

2016 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. 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. In fact, our strategic goal is to increase agricultural exports by \$10 billion over the official USDA Baseline Projection released in 2015, through market development programs, trade shows, prevention/ resolution of market access issues, trade capacity building, market-expanding trade agreements by the end of 2018. 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 guarantee 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.

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 advances global trade and food security with food assistance, agricultural training and technical assistance for developing economies worldwide. Its programs foster market-based, economic growth along the full agricultural development spectrum, building the capacity of countries to integrate into the global economy and become trading partners with the United States. Reduction of hunger and malnutrition is a priority, as well as the adoption of U.S. trade and regulatory policies and new agricultural technologies. The objective is to move these countries along the agricultural market continuum from developing economies, where capacity building is the primary focus, to developed economies, where market expansion is the primary focus. 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.

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 Foreign Service Officers 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 also has a full cadre of foreign field offices staffed by highly trained and knowledgeable Locally Employed Staff who help match foreign buyers to U.S. sellers, advise private exporters, and myriad other market promotion activities. FAS' 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),

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Emerging Markets Program (EMP), Quality Samples Program (QSP), and Export Credit Guarantee Programs.

### **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 draws on headquarters staff and attachés covering more than 167 countries to negotiate with foreign governments to open markets. It also works with international organizations to develop fair, transparent international trading rules and standards that facilitate trade. The agency promotes the acceptance of crops produced using biotechnology and other new technologies and the acceptance of U.S. organic standards around the world. 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 \$152.5 billion in 2014, while exports of high valued organic products continue to grow.

FAS will continue to negotiate, monitor and enforce international trade rules, including those related to sanitary and phytosanitary measures undertaken by foreign governments. The proposed funding will support implementation of the Trans-Pacific Partnership Agreement (TPP), and Transatlantic Trade and Investment Partnership (TTIP).

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

FAS is the link that enables the U.S. to share both its food resources and its technical agricultural expertise with developing economies. FAS has significant experience administering food assistance, training and technical assistance, and technical exchanges that build in-country productivity. Programs that support food security include the: McGovern-Dole International Food for Education and Child Nutrition Program, Food for Progress, Local and Regional Procurement, Borlaug Fellowship Program, Cochran Fellowship Program, and Technical Assistance and Capacity-Building. These capabilities complement those of the U.S. Agency for International Development and support U.S. Government foreign policies led by the Department of State. FAS' ongoing effort to improve internal operational processes will enable the agency to continue to conduct in-country food assistance and capacity building programs, as well as U.S.-based technical training, with prospective, future trading-partner countries. These base resources allow FAS to play a 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.

The Headquarters of FAS 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 95 offices providing coverage in more than 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, 2014, FAS had 530 in permanent full-time employment, which included 444 in headquarters and 86 in field locations.

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### LEGISLATIVE AND DEPARTMENTAL AUTHORITIES

FAS was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690, enacted 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 Department of State (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 program has been re-authorized under the Agricultural Act of 2014, Public Law 113-79 (Farm Bill) through 2018.

### LOCAL AND REGIONAL PROCUREMENT PROGRAM PURPOSE STATEMENT

Section 3207 of the Agricultural Act of 2014, Public Law 113-79 (7 U.S.C. 1726c) authorizes the Secretary to enter into grants or cooperative agreements with eligible organizations to implement field-based projects that consist of local or regional procurements of eligible commodities. The majority of selected projects must be in Africa and a portion of the funds must be made available for development projects of no less than one year. The Secretary may give a preference to eligible organizations that have, or are working toward, projects under the McGovern-Dole International Food for Education and Child Nutrition Program established under section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1726o-1) to complement the school feeding programs with locally procured foods.

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

2014

**Office of Inspector General Reports**

<b>In Progress</b>	<b>Status/Date</b>	<b>Subject</b>
07601-0002-23	Audit Began June 3, 2014	FAS' Monitoring of the Administration's Trade Agreement Initiatives
<b>Completed</b>	<b>Status/Date</b>	<b>Subject</b>
50601-0002-16	Report Issued February 6, 2014	Section 632(a) Transfer of Funds from USAID to USDA for Afghanistan
07601-0001-22	Report Issued March 31, 2014	Private Voluntary Organization Grant Fund Accountability
07601-0001-23	Audit Cancelled June 17, 2014	Effectiveness of the Export Credit Guarantee Program

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

<b>In Progress</b>	<b>Status/Date</b>	<b>Subject</b>
100004	Audit Began March 5, 2014	Cash-based Food Assistance Interventions
321016	Audit Began March 6, 2014	Nonemergency Food Assistance
100026	Audit Began April 22, 2014	African Growth and Opportunity Act (AGOA) Economic Development
321030	Audit Began July 3, 2014	Africa Trade Lessons Learned
321050	Audit Began October 15, 2014	Cargo Preferences for Food Aid
100027	Audit Began November 18, 2014	U.S. and Chinese economic engagement in Southeast Asia
<b>Completed</b>	<b>Status/Date</b>	<b>Subject</b>
GAO-14-102 (formerly 320911)	Report Issued February 11, 2014	U.S.-CHINA TRADE: United States Has Secured Commitments in Key Bilateral Dialogues, but U.S. Agency Reporting on Status Should Be Improved
GAO-14-680T (formerly 320997)	Testimony Presented June 10, 2014	AFGHANISTAN: Oversight and Accountability of U.S. Assistance
GAO-13-217 (formerly 451055)	Report Issued June 10, 2014	MANAGING FOR RESULTS: OMB Should Strengthen Reviews of Cross-Agency Goals
GAO-14-639 (formerly 451052)	Report Issued July 22, 2014	MANAGING FOR RESULTS: Enhanced Goal Leader Accountability and Collaboration Could Further Improve Agency Performance

FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff Years (SYs)

(Dollars in thousands)

Item	2013 Actual		2014 Actual		2015 Enacted		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
<b>Discretionary Appropriations:</b>								
Salaries and Expenses.....	\$176,789	665	\$177,863	665	\$181,423	665	\$191,631	665
McGovern-Dole Program.....	184,000	-	185,126	-	191,626	-	191,626	-
CCC Export Guarantee Programs Admin. Expense .....	6,452	27	6,394	27	6,394	27	6,394	27
Local and Regional Food Aid Procurement .....	-	-	-	-	-	-	20,000	-
Rescission.....	-5,206	-	-	-	-	-	-	-
Sequestration.....	-18,453	-	-	-	-	-	-	-
Transfers In.....	10,686	-	-	-	-	-	-	-
Adjusted Appropriation.....	354,268	692	369,383	692	379,443	692	409,651	692
Balance Available, SOY.....	37,966	-	-	-	-	-	-	-
Total Available.....	392,234	692	369,383	692	379,443	692	409,651	692
Lapsing Balances.....	-	-	-	-	-	-	-	-
Balance Available, EOY.....	-	-	-	-	-	-	-	-
Total Obligations.....	392,234	692	369,383	692	379,443	692	409,651	692
<b>Obligations under other USDA appropriations:</b>								
Commodity Credit Corporation for:								
Reimbursable Activities:								
Market Access Program Admin. Costs.....	4,762	29	4,980	24	4,980	24	4,780	24
Technical Assistance for Specialty Crops								
Program Admin. Costs .....	945	4	996	3	996	3	946	3
Emerging Markets Program Admin. Costs .....	1,043	5	996	4	996	4	946	4
Quality Samples Program Admin. Costs.....	190	1	200	1	200	1	200	1
Foreign Market Development Program Admin. Costs ..	1,259	6	1,328	6	1,328	6	1,228	6
Local and Regional Procurement Admin. Costs .....	-	-	-	-	-	-	400	2
Food for Progress Admin. Costs.....	2,570	14	2,570	14	2,570	14	2,570	14
Legal Services.....	155	-	155	-	155	-	155	-
McGovern Dole Program .....	2,916	10	3,500	10	3,500	10	3,500	10
Landsat data and support of export programs.....	1,371	3	1,500	3	1,500	3	1,500	3
IRM Activities.....	17,451	-	18,000	-	18,000	-	18,000	-
IRM Activities (Non-CCC).....	4,745	-	5,000	-	5,000	-	5,000	-
Under Secretary Int'l Travel for Trade Matters.....	314	-	500	-	500	-	500	-
Emerging Markets Program.....	2,102	1	3,400	1	3,400	1	3,400	1
Support of and access to the USDA Satellite Imagery								
Library: NRCS, APHIS, ARS, RMA, NASS, FS.....	65	-	100	-	100	-	100	-
Capital Security Cost Share.....	2,262	1	2,500	1	2,500	1	2,500	1
Visiting Scientist Program.....	122	-	700	-	700	-	700	-
Codex.....	907	1	950	1	950	1	950	1
Office of the Secretary: Congressional Relations .....	110	-	110	-	110	-	110	-
Trade Negotiations and Biotechnology Fund (OSEC).....	669	2	750	2	750	2	750	2
Avian Influenza (APHIS).....	-	-	-	-	-	-	-	-
P.L. 480 Title II.....	114	1	120	1	120	1	120	1
Total, Other USDA Appropriations .....	44,072	78	48,355	71	48,355	71	48,355	73
Total, Agriculture Appropriations.....	436,306	770	417,738	763	427,798	763	458,006	765
<b>Other Federal Funds:</b>								
U.S. Agency for International Development (USAID) and others for developmental assistance.....	75,709	126	61,251	125	62,000	125	62,000	125
USAID and U.S. Department of State (DoS) for Reconstruction and Stabilization Activities.....	23,876	65	13,586	38	-	-	-	-
Total, Other Federal Funds.....	99,585	191	74,837	163	62,000	125	62,000	125
Total, Foreign Agricultural Service.....	535,891	961	492,575	926	489,798	888	520,006	890

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<u>Permanent Positions by Grade and Staff Year Summary</u>												
Item	2013 Actual			2014 Actual			2015 Enacted			2016 Estimate		
	Wash.		Total	Wash.		Total	Wash.		Total	Wash.		Total
	D.C.	Field		D.C.	Field		D.C.	Field		D.C.	Field	
ES.....	5	0	5	5	-	5	5	-	5	5	-	5
SES.....	16	16	32	14	18	32	14	18	32	14	18	32
GS-15.....	39	1	40	41	-	41	41	-	41	41	-	41
GS-14.....	121	0	121	110	-	110	110	-	110	110	-	110
GS-13.....	129	1	130	116	1	117	116	1	117	116	1	117
GS-12.....	104	0	104	91	-	91	91	-	91	91	-	91
GS-11.....	23	0	23	14	-	14	14	-	14	14	-	14
GS-10.....	1	0	1	2	-	2	2	-	2	2	-	2
GS-9.....	15	1	16	15	1	16	15	1	16	15	1	16
GS-8.....	11	0	11	10	-	10	10	-	10	10	-	10
GS-7.....	23	0	23	18	-	18	18	-	18	18	-	18
GS-6.....	11	0	11	3	-	3	3	-	3	3	-	3
GS-5.....	5	0	5	5	-	5	5	-	5	5	-	5
GS-4.....	2	0	2	5	-	5	5	-	5	5	-	5
GS-3/2.....	3	0	3	2	-	2	2	-	2	2	-	2
Other Graded												
Positions.....	57	95	152	36	88	124	36	88	124	36	88	124
Total Perm.												
Positions.....	565	114	679	487	108	595	487	108	595	487	108	595
Unfilled, EOY.....	97	33	130	43	22	65	-	-	-	-	-	-
Total, Perm.												
Full-Time												
Employment.....	468	81	549	444	86	530	487	108	595	487	108	595
Staff Year Est.....	692	269	961	692	234	926	692	196	888	692	198	890

## 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' 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 FAS owns its overseas vehicle fleet, these vehicles are subject 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 to which USDA Foreign Service Officers must adhere 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. In FY 2014, FAS did not donate any vehicles to other agencies. FAS plans to donate a 2006 Chevrolet to the Marines in Lagos. For FY 2015, FAS' overseas vehicle fleet will consist of one (1) sedan, fourteen (14) mini-vans, fifteen (15) 4x2 Light Trucks, and twenty-six (26) 4x4 Light Trucks.

