

2014 Explanatory Notes
Foreign Agricultural Service

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FOREIGN AGRICULTURAL SERVICE

PURPOSE STATEMENT

The Foreign Agricultural Service (FAS) is unique within the U.S. Government for its sole focus on global agricultural trade and food security issues. This recognized expertise is trusted by the broader U.S. agricultural community, from farmers and ranchers to food processors, other U.S. government agencies, and non-governmental organizations to provide sound, reliable and consistent intelligence on foreign agricultural markets, crop conditions and agro-political dynamics. The agency's on the ground global network of agricultural attachés and locally employed staff provide an unparalleled resource for understanding trade policy and market development issues as they arise. Through this talented and highly skilled staff FAS has built long-term, agriculture-specific relationships with foreign stakeholders that are invaluable to building institutional knowledge of host countries' agricultural sectors. This knowledge is put to work on maintaining a level playing field for U.S. food and agricultural exports abroad and expanding new opportunities in countries with market potential.

FAS links U.S. agriculture to the world to enhance export opportunities and global food security. FAS facilitates international trade and trade 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 6,800 jobs are supported and an additional \$1.29 billion in economic activity is generated.^{1/} In fact, our strategic goal is to generate an additional \$84 billion worth of U.S. economic activity by expanding export opportunities for U.S. food and agricultural exporters over the next 4 years. This is based on a goal 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 trade policy work maintains a level playing field for U.S. food and agricultural exporters who compete internationally. By partnering with other government agencies and trade associations, as well as regional and international organizations, FAS coordinates global efforts aimed at trade liberalization by negotiating trade agreements; monitoring trade agreement compliance through formal and informal mechanisms; establishing transparent, science-based standards for U.S. agricultural products; and eliminating trade barriers.

FAS trade capacity building and food security programs and services are aimed at expanding new avenues to trade and economic growth by strengthening emerging markets and addressing food security challenges through food assistance and agricultural development programs. FAS leverages its position to partner with other U.S. government agencies, land grant universities, other institutions, as well as the private sector to provide technical assistance and training where needed and urge the adoption of market-based policies in food-insecure nations. FAS' trade capacity building and food security programs build the foundations for future markets and create long-term international relationships that further advance U.S. agriculture's trade interests in developing countries.

^{1/} *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>)*

FOREIGN AGRICULTURAL SERVICE

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 \$135.8 billion in 2012.

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.

Headquarters: FAS' 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 96 offices providing coverage in 167 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, 2012, FAS had 601 in permanent full-time employment, which included 514 in headquarters and 87 in field locations.

FOREIGN AGRICULTURAL SERVICE

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. The McGovern-Dole International Food for Education and Child Nutrition Program was re-authorized under HR-8, American Taxpayer Relief Act of 2012.

FOREIGN AGRICULTURAL SERVICE

USDA OFFICE OF INSPECTOR GENERAL AND U.S. GOVERNMENT ACCOUNTABILITY OFFICE
AUDIT ACTIVITY
2012

Office of Inspector General Reports

In Progress	Status/Date	Subject
50601-02-ER	Audit Began October 29, 2010	Effectiveness of the Department's Recent Efforts to Enhance Agricultural Trade
50703-1-23	Audit Began February 18, 2011	Trade Adjustment Assistance for Farmers Program
07601-0001-22	Audit Began June 30, 2011	Private Voluntary Organization Grant Fund Accountability
50601-0002-16	Audit Began May 24, 2012	Section 632(a) Transfer of Funds for Afghanistan from USAID to USDA
07099-0001-16	Audit Began May 24, 2012	Review of Volunteers for Economic Growth Alliance Activities in Afghanistan
Completed	Status/Date	Subject
50601-0001-16	September 27, 2012	Section 632(a) Transfer of Funds for Pakistan from USAID to USDA

U.S. Government Accountability Office Reports

In Progress	Status/Date	Subject
320880	November 9, 2011	International Food Assistance Targeting
320886	December 13, 2011	Feed the Future Initiative
320885	March 1, 2012	Export Promotion Coordination
Completed	Status/Date	Subject
GAO-12-317 (previously 320802)	January 31, 2012	Embassy Management: State Department and Other Agencies Should Further Explore Opportunities to Save Administrative Costs Overseas
GAO-12-285 (previously 327066)	February 27, 2012	Afghanistan: Improvements Needed to Strengthen Management of U.S. Civilian Presence
GAO-12-731 (previously 361338)	July 12, 2012	Trade Adjustment Assistance: USDA Has Enhanced Technical Assistance for Farmers and Fishermen, but Steps Are Needed to Better Evaluate Program Effectiveness

Note: GAO dropped FAS from audit reports 320794 and 320845 previously report in the FY 2013 President's Budget.

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Available Funds and Staff Years (SY)

(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years ^{1/}	Amount	Staff Years ^{1/}
Discretionary Appropriations:								
Salaries and Expenses.....	\$186,000	820	\$176,347	820	\$177,426	770	\$178,826	770
McGovern-Dole Program.....	199,101	-	184,000	-	185,126	-	185,126	-
Rescission.....	-372	-	-	-	-	-	-	-
Transfers In.....	6,452	-	6,465	31	6,505	31	6,394	31
Adjusted Appropriation.....	391,181	820	366,812	851	369,057	801	370,346	801
Balance Available, SOY.....	61,000	-	53,000	-	-	-	-	-
Total Available.....	452,181	820	419,812	851	369,057	801	370,346	801
Lapsing Balances.....	-	-	-	-	-	-	-	-
Total Obligations.....	452,181	820	419,812	851	369,057	801	370,346	801
<u>Obligations under other USDA appropriations:</u>								
Commodity Credit Corporation for:								
Reimbursable Activities:								
Market Access Program Admin. Costs.....	4,741	3	3,624	3	4,980	3	4,980	3
Technical Assistance for Specialty Crops								
Program Admin. Costs.....	209	1	405	1	996	6	996	6
Emerging Markets Program Admin. Costs.....	270	2	514	2	996	6	996	6
Quality Samples Program Admin. Costs.....	100	1	188	1	200	1	200	1
Foreign Market Development Program Admin. Costs..	1,092	1	-	1	1,328	7	1,328	7
Local and Regional Procurement Admin. Costs.....	1,368	2	536	2	0	-	0	-
Food for Progress Admin. Costs.....	1,658	2	1,894	2	1,894	8	1,894	8
Trade Adjustment for Farmers Admin. Costs.....	97	1	-	-	-	-	-	-
McGovern Dole Program.....	2,219	13	2,891	13	3,500	13	3,500	13
Landsat data and support of export programs.....	1,500	3	1,301	3	1,500	3	1,500	3
IRM Activities.....	18,000	--	18,000	--	18,000	--	18,000	--
IRM Activities (Non-CCC).....	4,000	--	4,880	--	5,000	--	5,000	--
Under Secretary Int'l Travel for Trade Matters.....	531	--	-	--	500	--	500	--
Emerging Markets Program.....	3,097	5	3,302	5	3,400	5	3,400	5
Support of and access to the USDA Satellite Imagery								
Library: NRCS, APHIS, ARS, RMA, NASS, FS.....	375	1	448	1	500	1	500	1
Capital Security Cost Share.....	3,595	1	2,353	1	2,500	1	2,500	1
Visiting Scientist Program.....	1,018	--	662	--	700	--	700	--
Codex.....	1,649	--	1,491	--	1,500	--	1,500	--
Office of the Secretary: Congressional Relations.....	109	--	110	--	110	--	110	--
Trade Negotiations and Biotechnology Fund (OSEC).....	--	8	--	8	734	8	750	8
Avian Influenza (APHIS).....	109	1	110	1	110	1	110	1
CCC Program Support.....	1,142	--	-	--	-	--	-	--
P.L. 480 Title II.....	95	1	120	1	120	1	120	1
Total, Other USDA Appropriations.....	46,974	46	42,829	45	48,568	64	48,584	64
Total, Agriculture Appropriations.....	499,155	866	462,641	896	417,625	865	418,930	865
<u>Other Federal Funds:</u>								
U.S. Agency for International Development (USAID) and others for developmental assistance.....								
USAID and U.S. Department of State (DoS) for Reconstruction and Stabilization Activities.....	60,407	128	60,757	100	60,767	81	60,767	81
Total, Other Federal Funds.....	104,833	58	33,959	21	36,988	21	36,988	21
Total, Other Federal Funds.....	165,240	186	94,716	121	97,755	102	97,755	102
Total, Foreign Agricultural Service.....	664,395	1,052	557,357	1,017	515,380	967	516,685	967

^{1/} Staff year estimates for FY 2013 and FY 2014 were erroneously reported in MAX. FAS estimates for FY 2013 and FY 2014 are 1,002.

FOREIGN AGRICULTURAL SERVICE

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Permanent Positions by Grade and Staff Year Summary

Item	2011 Actual			2012 Actual			2013 Estimate 1/			2014 Estimate 1/		
	Wash.			Wash.			Wash.			Wash.		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
ES.....	7	-	7	7	-	7	7	-	7	7	-	7
SES.....	2	15	17	2	15	17	2	15	17	2	15	17
GS-15.....	69	-	69	69	-	69	69	-	69	69	-	69
GS-14.....	177	-	177	177	-	177	177	-	177	177	-	177
GS-13.....	197	1	198	197	1	198	197	1	198	197	1	198
GS-12.....	160	-	160	160	-	160	160	-	160	160	-	160
GS-11.....	22	-	22	22	-	22	22	-	22	22	-	22
GS-10.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-9.....	24	1	25	24	1	25	24	1	25	24	1	25
GS-8.....	18	-	18	18	-	18	18	-	18	18	-	18
GS-7.....	24	-	24	24	-	24	24	-	24	24	-	24
GS-6.....	6	-	6	6	-	6	6	-	6	6	-	6
Other Graded Positions.....	11	169	180	11	169	180	11	169	180	11	169	180
Total Perm. Positions.....	718	186	904	718	186	904	718	186	904	718	186	904
Unfilled, EOY.....	120	6	126	204	99	303	-	-	-	-	-	-
Total, Perm. Full-Time Employment, EOY.....	598	180	778	514	87	601	718	186	904	718	186	904
Staff Year Est.....	862	190	1,052	832	185	1,017	801	166	967	801	166	967

^{1/} Staff year estimates for FY 2013 and FY 2014 were erroneously reported in MAX. FAS estimates for FY 2013 and FY 2014 are 1,002.

FOREIGN AGRICULTURAL SERVICE

Size, Composition and Cost of Motor Vehicle Fleet

The passenger motor vehicles of the Foreign Agricultural Service (FAS) are used almost exclusively by Foreign Service Officers and their staffs stationed at posts overseas. FAS's overseas mission requires the use of official government vehicles to provide crop assessment trips to gather agricultural data, official travel to countries within regional coverage, transportation to local government offices, travel to representation events with agribusiness organizations, transporting official visitors, and providing mail / messenger courier services.

Although the Foreign Agriculture Service owns its overseas vehicle fleet, these vehicles are subjected not only to USDA Directives, but are also under the authority of the Chief of Mission at each station. Each overseas station has an established vehicle policy of which USDA Foreign Service Officers must adhere to and the Chief of Mission has the authority to determine other authorized uses that are permitted in accordance with the Foreign Affairs Manual governing Asset Management.

Changes to the motor vehicle fleet. Two additional vehicles were added to the inventory at no cost to FAS in the form of a light truck (4x2) in Santo Domingo for the Haiti Project and The Korean Ministry of Agriculture transferred a Chrysler 300 to the Office of Agriculture Affairs, Seoul. Currently, FAS has fifty-five (55) motor vehicles in its overseas fleet inventory. This number includes one (1) station wagon, one (1) sedan, fifteen (15) mini-vans, thirteen (13) light trucks (4x2), and twenty-five (25) light trucks (4x4).

Replacement of passenger motor vehicles. Normally, passenger vehicles may not be replaced unless they either have a mileage of 100,000 or 7 years or more of age. Condition of the vehicle and cost analysis of maintenance and operating cost are also factors for replacement. Each post that has a vehicle is required to record daily usage including fuel cost and maintenance in a vehicle log.

FOREIGN AGRICULTURAL SERVICE

VEHICLE REPORTS

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	Ambulances	Buses	Heavy Duty Vehicles		Total Number of Vehicles
		4x2	4x4						
2011	22	9	24	-	-	-	-	55	\$170
Change	+1	-	-1	-	-	-	-	-	-38
2012	23	9	23	-	-	-	-	55	132
Change	-21	+19	+2	-	-	-	-	-	-32
2013	2	28	25	-	-	-	-	55	100
Change	-	+1	-1	-	-	-	-	-	+31
2014	2	29	24	-	-	-	-	55	131

* 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:

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), \$178,826,000: 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 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.

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Lead-Off Tabular Statement

Current Law

2013 Estimate.....	\$177,426,000
Budget Estimate, 2014.....	178,826,000
Change in Appropriation.....	<u>+ 1,400,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations:					
Trade Policy.....	\$81,384	-\$3,897	+\$470	+\$593	\$78,550
Trade Promotion.....	61,625	-3,104	+363	+497	65,775
Capacity Building/Food Security.....	42,619	-2,280	+246	+310	40,895
Subtotal.....	<u>185,628</u>	<u>-9,281</u>	<u>+1,079</u>	<u>+1,400</u>	<u>+185,220</u>
Total, Appropriation or Change.....	<u>185,628</u>	<u>-9,281</u>	<u>+1,079</u>	<u>+1,400</u>	<u>185,220</u>

FOREIGN AGRICULTURAL SERVICE

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Project Statement

(Adjusted Appropriations Detail and Staff Years (SY)

(Dollars in thousands)

Program	2011 Actual		2012 Estimate		2013 Estimate		Change			2014 Estimate	
	Staff		Staff		Staff		Staff			Staff	
	Amount	Years	Amount	Years	Amount	Years	Amount	Year	Amount	Years	
Discretionary Appropriations:											
Trade Policy.....	\$81,384	331	\$77,487	345	\$77,957	324	+\$593	(1)	-	\$78,550	324
Trade Promotion.....	61,625	284	58,521	295	58,884	277	+\$497	(2)	-	59,381	277
Capacity Building/Food Security	42,619	174	40,339	180	40,585	169	+\$310	(3)	-	40,895	169
CCC Export Guarantee Programs Admin. Expense...	6,452	31	6,465	31	6,505	31	-\$111	(2)	-	6,394	31
Subtotal.....	192,080	820	182,812	851	183,931	801	1,289	-	-	185,220	801
Total Adjusted Approp.....	192,080	820	182,812	851	183,931	801	1,289	-	-	185,220	801
Rescissions and											
Transfers (Net).....	-6,080	-	-6,465	-	-6,505	-	+\$111	-	-	-6,394	-
Total Appropriation.....	186,000	820	176,347	851	177,426	801	1,400	-	-	178,826	801
Transfers In:											
CCC Export Programs Admin. ...	6,452	-	6,465	-	6,505	-	-\$111	-	-	6,394	-
Subtotal.....	6,452	-	6,465	-	6,505	-	-\$111	-	-	6,394	-
Rescission.....	-372	-	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-	-	-	-	-	-	-	-	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-	-	-	-	-	-	-
Total Available.....	192,080	820	182,812	851	183,931	801	1,289	-	-	185,220	801
Lapsing Balances.....	-	-	-	-	-	-	-	-	-	-	-
Total Obligations.....	192,080	820	182,812	851	183,931	801	1,289	-	-	185,220	801

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

Project Statement

(Obligations Detail and Staff Years (SY))

(Dollars in thousands)

Program	2011 Actual		2012 Estimate		2013 Estimate		Inc. or Dec.		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Obligations:										
Trade Policy.....	\$81,384	331	\$77,487	345	\$77,957	324	+\$593	-	\$78,550	324
Trade Promotion.....	61,625	284	58,521	295	58,884	277	+497	-	59,381	277
Capacity Building/Food Security.....	42,619	174	40,339	180	40,585	169	+310	-	40,895	169
CCC Export Guarantee Programs										
Admin. Expense.....	6,452	31	6,465	31	6,505	31	-111	-	6,394	31
Subtotal.....	192,080	820	182,812	851	183,931	801	1,289	-	185,220	801
Total Obligations.....	192,080	820	182,812	851	183,931	801	1,289	-	185,220	801
Lapsing Balances.....	-	-	-	-	-	-	-	-	-	-
Total Available.....	192,080	820	182,812	851	183,931	801	1,289	-	185,220	801
Transfers In.....	-6,452	-	-6,465	-	-6,505	-	111	-	-6,394	-
Rescission.....	372	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	186,000	820	176,347	851	177,426	801	+1,400	-	178,826	801

FOREIGN AGRICULTURAL SERVICE

JUSTIFICATION OF INCREASES AND DECREASES

The 2014 Salaries and Expense (S&E) budget request is \$178,826,000. This is a net increase of \$1,400,000 over the 2013 estimated budget 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 its core goals. FAS will continue to move toward its long-term goal of increasing U.S. economic activity through trade facilitation and international cooperation.

Continuation of FAS’ mission is critical because:

- For every \$1 billion of agricultural exports, an estimated 7,800 jobs are supported;
- Provides a level playing field for US Agriculture Exporters;
- Increases the demand for U.S. Agriculture products; and
- Develops emerging markets overseas.

1. An increase of \$963,000 for pay costs (which includes \$241,000 for annualization of the fiscal year 2013 pay raise and \$722,000 for the anticipated fiscal year 2014 pay raise). This increase in pay will provide FAS a pay incentive to retain quality staff, which is so vital to achieving the agency’s objective of facilitating trade and international cooperation for U.S. agricultural products. Without the requested increase FAS could be forced to cut staffing further and reduce travel expenses further. These reductions will have an adverse impact on the Agriculture Export market.
2. An increase of \$1,516,000 for International Cooperative Administrative Support Services (ICASS). The Department of State (DoS) controls the ICASS assessment process. FAS relies on its base funding to maintain continuous administrative and support services for overseas offices provided by DoS and the U.S. Agency for International Development (USAID). Base funds for DoS ICASS charges will continue to fund these activities, but an increase is needed to cover the estimated 2014 DoS assessment. This increase will support these rising costs in FAS’ three budget activity pillars.
3. A decrease of \$1,079,000 for FAS headquarters’ administrative costs. A decrease of \$1,190,000 from headquarters offices will offset the increase to overseas operations. 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 2014, the use of alternate methods of communications instead of incurring travel costs, a postponement of updates to computer hardware, and a delay in equipment replacement.

2014 Budget Activity Structure:

USDA Goal 1: Trade Policy.....	42%
Trade Promotion	36%
USDA Goal 3: Capacity Building/Food Security.....	22%
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 \$84 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.

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Trade Policy

- (1) A net increase of \$593,000 for Trade Policy (\$77,957,000 and 324 staff years available in 2013) administrative costs and activities.
- A. An increase of \$643,000 to cover higher ICASS costs;
 - B. A increase of \$408,000 from salary and benefits to cover pay cost; and
 - C. A decrease of \$458,000 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 its 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.

Maintaining the current staffing level will 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.

Trade Promotion

- (2) A net increase of \$386,000 for Trade Promotion (\$65,389,000 and 277 staff years available in 2013) administrative costs and activities.
- A. An increase of \$538,000 to cover ICASS increases;
 - B. A increase of \$342,000 from salary and benefits to cover pay cost increases;
 - C. A decrease of \$494,000 in funding for headquarters' administrative costs, and a reduction in administrative expenses in the CCC Export Guarantee Program from a reduction in CCC Export Credit Guarantee Programs transfer.

