food and agricultural producers thrive.

The proposed increase for trade policy work with trading partner countries will support the Agency's ongoing effort to modernize and streamline operations in order to continue our work to ensure foreign markets are open for U.S. exporters to sell safe, wholesome U.S. food and agricultural products, with more cost-efficient and effective service delivery.

The 2013 Budget includes a decrease of 21 staff years for trade policy activities from the 2012 enacted level. The proposed staffing level is sufficient to continue support for monitoring and enforcing international phytosanitary (SPS) rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards. These efforts strengthen U.S. trade and help to overcome the sanitary and SPS barriers of other countries to protect their domestic industries as global trade expands.

### **Capacity Building/Food Security**

(3) A net increase of \$94,000 and a decrease of 11 staff years for Capacity Building/Food Security (\$40,339,000 and 180 staff years available in 2012) administrative costs and activities.

- A. An increase of \$89,000 to cover higher personnel costs for 2013 pay raise;
- B. A decrease of \$89,000 for advisory and assistance services to offset the 2013 pay raise;
- C. An increase of \$1,107,000 for support of FAS overseas operations costs;
- D. An increase of \$5,550,000 to fund agricultural reconstruction and stabilization activities; and
- E. A net decrease of \$6,563,000 in funding for headquarters' administrative costs.

The requested increase for FAS' capacity building and food security activities supports U.S. agriculture's trade

interests in developing countries around the world. In addition, funding in support of FAS overseas operations is increasing by \$1,107,000. These increases will be offset by changes in headquarters' administrative support resources resulting in a net decrease of \$6,652,000. The proposed funding level will continue support of in-country institutional capacity-building, research, technical training, and food assistance activities targeted at developing economies with promising market potential.

FAS administers several food assistance programs which support agricultural development, encourage the development of private enterprise and democratic participation in developing countries, and, expand international trade. Programs administered by FAS include P.L. 480, Title I; Food for Progress (FFP); the McGovern-Dole International Food for Education and Child Nutrition Program (McGovern-Dole); and the Local and Regional Food Aid Procurement Program (LRP). These programs feature a mix of monetization, direct distribution, and local food aid commodity procurement to meet the specific needs of recipient countries.

FAS is requesting an increase of \$5,550,000 to fund the Department's continued participation in agricultural reconstruction and stabilization activities in Afghanistan. The agency also has on-going reconstruction and stabilization activities in Iraq, Pakistan, and Haiti, supported with funding from the State Department and USAID. The focus in Iraq is on improved animal raising techniques, research, soil conservation, agricultural education, and trade capacity. The focus in Pakistan is on animal disease control, wheat productivity, cotton productivity, and water management. The focus in Haiti is to rebuild agricultural capacity after the earthquake of early 2010. The requested funding is essential to assure continuance of these important activities.



FOREIGN AGRICULTURAL SERVICE  
Geographic Breakdown of Obligations and Staff Years  
(Dollars in thousands)

State/Territory	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	120,419	702	127,264	862	119,019	862	119,107	812
Other Countries.....	64,816	290	64,816	190	63,793	190	64,134	190
Undistributed.....	-	-	-	-	-	-	-	-
Obligations.....	185,235	992	192,080	1,052	182,812	1,052	183,241	1,002
Lapsing Balances.....	1,597	-	-	-	-	-	-	-
Bal. Available, EOY.....	-	-	-	-	-	-	-	-
Total, Available.....	186,832	992	192,080	1,052	182,812	1,052	183,241	1,002

## FOREIGN AGRICULTURAL SERVICE

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	Actual	Actual	Estimate	Estimate
Personnel Compensation:				
Washington D.C.....	\$43,252	\$48,479	\$45,027	\$45,303
Field.....	34,881	39,665	36,841	36,841
11 Total personnel compensation.....	78,133	88,144	81,868	82,144
12 Personal benefits.....	27,736	25,835	25,865	25,993
13.0 Benefits for former personnel.....	1,263	-	-	-
Total, personnel comp. and benefits.....	107,132	113,979	107,733	108,137
Other Objects:				
21.0 Travel and transportation of persons.....	9,092	7,268	7,300	7,300
22.0 Transportation of things.....	945	486	500	500
23.1 Rental payments to GSA.....	367	104	105	105
23.2 Rental payments to others.....	7,138	381	400	400
23.3 Communications, utilities, and misc. charges.....	2,764	2,048	2,000	2,000
24.0 Printing and reproduction.....	910	69	70	70
25.1 Advisory and assistance services.....	22,944	38,048	34,845	34,441
25.2 Other services from non-Federal sources.....	2,119	5,258	5,300	5,300
25.3 Other purchases of goods and services				-
from Federal sources.....	3,761	5,997	6,000	6,000
25.4 Operation and maintenance of facilities.....	124	6	6	6
25.5 Research and development contracts.....	20,805	5,095	5,100	5,100
25.6 Medical care.....	252	78	80	80
25.7 Operation and maintenance of equipment.....	664	407	410	410
25.8 Subsistence and support of persons.....	720	111	115	115
26.0 Supplies and materials.....	4,064	11,221	11,250	11,276
31.0 Equipment.....	2,063	1,495	1,597	2,000
41.0 Grants.....	57	-	1	1
42.0 Insurance claims and indemnities.....	619	1	-	-
43.0 Interest and dividends.....	3	-	-	-
92.0 Undistributed.....	289	28	-	-
Total, Other Objects.....	79,700	78,101	75,079	75,104
99.9 Total, new obligations.....	186,832	192,080	182,812	183,241

## Position Data:

Average Salary (dollars), ES/FE Positions.....	\$170,498	\$169,052	\$169,052	\$169,897
Average Salary (dollars), FO/FP Positions.....	\$170,498	\$118,729	\$118,729	\$119,323
Average Salary (dollars), GS/GM/FSN Positions.....	\$120,803	\$97,944	\$97,944	\$98,434
Average Grade, GS Position.....	10.5	10.5	10.5	10.5

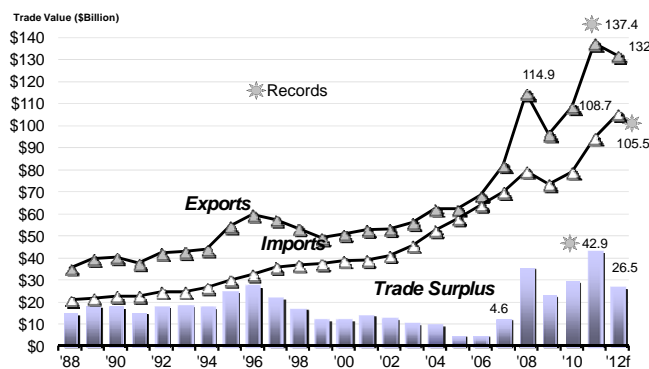
**FOREIGN AGRICULTURAL SERVICE  
STATUS OF PROGRAM  
SUMMARY OF AGRICULTURAL TRADE**

In 2011, U.S. agricultural exports totaled \$137.4 billion, a significant increase of 26 percent from the previous year's exports of \$108.7 billion. Increasing commodity prices, bumper U.S. crops, and strong demand from developing countries are among the factors that caused the rise in exports. The outlook for 2012 shows exports down as demand remains strong, but commodity prices ease and competition increases.

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

**U.S. Agricultural Trade**

In 2012, increased competition for grain and oilseeds combined with weaker prices will be only partially offset by strong demand for livestock and horticultural products



*Note:* Forecasts are based on USDA's "Outlook for U.S. Agricultural Trade" published on November 30, 2011. Source of trade data: the U.S. Bureau of the Census.

The 2012 agricultural exports are forecast at \$132 billion, down \$5.4 billion from final 2011 exports. Exports are forecast to reach the second highest level ever behind the record 2011 total. Lower unit values for grains, oilseeds, and cotton along with increased competition account for most of the decrease in the forecast. The trade surplus in agricultural commodities is expected to fall to \$26.5 billion, down \$16.4 billion from last year.

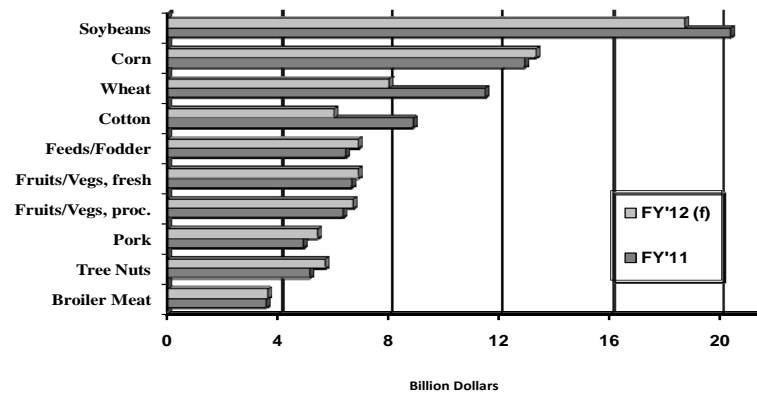
**COMMODITY EXPORT HIGHLIGHTS**

*The overall decrease in the agricultural export value for 2012, compared to the previous year, reflects lower prices for bulk commodities such as soybeans, cotton, and grains. Volumes for most bulk commodities are also expected to be down in part due to more competition. High value product unit values and volumes remain strong and are forecast to partially offset the impact of the reduced bulk commodity exports.*

*Bulk commodity exports* are forecast at \$47.1 billion in 2012. Total bulk export volume is forecast down, with soybeans, coarse grains, and wheat accounting for most of the decrease. Compared to the previous year, the highlights for 2012 are:

*Grains.* Wheat and coarse grain exports are forecast for 2012 at \$22.4 billion, down from \$25.5 billion in 2011. Intensified competition from Russia is limiting exports to key markets in North Africa and the Middle East. Additionally, ample exportable supplies of milling-quality wheat in both Canada and Australia are dampening export prospects. Although import demand for corn is up in key U.S. markets such as China, Mexico, and South Korea, stronger competition from Argentina and Ukraine is limiting U.S. corn exports. Despite tight corn supplies, weak domestic demand and export sales are constraining prices.

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



*Soybeans.* Soybean exports are forecast at \$18.7 billion. The forecast is \$1.6 billion lower than final 2011 exports. A decline in soybean export volume reflects smaller exportable supplies and reduced early season competitiveness. Unit values are also somewhat lower in response to record supplies in South America and relatively flat import demand.

*Cotton.* Cotton exports are forecast at \$6 billion, a decrease of \$2.9 billion from 2011. Export volume is down due to a much smaller crop and larger supplies among foreign competitors. The U.S. share of world trade is also expected to fall. Import demand has fallen as buyers reduce their stocks and delay purchases on the expectation of little upward price risk.

*Intermediate and consumer oriented product exports* are forecast at \$82 billion in 2012, signaling strong foreign demand and increasing unit values. The animal product export forecast is raised \$700 million to \$28 billion. Horticultural exports, which include all fresh and processed fruits, vegetables, tree nuts, and wine, are also forecast at a record \$28 billion. Compared to the previous year, the highlights for 2012 are:

*Feed and Oilseed Products.* Exports of soybean meal and oil are expected to plunge due to reduced crush in the United States and ample supplies in South America from a projected record crush. An expected surge in domestic use of soybean oil for biodiesel will also restrict exports.

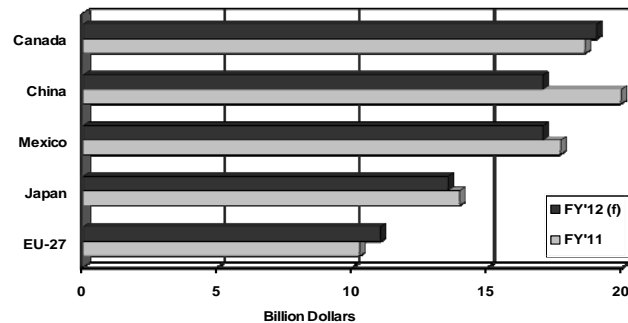
*Animal Products.* The export forecast for livestock, poultry, and dairy products is raised to \$28 billion, up \$700 million from 2011 exports. Growth in pork, beef, poultry and animal by-products is expected to outweigh modest reductions in dairy. Pork exports are forecast to reach \$5.4 billion with higher unit values and greater volumes expected, as demand remains robust, particularly from Asian markets such as Japan, Korea, and China. Beef exports are forecast up at \$4.9 billion on strong demand and higher prices. Slight gains are expected for by-products (hides and skins and animal fats) on robust demand. Poultry meat is virtually unchanged at \$3.6 billion as higher prices offset lower volumes. Dairy exports are forecast to decline to \$4 billion as global dairy prices are expected to fall. Nevertheless, export volumes of such key dairy products as milk powder, cheese, and whey are forecast to remain largely unchanged from prior year's levels.

*Horticultural Products.* The 2012 export forecast for horticultural products is a record \$28 billion, \$2.1 billion higher than 2011 exports. Fresh fruit and vegetable exports are forecast at a record \$6.9 billion, up \$250 million. Exports to Canada, Europe, and Japan are expected to continue expanding. Processed fruit and vegetable exports are forecast up at \$6.7 billion. Unit values for several processed products are expected to continue rising with demand from major markets. Whole and processed tree nuts are forecast at \$5.7 billion, up \$550 million, primarily due to China's growing demand for almonds, pistachios and walnuts.

## **TOP EXPORT MARKETS**

The top five markets accounted for 58 percent of U.S. agricultural exports in 2011. U.S. agricultural exports to our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, are forecast at \$36 billion in 2012. Canada is expected to return as the top market for U.S. exports at \$19 billion after having lost the top spot to China in 2011. Exports to Canada are forecast up only minimally over 2011 on strong imports of high value products with horticultural products leading the way. Exports to Mexico are forecast at \$17 billion as demand continues strong for grain, pork, and oilseeds. Wheat exports should continue to be a key driver despite competition from Canada.

### **Export Outlook for Top 5 U.S. Markets**



U.S. agricultural exports to Asia are forecast down from \$54.8 billion in 2011 to \$56 billion in 2012. Lower bulk commodity prices and increased foreign competition are responsible for the decrease. China is forecast to be the second largest market at \$17.5 billion, which is down \$6.3 billion from 2011. The forecast for China is the second highest ever but down as soybean exports are expected lower on greater competition from Brazil and Argentina. Partially offsetting this decline is expected strong demand for U.S. cotton and corn. Japan is also forecast down from 2011, mostly due to lower unit prices for grains and oilseeds along with increased competition. Exports to Japan reached a record \$13.9 billion last year, and if the 2012 forecast of \$13.5 billion is achieved, exports would be the third highest level ever.

## **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 European Union (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 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 rebounded 7.6 percent in 2010 to total \$79 billion and jumped in 2011 to \$94.5 billion as demand recovered and prices soared for key import products.

*The overall import outlook for 2012, of a record \$105.5 billion, is supported by demand for sugar and other tropical products that is expected to remain relatively strong despite lackluster consumer spending on food. Import unit prices are expected to account for about half of the 12 percent projected increase in U.S. import value from \$94.5 billion in 2011 to \$105.5 billion in 2012. Import volume in 2012 is expected to grow by around 6 percent, up slightly from growth experienced in 2011.*

*Horticultural Products.* Imports are forecast to rise to a record \$43.3 billion. Processed fruit is expected to see the largest gain, up \$1 billion, but most categories are up in both volume and unit value.

*Grains, Oilseeds, and Products.* Imports are forecast up \$2.3 billion to \$18.3 billion. Vegetable oil and grain product imports are forecast up \$1.1 billion and \$400 million, respectively.

*Livestock, Dairy, and Poultry.* Imports are forecast to increase in 2012 to \$12.5 billion. Beef imports are forecast even in 2012 as volume should be limited by the sluggish U.S. economic recovery. Furthermore, tight beef supplies are expected from Australia and New Zealand due to competing demand from Asian consumers. Domestic cow slaughter rates have been heavy relative to the base inventory, which should weaken beef import demand. Domestic pork supplies are projected to be adequate enough for more exports and only slightly more imports in the coming year. Milk production continues to advance despite high feed prices. Dairy prices are expected to soften, which should limit imported dairy products such as cheese.

*Sugar and Tropical Products.* Imports are forecast to increase to a record \$29.6 billion as gains are expected in rubber, coffee, cocoa, and sweeteners. Most of these commodities, many of which are produced in developing countries, do not have domestically-grown counterparts. Noncompeting imports such as tropical products (e.g., coffee, cocoa, bananas, mangos, rubber, etc.) comprise the largest and fastest growing portion of the U.S. import bill. The beneficiaries of this import pattern are the developing countries, which as a group now supply more than 60 percent of U.S. imports, up from 54 percent a decade ago.

### **TOP FOREIGN SUPPLIERS**

The top five forecasted suppliers in descending order are Canada, Mexico, the EU-27, China, and Indonesia. Supplies from these exporters are forecast to increase to a record \$47 billion in 2012, with the Western Hemisphere accounting for 55 percent of the total import bill. Europe and Eurasia, with an expected increase of \$1.2 billion from 2011, rises to \$17.8 billion or 17 percent of the total. Asia, with an expected increase of \$2.5 billion from 2011, rises to \$21.5 billion or 20 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.

### **TRADE PROMOTION**

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. FAS' trade promotion activities help U.S. food and agricultural exporters take advantage of market opportunities created by its trade policy and capacity building successes. FAS has a suite of market development tools to support U.S. exporters facing fierce competition in the international marketplace. A cooperative effort with the U.S. industry is needed to ensure that the U.S. agricultural sector 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 Office of the United States Trade Representative (USTR), and others in the United States Government (USG) to monitor and negotiate new trade agreements 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 2011 include:

- **FAS Supports Passage of Colombia, Panama, Korea Trade Agreements** During 2011, FAS played a leading role in advancing the trade agreements with Korea, Colombia, and Panama the implementing legislation for which was signed into law on October 21, 2011. Once implemented, the agreements will provide U.S. agriculture with improved access to nearly 100 million consumers, and are expected to expand U.S. agricultural

exports annually by more than \$1.9 billion for Korea, \$370 million for Colombia, and \$46 million for Panama. FAS analysis supported the negotiation of outstanding provisions in the Korea agreement that were necessary to gain its passage. The agency also conducted an aggressive outreach effort at public events and by online publishing of over 200 articles highlighting the benefits of the three agreements. Each FAS overseas post also supported numerous trade delegations from Congress, the states, and industry that were focused on understanding the agreements.