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. Armored vehicles have a shorter life-span and are normally replaced every 5 years. 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.

Impediments to managing the motor vehicle fleet. There are no identifying impediments to managing the motor vehicle fleet in the most cost-effective manner.

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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						
2013	2	28	26	-	-	-	-	56	\$122
Change	-	+1	-	-	-	-	-	+1	+47
2014	2	29	26	-	-	-	-	57	169
Change	-1	-	-	-	-	-	-	-1	+17
2015	1	29	26	-	-	-	-	56	186
Change	-	-	-	-	-	-	-	-	+19
2016	1	29	26	-	-	-	-	56	205

\*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.

FY 2013 data changed to match FAST.

Note : Forecast a 10 percent increase for FY 2015 & FY 2016.

Statement of Proposed Purchase of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Acquisitions			Net Active Fleet, EOY
			Replacements	Additions to Fleet	Total	
2013	53	6	6	-	6	53
2014	55	3	3	-	-	55
2015	56	3	3	1	1	57

## FOREIGN AGRICULTURAL SERVICE

### Proposed Language Changes

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

Salaries and Expenses (including transfers of funds):

For necessary expenses of the Foreign Agricultural Service, including not to exceed \$250,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [~~\$181,423,000~~] \$191,631,000, of which no more than 6 percent shall remain available until September 30, 2017, for overseas operations to include the payment of locally employed staff: *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.

The change is for the purpose of ensuring a small percentage of S&E funds are available to give FAS the flexibility to operate overseas in the event of Appropriation lapse or other funding interruptions and ensure continuity and retention of its dedicated staff overseas who are critical to FAS' mission.

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Lead-Off Tabular Statement

Budget Estimate, 2016.....	\$191,631,000
2015 Enacted.....	181,423,000
Change in Appropriation.....	<u>+ 10,208,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

Program	2013	2014	2015	2016	2016
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Discretionary Appropriations:					
Trade Policy.....	\$71,687	+ 3,015	+ 1,496	+ 4,287	\$80,485
Trade Promotion.....	54,123	+ 9,908	+ 1,281	+ 3,675	68,987
Capacity Building/Food Security.....	37,320	+ 1,810	+ 783	+ 2,246	42,159
Total, Appropriation or Change.....	<u>163,130</u>	<u>+ 14,733</u>	<u>+ 3,560</u>	<u>+ 10,208</u>	<u>191,631</u>

FOREIGN AGRICULTURAL SERVICE

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

Program	2013 Actual		2014 Actual		2015 Enacted		Inc. or Dec.			2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	
Discretionary Appropriations:											
Trade Policy.....	\$71,687	280	\$74,702	280	\$76,198	280	+\$4,287	(1)	-	\$80,485	280
Trade Promotion.....	54,123	239	64,031	239	65,312	239	+3,675	(2)	-	68,987	239
Capacity Building/Food Security....	37,320	146	39,130	146	39,913	146	+2,246	(3)	-	42,159	146
Subtotal Adjusted Approp.....	163,130	665	177,863	665	181,423	665	10,208	-	-	191,631	665
CCC Export Programs Admin. ....	5,952	27	6,394	27	6,394	27	-	-	-	6,394	27
Total Adjusted Approp.....	169,082	692	184,257	692	187,817	692	10,208	-	-	198,025	692
Rescissions, Transfers, and											
Seq. (Net).....	14,159	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	183,241	692	184,257	692	187,817	692	10,208	-	-	198,025	692
Rescission.....	-4,962	-	-	-	-	-	-	-	-	-	-
Sequestration.....	-9,197	-	-	-	-	-	-	-	-	-	-
Total Available.....	169,082	692	184,257	692	187,817	692	10,208	-	-	198,025	692
Total Obligations.....	169,082	692	184,257	692	187,817	692	10,208	-	-	198,025	692

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

Program	<u>2013 Actual</u>		<u>2014 Actual</u>		<u>2015 Enacted</u>		<u>Inc. or Dec.</u>		<u>2016 Estimate</u>	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Trade Policy.....	\$71,687	280	\$74,702	280	\$76,198	280	+\$4,287 (1)	-	\$80,485	280
Trade Promotion.....	54,123	239	64,031	239	65,312	239	+\$3,675 (2)	-	68,987	239
Capacity Building/Food Security.....	37,320	146	39,130	146	39,913	146	+\$2,246 (3)	-	42,159	146
Total Obligations.....	163,130	665	177,863	665	181,423	665	10,208	-	191,631	665
CCC Export Programs Admin. ....	5,952	27	6,394	27	6,394	27	-	-	6,394	27
Total Available.....	169,082	692	184,257	692	187,817	692	10,208	-	198,025	692
Rescissions, Transfers, and										
Seq. (Net).....	14,159	-	-	-	-	-	-	-	-	-
Total Appropriation.....	183,241	692	184,257	692	187,817	692	10,208	-	198,025	692
Rescission.....	-4,962	-	-	-	-	-	-	-	-	-
Sequestration.....	-9,197	-	-	-	-	-	-	-	-	-
Total Available.....	169,082	692	184,257	692	187,817	692	10,208	-	198,025	692
Total Obligations.....	169,082	692	184,257	692	187,817	692	10,208	-	198,025	692

## FOREIGN AGRICULTURAL SERVICE

### Justification of Increases and Decreases

The total 2016 Salaries and Expenses (S&E) budget request is \$191,631,000. This is a net increase of \$10,208,000 over the 2015 enacted level. This funding level will allow FAS to continue to move forward in support of America's agricultural economic sector. FAS will continue to move toward its long-term goal of increasing U.S. economic activity through trade facilitation and international cooperation. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

Continuation of FAS' mission is critical because it:

- Provides a level playing field for U.S. Agriculture Exporters;
- Increases the demand for U.S. Agriculture products; and
- Develops emerging markets overseas.

FAS has requested authority to carry over a small percentage of its S&E funds into the next fiscal year to ensure the flexibility to operate internationally. Currently the Department of State (DoS), USAID, the Peace Corps, and the Foreign Commercial Service operate under this authority to protect the USG from financial risks and ensure the continuity of its dedicated staff overseas that is critical to achieving the FAS mission of linking U.S. agriculture to the world.

1. An increase of \$1,408,000 for pay costs (\$287,000 for annualization of the 2015 pay raise and \$1,121,000 for the 2016 pay raise). This amount reflects an estimated 1.3 percent pay increase for 2016. 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.
2. An increase of \$3,500,000 for the Capital Security Cost Sharing (CSCS) Program. DoS implements the Capital Security Cost Sharing Program (CSCS) under the authority of Section 604 of the Secure Embassy Construction and Counterterrorism Act of 1999, as amended. The law authorizes the Secretary of State to determine the cost share amount allocable to each agency to support safe, secure, and in some cases new, U.S. diplomatic facilities. It applies to all agencies with overseas personnel under chief of mission authority. Agencies are required to pay their cost share in advance each year following guidance developed by DoS and reviewed by the Office of Management and Budget. The required contributions provided by FAS fund the construction of new U.S. Government facilities (i.e. Embassies and Consulates) and maintenance of existing facilities through-out the world. Following the September 11, 2012, attack on U.S. government facilities in Benghazi, Libya, DoS convened an independent Benghazi Accountability Review Board (ARB). The ARB issued 29 recommendations to DoS. One of the recommendations is to increase the funding of the CSCS to \$2.2 billion per year. Per Congressional direction, other agencies' CSCS contributions must be in amounts equivalent, on a proportional basis, to those of DoS CSCS contribution. Therefore, FAS has been notified that FAS will be assessed an increase of \$3.5 million for 2016 CSCS over the 2015 base amount. This increase is spread among FAS' three budget activity structure pillars.
3. An increase of \$2,302,000 for International Cooperative Administrative Support Services (ICASS). The International Cooperative Administrative Support Services (ICASS) was established by Public Law 104-208 (U.S. Department of State Appropriations Act) in 1996. The ICASS system is the principal means by which DoS provides and shares the cost of common administrative support at its more than 200 diplomatic and consular posts overseas with FAS and all other foreign affairs agencies. Under the Chief of Mission's authority, FAS relies on its base funding to maintain continuous administrative support services for overseas offices provided by DoS and the U.S. Agency for International Development (USAID). Under ICASS regulations, participating agencies are required to pay their portion of these "platform" costs. The anticipated expansion of the ICASS platform will increase the direct and indirect ICASS costs for FAS. Base funds for DoS ICASS charges will continue to fund these service expenses, but an increase is needed to cover the estimated 2016 DoS assessment.
4. An increase of \$2,933,000 for pay cost for FAS' Locally Employed Staff (LES). Executive Order 13561 signed on December 22, 2010 instituted a 2-year freeze in pay of civilian Federal employees which included overseas LES. The wage freeze continued in 2013 and was rescinded by Executive Order 13655 signed

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December 23, 2013. Commencing in June 2014, DoS began processing wage increases for those local compensation plans which were identified as critical needs. This was based on attrition or any post below the average position in their market for salaries. In 2016, DoS will return to its previously established review process for all compensation plans overseas and FAS will incur increased payments of compensation for overseas LES.

- 5. An increase of \$65,000 for FAS headquarters’ administrative costs. An increase for headquarters offices for additional administrative costs.

**2015 Budget Activity Structure:**

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

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

FAS supports USDA’s Strategic Plan and the Administration’s economic priority of increasing exports, creating jobs, and providing opportunities for every American. FAS’ unrivaled global network of agricultural affairs and agricultural trade offices connects agricultural exporters to foreign customers and provides crucial information on international agricultural markets. This goal is underpinned by three activity pillars: trade promotion, trade policy, and capacity building/food security. These three pillars work together to help maintain the agency’s focus on helping create economic growth in rural America, and the overall U.S. economy, through agricultural trade.

**Trade Policy**

- (1) An increase of \$4,287,000 for Trade Policy (\$76,198,000 and 280 staff years available in 2015) administrative costs and activities.
  - A. An increase of \$591,000 from salary and benefits to cover pay cost;
  - B. An increase of \$1,470,000 for CSCS;
  - C. An increase of \$967,000 to cover higher ICASS costs;
  - D. An increase of \$1,232,000 for LES payments; and
  - E. An increase of \$27,000 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

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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.

As directed by the explanatory statement that accompanies P.L. 113-235, approximately 62 percent of the Trade Policy program funding supports personnel salaries and benefits, 31 percent funds contracts and agreements, 4 percent funds travel and the remaining 3 percent supports other operating costs such as supplies, equipment, training, rent, and utilities.

### **Trade Promotion**

- (2) An increase of \$3,675,000 for Trade Promotion (\$65,312,000 and 239 staff years available in 2015) administrative costs and activities.
- A. An increase of \$507,000 from salary and benefits to cover pay cost;
  - B. An increase of \$1,260,000 for CSCS;
  - C. An increase of \$829,000 to cover higher ICASS costs;
  - D. An increase of \$1,056,000 to cover LES costs; and
  - E. An increase of \$23,000 in funding for headquarters' administrative costs.

With this 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 diets. As markets change, farmers need 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 2016 increase will support to 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 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.

As directed by the explanatory statement that accompanies P.L. 113-235, approximately 50 percent of the Trade Promotion program funding supports personnel salaries and benefits, 41 percent funds contracts and agreements, 5 percent funds travel and the remaining 4 percent supports other operating costs such as supplies, equipment, training, rent, and utilities.