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 2014 increase will maintain 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

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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.

Capacity Building/Food Security

(3) A net increase of \$310,000 for Capacity Building/Food Security (\$40,585,000 and 169 staff years available in 2013) administrative costs and activities.

- A. An increase of \$335,000 to cover higher ICASS costs;
- B. A increase of \$213,000 from Salary and Benefits to cover pay cost increases , and
- C. A net decrease of \$238,000 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. 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); and the McGovern-Dole International Food for Education and Child Nutrition Program (McGovern-Dole). These programs feature a mix of monetization, direct distribution, and local food aid commodity procurement to meet the specific needs of recipient countries.

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

State/Territory	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	\$127,264	630	\$119,019	664	\$119,555	614	\$120,393	614
Other Countries.....	64,816	190	63,793	187	64,376	187	64,827	187
Obligations.....	192,080	820	182,812	851	183,931	801	185,220	801
Lapsing Balances.....	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	-	-	-	-	-	-	-	-
Total, Available.....	192,080	820	182,812	851	183,931	801	185,220	801

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Classification by Objects
(Dollars in thousands)

	2011 <u>Actual</u>	2012 <u>Actual</u>	2013 <u>Estimate</u>	2014 <u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$48,479	\$44,375	\$44,375	\$44,753
Field.....	38,384	36,307	36,307	36,616
11 Total personnel compensation.....	86,863	80,682	80,682	81,369
12 Personal benefits.....	25,835	32,332	32,332	32,608
13.0 Benefits for former personnel.....	1,281	2,545	-	-
Total, personnel comp. and benefits.....	113,979	115,559	113,014	113,977
Other Objects:				
21.0 Travel and transportation of persons.....	7,268	5,657	6,364	6,364
22.0 Transportation of things.....	486	188	188	188
23.1 Rental payments to GSA.....	104	28	28	28
23.2 Rental payments to others.....	381	2,547	3,166	3,166
23.3 Communications, utilities, and misc. charges.....	832	2,092	2,385	2,385
24.0 Printing and reproduction.....	69	46	46	46
25.1 Advisory and assistance services.....	40,096	36,140	37,851	39,256
25.2 Other services from non-Federal sources.....	5,258	6,920	6,920	6,920
25.3 Other purchases of goods and services from Federal sources.....	5,997	5,570	5,570	5,570
25.4 Operation and maintenance of facilities.....	6	63	63	63
25.5 Research and development contracts.....	5,095	5,326	5,326	5,326
25.6 Medical care.....	78	28	28	28
25.7 Operation and maintenance of equipment.....	407	349	349	349
25.8 Subsistence and support of persons.....	111	6	6	6
26.0 Supplies and materials.....	11,221	1,830	2,330	1,251
31.0 Equipment.....	663	205	205	205
41.0 Grants.....	-	63	63	63
42.0 Insurance claims and indemnities.....	1	29	29	29
92.0 Undistributed.....	28	166	-	-
Total, Other Objects.....	78,101	67,253	70,917	71,243
99.9 Total, new obligations.....	192,080	182,812	183,931	185,220
Position Data:				
Average Salary (dollars), ES/FE Positions.....	\$169,052	\$169,957	\$169,957	\$169,957
Average Salary (dollars), FO/FP Positions.....	\$118,729	\$115,429	\$115,429	\$115,429
Average Salary (dollars), GS/GM/FSN Positions.....	\$97,944	\$98,934	\$98,934	\$98,934
Average Grade, GS Position.....	10.5	13.3	13.3	13.3

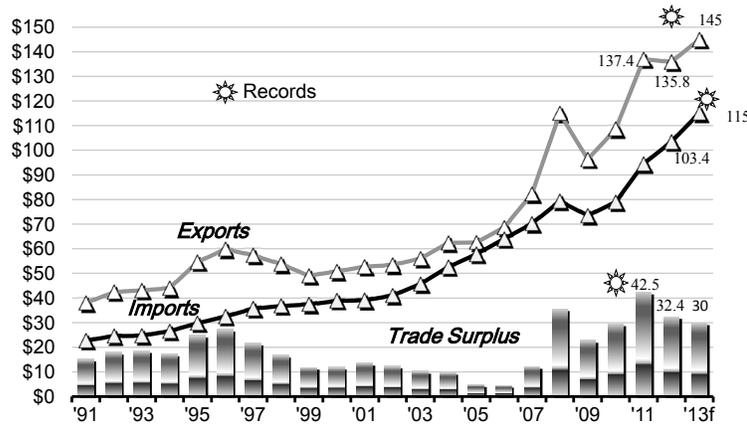
FOREIGN AGRICULTURAL SERVICE

STATUS OF PROGRAM
SUMMARY OF AGRICULTURAL TRADE

In 2012, U.S. agricultural exports totaled \$135.8 billion, a slight decrease of 1 percent from the previous year's record exports of \$137.4 billion. Lower export volumes of grain and oilseeds outweighed strong demand for high value products such as meats, dairy products, and horticultural products. The outlook for 2013 shows exports up to a new record due to high grain prices, record soybean exports, and continued strong demand for horticultural products. In 2013, agricultural exports are forecast to reach a record \$145 billion, up \$7.6 billion from the previous record set in 2011, and up \$9.2 billion from the export level achieved in 2012. Higher unit values for grains and oilseeds, combined with record horticultural exports, account for most of the increase in the forecast. The trade surplus in agricultural commodities is expected to fall slightly to \$30 billion, down \$2.4 billion from last year due to soaring imports of horticultural and tropical products.

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



Note: Forecasts are based on USDA's "Outlook for U.S. Agricultural Trade" published on November 29, 2012. Source of trade data: the U.S. Bureau of the Census.

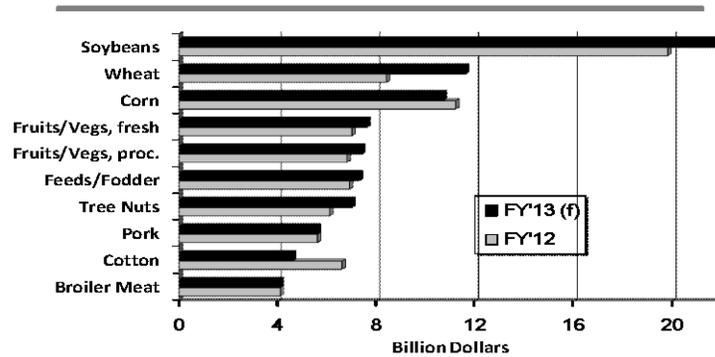
COMMODITY EXPORT HIGHLIGHTS

The overall projected increase in the agricultural export value for 2013, compared to the previous year, is largely due to higher prices for bulk commodities such as soybeans and grains. Volumes for most bulk commodities are expected to be down due, in part, to tighter supplies. High value product unit values and volumes remain strong and are forecast at a record for horticultural products.

Bulk commodity exports are forecast at \$53.5 billion in 2013 compared to \$49.5 billion in 2012. Total bulk export volume is forecast down, with soybeans and corn accounting for most of the decrease. Compared to the previous year, the highlights for 2013 are:

Grains. Wheat and coarse grain exports are forecast for 2013 at \$23.2 billion, up from \$20.1 billion in 2012. Despite high prices, the value of corn exports is down due to significantly lower volumes. Tighter supplies are a result of the drought this past growing season in the major corn production states. Volume exports will also be pressured by expected record exports from Brazil. However, an expected rebound in wheat exports is expected to more than offset this fall in corn exports. Plentiful U.S exportable supplies are combined with strong prices, reduced export competition from the Black Sea region, and strong global demand. Wheat exports are expected to be particularly strong to North Africa and the Middle East.

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



Soybeans. Soybean exports are forecast at a record \$22.5 billion. The forecast is \$2.7 billion higher than final 2012 exports. Record high prices are expected to combine with strong demand from China and reduced early season competition from South American supplies.

Cotton. Cotton exports are forecast at \$4.6 billion, a decrease of \$2 billion from 2012. Export volume is down due to larger supplies among foreign competitors and reduced demand from China. The U.S. share of world trade is also expected to fall. Lower unit values also account for much of the fall in exports from last year.

High-value product exports are forecast at \$91.5 billion in 2013, signaling strong foreign demand and increasing unit values. The animal product export forecast is even with last year but horticultural exports, which include all fresh and processed fruits, vegetables, tree nuts, and wine, are forecast at a record \$32 billion. Compared to the previous year, the highlights for 2013 are:

Feed and Oilseed Products. Exports of soybean meal and oil are expected to be down slightly due to reduced crush in the United States and ample supplies in South America following harvest. An expected surge in domestic use of soybean oil for biodiesel will also restrict exports.

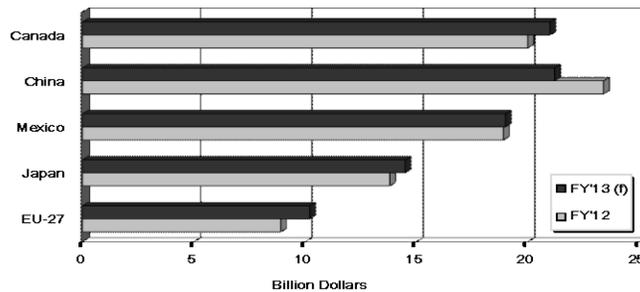
Animal Products. The export forecast for livestock, poultry, and dairy products is \$29.8 billion, even with 2012 exports. Declines in dairy and poultry are forecast to offset growth in beef and pork. Dairy exports are forecast to decline \$170 million to \$5 billion as high feed costs are expected to reduce producer margins, leading to lower milk output and reduced dairy product supplies. As a result, export volumes are anticipated to decline. Pork exports are forecast just \$50 million higher at \$5.6 billion as higher prices and tighter exportable supplies are expected to impact shipments to price sensitive markets in Latin America and the Caribbean. Poultry exports are forecast to decline by \$50 million to \$6.1 billion amid higher prices and tighter exportable supplies. However, exports to Mexico, Canada, and Angola are expected to remain strong. Beef exports are forecast to rise slightly to \$4.8 billion on higher prices.

Horticultural Products. The fiscal 2013 export forecast for horticultural products is a record \$32 billion, up \$3.4 billion from the 2012 estimate. Fresh fruit and vegetable exports are forecast at a record \$7.6 billion, up \$600 million. Exports to Canada, Europe, and Japan are expected to continue expanding. Processed fruit and vegetable exports are forecast at \$7.4 billion, up \$600 million. Unit values for several processed products are expected to continue rising in the face of strong demand from major markets. Whole and processed tree nuts are forecast at \$7 billion, up \$900 million primarily due to China’s growing demand for almonds, pistachios, and walnuts.

TOP EXPORT MARKETS

The top five markets accounted for 63 percent of U.S. agricultural exports in 2012. U.S. agricultural exports to our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, are forecast at \$40 billion in 2013. Canada is expected to be the second largest market for U.S. exports at \$21 billion having lost the top spot to China in 2011. Exports to Canada are forecast up about \$1 billion over 2012 on strong imports of high value products with horticultural products leading the way. Exports to Mexico are forecast at \$19 billion as demand continues strong for grain, pork, and oilseeds. Wheat exports should continue to be a key driver behind total export growth despite competition from Canada.

Export Outlook for Top 5 U.S. Markets



U.S. agricultural exports to Asia are forecast up from \$60.4 billion in 2012 to \$61.6 billion in 2013. Higher bulk commodity prices and continued strong demand for high value products are responsible for the increase. China is forecast to again be the largest market at \$21.2 billion, which is down \$2.2 billion from 2012. While the forecast for China is the second highest on record, the slight decrease is due to lower expected corn and cotton shipments. Chinese corn supplies have rebounded thus decreasing demand, and high Chinese cotton prices are weakening import demand. Partially offsetting this decline is expected strong demand for U.S. soybeans and tree nuts. Japan is forecast up from 2012 mostly due to higher unit prices for grains and oilseeds. Exports to Japan reached a \$13.8 billion last year but are forecast at a record \$14.5 billion in 2013.

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 four 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. Growing demand and soaring prices resulted in another record import year in 2012 of \$103.4 billion.

The overall import outlook for 2013 is relatively strong demand for all major product categories and record imports of \$115 billion, up from \$103.4 billion in 2012. Higher import unit prices are expected to account for much of the 11 percent projected increase in U.S. import value but import volumes for most products are expected to be up in 2013.

Horticultural Products. Imports are forecast to rise to a record \$44.4 billion. Demand for fresh fruits has continued to increase strongly over the past several years and is forecast to reach \$8 billion in 2013.

Grains, Oilseeds, and Products. Imports are forecast up \$2.5 billion to \$20.6 billion. Vegetable oil and grain product imports are forecast up \$341 million and \$451 million, respectively.

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Livestock, Dairy, and Poultry. Imports are forecast to increase in 2013 to \$14.2 billion. Beef imports are forecast up \$500 million in 2013 with both unit values and volume up due to strong demand for processing beef and lower domestic cow slaughter. Pork imports are forecast to remain stable as tight domestic supplies and high prices boost shipments from Canada. Imported dairy products are forecast to continue their steady rise from 2010 as butter, casein, and miscellaneous milk products lead demand.

Sugar and Tropical Products. Imports are forecast to increase to a record \$32.3 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. Noncompetitive 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, the EU-27, Mexico, India, and China. Supplies from these exporters are forecast to increase to a record \$69 billion in 2013, with the Western Hemisphere accounting for 53 percent of the total import bill. Europe and Eurasia, with an expected increase of \$1.3 billion from 2012, rises to \$19 billion or 27 percent of the total. Asia, with an expected increase of \$2.7 billion from 2012, rises to \$24.9 billion or 36 percent of the total.

TRADE PROMOTION

The Foreign Agricultural Service (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 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 small U.S. exporters. FAS' overseas offices also support industry efforts, especially in developing markets, by providing market intelligence and helping introduce U.S. exporters to potential foreign customers. FAS facilitates the United States' participation in a range of international trade shows and manages credit guarantee programs to benefit U.S. agricultural exports.

Independent economic analysis has found that every dollar invested in export promotion by USDA and the agricultural industry has led to an estimated increase in U.S. agricultural exports of \$35. FAS trade promotion efforts enhance U.S. agriculture's ability to export in support of the President's National Export Initiative goals to create jobs and strengthen the economy by doubling exports by 2014.

MARKET DEVELOPMENT PROGRAMS

- **China Continues to be a Growing Market for U.S. Wheat** For more than 25 years, U.S. Wheat Associates (USW) has used MAP and FMD to demonstrate the quality, reliability, and value of U.S. wheat to Chinese millers, bakers, food producers, and government officials. Those efforts have built demand for various types of U.S. wheat, even though China leads the world in wheat production. USW built a positive reputation by supporting the Sino-American Baking School and providing technical information to large commercial bakeries that supply growing demand for Western-style breads for home consumption in urban areas. For example, USW has earned a place as a credible partner with rapidly growing fast food retailers, reinforcing the fact that the best suppliers specify flour made from U.S. wheat. In March 2011, USW brought a team from China National Cereals, Oils, and Foodstuffs Corporation, China's main grain buyer to the United States, to analyze U.S. wheat flour blends. The team determined which U.S. wheat blends are ideal for Chinese cake products and demonstrated that U.S. hard red spring and hard red winter wheat blends improved bread quality. USW demonstrated the most economical and best characteristic combinations of U.S. wheat for their particular products. USW currently invests slightly more than \$1 million annually in MAP and FMD funds in the Chinese

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market. These activities helped increase annual U.S. wheat sales to China from 148,558 metric tons (MT) in crop year June-May 2008/2009 to 541,493 MT in 2011/2012. These exports are valued at \$185 million and directly benefit farmers and the wheat industry in Washington, Oregon, Idaho, Montana, the Dakotas, and several states east of the Mississippi River.

- **EMP Helps U.S. Rice Industry Export to Colombia** EMP 2012 Technical Issues Resolution Funds were awarded to USA Rice Federation and to U.S. Rice Producers Association, to assist in the establishment of an Export Trading Company (ETC) to carry out export trade in rice from the United States to Colombia, consistent with the terms of the U.S.-Colombia Free Trade Agreement (FTA). That agreement became effective on May 15, 2012, and an ETC was approved by the Department of Commerce (DOC) on August 28, 2012. ETC launched an auction of rice export certificates on October 17, 2012, which resulted in the export of 79,000 MT (milled rice equivalent, or about 112,000 of paddy rice) of U.S. rice exports by December 31, 2012, that would not otherwise have occurred. This auction brought in \$7.1 million in gross revenue which will be shared, after deduction of expenses, 50-50 between the United States and Colombian rice industries. The U.S. share will be distributed to the U.S. rice producing states based on their share of domestic rice production to advance rice research and the Colombian share will be used to invest in modernizing their local rice industry.
- **FMD-Funded Southeast Asia Buyers Conference Results in Nearly \$560 Million in Sales** The 9th Southeast Asia U.S. Agricultural Cooperators Conference, implemented with \$70,000 in FMD program funding, resulted in an estimated 1.245 million metric tons (MMT) of U.S. agricultural product sales. This included soybeans, soybean meal, corn, and wheat that were bought, sold or negotiated at the 2012 conference. A record 194 participants attended, representing over 95 organizations involved in feed ingredient import and distribution, integrated food and feed operations, poultry and livestock production, oilseed crushing, port and logistics management, and other agricultural-related businesses. The event was jointly organized by the U.S. Soybean Export Council, the American Soybean Association, the United Soybean Board, the U.S. Grains Council, and the U.S. Wheat Associates.
- **New York Company Makes On-Site Sale in India Thanks to MAP Export Program Support** In March 2012, American Food Service, Inc., located in Boonville, New York, participated in Food Export Northeast's MAP-funded, Focused Trade Mission to India for Food Service and Ingredients, and attended the AAHAR International Food and Hospitality Fair tradeshow. While at the tradeshow, they met a buyer from India that resulted in an on-site sale of \$10,000 of their snack products, with additional orders for 2012.
- **Companies Project over \$5 Million in Sales Following Southern United States Trade Association (SUSTA) Asian Seafood Exposition** In 2012, SUSTA used the MAP to bring 6 companies from Georgia, Florida, Maryland, and Virginia, to the Asian Seafood Exposition in Hong Kong. In efforts to expand their business to buyers in the region, the participants introduced 21 new products and connected with 26 new international distributors. Collectively, the participating companies booked \$390,000 in on-site sales and projected an additional \$5.6 million in sales from the exposition within the next 12 months.
- **Trade Mission Participants Find Opportunities For Alaska Seafood in Brazil** Using MAP funding, the Alaska Seafood Marketing Institute (ASMI) organized its first ever Alaska seafood trade mission to Brazil in March, 2012. Brazil is one of the fastest growing seafood consumption markets in the world, offering great potential as an importer of Alaska cod, salmon, and other finfish. Eight major Alaska seafood suppliers participated in the mission with the objective of developing new, long-term business relationships with Brazilian importers and distributors as well as learning about the market for seafood. The Alaska companies met with buyers from the three largest supermarkets in Brazil, visited a seafood processor, toured local markets, and held 15 one-on-one meetings with local importers and distributors. Another key component of the mission was meeting with FAS to learn more about Brazil's import regulations. With useful market information and buyer contacts from the mission, ASMI expects that over 20 Alaska seafood plants will be certified for export to Brazil and that the suppliers will generate about \$5 million in export sales in 2012.
- **MAP Helps U.S. Pecan Exporter Introduce U.S. Product to Scandinavia** The National Pecan Growers Council used MAP to provide the opportunity for U.S. suppliers to exhibit at the Food Ingredients (FI) Europe Show. One company reported sales of 180 MT, valued at \$3 million, as a result of their participation. This U.S. pecan supplier had been unsuccessful in entering the Scandinavian market prior to attending the show. Their

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presence at FI Europe enabled them to develop a new relationship with a Scandinavian trader and processor, and they shipped their first container to Denmark shortly after the show. Subsequently they reported that they had a contract to ship four more containers to be distributed to Denmark, Norway, Sweden, and neighboring countries. They also reported negotiations were under way for another five containers for later in the year. MAP contributed directly to their breakthrough expansion of U.S. pecan sales to Northern Europe.