- **New Agreements for U.S. Beef and Beef Products** FAS continues to work closely with other government agencies and the U.S. industry to maintain and expand overseas market access for U.S. beef products affected by Bovine Spongiform Encephalopathy (BSE) related restrictions. In January 2011, the United States and Egypt reached a World Organization for Animal Health (OIE) consistent beef agreement that expanded market access to include all cuts of beef and beef products from cattle, regardless of age, thereby lifting the longstanding ban on chilled/frozen beef and hearts, livers, and kidneys from cattle over 30 months of age. Egypt is a top-ten market for exports of U.S. beef and beef products. The United States and Chile reached a similarly OIE-consistent agreement that will allow full market access for all cuts of beef and beef products thereby lifting Chile's ban on chilled/frozen beef and offal's from cattle over 30 months of age.
- **Agreement Opens the Mexican Market to 70 U.S. Meat Processors** The FAS Mexico City office gained approval for 70 U.S. meat processors to export meat and poultry products to Mexico. Furthermore, FAS Mexico City assisted 31 U.S. meat processors in maintaining market access and assisted five U.S. meat processors to re-establish export eligibility. Shipments expanded to \$2.64 billion during May 2010 to April 2011 compared to \$2.29 billion for the same period for the previous year.
- **FAS/The Hague Expedites U.S. Agricultural Exports** Seaports and airports in the Benelux countries are important entry points to Europe for U.S. agricultural and food products. Due to the volume of trade and often complex import requirements, a number of U.S. shipments are often held by the Dutch (VWA) and Belgian (FAVV) veterinary authorities because of irregularities with the shipments or related documents. The FAS staff in the Netherlands is frequently called to assist in gaining the release of detained shipments from the United States. FAS advocacy prevented direct losses to U.S. firms of over \$2 million during the first half of 2011. Examples include: assisting in the release of five beef containers from California with an estimated value of \$50,000 detained due to incorrectly issued health certificates; attaining the release of whey powder products from Wisconsin valued at \$86,000 withheld due to an error on the container number that had been typed onto a health certificate; and successfully obtaining the release of seventeen containers of butter from Minnesota valued at \$1,500,000 detained because Dutch authorities were unclear on the abbreviations used in the health certificate. Similar to the examples above, there have been numerous occasions when FAS staff has intervened and collaborated with FAS Washington and local authorities to attain the release of U.S. shipments.
- **FAS/Moscow Secures Market Access for \$48 million in U.S. Spirits** FAS/Moscow, together with U.S. Embassy Moscow Trade and Commercial Officers, spearheaded a multi-faceted campaign to secure fair and transparent application of Russia's alcohol licensing regulations that saved one key importer from losing its license on March 13, 2011. Exports of U.S. spirits to Russia reached almost \$48 million in 2010.
- **FAS/Bangkok Facilitates the Elimination of Starlink-Free Certificate for U.S. Corn Products to Thailand** FAS/Bangkok successfully negotiated with the Thai Food and Drug Administration to no longer require a Starlink-free certificate for the import of U.S. corn and corn products. The elimination of this requirement significantly lowers costs for the export of U.S. corn and corn products to Thailand that were valued at \$6 million in 2010.
- **FAS/Bangkok's Efforts Result in U.S. Seed Potato Market Expansion** After several months of negotiations between USDA officials and the Thai Department of Agriculture (DOA), Thai authorities agreed to include ten additional U.S. states for export eligibility of seed potatoes into Thailand. This comes after Thai authorities conducted a systems approach audit in non-approved areas in July 2010. On January 4, 2011, the Thai DOA issued its notification on the eligibility of the ten additional U.S. states to export seed potatoes which became effective on February 4, 2011, when it was published in the Royal Gazette. In addition to California, Idaho, Oregon, and Washington, the new states that are now eligible to export seed potatoes include Colorado, Maine,

Michigan, Minnesota, Montana, Nebraska, New York, North Dakota, Wisconsin, and Wyoming. Due to this development, the U.S. becomes a promising alternative supplier and its seed potato exports to Thailand may reach \$250,000-\$500,000 in 2012.

- **First Shipment of Washington State Potatoes Arrives in Japan** Through strong FAS and APHIS advocacy support, Japanese government officials added Washington to the list of states eligible to export chipping potatoes to Japan. While thirteen U.S. states are currently eligible to ship to Japan, only the State of California had been shipping since the market opened in 2006. Market Access Program (MAP), Technical Assistance for Specialty Crop (TASC), and industry funds supported these advocacy efforts. Japanese importers were pleased with the quality of the Washington State potatoes and more shipments from the state are expected in the coming months. In 2010, U.S. exports of chipping potatoes hit an all time record at \$1.2 million.
  
- **FAS Support of U.S. Distillery Products in Bulgaria** From October 2009 through April 2011, FAS/ Sofia intervened in trade disputes by facilitating negotiations between local Bulgarian authorities and U.S. spirits importers. As a result of these successful negotiations, U.S. exporters sold approximately \$160,000 in distilled spirits to Bulgarian importers during the summer of 2011. In addition, according to U.S. exporters, future sales could top \$1 million. The U.S. companies that benefitted from FAS/Sofia's actions are from Kentucky and Tennessee.
  
- **FAS Lima Supports U.S. Beef Product Exports to Peru** During the week of April 10, 2011, FAS Lima helped a U.S. company export beef products (offal) to Peru. Cypress Food Distributor Inc. sold 80,000 pounds of beef to a local importer. The shipment, valued around \$60,000, was detained at Peru's Port of Callao by the local sanitary authority, SENASA. SENASA's justification for the detention was that the sanitary certificate was dated 2010 and requested that FSIS confirm the validity of the certificates. FAS/Lima drafted a letter clarifying that FSIS does not have a time limit on the validity of the certificate once issued. The shipment was soon released.
  
- **FAS Lima Facilitates U.S. Casings Exports to Bolivia** FAS Lima received a communication from International Casings Group Inc. (ICG) that a shipment valued at \$120,000 was exported to Bolivia and stopped at the Port of Arica. The Bolivian sanitary authority (SENASAG) requested a copy of the renewal of ICG's export permit to Bolivia which entails an official letter stating that ICG is in compliance with U.S. sanitary regulations. FAS/Lima engaged with FSIS to obtain an updated list of establishments that are permitted to produce and export abroad and provided this list to SENASAG.
  
- **FAS Helps to Open the Door to Vietnam for U.S. Exporters** USDA officials reached an agreement with the Vietnamese Ministry of Agriculture and Rural Development's Department of Animal Health (DAH) that will allow live breeding cattle from the United States to be exported to Vietnam. USDA officials are working with DAH to reach final agreements on how cattle will be treated after importation (regarding transport and disease testing). FAS, APHIS, and DAH are confident that the remaining minor issues will soon be resolved. FAS/Hanoi estimates that 2,000 dairy heifers will be bought from the United States in CY 2012 and 1,500 more will be imported in CY 2013.
  
- **FAS Kabul Obtains Release of Detained Poultry Shipment** FAS/Kabul, in cooperation with the American Embassy's Economics section, met with officials from the Ministry of Commerce and Industries and obtained the release of eight containers of perishable frozen poultry detained at Kabul Customs House. The containers were valued at \$400,000 and were hours away from spoiling. Poultry is the number one U.S. agricultural export to Afghanistan, reaching \$36 million in 2010. Total volume of exports was close to 41,000 tons. In 2010, Afghanistan became the 15<sup>th</sup> largest market for U.S. poultry.

### **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' foreign offices also support industry efforts--especially in developing markets--by providing market intelligence, helping introduce U.S. exporters to potential foreign customers, and using Country Strategic Support Funds (CSSF) to conduct a wide-variety of activities. In addition, FAS facilitates the United States' participation in a range of international trade shows.

## **MARKET DEVELOPMENT PROGRAMS**

- **U.S. Dairy Export Council (USDEC) Develops Market for U.S. Milk Protein Concentrate in the Philippines** USDEC has used FMD funding to conduct educational activities in Southeast Asia to encourage food processors to incorporate U.S. dairy ingredients, such as Milk Protein Concentrate (MPC), in food applications. In recent years, as production of MPC increased, U.S. suppliers began exploring new market opportunities for the product. USDEC assisted their efforts with a mix of educational and trade servicing activities for potential buyers in Southeast Asia from 2008-2010. In June 2010, USDEC held a Dairy Industry Outlook Seminar in the Philippines, which highlighted the use of MPC in processed cheese. As a result of the activity, a Philippine manufacturer of processed cheese purchased 300 MT of U.S. MPC70 (70 percent protein content) valued at approximately \$2.4 million, during February through July 2011. USDEC anticipates additional sales because the Philippine manufacturer has replaced ingredients from New Zealand (cheese curd and casein) in its product application. MPC represents an important new export opportunity for U.S. suppliers interested in expanding their business in the region. Southeast Asia has been a sizable growth market for a variety of U.S. dairy ingredients and USDEC will continue its work to find new buyers in this dynamic market.
- **Technical Issues Resolution Fund (TIRF) Helps Gain Approval of U.S. Beef Exports to Egypt** The TIRF is an EMP specialty fund established to address technical barriers to trade in emerging markets worldwide by providing technical assistance, training, and exchange of expertise. The U.S. Meat Export Federation (USMEF) used TIRF funds to bring a delegation of Egyptian officials to the United States to verify that slaughter facilities meet halal requirements and confirm that U.S. bone-in beef products are from animals over 30 months of age, as Egypt requires. As a result of the visit, the three plants inspected were added to the FSIS Export Library of Egyptian approved beef facilities. Adding these approved facilities has had a significant impact on trade. In CY2010, the United States exported 113,730 MT of beef and beef variety meat valued at over \$178 million to Egypt, 33 percent higher volume and 89 percent higher value than 2009. January-July 2011 U.S. exports were running 37 percent ahead in volume and 49 percent in value, compared to 2010.
- **Organic Trade Association's (OTA) Reverse Trade Mission Effective at Trade Show** Using MAP, the OTA hosted a group of foreign buyer meetings with U.S. suppliers at the Natural Products Expo West trade show in Anaheim, California, running March 10 – 13, 2011. Foreign buyers were from the UK, Trinidad, Indonesia, Malaysia, Australia, Panama and the Netherlands. Buyers met with 28 U.S. companies in 90 pre-arranged meetings. OTA also hosted an outreach booth at the show to distribute information on the MAP-funded Organic Export Program. The U.S. organic companies participating in the meetings forecast over a \$2.5 million increase in their export sales in the next 12 months as a direct result of their participation in the Reverse Trade Mission. They also reported \$656,000 in on-site sales.
- **The Pear Bureau Northwest (PBNW) Provides Technical Training to India** PBNW received an EMP grant in the 2010/11 season, providing funds to conduct an assessment of the Indian trade's fresh fruit handling practices. As a result, training seminars were conducted with personnel at the import, wholesale, and retail levels in order to educate the trade on proper handling and merchandising techniques that increase profitability in the pear category and improve the quality of the product for the consumer. A group of targeted retailers were also brought to Oregon and Washington for additional training and a tour of the U.S. pear growing regions. PBNW exported 2,314 MT of USA Pears worth \$2.62 million in July-June 2010/11; exports to India have doubled over the past five years. Initiatives like these have helped transform India into one of PBNW's top-ten markets.

- **U.S. Soybeans Increasingly Important to Modernizing the Chinese Swine Industry** The American Soybean Association-International Marketing (ASA-IM) is using MAP, FMD, and producer checkoff funds to provide valuable technical services to the Chinese swine sector, which result in growing demand for soybean meal in swine rations and increased imports of U.S. soybeans. China remains the world's largest market for U.S. soybeans, importing a record 825 million bushels (22.5 MMT) of U.S. soybeans in MY (August-July) 2009/10. This was 56.6 percent of all U.S. soybean exports in the marketing year. Total exports to China in MY 2010/11 were 933.7 million bu. (25.4 MMT), which is a 12.9 percent increase from that in the preceding year. The swine industry accounts for about 53 percent of total animal production value in China.
  
- **Building a U.S. Wheat Market in Saudi Arabia** In June 2010 through May 2011, the U.S. exported 542,000 MT of wheat to Saudi Arabia, valued at \$169 million. Driven by water use concerns, the Kingdom of Saudi Arabia implemented a plan in 2008 to eliminate domestic wheat production, thus creating an export market opportunity of 2.5 MMT or more. U.S. Wheat Associates (USWA) staff, with funding from the FMD program, had maintained contact with Saudi grain officials through the years, ensuring that U.S. wheat was in a good position to meet the Saudi's growing needs. In the summer of 2010, USWA worked closely with its state commission members to bring a Saudi trade team to the United States. The Grain Silos and Flour Mills Organization (GSFMO) Director General and three other colleagues learned about the U.S. export system in Portland, OR, risk management at the Kansas City Board of Trade, and quality assurance at Federal Grain Inspection Service (FGIS) facilities and in meetings with the Animal and Plant Health Inspection Service (APHIS) in Washington, DC.
  
- **Thanks to Market Development Programs, Nigeria Is An Increasingly Important Growth Market for U.S. Rice** Nigeria has become the second largest rice importer in the world after removing their prohibitive tariffs. Local supply cannot meet the growing demand and U.S. rice became competitive in the market. In CY 2009, 51,300 MT of U.S. parboiled, long-grain rice, valued at \$29.1 million, was exported and domestic brands of U.S. rice appeared in the market. The USA Rice Federation (USARF) began MAP-funded activities in 2010 to support the sales of these existing identified U.S. rice brands and to encourage the appearance of new ones. There are currently five brands identifying U.S. rice. USARF conducted promotions in 20 open-air markets in Lagos State and all three importers incorporated their five U.S. rice brand logos into promotional materials, including posters, bumper stickers, and flyers. USARF trained 308 rice marketers about U.S. rice quality and benefits so they could talk to customers knowledgeably about U.S. rice. Importers were also given the same point of sale (POS) items. USARF also conducted an end-of-year campaign where POS materials were distributed to 529 wholesale and retail shops, and billboard advertisements were placed near major markets. This promotion reached 38 percent of the populations, 6.5 million people in the Lagos metro area. Nigerian domestic consumption is estimated to grow to 7-10 MMT by 2015, from the current estimate of 4.65 MMT today.
  
- **MAP-Funded Japanese Furniture Reverse Trade Mission Results in Sales for Vermont Mill** A group of Japanese furniture manufacturers visited Northeastern U.S. hardwood mills and furniture companies as part of an American Hardwood Export Council (AHEC) trade mission in October 2010. During the tour, the Japanese buyers learned about the U.S. industry's responsible manufacturing and sustainable forest management practices. Following the tour, one of the Japanese furniture manufacturers began purchasing 1.5 containers per month of high quality hardwood products from a mill in Brattleboro, Vermont. The monthly shipments, valued at \$55,000 per shipment, have made a real positive difference in the bottom line for this small hardwood mill.
  
- **California Pear MAP Activities in Brazil Boosting Exports** The California Pear Advisory Board (CPAB) reports that MAP supported trade servicing activities have raised awareness of the feasibility of marketing California Bartlett pears in Brazil, and boosted sales. Brazil represents an emerging market for the California pear industry, due to its rapidly developing retail sector and increasing per capita income levels. A long-standing challenge for CPAB is Bartlett pears perishability relative to other U.S. pear varieties, which do not show handling and shipping damage as readily. CPAB is proactively addressing this issue, using MAP funding to raise awareness among Brazilian importers of the use of ethylene control treatments by California shippers such as "SmartFresh", which delays ripening, thereby allowing a longer window of marketability. As a result, California Bartlett exports to Brazil have increased by two-thirds in value to \$238,000 in CY 2010.

- **U.S. Cranberries Gaining Popularity in Spain** Using MAP funding, the Cranberry Marketing Committee (CMC) began its international marketing program in Spain in September 2007. Since that time, CMC has gained approximately \$3 million in advertising among print and television outlets. This is starting to generate sales for U.S. cranberry products. Mercadona, the largest supermarket chain in Spain with more than 1,200 outlets, recently introduced dried cranberries as a year-round listing. This represents the first time that a major retailer in Spain will stock dried cranberries for the entire year as previous sales were on a limited, seasonal basis. In addition, this success has spurred interest in cranberries among other retailers and importers in Spain. Eroski, Spain's fourth largest supermarket chain, introduced U.S. cranberries in their product range as a new snacking product. Since CMC initiated generic promotions in Spain, sales have increased to \$2.5 million from September 2010 through August 2011. Based on the interest from importers, it is likely that sales of U.S. cranberries in Spain will increase substantially in the coming year.
  
- **TASC Funds Educate European Union Port and Health Authorities on the Voluntary Aflatoxin Sampling Plan (VASP) for California Almonds** The Almond Board of California (ABC) received TASC funds to bring authorities from key European Union (EU) Member States to educate them on the merits of VASP. Participants attended seminars and toured the industry, gaining greater confidence in the protocols adopted by the California almond industry. They also clarified the interpretations made by the European Commission regarding special measures applied to California almonds. California almonds represent the United States' second largest agricultural export in value to the EU, at \$736.6 million, and as a region, is the California almond industry's largest export destination with 43 percent of all exports going to the EU, supporting 10,757 jobs in the United States. Since the changes in mycotoxin legislation resulting from the visits, there has been a decrease in the number of erroneously detained and/or rejected consignments, reflecting a combined effect of a 40 percent decrease in aflatoxin rejections in 2010 as compared to 2009.
  
- **MAP Enables Florida Department of Citrus (FDOC) to Boost Exports to Canada by 27 Percent in 2011** From July 2010 through June 2011, the FDOC conducted a MAP-funded, multi-faceted promotional program to increase awareness and trial of Florida orange juice among Canadian consumers and retailers, highlighting the taste and health benefits of Florida orange juice. The program included in-store promotions conducted at 106 stores, media relations activities that resulted in over 97 million consumer impressions, and an advertising campaign that resulted in 59 million consumer impressions. Florida orange juice sales to Canada for the latest marketing year ending June 30, 2011, reached \$213.8 million. This represents a 27.6 percent increase when compared to the same time period a year ago, which showed sales of \$167.5 million. MAP enabled the FDOC to support these sales to Canada and to conduct activities that reinforced the brand image and awareness. The Florida citrus industry has over 8,000 growers and employs more than 76,000 people, providing a \$9 billion annual benefit to the state of Florida.
  