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

- (3) An increase of \$2,246,000 for Capacity Building/Food Security (\$39,913,000 and 146 staff years available in 2015) administrative costs and activities.
- A. An increase of \$310,000 from salary and benefits to cover pay cost;

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- B. An increase of \$770,000 for CSCS;
- C. An increase of \$506,000 to cover higher ICASS costs;
- D. An increase of \$645,000 to cover LES costs; and
- E. An increase of \$15,000 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 Food for Progress (FFP); the McGovern-Dole International Food for Education and Child Nutrition Program (McGovern-Dole); and also the Local and Regional Procurement Program for which FAS is requesting \$20 million in the 2016 President's Budget. These programs feature a mix of monetization, direct distribution, and local food aid commodity procurement to meet the specific needs of recipient countries.

Several programs within Capacity Building and Food Security tie directly with the priorities issues in the White House Memorandum dated August 6, 2014, "Fiscal Year 2016 United States Government Global Engagement Resource Guidance":

- A. McGovern-Dole and FFP, with priorities "Elevating and Aligning our Civil Society Engagement and Public Diplomacy Programs" and "Investing in Youth Development and Leadership Programs";
- B. Cochran and Borlaug Fellowship Programs with priority "Strengthening and Diversifying Exchanges":  
and
- C. Local and Regional Procurement Program, with priority "Elevating and Aligning our Civil Society Engagement and Public Diplomacy Programs."

As directed by the explanatory statement that accompanies P.L. 113-235, approximately 55 percent of the Capacity Building program funding supports personnel salaries and benefits, 38 percent funds contracts and agreements, 5 percent funds travel and the remaining 2 percent supports other operating costs such as supplies, equipment, training, rent, and utilities.

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

State/Territory	2013 Actual		2014 Actual		2015 Enacted		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$109,903	578	\$116,085	584	\$118,325	584	\$124,756	584
Other Countries.....	59,179	114	68,172	108	69,492	108	73,269	108
Obligations.....	169,082	692	184,257	692	187,817	692	198,025	692
Total, Available.....	169,082	692	184,257	692	187,817	692	198,025	692

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Classification by Objects  
(Dollars in thousands)

	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
<b>Personnel Compensation:</b>				
Washington D.C.....	\$52,240	\$56,178	\$57,033	\$57,921
Field.....	20,984	22,797	24,000	26,200
11 Total personnel compensation.....	73,224 0	78,975	81,033	84,121
12 Personal benefits.....	27,797	29,263	29,548	30,577
13.0 Benefits for former personnel.....	589	-	-	-
Total, personnel comp. and benefits.....	101,610	108,238	110,581	114,698
<b>Other Objects:</b>				
21.0 Travel and transportation of persons.....	6,074	7,527	7,500	7,500
22.0 Transportation of things.....	237	512	500	500
23.1 Rental payments to GSA.....	365	270	300	300
23.2 Rental payments to others.....	4,297	3,340	3,500	3,500
23.3 Communications, utilities, and misc. charges...	3,261	4,770	5,000	5,000
24.0 Printing and reproduction.....	25	127	200	200
25.1 Advisory and assistance services.....	34,680	39,425	36,841	42,932
25.2 Other services from non-Federal sources.....	5,562	7,790	7,800	7,800
25.3 Other purchases of goods and services from Federal sources.....	4,484	4,355	4,500	4,500
25.4 Operation and maintenance of facilities.....	237	4	5	5
25.5 Research and development contracts.....	5,634	5,217	5,000	5,000
25.6 Medical care.....	128	117	120	120
25.7 Operation and maintenance of equipment.....	153	153	160	160
25.8 Subsistence and support of persons.....	204	-	-	-
26.0 Supplies and materials.....	1,549	1,509	1,500	1,500
31.0 Equipment.....	291	682	700	700
41.0 Grants.....	247	205	200	200
42.0 Insurance claims and indemnities.....	5	16	20	20
92.0 Undistributed.....	39	-	-	-
Total, Other Objects.....	67,472	76,019	73,846	79,937
99.9 Total, new obligations.....	169,082	184,257	184,427	194,635
<b>Position Data:</b>				
Average Salary (dollars), ES/FE Positions.....	\$169,645	\$171,342	\$173,374	\$173,374
Average Salary (dollars), FO/FP Positions.....	\$118,939	\$120,129	\$117,749	\$117,749
Average Salary (dollars), GS/GM/FSN Positions.....	\$99,835	\$100,834	\$100,922	\$100,922
Average Grade, GS Position.....	12.5	13.1	13.1	13.1

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<b>Shared Funding Projects</b>				
(Dollars in thousands)				
	2013	2014	2015	2016
	Actual	Actual	Enacted	Estimate
<b>Working Capital Fund:</b>				
Administratioon:				
Material Management Service Center.....	\$132,624	\$118,411	\$142,995	\$146,602
Integrated Procurement Systems.....	60,127	60,093	77,027	77,026
Mail and Reproduction Management.....	200,433	222,479	236,436	241,361
Procurement Operations.....	6,030	6,030	-	-
	399,214	407,013	456,458	464,989
Communication:				
Creative Media and Broadcast Center.....	390,723	85,421	79,077	79,630
Correspondence Management:				
Correspondence Management.....	191,067	167,650	144,561	110,587
Finance and Management:				
Controller Operations .....	573,788	328,856	289,324	303,243
Financial Systems.....	444,909	280,736	2,279,405	2,395,329
Internal Control Support Services.....	63,464	65,068	71,271	71,393
National Finance Center.....	194,731	157,206	228,796	228,246
	1,276,892	831,866	2,868,796	2,998,211
Information Technology:				
Information Technology Services.....	978,804	-	-	-
National Information Technology Center.....	1,784,592	2,133,993	1,277,541	1,288,889
Telecommunications Services.....	4,424,831	4,044,364	1,219,389	3,747,987
	7,188,227	6,178,357	2,496,930	5,036,876
<b>Total, Working Capital Fund.....</b>	<b>9,446,123</b>	<b>7,670,307</b>	<b>6,045,822</b>	<b>8,690,293</b>
<b>Departmental Shared Cost Programs:</b>				
1890 USDA Initiatives.....	28,784	26,890	27,000	27,000
Advisory Committee Liaison Services.....	70,186	82,931	83,000	83,000
Continuity of Operations Planning.....	20,365	19,200	19,200	19,200
E-GOV Initiatives HSPD-12 .....	65,004	61,750	62,000	62,000
Emergency Operations Center.....	22,793	21,227	21,500	21,500
Facility and Infrastructure Review and Assessment.....	4,112	4,110	4,200	4,200
Faith-Based Initiatives.....	3,809	3,580	3,600	3,600
Federal Biobaed Products Preferred Procurement Program.....	3,404	3,165	3,200	3,200
Hispanic-Serving Institutions National Program.....	19,447	18,236	18,300	18,300
Honor Awards.....	446	704	720	720
Human Resources Transformation (includes Diversity).....	15,745	14,907	15,000	15,000
Medical Services.....	30,067	30,405	30,500	30,500
Personnel and Document Security.....	111,081	113,959	114,000	114,000
Preauthorized Funding.....	33,483	34,107	34,200	34,200
Retirement Processor Web Application.....	5,594	5,201	5,300	5,300
Sign Language Interpreter.....	78,966	79,792	79,800	79,800
TARGET Center.....	8,926	8,385	8,400	8,400
USDA 1994 Program.....	7,527	7,169	7,200	7,200
Virtual University.....	20,318	18,892	19,000	19,000
Visitor Information Center/People's Garden.....	8,448	8,935	9,000	9,000
<b>Total, Department Shared Cost Programs .....</b>	<b>558,505</b>	<b>563,545</b>	<b>565,120</b>	<b>565,120</b>

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<u>Shared Funding Projects</u>				
(Dollars in thousands)				
	2013	2014	2015	2016
	Actual	Actual	Enacted	Estimate
<b>E-Gov:</b>				
Budget Formulation and Execution Line of Business.....	-	-	1,037	1,050
Enterprise Human Resources Initgration.....	-	-	22,751	23,000
E-Rulemaking.....	-	-	5,354	5,500
E-Training.....	-	-	28,814	29,000
Financial Management Line of Business.....	-	-	1,828	2,000
Geospatial Line of Business.....	-	-	2,911	3,000
Grants.gov.....	-	-	5,761	6,000
Human Resources Line of Business.....	-	-	2,847	2,900
Integrated Acquisition Environment - Loans and Grants.....	-	-	19,638	20,000
Integrated Acquisition Environment.....	-	-	6,925	7,000
Total, E-Gov.....	0	0	97,866	99,450
Agency Total.....	<u>10,004,628</u>	<u>8,233,852</u>	<u>6,708,808</u>	<u>9,354,863</u>

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**STATUS OF PROGRAMS**

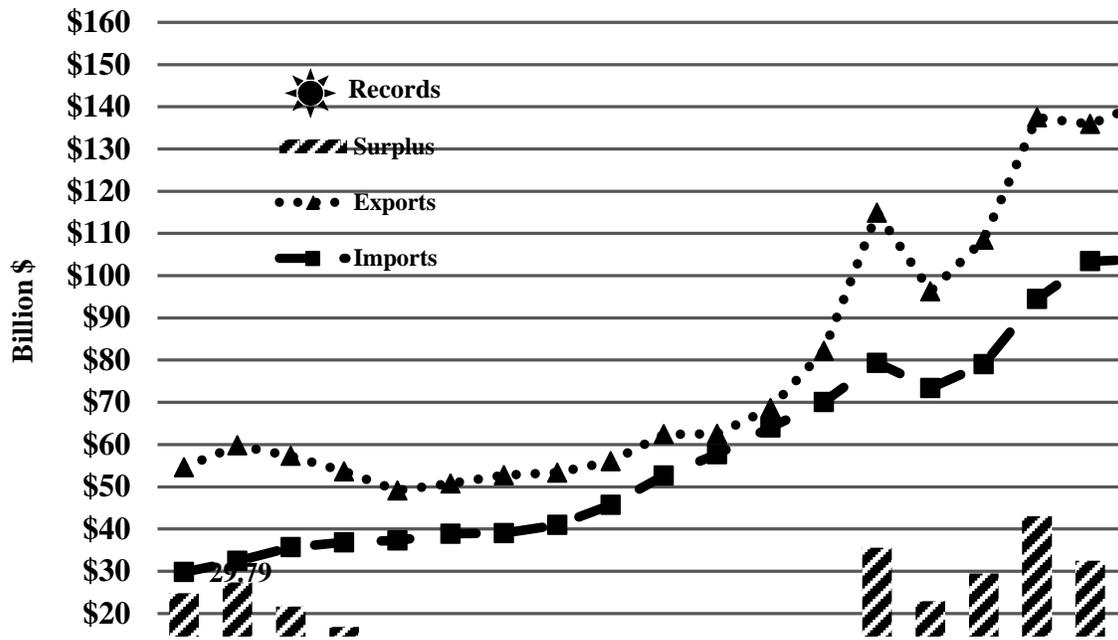
**SUMMARY OF AGRICULTURAL TRADE**

In FY 2014, U.S. agricultural exports reached a record \$152.5 billion, an eight percent increase above FY 2013. The previous export record set in FY 2013 was \$141 billion. Larger soybean sales to China and other markets more than offset lower unit values, with total soybean export value at \$24.2 billion, 17 percent above FY 2013. Exports of corn saw the greatest year to year increase, as much larger domestic production allowed for a rebounding of export levels. Corn export volumes were up 178 percent from FY 2013, and total value was up 99 percent. Exports of consumer-oriented products increased 8 percent on the year to a record \$67.6 billion. Dairy products and tree nuts were responsible for the largest export increases among consumer-oriented products. Dairy exports were up 21 percent on the year, to a new record of \$7.4 billion. Tree nut exports rose 14 percent over last year to over \$8.1 billion. The forecast for U.S. agricultural exports for FY 2015 is \$143.5 billion, down \$9 billion from the record FY 2014 level. This estimated decline is due primarily to assumed reduced export values of bulk commodities. Although export volume is down for some commodities such as wheat and corn, the main driver of the estimated decline in bulk values is sharply lower prices for soybeans and grains as a result of large U.S. crops and plentiful global supplies.