- **The Trade Lead System (TLS) Adds to U.S. Agricultural Exports to Japan While Helping the Country Recover from the Terrible Earthquake and Tsunami** FAS/Agriculture Trade Office (ATO) Tokyo increased U.S. exports using the TLS when a Yokohama based importer purchased orange essence from a Florida supplier in late 2011. The sale helped the Japanese company increase the supply of orange essence, which was disrupted by the effects of the earthquake and tsunami. The United States has now become the major source of supply for the Yokohama based company. In addition, a middle-sized trading house in Japan purchased Natto soybeans from a Minnesota supplier. FAS/ATO Tokyo teamed up with the American Soybean Association-International Marketing (ASA-IM) Tokyo Office, which had an important role in this trade lead success. Total value of these two trades was over \$130,000. The importers are expecting to continue the business with the same suppliers and future sales are expected to reach \$1.1 million per year.

- **American Sheep Industry Association (ASI) Uses Market Development Programs to Increase Sales of Sheepskins to China** ASI has had great success in using MAP, FMD, and QSP programs to introduce buyers to U.S. sheepskins and to convince them to become regular purchasers. In recent years, ASI members have utilized the market development programs to travel to China to participate in trade shows and meet with key sheepskin buyers. The buyers in China were not aware that the more expensive, but larger-sized U.S. sheepskins produced better yields than those from competing suppliers. They were willing to conduct trial runs to see if the U.S. sheepskins could fit with their end-product needs. U.S. sheepskins are used mostly in the footwear industry. In addition, ASI members provided technical assistance by teaching the processors how to process U.S. sheepskins on their machines, which was crucial in convincing two companies to conduct a trial run with U.S. sheepskins. ASI reported that after the trials and follow-up work, these companies have become regular and consistent buyers of U.S. sheepskin. In 2010 and 2011 about 85 percent of U.S. sheepskin exports went to China, reaching 1.6 million sheepskins, valued at about \$33 million. For 2011 and 2012 sheepskin exports to China are expected to reach over \$36 million. Just 7 years ago, there were only about 75,000 U.S. sheepskins exported to China. The USDA market development programs have had a significant impact on sales of U.S. sheepskins to the market.

- **Trade Show Participation Creates Jobs at Kentucky Hardwood Mill** A LaGrange, Kentucky-based hardwood lumber producer has successfully turned to exports to offset weak domestic market. Northland Corporation had seen its domestic sales drop by 50 percent since the housing recession began in 2006 and had to cut 60 of their 105 employees as a result. To find new business, the company participated in the American Hardwood Export Council's sponsored pavilions at trade shows in the United Arab Emirates (UAE) and Turkey. The MAP-funded pavilions allowed the company to exhibit at the shows and provided a great vehicle to showcase their products and meet new customers. As a result of their participation in the shows, the company secured new recurring export business of more than \$1 million per year. The new export sales have allowed the company to rehire 15 employees and restore salary cuts to an additional 25 employees.

- **Cranberry Marketing Committee (CMC) MAP-Funded In-Store Promotions Increase U.S. Sales to Australia** From July 17-31, 2012, the CMC partnered with Harris Farm Markets (HFM), the largest independent fruit and vegetable retailer in Australia, to conduct 180 hours of in-store promotions. Promotional material from HFM included 2 weekly newsletters, Facebook advertisements, and My Foodbook (Australian website for recipe sharing) participation with cranberry recipes. The material focused on educating consumers on the ways to enjoy U.S. cranberries, as well as their various health benefits. During the promotional period, HFM experienced average cranberry product sales increases of 100 percent. This promotion not only reached consumers directly at the point of sale, but also demonstrated the sales potential of U.S. cranberry products to Australian independent retailers. In fact, a recent retailer survey conducted by CMC found that the number of Australian independent retailers listing at least one cranberry product has risen from 29 percent to 50 percent in 2012. The CMC used \$7,350 of MAP funding for this activity which resulted in \$74,194 in total sales. The CMC represents producers from Wisconsin, Massachusetts, New Jersey, Oregon, Washington, Michigan, Connecticut, Rhode Island,

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Minnesota, and New York. The CMC reported that U.S. cranberry exports to Australia reached a record \$51.3 million from September 2011 to August 2012, a 27 percent increase over the previous year.

- **Food Export-Midwest Helps Iowa Company Establish Presence in Japan** In FY 2012, Sioux Honey Association located in Sioux City, Iowa, used Food Export-Midwest's MAP funds to enter the market and establish their products in Japan. The company conducted tasting demonstrations, translated their brochure, and made required changes to their label. As a result, export sales for the company have gone up over the last 4 years. Sioux Honey Association reported 2011 sales in Japan of over \$213,000 and projects 2012 sales of \$250,000. Export sales are an important resource for the Sue Bee Branded image and additional higher profit margins.
- **The TLS Adds to U.S. Agricultural Exports to the Philippines** FAS has been at the forefront of agricultural export expansion with the creation of the TLS. A trade lead submitted by post on behalf of a new-to-market vegetable seed importer resulted in over \$150,000 in sales, with projected annual sales of \$2-\$3 million over the next 2-3 years, and the appointment of the importer as the Southeast Asia sales representative for the U.S. exporter.
- **U.S. Dry Bean Council (USDBC) and USA Dry Pea & Lentil Council (USADPLC) Have Success at the Gulfood 2012 Trade Show** By sharing booth space in the leading Middle East food trade show Gulfood, USDBC and USADPLC worked together to help generate sales of over \$500,000 of U.S. legumes which would otherwise not have been possible. The Middle East markets are not traditional destinations for U.S. dry beans, lentils, chickpeas, and dry peas. Legume consumption is high in the region, but the bulk of demand is typically covered by lower-priced and lower quality suppliers. As in any large market, however, there are companies and consumers willing to pay more for higher quality legumes. This FMD-funded activity helped identify niche opportunities in the Middle East that would be prohibitively expensive for U.S. legume exporters, who are by in large small- and medium-sized companies. This joint USDBC and USADPLC activity made it possible for U.S. legume exporters to make face-to-face contact with over 250 buyers during the 4-day show in February 2012, facilitating \$500,000 in on-site sales. In addition, participating exporters projected over \$1 million for 12-month sales.
- **MAP-Funded Activities Lead to 95 Percent Increase in U.S. Hide Exports to Turkey** Using MAP, the U.S. Hide, Skin, and Leather Association (USHSLA) has helped develop new markets for U.S. hide and skin exports, including establishing a foothold in the rapidly-expanding Turkish market. In 2011, with FAS' assistance, USHSLA brought a trade servicing mission to meet Turkish tanning and leather manufacturing trade groups, individual producers, government officials, and other key individuals from the Turkish industry. The 2011 trade servicing mission spent just over \$11,800 in MAP funds on the trip, with industry contributions exceeding \$20,000. This mission helped expand the value of U.S. exports of raw hides to Turkey in 2011, which increased over 95 percent from 2010, to reach \$19.9 million. This increase in value would not likely have been possible without the efforts of FAS and the U.S. industry to develop this market. In June 2012, the U.S. industry used MAP to host a group of six buyers from major Turkish leather producers. The group visited seven different U.S. suppliers, learning about the quality and benefits of using U.S. hides, and giving the suppliers an opportunity to increase their sales. Five suppliers have reported continued dialogue with the Turkish representatives and three suppliers are expecting combined sales of between \$400,000 and \$600,000 in the next 12 months, based on the relationships fostered during the mission.
- **Western United States Trade Association (WUSATA) Support at Gulfood Results in Immediate Sales for California Company** In February 2012, Primex International Trading Corporation, located in Los Angeles, California, along with 30 other Western agribusinesses, promoted their products in WUSATA's MAP-funded pavilion at the world renowned Gulfood Trade Show in Dubai, UAE. The Western agribusinesses met with quality buyers from the Middle East, Africa, and the Indian subcontinent. While attending the show, Primex International reported \$300,000 in on-site sales.
- **U.S. Potato Board (USPB) Program Taps Promising New Market of Vietnam** The USPB's inaugural program to launch U.S. chip-stock potatoes in Vietnam produced notable results, leading a large snack manufacturer there to make the market's first commercial purchase and setting the stage for additional sales. In July 2011 to June 2012, the U.S. exported 487 MT of chip-stock, a 121 percent increase, with a value of

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\$252,468, a 123 percent increase. The USPB began market development in July 2010, after Vietnam opened its fresh potato market to the United States, thanks to an industry and government coalition including the USPB, National Potato Council, state potato organizations, Animal and Plant Health Inspection Service (APHIS) and FAS. To develop initial market relationships, the USPB used MAP to conduct trade visits and attend trade shows. Targeting companies with the most potential, the USPB then brought three snack manufacturers on a MAP-funded reverse trade mission to the United States and used QSP to send samples of three chipping varieties to these companies for testing. One company made an initial purchase of more than 200 MT last year, and has since requested an additional 4,000 MT for the current year. Another manufacturer has requested 50 MT a month.

- **The Florida Department of Citrus (FDOC) Used TASC to Help Demonstrate that U.S. Industry Pesticide Practices Met European Union (EU) Maximum Residue Levels (MRL) Requirements** FDOC used TASC to evaluate citrus grove practices. Of specific concern were the potential effects of evolving pesticide programs, pesticide residues on fresh Florida grapefruit, and compliance with EU MRLs. Citrus growers recognized an absence of relevant data to guide their grove caretaking decisions. Sampling began in March of 2011, and ran through April 2012. Over 800 fresh grapefruit samples were evaluated. In this same period, Florida exported at least 4 million cartons of fresh grapefruit to the EU at a free-on-board value of more than \$50 million. These export opportunities could have become less viable and more risky in the continued absence of data associating grove caretaking decisions and risks to MRL compliance. The results of these pesticide analyses allowed FDOC to provide specific, current data establishing fresh grapefruit were being grown, packed and shipped into the EU in a manner that generated no failures in compliance with EU MRLs.
- **The Rapidly Expanding UAE Market Presents Opportunities for U.S. Hay Exporters** U.S. FAS-Dubai and the National Hay Association (NHA) helped the U.S. forage export industry generate incremental sales of \$20 million at the Agribusiness Middle East (AGRAME) trade show in Dubai, UAE, April 2-4, 2012. The NHA leveraged \$8,500 in FMD funds to attend the show and developed contacts with traders and government officials. The coordinated effort of FAS, the NHA, and industry enabled U.S. exporters to capture an opportunity that otherwise would have gone to other competitors in the intense global market for forage. The UAE now accounts for nearly \$200 million in annual sales, and represents the fastest growing market for the billion dollar U.S. forage export industry. The UAE is the “tip” of a Middle East “iceberg” of forage potential, expected to import at least 1.5 MMT of hay in 2012. It's believed that the Gulf region will require 10 to 15 MMT of forage as countries shift away from water-intensive crops and turn to imports. AGRAME is promoted as the largest agribusiness trade show in the Middle East. The show featured 180 exhibitors and drew 4,000 trade visitors from around the world.
- **FAS Indonesia Finds Success Increasing U.S. Agricultural Exports Using the TLS** In July 2012, a shipment of California Raisins was exported to a major Indonesian food ingredient importer as a direct result of the TLS. The shipment of California raisins was valued at \$50,000. While this initial sale is rather modest, the Indonesian importer will continue to import Californian raisins along with other U.S. food ingredient products. Most of the imported raisins are used by bakers in the Indonesian food service industry.
- **American Mohair Finds Sales Success with a Philippine Carpet Manufacturer** Thanks to the MAP and the QSP, the Mohair Council of America (MCA) has convinced floor covering manufacturers around the world to try U.S. mohair in their designs. In late 2011 and early 2012, MCA worked with a manufacturer in the Philippines to develop some very distinctive luxury carpet pieces. This company invested a considerable amount of money in new equipment and machinery and wanted to try several different fiber blends and yarn sizes to see what type of construction and textures could be created. The technique that had the greatest success used multiple ends of American mohair yarn and twisted them together to create a larger yarn, which is used to create hand-tufted or hand-woven finished carpets and rugs with a variety of designs and constructions. MCA used MAP funds to travel to the market to provide technical assistance and meet with the manufacturer to discuss the ideas, equipment, and yarn needs. This activity, combined with the use of QSP funds to do multiple trials, convinced this company to purchase \$235,000 worth of American mohair since 2009. They are also expected to purchase about \$300,000 of mohair yarn in 2012. The manufacturer will continue to use the ideas that were developed during this trial and have indicated a desire to continue to find ways to use American mohair to create looks that are specific to their products.

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- **Japan's Convenience Store Sector Proves to be a Growing Outlet for U.S. Pork** With assistance from the MAP, the U.S. Meat Export Federation (USMEF) worked with targeted convenience store chains to promote processed products using U.S. pork. USMEF succeeded in securing a place for U.S. pork in "to go" bento boxes by providing new meal ideas through seminars and one-on-one meetings, and lending marketing support during sales promotions. Bento boxes are popular prepackaged meals in Japan that typically consist of rice, meat, and vegetables and are readily available at Japan's leading convenience store chains including Lawson's Inc., and Seven Eleven Inc. In December 2011, USMEF collaborated with Lawson's Inc., to conduct a U.S. pork bento campaign, which sold an impressive 800,000 U.S. pork bento boxes. This represented an increase of more than 400 percent and approximately \$3 million in increased sales of U.S. pork bento box meals. Given the substantial sales increase, Lawson's Inc., decided to feature the U.S. pork bento throughout 2012. U.S. pork exports to Japan in 2011 reached \$1.9 billion, about 19 percent above 2010. U.S. exports in 2012 are running at about 6 percent above the 2011 level.
- **FAS/ATO Osaka Continues to Find Success Promoting U.S. Agricultural Exports Using the TLS** The TLS facilitated a successful business deal between a California walnut exporter and a Japanese importer. The importer was introduced to the California walnut supplier through TLS. Their first order, valued at approximately \$120,000, arrived in Japan in March 2012. The Japanese company is planning to expand their business with this supplier during the coming year.

INTERNATIONAL TRADE SHOWS

In 2012, nearly 1,040 U.S. companies and organizations participated in 26 USDA-endorsed trade shows in 18 countries. On-site sales totaled an estimated \$121 million and 12-month projected sales reported by exhibitors were estimated at over \$1.3 billion. The companies made over 16,670 business contacts and displayed more than 10,570 new products in various markets on all continents.

- **Anuga Food Tech USA Pavilion Exhibitors Report Success Exceeding Results from Anuga 2009** Anuga Food Tech, the world's largest food and beverage trade event, was held in Cologne, Germany, October 8-12, 2011. Held biennially, Anuga 2011 had 6,596 companies, exhibitors from 100 countries and attracted over 155,000 trade visitors from 180 countries. The five USA Pavilions at Anuga (Fine Foods, Meat & Poultry, Organic Foods, Frozen Foods, and Drinks) were a successful platform for 165 U.S. participants, generating an estimated \$15.6 million in on-site sales and over \$169.6 million in 12-month projected sales. A total of 55 small companies, of which seven were minority-owned and 14 first-time attendees, participated in the USA pavilion. USA Pavilion exhibitors reported over 2,800 serious trade contacts and introduced over 3,600 new products including general grocery items, seasonings and sauces, frozen foods, walnuts, almonds and prunes, seeds, shelled sunflower seed, flavorings, vegetables, baked goods, ready-made fruits juices, meat and poultry, and other food ingredients.
- **Dubai's 2012 Gulfood Show Concludes with Record Projected Sales** February 19-22, 2012, the annual Gulfood show was held in Dubai, United Arab Emirates; 127 U.S. exhibitors participating in the U.S. pavilion at Gulfood, reported a record \$60 million in on-site sales and introduced over 1,600 new products while making over 4,000 business contacts. An estimated 60 small and medium-sized enterprises, 15 new-to-market, and 10 minority-owned companies were represented. Exporters reported projected 1-year sales of \$322 million. The best selling U.S. products for the show were: almonds, dried fruits, poultry, King Crab, cranberries, yogurt, pistachios, and a wide-range of grocery items.
- **\$8 Million in Sales Projected at the Supermarket Food Show in Japan** February 1-3, 2012, Japan's annual and leading international trade show targeting supermarket buyers, endorsed for the first time by USDA, was held in Tokyo, Japan. Over 24 exhibitors were in the U.S. Pavilion. They reported over \$420,000 in on-site sales and nearly \$8 million in 12-month projected sales of U.S. agricultural products resulting from the show. U.S. companies made over 508 business contacts and introduced 158 products in the market. The most popular U.S. products at the show were meat, poultry products, cheese, ice cream, candies, and olive oil. Of the 24 U.S. exhibitors, 12 were small- to medium-sized, and four were new-to-market companies.
- **Mexico's 2012 Antad Show Concludes with a Record of \$13.8 Million in Sales Projected** March 14-16,

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2012, Antad, Mexico's largest food and retail show, took place in Guadalajara, Mexico. Over 43 exhibitors were in the USA Pavilion, reporting \$500,000 in on-site and \$13.8 million of 12-month projected sales. U.S. companies made over 60 business contacts and introduced 50 products in the market. The most popular U.S. products were: popcorn, beef, pork, snacks, cherries, egg products, flavors, apples, melon, onions, pears, pistachios, potatoes, and seafood.

- **USA Pavilion at Singapore's Food & Hotel Asia Generates \$17.5 Million in Projected Sales** Food & Hotel Asia, Asia's largest international food and hospitality trade event, took place April 17-20, 2012, in Singapore. Held biennially, Food & Hotel Asia 2012 attracted 2,800 exhibiting companies from 71 countries and over 42,000 trade visitors. The USA Pavilion consisted of 51 exhibiting companies, including ten small, and seven new-to-export companies. Three SRTGs and nine other FAS Cooperators participated. Pavilion exhibitors reported making a total of 1,029 contacts, resulting in on-site sales of \$685,000 and 12-month projected sales totaling \$17.5 million. Products showcased included meats, dairy, poultry, eggs, high-value processed products, juices, frozen seafood, food and bakery ingredients, and specialty foods. FAS staff from the region organized a market briefing for Pavilion exhibitors on export opportunities, and FAS Vietnam led a delegation of eight buyers to the USA Pavilion.
- **Preliminary Results of USA Pavilion at the 2012 European Seafood Exposition (ESE) Indicate \$632 Million in 12-Month Projected Sales** The ESE held annually in Brussels, Belgium, is the world's largest seafood trade event. The ESE 2012 took place April 24-26, marking its 20th edition. FAS once again partnered with three cooperators, the Alaska Seafood Marketing Institute, Food Export-Northeast, and the Southern U.S. Trade Association to organize a successful platform for the 37 companies that participated in the USA Pavilion. The Intertribal Agriculture Council also had a presence at the event. Preliminary estimates indicate \$36.7 million in on-site sales and \$631.6 million in 12-month projected sales.