- **QSP Helps Increase Walnut Sales to China** Ongoing efforts to differentiate California walnuts from China's local product in China have been successful due in large part to the California Walnut Commission's (CWC) trade and industry education efforts funded by MAP and product samples funded by the Quality Sample Program (QSP). CWC distributed over 9,000 lbs of walnut samples to target trade-based customers while educating them about the benefits and advantages of California walnuts and demonstrating how to incorporate California walnuts into their products and recipes. As a direct result of QSP, 37 new users have been established as well as several new products with leading bakery, snack, and food processing manufacturers, resulting in 21,800 pounds of incremental volume in the China market. Exports to China have grown by 42 percent to 55.5 million pounds for the 2010 crop year, valued at \$76 million (September 2010 – August 2011).
  
- **Mexico Repeals Restrictive Phytosanitary Regulation on U.S. Soybeans Seeds** After more than 3 years of persistent efforts, the American Seed Trade Association (ASTA) in collaboration with FAS Washington, FAS Mexico, APHIS, the Mexican government and pest risk assessments experts from Texas A&M and Mexico, had successfully overcome a restrictive phytosanitary testing requirement on U.S. soybean seeds coming into Mexico. About a third of total U.S. planting seed exports, valued at \$5 million, is destined for Mexico every year. Due to the 1997 discovery of sorghum ergot, a fungal pathogen subject to quarantine, Mexico required an emergency measure that precipitated millions of dollars in losses, as shipments of soybean seeds were destroyed or returned to the United States. The pest risk assessment project supported by MAP resulted in Mexico's acceptance of the use of the dry test method, considered to be much more reliable than their previous floatation

test method. In 2009, Mexico placed a moratorium on the U.S. origin seeds, removing it temporarily from their quarantine list. A year later, Mexico lifted the emergency measure and re-opened the Mexican market to U.S. soybean seeds. As a result, U.S. exports of soybean seeds into Mexico surged from 121 MT in 2009 to 239 MT in 2010 and to nearly 5,500 MT in the first 5 months of 2011. Mexico is currently the top destination for U.S. planting seeds, with exports at \$159 million, of which 6 percent is soybean seeds.

- **USA Poultry & Egg Export Council's (USAPEEC) Patience in Chilean Market Pays Off** The Chilean/USA free trade agreement entered into effect in 2006. However, an agricultural side letter established provisions allowing poultry trade to not start until 2008 under a combination of tariffs and tariff-rate quotas, as negotiated. In 2008 and 2009, although there was strong interest from U.S. companies to enter the Chilean market, exports of U.S. poultry meats to Chile were negligible. This was due largely to regulations being enforced by Chile that restricted the flow of trade into the country. The enforcement of these regulations created an environment with too much uncertainty and risk, leading both importers and exporters to abandon their interest in poultry exports despite the existing market potential. USAPEEC, through use of MAP funding, invested \$150,000 to sponsor reverse trade missions and trade servicing to travel to Chile on several occasions in 2008 and 2009. Reverse trade missions allowed importers and exporters to meet and negotiate terms that would address certain risks for products that did not meet the Chilean import regulations. Trade servicing trips allowed USAPEEC to meet with importers, U.S. embassy staff, and local associations and to engage the Chilean government in order to remove the barriers to the market. In CY 2010, U.S. exports to Chile were 16,451 MT, valued at \$16.1 million. U.S. exports January-August 2011 have reached \$29.1 million, 81 percent above total CY 2010 value.
- **New York Wineries Find New Fans from Pro Wein Trade Show in Germany** The New York Wine and Grape Foundation (NYWGF), based in Canandaigua, New York, used MAP funds to attend the annual ProWein trade show in Germany in March 2011. The show attracts 39,000 visitors and buyers from all major European markets as well as North America and Asia. According to reports from show organizers, ProWein 2011 posted a 6.5 percent increase in visitors. Organizers noted increased interest from Great Britain, Scandinavia, the United States, and Canada as well as Eastern Europe – especially Russia, the Czech Republic, and the Baltic states. As a result of their participation, in 2011, two New York wineries, Wolffer Estate Vineyards in Sagaponack and Grapes of Roth in Sag Harbor (both from The Hamptons, Long Island) have gained new listings at 15 - 20 restaurants in Germany, mostly in larger cities, and Lakewood Vineyards, in Watkins Glen, NY (on Seneca Lake) and Cayuga Ridge, in Ovid, NY (on Cayuga Lake) are now available online through an ordering service site due to the increased exposure. NYWGF projected sales at ProWein at \$10,000, and in addition, there are still potential orders being discussed for a couple of other European markets involving a future vintage as a result of this year's show.
- **MAP-Funded Trade Show Presence Help Umpqua Indian Food Exports Continue to Grow** Umpqua Indian Foods reports that due to the assistance of the Intertribal Agriculture Council (IAC) and the MAP they had record-breaking sales in June 2011. Umpqua Indian Foods used MAP funds to introduce their beef jerky and meat snack products to the Hong Kong market. They expect sales to exceed \$70,000 in 2011 and project more than \$150,000 in future sales. Sales continued to climb in 2011 after they attended international food shows, such as HOFEX in May 2011. Their participation was made possible through IAC's participation in MAP. Their sales have improved significantly in a very short amount of time and it will benefit the local Tribe and the economy in the surrounding communities in southwestern Oregon. International sales now constitute about 24 percent of Umpqua's total sales..
- **MAP-Funded Caribbean Trade Team Impressed with U.S. Red Meat Industry** Extending the reach of U.S. beef and pork beyond the Caribbean hotel restaurant and tourism industries, USMEF hosted a retail team visit to the United States in March 2011, bringing nine buyers from the Caribbean region to get a "farm to fork" overview of the U.S. beef and pork industries. The team of buyers visited a cattle ranch and feedlot, and beef and pork processing plants in Texas and Oklahoma. In addition, the group took part in cutting demonstrations that introduced them to newly developed U.S. cuts and merchandising ideas, participated in a comprehensive "Beef and Pork 101" course at West Texas A&M University and attended the 2011 Annual Meat Conference in Dallas. The Caribbean region is one of the fastest growing markets for U.S. beef and pork. In CY 2010, beef exports to the region totaled nearly 25,000 MT, valued at \$103 million, a 23 percent increase in volume and a 28 percent increase in value over the previous year. Pork exports increased 6 percent in volume to nearly 43,000



MT and 19 percent in value, reaching \$92.6 million. Over the past 5 years, annual export value to the Caribbean has increased by 75 percent for U.S. beef and 90 percent for U.S. pork.

- **OSP and Chef Seminars Grow Demand for Alaska Seafood in China** The Hotel Restaurant Industry (HRI) is one of the most dynamic sectors contributing to China's economic growth in recent years. The expansion of a large number of chain restaurants and hotels holds significant market opportunities for Alaska Seafood. The QSP funded Alaska Seafood Marketing Institute's (ASMI) seafood samples that were used in four MAP-funded chef seminars, held from September 2010 - April 2011, with 300 industry professionals in attendance, including key seafood trade members, chefs, and purchasing officers from hotels and high-end restaurants in China. The events featured a wide variety of Alaska seafood species. Alaska Pollock roe, yellow-fin sole, rockfish, and lingcod were introduced to the local chefs for the first time. Through the seminars, participants gained a better understanding of the nutritional benefits of Alaska seafood, proper handling and storage, and an understanding of superior quality and taste that makes Alaskan seafood unique. There were about 170 restaurants represented and approximately 90 were restaurants not affiliated with a hotel, having as many as 70 outlets. After the seminars, the hotels are using up to 100 kg of Alaska seafood a day, resulting in estimated sales of up to \$4 million annually. In addition, several chain and Japanese restaurants in attendance launched Alaska seafood promotions to feature Pollock roe, Pacific cod and sole. Following the start of the promotion, over 30 kg of Pollock roe has been used on a daily basis.
- **The National Confectioners Association's (NCA) MAP-funded Brand Program Generates Over \$24 million in Confectionery Sales in 2010** NCA's branded program assisted 17 companies in conducting a variety of activities that raise brand awareness and generated long-term growth for confectionery products in select target markets. In 2010, MAP-funded branded program participants reported \$2.9 million in confectionery sales. As a result of participation in NCA's program, five confectionery companies made their first-ever export sale. NCA's MAP branded program is open to all small and medium-sized confectionery companies that produce or promote products containing at least 50 percent U.S.-grown raw ingredients and meet the federal standards for chocolate and confectionery.
- **The Food Export-Midwest's MAP-Funded Branded Program Helps Illinois Company Reach \$2 Million in Export Sales** For the past 3 years, Distinctive Foods, located in Wheeling, Illinois, received funding through the Branded Program to help with the cost of exhibiting at the International Food and Beverage Exhibition (FOODEX) held in Tokyo, Japan, where they also participated in Food Show PLUS!™ tradeshow enhancement services. According to Stephanie Jacobs, Marketing and Sales Manager for Distinctive Foods, "We could not have afforded to participate in international tradeshow or promote our products overseas without the Branded Program. We had an edge over the competition by being able to meet face-to-face with Japanese buyers through Food Show PLUS!™ and create a positive connection to our brand through promotional materials made possible through the Branded Program." In 2009, the company's export sales to Japan were \$387,000 and in 2010, as a result of Branded Program support, they increased their export sales to over \$2 million. They expect this number to grow by another 25 percent in 2011. As a result of the increased export sales, the company hired seven new staff members and 30 laborers for baking and packing cheesecakes.
- **Massachusetts Seafood Businesses Successful Using MAP Funds** Seven Massachusetts companies were participants in the European Seafood Exposition show, the world's largest seafood fair held May 3–5, 2011 in Brussels, Belgium. They were among the 24,000 attendees including 1,600 companies from 140 countries on 6 continents. On site sales generated at the event for the Massachusetts companies were estimated to be over \$176 million dollars. This show is the major trade event for European seafood buyers. The Massachusetts businesses were under the Food Export USA banner in the USA Pavilion. The Massachusetts Department of Agricultural Resources (MDAR) is a member of Food Export USA Northeast, receiving MAP funds to support export development. "Exporting is vital to the industry's sustainability," said Scott Soares, MDAR Commissioner and President of Food Export USA Northeast. Last year, MDAR worked with Food Export for \$383,000 to be awarded to Massachusetts seafood businesses through the MAP Branded Program. Funds were used to offset export development costs including participation in the European Seafood Exposition. Massachusetts 2010 exports of fish and seafood totaled \$425 million.

- **Sorghum Export Success to Spain** As grain prices rose during August 2010 and feed grain supplies diminished, FAS Madrid identified favorable market conditions for U.S. sorghum. FAS/Madrid and FAS/Brussels leveraged the assistance of Spanish stakeholders to highlight market opportunities for U.S. sorghum exports as well as to identify and resolve market barriers. Over the course of several months, coordination between FAS Madrid, FAS Brussels, FAS grain analysts in Washington, the U.S. Grains Council partially funded by MAP and the Cooperator Program, and the Spanish feed industry ultimately contributed to \$38 million in U.S. sorghum sales in 2010 compared to zero in 2009, with \$82 million in the first eight months of 2011. The major sorghum producing states such as Kansas, Texas, Nebraska and Arkansas all benefit from the renewal of U.S. sorghum exports to Spain.
  
- **FAS/Tokyo Continues to Find Success Increasing U.S. Agricultural Exports Using the Trade Lead System (TLS)** Through FAS/Japan's US-ATO business-to-business website, the Trade Lead System facilitated a \$2 million annual contract between an importer of canned super sweet corn with a U.S. manufacturer headquartered in New York. The Trade Leads System was instrumental in allowing the importer to explore new sources of supply, incorporating the expertise of ATO staff, and ensuring consistent and clear communication between importers and exporters. FAS has been at the forefront of agricultural export expansion with the creation of the TLS, an innovative online system that matches U.S. exporters with foreign importers. In operation for only two years, FAS has almost 1,000 trade leads in the system sourced from 44 countries with the potential value of more than \$150 million. The TLS has demonstrated the ability to expand U.S. agricultural exports to support the National Export Initiative.
  
- **The Trade Lead System Adds to U.S. Agricultural Exports to Japan** A large scale Nagoya based food manufacturer purchased concentrated grape juice from a New York State supplier in December 2010. Subsequently, a small Tokyo based trading house purchased U.S. caviar from a North Carolina supplier in May 2011. The total amount of these two trades was around \$150,000. The importers are expecting to continue the business with the same suppliers, and future total sales are expected to reach \$1.65 million per year beginning in 2012.
  
- **FAS/The Hague Facilitates the First Trade Lead System (TLS) Success in Europe** In January 2011, using the TLS, the Belgium-based importer, Afri Commerce, placed an order with Fornazor International based in New Jersey to ship two containers of fishmeal valued at \$35,000. The estimated 12-months sales are \$340,000 (400 MT). FAS/The Hague receives over 50 trade leads annually, of which an estimated 20 percent are from local importers looking for new U.S. products.
  
- **FAS/Tokyo Creates Another Success with the Trade Leads System (TLS)** In May 2011, FAS/Tokyo facilitated through the TLS system a \$250,000 frozen asparagus sale between a Tokyo based trading company affiliated with a major department store and a California-based U.S. frozen vegetable manufacturer.
  
- **FAS/Warsaw Initiates U.S. Baking Mix Sales to the Baltic Countries** FAS/Warsaw assisted the American Foodservice Concepts Corporation, a U.S. exporter of baking mixes, with locating a potential distributor for the Baltic countries (Lithuania, Latvia, and Estonia). After conducting an extensive search, FAS/Warsaw identified three potential partners holding the prerequisite requirements. These efforts led the American Foodservice Concepts Corporation to work with the Panemunes egle Company to help market its products in the Baltics, which included the Magic Chef Cake Mix line. Current sales are valued at \$120,000 over the first 12 months of the contract in 2011 and 2012.
  
- **Hawaii Exports International Coffee Takes Off in Canada** New-to market and new-to-export company, Hawaii Exports International (HEI), succeeded in completing initial sales of \$35,000 of coffee to Canada with the support of FAS/Canada and Western United States Agricultural Trade Association (WUSATA). Mr. Michael Rakieten, Managing Director of HEI, commented "Canada was an easy choice in selecting as the company's first export market because of the geographical proximity to Hawaii, the common language and business practices." He further added that there is increasing Canadian consumer awareness for Hawaiian coffee, as Canadians rank second, behind the Japanese, with the most number of foreign tourists visiting Hawaii. Since first venturing into exports with the help of FAS and WUSATA, Hawaii Exports International is now

looking to develop other markets around the globe such as in China, Korea and Germany. HEI emphasizes that their export sales not only support the Hawaii Coffee Association and its members but, more importantly, the local economies involved in Hawaii's coffee production.

- **The Trade Lead System (TLS) Opens New Opportunities for U.S. Exports to the Caribbean** The Trade Lead System generated approximately \$20,000 in a Caribbean export sale for a California tomato packer, thanks to commercial publications distributed by the U.S. Embassies in St. George's, Grenada and Bridgetown, Barbados. These publications pointed a Grenada sauce and beverage manufacturer to the Caribbean Basin Agricultural Trade Office's (CBATO) website, where they learned about the TLS and later submitted several on-line trade leads. The Grenada company was so pleased with the effectiveness of the service that they submitted an additional six trade leads to the CBATO.
- **Another Trade Lead Success for Thailand** Southern Foods Trading, a Thai company that supplies dried fruits from China and the United States to food manufacturers in Thailand, successfully found two U.S. exporters using the Trade Lead System (TLS) in April 2011. The TLS helped facilitate the sale of a container of U.S. jumbo golden raisins valued at \$76,120 from Galco International and another container of U.S. pitted prunes from Cal Ranch Inc., valued at \$52,560.
- **Trade Lead System (TLS) Facilitates U.S. Fruit Exports to the Philippines** Through the efforts of FAS/Manila and the Trade Lead System, two U.S. exporters based in the Pacific Northwest sold fresh fruit to a Philippine importer in October 2010. The value of the two sales totaled \$46,000, with future sales expected in 2011 and beyond.
- **Trade Lead System (TLS) Sale in Thailand** A Thai supplier of pharmaceutical and nutritional ingredients purchased 5,000 kilograms (\$10,000) of sodium caseinate through the Trade Lead System in May 2011. This was the third TLS success from FAS/Bangkok and the post's active use of the TLS reinforces FAS' commitment to helping U.S. small and medium sized companies enter international markets.

## **INTERNATIONAL TRADE SHOWS**

In 2011, close to 1,000 U.S. companies and organizations participated in 27 FAS-endorsed trade shows in 19 countries. On-site sales totaled an estimated \$107.5 million and 12-month projected sales reported by exhibitors were estimated over \$1 billion. The companies made over 15,600 business contacts and displayed more than 6,500 new products in various markets on all continents. FAS' direct costs in support of these events totaled approximately \$50,000. Below are some trade show highlights.

- **U.S. Exhibitors Projected Sales of \$127.3 Million at SIAL Paris 2010** Salon International de l'Alimentation (SIAL) Paris 2010, a bi-annual international food show, attracted 5,700 exhibitors from 106 countries, and displayed products for 136,381 visitors from 200 countries. The USA Pavilion encompassed 147 exhibitors, largely comprised of small and minority-owned companies, 55 and 13 percent, respectively. U.S. exporters reported \$12.2 million in on-site sales and \$127.3 million in 12-month projected sales, a 31 percent jump over the previous show's projections. According to exhibitor feedback, 2,193 serious sales contacts were made, 617 new products were introduced, and 18 new-to-market or new-to-export U.S. companies participated.
- **\$20 Million in Sales Projected at Seoul Food & Hotel Korea** From April 26-29 2011, the Annual Food and Hotel Korea show, took place in Seoul. Over 36 exhibitors were in the U.S. Pavilion reporting \$2 million in on-site and close to \$20 million of 12-month projected sales of U.S. agricultural products. U.S. companies made over 543 business contacts and introduced 231 products in the market. The most popular U.S. products at the show were chilled beef, processed meat products, frozen chicken, cheese & milk products, blueberries, frozen vegetables and Hawaiian coffee. Of the 36 U.S. companies represented 19 were small to medium size, and 12 were minority-owned companies, and 5 were major companies.
- **World Food Moscow 2011 Generates Over \$30 Million in On-Site and Projected Sales for U.S. Companies** World Food Moscow, one of the largest food and beverage events in Russia, took place in Moscow, Russia, September 13-16, 2011. Held annually, this show attracts approximately 1,400 exhibitors from 64 countries and

60,000 trade visitors. The United States was one of the most diversified among the national pavilions with an impressive presence in the Fruit, Fish, Grocery, and Meat sectors. Fifty companies and associations participated in the U.S. Pavilions, five of which were new to market and one new to export, reportedly making approximately 343 serious contacts resulting in 12-month projected sales of \$15.7 million and on-site sales of \$13.9 million. ATO Moscow organized several value-added services for Pavilion exhibitors, including a market briefing, retail tour, meeting with head buyers of the X5 Retail giant, and a trade reception. World Food Moscow remains the main event for food exporters intending to start or develop sales to Russia.