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**

**Declining bulk export prices & greater export competition lower FY 15 forecast**



Note: Forecasts are based on USDA's "Outlook for U.S. Agricultural Trade" published on December 2, 2014.  
 Source of trade data: the U.S. Bureau of the Census.

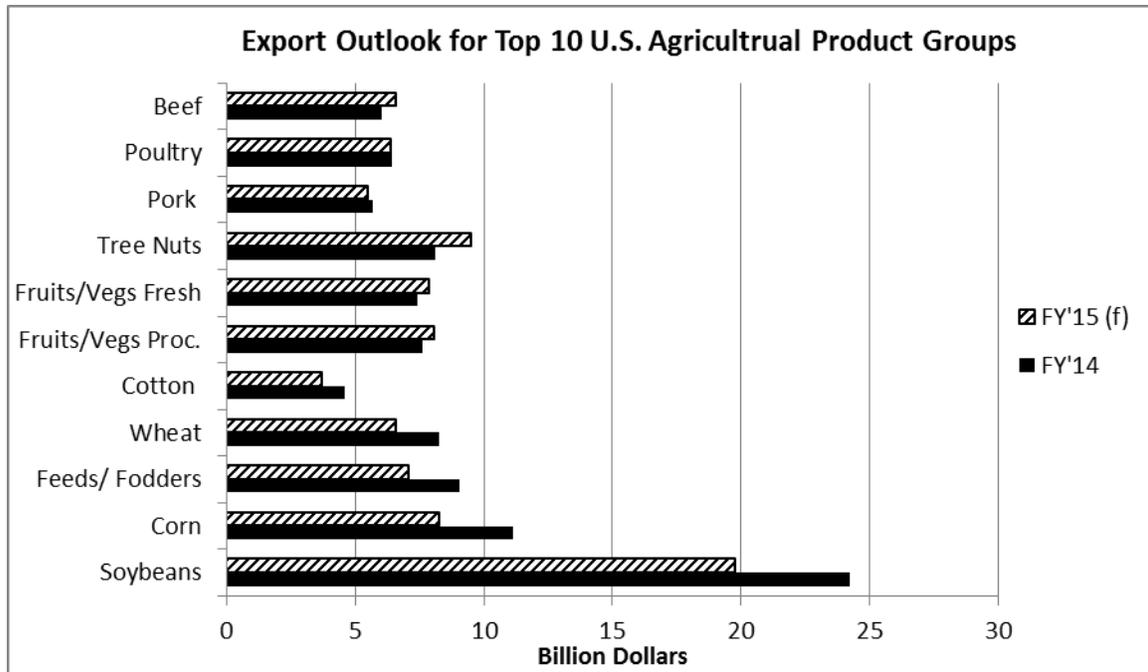
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**COMMODITY EXPORT HIGHLIGHTS**

The overall anticipated decrease in the agricultural export value for FY 2015, compared to the previous year, is largely due to lower prices for bulk commodities such as corn and soybeans. Although overall volumes for bulk commodities are also down (4 percent year to year), the decline in unit value is even greater (15 percent), largely as prices have been pressured from record U.S. soybean and corn crops, and plentiful global grain and oilseed 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 \$42.9 billion in FY 2015 compared to \$52.8 billion in FY 2014. Total bulk export volume is forecast down, primarily due to smaller expected exports of corn and wheat. Compared to the previous year, the highlights for FY 2015 are:

*Grains.* Wheat and coarse grain exports are forecast for FY 2015 at \$16.1 billion, down from \$20.8 billion in FY 2014. For corn, global supplies are expected to be plentiful, resulting in renewed export competition and weak prices. Wheat volume and unit value are both down, as exports to Brazil and China are expected to drop considerably due to abundant exportable supplies in competitor countries are also expected to limit growth opportunities.



*Soybeans.* Soybean exports are forecast at \$19.8 billion. The forecast is \$4.4 billion lower than final FY 2014 exports, driven by lower soybean and meal prices but is partially offset by record volumes. Lower unit prices in response to a record harvest are expected to strengthen demand for soybeans and products, potentially pushing soybean and soybean meal export volumes to a new record.

*Cotton.* Cotton exports are forecast at \$3.7 billion, a decrease of \$0.9 billion from FY 2014. Unit value is expected to be down, reflecting lower prices. With global import demand falling, mainly in China, export volume is not expected to increase.

*High-value product exports* are forecast at \$100.6 billion in FY 2015, up \$0.9 billion, illustrating continued strong foreign demand and increasing unit values. The animal product export forecast is largely steady with last year but horticultural exports, which include all fresh and processed fruits, vegetables, tree nuts, and wine, are forecast at a record \$37 billion. Compared to the previous year, the forecasted highlights for FY 2015 are:

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*Feed and Oilseed Products.* Exports of distiller's dried grains (DDGS) are expected to be weaker due to uncertainties caused by China's heightened enforcement of an unapproved biotech trait for corn (and DDGS). Although soybean meal export volume is up, overall value is lower due to sharply lower soybean prices.

*Animal Products.* The export forecast for livestock, poultry, and dairy products is \$33.7 billion, \$100 million lower than 2014 exports. Growth in beef is forecast to largely offset declines in dairy and pork. Beef is up \$600 million to a record \$6.6 billion on rising prices as a result of long-term reductions in the U.S. cattle herd size. Pork is forecast \$200 million lower at \$5.5 billion, with tight domestic supplies. Poultry is forecast unchanged at \$6.4 billion. Dairy exports are forecast to decline \$700 million to \$6.7 billion on increased global competition.

*Horticultural Products.* The fiscal 2015 export forecast for horticultural products is a record \$37 billion, up \$3.6 billion from 2014. Fresh fruit and vegetable exports are forecast at \$7.9 billion (up \$500 million). Exports to Canada, Europe, and Japan are expected to continue expanding. Processed fruit and vegetable exports are forecast at \$8.1 billion (up \$500 million). Unit values for several processed products are expected to continue rising with demand from major markets. Whole and processed tree nuts are forecast at \$9.5 billion (up \$1.4 billion) on strong shipments to Europe and China. For the first time ever, the export value of horticultural products is expected to surpass both, grain and feed exports, as well as oilseeds and oilseed products exports.

### **TOP EXPORT MARKETS**

The top five markets accounted for 61 percent of U.S. agricultural exports in 2014. U.S. agricultural exports to our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, are forecast at \$40.5 billion in 2015. Canada is expected to remain the second largest U.S. market (after China), with exports up slightly to \$21.8 billion as a result of expected stronger exports of horticultural products. Exports to Mexico are forecast at \$18.7 billion, down \$800 million from 2014, largely due to lower grain and oilseed prices.



U.S. agricultural exports to Asia are forecast down from \$66.9 billion in 2014 to \$63.1 billion in 2015. Lower bulk commodity prices are largely responsible for the decrease. U.S. agricultural exports to China, the largest U.S. market, are forecast at \$24 billion, down \$1.9 billion. Soybeans typically account for about 60 percent of exports to China. Although soybean volumes are expected to continue to grow as Chinese demand expands, price is expected to fall in light of plentiful U.S. and global supplies. Cotton exports are expected down with weaker

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Chinese demand. Also, U.S. wheat and corn shipments to China are expected to fall and DDGS exports are also down due to Chinese import restrictions. However, exports of horticultural products such as tree nuts are expected to continue to expand. Exports to Japan reached \$13.4 billion last year but are forecast to fall to \$12.7 billion in 2015 as a result of lower grain and oilseed values.

### **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.

U.S. agricultural imports have risen steadily for decades, and in the past 25 years there has been only one year (2009) in which U.S. agricultural imports did not expand. Growing demand and rising prices resulted in another record import year in 2014 of \$109.2 billion.

*The overall import outlook for 2015* reflects a relatively strong demand for most major product categories and record imports of \$116 billion.

*Horticultural Products.* Imports are forecast to rise to a record \$50.9 billion. Fresh fruits is the largest component of this category, and imports are forecast to reach \$10.3 billion in 2015, a nine percent increase from last year.

*Grains, Oilseeds, and Products.* Imports are forecast down \$0.4 billion to \$20.3 billion as a result of plentiful U.S. soybean and corn supplies.

*Livestock and Dairy.* Imports are forecast to increase in 2015 to \$16.8 billion. Most of this increase is live cattle and beef as a result of smaller U.S. cattle supply and high beef prices.

*Sugar and Tropical Products.* Imports are forecast to increase to \$25.3 billion as gains are expected in rubber, coffee, and cocoa due to greater consumer demand.

### **TOP FOREIGN SUPPLIERS**

The top five forecasted suppliers in descending order are Canada, EU-28, Mexico, China, and Australia. Supplies from these exporters are forecast to account for 62 percent of total U.S. imports, with the Western Hemisphere accounting for 55 percent of the total import bill.

### **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 Program (TASC), 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. 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. Working with the State Regional Trade Groups (Food Export USA Midwest, Food Export USA Northeast, the Western United States Trade Association and the Southern United States Trade Association) and other industry organizations, FAS encourages outreach efforts that focus on facilitating export readiness for U.S. small- to medium-sized enterprises (SMEs). 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.

**MARKET DEVELOPMENT PROGRAMS**

**MAP Helps Set Pear Export Records in the United Arab Emirates (UAE).** In recent years, the UAE has become a major market for U.S. agricultural products, and has emerged as the fifth largest export market for the U.S. pear industry. Pear Bureau Northwest's (PBNW) MAP-funded in-store sampling promotions have been integral to getting consumers to taste and purchase new pear varieties. The Pear Bureau supported these in-store activities with MAP-funded consumer outreach activities, which included magazine advertorials, magazine advertising, and the launching of a new USA Pear website in Arabic. These efforts helped keep USA Pears on top of the consumers' minds and educated them on the different flavor attributes and recipe uses for the different varieties. PBNW reports that increasing the varietal range leads to increases in average price per box of pears shipped to the UAE. In 2013/2014 the average price per box of pears was \$24.70, an increase of more than \$11 over the last 10 years, and exports reached a record of over \$6.7 million, up \$1 million from the previous year.

**MAP-Funded Promotion Sparks Over \$1 Million of Alaska Seafood Sales to China.** The Alaska Seafood Marketing Institute (ASMI) partnered with China's Tmall.com, an online shopping platform with 40 million daily visitors, on a highly successful MAP-funded promotion that generated over a million dollars of Alaska seafood sales in just 9 days. Tmall.com's online platform enabled ASMI to showcase a multitude of Alaska seafood products with significant Alaska branding, making it an ideal venue to reach China's vast and growing market for seafood. ASMI's expenditure of \$54,700 on the promotion sparked sales of 58 metric tons (MT) of Alaska seafood valued at \$1.14 million, a 20-to-1 return on the modest investment. A total of 33,759 orders were placed during the promotion, and Alaska king crab sold out in just 3 hours. At least five SMEs from Alaska and Washington participated in this high profile promotion.

**MAP-Funded Trade Team Results in Over \$10 Million in Pulse Sales to China.** In October, 2013, USA Pea and Lentil Export Council brought representatives of seven Chinese companies to the United States to learn about cool season pulses (peas, lentils, and chickpeas). The team participated in a series of eight meetings with processors and exporters that laid the groundwork for future business. Each of these meetings included a company briefing on their operations and market outlook, and one-on-one sessions between buyers and sellers. The team members also visited the Port of Seattle and a company specializing in the trans-loading of grain and pulse shipments from railcars into containers at the port, which reduces transit times for U.S. shipments. As a result, 19,800 MT in sales have been reported, valued at about \$10.7 million, representing nearly 3 percent of estimated export totals for 2014 for pea and lentils.