U.S. SHOWS WITH INTERNATIONAL COMPONENT

- **The 2012 Americas Food and Beverage Show** was held in Miami, Florida on September 24-26, 2012. The purpose of the show is to provide a venue for Latin American and Caribbean buyers to network with a large number of U.S. food companies and attend an educational conference focused on specific market needs. This event featured 4,000 buyers from Canada, the Caribbean, Central and South America consisting of trade intermediaries, food service, food processors and retailers. FAS and National Association of State Departments of Agriculture (NASDA), jointly with the World Trade Center Miami, supported a U.S. Pavilion with 120 U.S. exhibitors, an increase from 116 exhibitors at the 2011 show. Preliminary estimates of U.S. Pavilion exhibitors include \$1.64 million in on-site and \$23 million in projected sales for the next 12 months. FAS organized buyer teams from seven Central and Latin American and Caribbean Posts, and Yemen with over 140 participants.
- **American Food Fair at the National Restaurant Association (NRA) Show** was held in Chicago, Illinois on May 5-8, 2012. The NRA Show, sponsored and managed annually, attracts upwards of 60,000 industry professionals from all 50 states and over 100 countries to see the products of nearly 2,000 exhibitors focused on the restaurant, food service and hospitality industry. The show featured the American Food Fair, showcasing U.S. food producers and processors seeking to export. The American Food Fair was organized by NASDA and included 69 U.S. companies. U.S. exhibitors generated over \$8 million in export sales. FAS offices from China, Nigeria, Russia, the Caribbean (Miami), and Hungary organized foreign buyer groups, which in turn supported a key component of the National Export Initiative (NEI), linking foreign buyers with U.S. suppliers.
- **The U.S. Food Showcase (USFS) with Food Marketing Institute (FMI)** was held in Dallas, Texas on May 1-3, 2012. FMI is the largest educational event and exhibition for the retail industry in the United States with 485 exhibitors and 14,000 registered visitors. USFS, with 45 primarily small- and medium-sized companies that are interested in exporting, is supported by FAS in partnership with the NASDA. Fifty buyers in buyer missions organized by FAS and NASDA from China, Egypt, the Caribbean, Turkey and Russia attended the shows. U.S. exhibitors generated \$7 million in export sales. FMI this year was joined by two major groups, the American Meat Institute (190 exhibitors) and the United Fresh Produce Association (270 exhibitors).
- **The Summer Fancy Food Show 2012** was held in Washington, D.C. from June 17-19, 2012. There were over 2,400 exhibitors from 80 countries and regions featuring over 180,000 products including confections, cheese,

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coffee, snacks, spices, ethnic, natural, and organic foods. FAS worked with the show organizer, the National Association of Specialty Food Trade (NASFT), to coordinate FAS' involvement in the show. FAS offices in China, Canada, Egypt, and Russia organized foreign buyer groups to have over 30 foreign buyers attend the show, which in turn supported a key component of the NEI-linking foreign buyers with U.S. suppliers.

OTHER TRADE SERVICES HELPING SMALL COMPANIES

- **Servicing Exporter Customers** In 2012, FAS responded to nearly 165 requests for information on the Exporter Assistance Line. Inquiries encompassed information on buyers overseas, general export related questions, such as how to export meat and poultry and seafood products, help with both the Foreign Buyers List and the U.S. Suppliers' lists, and information on FAS-supported trade shows. In 2011, FAS provided 676 foreign buyers list reports to 240 U.S. exporters. In 2012, FAS provided 558 foreign buyers list reports to 270 U.S. exporters. Many specific inquiries concerned export certification and labeling requirements for exporting various products throughout the world, and specifically China. Inquiries also included questions on how to export wine to Vietnam, canned tomatoes to Hong Kong and several products to Canada and Mexico. Many of the inquiries are referred to other parts of the FAS for response with about one-third of the requests being forwarded to the FAS/Trade Facilitation Desk seeking assistance on export certificates and related questions.

COUNTRY STRATEGY SUPPORT FUND

FAS Washington 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 Bucharest Uses CSSF to Support Growing Demand For U.S. Products** In June 2012, FAS Bucharest introduced over 120 importers, distributors, processors, retailers, hotel and restaurant buyers, government officials and local media reporters to U.S. quality beef, distilled spirits, dried fruits and nuts, in cooperation with the U.S. Distilled Spirits Council, U.S. Meat Export Federation, California Prune Board and Food Export Association Midwest. The U.S. Ambassador to Romania hosted this promotional event at his residence. Tastings of American whiskey and sophisticated cocktails were offered as well as samplings of steaks and American sweets. FAS Bucharest projects a boost in exports of U.S. beef, distilled spirits, dried fruits (cranberries and prunes) and tree nuts to Romania, either directly or through other EU suppliers, of approximately \$420,000 during the next 12 months, due in part to this event.
- **CSSF Used to Organize a Food Traders Tour of the U.S. 8th Army Commissary in Korea** A group of 59 industry contacts from 35 food import and distribution companies visited the U.S. 8th Army's commissary in Yongsan, Seoul for an educational tour, the next best thing to shopping in a U.S. supermarket. The tour provided the traders with an opportunity to identify new American products of interest. Coupled with a group luncheon offered following the tour, the activity helped FAS Seoul build relationships with key companies in the Korean food industry. A follow-up evaluation survey revealed that the activity generated over \$21 million of potential purchase intentions for various American products. The Army commissary is one of the largest commissary stores operated by the United States military in Asia. Participants included specialty food importers, retailers, food service distributors, and processed food manufacturers.
- **The Largest Japanese Supermarket Chain Holds A Successful U.S. Food Fair** "Aeon World Fiesta USA 2012" was held in May 2012 and using CSSF funds, the FAS/ATO assisted the chain to organize the fair, coordinate cooperator participation, and promote the fair. About 1,000 stores nationwide took part in the 3-day promotion. The reported sales of U.S. agricultural products reached well over \$6.2 million for the 3-day fair period. In particular, Aeon's regional group companies, such as Aeon Hokkaido and Aeon Kyushu, actively promoted the fair.

TRADE POLICY

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, reduce trade-distorting domestic subsidies and foster the

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development of rules-based international systems that facilitate global trade. 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, prevent and resolve trade problems involving U.S. products, and provide country and regional intelligence to support U.S. exporters and agricultural producers. These efforts directly augment the private sector's ability to export and support the President's National Export Initiative goal to spur job creation and sustainable economic growth through the doubling of exports by 2014. Notable achievements in these areas in 2012 include:

- **New Trade Agreements Expand Opportunities for U.S. Agriculture** In 2012, trade agreements with South Korea, Colombia and Panama entered into force, ensuring duty free access for a wide variety of U.S. food and farm products. These agreements are expected to boost U.S. agricultural exports by well over \$2 billion per year and support nearly 20,000 domestic jobs. Implementation of the agreements reflects sustained collaboration between FAS, agricultural stakeholders and other U.S. government agencies. In 2012, FAS helped U.S. companies take advantage of the new opportunities by leading buyer and exporter missions, and training foreign officials on proper administration of tariff rate quotas (TRQs). FAS also coordinated with USAID to initiate sanitary and phytosanitary training for Colombian officials, and launched a feature on its Seoul website to provide exporters with market trend reports, exporter guides, translations of key documents, and timely updates on the status of TRQs and safeguards.
- **What's for Dinner? New Agreements for U.S. Beef and Beef Products** In 2012, FAS negotiated expanded access for U.S. beef to the UAE and El Salvador. Following the April detection of a new case of Bovine Spongiform Encephalopathy (BSE) in the United States, only two of the nearly 100 markets that now import U.S. beef took action against our products: Indonesia and Saudi Arabia. This largely measured response was the result of 9 years of FAS advocacy for science-based BSE measures, as well as the agency's fast and transparent effort to reassure trading partners that U.S. beef is safe. In 2012, U.S. beef and beef product exports climbed to nearly \$5.5 billion, surpassing 2011 levels, and well beyond the value of 2004 exports, when BSE was first discovered in the United States.
- **China – The Largest Market for U.S. Agriculture** FAS' most extensive bilateral engagement is with China, the largest market for U.S. agricultural exports. Successes included establishment of a pilot program for logs from Virginia and South Carolina that re-opened trade, engagement under a memorandum of understanding on soybean trade that prevented disruptions to over \$12 billion of U.S. exports, and China dropping its anti-dumping and countervailing duties (AD/CVD) investigation on dried distillers grains with solubles (DDGS). FAS also organized a successful symposium in Iowa in 2012, with the Chinese delegation led by the man who is expected to become China's president next year. FAS maintained market access for one of the U.S. dairy industry's largest export markets (valued at over \$432 million in 2012, up 38 percent over 2011) by coordinating a draft dairy export certificate with the government of China. The agency also won an exemption for U.S. meat and poultry to new food facility registration requirements. FAS proposed the use of Electronic Trade Document Exchange to address China's concerns about counterfeit health certificates and is now moving forward with implementation. China imported \$23.4 billion of U.S. agricultural products in 2012.
- **Science and Ractopamine Prevail in Codex** In July 2012, the intergovernmental Codex Alimentarius Commission voted to recommend standards for the veterinary drug ractopamine, widely used in U.S. beef and pork. The favorable vote was the direct result of FAS outreach to other Codex member countries over the past 2 years to advocate for science-based standards. An internationally recommended maximum residue level for ractopamine will lead to removal of trade restrictions for U.S. meats in many countries. Taiwan, for example, has already adopted the standards for beef, and trade has resumed. More importantly, many of the countries that voted for the ractopamine recommendation had no particular interest in the drug, but agreed with the United States that non-science-based opposition to standards threatens the integrity of Codex and fair trade.
- **FAS Gains Release of Detained Shipments Valued in the Millions** Part of the story behind 2012's nearly \$136 billion in agricultural trade is the assistance that FAS offices in 80 countries provided to U.S. firms with consignments detained in foreign customs. In 2012 alone, FAS negotiated the release of hundreds of detained shipments in dozens of countries, valued at well over \$60 million, and ranging from soybean meal in Latvia, to white zinfandel in the EU, rice bran pellets in Norway, Massachusetts scallops in Spain, and U.S. meat and

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poultry products in Taiwan. FAS also worked to identify persistent problems that lead to detained shipments. For example, in 2012, FAS/Jakarta and the U.S. Dairy Export Council analyzed the causes of detained shipments of non-fat dry milk, and then worked with the Indonesian government to improve importer guidelines. Indonesia's record \$210 million of U.S. dairy imports in 2012 can be partly attributed to this effort.

- **FAS Outreach Furthers Acceptance of U.S. Biotech Products** In 2012, FAS obtained a favorable outcome at the 6th Conference of the Parties serving as the Meeting of the Parties to the Cartagena Protocol on Biosafety thanks to prior outreach activities with key countries and effective communication with other delegations throughout the meeting. The U.S. delegation helped craft changes to text that would have been otherwise problematic to U.S. biotech exports, valued at approximately \$30 billion per year. On the bilateral side, Korea accepted FAS-proposed changes to guidelines for reviewing biotech submissions, allowing U.S. exports to continue. Japan approved the import of genetically modified rainbow papaya after 10 years of FAS engagement. Thailand removed StarLink-free certificate requirements for the import of U.S. corn and corn products, significantly lowering exporting costs.
- **FAS Supports Signing of EU-U.S. Organic Equivalence Arrangement** FAS played a leading role in the negotiation and final signing on February 15, 2012, of the organic equivalence arrangement with the EU. The arrangement allows organic products certified in one country to be sold as such in the other, and removes the cost and burden of additional certifications for producers. Using TASC funds, FAS facilitated the official comparison of the EU and U.S. regulations, coordinated U.S. industry input, and participated on the negotiating and audit teams to finalize the arrangement. The EU is the second largest organic market in the world, and U.S. organics exports to the EU were estimated at \$70 million in 2011 by the Organic Trade Association.
- **U.S. Fresh Fruits and Vegetables Retain Access to the Port of Jakarta** In January 2012, Indonesia announced its intention to close several ports, including the seaport of Jakarta, to a variety of imported fruit and vegetables. In 2012, U.S. fresh fruit exports to Indonesia were roughly \$110 million, and over 90 percent entered through Jakarta. FAS spearheaded negotiations that persuaded Indonesia to exempt countries with food safety recognition, including the United States, from the new restrictions.
- **Review of Proposed Foreign Regulations Prevents Disruptions to Agricultural Trade** In 2012 alone, FAS reviewed over 1,400 and commented on over 300 measures proposed by foreign governments that, if implemented, would have significantly affected U.S. exports, and/or violated a major World Trade Organization (WTO) commitment. FAS engagement with India on a measure notified to the WTO in January demonstrates the value of the review process. India's proposed new requirements would likely have halted U.S. apple and pear exports (valued at nearly \$110 million annually), but FAS persuaded India to revisit technical requirements, and waive the implementation deadline, allowing exports to continue.
- **Electronically Available Information Facilitates Trade** FAS information systems provide U.S. exporters with online resources that facilitate trade. In 2012, FAS launched a new database that provides stakeholders with direct access to WTO-notified foreign measures for the first time, enhancing their ability to provide timely comments on proposed measures. In addition, FAS's new International Food Additive Data Base now provides exporters with a single online source of information on global food additive regulations. In 2012, the first year of availability, the site was already averaging over 1,600 visits per month. FAS and the U.S. Environmental Protection Agency Maximum Residue Level (MRL) database remained the go-to place for U.S. growers, registrants and the U.S. government to find accurate information about foreign MRLs, saving shippers millions of dollars in lost sales due to residue violations. The number of visitors to this site topped 100,000 in 2012.
- **Overseas Markets Got U.S. Milk** In 2012, FAS continued to maintain and expand market access for U.S. dairy exports. FAS effectively opened Tunisia's market to U.S. dairy exports for the first time in years and persuaded the UK, Ireland and Belgium to streamline certification for U.S. milk and milk products by accepting a single dairy export certificate in lieu of certificates from two agencies. This saves exporters \$50,000 in certification fees annually, but more importantly expedites the export process and prevents detainments of shipments over documentation issues. In 2012, FAS also coordinated a draft export certificate for U.S. dairy products with China, maintaining access to one of the U.S. dairy industry's largest export markets. In 2012, the U.S. exported \$462 million of dairy products to these countries, and total U.S. dairy exports for 2013 are forecast at \$5 billion.

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- **U.S. Poultry Products Flock to New Markets** Similarly, in 2012 FAS, in collaboration with its sister USDA agencies, maintained and expanded market access for U.S. poultry. China lifted its avian-influenza related ban on poultry from Texas and Pennsylvania in December 2011. In May 2012, Malaysia ended a 2-month suspension on imports of U.S. poultry related to halal certification as a result of a coordinated effort by FAS/Malaysia, a U.S. exporter, a Malaysian importer, and a U.S. Islamic Center. In July, Macedonia opened to U.S. poultry imports. Newly negotiated requirements for U.S. poultry to Colombia went into effect in August in keeping with the U.S.-Colombia Trade Promotion Act, and Chile approved FAS' request to expand access to all poultry species and products, including duck. The United States exported \$429 million of poultry and products to these countries in 2012, and U.S. poultry and poultry product exports to all markets are forecast at \$6.1 billion for 2013.
- **Keeping Spirits Bright** U.S. wine and spirits are subject to numerous foreign import requirements. In December 2011, FAS, USTR and the Alcohol and Tobacco Tax and Trade Bureau secured the release of \$3.6 million of U.S. white zinfandel detained in Italy in September 2011, when customs authorities mistakenly concluded the wine was mislabeled because of its pink color. In 2012, FAS also persuaded Brazil to give distinctive product designation to Tennessee Whiskey and Bourbon in Brazil, helping to enhance its U.S. identity to consumers. The EU authorized the use of the terms "classic" and "cream" for U.S. wines. FAS advocacy in Bulgaria on the implementation of its Wine and Spirits Act clarified key points for U.S. exporters, preserving U.S. distilled spirit exports to this growing market, which reached \$6 million in 2012. In all cases, FAS offices in U.S. Embassies were necessary to broker these successes.
- **FAS Smooths the Way for U.S. Rice Exports** When agricultural exports are interrupted, FAS intervention is often a key factor in re-opening markets. For example, capitalizing on the entry into force of the Colombia-U.S. Free Trade Agreement, in early 2012 FAS worked with APHIS to develop phytosanitary measures that facilitated a resumption of U.S. rough rice exports to Colombia for the first time since 2009. In September 2012, South Korea suspended domestic sales and distribution of U.S. rice in response to a *Consumer Reports* article that reported potentially unhealthy levels of arsenic in U.S. rice. FAS worked closely with the Food and Drug Administration to quickly address Korea's concerns. Within 2 weeks Korea ended its action against U.S. rice, and by mid-October, Korea reopened its tender for rice imports. In 2012, the U.S. exported \$89 million of rice to Colombia and Korea.
- **Bilateral Cooperative Mechanisms Open Markets** During 2012, FAS organized and participated in Consultative Committees on Agriculture (CCA) with Canada and Brazil. These regular bilateral forums proactively address trade concerns and are key to preventing trade blockages. A significant highlight of the semi-annual CCA with Canada was Canada's implementation of the Marketing Freedom for Grain Farmers Act. The Act removes the requirement that Western Canadian wheat and barley farmers market their grain through the Canadian Wheat Board. As a result of the U.S.-Brazil annual CCA, Brazil accepted USDA's labeling proposal for U.S. processed meat exports; ensuring unimpeded access for U.S. processed meat exports to Brazil, valued at almost \$1 million in 2012. FAS also participated in 22 Trade and Investment Framework Agreement meetings in 2012; a notable success was Sri Lanka's lift of a complete beef ban.
- **FAS Drives Trade Policy Benefitting U.S. Agriculture** In 2012, FAS was the major driver in advancing trade policy initiatives that expand export opportunities for U.S. farmers and ranchers. FAS played a vital role in bringing Mexico and Canada into the Transpacific Partnership negotiations, an avenue for resolving outstanding trade issues in beef and potatoes. Through extensive legal and technical research, FAS developed the supporting arguments for a WTO Dispute Case against India's unjustified restrictions on U.S. poultry. Using policy and analytical expertise, FAS gained critical wins in the areas of market access and sanitary and phytosanitary measures during Russia's WTO Accession. And after years of legal and diplomatic interventions, FAS' perseverance resulted in the final dismantling of the Canadian Wheat Board. FAS also played a leading role in resolving the remaining implementation issues for the U.S. - Korea Trade Agreement, the U.S.-Colombia Trade Promotion Agreement and the U.S.-Panama Trade Promotion Agreement.
- **Expanded Asian Access for U.S. Potatoes Benefits Western U.S. States** In 2012 FAS efforts expanded market access for U.S. potatoes in Asia, and positioned U.S. exporters to take advantage of the Korea-U.S. Free Trade Agreement that permits duty-free entry of up to 3,000 MT of U.S. potatoes each year. In October 2011

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Korea lifted its Zebra-chip related ban on chipping potatoes produced in Idaho, Oregon and Washington, and in April, the third largest retail group in Korea began selling U.S. fresh table-stock potatoes in all of its 93 stores, a direct result of FAS/Seoul efforts. In 2012, the U.S. exported \$7 million of fresh potatoes to Korea. In January 2012, Japan approved the import of fresh U.S. chipping potatoes from Nevada and Montana, in time for the spring 2012 shipping season, as a result of an FAS-supported visit to Montana by Japanese inspectors in June 2011. Industry expects this development to secure an additional \$1.3 million in U.S. potato sales to Japan.