-- **Food & Hotel Vietnam 2011 Reports an Estimated \$12.5 Million in 12-month Sales for U.S.**

**Companies** Food & Hotel Vietnam (FHV) 2011, held biennially in Ho Chi Minh City, took place September 28-30, 2011. The USDA-endorsed event is Vietnam's most established international food and hospitality trade show. FHV 2011 hosted 9 country pavilions, with 374 exhibitors from 30 countries, and 9,860 trade visitors. The USA Pavilion, the largest to date at FHV, featured U.S. food and beverage products from 28 companies/organizations, including 6 that were new to the market. Several new-to-market products were introduced at the show including ice cream, sugar substitutes, and nutritional drinks. Product-tasting activities were focused on beef, pork, poultry meat, potatoes, popcorn, and soup made from soup bases. USA Pavilion exhibitors reported making over 420 serious contacts during this 3-day event, with on-site sales of \$170,000 and an estimated 12-month projected sales at nearly \$12.5 million. FAS Ho Chi Minh City arranged a market briefing, market tour, and trade reception for Pavilion exhibitors. A U.S. agribusiness trade mission with 15 U.S. companies, headed by the USDA Acting Under Secretary for Farm and Foreign Agricultural Services was also held prior to the trade show.

**U.S. SHOWS WITH INTERNATIONAL COMPONENT**

- **The Americas Food and Beverage Show was held in Miami, Florida on November 14-15, 2011.** FAS and the National Association of State Departments of Agriculture jointly with the World Trade Center Miami supported a U.S. Pavilion with 116 U.S. exhibitors, an increase from 93 exhibitors at the 2010 show. FAS organized buyer teams from five Central and Latin American and Caribbean Posts and China with about eighty-eight participants. In addition, six States and several U.S. cooperators had a presence in the pavilion. Sales results are pending.

**OTHER TRADE SERVICES HELPING SMALL COMPANIES**

FAS conducted an internal study for the purpose of measuring 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 2010. The findings show 976 companies participated in these shows, with 72 percent of the responding companies meeting small company status and 69 percent responding as having ethnic ownership. The number of U.S. small company participants in CY 2010 exceeded that of CY 2009 by four percent. Statistics showed that the most active minority ethnic group participants were Asian, making up over 10 percent of the total companies reported.

- **Servicing Exporter Customers** In 2011, FAS responded to nearly 360 requests for information on the Exporter Assistance Line. Inquiries encompassed information on buyers overseas, general export related questions, such as how to export candy and seafood products, help with the Foreign Buyers List, U.S. Suppliers' lists, and information on Japanese and other FAS supported trade shows. Some other specific inquiries concerned tariff rate information about Korea and China, export certification related to popcorn, dates, and dairy products, how to export wine to Vietnam, grapes to Hong Kong, grain to Morocco, and several products to Canada and Mexico.
- **Other Services and Products** The Foreign Buyer List (FBL) database, maintained by FAS, is one of the most popular services sought by U.S. exporters. In 2011, FAS provided over 750 foreign buyers a list of list reports to more than 200 U.S. exporters. In addition, FAS publishes a monthly newsletter on upcoming FAS-supported trade shows and events. This newsletter "Trade Show Tidbits" can be found on the FAS website on the Trade Shows/Trade Events page.



## **COUNTRY STRATEGY SUPPORT FUND**

FAS Headquarters works closely with FAS Posts to link the use of the Country Strategy Support Fund (CSSF) 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's Agricultural Trade Office (ATO) in Seoul Organizes Buying Missions That Boost U.S. Exports** The ATO in Seoul, South Korea uses Country Strategy Support Fund (CSSF) funds to organize events that bring Korean importers and U.S. exporters together. In March 19-27, 2011, the ATO and the Southern United States Trade Association (SUSTA) organized a Korean seafood buying mission to Boston, Massachusetts and Tampa, Florida. ATO Seoul recruited the buyers, provided translation services, and surveyed the results after the activity. The mission exposed Korean seafood buyers to a wide variety of U.S. seafood products and new suppliers and provided information on the Korean seafood market to U.S. seafood companies. The activity was effective in introducing new species and new suppliers, as well as improving the importers' awareness of U.S. seafood in general. Participants surveyed after the activity are projected to purchase \$10 million from the U.S. seafood suppliers over the next year. ATO Seoul used CSSF funds to pay for one individual from their office to accompany a team consisting of nine Korean seafood-importing companies. This mission helped cultivate cooperative working relationships between ATO Seoul, SUSTA and Korean buyers. Not only are these delegation members likely to turn to U.S. products and suppliers, but they will also become key sources of information on the Korean market for seafood products.
- **FAS Mexico Uses CSSF to Keep the Border Open to U.S. Exports** CSSF funds utilized by FAS Mexico supported projects to help unify border crossing procedures for agricultural products, assist Mexico in implementing compatible electronic certification systems for agricultural imports and exports, reduce regulatory barriers to cross-border business in agriculture, reduce trade disputes for shipments to Mexico, and to remove additional regulatory barriers with a spirit of cooperation. For example, in June 2011, FAS Mexico with the collaboration of the U.S. Grains Council and private exporters, coordinated a trip for Mexican Senators to the United States to educate them about farm policy, regulatory, and sanitary/phytosanitary trends in U.S. agriculture. The Senators learned about the U.S. Farm Bill, biofuels production and consumption, and the benefits of planting agricultural biotechnology food crops. Mexican Senators are preparing a new farm bill in Mexico and are interested in writing legislation to revitalize the Mexican agricultural extension system. They learned how USDA implements the Farm Bill and about its agricultural extension programs. They also visited the Kansas City Board of Trade. This trip was an opportunity to further strengthen the bilateral ties that post has established over the years.
- **ATO Beijing Working With Cooperators, Importers and Retailers to Build Markets for U.S. Products** The ATO in Beijing, with active support from cooperators, built a partnership with newly emerging Chinese retailer Beijing Hualian Group High-End Markets (BHG) that has netted over \$10 million in sales of U.S. food products in the first six months of 2011. BHG is one of China's newest retailers, and has built a thriving business by selling high-end food and grocery items, not to the usual mix of expatriates overseas and Chinese, but to China's own rapidly growing population of wealthy consumers. FAS Beijing used CSSF to bring BHG buyers to various U.S. trade shows to make contacts and purchases. In 2011, FAS Beijing sponsored an in-store promotion at BHG. Sales of U.S. products increased from about \$1.9 million annually to \$9.9 million in 2010, with sales of over \$10 million in the first half of 2011 alone. The in-store promotions were funded by CSSF as well as supported by MAP funding through the U.S. Dairy Export Council, the Almond Board of California, the Northwest Cherry Commission, the U.S. Meat Export Federation and Brewer's Association. The ATO used CSSF to support media coverage and promotional events featuring U.S. products like frozen pork, organics, craft beer, cheese, silk soymilk, Washington cherries and apples, Sunkist oranges, Mug root beer, Florida's natural fruit juices, and a range of canned foods, jams and jellies, bourbon, chips, cookies, dried nuts and fruits, and others for a total of 3,700 stock keeping units (SKUs). BHG has aggressive expansion plans targeting fast-growing cities in interior China. As they expand their stores and distribution networks to these cities, the ATO's continuing partnership will ensure that they bring U.S. food products with them. This partnership is a good example of ATOs, cooperators, importers, and retailers working together to build markets. In 2010, U.S. agricultural exports to China were valued at \$18 billion dollars.

- **ATOs in Japan Promote U.S. Agricultural Products at Three American Fairs** The ATO's CSSF activities have a significant positive impact for U.S. agricultural exports in the Japanese market. A major high-end Japanese department store held its first New York Fair at its main store in Osaka, Japan in May 2011. This week-long fair drew more than 75,000 customers and recorded \$1.3 million in total sales. The fair featured both food and fashion goods from New York; food sales alone were estimated at around \$520,000. Customer feedback was so positive that the store is already planning to hold another New York fair on an expanded scale next year. ATO Osaka assisted the store in developing the fair plan, provided information on a variety of New York food products, and introduced New York food companies and Japanese importers familiar with American products, to the store fair organizers. The fair was a great success exceeding the sales targets of the store and was an excellent showcase for U.S. products. In addition, the ATO supported two other retailers in their annual American Fair. The largest supermarket chain in Japan held a four-day promotion with more than 980 stores nationwide taking part. The reported sales of U.S. agricultural products reached well over \$4.6 million. The ATO used CSSF to promote the fair through MyFood.jp and helped manage cooperator participation. The second largest supermarket chain in Japan's American Fair resulted in sales of \$910,000 over a 5-day period, featuring 60 SKUs of U.S. products. Top sales items included U.S. beef, Alaska salmon, California watermelon and prunes, Pennsylvania cinnamon honey butter, Florida oranges, pomegranates, and blueberries.
  
- **FAS London Supported the U.S. Pavilion at the International Food Exhibition in London With CSSF Funds** The UK offers a tremendous amount of opportunities for U.S. agriculture. Today, the United States exports over \$1.6 billion annually in agricultural, fish, and forestry products to the UK, which is also a major market for high value and consumer oriented products. The International Food Exhibition (IFE), which is a USDA-endorsed show and the UK's largest food trade show, took place at the ExCel exhibition centre in London's Docklands in March 2011. The show targets the food and beverage industry across the retail, catering, manufacturing, and wholesale sectors. The exhibit showcased around 1,400 exhibitors. U.S. food exporters had a significant presence at the show. Nineteen companies exhibited as part of the U.S. Pavilion, which included eleven new-to-market and new-to-export companies. The show produced \$469,000 on-site sales and \$1.9 million in projected 12-month sales. U.S. exhibitors introduced 115 new products at IFE, ranging from sauces, crackers, baby food, and ice cream. A few U.S. companies were lucky enough to meet with the Olympic Organizing Committee that had a team at the show looking for products to be used at the London Olympics in 2012. FAS London used CSSF funds and partnered with the National Association of State Department of Agriculture (NASDA) to pay for improvements to the U.S. Pavilion.
  
- **CSSF Helped Support Buying Mission to the Americas Food & Beverage Show 2010** The Miami, Florida Americas Food & Beverage Show is one of the largest in the Western Hemisphere, and one of three major U.S. trade shows sponsored by FAS. FAS Caracas used CSSF to accompany a 39-member Venezuelan team to the trade show, including 28 first-time visitors. Venezuelan buyers bought more than \$859,000 as a result of attending this event. FAS Caracas solicited buyers from the most important Venezuelan companies, organized an itinerary that focused on meeting with U.S. companies interested in doing business in Venezuela, and provided translation and other on-site assistance. During the two days of the show, FAS engaged with many U.S. companies to explain the export opportunities in Venezuela and introduced the Venezuelan buyers in their respective categories. Additionally, post gave the U.S. companies information about the services provided by the Office of Agriculture Affairs in Caracas. In 2010, U.S. agricultural exports to Venezuela were valued at \$1 billion dollars.

### **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 credit to countries that may 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 2.5 years. In 2011, the GSM-102 program provided credit guarantees which facilitated sales of \$4.12 billion, a significant increase of 33 percent from the previous year's program of \$3.09 billion. Increased demand for credit amidst a risky financial environment and rising commodity prices are among the factors causing the rise in the GSM-102 program usage in 2011. Highlights for 2011:

- The GSM-102 Programs supported increased exports to South Korea, Mexico, Central America, and the Caribbean.
- Through August 2011, the program supported 17 percent of total U.S. agricultural exports to South Korea and 21 percent of total U.S. agricultural exports to Turkey.
- After declining to \$195 million in 2010, program usage for U.S. agricultural exports to the South America Region rebounded in 2011 to \$588.4 million. Total U.S. agricultural exports to these same countries were \$4 billion for the period October 2010 - August 2011. As of August 2011, the GSM-102 program had supported nearly 10 percent of U.S. agricultural exports to these countries. The commodities exported to South America under the program in 2011 include wheat, corn, corn gluten meal, corn oil, distilled dry grain, soybeans, soybean meal, and soybean oil.
- Sales of corn, wheat, and cotton all showed dramatic increases in 2011.
  - Program use for corn exports increased by 70 percent to \$1.2 billion, including sales to South Korea, Indonesia, Saudi Arabia, and Central America.
  - Program use for wheat exports increased by 93 percent to \$1 billion, including sales to South Korea, Thailand, South America, and Egypt.
  - Program use for cotton exports increased by 126 percent to \$389 million, primarily to Turkey.
- In 2011, the program facilitated sales of many non-bulk commodities including oranges and walnuts to South Korea and leather, cattle hides, linerboard, and wood pulp and chips to Turkey.

### **GSM-102 EXPORT CREDIT SALES REGISTRATIONS**

#### **Summary of 2011**

<b>Country/Region</b>	<b>\$ Millions</b>
Africa & Middle East	238.5
Caribbean	159.2
Central America	544.9
China/Hong Kong	178.1
Eurasia	165.9
Mexico	299.9
South America	588.4
Southeast Asia	274.0
South Korea	1,125.5
Turkey	548.7
<b>TOTAL</b>	<b>\$4,123.1</b>

On July 27, 2011, USDA published proposed changes to the GSM-102 program. This proposed rule would amend the program regulations to incorporate operational changes implemented since the publication of the current rule, and includes other administrative revisions to enhance clarity and program integrity. These changes should also

increase program availability to all participants, including smaller U.S. exporters. The public comment period closed on October 26, 2011.

### **FACILITY GUARANTEE PROGRAM (FGP)**

USDA continues its work on revisions to the FGP regulations to incorporate the waiver of U.S. content on capital goods if the Secretary determines that use of U.S. goods is not practical. FAS expects to complete its development and implementation of a revised program regulation in 2012.

### **PROGRAM MANAGEMENT/OVERSIGHT**

In 2011, FAS continued to proactively manage the GSM-102 program risks and costs. To help meet this goal, FAS continued its annual analysis of historical program defaults and recoveries to determine true net default rates, and applied actuarial data to the credit reform subsidy model. Average program subsidy is estimated to remain negative at -0.53 percent in 2012, compared to -0.86 percent in 2011. On the revenue side, in 2011, FAS contracted with a consulting firm with Federal Credit program expertise to assist in developing a new fee schedule that is more commensurate with program risk and assist FAS with meeting the statutory requirement to cover, but not exceed, long term operating costs and losses of the program.

### **CAPACITY BUILDING/FOOD SECURITY**

FAS' capacity building and food security activities lay the groundwork for furthering U.S. agriculture's trade interests in developing countries around the world. In-country institutional capacity-building, research, technical training, and food assistance activities target developing economies with promising market potential.

### **COCHRAN FELLOWSHIP PROGRAM**

The Cochran Fellowship Program (CFP) provided short-term training in the United States for 585 international participants from 68 countries in 2011. Since its inception in 1984, the program has trained more than 14,300 participants from 123 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 accomplishments that strengthen trade linkages between recipient countries and the United States:

***Iraq.*** In January 2011, the CFP hosted three government fellows from Iraq for training on sire selection and livestock breeding, coordinated with World Wide Sires, which represents the U.S. cattle genetics industry. The program focused on successful insemination of cows, including herd management, estrus detection, cow classification, sire selection, synchronization programs, nutrition, and herd health. The Fellows helped educate the Minister of Agriculture about the quality of U.S. genetics, which resulted in a lifting of the import ban on U.S. genetics into Iraq in March 2011. It is reported that the Ministry of Agriculture would like to import approximately 100,000 straws of dairy genetics immediately, with the possible introduction of beef genetics in the future.

***Kenya.*** In 2011, an Agricultural Biotechnology Advisor to the U.S. Agency for International Development (USAID) Kenya, who was trained as a Cochran Fellow in 2006, continued to advise U.S. Government officials regarding Kenya's progress towards developing science-based agriculture-biotechnology rules and regulations. His training allowed him to play an instrumental role advising the U.S. Agricultural Counselor and the Deputy Chief of Mission in the U.S. effort to convince the Government of Kenya to consider labeling regulations that would foster rather than impede biotechnology research.

***Malaysia.*** Following a Cochran-sponsored pork industry tour in June 2010 that included a trip to the Pork Expo in Des Moines, Iowa, a team of Malaysian pig farmers returned to the United States in September 2010 to purchase swine. Impressed with the quality, they purchased roughly 100 head of swine, including boars and gilts, valued at around \$179,000.

**Vietnam.** In late 2010, Vinamilk, the largest dairy processing company in Vietnam, purchased more than \$100 million of U.S. dairy products and over \$10 million of other U.S. products, including soybeans and alfalfa. The Executive Director of this company, who is one the major decision makers for this purchase, was trained as a Cochran Fellow in 1998 when he was working as a production manager.

**Mexico.** In August 2011, the CFP coordinated a training program for 13 Mexican Congressmen focused on the U.S. Farm Bill process. The program included briefings from senior officials at USDA and congressional staffers, and field visits to Monsanto and Cargill. As a result, the Mexican House Agricultural Committee President began discussions with Monsanto to provide hybrid corn seed to small Mexican producers (with 10 hectares or less). This will help both the producers and Monsanto, convincing small-scale Mexican farmers of the benefits of agricultural biotechnology.

**Thailand.** In March 2011, the CFP trained three Thai mid-level officials on the U.S. animal regulatory process. The Fellows received training on how the United States uses the World Organization for Animal Health Standards, the U.S. rule-making process, and interagency collaboration. After they returned to Thailand, the relationship between FAS staff in Thailand and Thai regulators in the Department of Livestock Development (DLD) improved. For example, FAS/Bangkok helped the National Pork Producers Council secure meetings with high-level DLD officials to discuss market access for U.S. pork. In September 2011, when a shipment of U.S. hides and skins worth about \$100,000 was detained at a Thai seaport due to the lack of a proper health certificate, FAS staff called on DLD officials, who agreed to release the shipment immediately. In October 2011, FAS Thailand requested that the DLD reconsider its unsubstantiated new feed regulation on distillers dried grains with solubles, which may impact trade from the United States to Thailand. As a result, the DLD is now working internally to postpone the enforcement of this regulation and is likely to accept FAS Thailand's request to modify it to avoid possible trade disruptions.