**MAP Helps Northwest Cherry Growers (NWCG) Reach Record Exports to Southeast Asia.** In 2014, NWCG's exports were nearly a third of all sales, reaching 7.5 million boxes with an export value of nearly \$300 million, 41 percent above 2013. Northwest cherries are exported to 35 countries, however, Canada, China/Hong Kong, Korea, Taiwan, Japan, and Southeast Asia were their major export markets in 2014. Exports to Southeast Asia (Thailand, Singapore, Malaysia, Vietnam, and Indonesia) this season grew a remarkable 117 percent in volume, valued at nearly \$10 million—over a \$4 million increase from 2013. This was partly due to an extensive Southeast Asian MAP-funded program of training for care and handling of fresh cherries.

**SME Expands Almond Sales Thanks to MAP.** With the support of the Western USA Trade Association's MAP funding, Hilltop Ranch of Ballico, California, showcased their premium almonds at the Gulfood Trade Show in February 2014. As a result, Hilltop Ranch reported over \$150,000 in on-site sales, and projects an additional \$520,000 in sales over the next 12 months. Hilltop Ranch's almond handling operations are integrated and feature hulling, shelling, cleaning, grading, sorting, sizing, processing, and in-house logistics.

**MAP Helps U.S. Poultry Products Gain Popularity in the Japanese Retail Sector.** The Japanese retail poultry market has historically been dominated by domestic producers. However, there is growing interest in U.S. high value, prepared poultry products. Through a partnership formed with the AEON Group, Japan's largest supermarket chain, and with the assistance of the MAP program, USA Poultry and Egg Export Council (USAPEEC) participated in AEON's 3-day American Food Fair held from May 30 through June 1, 2014. Roughly 1,500 of the AEON group's stores promoted marinated U.S. chicken legs in the meat section of their stores, and roasted U.S. chicken legs in their delicatessen section. The 3-day promotional period resulted in a 20 percent increase in sales of U.S. poultry products in their stores, valued at over \$156,000. Promotions like

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these have helped U.S. poultry and products exports to Japan reach \$133 million in CY 2013, with 2014 exports running 15 percent ahead of last year.

**U.S. Softwood Lumber Exports Surge with Help of MAP Promotion.** The Southern Forest Products Association (SFPA) reported that American softwood lumber exports nearly doubled in the past 5 years, reaching \$1.1 billion, the highest level in 16 years. Meanwhile, exports of pressure-treated lumber, a key value-added item promoted by the association, reached an all-time record of \$79 million in 2013. Exports have jumped sharply to regions targeted by the association's international market development efforts, and are continuing to rise. MAP and FMD funding helped sponsor trade show exhibits and trade missions, targeting lumber importers and design-build professionals. Companies participating in SFPA's FMD- and MAP-funded missions in 2013 reported \$43 million in Southern Pine lumber sales, as a direct result of sales leads and contacts obtained at events. As a return on investment, every program dollar spent assisting these businesses at developing export markets resulted in \$42 in U.S. exports. SMEs from Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, and Texas all directly benefited from the MAP- and FMD-sponsored activities.

**MAP Helps Native Kodiak Island Alaskan Seafood Company Open Up New Markets in Europe and Asia.** 'Kodiak Island Wild Source' Seafoods, owned by Sun'aq Tribal Enterprises Inc., was able to attend the 2013 FoodEx Show in Tokyo and the 2014 European Seafood show, thanks to the Intertribal Agriculture Council (IAC) MAP funding. As a result, the company reported \$195,000 in wild salmon jerky product sales and anticipates additional orders that will double their sales over the next 12 months. As a result of participation in IAC's MAP program, they have seen a significant increase in their export sales and are hiring more Tribal employees during the 'Salmon Run' season.

**MAP-Funded Reverse Trade Mission Helps Increase U.S. Peanut Exports to Mexico.** The American Peanut Council (APC) has hosted Reverse Trade Missions from Mexico for the past 10 years. MAP funds pay for travel to a peanut growing region and the local industry supports these activities by hosting groups for tours and field visits. The 2013 visit was particularly important as the peanut harvest in the Southwest, where Mexico sources most of their U.S. peanuts, was smaller than usual. APC hosted the group in Georgia, to familiarize Mexican buyers with the Southeast growing region. The tour provided the opportunity to reassure them that the high quality peanuts they were accustomed to receiving from Texas and Oklahoma, could also be purchased from Georgia and Alabama. The visit was scheduled for October, 2013, right at harvest time. Because the peanut industry does not have a futures market, relationships with buyers and sellers are even more important than in most agricultural industries. Buyers negotiate prices directly with sellers, and arrange for advance sales directly with peanut traders. The tour helped facilitate these relationships, while providing a venue for sales meetings. Total U.S. exports of peanuts to Mexico in 2013 increased by 29 percent, reaching \$98.2 million, thanks to increased purchases from the Southeast.

**California Wine Institute Conducts MAP-Funded "Master Classes" In China.** California Wine Institute's (WI) ran its second Master Class campaign in China, which included 16 seminars in 15 cities. The campaigns started in Southern China's Guandong Province in early January, 2014 and concluded in the Sichuan Province city of ChongQing in June, 2014. The seminars reached a total trade/media audience that exceeded 1,200 attendees. Each 4-hour training course provided an in-depth study of California wines, including in-session tastings. Throughout China, renowned Chinese wine experts gave lectures and led guided tastings of California wines. The lectures introduced the history of Californian wines, the climatic and geographic conditions of the region, leading grape varieties, and addressed U.S. sustainable winegrowing and winemaking practices. Over the past 5 years, the WI's MAP-funded, educational programs have helped increase California wine exports to China three-fold, reaching \$77 million in 2014. China is currently California wine's sixth largest market.

**SME's Snacks Appeal to the Caribbean Market.** In January, 2014, the American Food Service company, located in Boonville, New York, attended the Food Export USA Northeast's, MAP-funded, Northeast Buyers Mission, meeting with 18 different buyers representing 17 countries. During the one-on-one meetings, they met with the Chief Executive Officer of an importing company based in Trinidad and Tobago, which resulted in a \$40,000 sale. Additional sales to Trinidad and Guyana are expected. American Food Service is a distributor of snack foods and confectionary products for small- and medium-sized companies, as well as many large national brands. They have a wide variety of product lines including chips, popcorn, ice cream, sauces,

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syrups, cookies, crackers, drinks, and cereals.

**MAP Brings a “Passion for Flavor” to Mexico.** In the September, 2013 through August 2014 crop year, over 10 million cartons of Washington Apples, worth \$212 million, were sent to Mexico, making the country the largest export market for the Washington apple industry. The Washington Apple Commission (WAC) used \$99,000 of MAP funds to finance an advertising campaign called “Pasion por el Sabor” (Passion for Flavor) in Mexico, highlighting Granny Smith apples and traditional Mexican spices as a healthy snack option. The campaign took place during the July 2014 World Cup, allowing WAC to promote Granny Smith apples as a great option for soccer viewing parties. The promotional campaign was a major success. Shipments of Washington Granny Smith apples to Mexico increased 36 percent over the same time period during the previous year. This May-June, 2014 sales increase was valued at over \$4 million.

### **New Applications for U.S. Dehydrated Potatoes in Malaysia with Market Development Program**

**Support.** The U.S. Potato Board (USPB) reported that exports of U.S. dehydrated potatoes to Malaysia have reached over \$6 million from July, 2013 through June, 2014, a 38 percent increase from the previous year, thanks to the support of MAP and QSP programs. The USPB’s programs educated target companies and developed recipes and applications specific to local tastes and preferences. Activities included a mix of merchandising, one-on-one technical training, sampling, seminars, and tie-in promotions. Unique to USPB’s Malaysia strategy is promotion of dehydrated potatoes as an ingredient in “bergedil” (Malay name for fried potato cakes or croquettes). Bergedil is a popular side dish or snack sold at Malaysian food stalls and food courts. Typically prepared using fresh potatoes, the use of dehydrated potato products offers advantages in terms of preparation time, quality and consistency of product, and cost savings. USPB’s activities are expected to broaden market penetration for dehydrated potatoes in hypermarket highly popular Ready-to-Eat retail counters.

**SME’s American Clams are a Match for Canada’s Asian Cuisine.** In February, 2014, Atlantic Cape Fisheries, of Cape May, New Jersey, attended the Food Export USA Northeast’s MAP-funded Focused Trade Mission to Canada for Retail, Food Service and Specialty Products. As a result, they reported a \$22,220 sale of American Surf Clam, which is used for sushi and stir fry. Atlantic Cape Fisheries is a producer of clams in the retail market. The company is also a harvester and marketer of scallops and other seafood.

**MAP and QSP Help Introduce New Products Using Cranberries in the Korean Market.** The Cranberry Marketing Commission’s (CMC) MAP-funded trade program in South Korea focuses on increasing the number of cranberry food manufacturers offering cranberry products and increasing the total number of cranberry products available at retail. In September, 2013, CMC launched an in-house recipe contest at Paris Baguette, Korea’s largest bakery chain with over 3,200 stores nationwide. CMC Korea provided 10 kg of U.S. dried cranberry samples, made possible through the QSP program, and worked with Paris Baguette’s research and development department to recruit candidates for the recipe contest. The competition ran for 3 months, and the final competition resulted in three winning recipes. In December, Paris Baguette launched the first of these winning recipes, Cranberry Loaf Bread, in their stores across the country. Approximately 2 MT of U.S. cranberries were purchased for the initial run of cranberry bread and Paris Baguette is now purchasing an estimated 5 MT of U.S. dried cranberries per month, worth over \$400,000 in 2014. These types of activities have helped grow Korean demand for U.S. cranberries. U.S. cranberry exports to Korea increased 75 percent in 2013 over the previous year, to reach 27,070 100-lb barrel equivalents, worth over \$6 million.

### **MAP-Funded Trade Missions to Australia Expected to Result in Over \$10 Million in Projected Sales of**

**U.S. Engineered Wood Products.** Engineered wood products manufacturers Calvert Company (an SME based in Vancouver, Washington), Louisiana Pacific Corporation (based in Nashville, Tennessee), Pacific Wood Laminates (an SME based in Brookings, Oregon) and Roseburg Forest Products (an SME based in Roseburg, Oregon), participated in the APA– the Engineered Wood Association’s, MAP-funded trade missions to Australia in the summer of 2013 and spring of 2014. The relationships they established with building material distributors resulted in over \$10 million in exports of laminated veneer lumber, wood I-joists, laminated strand lumber, glulam, and rimboard from mills in California, Maine, Oregon, and Washington. The U.S. technical and promotional information that was provided on the superior strength of U.S. Douglas Fir as a softwood species for engineered wood products, the availability of consistent supply of products from the United States, and long and successful track record of product usage in residential and commercial construction in the United States, helped convince the Australian distributors to source U.S. engineered wood

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products. The U.S. industry is confident that continuing to promote the technical advantages of U.S. engineered wood products will result in increased exports to Australia in the future.

**MAP Helps Increase U.S. Softwood Exports.** Thanks to the Softwood Export Council's (SEC) MAP-funded participation at a trade show in Germany in May, 2013, an Oregon lumber trader reported more than \$4 million of softwood lumber sales. The lumber was produced in Perry, Georgia, Eugene, Oregon, and Warm Springs, Oregon. A \$1 million order of softwood lumber was shipped in 2013, and sales of \$3 million are expected by the end of 2014. The trader commented that through SEC's MAP-funded trade show booth, he was able to meet new customers that have developed into strong business relationships. The lumber trader's travel to Germany used only \$5,200 of MAP funds, which resulted in over \$4 million in sales.