- **FAS Trade Agreement Monitoring Corrects Implementation Errors and Facilitates U.S. Exports** Eighty FAS offices around the world monitor compliance with trade agreements, and intervene when foreign countries veer from their obligations, or even their own regulations. In May 2012, the Philippines revised its method for calculating duties on U.S. pork products after FAS/Manila made Philippines customs aware that they were calculating duties in a manner that was inconsistent with WTO obligations. U.S. pork and pork product exports to the Philippines reached \$87 million in 2012. In September 2012, FAS/Mexico intervened to have Mexico remove a 16 percent tax on dehydrated U.S. cranberries that had been erroneously applied for 2 months, and to reimburse Mexican importers the \$528,000 they had been overcharged. In another instance, FAS/Bangkok collaborated with the Thai government to clarify import regulations for U.S. almonds and pistachios and generate an official statement indicating that they were not subject to import permits. As a result, exports of U.S. almonds and pistachios to Thailand, valued at \$12 million annually, continued without any disruption.

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.

Although repayment terms of up to 3 years are permitted by statute, the current program scales maximum tenor by country risk, and is currently capped by policy at 2.5 years. This facilitation of financing allows the Export Credit Guarantee Program (GSM-102) to directly support U.S. agricultural exports. This in turn, helps to create and maintain jobs in production agriculture and the processing, transportation, distribution, and maritime industries in support of the President's National Export Initiative.

In 2012, the GSM-102 program provided credit guarantees which facilitated sales of more than \$4.13 billion, slightly more than the \$4.12 billion from the previous year's program. Rising commodity prices and continued uncertainty in global financial markets are contributing factors causing the sustained demand for GSM-102 program usage in 2012. Highlights for 2012 included:

- The GSM-102 program registered increased sales to Africa-Middle East region, up 38 percent to \$329.6 million; Mexico up 33 percent to nearly \$400 million; Southeast Asia region up 77 percent to \$486 million; and Turkey up 28 percent to \$702 million.
- In 2012, \$700 million was made available for Turkey. This amount was fully utilized in registrations thus setting historical highs in both programming and registrations for Turkey.
- Through August 2012, GSM supported 33 percent of total U.S. agricultural exports to Turkey, an increase of 12 percent over the same period last fiscal year.
- In a program that is historically heavily utilized for bulk commodities, registrations were issued in 2012 to cover sales of almonds (\$0.9 million), fish (\$0.06 million), and fresh fruit (\$0.7 million).
- Meat and forest products also saw registration increases under GSM in 2012. The meat category included an increase in pork and pork offals, up 128 percent over 2011 and beef up 88 percent over the previous year. The 2012 program also supported sales of forest products, including lumber and printing paper, which were not

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registered in 2011. Registrations of wood pulp under the program increased 59 percent over the previous fiscal year.

- Soybeans and soybean product registrations in 2012 totaled \$1.5 billion, an increase of 42 percent from 2011. Increases in soybean and soybean product registrations were primarily located in Turkey, Southeast Asia region, and Africa-Middle East region which registered \$289 million, \$291 million and \$224 million, respectively.
- The 2012 GSM-102 activity demonstrates the flexibility of the program and its ability to shift commodity usage. Commodity availability has a very real impact on the program as is demonstrated in the decline in usage of feed grain and wheat and increase in soybean usage.

GSM-102 EXPORT CREDIT SALES REGISTRATIONS **Summary of 2012**

Country/Region	\$ Millions
Africa & Middle East	329.57
Caribbean	131.49
Central America	509.65
China/Hong Kong	138.79
Mexico	399.94
Russia	249.69
South America	471.85
Southeast Asia	486.00
South Korea	714.87
Turkey	702.00
TOTAL	\$4,133.85

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. USDA is currently considering comments received and revisions needed to the proposed rule in light of these comments.

PROGRAM MANAGEMENT/OVERSIGHT

In 2012, 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 -1.10 percent in 2013, compared to -0.69 percent in 2012. On the revenue side, in 2012, FAS continued its contract with a consulting firm with Federal Credit program expertise who assists in the development of a new fee schedule that is more commensurate with program risk and covers long term operating costs and losses of the program.

CAPACITY BUILDING/FOOD SECURITY

Global food insecurity impacts people worldwide. With nearly one billion hungry, the problem is exacerbated by the current global economic downturn and high food prices. Food assistance alone is not enough to address this challenge and in-country production increases and open markets are crucial. 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' 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-

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building, research, technical training, and food assistance activities target developing economies with promising market potential.

The 2010 Presidential Policy Directive on Development elevated development as a core pillar of American power and called for development, diplomacy, and defense to mutually support each other in an integrated approach to national security. FAS food assistance and capacity building activities are traditional components of U.S. economic development assistance, and as such, support the national security strategy.

COCHRAN FELLOWSHIP PROGRAM

The Cochran Fellowship Program (CFP) provided short-term training in the United States for 479 international participants from 65 countries in 2012. Since its inception in 1984, the program has trained more than 15,000 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:

2012 Survey of Cochran Fellowship Program (CFP) Participants. In 2012, 166 former Cochran Fellows responded to a 2011 training program survey that was designed to measure the ongoing influence of the program. The response from participants indicated 76 percent felt that the program helped their business to expand or improve; 63 percent responded that the program had a positive impact on their work with government; and 44 percent of the Fellows reported that their job responsibilities have increased since participating in the program only 12 months ago. The survey findings indicate that the CFP builds agricultural knowledge and skills, strengthens trade linkages, and enhances career development.

Vietnam. In 2011, a Fellow from a private Vietnamese firm attended training on Swine Herd Management in anticipation of expanding hog production. Upon returning to Vietnam, he entered into negotiations in 2012, with a U.S. supplier, to purchase 500 hogs valued at \$2 million.

Chile. In 2008, Sociedad Comercializadora del Sur Ltda. (SOCOSUR) in Santiago started importing beef from the United States in low volume. In 2010, the General Manager of the company attended the CFP training on Meat Quality, Handling, and Beef Management. In 2012, he conveyed that SOCOSUR is now "...number one in importing beef from the USA with more than \$12 million per year."

Vietnam. In 2008, the Chief of the Plant Quarantine Division at the Ministry of Agriculture and Rural Development attended a Cochran training on Plant Risk Assessment. Upon his return to Vietnam, he was promoted to Deputy Director General and, in April 2010, was designated Vietnam's point of contact for the National Plant Protection Office. As a direct result of his training, he facilitated opening the market for U.S. fresh potatoes (industry estimates these exports will reach \$4 million by 2014). Moreover, in April 2012, he waived a controversial regulation requiring Vietnamese labels to be affixed to horticultural and plant product exports prior to leaving the United States. This major policy decision is saving U.S. producers and exporters millions of dollars.

Ukraine. Since taking part in a 2009 Cochran training program on Food Safety, the Deputy Chief Veterinarian of Ukraine is knowledgeable and enthusiastic about Hazard Analysis and Critical Control Point (HACCP)-based procedures, self-policing control practices, and the two-tier safety control system (both federal and state). Upon his return to the Ukraine, he was promoted as Head of the Ukrainian Veterinary Service, where he started a major veterinary system reform aimed at improving product safety with a U.S.-inspired approach to safety requirements. The responsibility for food safety also moved from the government to producers, which represents a major policy change for Ukrainian meatpackers and meat suppliers. During 2012, the U.S. experience with a two-tier federal/state control system was used to develop a similar, two-tier, industrial production and household control system in Ukraine. The Fellow also initiated a number of legislative initiatives aimed at upgrading the system.

Moldova. Since 1993, over 260 Moldovans have participated in the Cochran Fellowship Program and traveled to the U.S. for specialized agricultural training. The current (2012) Minister of Agriculture and Food Industry and two Deputy participated in different programs in 1998, 2000 and 2008, respectively, long before being promoted to these

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senior positions. The Prime Minister of Moldova from 2001-2008, attended the Cochran program in 1993, when he worked as an engineer for a local candy factory Bucuria. In addition, a recent Moldovan Cochran Fellow was promoted in 2012 to run the agricultural sector in the Transnistrian region. For a country as small and agrarian as Moldova, Cochran alumni continue to be an asset for Moldova in 2012, and many are in leadership positions to direct agricultural development. A Cochran Fellow became one of the founders of the National Agency for Rural Development (ACSA) after attending training on Extension Service Organization and Farm Management in 1999. As Director of ACSA, he uses the knowledge and experience acquired in the Cochran program on a daily basis. Several other ACSA employees have also attended Cochran training, including two who became the Deputy Director and a Regional Director. ACSA has developed an impressive operational network and in 2012 is providing a wide range of extension services to farmers throughout Moldova. Since participating in a Cochran training program on farm organization in 1996, the Executive Director of the National Federation of Farmers (NFF) in Moldova has continued to be a significant leader and advocate for small- and medium-size farmers. The NFF is a non-governmental organization that provides training, workshops, technical support, and advocacy to its dues-paying members. The Director and several other NFF staffers, who have also participated in Cochran training programs, continue to use the knowledge and experience gained in the United States in the execution of NFF's mission.

South Africa. In August, 2011, a businessman participated in a Soybean Extrusion and Marketing Cochran Fellowship training. Upon his return to South Africa, his company began producing textured vegetable protein. He made hardware and equipment adjustments, as well as improvements in tolerance levels and setups, production and operational practices, and quality tests and parameters. In 2012, the Fellow met with potential business partners to develop new products, as well as a fortified, blended breakfast cereal. They envision producing 5 MT per month to start, ramping up to 25 MT per month. “The knowledge gained as a result of my exposure in the U.S. through Cochran has equipped me to confidently and knowledgeably work in this space, to introduce new raw materials and to know from whom to source both the product and the technical advice for their application.”

Mauritius. In 2011, a research and development agronomist from Mauritius participated in the “Seed Production, Certification and Potatoes” training. In 2012, he reported that the training provided an opportunity to improve the yield and quality of food crops with new technology, especially mechanization and biotechnology. As a result, he has purchased 5 tons of U.S. potato seed valued at \$6,000 and is conducting trials on nine new U.S. onion varieties at his company.

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2012 Cochran Participants by Region and Funding Source

Region	USDA Appropriation	Dept. of State	USAID	Iraq and Afghanistan Technical Assistance	America for Bulgaria Foundation	Total
Asia	84	11	0	0	0	95
Eastern Europe and Eurasia	36	98	0	0	37	171
Latin America and the Caribbean	90	9	3	0	0	102
Africa and the Middle East	71	0	0	40	0	111
Program Total	281	118	3	40	37	479

BORLAUG FELLOWSHIP PROGRAM (BFP)

The Norman E. Borlaug International Agricultural Science and Technology Fellows Program (BFP) continued to expand, training over 700 Fellows from 64 countries since the program’s inception in 2004, including 81 Fellows in 2012. The BFP offers fellowships for scientific training and research in the United States to potential leaders from eligible countries, and 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 2012 include the following:

2012 Survey of Borlaug Fellowship Program (BFP) Alumni. In 2012, 258 former Borlaug Fellows (2004 – 2011) responded to a survey that measured program impact. The response from participants indicated 96 percent of the Fellows reported that participating in the program had improved their professional standing and 55 percent reported that the program had a ‘high impact’ on their research and policy work. Post-Fellowship Fellows were able to share their acquired knowledge with more than 50,000 individuals through outreach activities. Since 2004, Borlaug Fellows and their mentors have published 224 peer-reviewed journal articles and abstracts as a result of the Fellowships. The survey findings confirm the ongoing positive impact of the BFP on agricultural research and development.

Afghanistan. In 2012, a Borlaug Fellow from Afghanistan was appointed Director General for Extension and Research Programs at the Ministry of Agriculture, Irrigation, and Livestock. He intends to apply the concepts on agricultural extension learned during his 2007 Fellowship at Cornell University to extension programs that will help Afghan farmers improve agricultural productivity and food security.

Mexico. In 2012, a Borlaug Fellow from Mexico presented research findings from her Fellowship at Cornell University at the International Society for Veterinary Epidemiology and Economics Conference and the Mexican national meeting for animal health research. Her study focused on techniques for improving diagnosis and control of paratuberculosis in dairy cattle to help advance science-based standards in animal health.

Ecuador. In 2012, a Borlaug Cocoa Fellow from Ecuador shared newly acquired information for improving cocoa production with more than one thousand farmers, extension agents, faculty, and students through presentations at conferences and other events. He used knowledge obtained during a 2009 Fellowship with USDA’s Agricultural Research Service (ARS) in Beltsville, Maryland on disease management and biological control of cocoa pests and crop management techniques developed and used by ARS. At Beltsville, he also conducted an experiment to assess the efficacy of foliar calcium fertilizer on the flowering and pod development of cocoa. The knowledge he gained will be used to improve cocoa production and quality in Ecuador, and, as a potential outcome, increase limited global supplies.

Georgia. In 2012, a Borlaug Fellow from Georgia, who completed training in 2006 at the University of Nebraska-Lincoln in food safety, reported that he continues to utilize HACCP standards learned in his fellowship. He has

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worked within Georgia to adopt food safety standards similar to those in the United States, which contributes to enhanced adoption of science-based standards.

Iraq. In 2012, a Borlaug Fellow from Iraq, who completed training in 2009 at Iowa State University and the University of California at Riverside, reported utilizing new and efficient instruments for soil salinity surveys as an outcome of his Fellowship. The surveys provide valuable information for developing new practices for sustainable farming of salt-affected land, thus contributing to food security in Iraq.

Serbia. In 2012, a 2006 Borlaug Fellow continued research collaboration with scientists at Texas A&M University (TAMU), where he received training in applications of basic molecular biology and bioinformatics to tick and tick-borne, disease-agent interactions. He applied knowledge gained from the program to conduct his Ph.D. thesis research in Serbia, and his mentor served as an international member of his Ph.D. research committee. Upon graduation, the Fellow joined his mentor's laboratory as a post-doctoral research fellow at TAMU, where he continues his research on animal-related diseases.

Indonesia. In 2012, a 2009 Borlaug Fellow from Indonesia succeeded in obtaining funding for her research proposal on sorghum breeding from the Indonesian Ministry of National Education. The 2-year project, in cooperation with Kansas State University, will focus on developing a variety of sorghum with greater tolerance to abiotic stress. Project results will contribute to increased, agricultural productivity and food security in Indonesia.

India. In 2012, a 2010 Borlaug Global Research Alliance Fellow from India worked on an ongoing project on climate change and management strategies for improving agricultural productivity under changing climatic scenarios. In cooperation with his Borlaug mentor, he published his research findings in an international journal and is working on additional manuscripts on water management and crop simulation modeling to improve crop production and, therefore, food security in India.

Honduras. In 2012, a Borlaug Fellow used newly-acquired skills obtained during his Fellowship at the University of Missouri to transfer knowledge to students, faculty, and small communities in Honduras. His research on an economic framework for small-holder agricultural management techniques, with a focus on environmental impact, is helping to build in-country capacity for sustainable agricultural systems.

Bulgaria. In 2012, a 2009 Borlaug Fellow from Bulgaria expanded his research on poultry diseases and expects to reduce the cost of disease surveillance tests based on information gained from his fellowship at Texas A&M University. This will allow the testing of more samples from the field and provide better surveillance, protection and preparedness in the event of an emergence of avian influenza or Newcastle disease in Bulgaria.

Philippines. A Borlaug Global Research Alliance Fellow from the Philippines conducted research in 2010 at the University of Minnesota on developing a greenhouse gas collection model for confined swine production to help mitigate climate change. In 2012, she used skills gained during her fellowship to contribute to policymaking on waste management for livestock at the Philippine Department of Agriculture, which may reduce global greenhouse gas emissions from agriculture.

2012 Borlaug Participants by Region and Funding Source

Region	USDA Appropriation	Dept. of State	USAID	America for Bulgaria Foundation	Total
Asia	14	0	1	0	15
Eastern Europe and Eurasia <i>(including Pakistan and Afghanistan)</i>	1	5	18	3	27
Latin America and the Caribbean	3	0	0	0	3
Africa and the Middle East	19	0	17	0	36
Program Total	37	5	36	3	81

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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:

- **Short-term exchange leads to increased opportunity for U.S. exports** Following bilateral-exchange visits to several U.S. wineries in May 2011, a Chinese team met with officials from the Missouri Department of Agriculture in Beijing to complete the sale of approximately \$100,000 of Missouri oak wine-barrels in 2012. The barrels will help the Chinese to properly age wine, while stimulating demand for high-quality wines including those from the United States. China is our fifth largest wine market, with imports of U.S. wine growing from \$14 million in 2007 to \$61 million in 2011.
- **SCEP bilateral exchange enhances China's understanding of U.S. seed regulations** In 2012, the Director General (DG) of the Department of Crop Production and Management at the Ministry of Agriculture participated in a SCEP activity to better understand U.S. seed regulations. He met with several key officials from the American Seed and Trade Association (ASTA) and U.S.-based seed companies to discuss how non-genetically-modified organism (GMO) seed and GMO seeds are regulated and inspected in the United States to guarantee quality and proper genetics. As a result, the DG agreed to advise U.S. Government officials about China's progress in developing science-based, biotechnology rules and regulations that foster trade.
- **SCEP bilateral exchange leads to collaborative research project between U.S. and Chinese researchers** Following a U.S. delegation visit to China in July 2012, a long-term, collaborative project between U.S. and Chinese agricultural researchers was developed to improve greenhouse production and marketing of local, sustainable, specialty crops. The U.S. delegation, which included researchers from the universities of Arkansas, Texas A&M, Louisiana State, and Mississippi State, will work with Chinese scientists from the Zhejiang and Jiangsu Academy of Agricultural Sciences to study season-extension techniques for production of specialty crops via high and low tunnels.

SCIENTIFIC COOPERATION RESEARCH PROGRAM (SCRP)

The SCRCP 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 project impact from this mutually beneficial, competitive grants program.

- **U.S. scientists worked with Ghanaian and Nigerian scientists to improve herbaceous grafting techniques** A collaborative research project with Texas A&M University, Kwame Nkrumah University of Science and Technology in Ghana, and the University of Ibadan in Nigeria is helping to improve herbaceous grafting procedures in West Africa. After learning techniques for grafting native land-race crops with U.S. nematode disease-resistant rootstock, Nigerian scientists are extending the research results to local farmers. This will help increase productivity, improve nutrition, and reduce the use of dangerous pesticides.

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 (FFE) Program; and the Local and Regional Food Aid Procurement Pilot (LRP) Project. In 2012, activities focused on helping countries move toward both graduation from food assistance and development of their agricultural economies. The programs featured a mix of monetization and direct distribution to meet the specific needs of recipient countries.

In 2012, FAS programmed 330,600 metric tons (MT) (vs. 460,800 MT in 2011) of food assistance with an estimated

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value of approximately \$437.4 million. Of this amount, estimated commodity costs were \$236.7 million (vs. \$218.6 in 2011), with transportation and other non-commodity costs estimated at \$200.7 million. Food assistance was provided through donations, with no concessional sales agreements. FAS also programmed approximately \$500,000 to conduct an evaluation of the LRP Project. No programs were furnished under the P.L. 480, Title I program, which did not receive an appropriation. A total of 24 countries received food assistance through FAS-administered programs.