**Mauritius.** In July 2011, the CFP provided seed production and certification training to nine public and private seed experts from Ethiopia, Kenya, Malawi, Mauritius, and Tanzania in conjunction with the University of Missouri and the United States Potato Board. As a result, the Agricultural Marketing Board of Mauritius is finalizing plans to purchase 25 tons of Cal White seed potatoes from the United States. Medine Limited, one of the largest producers of tomatoes and other food products in Mauritius, has been in contact with H.J. Heinz Company to source U.S. tomato seeds.

The following are examples of CFP accomplishments that assist recipient countries in developing agricultural systems to meet their food needs:

**Afghanistan.** After training on veterinary extension in September 2011, three Fellows from Afghanistan successfully disseminated the knowledge they gained at a conference in Kabul in October 2011. The conference, entitled Livestock Extension-Community Based Approach, was hosted by the Fellows' Non-Government Organizations (NGO) employer and inaugurated by Afghanistan's Ministry of Agriculture, Irrigation, and Livestock. Presentations covered a variety of topics, including extension methodology, technology transfer techniques, and preparation, storage, and utilization of affordable quality feeds.

**Armenia.** In January 2011, a Cochran Fellowship alum, became Armenia's new Minister of Agriculture. Prior to his current post, the Minister participated in Cochran training on food processing as a business owner. Over the years, his company receives inputs from more than 4,500 farms and contributes to the incomes of nearly 12,000 farm workers.

**Tanzania.** In 2011, the Director of Technical Services and Head of the Phytosanitary, Biosafety, and Organic Certification Unit at the Tropical Pesticides Research Institute in Arusha, Tanzania continued to augment the Government of Tanzania's capacity to evaluate environmental risk associated with the release of genetically engineered organisms for use in agriculture. She participated as a Cochran Fellow during 2010 in a biosafety short course focused on the environmental aspects of agricultural biotechnology, provided by Michigan State University. This new-found capacity will be critical as she helps the Government of Tanzania evaluate and possibly embrace new agriculture technologies. Like many other East African countries, Tanzania must develop the scientific capacity of its employees as a means of advancing agricultural development and food security.

Region	Appropriation	Dept. of State	USAID	Iraq and Afghanistan Technical Assistance	America for Bulgaria Foundation	Total
Asia	81	5	0	0	0	86
Eastern Europe and Eurasia	28	84	0	0	0	112
Latin America and the Caribbean	93	5	0	0	0	98
Africa and the Middle East	75	0	0	34	0	109
<b>Program Total</b>	<b>277</b>	<b>94</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>405</b>

### **BORLAUG FELLOWSHIP PROGRAM (BFP)**

The Norman E. Borlaug International Agricultural Science and Technology Fellows Program (BFP) continues to expand, training some 500 Fellows from 64 countries since the program's inception in 2004, including 86 Fellows in 2011. 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 research in the United States to potential leaders from eligible countries. The program helps developing countries strengthen agricultural practices through the transfer of new science and agricultural technologies. The program also addresses obstacles to the adoption of technology, such as ineffective policies and regulations. The BFP continues to strive for diversity, with females comprising nearly 50 percent of participants. Accomplishments in 2011 include the following:

***El Salvador.*** In 2011, a Borlaug Fellow who received training on post-harvest and processing techniques for fruits and vegetables at the University of Kentucky and Oregon State in 2010, utilized her skills to help shape El Salvador's national food and nutrition sector. She has since become the head of El Salvador's National Centre for Agricultural and Forestry Technology (CENTA) food laboratory, developing more than 20 new, healthy, and nutritious products such as fortified beverages, nutritious biscuits, baby food, and vegetable soups. They will be included in four school programs through a project directed by the Ministries of Education, Health, and CENTA, Family Agriculture Program. She was also named a member of the National Committee for Food and Nutrition Security, charged with developing El Salvador's new food and nutrition security law that incorporates many aspects of the post-harvest techniques she learned as a Borlaug Fellow. The law was released in May 2011, and implementing regulations are being written. The Fellow has also trained over a thousand farmers, producers, technicians, and other customers in 62 workshops on agro-industrial processes, thus helping small agro-industries acquire new techniques to reduce postharvest losses.

***Macedonia.*** In 2011, a Borlaug Fellow from Macedonia who completed his training at the University of Missouri in 2007 successfully applied the knowledge he gained for molecular typing of food-borne isolates. The Fellow's home institution, the Food Institute Laboratory of the Faculty of Veterinary Medicine in Skopje, recently purchased equipment for molecular typing, which has further developed the laboratory's ability to trace food pathogens.

***Peru.*** In 2011, a Borlaug Fellow from Peru reported that he published several papers on animal feed safety techniques based on his fellowship and subsequent work with his Borlaug mentor. He completed his fellowship in 2007 at Oregon State University, where he learned new enzyme-linked immunosorbent assay (ELISA) techniques that he is currently using at the Universidad Nacional del Altiplano to analyze mycotoxins in animal feeds for food safety and quality control. This work supports enhanced agricultural productivity through improved animal feeds.

***Nigeria.*** In 2011, a Borlaug Fellow reported that the training he received introduced him to new technologies in pest management and facilitated long-lasting relationships and collaboration with U.S. experts. His introduction to rapid identification of nematodes and the use of compost in their management enhanced his expertise in pest

management research in cocoa, cashew, coffee, kola, and tea at the National Research Institute of Nigeria. Borlaug training on bio-safety and chemical waste management has also been useful for his research, as well as the 35 trainings he conducted for more than 300 Nigerian extension workers, farmers, and faculty.

**Kenya.** In 2011, a Borlaug Fellow, who received training in agribusiness development and management, reported that her company, Hillside Green, increased its capacity to develop sustainable agricultural systems. Vegetable production grew from 35 to 70 hectares, its farmer network expanded from 100 to 500 farmers, and exports increased to the Middle East and Europe. She attributes these successes to the training and knowledge she gained during her Fellowship on crop production, certification, and marketing. Her Borlaug mentor also traveled to Kenya and provided follow-up assistance.

**Philippines.** A Borlaug Fellow from the Philippine Carabao Center (PCC), Department of Agriculture (DA) succeeded in obtaining funding for her research proposal on utilizing rumen microbes of the carabao (a subspecies of the water buffalo) in ethanol production. This work builds on skills and knowledge gained during her Borlaug Fellowship at North Carolina State University in 2009. It will focus on converting non-food agricultural products, such as plant biomass, into biofuel, which will reduce the pressure to use food crops for ethanol production. The funding for this year-long project was approved by the Council for Industry, Energy, and Emerging Technology Research and Development at the Department of Science and Technology of the Philippines.

**India.** In 2011, a Borlaug Fellow from India reported developing bio-films from native and modified tuber starches based on technologies learned during his Fellowship from 2008. He researched industrial starches and additives for food at Tuskegee University, which led him to investigate bio-based packaging materials and biocomposites at his home institution, the Central Tuber Crops Research Institute. He is also beginning to study thermoplastic starch for the production of biodegradable, foam-type packaging material. Substituting agricultural-product-based materials for plastics will reduce the impact of conventional packaging on climate change.

**Afghanistan.** In 2011, Borlaug Fellows from the Afghanistan Ministry of Agriculture, Irrigation and Livestock received 2-week executive leadership training at Washington State University, USDA, and Catholic Relief Services. Training topics included agricultural policy, extension, and agribusiness management. Upon their return to Afghanistan, the Borlaug participants reported that the Minister of Agriculture agreed to dedicate additional resources for agricultural research and extension. The head of the Afghan group stated that “the training was a huge success and would significantly contribute to change management projects currently being implemented at the Ministry of Agriculture. Another participant stated, “The program changed his way of thinking professionally and changed how he viewed Americans.”

2011 Borlaug Participants by Region and Funding Source

Region	Appropriation	Dept. of State	USAID	America for Bulgaria Foundation	Total
Asia	11	0	0	0	11
Eastern Europe and Eurasia (including Pakistan and Afghanistan)	1	4	38	8	51
Latin America and the Caribbean	3	0	0	0	3
Africa and the Middle East	21	0	0	0	21
Program Total	36	4	38	8	86

### **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 approximately 2,174 U.S. and Chinese experts. 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. Accomplishments include the following:

- **Long-term investment leads to increased opportunity for U.S. exports** Since the completion of a March 2011 exchange visit on food processing and industrialization under the U.S.-China Scientific Cooperation Exchange Program (SCEP), the Chinese exchange visitors have had ongoing communication with manufacturers in Missouri and California to source high-value food products and wine processing technologies, respectively, to Xinjiang Province. Over the past 3 years, approximately five SCEP delegations have met with officials from the Missouri Department of Agriculture and University of Missouri to support the St. Louis China Hub Project, designed to establish formal trade relations between China and Missouri. The China Air Cargo Corporation is expected to invest in the St. Louis Lambert Airport, and Missouri food manufacturers will likely export perishable and high value food products to China.
- **Agricultural Collaboration on Animal Waste Management** Following an exchange visit to the United States, a team of Chinese agricultural professionals from DQY Agricultural Technology Co., Ltd established successful partnerships with Iowa State University to conduct joint research and student exchanges related to animal waste management technology in the United States and China. The partnership will likely result in increased trade and investment opportunities between the U.S. and China.
- **United States and China Collaborate on Renewable Materials** Faculty members from the University of South Carolina (USC) travelled to China to collaborate with the Chinese Academy of Forestry and several Chinese universities in utilizing biotechnology and emerging polymer nanotechnologies to transform forestry biomass into renewable materials. The project provided an opportunity for U.S. faculty to exchange knowledge with their Chinese counterparts.



- **U.S. and Chinese Scientists Collaborate on Restoration of the Chestnut Tree** U.S. scientists from Pennsylvania State University and the State University of New York's College of Environmental Science and Forestry began collaboration with the Chinese Academy of Forestry, Beijing Forestry University in an effort to restore the American chestnut tree, which has been devastated by *Cryphonectria parasitica* (the causal agent of blight). The scientists used the program to successfully initiate research collaborations with Chinese counterparts, gather species data including genomic DNA from healthy leaf tissues, and canker tissues from wild Chinese chestnut trees. U.S. scientists are currently analyzing the samples and will share the findings with their Chinese counterparts.

### **SCIENTIFIC COOPERATION RESEARCH PROGRAM (SCRIP)**

The SCRIP 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 is an example of the project's impact from this mutually beneficial, competitive grants program.

***Indonesia.*** Scientists from the University of Hawaii, the Netherlands' Plant Research International, and Indonesia's Bogor Agricultural University conducted collaborative research using biotechnology to improve detection and identification methods of invasive pathogens distributed worldwide on contaminated seeds. The scientists hosted workshops in each country from 2002 to 2006 to train other researchers, technicians, and local seed companies to detect and isolate pathogens. The knowledge and expertise gained at these workshops continue to support surveys on bacterial canker in tomatoes as well as other vegetables. Since the research concluded in 2006, the scientists have produced a manual on the management of seed health for vegetable crops to further assist in reducing contaminated seeds in international trade.

### **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 importers. 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 Food Aid Procurement Pilot Project (LRP). In 2011, 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. 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.

FAS programmed 460,800 MT of food assistance with an estimated value of approximately \$419 million in 2011. Of this amount, estimated commodity costs were \$218.6 million and estimated transportation and other non-commodity costs were \$177 million. FAS provided all of the food assistance through donations, with no concessional sales agreements in 2011. FAS also programmed \$23.4 million of food assistance through local and regional commodity procurement under the pilot project. Twenty-six countries received food assistance through FAS administered programs.

**FAS FOOD ASSISTANCE PROGRAM SUMMARY, 2011**

<b><u>Program</u></b>	<b><u>\$ Millions</u></b>	<b><u>000 MT</u></b>
P.L. 480 Title I Funded/FFP	\$28.1	50.0
CCC Funded/FFP	162.5	242.5
McGovern-Dole Food for Education	205.0	168.3
Local and Regional Procurement Pilot Project	<u>23.4</u>	<u>N/A</u>
<b>Total, Food Assistance</b>	<b>\$419.0</b>	<b>460.8</b>

In addition, FAS has improved its procurement operations for food assistance. 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. In 2011, FAS aligned its food aid agreements with new regulations for the programs, which improved processes for claims, implementation reports, and freight procurement. FAS uses 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**

Objectives of the concessional sales component of the Title I program include providing food assistance to targeted developing countries in order to promote economic growth. It is intended to promote the recipient country's transition to commercial trade by gradually reducing the concessionality of the program and eliminating ocean freight financing. In 2011, 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 make the transition to more market-oriented economies. In 2011, Title-I funding provided 50,000 MT valued at \$21.1 million, and \$7 million of transportation and other non-commodity costs. These programs were with the Government of El Salvador and Catholic Relief Services in the Philippines. Funds used to support these agreements were carried over from unobligated balances from prior years.

**2011 P.L. 480 TITLE I FUNDED/FOOD FOR PROGRESS COUNTRY ALLOCATIONS**

(\$000)

<b><u>COUNTRY</u></b>	<b><u>TOTAL VALUE</u></b>
El Salvador	\$ 14.5
Philippines	<u>13.6</u>
<b>Subtotal</b>	<b>\$28.1</b>
 <b><u>COMMODITY</u></b>	 <b><u>000 MT</u></b>
Soybean Meal	20.0
Wheat	<u>30.0</u>
<b>Subtotal</b>	<b>50.0</b>

Below is an example of a 2011 Food for Progress program funded through P.L. 480 Title I:

***Philippines.*** Catholic Relief Services (CRS) received \$13.6 million of soybean meal and related freight assistance from USDA to augment an ongoing Food for Progress program in Mindanao. It will help expand public-private partnerships in micro-finance, agri-business, university training support, and information technology. In addition, agricultural productivity will increase with improved seeds and technologies for high-value crops, expanded collective-marketing, and enhanced agricultural value chains that involve universities, government agencies and microfinance institutions. Moreover, a total of 96,600 farmers will benefit from pre- and post-harvest infrastructure for irrigation, crop protection, and drying preservation. Farmer yields are expected to increase by an average of 50 percent for rice and high-value crops such as coffee, vegetables, and poultry. USDA's assistance will help address the need for economic development in a region of the country that has long been plagued by conflict, historic dispossession of land, and internal displacement.

### **CCC-FUNDED FOOD FOR PROGRESS**

The Food for Progress (FFP) program assists developing countries and emerging democracies in introducing and expanding private enterprise in the agricultural sector. FFP agreements with countries may be funded with CCC or, as noted above, P.L. 480, Title I resources. In 2011, CCC funding provided 242,500 MT valued at \$115.5 million and \$47 million of transportation and other non-commodity costs. Implementing partners are either private voluntary organizations (PVOs) or foreign governments that 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 in 2011 are shown in the tables below:

#### **2011 CCC –FUNDED FOOD FOR PROGRESS**

(\$000)

<b><u>COUNTRY</u></b>	<b><u>TOTAL VALUE</u></b>
Bangladesh	\$ 26.8
Benin	6.0
Burkina Faso	9.1
Guatemala	0.2
Haiti	16.6
Honduras	13.8
Jordan	19.0
Kenya	18.1
Liberia	17.1
Malawi	14.5
Pakistan	0.9
Tanzania	1.0
Uganda	<u>19.4</u>
<b>Subtotal</b>	<b>\$162.5</b>

#### **COMMODITIES PROGRAMMED IN 2011 UNDER CCC-FUNDED FOOD FOR PROGRESS**

<b><u>COMMODITY</u></b>	<b><u>000 MT</u></b>
Rice	34.8
Soybean Meal	23.4
Soybean Oil	10.1
Wheat	<u>174.2</u>
<b>Subtotal</b>	<b>242.5</b>

The following are examples of successes in 2011 under the FFP include the following:

**Bangladesh.** Addressing widespread food insecurity is a pressing challenge for Bangladesh. The country's rates of poverty and population density are among the highest in the world, and access to land and productive assets is limited. To address these issues, USDA provided \$6.9 million of U.S. wheat and associated transportation to Winrock International to sell the wheat and use the proceeds to expand high-value, pond aquaculture and integrate it with small-scale horticulture. The anticipated improvement in productivity and increase in high-value sales of commodities from the aquaculture, horticulture, and livestock sub-sectors are expected to raise farm-gate prices by 15 percent. Winrock will help develop business-oriented cooperatives for the domestic and export markets and increase the access of smallholder farmers to markets through public-private partnerships with leading agribusiness firms and trade associations. This effort should leverage over \$1 million in new private investment in the agricultural sector. Given the extremely high rates of malnutrition in Bangladesh, USDA's funding will also support increased dietary diversity for the most vulnerable groups, particularly women. Winrock will also seek sustainability for this project by building the capacity of local agricultural entities, including NGOs and extension agents. The program is expected to reach 25,725 beneficiaries over the three-year implementation period.

**Burkina Faso.** USDA provided \$9.1 million of rice and associated freight to International Relief and Development (IRD) to support increased production of sesame and fonio (the smallest of all species of millet) in the Western region of Burkina Faso. The program is expected to achieve a 50-percent increase in yields over a three-year period. Through activities focused on improving post-harvest handling and agro-processing of sesame and fonio, IRD will increase access to improved equipment and crop storage facilities for 660 farmer and women processor groups and to financial, credit and business development services by 60 percent. This program is expected to reach over 33,000 farmers, 1,000 farmer- and women-owned processor groups, and small to medium-sized enterprises and their staff.

**Jordan.** USDA provided the Government of Jordan 50,000 MT of U.S. wheat valued at \$19 million. The donated wheat will be processed into flour that will be distributed to local bakeries, and the bread will be sold at a reduced cost to consumers. USDA's assistance to Jordan will help promote economic stability in a region undergoing political transition.

**Uganda.** Mercy Corps (MC) received \$9.5 million of wheat and related transportation costs to implement a development program over a three-year period. Proceeds from the wheat will provide assistance in Northern Uganda, where economic recovery has been slow after 20 years of civil war, poverty, malnutrition, and instability. The USDA-funded program is expected to improve smallholder production and income through targeted producer training, use of improved technologies, and efficient post-harvest handling and provision of links to finance and new markets. The project will also help to improve agri-business and trade performance in key markets for cassava, sesame, millet, bean, groundnut, and rice. In addition, MC will support independent agri-businesses, village savings and loan associations, private sector banks, and microfinance institutions. About 15,000 farmers are expected to benefit from USDA assistance through higher yields and an estimated 25-percent increase in income.