**U.S. Cotton Retail Promotions Successful in Japan.** Cotton Council International's (CCI) COTTON USA promotions help consumers identify quality products made of U.S. cotton fiber. Identification of U.S. cotton content through use of MAP-funded point-of-sales (POS) materials and COTTON USA labeling by retailer licensees is a powerful tool when combined with retail promotion. COTTON USA used MAP to announce the retail promotion through newspaper advertisements and provided POS materials at 4,000 stores across Japan. As a result, the nine participating companies in Japan increased their U.S. cotton usage by a total of 500 percent in 2014. During the promotion, these companies featured COTTON USA jeans, T-shirts, polo shirts, casual shirts, chino pants, underwear, bed sheets, comforter sheets, blankets, and towels. The nine companies used 1,710 bales of U.S. cotton, valued at \$684,000, during the 4-month promotion. These companies branded 1.5 million pieces of apparel with COTTON USA, with a sales value of \$22 million, a huge yearly increase from 175,000 labeled units in 2013. The U.S. exported about 142,000 bales of U.S. cotton to Japan in 2013, valued at about \$66 million.

**Thanks to MAP and FMD, China Is the Top Export Destination for U.S. Wool.** From July, 2012 through June, 2014, U.S. wool exports to China grew from \$3.1 million to \$10.2 million, largely due to the American Sheep Industry Association's (ASI) MAP and FMD activities educating the Chinese trade about the quality and characteristics of U.S. wool. ASI, a Colorado-based industry association represents over 80,000 sheep producers across the country. ASI has been conducting activities in China for over a decade and has been able to more than triple the size of Chinese wool imports through U.S. trade missions to meet Chinese importers, employing in-country expert representatives, and sponsoring reverse trade missions (RTMs) to the United States. A RTM in the spring of 2014 brought three major Chinese industry representatives to the United States to demonstrate the ability of U.S. producers to maintain a steady supply of high-quality wool to Chinese importers and industries. ASI's \$41,000 MAP investment in the 2014 RTM directly resulted in the sale of 28 containers of American wool, valued at \$1.7 million. This sale directly benefited about 450 producers from 45 states. These buyers are expected to continue to buy at least \$1.5 million in U.S. wool annually.

**U.S. Soy Transforms China Aquaculture Industry with Intensive Pond Systems.** China is the world's largest aquaculture-producing country with total annual production at more than 40 million metric tons (MMT), about 60 percent of world volume. However, for the past 10 years, China's aquaculture has been challenged by environmental degradation and increased production costs. To tackle these challenges, the U.S. Soybean Export Council (USSEC) introduced Intensive Pond Aquaculture (IPA) technology in 2012, potentially allowing fish farms using soy-feed based technology to double or even triple yields with almost no waste water released into the environment. In 2013, the first USSEC-sponsored IPA feeding trial and demonstration project proved the high yielding and minimal polluting effects from using soy-based floating feed for grass carp. In 2014, the Jiangsu Provincial government granted a total of about \$1.2 million for the development of the technology and the industry invested about \$2 million in IPA adoption. There are now more than 20 IPA units in the province and the number is expected to more than double over 12 months. Swift adoption of IPA will increase demand for soy-optimized aquafeed. China is the largest market for U.S. soybeans and aquaculture production continues to contribute to growing demand. U.S. soybean exports to China reached 25-26 MMT in recent years. Of that, over 3.2 MMT was estimated to reach China's aquaculture sector last year, with an estimated value of over \$1.5 billion.

**MAP-Funded Technical Assistance Helps Spur Record U.S. Sorghum Sales to China.** U.S. sorghum exports to China have reached more than 4 MT from September, 2013 through August, 2014, approaching \$1 million in value, compared to exports of 3,376 MT the previous year. Building demand for U.S. sorghum was attractive as sorghum is not subject to a tariff rate quota restriction in China. Starting in 2012, the U.S. Grains

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Council (USGC) used MAP and FMD funds to assess potential market demand. USGC and United Sorghum Checkoff Program representatives traveled to China to familiarize the Chinese feed and livestock industry with the benefits of feeding sorghum in pork, poultry, and aquaculture production. These efforts helped convince the Chinese of the quality and value of U.S. sorghum, and its suitability for inclusion in their feed rations. The surge in Chinese sorghum purchases began in the fall in 2013, when China experienced tight feed supplies that drove its domestic corn prices well above world market levels and China has become the largest U.S. sorghum export market.

**Philippine Market Opens to U.S. Vegetable Exports, Resulting from EMP and TASC Support.** On June 30, 2014, FAS Manila reported that the Philippines are officially open to imports of U.S. fresh celery, lettuce, and cruciferous vegetables. The Philippine Secretary of Agriculture officially signed Administrative Circular (AC) No.2 governing the rules and regulations for U.S. vegetable importation. U.S. annual fresh vegetable exports to the Philippines, which reached \$5.4 million in calendar year 2013, are expected to increase by more than a million dollars. The signing, which coincided closely with President Obama's visit in April, 2014, marked the culmination of more than a decade of efforts by USDA to improve market access. U.S. efforts to open the market were initiated in the early 2000's with an EMP-funded USDA Cold Chain technical assistance program. This effort led to FAS Manila working closely with private sector interests in the Philippines, including members of the newly-formed Cold Chain Association of the Philippines, to demonstrate the commercial viability of U.S. vegetables. This activity included an EMP-funded project implemented in coordination with the Western Growers Association (WGA). APHIS also played a critical role in the issuing of a pest risk assessment. WGA used TASC to bring Philippine quarantine officials to California to better understand the industry, and the safety and quality parameters of U.S. products. WGA is a member of the California Agricultural Export Council, a MAP cooperator that represents small to medium-sized California commodity organizations.

**First-Time SME Exporter Makes Sales at Caribbean/Central America Buyers Mission.** In June, 2014, Barry's Gourmet Brownies participated in the Southern United States Trade Association's (SUSTA) annual MAP-funded Caribbean/Central America Buyers Mission. At the event, the Clearwater, Florida-based company featured an assortment of their signature gourmet brownies. The company reported booking \$300,000 in sales at the trade mission, and projected an additional \$100,000 in sales over the next 12 months. This was Barry's Gourmet Brownies' first time exporting to the Caribbean/Central America region. This was also the company's first activity with SUSTA, and they hope to secure five new international distributorships as a result of the 2014 Caribbean/Central America Buyers Mission.

**U.S. Potatoes Establishing a Presence in Myanmar and Cambodia with EMP and MAP.** The EMP and a MAP-funded, Global Broad-based Initiative (GBI) have helped open doors for U.S. frozen potatoes in both Myanmar and Cambodia, in the last 2 years. The U.S. Potato Board (USPB) reported that U.S. potato exports to Myanmar in July, 2013 through June, 2014, reached about \$53,000, more than double the previous year. Frozen potato shipments to Cambodia hit a record \$602,000, a 32 percent jump and the largest year-on-year increase seen since the market made its first purchases less than a decade ago. USPB used EMP to conduct a market study of both Myanmar and Cambodia during 2013. As part of the project research, USPB staff and consultants met with many members of the trade who expressed interest in U.S. potatoes. USPB also participated in the Myanmar U.S. Food & Beverage Agent Show, sponsored by FAS in August, 2013. In November, 2013, USPB participated in a GBI food showcase in Cambodia where potato demonstrations and presentations were highlighted. These activities have raised awareness of U.S. potatoes and helped build demand.

**FMD Helps U.S. Brown Swiss Cattle Reenter The Dominican Market.** In February, 2014, the Brown Swiss Cattle Breeders' Association of the USA, a Wisconsin-based cattle breeders association, shipped their first U.S. Brown Swiss Cattle to the Dominican Republic since a cattle ban had been established following BSE scares in 2003. The U.S. Brown Swiss successful reentry into the Dominican market was due in large part to annual funds provided by the U.S. Livestock Genetics Export Inc.'s FMD program, used to educate Dominican leaders and the public on the safety of U.S. Brown Swiss Cattle. The February, 2014 shipment included 24 heifers and bulls from farms in Wisconsin and Ohio and was valued at approximately \$61,000. The Brown Swiss Cattle Breeders' Association had been conducting annual FMD activities in the Dominican Republic at a cost of \$1,000 to \$1,500 per year for the past 10 years. The February, 2014 shipment represents a five to one return on the 10-year FMD investment.

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**MAP Helps U.S. Wheat Associates (USW) Educate Brazilian Flour Millers About U.S. Wheat Qualities and Availability.** For the first time in decades, Brazil imported more U.S. wheat than any other country in the June, 2013 through May, 2014 marketing year, almost 4.3 MMT. Brazil's average annual wheat imports of around 7 MMT make it one of the world's top wheat buyers. Wheat produced in Brazil is soft to semi-hard and millers need to blend it with higher protein hard wheat to produce flour with the characteristics to make Brazil's preferred French-style bread products. Brazil used to originate most of that wheat from the United States before the Mercosur free trade agreement in South America allowed millers to import Argentine wheat duty free while establishing a tariff on wheat from non-Mercosur countries like the United States. Brazil's government was applying the tariff at 10 percent of the free-on-board price in 2012/2013 when Argentina began to severely restrict wheat export licenses because of a poor crop. USW provided the information Brazilian millers needed to turn to U.S. wheat. In addition, the millers successfully petitioned their government to suspend the tariff. USW used MAP to bring a team of Brazilian millers to visit farms in Maryland and Kansas, meeting with commercial elevator managers, and seeing the USDA grain inspection system. The trade team is one of several activities sponsored by USW and state wheat commissions to help Brazil's millers fully understand the long-term value of the U.S. wheat supply.

**Market Development Programs Create U.S. Value-Added Soy Product Opportunities in Senegal.** In 2009, the American Soybean Association's World Initiative for Soy in Human Health's (WISHH) used EMP to identify longer-term opportunities for value added soy products (VASPs), in Senegal. The research looked at several sectors, including bakery, meat processing, and food service. WISHH followed-up with MAP-funded trade team visits, import-distributor capacity building, and information campaigns. More recently, WISHH provided FMD-funded technical assistance to businesses linked with commercialized practices, which have led to U.S. soy export opportunities. With a solid local supplier group receiving critical capacity building support and a vibrant information campaign to promote consumer awareness, Senegal is increasing its commercial utilization and household consumption of VASPs. Thanks to these programs, in May, 2014, a key processor ordered 20 containers of U.S. textured soy protein (TSP) and a local meat processor made their first-ever purchases of U.S. isolated soy proteins (ISPs). These sales were valued at an estimated \$30,000.

**MAP-Supported Participation in Taipei Wood Trade Show Results in an Estimated \$4.5 Million in U.S. Sales.** Thanks to MAP, in December, 2013, the APA-Engineered Wood Association, the Softwood Export Council, the State of Idaho, and six U.S. wood manufacturers and exporters from Idaho, Oregon, and Louisiana participated in the U.S. Wood Industry Pavilion at the Taipei International Construction Show, the largest building show in Taiwan. This venue was an effective way to introduce the superior attributes of U.S. engineered wood products, structural panels and softwood lumber to the 56,334 Taiwanese building industry professionals attending the event. Promotion of the superior strength properties and sustainability of U.S. Douglas Fir glulam was a particularly successful part of the industry tradeshow promotion, generating U.S. sales for the construction of a public building, school, pedestrian bridge, park structure and commercial project, resulting in an estimated \$4.5 million in sales to Taiwan.

**Small Bagel Company Begins Exporting to Brazil.** In April, 2014, Just Bagels Manufacturing, Inc., a bagel manufacturer from the Bronx, New York, participated in Food Export USA Northeast's, MAP-funded, Focused Trade Mission activities to Brazil and Chile. The company sales manager closed a first-time deal with a buyer from a major grocery store chain in Brazil worth nearly \$12,000, with the reported potential to become a half-million dollar order in multiple stores in Brazil. This relationship had begun when the company participated in Food Export USA Northeast's September, 2013, MAP-funded, International Bakery Exposition Buyers Mission in Las Vegas.