FAS FOOD ASSISTANCE PROGRAM SUMMARY, 2012

<u>Program</u>	<u>\$ Millions</u>	<u>000 MT</u>
CCC Funded/FFP	245.7	239.1
McGovern-Dole Food for Education	<u>191.7¹</u>	<u>66.0</u>
Total, Food Assistance	\$437.4	330.6

FAS continued to improve its program operations for food assistance to maximize efficiency in commodity shipments, but freight and commodity costs continued to increase. The average freight cost per MT for all shipments in 2012 rose by 22.4 percent when compared to 2010. This figure represents a simple average for all freight costs, which can vary by commodity, country and packaging type; however, it illustrates the overall trend in increased shipping costs for these programs. In addition, the cost of commodities has increased over the past few years. The drought in the Midwest led to price increases for corn and soybeans, two key commodities for the FFE program. As a result, prices paid for Corn-Soy Blend were \$217/MT or 43.2 percent higher than 2010, and the cost of vegetable oil at \$444/MT was 41.5 percent higher than 2010. The increased cost of commodities further limits the reach of FAS programs and number of beneficiaries served.

CCC-FUNDED FOOD FOR PROGRESS

The FFP program assists developing countries and emerging democracies in introducing and expanding private enterprise in the agricultural sector. In 2012, CCC funding provided 264,590 MT of commodities valued at \$184 million, as well as \$61.7 million of transportation and other non-commodity costs.² Implementing partners were either private voluntary organizations (PVOs) or foreign governments that usually monetize (sell on the local market) the commodities and use sales proceeds to fund development projects. Countries receiving CCC-funded FFP assistance and the quantity of the commodities programmed in 2012 are shown in the tables below:

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2012 CCC –FUNDED FOOD FOR PROGRESS

(\$000)

<u>COUNTRY</u>	<u>TOTAL VALUE</u>
Afghanistan	\$ 5.8
Ethiopia	0.8
El Salvador	12.4
Guatemala	10.9
Honduras	20.4
Jordan	22.5
Mali	31.0
Mongolia	7.1
Mozambique	27.7
Nicaragua	35.5
Senegal	31.9
Tanzania	<u>39.7</u>
Subtotal	245.7

**COMMODITIES PROGRAMMED IN 2012 UNDER
CCC-FUNDED FOOD FOR PROGRESS**

<u>COMMODITY</u>	<u>000 MT</u>
Corn	27.0
Soybean Meal	79.7
Soybean Oil	19.4
Vegetable Oil	7.5
Wheat	<u>131.0</u>
Subtotal	264.6

Following is an example of a program funded under FFP in 2012, with expected activities and outcomes described:

Nicaragua. Nicaragua, the second poorest country in the Western Hemisphere, is primarily an agricultural country with a small manufacturing base. The agricultural sector (livestock, staple grain production, fisheries) suffers from drought and poor irrigation systems, limited infrastructure and inadequate credit at high interest rates. In 2012, FAS provided \$12.3 million to TechnoServe to implement a project focused on increasing the productivity and trade in the livestock sector. The PVO will provide training to livestock producers in farm management, herd recordkeeping, good livestock practices and silvopastoral systems. TechnoServe will also work to expand trade in livestock products by implementing a traceability system to link producers with higher value markets, reduce sanitary system constraints, and establish a telepathology initiative with the Government of Nicaragua. The 2012 program will complement previously funded activities focusing on sanitary and phytosanitary issues, institutional capacity–building, development of scientifically based regulatory systems, and livestock production and trade.

FFP programs, funded in previous fiscal years, continue to operate throughout the world. Currently, FAS monitors \$546.2 million in programming in over 20 countries that were funded in 2009 – 2011. These programs have demonstrated success in assisting farmers and agribusinesses, increasing agricultural productivity and developing markets and trade. Below is a list of active FFP programs, as well as examples of successes under these programs. FAS expects to see similar outcomes from programs funded in 2012.

- 1 Of the \$193.5 million obligated under the McGovern-Dole Food for Education Program, \$9.4 million was programming under the Micronutrient-Fortified Food Aid Products Pilot Program. Please see the section below on the McGovern-Dole Food for Education Program for additional information.
- 2 Transportation obligations under Food for Progress include \$10 million in MARAD reimbursement, which allowed FAS to Program additional commodities in FY 12.

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ACTIVE FOOD FOR PROGRESS PROGRAMS
2009 - 2011 FISCAL YEAR OBLIGATIONS

<u>FY</u>	<u>COUNTRY</u>	<u>TOTAL</u> <u>VALUE</u> (\$ Millions)
2009	Afghanistan	\$31.3
2009	Bangladesh	10.5
2009	Burundi	9.8
2009	Central African Republic	11.9
2009	Dominican Republic	13.5
2009	Ethiopia	14.2
2009	Malawi	35.1
2009	Pakistan	44.0
2009	Philippines	23.1
2009	Senegal	18.1
2009	Uganda	9.1
2010	Afghanistan	28.7
2010	Guatemala	4.1
2010	Honduras	11.5
2010	Liberia	9.7
2010	Mali	18.0
2010	Nicaragua	12.5
2010	Pakistan	32.0
2010	Philippines	8.5
2010	Tanzania	10.0
2010	Timor-Leste	12.0
2011	Bangladesh	24.2
2011	Benin	6.0
2011	Burkina Faso	9.1
2011	Dominican Republic	8.9
2011	El Salvador	14.4
2011	Honduras	11.4
2011	Jordan	19.0
2011	Kenya	28.0
2011	Liberia	17.1
2011	Malawi	17.4
2011	Philippines	13.6
2011	Tanzania	<u>9.5</u>
	Total	\$546.2

Bangladesh. USDA provided Cornell University (CU) \$10.5 million in 2009 to help improve smallholder agricultural producers' livelihoods and increase food security. CU provided financing and training to help farmers adopt soil liming, use raised growing beds to increase yields, and remediate arsenic contamination in soils and irrigation water. CU also supported agribusinesses through development of machinery and tillage services and input supply chains. Capacity building for institutional-knowledge at national agricultural institutions (Bangladesh Agricultural Research Institute and Bangladesh Rice Research Institute), nongovernmental organizations and input supply dealerships to strengthen technical support to agricultural producers were also supported. Achievements included 803 trainings, 45 arsenic management demonstrations, 376 loans for machinery and supplies, three screening trials to identify arsenic-tolerant rice varieties, and a regional workshop on soil liming for government and private entities. Crop yields from lime-applied production—variable among commodities—showed increases of 20-

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55 percent. Producers also benefited from better prices for higher quality produce, and net profitability increases ranged from \$60 to \$500 per hectare.

Senegal, Gambia, and Guinea Bissau. Senegal, Gambia, and Guinea Bissau lie within the drought-prone Sahel region that suffers from high infant mortality, chronic malnutrition and low life expectancy. Cashews are an important cash crop, and governments and farmer organizations are interested in promoting greater commercialization of the crop. In 2008, USDA provided International Relief and Development Inc. with \$10 million for a regional program spanning southern Senegal, Gambia and Guinea Bissau to improve cashew production through capacity building for farmer associations, improved agricultural techniques, better processing methods, and agribusiness development through value addition and improved marketing. Cashew producers have benefited from training at farmer field schools on farm management, marketing and value chains. Producers have strengthened their linkages with processors and gained better prices and new buyers through increased bulk sales to export markets. A nutritional brochure was developed and a media campaign was conducted to build local demand for cashews and cashew products, including the cashew apple, cashew juice, wine, jam, and cashew bio-fuel. In total, USDA assistance helped to improve the incomes and livelihoods of 11,500 smallholder agricultural producers and processors.

Guatemala. Guatemala is faced with severe challenges in education, food security, and economic development. Degradation of natural and environmental resources and a lack of access to practical information for rural communities are at the heart of problems surrounding sustainable development. In 2010, USDA provided over \$4 million worth of commodities, freight, and U.S. dollar assistance to the Universidad del Valle de Guatemala (UVG) to develop programs to support agribusinesses, provide technical training and develop new value-added food and bio-fuel products. USDA's assistance focused on the following activities:

- Development of sorghum as a food product to replace maize, and a feasibility study on bio-fuel production from sorghum biomass;
- Four studies on food production and nutrition;
- A feasibility study on bio-fuel production from sorghum biomass;
- Training and technical assistance to farmers and community groups, including improvements in traditional, mixed-cropping plots;
- Agricultural equipment; and
- Trade fairs to connect small cooperatives to buyers, and training on business entrepreneurship and marketing.

This program benefits 495 students, 1,490 women, 3,000 families, 3,321 growers and cooperative members, 135 technicians and 30,750 community members.

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 \$193.5 million of assistance was made available through the program in 2012, with nearly 41 percent allocated for commodity and freight expenses. The remainder funded complementary activities focused on building the sustainability of the program and educational instruction, including teacher training, school infrastructure construction, water and sanitation improvements, and administrative expenses of USDA and implementing organizations. USDA programmed 66,000 MT of commodities to support programs implemented by the World Food Programme (WFP) and PVOs. More than 4.5 million children and mothers benefited from the 2012 program.

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**2012 MCGOVERN-DOLE FOOD FOR EDUCATION
TRADITIONAL PROGRAMMING**

(\$ Millions)

<u>COUNTRY</u>	<u>TOTAL VALUE</u>
Afghanistan	\$ 18.3
Cambodia	8.0
Cameroon	16.7
Haiti	8.0
Honduras	17.7
Kenya	9.7
Kyrgyz Republic	11.3
Laos	12.3
Liberia	7.1
Malawi	8.7
Mozambique	43.7
Nepal	6.0
Niger	3.8
Sierra Leone	<u>11.0</u>
Subtotal	\$182.3

**2012 MCGOVERN-DOLE FOOD FOR EDUCATION
MICRONUTRIENT-FORTIFIED FOOD AID PRODUCTS PILOT PROGRAM**

(\$ Millions)¹

<u>COUNTRY</u>	<u>TOTAL VALUE</u>
Cambodia	\$ 2.9
Guatemala	0.1
Guinea Bissau	3.0
Haiti	1.1
Tanzania	<u>4.1</u>
Subtotal	\$11.2

COMMODITIES PROGRAMMED IN 2012 UNDER MCGOVERN-DOLE FOOD FOR EDUCATION

<u>COMMODITY</u>	<u>000 MT</u>
Beans	0.8
Bulgur	9.9
Corn-Soy Blend	26.3
Flour, All Purpose	0.9
Lentils	1.1
Peas	5.7
Potato Granules, Dehydrated	1.3
Rice	15.0
Salmon, Pink	0.1
Vegetable Oil	<u>4.9</u>
Subtotal	66.0

¹ The Micronutrient-Fortified Food Aid Products Pilot Program was included in The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010 as part of the annual FFE program appropriations. Appropriations for the FFE are no-year. Therefore, while the funding for this program was part of the 2010 appropriations, the obligations for the pilot program were made in 2012.

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Below are two examples of planned activities and expected outcomes of FFE programs funded in 2012:

Kenya. In 2012, USDA provided nearly \$9.7 million to the WFP in support of school feeding activities in Kenya. The program has four main objectives: raising enrollment and attendance rates for boys and girls, stabilizing attendance rates, increasing completion rates, and improving government capacity to manage the school feeding program. Approximately 650,000 primary school children are expected to benefit from USDA's assistance. Many of the children are urban poor, attending schools in the unplanned settlements outside Nairobi such as the Kibera slum. The commodities that will be donated by USDA include 5,500 MT of bulgur wheat, 330 MT of corn soy blend, 3,550 MT of yellow split peas, and 220 MT of vegetable oil. WFP is working with the Government of Kenya (GoK) to take over the financial responsibility for school feeding. The GoK is taking on increasing management responsibilities and assuming the cost of feeding an additional 50,000 children each year. Moreover, USDA funds were further leveraged with those provided by Australia and Japan.

Kyrgyz Republic. With 42–47 percent of the Kyrgyz population living below the national poverty line and the collapse of the educational system after the country's independence in 1991, generations of children are growing up in the midst of widespread poverty and food insecurity. Poor educational facilities and rising drop-out rates are rampant, and young girls are particularly vulnerable. In response, USDA provided over \$11 million to Mercy Corps in 2012 for furnishing meals in rural schools and orphanages to help improve children's caloric and nutrient intake and health and development. Donated commodities will include yellow split peas, rice, fortified flour, and soybean oil. Mercy Corps will also support improved sanitation, food preparation, and storage facilities at schools through partnerships with parents and the local community, who will provide supplies and help repair infrastructure. Additionally, the project will ensure future sustainability of nutritional meals at institutions through training programs for school staff on nutrition, menu planning, health, food safety, storage, and program budgeting. Separate training also targets parents on child development and health. The project will reach approximately 70,000 students.

FFE programs funded in prior fiscal years continue to provide food and services to women, infants, and children throughout the world. Currently, FAS monitors \$385.7 million in programming in over 20 countries that were funded in 2008 – 2011. These programs have been successful in increasing student attendance and enrollment in schools, while providing nutritious meals to millions of children. Below is a list of active FFE programs, followed by examples of successes under these programs. FAS expects to realize similar outcomes from programs funded in 2012.

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ACTIVE MCGOVERN-DOLE FOOD FOR EDUCATION PROGRAMS
PRIOR FISCAL YEAR OBLIGATIONS

<u>FY</u>	<u>COUNTRY</u>	<u>TOTAL</u> <u>VALUE</u> (\$ Millions)
2008	Cambodia	\$3.8
2008	Cameroon	9.1
2009	Angola	29.5
2009	Guinea-Bissau	18.3
2009	Liberia	9.2
2010	Bolivia	6.6
2010	Cambodia	12.3
2010	Guatemala	5.6
2010	Kenya	28.5
2010	Kyrgyz Republic	3.1
2010	Laos	4.3
2010	Liberia	4.4
2010	Malawi	13.9
2010	Mozambique	21.3
2010	Pakistan	5.9
		TOTAL
		VALUE
		(\$ Millions)
2010	Tanzania	9.4
2010	Uganda	12.3
2011	Bangladesh	29.8
2011	Burkina Faso	15.8
2011	Congo, Republic of	17.6
2011	Guatemala	25.0
2011	Guinea-Bissau	19.7
2011	Haiti	13.8
2011	Laos	9.9
2011	Mali	24.0
2011	Nepal	8.8
2011	Nicaragua	14.8
2011	Senegal	9.0
	Total	\$385.7

Bangladesh. Bangladesh has the third highest number of hungry poor in the world after India and China. Economic hardship increases school drop-out rates, as parents keep their children at home for domestic and paid work. Only 28 percent of children achieve minimal levels of competency in reading, writing, numerical literacy, and life skills. USDA provided the WFP with \$30 million in 2011 for a 3-year project to furnish food supplements to 350,000 primary school children. This support paid for the distribution of locally produced, high-energy, fortified biscuits which increased enrollment and attendance, reduced drop-out rates, alleviated short-term hunger problems, enhanced children's learning, and improved their micronutrient intake. It also helped to further develop local capacity to produce fortified foods. USDA's donation included about \$500,000 for capacity building efforts that will strengthen the central and local government officials' technical skills to manage, implement, monitor, and report on national school feeding and nutrition programs. USDA funds were leveraged with funding from Australia, Canada, the European Union, Japan, the United Kingdom, Spain, and Germany. The Government of Bangladesh also contributed resources to this project.

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Guatemala. Some of the worst primary health indicators in Latin America are found in Guatemala, where chronic malnutrition is high. Approximately 50 percent of all children - and 67 percent of indigenous children - are stunted. Learning is affected by high absenteeism and drop-out rates, with girls are particularly vulnerable. In 2011, USDA provided SHARE Guatemala \$25 million to implement a 3-year, school feeding program. A total of 8,370 MT of commodities were provided including soybean meal, corn-soy blend, dark red kidney beans, milled rice, and vegetable oil. The corn-soy blend is used by SHARE to prepare a traditional hot drink called *atol* for 140,000 primary and pre-school children in 1,010 schools each day during part of the school year. SHARE also provides take-home rations of rice, beans, and vegetable oil to fourth, fifth, and sixth graders at targeted schools that meet attendance requirements. In addition, SHARE is establishing 400 school gardens to grow vegetables to supplement the school meals. In 150 schools with the greatest need, SHARE provides training in sanitation and hygiene and upgraded sanitation infrastructure. Training is also provided to Parent Teacher Associations and community leaders on management of commodities, funds and programs to ensure sustainability.

Laos. Laos is one of the most impoverished countries in Southeast Asia. Forty percent of children are under the age of 5 years old are underweight and 41 percent are stunted. Deficiencies of essential micronutrients such as iron, iodine and Vitamin A are common. In 2011, USDA provided \$10 million to support the WFP school feeding program in Laos, which aims to improve school access for all children. The focus is on increasing the enrollment and attendance rates of young girls through incentives such as daily mid-morning snacks and take-home rations. About 1,200 primary schools in three of the most remote and impoverished provinces of the country will benefit from USDA's assistance. USDA provided up to \$3.3 million of funding to build local capacity to transition the school feeding program to national ownership. Training activities are designed to strengthen local and central government officials' technical skills to manage, implement, monitor and report on national school feeding and nutrition programs. Commodities that USDA provides include 560 MT of corn soy blend, 1,610 MT of mills rice, and 110 MT of vegetable oil.

While the USDA/WFP project is directed at essential nutrition, other donors and PVOs are addressing additional issues. Moreover, U.S. private donations play a significant role in delivering McGovern-Dole projects effectively and boosting their impact in communities around the world. The resources of program participants (through donations and other sources) are critical to adding a variety of in-kind and monetary contributions which help add value to school feeding projects. In Laos, for example, the Humpty Dumpty Institute and International Relief and Development contributed \$200,000 worth of school kits, hygiene kits, and high-attendance reward incentives with prizes such as quilts and flashlights for distribution to students.

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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: Assist rural communities to prosperity so they are self-sustaining, repopulating, and economically thriving.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Agency Goal: Generate an additional \$84 billion worth of U.S. economic activity through trade facilitation and international cooperation.	<p><u>Objective 2.1:</u> Negotiate and enforce market-expanding trade agreements for U.S. exporters of agricultural, fish, and forest products</p> <p><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</p> <p><u>Objective 2.3:</u> Pursue the development of rules-based international systems that facilitate global trade</p>	<p>Trade Policy</p> <p>Market Access Program; Foreign Market Development Program; Emerging Markets Program; Technical Assistance for Specialty Crops Program</p>	<p><u>Key Outcome:</u> U.S. exports of food and agricultural products increase as a result of trade agreements and issues resolution.</p>

Key Outcome: U.S. exports of food and agricultural products increase as a result of trade agreements and issues resolution.

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Value of U.S. agricultural exports to S. Korea, Colombia, and Panama (\$ billions)	\$7.7	\$5.2	\$6.3	\$8.4	\$7.6	\$8.3	\$8.5
Number of agricultural commodities for which annual U.S. exports to Korea, Colombia and Panama exceed \$1 million	353	345	376	415	437	470	500

Because the United States’ competitive edge in international markets is dependent on negotiated trade agreements that set fair ground rules, FAS negotiates and enforces Free Trade Agreements. New trade agreements can achieve two critical trade objectives for the United States: they immediately provide vastly improved access to key markets, and they can level the playing field with respect to third-country competitors.