#### **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. Authorized by the Farm Security and Rural Investment Act of 2002, the program started operating in 2003. About \$205 million of assistance was made available through the program in 2011. Approximately 40 percent of the total program cost was allocated for commodity expenses. The remainder of the funding was allocated for freight and administrative expenses, including administrative expenses of implementing organizations and activities to enhance program implementation. USDA programmed over 168,300 MT of commodities to support programs implemented by the WFP and PVOs. More than 4.4 million children and mothers benefited from the 2011 program.

**2011 MCGOVERN-DOLE FOOD FOR EDUCATION**

(\$ Millions)

<b><u>COUNTRY</u></b>	<b><u>TOTAL VALUE</u></b>
Bangladesh	\$ 30.0
Burkina Faso	15.8
Guatemala	25.0
Guinea Bissau	19.2
Haiti	10.6
Kenya	9.4
Laos	10.0
Liberia	6.4
Malawi	8.3
Mali	24.0
Nepal	6.0
Nicaragua	14.8
Republic of Congo	16.5
Senegal	<u>9.0</u>
<b>Subtotal</b>	<b>\$205.0</b>

**COMMODITIES PROGRAMMED IN 2011 UNDER MCGOVERN-DOLE FOOD FOR EDUCATION**

<b><u>COMMODITY</u></b>	<b><u>000 MT</u></b>
Beans	12.2
Bulgur	20.8
Corn-Soy Blend	16.9
Lentils	1.5
Peas	10.4
Nonfat Dry Milk	1.1
Potatoes, Dehydrated	1.9
Rice	38.9
Soy Fortified Bulgur	5.5
Soybean Meal	4.0
Soy Protein, Textured	0.8
Vegetable Oil	14.8
Wheat	<u>39.5</u>
<b>Subtotal</b>	<b>168.3</b>

The following are examples of successes in 2011 under the McGovern-Dole Food for Education program:

***Burkina Faso.*** Approximately three-quarters of Burkina Faso's population survive on less than \$2 a day, while one quarter of the population survives on less than \$1 a day. The country suffers from low rates of literacy and high rates of malnutrition. To help address this, USDA provided approximately \$16 million to Catholic Relief Services (CRS) in 2011 to implement a three-year McGovern-Dole program. USDA donated 8,610 metric tons of soy-fortified bulgur, corn-soy blend, lentils, and vegetable oil, to support school feeding and take-home rations in one of the poorest regions of the country, where the female literacy rate is only eight percent and the rate of stunting among children under five is 40 percent. CRS will distribute a daily meal to more than 110,000 students in 457 primary schools and 26 pre-schools. Take-home rations will be provided to girls with good attendance rates. The program will also provide training and capacity building to parent-teacher associations (PTAs), school administrators, and national and provincial government officials.

***Haiti.*** The earthquake that struck Haiti on January 12, 2010, resulted in the deaths of approximately 220,000 people

and the destruction of the homes and livelihoods of an estimated 1.2 million more. Even before the earthquake, Haiti was considered to be the poorest country in the Western Hemisphere with the lowest literacy rate in the region. Only approximately 47 percent of adults are able to read and write. In 2011, USDA provided a \$6 million grant to the World Food Program (WFP) to implement a three-year McGovern-Dole International Food for Education and Child Nutrition program to increase school attendance and reduce the rate of malnutrition among Haitian children. USDA's assistance will help support the Government of Haiti's goal of providing education to all children. During the first school year, 500,000 students in 1,500 schools will receive a daily meal fortified with a micronutrient supplement. Students with good attendance will also receive take-home rations. USDA's grant to WFP also includes \$300,000 that will be used to promote government capacity building in an effort to transition the program to national ownership.

**Nepal.** Nepal is one of the least developed and most food insecure countries in the world. Forty-one percent of the population is estimated to be undernourished, and a stunting rate of nearly 50 percent among children under the age of five. In 2011, USDA provided a \$6 million grant to WFP to implement a three-year McGovern-Dole program to support its School Meals Program (SMP) in Nepal. The objectives include increasing primary school attendance and retention rates, improving the attention span and learning capacity of the students by relieving short-term hunger, improving access to clean drinking water, and reducing the number of intestinal parasitic infections among the children. USDA funding will enable 200,000 students in 1,800 schools to receive a hot daily meal, and 62,000 girls will receive take-home rations consisting of two liters of vegetable oil every month in return for good attendance. USDA's donation also includes the provision of \$235,000 for government capacity building to strengthen the central and local government officials' technical skills to manage, implement, monitor, and report on the national school feeding and nutrition program.

**Republic of Congo.** As a result of the civil war during the late 1990s and the sporadic unrest that followed, the Republic of Congo experienced a sharp decline in literacy rates and school attendance. Primary school completion rates fell to just 47 percent. In response, USDA began implementing a school feeding program in 2002 with the International Partnership for Human Development (IPHD). Since then, the program has been credited with helping to increase the Republic of Congo's primary school completion rate by 30 percent. In 2006, USDA provided an additional grant to IPHD that was valued at approximately \$17 million. Under this grant, USDA gave 16,865 metric tons of commodities to IPHD to provide school meals to 159,140 children. A portion of the USDA funding was also used to rehabilitate schools, distribute educational supplies to school children, construct water cisterns, develop parent-teacher associations (PTAs), and implement a malaria prevention program. In 2011, USDA signed a third agreement with IPHD, providing \$16.5 million in 2011 funds to help the program achieve full sustainability by 2014. USDA and IPHD are working closely with the Congolese Ministry of Education, which has committed to contribute \$4.6 million to the program in 2012 and assume responsibility for feeding 36 percent of the students. In 2014, the Ministry of Education will contribute an additional \$8 million to the program and will also assume full responsibility for feeding the students.

### **LOCAL AND REGIONAL FOOD AID PROCUREMENT PILOT PROJECT**

The Local and Regional Food Aid Procurement Pilot Project (USDA LRP Project) was authorized as a pilot program under the 2008 Farm Bill. The primary purpose of the USDA LRP Project is to examine the timeliness and cost of using local and regional procurement (LRP) as a tool to enhance U.S. Government food assistance programs. LRP is based on the premise that providing cash grants for the purchase of food from surplus markets in the recipient country or region may allow for a quicker and more cost-efficient response to a natural disaster or other food crisis. PVOs, intergovernmental organizations, and cooperatives are eligible to receive funding under the program.

In 2011, \$23.4 million was allocated for seven field-based projects in seven different countries. Of this amount, \$12 million was provided for the local and regional purchase of commodities and \$11.4 million for associated costs including program administration, inland and internal transportation, storage and handling, and monitoring and evaluation.

Four of the seven field-based projects funded by USDA were implemented by PVOs and three by WFP. USDA LRP Project funding enabled the purchase of nearly 20,000 metric tons of commodities that benefitted approximately 1,047,000 people.

**2011 LOCAL AND REGIONAL FOOD AID PROCUREMENT PILOT PROJECT**

(\$000)

<b><u>COUNTRY</u></b>	<b><u>TOTAL VALUE</u></b>
Cameroon	\$ 2.2
Kenya	1.9
Mozambique	3.5
Niger	4.5
Pakistan	5.7
Uganda	4.0
Zimbabwe	<u>1.6</u>
<b>Subtotal</b>	<b>\$23.4</b>

Below are additional examples of success stories for the LRP pilot project:

***Kenya.*** The ongoing drought in the Horn of Africa has resulted in a humanitarian crisis affecting an estimated 13 million people. In early 2011, when early warning systems indicated worsening food security conditions, USDA provided nearly \$1.9 million to World Vision to implement an emergency response program in the Moyale district of northern Kenya. USDA resources enabled World Vision to locally procure 1,685 MT of commodities, including maize, red beans, corn-soy blend, vegetable oil, and salt. The commodities were distributed as emergency family rations to 3,356 households over a six-month period. As a result of USDA's early intervention, food security assessments indicate that the malnutrition rate is lower in Moyale than in neighboring districts.

***Pakistan.*** In late July and early August 2010, Pakistan experienced its worst monsoon-related flooding since 1929. Heavy rainfall and flash flooding devastated large parts of the country and affected more than 20 million people. The devastation destroyed a significant quantity of the nation's existing food stocks and left many households cut off from markets. In the immediate aftermath, assessments indicated that more than 27 percent of the population in the flood-affected area had poor household food consumption. In response to the crisis, USDA provided \$5.7 million to the WFP in 2011 for the local purchase of 9,874 metric tons of wheat. The commodity was distributed to 600,000 beneficiaries in the Sindh Province under the WFP Emergency Operation (EMOP).

***Uganda.*** In Northern Uganda, nearly 20 years of conflict with the Lord's Resistance Army displaced 93 percent of the Acholi population. These internally displaced people (IDPs) have limited opportunities and are dependent on food aid and other support from humanitarian agencies. Since the signing of the Cessation of Hostilities Agreement in 2006, security has improved in Northern Uganda, allowing 80 percent of the IDP population to move out of the temporary camps and return to their home villages. A majority of these people, however, remain severely food-insecure. To help support the return process and reduce the level of food insecurity, USDA provided a \$4 million grant in 2011 to World Vision to provide approximately 3,125 metric tons of food to 9,000 households through a food voucher system. The food voucher distributions focused on rebuilding infrastructure and economic livelihoods for returnee households, implemented through a voucher for work project. As a result of USDA's assistance, the returnee population is no longer as reliant as it once was on direct food assistance and is expected to be more resilient to future shocks.

## FOREIGN AGRICULTURAL SERVICE

Summary of Budget and Performance  
Statement of Agency Goals and Objectives

The Foreign Agricultural Service (FAS) was re-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 one strategic goal and eight strategic objectives that contribute to two of the USDA Strategic Goals and one Agency Priority Goal under the pillars of: 1) trade promotion, 2) trade policy, and 3) trade capacity building and food security.

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<b>USDA Strategic Goal:</b> USDA will assist rural communities to prosperity so they are self-sustaining, repopulating, and economically thriving.	<b>Agency Goal:</b> Generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation.	<p><u>Objective 1.1:</u> Increase effectiveness of FAS market development programs and outreach activities</p> <p><u>Objective 1.2:</u> Manage FAS credit guarantee programs to yield the greatest benefit to U.S. agriculture</p> <p><u>Objective 1.3:</u> Maintain a global market intelligence information system that supports policy and program objectives</p>	<p>Trade Promotion</p> <p>Market Access Program; Foreign Market Development Program; Technical Assistance for Specialty Crops Program; Emerging Markets Program; Quality Samples Program; Export Credit Guarantee Program</p>	<u>Key Outcome:</u> Exports help U.S. agriculture prosper.



USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<b>USDA Strategic Goal:</b> USDA will assist rural communities to prosperity so they are self-sustaining, repopulating, and economically thriving.	<b>Agency Goal:</b> Generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation.	<u>Objective 2.1:</u> Negotiate and enforce market-expanding trade agreements for U.S. exporters of agricultural, fish, and forest products  <u>Objective 2.2:</u> Prevent or resolve foreign Technical Barriers to Trade (TBT) or Sanitary/Phyto-Sanitary (SPS) measures that hinder U.S. agricultural exports  <u>Objective 2.3:</u> Pursue the development of rules-based international systems that facilitate global trade	Trade Policy  Borlaug Fellowship Program, Cochran Fellowship Program	<u>Key Outcome:</u> U.S. exports of organics and crops produced using new technologies expand.
<b>USDA Strategic Goal:</b> Help America promote agricultural production and biotechnology exports as America works to increase food security.	<b>Agency Goal:</b> Generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation.	<u>Objective 3.1:</u> Address food security challenges by building food and market systems that expand trade and economic growth through food assistance programs  <u>Objective 3.2:</u> Enhance partner countries' capacity for agricultural development and participation in international trade	Capacity Building/ Food Security  McGovern-Dole International Food for Education and Child Nutrition Program; Food for Progress; Borlaug Fellowship Program; Cochran Fellowship Program; Technical Assistance and Capacity-Building; Civilian Response Corps; Agricultural Reconstruction and Stabilization Activities	<u>Key Outcome:</u> Food is globally available, accessible, and appropriately used.

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

**Agency Priority Goal:** Bolster rural prosperity through increased U.S. agricultural exports.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
Number of SMEs engaged in exporting, as measured by participation rates of SMEs in branded MAP activities <sup>1</sup>	N/A	N/A	N/A	750	800	850	900
Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (\$Billions) <sup>1</sup>	N/A	N/A	N/A	\$1.1	\$1.1	\$1.2	\$1.3
Participants that are rated highly effective (%) <sup>1</sup>	N/A	N/A	N/A	23%	25%	28%	30%
Economic Return Ratio (\$ Total Return/Total Costs) <sup>1</sup>	N/A	N/A	N/A	\$35	\$36	\$37	\$38

FAS market development programs support the National Export Initiative (NEI). NEI focuses government resources to help exporters succeed, particularly small to medium-sized enterprises (SME) that have the largest potential to expand internationally. SMEs benefit substantially from FAS' market development programs and can access MAP funding, on a cost-shared basis, from State Regional Trade Group (SRTGs) and other industry organizations. SMEs primarily use these funds to facilitate trade show participation and participate in trade teams. FAS and market development participants have conducted export readiness training and various outreach activities to increase the number of SMEs participating in market development programs. FAS facilitates U.S. industry partner participation in a wide-range of international trade shows. International trade shows allow agriculture exports an opportunity to showcase the varied products available for export. SMEs use this opportunity to establish important trading contacts.

FAS' unique relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to respond to changes in the international market. FAS manages several market development programs. These programs provide matching funds to U.S. non-profit organizations to conduct a wide range of activities including market research, consumer promotion, trade servicing, capacity building, and market access support. FAS conducts a Results-Oriented Management, performance-based review to allocate program funds. FAS assesses each participant's performance in strategic planning, program implementation and management, and program evaluation and results. Best practices in these areas are believed to be sufficient indicators of a program's success, that is, a program that over time results in positive trade outcomes. Participants are rated as either highly effective, moderately effective, adequate or results not demonstrated. The goal is to increase the number of highly effective participants and reduce the number of participants that are given a rate of adequate or results not demonstrated. Measuring and tracking the number of participants that fall into the various ratings is a good indicator of the work FAS does as well as the quality of the programs FAS manages. FAS' goal is to have 35 percent of participants reach highly effective by 2016.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
GSM-102 Loan Guarantees Underwritten (\$Billions)	\$3.1	\$3.1	\$3.1	\$3.1	\$3.1	\$3.3	\$3.3
Agricultural Trade Multiplier (\$1.31 based on ERS study) (\$Billions)	\$4.1	\$4.1	\$4.1	\$4.1	\$4.1	\$4.3	\$4.3
Total Accrued Returns	\$7.2	\$7.2	\$7.2	\$7.2	\$7.2	\$7.6	\$7.6
Economic Return Ratio (\$: Total Returns/Total Costs)	\$98.46/ \$1	\$98.46/ \$1	\$98.46/ \$1	\$98.46/ \$1	\$98.46/ \$1	\$100.83 /\$1	\$100.83 /\$1

The Export Credit Guarantee (GSM-102) program has expanded and maintained U.S. agricultural exports during the

<sup>1/</sup> Performance Measure data is not available from 2007-2009.

recent global economic downturn. By guaranteeing exporter loans, FAS has been able to ensure SMEs have the credit necessary to continue to do business and also expand their businesses. The Economic Research Service has established a multiplier that reflects additional sales leveraged from the coverage that brings total sales facilitated by program in 2011 to nearly \$5.4 billion.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
Value of agricultural trade leads generated by FAS' overseas field offices using TLS to match overseas buyers with U.S. exporters (\$Millions) <sup>1</sup>	N/A	N/A	N/A	\$4	\$13.2	\$22.4	\$31.6
Accuracy of quarterly export forecasts, widely used as the "benchmark" by commodity trader (%) <sup>1</sup>	N/A	N/A	N/A	90%	91%	92%	93%

FAS 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. 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 160 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.

#### Selected Past Accomplishments toward Achievement of the Key Outcome:

FAS has taken the following actions:

- Given U.S. government policy makers, producer groups, and private exporters the market intelligence they need to develop successful market strategies;
- Supported commercial sales through credit guarantees and other strategic marketing support; and
- Provided the tools to build markets for U.S. exports.

In 2011, nearly 1,000 U.S. companies and organizations participated in 27 USDA-endorsed trade shows in 19 countries. On-site sales totaled an estimated \$107.5 million and 12-month projected sales reported by exhibitors were estimated at \$1.1 billion. The companies made over 15,600 business contacts and displayed more than 6,500 new products in various markets on all continents. On average, about 70 percent of the exhibitors in U.S. Pavilions at USDA-endorsed shows are small and medium-sized businesses. The goal is to reach \$1.35 billion in USDA-endorsed trade show related exports by 2016.

Over time, market development programs are linked to exports and exports help U.S. agriculture prosper—the key outcome from the agency goal of generating an additional \$85 billion worth of U.S. economic activity through trade

facilitation and international cooperation. U.S. agricultural exports reached \$137.4 billion in 2011, which translates to roughly 1.2 million U.S. jobs. Almost one in every three farm jobs is related to exports. FAS managed market development programs play a critical role in maintaining and expanding markets for U.S. farm exports. In 2006, FAS commissioned Global Insight Inc. to conduct a cost-benefit study of the Market Access Program and the Foreign Market Development Program. The study was updated in 2010 and concluded that for every additional \$1 invested since 2002, there was a resulting \$35 increase in exports. Another key finding was that the increased investment in market development that took place over the 2002-2009 period resulted in an additional \$6.1 billion in U.S. agricultural exports by 2009. Cost-benefit studies provide the best overall measure of program impact and FAS plans to commission such studies on a 3-5 year basis.

Recent studies include: An “Economic Analysis of the U.S. Meat Export Federation’s Export Market Development Programs”, completed in 2011, determined that over the past 10 years, every dollar invested in MAP and FMD programs generated median net returns of \$3.87 and \$7.42 to beef and pork producers, respectively. The “Export Contribution by the U.S. Sheep Industry” commissioned by the American Sheep Industry in 2011, concluded that the total effect of sheep export activities was \$184.3 million in 2010 and generated an estimated total 14,881 jobs in the United States. 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 2009. In addition, a U.S. Wheat Associates’ study showed that “on average, \$1 invested in wheat export promotion by the U.S. Wheat Associates, increased total gross revenue to the entire wheat industry by \$95 to \$186.”