### **INTERNATIONAL TRADE SHOWS**

In FY 2014, over 1,000 U.S. companies and organizations participated in 20 USDA-endorsed trade shows in 15 countries. On-site sales totaled a reported \$370 million and 12-month projected sales reported by exhibitors were estimated over \$1.5 billion. The companies made over 14,700 business contacts and displayed more than 2,600 new products in various markets on six continents.

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**USA Pavilion Exhibitors Report Great Success at Anuga 2013.** Anuga, the world's largest food and beverage trade event, was held in Cologne, Germany, October 5-9, 2013. A total of 6,777 suppliers from 98 countries exhibited and over 155,000 trade visitors from 187 countries participated. The eight USA Pavilions (bread and bakery, hot beverages, dairy, drinks, fine food, food service, frozen food, meat, organic) were a successful platform for its 189 participants generating a reported \$29.12 million in on-site sales and over \$200 million in 12-month projected sales. A total of 30 small companies, of which five were minority-owned companies and eight first-time attendees, participated in the U.S. pavilions. USA Pavilion exhibitors introduced more than 1,122 new products and reported meeting 3,080 serious trade contacts. A press briefing organized by FAS, on the U.S. agricultural industry sustainable initiative "This is How We Grow", was well attended by members of the national and international press, resulting in various articles in the local press and on the Internet.

**Dubai's 2014 Gulfood Show Concludes with Record On-Site Sales.** The annual Gulfood show was held on February 23-27, 2014, in Dubai, United Arab Emirates, with 4,500 exhibitors and 152 national pavilions. This USDA-endorsed show had over 152 U.S. exhibitors in the USA Pavilion reporting a record of \$111.1 million in on-site sales, 3,585 serious contacts were made, 72 SMEs, 19 minority-owned, and 11 new-to-market companies were represented. U.S. exporters reported projected one-year sales of \$344.9 million.

**Mexico's 2014 Antad Show Concludes with \$14 Million in 12-Month Projected Sales.** Antad, Mexico's largest food and retail show, took place on March 12-14, 2014 in Guadalajara, Mexico. This USDA-endorsed show had 40 companies and organizations participating in the USA Pavilion, including 14 SMEs, eight minority-owned, eight new-to-market, five new-to-export companies, and eight Cooperators. U.S. exhibitors reported \$2 million in on-site and \$14 million in 12-month projected sales. The companies made over 264 business contacts and introduced 124 products in the market.

**USA Pavilion at Food & Hotel Asia (FHA) Generates \$18 Million in Projected Sales.** FHA, Asia's largest international food and hospitality trade event, took place April 8-11, 2014, in Singapore. This biennial event, co-located with Wine & Spirits Asia, continues to grow. The event welcomed 3,213 exhibitors, 63 group pavilions, and attracted over 64,000 attendees. The USA Pavilion consisted of 72 exhibiting companies, including 35 small, two new-to-export, and 11 new-to-market companies. Four SRTGs and several other FAS cooperators also participated. Pavilion exhibitors reported making a total of 680 serious contacts, resulting in reported, on-site sales of \$3 million and 12-month projected sales totaling \$18 million. FAS Singapore organized a market briefing for USA Pavilion exhibitors on export opportunities.

**SIAL China's Largest U.S. Pavilion Projected \$142.6 Million in Sales.** From May 13-15, 2014, the annual USDA-endorsed show, one of the largest leading international exhibitions for food, beverage, wine and spirits in China, took place in Shanghai. Over 99 exhibitors were in the U.S. Pavilion reporting \$15.4 million in on-site, and nearly \$142.6 million of 12-month projected sales of U.S. agricultural products. U.S. companies made over 2,153 business contacts and introduced over 1,000 products in the market. Of the 99 companies represented 54 were SMEs, nine new-to-export, 23 new-to-market, and 16 were minority-owned companies.

**\$22 Million in Sales Projected at Seoul Food & Hotel Korea.** From May 13-16, 2014, this USDA-endorsed annual food and retail show took place in Seoul, Korea. Forty-six exhibitors in the U.S. Pavilion reported \$4.1 million in on-site, and close to \$22 million in 12-month projected sales of U.S. agricultural and food products. U.S. companies made over 347 business contacts and introduced 29 products in the market. Of the 46 U.S. companies represented, 24 were SMEs, five new-to-market, two new-to-export, and six were minority-owned companies.

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

**The 2013 Americas Food and Beverage Show.** The Americas Food and Beverage USDA-supported show was held on October 28-29, 2013 in Miami, Florida. U.S. exhibitors generated over \$21 million in reported on-site export sales, (an increase from \$8.4 million in 2012), and close to \$53 million in 12-month projected sales of U.S. agricultural and food products. FAS and the National Association of State Departments of Agriculture, jointly with the World Trade Center Miami, supported a U.S. Pavilion with 124 U.S. exhibitors. During the show NASDA organized more than 600 product-matched, one-on-one meetings between USA pavilion exhibitors and selected foreign buyers from Central and South America. Each U.S. exhibitor that

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participated in the custom one-on-one meeting program had up to 30 individual meetings with foreign buyers either chosen by NASDA or recruited by appropriate FAS Posts. NASDA also provided custom business consulting to USA pavilion exhibitors and more than 40 companies took advantage of this opportunity.

**The American Food Fair at the National Restaurant Association's (NRA) Show.** The American Food Fair, USDA-supported show, was held in Chicago, Illinois on May 17-20, 2014. The show annually attracts upwards of 66,000 industry professionals from all 50 states and over 100 countries to see the products of over 2,000 exhibitors, focused on the restaurant, food service and hospitality industry. At the NRA Show, the American Food Fair pavilion included 69 U.S. companies and FAS actively facilitated foreign buyer team visits, which included 317 potential buyers from 13 countries, resulting in over \$7 million in reported on-site sales. Forty-six percent of the U.S. exhibitors were expected to conclude a new-to-market export sale. In addition to the American Food Fair, the 2014 show offered Specialty Pavilions, including: a Technology Pavilion, International Cuisine Pavilion, and an Organics & Natural Pavilion.

**The U.S. Food Showcase.** The FMI Connect, formerly FMI's Supermarket Industry Exposition, a USDA-supported show, was held in Chicago, Illinois on June 10-13, 2014. The FMI show, co-located with United Fresh 2014 and PMMI-PACK EXPO, featured over 900 exhibitors with 15,000 attendees from over 75 countries focusing on the entire store, from retail technology to fresh and perishables to wellness trends, with an expanded emphasis on fresh and perishables. The U.S. Food Showcase included 55 U.S. companies and FAS actively facilitated foreign buyer team visits, which included 66 potential buyers from 10 countries, resulting in \$3 million in reported on-site export sales. Thirty-six percent of the U.S. exhibitors were expected to conclude a new-to-market export sale.

### **OTHER TRADE SERVICES HELPING SMALL COMPANIES**

**Servicing Exporter Customers.** In FY 2014, FAS responded to over 120 requests for information on the Exporter Assistance Line. These inquiries requested 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 FY 2014, FAS provided 506 foreign buyers list reports to 58 U.S. exporters. Many specific inquiries concerned export certification and labeling requirements for exporting various products throughout the world, and specifically China. Many of the inquiries were referred to other parts of 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 the strategic trade expansion goals of FAS and USDA. The fund supports market promotion and other FAS strategic priorities, including market access. Project examples include:

**FAS Bangkok Raises Thai Interest in U.S. Hardwoods.** FAS Bangkok, the Thai Timber Association (TTA), and the American Hardwood Export Association (AHEC), worked together to conduct four seminars in Bangkok from September, 2013 through May, 2014. These seminars reached over 300 wood traders and furniture manufacturers and demonstrated how they could increase their product margins by using U.S. hardwoods. They educated participants about U.S. product specifications and focused on U.S. hardwood as sustainable resources for use in furniture, wood boxes and novelties, construction, flooring and interior design. Thailand imports tropical hardwoods from Myanmar, Laos, and Malaysia as well as produces their own plantation rubber wood. Some species of U.S. hardwood are competitive with local plantation rubber and provide various advantages, including meeting increasing market demands for countries to demonstrate wood resource sustainability, particularly of interest to Thai export-oriented furniture manufacturers. U.S. hardwood lumber exports to Thailand have grown from about \$21 million in 2009 to about \$25.8 million in 2013, with potential for continued growth.

**CSSF Increases Visibility of U.S. Products in the Czech Republic.** Using CSSF in May, 2014, FAS organized a "Taste of America" event in the Hotel and Gastronomy School in Prague. U.S. Meat Export Federation's European Representative spoke about the feed and marbling that gives U.S. beef its flavor. An American chef that was a three-time winner of the Prague Food Festival conducted a cooking demonstration

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highlighting how to cook U.S. beef properly. Attendees of the event, which included hotel and restaurant owners, specialized media, government officials learned how to best extract the unique flavors of the various beef cuts, how to combine Californian wines with traditional American dishes, including new-to-market sweet potatoes. Beer lovers were able to explore tastes offered by several American microbreweries. The purpose of the event was to enhance awareness of the high quality American products, including salmon and lobster, desserts using cranberries and pecans, New York cheesecake, and to facilitate interaction with current and new customers. FAS Prague projected about a \$50,000 increase in sales of U.S. seafood, beef, sweet potatoes, wine and beer over the next 12 months as a result of this activity. U.S. agricultural exports reached \$36 million in 2013 and are running 13 percent ahead of last year's pace in 2014.

**CSSF Makes a Myanmar Buying Mission to Food and Hotel Asia Possible.** The Myanmar Buying Mission to Food and Hotel Asia 2014 in Singapore was composed of six Myanmar importers, an Agricultural Specialist from Yangon, and a Marketing Specialist from Bangkok. Post recruited the buyers and coordinated the activity with Food Export USA, Western USA Trade Association, U.S. Meat Export Federation, USA Poultry and Egg Export Council, and California Milk Advisory Board. The participants indicated the activity was highly effective in introducing participants to new U.S. products and exporters, as well as improving the importers' awareness of U.S. products in general. The activity resulted in reported on-site sales valued at \$110,000, and estimated future sales totaling \$680,000 over the next 12 months. The activity was also successful in providing a good understanding of U.S. products and useful contacts between Myanmar importers and U.S. suppliers. It should be noted that one of the largest retailers in Myanmar, who joined the mission, subsequently held an in-store promotion to showcase new-to-market American products such as California condensed milk. As a result, other retailers and importers have expressed interests in conducting similar marketing activities involving U.S. products.

**Great American BBQ Proves Popular in Japan.** On July 10, 2014, FAS Tokyo conducted the second Great American Barbeque (BBQ) Trade Showcase at the Hotel Nikko in Tokyo, targeting Hotel and Restaurant industry and retail chain buyers. FAS recruited 24 cooperators and agents as exhibitors including four meat suppliers, four craft beer importers, two wine importers and three whiskey suppliers. A total of 140 invited buyers attended the BBQ showcase. CSSF funds were used for hotel space and services, an agent to prepare and manage the BBQ Trade Showcase, signboards and printed materials. Exhibitors reported \$226,000 in projected sales over the next 12 months, an increase of almost 50 percent over the 2013 Great American BBQ Trade Showcase. FAS Japan created the "Enjoy BBQ!" concept to highlight the link between American BBQ traditions and U.S. agricultural products, showcasing a variety of U.S. meats and consumer ready products, including how Americans pair consumption of U.S. craft beers, wines, and whiskey with traditional outdoor BBQ.