In 2012, three agreements went into effect: the U.S. – Korea Trade Agreement (KORUS) on March 15, the U.S. – Colombia Trade Promotion Agreement on May 15, and the U.S. – Panama Trade Promotion Agreement on October 31. Upon implementation of these agreements, over 50 percent of U.S. agricultural exports gained duty-free access as early as mid-2012. Virtually all other tariffs will be reduced in equal annual increments over a phase-

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out period. Looking ahead, FAS will continue engagement in the Trans-Pacific Partnership (TPP) Agreement negotiations between Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, aimed at creating a high-standard, broad-based regional trade pact with the fastest growing economies in the world. The TPP Agreement is the first U.S. trade agreement that seeks to go beyond the World Trade Organization (WTO) commitments on Sanitary and Phytosanitary (SPS) measures and technical barriers to trade (TBT). FAS is also engaged in the interagency process to consult with Congress and the public on objectives and priorities for upcoming negotiations on a comprehensive trade agreement with the European Union. FAS and other U. S. Government (USG) agencies will also be reviewing options to see whether there are still areas in which progress can be made in WTO multilateral trade talks based in Geneva. The agency will work to ensure that we obtain the benefits of these agreements through its monitoring and enforcement efforts.

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Value of trade preserved through resolution of foreign market access issues such as U.S. export detention, restrictive SPS & TBT issues, and trade regulations (\$ Billions)	N/A	N/A	\$4.1	\$4.1	\$3.7	\$3.7	\$3.7

FAS relies on its worldwide network of attachés, its frequent communication with private sector stakeholders, and formal WTO notification procedures to monitor foreign trade and regulatory actions that have the potential to affect trade. Then, working in concert with other U.S. trade and regulatory agencies, it seeks out ways to prevent market closures or reopen markets, leading to billions of dollars in additional exports annually.

With the expansion in global trade, this work has become more and more complex. 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. 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.

Similarly, FAS and its partners maintain a broad and active agenda to prevent non-SPS TBT in the form of product standards, technical regulations, and conformity assessment procedures. These measures, aimed at preventing deceptive practices, have resulted in a proliferation of disparate labeling, registration, certification, and quality standard requirements for routinely consumed food and feed products, sometimes resulting in unnecessary obstacles to trade. Trade issues concerning such measures are addressed by the WTO Agreement on Technical Barriers to Trade.

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Number of WTO members	153	153	153	153	157	160	162
Number of foreign SPS, TBT, and WTO Committee on Agriculture (COA) measures reviewed	N/A	1,387	1,637	1,568	1,412	1,412	1,412
Number of foreign SPS, TBT, and COA measures raised with foreign countries	N/A	318	330	335	319	319	319

WTO Members are obligated to notify fellow members of changes in sanitary, phytosanitary, and standard related measures that may affect trade, as well as changes in tariff quotas, export subsidies and domestic support commitments. As membership in the WTO has grown, so has the number of countries submitting notification via the WTO Committees on Agriculture (COA), SPS and TBT. Increased notifications also reflect growing concerns over food safety, increased liability on governments to ensure the safety of their consumers by adopting more complex and broader measures, and an overall movement toward greater regulation and transparency. FAS reviews these notifications to assess their potential impact on agricultural trade. The agency submits comments

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that challenge SPS and TBT measures that are unnecessarily trade restrictive, and raises issues at the WTO COA, SPS and TBT. The agency's efforts focus on ensuring that trading partners are complying with their obligations, and acknowledge like or equivalent systems between countries. FAS also focuses on ensuring that requirements are science-based, while allowing for a voluntary approach to provide consumers with additional information. FAS publishes a weekly list of the most recent foreign measures for review by U.S. stakeholders, and works with 20 USG stakeholders and 1,230 industries to review and challenge foreign measures. These include U.S. exporters, USDA regulatory agencies, the U.S. Food and Drug Administration, the Environmental Protection Agency, the Departments of Commerce and State, and the Office of the U.S. Trade Representative. The comment process helps to prevent the adoption and implementation of trade restrictive measures, and consequent market disruptions.

Selected Past Accomplishments toward Achievement of the Key Outcome:

- Playing a leading role in the negotiation and 2012 implementation of trade agreements with Korea, Colombia, and Panama. These agreements 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;
 - Value in 2013 = \$8.3 billion
 - Value in 2014 = \$8.5 billion
 - Total expansion = \$0.2 billion
- Negotiating beef agreements with El Salvador and the United Arab Emirates that expanded market access, and preventing the erection of new obstacles to U.S. beef exports following the April 2012 detection of a new case of Bovine Spongiform Encephalopathy (BSE) in the United States. In FY 2012, U.S. beef and beef product exports reached nearly \$5.5 billion, surpassing FY 2011 levels and well beyond the value of FY 2004 exports, when BSE was first discovered in the United States;
- Supporting ongoing negotiations of the Trans-Pacific Partnership (TPP) Agreement including the addition of Canada and Mexico as partners in FY 2012. This agreement is a potential platform for advancing U.S. agricultural market access, SPS and TBT issues across the critical Asia-Pacific region;
- Maintaining and expanding market access to China, the largest market for U.S. agricultural exports valued at \$23.4 billion in FY 2012. Soybeans, Virginia and South Carolina logs, dried distillers grains and solubles, dairy products, meat and poultry are among the products for which FAS resolved issues in FY 2012;
- Advancing U.S. agricultural interests via interventions in Codex Alimentarius Commission committee meetings. In 2012, FAS secured a Codex vote in favor of establishing international standards for the veterinary drug ractopamine, widely used in U.S. beef and pork. The vote will not only lead to removal of trade restrictions for U.S. meats but also upholds the scientific integrity of Codex;
- Securing the release of hundreds of detained U.S. agricultural shipments valued over \$60 million in dozens of countries, ranging from soybean meal in Latvia to white zinfandel in the EU, and U.S. meat and poultry in Taiwan;
- Implementing an organic equivalence agreement with the EU in February 2012 that allows products certified in one country to be sold as such in the other;
- Supporting negotiations for expanding market access for U.S. specialty crops, including U.S. rainbow genetically engineered papaya to Japan, apples and pears to India, and potatoes to Korea; and
- Launching new public databases that provide U.S. exporters with direct access to WTO notifications and global food additive regulations.

Selected Accomplishments Expected at the 2014 Proposed Resource Level:

- Implement the TPP between the current and additional partners, 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;
- International outreach on science-based regulation of veterinary drugs;
- Support for implementation of the Food Safety Modernization Act (FSMA);
- 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;
- Work with a coalition of like-minded countries supportive of the use and trade of products derived from innovative agricultural production methods, with a focus on plant biotechnology and new livestock production technologies;

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- Reduce the threat of disruption to agricultural trade by shortening the gap for new biotech approvals between China and the U.S. through the Secretary’s Pilot Program and the U.S.-China Biotech Working Group and Technical Working Group;
- Enforce U.S. trade agreements and defend U.S. agricultural interests through the World Trade Organization’s Dispute Settlement Body. (Key cases are Country of Origin Labeling (U.S. defensive case); the Brazil Cotton Case (U.S. defensive case); China Poultry CVD/AD (U.S. offensive case); Indonesia Import Licensing (U.S. offensive case); India Avian Influenza (U.S. offensive case); and Argentina beef (U.S. defensive case));
- Encourage countries to create science-based regulations and standards in line with the Codex guidelines in order to harmonize requirements, and with a view towards facilitating trade and preventing misleading claims;
- Encourage and track the notification of new and amended standards and regulations through the SPS and TBT Committees of the WTO while enhancing service to industry through expansion of public databases of foreign SPS/TBT measures;
- 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; and
- Continue working with U.S. regulatory agencies to expand electronic export certification aligned with Agriculture Marketing Service’s core Electronic Trade Document Exchange system.

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

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>Agency Goal: Generate an additional \$84 billion worth of U.S. economic activity through trade facilitation and international cooperation.</p>	<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>	<p><u>Key Outcome:</u> Exports help U.S. agriculture prosper.</p>

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

Agency Priority Goal: Expand U.S. agricultural exports to at least \$150 billion by September 2013, up from a level of \$137.4 billion in FY 2011.

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Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Total number of companies participating in State and Regional Trade Group (SRTG) activities ²	N/A	N/A	N/A	2,150	2,300	2,350	2,400
Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (\$Billions)	\$0.81	\$0.77	\$1.07	\$1.12	\$1.26	\$1.28	\$1.30
Participants that are rated moderately effective or higher (%)	60%	63%	65%	69%	67%	70%	73%
Economic Return Ratio (\$ Total Return/Total Costs)	\$30	\$35	\$35	\$36	\$37	\$38	\$39

FAS market development programs support the National Export Initiative (NEI). NEI focuses government resources to help exporters succeed, practically small to medium sized enterprises (SMEs) that have the largest potential to expand internationally. About 90 percent of the companies participating in SRTG activities are SMEs. SMEs benefit substantially from FAS’ market development programs and can access MAP funding, on a cost-shared basis, from 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 all 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.

FAS’ unique relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to respond to changing opportunities 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 good indicators of a program’s success, that is, a program over time results in positive trade outcomes. Participants are rated as highly effective, moderately effective, adequate or results not demonstrated. FAS’ goal is to increase the number of moderately effective and highly effective participants and reduce the number of participants that are given a rating of adequate or results not demonstrated. Measuring and tracking the number of participants that fall into the various ratings are good indicators of the work FAS does as well as the quality of the programs FAS manages. FAS’ goal is to have 75 percent of participants reach moderately effective or higher by 2016.

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
GSM-102 Loan Guarantees (\$Billions in Port Value)	\$3.1	\$5.2	\$3.0	\$4.1	\$4.2	\$3.4	\$3.6
Agricultural Trade Multiplier (\$1.31 based on ERS study) (\$Billions)	\$4.1	\$6.9	\$3.9	\$5.4	\$5.5	\$4.4	\$4.7
Total Accrued Returns	\$7.2	\$12.1	\$6.9	\$9.5	\$9.7	\$7.8	\$8.3
Economic Return Ratio (\$: Total Returns/Total Costs)	\$98.46/ \$1	\$110.58/ \$1	\$97.69/ \$1	\$107.77/ \$1	\$117.22/ \$1	\$100/ \$1	\$100/ \$1

The Export Credit Guarantee (GSM-102) program has expanded and maintained U.S. agricultural exports during the recent global economic downturn. By guaranteeing trade finance obligations, FAS has been able to provide U.S. exporters, including SMEs, the credit necessary to continue to do business and expand. The Economic Research Service has established a multiplier that reflects additional business activity leveraged from the coverage that brings

² Performance Measure data is not available from 2008 -2010.

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total activity facilitated by the program in 2012 to \$9.7 billion. As a result, GSM-102 exceeded its goal of an economic return ratio of \$100/\$1.

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Value of agricultural trade leads generated by FAS’ overseas field offices using TLS to match overseas buyers with U.S. exporters (\$Millions)	N/A	N/A	\$4.0	\$13.2	\$22.4	\$31.6	\$50
Accuracy of quarterly export forecasts, widely used as the “benchmark” by commodity trader (%)	N/A	N/A	90%	91%	92%	93%	95%

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 167 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;
- Provided the tools to build markets for U.S. exports;
- In 2012, over 1,000 U.S. companies and organizations participated in 27 USDA-endorsed trade shows in 18 countries. On-site sales totaled an estimated \$118 million and 12-month projected sales reported by exhibitors were estimated at \$1.26 billion. The companies made over 14,700 business contacts and displayed more than 6,400 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 enterprises. The goal is to reach \$1.3 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 \$84 billion worth of U.S. economic activity through trade facilitation and international cooperation. U.S. agricultural exports were \$135.8 billion in 2012, 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; and
- 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

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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 a good overall measure of program impact and FAS plans to commission such studies on a 3-5 year basis.

Recent studies include: A “Return on Investment Study for the USA Poultry & Egg Export Council, completed in 2012, that identified an average \$59.32 export return on all products with every dollar of market development investment since 2001-02. 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 U.S. 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 2012, the GSM-102 Program exceeded a targeted economic return ratio of \$100/\$1. Total agricultural exports supported by the program were valued at \$4.2 billion. Risk dispersion in 2012 improved over 2011, with the top five obligor countries representing only 60 percent of program exposure, compared to 75 percent for 2011. A wider dispersion of global obligors decreases risk concentration. To date, there have been no defaults related to 2012 program activity. Strong growth was recorded in both Africa and the Middle East and Southeast Asia.

Selected Accomplishments Expected at the 2014 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 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.

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

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>Agency Goal: Generate an additional \$84 billion worth of U.S. economic activity through trade facilitation and international cooperation.</p>	<p><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</p> <p><u>Objective 3.2:</u> Enhance partner countries’ capacity for agricultural development and participation in international trade</p>	<p>Capacity Building/ Food Security</p> <p>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</p>	<p><u>Key Outcome:</u> Food is globally available; accessible; and appropriately used.</p>

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

Performance Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Number of women and children benefitting from McGovern-Dole International Food for Education Program (Millions)	3.0	4.2	4.5	4.3	4.8	5.0	5.0
Number of persons benefitting from assistance under the Food for Progress Program (Millions)	N/A	4.2	3.8	1.6	5.5	5.0	5.0
Countries that have benefitted from FAS-led agricultural trade capacity building,	N/A	N/A	113	113	110	107	103

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 Fellowship Program) that build in-country productivity. The U.S. National Security Strategy 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 4.8 million children and mothers benefited from the 2012 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 Fellowship Programs have advanced USG food security and stabilization programs in such priority regions as Asia, Europe, Latin America, and Africa, where agricultural extension agents, veterinary officials, and agricultural researchers received training to support food production and regional trade; and
- Over 15,000 participants have been trained under Cochran from 123 countries. Since 2004, almost 700 fellows have been trained under Borlaug from 64 countries.

Selected Accomplishments Expected at the 2014 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. 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. In FY 2014, the Cochran and Borlaug Fellowship Programs are expected to train an estimated 600 participants from over 75 countries to support food security and trade;

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- 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. FAS is currently 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, the numbers of Cochran, Borlaug, and Faculty Exchange Fellows, who can be trained from FTF countries, should remain stable or increase;
- In FY 2014, The Food for Progress Program will provide \$255 million of food assistance, which will help support agricultural development in countries that are taking steps towards democracy and private enterprise. The program will benefit more than 8 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 FY 2014. 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 will improve nutrition for school children and mothers under the McGovern-Dole program.;
- The State Regional Trade Groups are actively reaching out to the offices of 14 mayors in major cities across the country, all members of the U.S. Conference of Mayor's Food Policy Task Force, to alert them to USG export programs and services;
- For the first six months of 2012, over 1,250 buyers from around the world visited the U.S. to purchase \$2.8 billion worth of agricultural products. Those buyers were brought to the United States thanks to over 140 reverse trade mission organized by USDA export program partners helping hundreds of SMEs make a first time export sale;
- In 2014 the USDA will target support of nearly 30 international trade shows. That effort will be driven by USDA overseas office support of state and industry activities in developing markets by providing market intelligence, and introducing U.S. exporters to potential foreign customers;
- USDA will continue to target developing agricultural markets in Fiscal Year 2014 – building on success it has achieved in expanding export opportunities in developing markets in fiscal 2012 and 2013;
- Fiscal Year 2014 also should see the reemergence of a new enhanced Facility Guarantee Program designed to assist in financing infrastructure projects in emerging markets that will benefit the export of US agricultural commodities and their products; and
- To counter the uncertainties in global economic conditions, USDA will continue to enhance due diligence and risk assessment processes which have allowed the program to meet its statutory requirement to cover operating costs and losses and has resulted in the lack of defaults and claims paid for guarantees issued in 2011, 2012 and 2013 to date.

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Strategic Goal Funding Matrix
(Dollars in thousands)

Program / Program Items	2011 Actual	2012 Actual	2013 Estimate	Increase	
				or Decrease	2014 Estimate
USDA Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving					
Trade Policy.....	\$81,384	\$77,487	\$77,957	+\$593	\$78,550
Staff Years.....	331	345	324	-	324
Trade Promotion.....	68,077	64,986	65,389	+\$386	65,775
Staff Years.....	315	326	308	-	308
USDA Strategic Goal 3: Help america promote agricultural production and biotechnology exports as america works to increase food security					
Capacity Building/Food Security.....	42,619	40,339	40,585	+310	40,895
Staff Years.....	174	180	169	-	169
Total Costs, All Strategic Goals.....	192,080	182,812	183,931	+1,289	185,220
Total Staff Years, All Strategic Goals.....	820	851	801	-	801
Total Costs, All Strategic Goals.....	192,080	182,812	183,931	1,289	185,220
Total FTEs, All Strategic Goals.....	820	851	801	-	801

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Full Cost by Department Strategic Goal
(Dollars in thousands)

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

Program / Program Items	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
<u>Trade Policy</u>				
Administrative costs (direct).....	\$75,687	\$72,063	\$72,500	\$73,052
Indirect costs.....	5,697	5,424	5,457	5,499
Total Costs.....	81,384	77,487	77,957	78,550
FTEs.....	331	345	324	324
Performance Measure:				
Export of S. Korea, Colombia, Panama (\$Billions).....	\$8.4	\$7.6	\$8.3	\$8.5
No. of agricultural commodities.....	415	437	470	500
Value trade preserved (\$Billions).....	\$4.1	\$3.7	\$3.7	\$3.7
No. of WTO members.....	153	157	160	162
No. of foreign measures reviewed.....	1,568	1,412	1,412	1,412
No. foreign measures raised.....	335	319	319	319
<u>Trade Promotion</u>				
Administrative costs (direct).....	63,312	60,437	60,812	61,171
Indirect costs.....	4,765	4,549	4,577	4,604
Total Costs.....	68,077	64,986	65,389	65,775
FTEs.....	315	326	308	308
Performance Measure:				
No. of STRGs activities.....	2,150	2,300	2,350	2,400
Value of exports from trade shows (\$Billions).....	\$1.12	\$1.26	\$1.28	\$1.30
Participants rated (%).....	69%	67%	70%	73%
Economic Return Ratio (\$Dollars).....	\$36	\$37	\$38	\$39
GSM-102 Loan Guarantees (\$Billions).....	\$4.1	\$4.2	\$3.4	\$3.6
Ag Trade Multiplier (\$Billions).....	\$5.4	\$5.5	\$4.4	\$4.7
Total accrued returns (\$Dollars).....	9.5	9.7	7.8	8.3
Economic Return Ratio (\$Dollars).....	\$107.77/\$1	\$117.22/\$1	\$100/\$1	\$100/\$1
Value of ag trade leads (\$Millions).....	\$13.2	\$22.4	\$31.6	\$50.0
Accuracy of qtrly export forecasts (%).....	91%	92%	93%	95%

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

Program / Program Items	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
<u>Capacity Building/Food Security</u>				
Administrative costs (direct).....	39,636	37,515	37,744	38,032
Indirect costs.....	2,983	2,824	2,841	2,863
Total Costs.....	42,619	40,339	40,585	40,895
FTEs.....	174	180	169	169
Performance Measure:				
No. of women and children (Millions).....	4.3	4.8	5.0	5.0
No. of persons benefitting from FFP (Millions).....	1.6	5.5	5.0	5.0
Countries benefitting TCB.....	113	110	107	103
Total Costs, All Strategic Goals.....	192,080	182,812	183,931	185,220
Total FTEs, All Strategic Goals.....	820	851	801	801

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PUBLIC LAW 480

PURPOSE STATEMENT

Under programs authorized by 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-

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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. To ensure the U.S. can respond most effectively to humanitarian crises and chronic food insecurity within current budget constraints, while reaching over two million more people in need, the FY 2014 Budget shifts funding previously requested in P.L. 480 Title II, which is administered by the U.S. Agency for International Development (USAID), to three USAID assistance accounts: International Disaster Assistance (IDA) for emergency food response; Development Assistance to support the Community Development and Resilience Fund (CDRF) to address chronic food insecurity in areas of recurrent crises; and a new Emergency Food Assistance Contingency Fund.