In 2011, demand for credit increased amidst a risky financial environment and rising commodity prices and GSM-102 credit guarantees facilitated sales of over \$4.1 billion a significant increase of 32 percent, from the previous year’s sales. In 2010, GSM-102 facilitated sales of nearly \$3.1 billion and supported increased use from 2009 for exports to Africa and the Middle East by 70 percent and to Turkey by 30 percent.

**Selected Accomplishments Expected at the 2013 Proposed Resource Level:**

FAS continues to support 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 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. 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 Indian market and create a level playing field, U.S. companies will not be able to compete with other countries in the Indian market.

**Key Outcome 2:** U.S. exports of organics and crops produced using new technologies expand.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
3 Foreign Trade Agreements will expand agricultural trade (\$ Billions) <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	\$1	\$1

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 negotiating Free Trade Agreements. Free Trade Agreements achieve two critical trade objectives for the United States: they immediately provide vastly improved access to key markets, and level the playing field with respect to third-country competitors. Free Trade Agreements also reaffirm rights and obligations under the WTO Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements, enhancing cooperation and consultation on sanitary and phytosanitary matters. A

<sup>2/</sup> Performance Data is not available for 2007-2011.

cornerstone of the WTO SPS and TBT agreements is regulatory harmonization through the use of science-based international standards and guidelines as a basis for members import requirements to address animal health, plant health, and food-safety concerns. New trade agreements provide the incentive for our trading partners to more quickly bring problematic SPS or TBT measures into line with international standards.

In 2011, the United States ratified three agreements: the U.S. – Colombia Trade Promotion Agreement (Colombia TPA), the U.S. – Panama Trade Promotion Agreement (Panama TPA), and the U.S. – Korea Trade Agreement (KORUS). Upon implementation of these agreements, over 50 percent of U.S. agricultural exports will benefit from duty-free access as early as mid-2012. Virtually all other tariffs will be reduced in equal annual increments over a phase-out period. FAS is currently engaged in the Trans-Pacific Partnership (TPP) Agreement negotiations between Vietnam, New Zealand, Australia, Malaysia, Brunei, Peru, Singapore, and Chile, aimed at creating a high-standard, broad-based regional trade pact.

FAS proactively monitors and enforces these trade agreements to ensure the U.S. agricultural interests benefit from the improved market access opportunities.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, and restrictive SPS & TBT issues, and trade regulations (\$ Billions) <sup>1</sup>	N/A	N/A	N/A	\$3.6	\$4.1	\$4	\$4

Agricultural trade is unique because of the risks associated with the transfer of pests and diseases. While traditional barriers (e.g., tariffs) have fallen, the prevalence of non-tariff barriers to trade, particularly in the SPS area, has increased. In spite of the WTO Agreement on the Application of SPS Measures, countries increasingly adopt SPS barriers as a means of protecting their 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 SPS regulations by monitoring and enforcing international SPS rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards.

The United States also maintains a broad and active agenda of engagement with foreign governments to prevent unnecessary obstacles to trade and to resolve specific trade concerns arising from foreign technical barriers in the form of product standards, technical regulations, and conformity assessment procedures. These measures, aimed at preventing deceptive practices and ensuring human health, are often referred to as standard-related measures. The international food standardization efforts of the Codex Alimentarius and the World Health Organization (WHO) have focused on reduction of non-communicable diseases and a healthier citizenry. Efforts to reduce disease causing agents, restrict additives and allergen ingredients, and provide additional information to consumers have resulted in a proliferation of labeling, registration, certification, and quality standards requirements for routinely consumed food products, sometimes resulting in unnecessary obstacles to trade. Trade issues concerning such measures are addressed by the WTO Agreement on TBT.

FAS monitors and enforces the WTO SPS and TBT agreements to ensure that U.S. agricultural interests benefit from the improved market access opportunities.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
Value of total trade preserved and expanded through USDA biotechnology interventions (\$Billions/# of issues) <sup>1</sup>	N/A	N/A	N/A	\$2.3/ 33	\$2.3/ 33	\$2.2/ 30	\$2.2/ 30

The United States is the world's leading innovator, and 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 majority 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.

U.S. farmers have widely adopted crops developed through biotechnology and production methods 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.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
The number of foreign measures reviewed and addressed ( # of measures/# of countries) <sup>1</sup>	N/A	N/A	N/A	282/ 50	277/ 49	271/ 48	266/ 47

FAS supports trade in U.S. agricultural products produced with new technologies by monitoring worldwide developments in technologies including their adoption and regulation by trading partners, and promoting the use of new technologies in support of food security and sustainable agriculture. A proactive stance is critical because the development of divergent regulatory systems for new technologies could bring a virtual halt to trade in some commodities with a potential trade impact reaching billions of dollars.

Selected Past Accomplishments toward Achievement of the Key Outcome:

- Sustained support over a period of 18 years for negotiating Russia's accession to the WTO, culminating in the WTO's adoption of Russia's terms of entry in December 2011. FAS support in 2011 included finalizing Tariff-rate quota (TRQ) volumes, in- and out-of-quota duties, TRQ administration for meat, the consolidated market access package, and the SPS Chapter of the Working Party Report. Russia was the world's largest economy that was not a WTO Member, and its accession is expected to provide substantial long-term benefit to U.S. agricultural trade.
- Playing a leading role in negotiation of trade agreements with Korea, Colombia, and Panama that were signed into law on October 21, 2011. Once implemented, the agreements will provide American agriculture with improved access to nearly 100 million consumers, and are expected to expand U.S. agricultural exports annually by more than \$1.9 billion for Korea, \$370 million for Colombia, and \$46 million for Panama.
- Negotiating beef agreements with Egypt and Chile that expanded market access to include all cuts of beef and beef products from cattle, regardless of age.
- Supporting negotiations for expanding market access for U.S. specialty crops, including U.S. seed potatoes to Thailand, cherries to Western Australia, and fresh Oregon blueberries to Korea. In addition, FAS efforts in 2011 maintained the continued eligibility of U.S. plant product exports to Vietnam.
- Positively influencing the October 2010 negotiations of the Nagoya-Kuala Lumpur Supplementary Protocol on Liability and Redress and the Compilation of Codex Texts Relevant to Labeling of Foods Derived from Modern Biotechnology to avert a threat to U.S. biotechnological crops exports (valued at around \$30 billion in 2010) posed by proposed language that would have threatened international trade of basic agricultural commodities important to global food security. FAS' successful strategy included coalition building among U.S. government agencies and industry, foreign countries, and regional organizations in Asia, Latin America, and Africa.
- Advancing U.S. agricultural interests via interventions in Codex Alimentarius Commission committee meetings. In 2011, FAS efforts resulted in the favorable labeling requirements, discontinuation of work on establishing maximum linolenic acid levels for olive oil, in favor of the emerging U.S. olive oil industry, and agreement on a

science-based review process for the use of permitted substances on organic foods.

- Launching the FAS Trade Facilitation Desk (TFD), a “one-stop shop” for U.S. agricultural exporters seeking information on foreign import requirements. The TFD is especially useful for small and new exporters who often lack the resources to allocate full time staff to research export documentation. In 2011, the TFD addressed over 300 individual export company requests for information to facilitate their trade.

Selected Accomplishments Expected at the 2013 Proposed Resource Level:

- Negotiate the Trans-Pacific Partnership Agreement (TPP) between Vietnam, New Zealand, Australia, Malaysia, Brunei, Peru, Singapore, Chile, and the United States, finalizing market access packages and favorable rules of origin that protect U.S. agriculture producer interests and expand access for U.S. agricultural exporters into Vietnam, New Zealand, Malaysia, and Brunei;
- Fully implement the Korea, Panama, and Colombia Free Trade Agreements including completing the tariff concordance and staging, negotiating TRQ administration, conducting TRQ administration training, and ensuring all relevant issues, particularly SPS issues, agreed in the negotiations are addressed;
- Negotiate key veterinary certificates to facilitate U.S. agricultural trade with Russia;
- Negotiate expanded market access for beef and beef products where BSE-related restrictions remain;
- Organize and support regional outreach activities in preparation for the 6<sup>th</sup> Meeting of the Parties for the Cartagena Protocol on Biosafety;
- Enforce U.S. trade agreements and defend U.S. agricultural interests through the World Trade Organization’s Dispute Settlement Body. (The key cases are Country of Origin Labeling (COOL) (U.S. defensive case); the Brazil Cotton Case (U.S. defensive case); and China Poultry CVD/AD (U.S. offensive case));
- Encourage countries to create regulations and standards in line with the CODEX guidelines in order to harmonize requirements, with a view towards facilitating trade and preventing misleading claims;
- Encourage and track the notification of new and amended standards and regulations through the Sanitary and Phytosanitary and Technical Barriers to Trade Committees of the World Trade Organization; and
- Through bilateral and multilateral discussion, encourage the development of risk based, science based regulatory approaches to minimize disruption to agricultural trade and adoption of new technologies.

**Key Outcome 3:** Food is globally available, accessible, and appropriately used.

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target</b>
Number of women and children benefitting from McGovern-Dole International Food for Education Program (\$Millions)	3.2	3.0	4.2	4.5	4.3	5.	4.3

FAS has significant experience administering food aid, technical assistance, capacity building programs, and exchange programs (e.g., McGovern-Dole International Food for Education, Food for Progress, 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.

The McGovern-Dole International Food for Education and Child Nutrition program has proven to be an effective tool to support the NSS international economic development pillar. The fundamental goal of the McGovern-Dole program is to use food as an incentive to improve education and nutrition. Its key objectives are to reduce hunger and improve literacy and primary education, with a focus on girls. By providing school meals, teacher training, and related support, McGovern-Dole projects help boost school enrollment and academic performance. The 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.

McGovern-Dole particularly benefits girls: enrollment, attendance, and retention rates also increase when school feeding programs are introduced. About 4.3 million children and mothers benefited from the 2011 program. 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.

Selected Past Accomplishments toward Achievement of the Key Outcome:

- FAS is the link that enables the United States to share both its food resources and its technical expertise with those in need.
- The Cochran and Borlaug Programs annually train about 600 participants from over 75 countries.
- The Cochran and Borlaug programs have advanced U.S. government food security and stabilization programs in such priority countries as Afghanistan, Pakistan, and Haiti, where agricultural extension agents, veterinary officials, and agricultural researchers received training to support food production and regional trade.

Selected Accomplishments Expected at the 2013 Proposed Resource Level: Technical assistance and capacity building will be provided through training programs both in the United States and in foreign countries through the Cochran Fellowship Program, the Norman E. Borlaug International Agricultural Science and Technology Fellows Program, and Faculty Exchange Programs. Over 14,200 participants have been trained under Cochran from 122 countries. Since 2004, more than 570 fellows have been trained under Borlaug from 59 countries. FAS is working to continue expanding this valuable network of influential agricultural specialists that make valuable contributions to improving national trade policies and regulatory frameworks that can and do increase market access for U.S. agricultural products

The Food for Progress Program provides approximately \$150 million of food assistance each year, which helps to support agricultural development in countries that are taking steps towards democracy and private enterprise. The program normally benefits more than 3 million farmers, agribusinesses, and their families. Key components of the program are private-sector development and agricultural productivity, focusing on such areas as improved agricultural techniques, marketing systems, farmer education and cooperative development, expanded use of processing capacity, and development of agriculturally related businesses.

Implementation of a special, food-assistance initiative will continue in 2013. USDA will monitor and review the implementation of the micronutrient fortification project within the McGovern-Dole program. This initiative is developing and field-testing new products that will improve nutrition for school children and mothers under the McGovern-Dole program.

FAS’ exchange programs enhance global food security through the annual training of hundreds of scientists, policy-makers, educators, farmers, extensionists, food industry professionals, and many others in over 75 countries each year. By 2013, FAS expects to be making major contributions towards global food security through capacity building efforts in support of the Administration’s Feed the Future (FTF) Initiative. FAS has conducted training programs in past years that have benefitted agricultural specialists in all 20 of the FTF focus countries and, assuming budget resources are available, the numbers of Cochran, Borlaug, and Faculty Exchange Fellows that can be trained from FTF countries should increase.



## FOREIGN AGRICULTURAL SERVICE

Summary of Budget and Performance  
Key Performance Outcomes and Measures

**USDA Strategic Goal:** USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

**FAS Goal:** Generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation.

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

**Agency Priority Goal:** Bolster rural prosperity through increased U.S. agricultural exports.

**Key Performance Measure #:**

1. Number of SMEs engaged in exporting, as measured by participation rates of SMEs in branded MAP activities
2. Value of agricultural exports resulting from participation in foreign food and agricultural trade shows
3. Agricultural trade Multiplier (1.31 based on ERS Study)
4. Total Accrued Returns

**Key Performance Targets:**

Performance Measures	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target	2012 Target	2013 Target
1. No. of SMEs 3	N/A	N/A	N/A	750	800	850	900
2. Value of exports (\$Billions) <sup>3</sup>	N/A	N/A	N/A	\$1.1	\$1.1	\$1.2	\$1.25
6. Multiplier/1.31	\$4.107	\$4.107	\$4.107	\$4.107	\$4.107	\$4.323	\$4.323
7. Total Accrued Returns	\$4.107	\$4.107	\$4.107	\$4.107	\$4.107	\$4.323	\$4.323

**USDA Strategic Goal:** USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

**FAS Goal:** Generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation.

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

**Agency Priority Goal:** Bolster rural prosperity through increased U.S. agricultural exports.

**Key Performance Measure #:**

1. 3 Foreign Trade Agreement's will expand agricultural trade.
2. Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, and restrictive SPS & TBT issues, and trade regulations.
3. Value of total trade preserved and expanded through USDA biotechnology interventions.
4. The number of foreign measures reviewed and addressed.

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<sup>3</sup> Performance measures not available for 2007-2009.

Key Performance Target:

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Target</b>	<b>2012 Target</b>	<b>2013 Target</b>
1. FTA's (\$Billions) <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	\$1	\$1
2. Value (\$Billions) <sup>3</sup>	N/A	N/A	N/A	\$4.1	\$4.1	\$4	\$4
3. Value (\$Billions/# of issues) <sup>3</sup>	N/A	N/A	N/A	\$2.3/33	\$2.3/33	\$2.2/30	\$2.2/30
4. No. of measures in/No. of different countries <sup>3</sup>	N/A	N/A	N/A	282/50	277/49	271/48	266/47

**USDA Strategic Goal:** Help America promote agricultural production and biotechnology exports as America works to increase food security.

**FAS Goal:** Generate an additional \$85 billion worth of U.S. economic activity through trade facilitation and international cooperation.

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

**Agency Priority Goal:** Bolster rural prosperity through increased U.S. agricultural exports.

Key Performance Measure #:

1. Number of women and children benefitting from the McGovern-Dole International Food for Education Program.
2. Number of persons benefitting from assistance under the Food For Progress Program.
3. Countries that have benefitted from FAS-led agricultural trade capacity building, as a result of one or more of the following activities: FAS-administered agricultural and natural resource capacity building programs; USDA deployed experts supporting sustainable agriculture; and U.S.-based agricultural training programs.

Key Performance Targets:

<b>Performance Measures</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Target</b>	<b>2012 Target</b>	<b>2013 Target</b>
1. Number of women and children (Millions)	3.2	3.0	4.2	4.5	4.3	5.0	4.3

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<sup>4</sup> Performance Data not available for 2007-2011.

## FOREIGN AGRICULTURAL SERVICE

Strategic Goal Funding Matrix

(Dollars in thousands)

Program / Program Items	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
<b>USDA Strategic Goal 1: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving</b>					
Trade Promotion.....	\$67,260	\$68,077	\$64,986	+\$155	\$65,141
Staff Years.....	272	315	326	-18	308
Trade Policy.....	78,469	81,384	77,487	+180	77,667
Staff Years.....	282	331	345	-21	324
<b>USDA Strategic Goal 3: Help america promote agricultural production and biotechnology exports as america works to increase food security</b>					
Capacity Building/Food Security.....	41,103	42,619	40,339	+94	40,433
Staff Years.....	148	174	180	-11	169
Total Costs, All Strategic Goals.....	186,832	192,080	182,812	+429	183,241
Total Staff Years, All Strategic Goals.....	702	820	851	-50	801
Total Costs, All Strategic Goals.....	186,832	192,080	182,812	+429	183,241
Total FTEs, All Strategic Goals.....	702	820	851	-50	801

## FOREIGN AGRICULTURAL SERVICE

Full Cost by Department Strategic Goal

(Dollars in thousands)

**USDA Strategic Goal 1: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving**

Program / Program Items	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
<b><u>Trade Promotion</u></b>				
Administrative costs (direct).....	62,552	63,312	60,437	60,581
Indirect costs.....	4,708	4,765	4,549	4,560
Total Costs.....	67,260	68,077	64,986	65,141
FTEs.....	272	315	326	308
Performance Measure:				
No. of SMEs.....	750	800	850	900
Value of exports (\$Billions).....	1.1	1.1	1.2	1.25
% of participants.....	0.23	0.25	0.28	0.3
\$ Total return/Total costs.....	35	36	37	38
GSM-102 Guarantees (\$ Dollars).....	3.14	3.14	3.30	3.30
Multiplier/1.31 (\$ Dollars).....	4.11	4.11	4.32	4.32
Total accrued returns (\$ Dollars).....	4.11	4.11	4.32	4.32
Total returns/Total costs.....	\$1/\$98.46	\$1/\$98.46	\$1/\$100.83	\$1/\$100.83
Value of trade (\$Millions).....	4	13.2	22.4	31.6
% accuracy of qtrly forecasts.....	0.9	0.91	0.92	0.93
<b><u>Trade Policy</u></b>				
Administrative costs (direct).....	72,976	75,687	72,063	72,230
Indirect costs.....	5,493	5,697	5,424	5,437
Total Costs.....	78,469	81,384	77,487	77,667
FTEs.....	282	331	345	324
Performance Measure:				
FTA's (\$Billions).....	N/A	N/A	1.0	1.0
Value (\$Billions).....	4.1	4.1	4.0	4.0
Value (\$Billions/# of issues).....	\$2.3/33	\$2.3/33	\$2.2/30	\$2.2/30
# of measures in/# of different countries.....	282/50	277/49	271/48	266/47

**USDA Strategic Goal 3: Help america promote agricultural production and biotechnology exports as america works to increase food security**

Program / Program Items	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
<b><u>Capacity Building/Food Security</u></b>				
Administrative costs (direct).....	38,226	39,636	37,515	37,603
Indirect costs.....	2,877	2,983	2,824	2,830
Total Costs.....	41,103	42,619	40,339	40,433
FTEs.....	148	174	180	169
Performance Measure:				
No. of women and children.....	4.5	5	5	5
Total Costs, All Strategic Goals.....	186,832	192,080	182,812	183,241
Total FTEs, All Strategic Goals.....	702	820	851	801

## 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.

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 are targeted to the neediest people of that country and are 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 disrupt world prices or 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

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)

- 1 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, [\$2,500,000] \$2,806,000, 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

- 2 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 under title II of said Act, [\$1,466,000,000] \$1,400,000,000, to remain available until expended, of which up to \$6,500,000 shall be for costs for services provided by the Farm Service Agency, and which shall be available in addition to other funds available for such purpose.

The first change clarifies the appropriation language for the reimbursement of the FSA Salaries and Expenses account for work to administer the 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  
P.L. 480 Title I  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$2,500,000
Budget Estimate, 2013.....	<u>2,806,000</u>
Change from 2012 Appropriation.....	+ 306,000

FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title I

Summary of Increases and Decreases

(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
Administrative Expenses-P.L. 180 Title I Grants.....	\$2,812	-\$6	-\$306	+\$306	\$2,806
Subtotal.....	<u>2,812</u>	<u>-6</u>	<u>-306</u>	<u>+306</u>	<u>2,806</u>
Total, Appropriation or Change.....	<u>2,812</u>	<u>-6</u>	<u>-306</u>	<u>+306</u>	<u>2,806</u>



FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title II  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$1,466,000,000
Budget Estimate 2013.....	<u>1,400,000,000</u>
Change from 2012 Appropriation.....	-66,000,000

FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title II  
Summary of Increases and Decreases  
(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations					
P.L. 480 Title II.....	\$1,690,000	-\$193,000	-\$31,000	-\$66,000	\$1,400,000
Supplemental Appropriations Act, 2010.....	150,000	-150,000	-	-	-
Subtotal.....	<u>1,840,000</u>	<u>-343,000</u>	<u>-31,000</u>	<u>-66,000</u>	<u>1,400,000</u>
Total, Appropriation or Change.....	<u>1,840,000</u>	<u>-343,000</u>	<u>-31,000</u>	<u>-66,000</u>	<u>1,400,000</u>

## FOREIGN AGRICULTURAL SERVICE

## P.L. 480 Title I

Project Statement

(On basis of appropriations)

(Dollars in thousands)

Program	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate	
	Amount	Amount	Amount	Amount	Amount	
Discretionary Appropriations:						
P.L. 480 Title I						
Administrative Expenses.....	\$2,812	\$2,806	\$2,500	+\$306 (1)	\$2,806	
P.L. 480 Title I Grants.....	-	-	-	-	-	
Subtotal.....	2,812	2,806	2,500	+306	2,806	
Total Adjusted Approp.....	2,812	2,806	2,500	+306	2,806	
Recission and Transfers(Net).. <td>6</td> <td></td> <td></td> <td></td> <td></td> <td></td>	6					
Total Appropriation.....	2,812	2,812	2,500	+306	2,806	
Transfers In:						
P.L. 480 Title I OFD.....	14,000	-	-	-	-	
Subtotal.....	14,000	-	-	-	-	
Rescission.....	-	-6	-2,336	+2,336	-	
Bal. Available, SOY.....	18,734	13,093	2,336	-2,336	-	
Recoveries, Other (Net).....	-	18,237	-	-	-	
Total Available.....	35,546	34,136	2,500	+306	2,806	
Lapsing Balances.....	-	-	-	-	-	
Bal. Available, EOY.....	-13,093	-2,336	-	-	-	
Total Obligations.....	22,453	31,800	2,500	+306	2,806	

## FOREIGN AGRICULTURAL SERVICE

## P.L. 480 Title I OFD

Project Statement

(On basis of appropriations)

(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
P.L. Title I OFD.....	-	-	-	-	-
Total Adjusted Approp.....	-	-	-	-	-
Transfers Out:					
P.L. 480 Title I Grants.....	\$-14,000	-	-	-	-
Subtotal.....	-14,000	-	-	-	-
Rescission.....	-	-	\$-3,235	+\$3,235	-
Bal. Available, SOY.....	17,172	\$5,662	3,235	-3,235	-
Recoveries, Other (Net).....	2,525	341	-	-	-
Total Available.....	5,697	6,003	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	-5,662	-3,235	-	-	-
Total Obligations.....	35	2,768	-	-	-

FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title II  
Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
P.L.480 Title II Donations.....	\$1,690,000	\$1,497,000	\$1,466,000	-\$66,000 (1)	\$1,400,000
Subtotal.....	1,690,000	1,497,000	1,466,000	-66,000	1,400,000
Supplemental Appropriations:					
Supplemental Appropriations Act, 2010.....	150,000	-	-	-	-
Subtotal.....	150,000	-	-	-	-
Total Adjusted Approp.....	1,840,000	1,497,000	1,466,000	-66,000	1,400,000
Rescissions and Transfers (Net).....	-	3,000		-	-
Total Appropriation.....	1,840,000	1,500,000	1,466,000	-66,000	1,400,000
Rescission.....	-	-3,000			-
Bal. Available, SOY.....	258,038	260,895	193,279	-193,279	-
Recoveries, Other (Net).....	336,033	261,505		-	-
Total Available.....	2,434,071	2,019,400	1,659,279	-259,279	1,400,000
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	-260,895	-193,279	-	-	-
Total Obligations.....	2,173,176 a/	1,826,121	1,659,279	-259,279	1,400,000

a/ Includes MARAD reimbursements, and recoveries of prior year obligations. This funding is part of the core program for Title II.

FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title I

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,812	\$2,806	\$2,500	+\$306 (1)	\$2,806
P.L. 480 Title I Grants.....	19,641	28,994	-	-	-
Subtotal.....	22,453	31,800	2,500	+306	2,806
Total Obligations.....	22,453	31,800	2,500	+306	2,806
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	13,093	2,336	-	-	-
Total Available.....	35,546	34,136	2,500	+306	2,806
Transfers In-P.L. 480 Title I OFD.....	-14,000	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	-	6	2,336	-2,336	-
Bal. Available, SOY.....	-18,734	-13,093	-2,336	+2,336	-
Other Adjustments (Net).....	-	-18,237	-	-	-
Total Appropriation.....	2,812	2,812	2,500	+306	2,806

FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title I OFD  
Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
P.L. 480 Ocean Freight Differential.....	\$35	\$2,768	-	-	-
Subtotal.....	35	2,768	-	-	-
Subtotal.....	-	-	-	-	-
Total Obligations.....	35	2,768	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	5,662	3,235	-	-	-
Total Available.....	5,697	6,003	-	-	-
Transfers In.....	-	-	-	-	-
Transfers Out-P.L. 480 Title I Grants.....	14,000	-	-	-	-
Rescission.....	-	-	\$3,235	\$-3,235	-
Bal. Available, SOY.....	-17,172	-5,662	-3,235	+3,235	-
Other Adjustments (Net)MARAD/Recoveries.....	-2,525	-341	-	-	-
Total Appropriation.....	-	-	-	-	-

FOREIGN AGRICULTURAL SERVICE  
P.L. 480 Title II  
Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
P.L. 480 Title II Donations.....	\$2,173,176	\$1,826,121	\$1,659,279	-\$259,279 (1)	\$1,400,000
Subtotal.....	2,173,176	1,826,121	1,659,279	-259,279	1,400,000
Total Obligations.....	2,173,176	1,826,121	1,659,279	-259,279	1,400,000
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	260,895	193,279	-	-	-
Total Available.....	2,434,071	2,019,400	1,659,279	-259,279	1,400,000
Transfers In.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	-	+3,000		-	-
Bal. Available, SOY.....	-258,038	-260,895	-193,279	+193,279	-
Other Adjustments (Net).....	-336,033	-261,505	-	-	-
Total Appropriation.....	1,840,000	1,500,000	1,466,000	-66,000	1,400,000

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title I

Justification of Increases and Decreases

- (1) An increase of \$306,000 (\$2,500,000 available in 2012)

This increase is attributable to increases in information technology costs and increased operating costs. See the FSA Salaries and Expenses section of these explanatory notes for further details.

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title II

Justification of Increases and Decreases

- (1) A decrease of \$66,000,000 (\$1,466,000,000 available in 2012)

This decrease reflects the overall reduction in program funding to meet budgetary constraints. The 2013 Budget includes \$1.4 billion for Title II grants, which is \$66 million less than the 2012 appropriation, but up to \$366 million is requested in Interna

## FOREIGN AGRICULTURAL SERVICE

## P.L. 480 Title I

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
25.3 Other purchases of goods and services				
from Federal sources.....	\$2,812	\$2,806	\$2,500	\$2,806
41.0 Grants.....	19,641	28,994	-	-
99.9 Total, new obligations.....	<u>22,453</u>	<u>31,800</u>	<u>2,500</u>	<u>2,806</u>

## FOREIGN AGRICULTURAL SERVICE

## P.L. 480 Title I OFD

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
41.0 Grants.....	\$35	\$2,768	-	-
99.9 Total, new obligations.....	<u>35</u>	<u>2,768</u>	<u>-</u>	<u>-</u>

## FOREIGN AGRICULTURAL SERVICE

## P.L. 480 Title II

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
41.0 Grants.....	\$2,173,176	\$1,826,121	\$1,659,279	\$1,400,000
99.9 Total, new obligations.....	<u>2,173,176</u>	<u>1,826,121</u>	<u>1,659,279</u>	<u>1,400,000</u>

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] \$6,806,000; 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] \$6,452,000 shall be [transferred to and  
 1 merged with] paid to the appropriation for “Foreign Agricultural Service, Salaries and Expenses”, and of which [\$355,000] \$354,000 shall be [transferred to and merged with] paid to the appropriation for “Farm Service Agency, Salaries and Expenses”.

This 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.



FOREIGN AGRICULTURAL SERVICE  
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$6,820,000
Budget Estimate, 2013.....	6,806,000
Change from 2012 Appropriation.....	-14,000

FOREIGN AGRICULTURAL SERVICE  
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Summary of Increases and Decreases

(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
FSA Administrative Expense.....	\$355	-\$1	+\$1	-\$1	\$354
FAS Administrative Expense.....	6,465	-13	+13	-13	6,452
Subtotal.....	6,820	-14	+14	-14	6,806
Mandatory Appropriations:					
GSM 102 Subsidy.....	-	+ 859	-859	-	-
Facilities Subsidy.....	\$11,138	+7,342	-18,480	-	-
Subtotal.....	11,138	+8,201	-19,339	-	-
Total, Appropriation or Change.....	17,958	+8,187	-19,325	-14	6,806

FOREIGN AGRICULTURAL SERVICE  
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level
Discretionary Appropriations:										
FSA Administrative Expense..	\$355	-	\$354	-	\$355	-	-\$1	-	\$354	-
FAS Administrative Expense..	6,465	-	6,452	-	6,465	-	-13	-	6,452	-
Subtotal.....	6,820	-	6,806	-	6,820	-	-14 (1)	-	6,806	-
Mandatory Appropriations:										
GSM 102 Loan Level.....	-	\$3,030,000	859	\$4,123,288	-	\$5,400,000	-	-	-	\$5,400,000
Facilities Loan Level.....	11,138	-	18,480	-	-	100,000	-	-	-	100,000
Subtotal.....	11,138	3,030,000	19,339	4,123,288	-	5,500,000	-	-	-	5,500,000
Total Adjusted Approp.....	17,958	3,030,000	26,145	4,123,288	6,820	5,500,000	-14	-	6,806	5,500,000
Rescissions and										
Transfers (Net).....	-	-	14	-	-	-	-	-	-	-
Total Appropriation.....	17,958	3,030,000	26,159	4,123,288	6,820	5,500,000	-14	-	6,806	5,500,000
Rescission.....		-	-331,014	-	-20,000	-	+20,000	-	-	-
Bal. Available, SOY.....	316,422	-	331,808	-	20,237	-	-20,237	-	-	-
Recoveries, Other (Net).....	5,363	-	308	-	-	-	-	-	-	-
Total Available.....	339,743	3,030,000	27,261	4,123,288	7,057	5,500,000	-251	-	6,806	5,500,000
Bal. Available, EOY.....	-331,808	-	-20,237	-	-237	-	+237	-	-	-
Total Obligations.....	7,935	3,030,000	7,024	4,123,288	6,820	5,500,000	-14	-	6,806	5,500,000

FOREIGN AGRICULTURAL SERVICE  
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level
Discretionary Obligations:										
FSA Administrative Expense..	\$355	-	\$354	-	\$355	-	-\$1	-	\$354	-
FAS Administrative Expense..	6,465	-	6,452	-	6,465	-	-13	-	6,452	-
Subtotal.....	6,820	-	6,806	-	6,820	-	-14 (1)	-	6,806	-
Mandatory Obligations:										
GSM 102 Loan Level.....	1,115	\$3,030,000	218	\$4,123,288	-	\$5,400,000	-	-	-	\$5,400,000
Facilities Loan Level.....	-	-	-	-	-	100,000	-	-	-	100,000
Subtotal.....	1,115	3,030,000	218	4,123,288	-	5,500,000	-	-	-	5,500,000
Total Obligations.....	7,935	3,030,000	7,024	4,123,288	6,820	5,500,000	-14	-	6,806	5,500,000
Bal. Available, EOY.....	331,808	-	20,237	-	237	-	-237	-	-	-
Total Available.....	339,743	3,030,000	27,261	4,123,288	7,057	5,500,000	-251	-	6,806	5,500,000
Rescission.....	-	-	331,014	-	20,000	-	-20,000	-	-	-
Bal. Available, SOY.....	-316,422	-	-331,808	-	-20,237	-	+20,237	-	-	-
Other Adjustments (Net).....	-5,363	-	-308	-	-	-	-	-	-	-
Total Appropriation.....	17,958	3,030,000	26,159	4,123,288	6,820	5,500,000	-14	-	6,806	5,500,000

Justification of Increases and Decreases

(1) A decrease of \$14,000 for CCC Export Credit Guarantee Programs Administrative Expenses (\$6,820,000 available in FY 2012):

The decrease is attributable to reductions in administrative expenses. The FAS portion will decrease by \$13,000 from \$6,465,00 to \$6,452,000. The FSA portion will decrease by \$1,000, from \$355,000 to \$354,000.

FOREIGN AGRICULTURAL SERVICE  
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Justification of Increases and Decreases

(1) A decrease of \$14,000 for CCC Export Credit Guarantee Programs Administrative Expenses (\$6,820,000 available in FY 2012):

The decrease is attributable to reductions in administrative expenses. The FAS portion will decrease by \$13,000 from \$6,465,00 to \$6,452,000. The FSA portion will decrease by \$1,000, from \$355,000 to \$354,000.

FOREIGN AGRICULTURAL SERVICE  
CCC EXPORT CREDIT GUARANTEE PROGRAMS

Classification by Objects

(Dollars in thousands)

		2010	2011	2012	2013
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
25.3	Other purchases of goods and services				
	from Federal sources.....	\$7,935	\$7,024	\$6,820	\$6,806
	Total, Other Objects.....	<u>7,935</u>	<u>7,024</u>	<u>6,820</u>	<u>6,806</u>
99.9	Total, new obligations.....	<u>7,935</u>	<u>7,024</u>	<u>6,820</u>	<u>6,806</u>

## 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 Costs

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), [\$184,000,000] \$184,000,000, to remain available until expended: Provided, 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.

Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$184,000,000
Budget Estimate, 2013.....	184,000,000
Change from 2012 Appropriation.....	\$0

Summary of Increases and Decreases

(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
McGovern-Dole Program.....	\$209,500	-\$10,399	-\$15,101	-	\$184,000

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Appropriations:										
McGovern-Dole Program.....	\$209,500	-	\$199,101	-	\$184,000	-	-	-	\$184,000	-
Subtotal.....	209,500	-	199,101	-	184,000	-	-	-	184,000	-
Total Adjusted Approp.....	209,500	-	199,101	-	184,000	-	-	-	184,000	-
Rescissions and										
Transfers (Net).....	-	-	399	-	-	-	-	-	-	-
Total Appropriation.....	209,500	-	199,500	-	184,000	-	-	-	184,000	-
Balance Available, SOY.....	-	-	61,000	-	-	-	-	-	-	-
Subtotal.....	209,500	-	260,500	-	184,000	-	-	-	184,000	-
Rescission.....	-	-	-399	-	-	-	-	-	-	-
Total Available.....	209,500	-	260,101	-	184,000	-	-	-	184,000	-
Lapsing Balances.....	-	-	-	-	-	-	-	-	-	-
Total Obligations.....	209,500	-	260,101	-	184,000	-	-	-	184,000	-

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Obligations:										
McGovern-Dole Program.....	\$209,500	-	\$260,101	-	\$184,000	-	-	-	\$184,000	-
Subtotal.....	209,500	-	260,101	-	184,000	-	-	-	184,000	-
Total Obligations.....	209,500	-	260,101	-	184,000	-	-	-	184,000	-
Total Available.....	209,500	-	260,101	-	184,000	-	-	-	184,000	-
Rescission.....	-	-	399	-	-	-	-	-	-	-
Balance Available, SOY.....	-	-	-61,000	-	-	-	-	-	-	-
Total Appropriation.....	209,500	-	199,500	-	184,000	-	-	-	184,000	-

## JUSTIFICATION OF BASE FUNDING

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. Authorized by the Farm Security and Rural Investment Act of 2002, the program started operating in 2003. Maintaining the funding level at \$184 million will help more than 4 million children and mothers gain access to improved nutrition. Approximately 40 percent of the total program cost is allocated for commodity expenses. The remainder of the funding is allocated for freight and administrative expenses, including administrative expenses of implementing organizations and activities to enhance program implementation.

Geographic Breakdown of Obligations and Staff Years  
(Dollars in thousands)

State/Territory	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	209,500	-	260,101	-	184,000	-	184,000	-
Undistributed.....	-	-	-	-	-	-	-	-
Obligations.....	209,500	-	260,101	-	184,000	-	184,000	-
Lapsing Balances.....	-	-	-	-	-	-	-	-
Total, Available.....	209,500	-	260,101	-	184,000	-	184,000	-

Classification by Objects  
(Dollars in thousands)

	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
Other Objects:				
41.0 Grants.....	209,500	260,101	184,000	184,000
Total Obligations.....	209,500	260,101	184,000	184,000