The CDRF will be composed of \$330 million, replacing Title II nonemergency resources, including \$80 million in DA from the Bureau for Food Security resources and \$250 million in additional DA, to be implemented by partners that receive Title II funding. These jointly-funded CDRF programs will be managed by USAID's Office of Food for Peace (FFP) and are a critical component of food security, strengthening the ability to address chronic poverty, build resilience, and help prevent food crises. The goal is to make food aid more timely and cost-effective and to improve program efficiencies and performance by shifting resources to programs that will allow the use of the right tool at the right time for responding to emergencies and chronic food insecurity. The range of tools and programs include interventions such as local and regional purchase, purchase of U.S. agricultural commodities and products, cash vouchers and transfers, and cash for work programs.

Provided that the proposed food aid reforms are enacted and all the funding previously requested in P.L. 480 Title II is appropriated as described above, at least fifty-five percent of the requested (and appropriated) IDA funding of \$1,416 million for emergency food assistance programs administered by FFP will be used for the purchase and transport of agricultural commodities produced in the United States. The reform will facilitate robust emergency and development programming. (The Budget also shifts \$25 million of the efficiency savings to the Department of Transportation's Maritime Administration for additional targeted operating subsidies for militarily-useful vessels and incentives to facilitate the retention of mariners.) For any residual Title II funds, including carryover, recoveries, and offsetting collections, 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.

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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.

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The estimates include appropriation language for P.L. 480 as follows:

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

For administrative expenses to carry out the credit program of title I, Food for Peace Act (Public Law 83-480) and the Food for Progress Act of 1985, \$2,628,000, which shall be 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.

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE I
Lead-Off Tabular Statement

2013 Estimate.....	\$2,515,000
Budget Estimate, 2014.....	<u>2,628,000</u>
Change in Appropriation.....	<u>+113,000</u>

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE I
Summary of Increases and Decreases
(Dollars in Thousands)

	2011 <u>Actual</u>	2012 <u>Change</u>	2013 <u>Change</u>	2014 <u>Change</u>	2014 <u>Estimate</u>
Discretionary Appropriations:					
Administrative Expenses-P.L. 480 Title I Grants.....	<u>\$2,806</u>	<u>-\$306</u>	<u>+\$15</u>	<u>+\$113</u>	<u>\$2,628</u>
Total, Appropriation or Change.....	<u>2,806</u>	<u>-306</u>	<u>+15</u>	<u>+113</u>	<u>2,628</u>

FOREIGN AGRICULTURAL SERVICE

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

2013 Estimate.....	\$1,475,000,000
Budget Estimate, 2014.....	-
Change in Appropriation.....	<u>-1,475,000,000</u>

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

	2011 <u>Actual</u>	2012 <u>Change</u>	2013 <u>Change</u>	2014 <u>Change</u>	2014 <u>Estimate</u>
Discretionary Appropriations:					
P.L. 480 Title II.....	\$1,497,000	-\$31,000	+\$9,000	-\$1,475,000	-
Total, Appropriation or Change.....	<u>1,497,000</u>	<u>-31,000</u>	<u>+9,000</u>	<u>-1,475,000</u>	<u>-</u>

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE I
Project Statement
(Adjusted Appropriations Detail)
(Dollars in thousands)

Program	<u>2011 Actual</u> Amount	<u>2012 Actual</u> Amount	<u>2013 Estimate</u> Amount	<u>Change</u> Amount	<u>2014 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,806	\$2,500	\$2,515	+\$113	\$2,628
Subtotal.....	2,806	2,500	2,515	+113	2,628
Total Adjusted Approp.....	2,806	2,500	2,515	+113	2,628
Rescission and Transfers (Net)...	6	-	-	-	-
Total Appropriation.....	2,812	2,500	2,515	+113	2,628
Transfers In:					
Subtotal.....	-	2,500	2,515	+113	2,628
Rescission.....	-6	-2,336	-	-	-
Bal. Available, SOY.....	13,093	2,336	-	-	-
Recoveries, Other (Net).....	18,237	-	-	-	-
Total Available.....	34,136	2,500	2,515	+113	2,628
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	-2,336	-	-	-	-
Total Obligations.....	31,800	2,500	2,515	+113	2,628

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE I OFD
Project Statement
(Adjusted Appropriations Detail)
(Dollars in thousands)

Program	<u>2011 Actual</u> Amount	<u>2012 Actual</u> Amount	<u>2013 Estimate</u> Amount	<u>Change</u> Amount	<u>2014 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title I OFD.....					
Total Adjusted Approp.....	-	-	-	-	-
Transfers Out:					
P.L. 480 Title I Grants.....					
Subtotal.....	-	-	-	-	-
Rescission.....	-	-\$3,235	-	-	-
Bal. Available, SOY.....	\$5,662	3,235	-	-	-
Recoveries, Other (Net).....	341	-	-	-	-
Total Available.....	6,003	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	-3,235	-	-	-	-
Total Obligations.....	2,768	-	-	-	-

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE II
Project Statement
(Adjusted Appropriations Detail)
(Dollars in thousands)

Program	<u>2011 Actual</u> Amount	<u>2012 Actual</u> Amount	<u>2013 Estimate</u> Amount	<u>Change</u> Amount	<u>2014 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title II Donation.....	\$1,497,000	\$1,466,000	\$1,475,000	-\$1,475,000	-
Subtotal.....	1,497,000	1,466,000	1,475,000	-1,475,000	-
Total Adjusted Approp.....	1,497,000	1,466,000	1,475,000	-1,475,000	-
Rescissions and					
Transfers (Net).....	3,000	-	-	-	-
Total Appropriation.....	1,500,000	1,466,000	1,475,000	-1,475,000	-
Rescission.....	-3,000	-	-	-	-
Bal. Available, SOY.....	260,895	193,279	231,832	-231,832	-
Recoveries, Other (Net).....	261,505	659,363	69,000	-69,000	-
Total Available.....	2,019,400	2,318,642	1,775,832	-1,775,832	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	-193,279	-231,832	-	-	-
Total Obligations.....	1,826,121 a/		1,775,832	-1,775,832	-

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

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE I
Project Statement
(Obligations Detail)
(Dollars in thousands)

<u>Program</u>	<u>2011 Actual</u> Amount	<u>2012 Actual</u> Amount	<u>2013 Estimate</u> Amount	<u>Change</u> Amount	<u>2014 Estimate</u> Amount
Discretionary Obligations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,806	\$2,500	\$2,515	+\$113	\$2,628
P.L. 480 Title I Grants.....	28,994	-	-	-	-
Subtotal.....	31,800	2,500	2,515	+113	2,628
Total Obligations.....	31,800	2,500	2,515	+113	2,628
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	2,336	-	-	-	-
Total Available.....	34,136	2,500	2,515	+113	2,628
Transfers In-P.L. 480 Title I OFD.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	6	-2,336	-	-	-
Bal. Available, SOY.....	-13,093	2,336	-	-	-
Other Adjustments (Net).....	-18,237	-	-	-	-
Total Appropriation.....	2,812	2,500	2,515	+113	2,628

FOREIGN AGRICULTURAL SERVICE
P.L. 480 TITLE I OFD
Project Statement
(Obligations Detail)
(Dollars in thousands)

<u>Program</u>	<u>2011 Actual</u> Amount	<u>2012 Actual</u> Amount	<u>2013 Estimate</u> Amount	<u>Change</u> Amount	<u>2014 Estimate</u> Amount
Discretionary Obligations:					
P.L. 480 Ocean Freight Differential.....	\$2,768	-	-	-	-
Subtotal.....	2,768	-	-	-	-
Total Obligations.....	2,768	-	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	3,235	-	-	-	-
Total Available.....	6,003	-	-	-	-
Transfers In.....	-	-	-	-	-
Transfers Out-P.L. 480 Title I OFD.....	-	-	-	-	-
Rescission.....	-	\$3,235	-	-	-
Bal. Available, SOY.....	-5,662	-3,235	-	-	-
Other Adjustments (Net) MARAD/Recoveries.....	-341	-	-	-	-
Total Appropriation.....	-	-	-	-	-

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

P.L. 480 TITLE II
Project Statement
(Obligations Detail)
(Dollars in thousands)

Program	2011 Actual Amount	2012 Actual Amount	2013 Estimate Amount	Change Amount	2014 Estimate Amount
Discretionary Obligations:					
P.L. 480 Title II Donations.....	\$1,826,121	\$2,086,810	\$1,775,832	-\$1,775,832	-
Subtotal.....	1,826,121	2,086,810	1,775,832	-1,775,832	-
Total Obligations.....	1,826,121	2,086,810	1,775,832	-1,775,832	-
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	193,279	231,832	-	-	-
Total Available.....	2,019,400	2,318,642	1,775,832	-1,775,832	-
Transfers In.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	3,000				
Bal. Available, SOY.....	-260,895	-193,279	-231,832	+231,832	-
Other Adjustments (Net).....	-261,505	-659,363	-69,000	+69,000	-
Total Appropriation.....	1,500,000	1,466,000	1,475,000	-1,475,000	-

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title I

Justification of Increases and Decreases

(1) An increase of \$113,000 (\$2,515,000 available in 2013)

The increase is attributable to increases in information technology costs and increased operating costs.

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title II

Justification of Increases and Decreases

(2) A decrease of \$1,475,000.000 (\$1,475,000.000 available in 2013)

To ensure the U.S. can respond most effectively to humanitarian crises and chronic food insecurity within current budget constraints, while reaching more people in need, the FY 2014 Budget shifts funding previously requested in P.L. 480 Title II, which is administered by USAID, to three USAID assistance accounts: International Disaster Assistance for emergency food response; Development Assistance to support the Community Development and Resilience Fund (CDRF) to address chronic food insecurity in areas of recurrent crises; and a new Emergency Food Assistance Contingency Fund. These resources will be managed by USAID's Office of Food for Peace.

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title I

Classification by Objects

(Dollars in thousands)

		2011	2012	2013	2014
		<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.....	\$2,806	\$2,500	\$2,515	\$2,628
41.0	Grants.....	28,994	-	-	-
99.9	Total, new obligations.....	<u>31,800</u>	<u>2,500</u>	<u>2,515</u>	<u>2,628</u>

FOREIGN AGRICULTURAL SERVICE

P.L. 480 TITLE I OFD

Classification by Objects

(Dollars in thousands)

		2011	2012	2013	2014
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	\$2,768	-	-	-
99.9	Total, new obligations.....	<u>2,768</u>	<u>-</u>	<u>-</u>	<u>-</u>

FOREIGN AGRICULTURE SERVICE

P.L. 480 TITLE II

Classification by Objects

(Dollars in thousands)

		2011		2013	2014
		<u>Actual</u>	2012 Actual	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	\$1,826,121	\$2,086,810	\$1,775,832	-
99.9	Total, new obligations.....	<u>1,826,121</u>	<u>2,086,810</u>	<u>1,775,832</u>	<u>-</u>

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE SERVICE
CCC Export Credit Guarantee Programs

The estimates include appropriation language for this item as follows:

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, \$6,748,000; 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 \$6,394,000 shall be paid to the appropriation for "Foreign Agricultural Service, Salaries and Expenses", and of which \$354,000 shall be paid to the appropriation for "Farm Service Agency, Salaries and Expenses".

Lead-Off Tabular Statement

2013 Estimate.....	\$6,862,000
Budget Estimate, 2014.....	6,748,000
Change in Appropriation.....	-114,000

Summary of Increases and Decreases
(Dollars in Thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations:					
FSA Administrative Expense.....	\$354	+\$1	+\$2	-\$3	\$354
FAS Administrative Expense.....	6,452	+13	+40	-111	6,394
Subtotal.....	6,806	+14	+42	-114	6,748
Mandatory Appropriations:					
GSM 102 Subsidy.....	859	-859	-	-	-
Facilities Subsidy.....	18,480	-18,480	-	-	-
Subtotal.....	19,339	-19,339	-	-	-
Total, Appropriation or Change.....	26,145	-19,325	+42	-114	6,748

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE SERVICE
 CCC Export Credit Guarantee Programs
Project Statement
 (Adjusted Appropriations Detail)
 (Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level
Discretionary Appropriations:										
FSA Administrative Expense.....	\$354	-	\$355	-	\$357	-	-\$3	-	\$354	-
FAS Administrative Expense.....	6,452	-	6,465	-	6,505	-	-111	-	6,394	-
Subtotal.....	6,806	-	6,820	-	6,862	-	-114 (1)	-	6,748	-
Mandatory Appropriations:										
GSM 102.....	\$859	\$4,123,288	-	\$4,131,834	-	\$5,400,000	-	-	-	\$5,400,000
Facilities.....	18,480	-	-	-	-	100,000	-	-	-	100,000
Subtotal.....	19,339	4,123,288	-	4,131,834	-	5,500,000	-	-	-	5,500,000
Total Adjusted Approp.....	26,145	4,123,288	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000
Rescissions and Transfers (Net).....	14	-	-	-	-	-	-	-	-	-
Total Appropriation.....	26,159	4,123,288	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000
Rescission.....	-331,014	-	-20,237	-	-	-	-	-	-	-
Bal. Available, SOY.....	331,808	-	20,237	-	-	-	-	-	-	-
Recoveries, Other (Net).....	308	-	-	-	-	-	-	-	-	-
Total Available.....	27,261	4,123,288	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000
Bal. Available, EOY	-20,237	-	-	-	-	-	-	-	-	-
Total Obligations.....	7,024	4,123,288	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE SERVICE
 CCC Export Credit Guarantee Programs
 Project Statement
 (Obligations Detail)
 (Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level
Discretionary Appropriations:										
FSA Administrative Expense.....	\$354	-	\$355	-	\$357	-	-\$3	-	\$354	-
FAS Administrative Expense.....	6,452	-	6,465	-	6,505	-	-111	-	6,394	-
Subtotal.....	6,806	-	6,820	-	6,862	-	-114	-	6,748	-
Mandatory Appropriations:										
GSM 102.....	\$218	\$4,123,228	-	\$4,131,834	-	\$5,400,000	-	-	-	\$5,400,000
Facilities.....	-	-	-	-	-	100,000	-	-	-	100,000
Subtotal.....	218	4,123,228	-	4,131,834	-	5,500,000	-	-	-	5,500,000
Total Obligations.....	7,024	4,123,228	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000
Bal. Available, EOY.....	20,237	-	-	-	-	-	-	-	-	-
Total Available.....	27,261	4,123,228	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000
Rescission.....	331,014	-	-20,237	-	-	-	-	-	-	-
Bal. Available, SOY.....	-331,808	-	20,237	-	-	-	-	-	-	-
Other Adjustments (Net).....	-308	-	-	-	-	-	-	-	-	-
Total Appropriation.....	26,159	4,123,228	6,820	4,131,834	6,862	5,500,000	-114	-	6,748	5,500,000

Justification of Increases and Decreases

(1) A decrease of \$114,000 for CCC Export Credit Guarantee Programs Administrative Expenses (\$6,862,000 available in FY 2013):

The CCC Export Credit Guarantee (GSM) program expands U.S. agricultural exports by making available export credit guarantees to encourage and expand U.S. private sector financing of foreign purchase of U.S. agricultural commodities on credit terms. The FY 2014 loan level for GSM is \$5,500,000,000 with an outstanding portfolio of approximately \$5,800,000,000. The administrative expenses of \$6,748,000 represent approximately 0.1 percent of the annual guarantees made under this program. The funding decrease to the administrative expenses in FY 2014 impacts funding for salaries and expenses, technical assistance, and risk analysis for the implementation of the CCC Credit Guarantee Export Loan Program. Although the reduction of \$114,000 is not large, decreases to the administrative expense funding over time will lead to a decrease in the ability to maintain due-diligence and timeliness and could result in degradation of program performance.

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this item as follows:

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), \$185,126,000, 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
SALARIES AND EXPENSES - Current Law

2013 Estimate.....	\$185,126,000
Budget Estimate, 2014.....	185,126,000
Change in Appropriation.....	<u>0</u>

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
McGovern-Dole Program.....	\$199,500	-\$15,500	+1,126	-	\$185,126

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

Project Statement
(Adjusted Appropriations Detail and Staff Years (SY))
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Appropriations:										
McGovern-Dole Program.....	\$199,101	-	\$184,000	-	\$185,126	-	-	-	\$185,126	-
Subtotal.....	199,101	-	184,000	-	185,126	-	-	-	185,126	-
Total Adjusted Approp.....	199,101	-	184,000	-	185,126	-	-	-	185,126	-
Rescissions and										
Transfers (Net).....	399	-	-	-	-	-	-	-	-	-
Total Appropriation.....	199,500	-	184,000	-	185,126	-	-	-	185,126	-
Balance Available, SOY.....	61,000	-	-	-	-	-	-	-	-	-
Subtotal.....	260,500	-	184,000	-	185,126	-	-	-	185,126	-
Rescission.....	-399	-	-	-	-	-	-	-	-	-
Total Available.....	260,101	-	184,000	-	185,126	-	-	-	185,126	-
Lapsing Balances.....	-	-	-	-	-	-	-	-	-	-
Total Obligations.....	260,101	-	184,000	-	185,126	-	-	-	185,126	-

Project Statement
(Obligations Detail and Staff Years (SY))
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Obligations:										
McGovern-Dole Program.....	\$260,101	-	\$184,000	-	\$185,126	-	-	-	\$185,126	-
Subtotal.....	260,101	-	184,000	-	185,126	-	-	-	185,126	-
Total Obligations.....	260,101	-	184,000	-	185,126	-	-	-	185,126	-
Total Available.....	260,101	-	184,000	-	185,126	-	-	-	185,126	-
Rescission.....	399	-	-	-	-	-	-	-	-	-
Balance Available, SOY.....	-61,000	-	-	-	-	-	-	-	-	-
Total Appropriation.....	199,500	-	184,000	-	185,126	-	-	-	185,126	-

FOREIGN AGRICULTURAL SERVICE

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 base funding level at \$185 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. Impacts to funding reductions would result in cuts for new projects and school children in recipient countries would not receive school meals and related assistance to gain greater literacy.

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

State/Territory	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	260,101	-	184,000	-	185,126	-	185,126	-
Undistributed.....	-	-	-	-	-	-	-	-
Obligations.....	260,101	-	184,000	-	185,126	-	185,126	-
Lapsing Balances.....	-	-	-	-	-	-	-	-
Total, Available.....	260,101	-	184,000	-	185,126	-	185,126	-

Classification by Objects
(Dollars in thousands)

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Other Objects:				
41.0 Grants.....	260,101	184,000	185,126	185,126
Total Obligations.....	260,101	184,000	185,126	185,126