**U.S. Consulate General Barcelona Supports Agricultural Promotion.** FAS Madrid organized a representational and U.S. food promotion event at the U.S. Consulate General in Barcelona, following the U.S. Ambassador's visit to U.S. exhibitors at the 2014 Alimentaria trade show. Alimentaria, held in Barcelona, Spain, is Europe's third largest food show with a daily attendance of over 40,000. The U.S. product promotion and tasting event was funded by CSSF and brought together U.S. exhibitors, Spanish importers, retailers and restaurant managers. FAS promoted this event through various forms of social media, amplifying the current importance of bilateral trade and the potential for the Transatlantic Trade and Investment Partnership to increase its benefits. The U.S. Consulate event included California wine, smoked salmon and cod from the Alaska Seafood Marketing Institute and a legume chef prepared dishes with U.S. beans, lentils and chickpeas, provided by the U.S. Dry Pea & Lentil Council and the U.S. Dry Bean Council. Other products served included Rogue craft beer from Oregon, U.S. walnuts, pecans, and artisanal cheese from Wisconsin. Exhibitors greatly appreciated the time and support provided by the Ambassador, the Consul General, and the FAS Madrid team. U.S. food and agricultural exports to Spain reached a record \$1.95 billion in 2013, of which U.S. exports of soybeans, almonds, legumes (beans, peas, lentils and chickpeas), and sunflower seeds combined totaled nearly \$1.3 billion.

**U.S. Seafood a Hit with Belgian Chefs.** Belgian chefs are impressed by the quality and variety of U.S. seafood offered during the 'Sea-to-Sea Sampling' at the Residence of the U.S. Ambassador to Belgium in Brussels. On May 5, 2014, FAS The Hague, in cooperation with Food Export USA-Northeast, the Virginia Marine Products Board, and the Alaska Seafood Marketing Institute organized a U.S. seafood tasting at the Residence of the U.S. Ambassador to Belgium in Brussels. This was the first event in more than a decade

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highlighting sustainability and availability of U.S. seafood products in the Belgian market. FAS The Hague capitalized on the presence of all U.S. seafood groups and products in Belgium during the world's largest seafood trade show--the Seafood Expo Global (SEG). Belgian chefs are increasingly interested in the sustainable production of the products they work with, including seafood. Representatives of the seafood groups ensured Belgian chefs that U.S. seafood is sustainable. Celebrity chef Justin Timineri from Florida explained specific product characteristics and presented preparation techniques for an exciting variety of high quality seafood products including American East coast lobster, Atlantic sea scallops, and king salmon while the audience enjoyed the delicious dishes. FAS contributed \$3,000 of CSSF funds for this event. Over the past 5 years, U.S. seafood exports to Belgium have averaged around \$40 million; exports in 2014 are running about 50 percent ahead of last year's level.

### **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 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 negotiate new trade agreements and enforce existing trade agreements. FAS overseas attachés and Washington-based analysts cover more than 150 countries worldwide to prevent and resolve trade problems involving U.S. products, and to 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 goals of job creation and sustainable economic growth. Notable achievements in these areas in 2014 include:

**FAS Efforts on Pesticide Maximum Residue Levels (MRLs) Advance U.S. Exports.** In 2014, FAS continued to work closely with the U.S. agricultural industry to resolve MRL-related trade barriers. The agency preserved Japan's \$1 billion market for U.S. soybeans by facilitating development of a U.S. soybean industry compliance plan, and negotiating the removal of Japan's enhanced inspection order imposed on all U.S. soybean shipments in response to an MRL violation. FAS also assisted in convincing the European Commission to establish a temporary MRL for a chemical widely used by the U.S. tree nut industry to protect over \$2.3 billion in U.S. tree nut exports. Finally, FAS negotiated the removal of Taiwan's provisional MRLs and coordinated the submission of an extensive MRL priority list that will facilitate \$480 million in U.S. horticultural product exports to Taiwan.

**China Registers 240 U.S. Dairy and Infant Formula Manufacturers, Exports Soar.** In May, 2014, China registered 240 U.S. dairy and infant formula manufacturers as eligible to ship these products to China. Joint effort by FAS and the FDA to facilitate registration prevented a negative impact on U.S. dairy trade to China, supporting nearly \$770 million in dairy exports in FY 2014, a gain of 27 percent over FY 2013.

**FAS Gains Release of Detained Shipments Valued in the \$ Millions.** Part of the story behind FY 2014's record \$152.5 billion in U.S. agricultural exports is the assistance that FAS overseas offices in 80 countries provided to U.S. firms with consignments detained in foreign ports. In 2014 alone, FAS negotiated the release of hundreds of detained shipments in dozens of countries, valued at well over \$12 million, and ranging from California almonds in the European Union to hides and skins in Mexico, live horses in Russia, and meat and poultry in Taiwan.

**FAS Supports Signing of South Korea-U.S. Organic Equivalence Arrangement.** FAS played a leading role in the negotiation and final signing on July 1, 2014, of an equivalence arrangement with South Korea for processed organic products. The arrangement streamlines access for U.S. organic products by eliminating the need for costly and redundant certifications and inspections. Under the arrangement, processed products certified as organic in the United States may be sold as organic in Korea. According to U.S. industry estimates, the United States exported approximately \$35 million of processed organic products to Korea in 2013. FAS facilitated the comparison of Korean and U.S. regulations, coordinated U.S. industry input, and participated on the negotiating and audit teams to finalize the arrangement. The United States also enjoys organic equivalence arrangements with Japan, Canada, and the European Union.

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**Beef Expansion.** In 2014, FAS facilitated expanded beef and live cattle market access in several major markets following the World Organization for Animal Health (OIE)'s 2013 recognition of the United States as a negligible risk country for bovine spongiform encephalopathy (BSE). In 2014, Hong Kong, the Dominican Republic, Ecuador, and Uruguay fully reopened to U.S. beef in accordance with OIE recommendations, while Mexico and Japan expanded the range of U.S. beef products allowed entry. U.S. beef and beef product exports reached a record \$6.8 billion (1.2 billion tons) in FY 2014, and expanded access is expected to result in hundreds of millions of dollars in additional exports in the coming years. Negligible risk status has also improved market access for live U.S. cattle. In FY 2014, FAS and APHIS negotiations with Ecuador, Thailand, and Pakistan resulted in new animal health protocols that allow resumption of U.S. live cattle exports. FAS continues to coordinate strategies with USTR and U.S. regulatory agencies to press other countries to adopt the OIE recommendations for imports from negligible risk status countries. Looking ahead, we are putting more resources into addressing related restrictions on other meats and meat products such as lamb.

**Review of Proposed Foreign Regulations Prevents Disruptions to Agricultural Trade.** In 2014, FAS reviewed nearly 2,000 regulatory measures proposed by foreign governments that had the potential to significantly affect U.S. exports. After soliciting input from stakeholders across the USG and private industry, FAS developed formal written comments to the World Trade Organization on 261 of these measures to minimize the negative impact on trade. For example, in April 2014, FAS commented on an Indonesian proposal to require additional documentation for imports of processed animal products. Indonesia dropped many of the additional requirements from the final regulation and facilitating continued access for U.S. processed animal products including dairy products, processed meat, and eggs valued at \$304 million in FY 2014.

**Secret Sauce to Remain Secret.** Formula disclosure has been a reoccurring issue with Korea since 1998 and continues to challenge the processed food industry. In FY 2014, Korea's proposed UNI-Pass System for imported food products originally included a 100 percent formula disclosure requirement; however, FAS intervened and was able to persuade Korea to require only the top two ingredients to be listed by percentage in order to classify the product for import. In FY 2014, U.S. processed foods exports to Korea totaled more than \$1.8 billion.

**South Korea Recognizes U.S. Origin of French Fries, Wheat and Florida Orange Juice under Korea-U.S. Trade Agreement (KORUS).** During FY 2014, South Korea's Customs Service (KCS) concluded investigations into the origin of U.S. wheat, frozen French fries, and Florida orange juice that had threatened to deny preferential tariff access negotiated under KORUS. The positive rulings were the result of months of technical and high-level engagement with KCS and other Korean government agencies to demonstrate the effectiveness of our origin certification, and spared U.S. exporters from millions of dollars of back payments and penalties. FAS continues to work with the interagency and the Korean government to reach favorable conclusions to investigations of several other U.S. agricultural exports, including fresh fruits, beef, and pork.

**FAS Ensures that Asian Consumers Get Five A Day.** Since 2006, the United States has requested market access for broccoli, cauliflower, lettuce, carrots, cabbage, and celery to the Philippines, and in June 2014, the market reopened. As the only country with access to the entire Philippine market for these temperate climate vegetables, U.S. suppliers are poised to take advantage of export opportunities to the booming Philippine food service and retail sectors. As of August, 2014, California citrus farmers resumed exports to China, a market that had been closed due to brown rot. Exports of California citrus to China, and broccoli, cauliflower, lettuce, carrots, and cabbage to the Philippines exceed \$30 million per year.

**Never-Fed-Beta-Agonist Program Retains Chinese Market for U.S. Pork.** In FY 2014, Agricultural Marketing Service (AMS) introduced a Never-Fed-Beta-Agonist process verification program to support marketing and labeling claims for U.S. beef and pork product for domestic or international sale. FAS worked closely with AMS, Food and Safety Inspection Service, and the industry to ensure that there was widespread support for the program, maintained flexibility to meet the needs of the participants, and that it could form the basis for ractopamine-free attestations by FSIS to meet foreign country demands. Beginning July, 2014, U.S. pork exported to China has been produced under the Never Fed Beta Agonist Program or from lots that have been tested for beta agonists. The new system helped industry maintain U.S. pork and pork product exports to U.S. fourth largest market, valued at over \$555 million in FY 2014.

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**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 U.S. exporters, U.S. banks, and foreign banks and importers in commercial trade transactions with the United States. By facilitating financing, the Export Credit Guarantee Program (GSM-102) directly supports U.S. agricultural exports. In turn, this 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 FY 2014, the GSM-102 program supported \$2.1 billion in agricultural commodity exports. The largest markets were Turkey, South America, and South Korea. Although the commodities registered most by exporters were bulk commodities (corn, wheat, soybeans, meal, and rice). The program also supported sales of fruit, nuts, wood and wood products, animal hides, and other higher-value commodities. Program use was below the historical average in 2014 due to ample liquidity in certain markets (particularly Asia), a significant drop in major commodity prices in FY 2014 and higher fees, a result of the multi-year Framework Agreement with Brazil concluded as an interim step while negotiations were under way to reach a final settlement under the long standing WTO case. On October 1, 2014, the United States and Brazil signed a memorandum of understanding ending the WTO case that should add stability to the program, which is essential to our program participants.

Highlights for FY 2014 include:

- Following a drought-related downturn in U.S. feed corn exports in 2013, GSM-102 supported exports of corn rebounded in FY 2014 to \$555 million, an increase of more than \$300 million over FY 2013 levels.
- In FY 2014, the program facilitated exports of a variety of commodities to a multiple destinations in the Africa Middle East region, including corn to Algeria; poultry to Angola, Benin, Ghana, and Mauritania; beef, corn, soybean and distillers dried grain to Egypt; wheat to Nigeria; and soybeans and corn to Saudi Arabia.
- Turkey was the largest GSM-102 market in FY 2014 with sales of \$419 million. As of the end of September, 2014, GSM-102 had supported 20 percent of total U.S. agricultural exports to Turkey, including 72.5 percent of all U.S. soybeans, 57.8 percent of soybean meal exports, and 11.5 percent of all cotton.

**GSM-102 EXPORT CREDIT SALES  
Summary of 2014**

<b>Country/Region</b>	<b>\$ Millions</b>
Africa & Middle East	238.5
Caribbean	116.9
Central America	249.0
China Region*	22.4
Mexico	257.8
Russia	61.9
South America	412.3
South Korea	312.5
Turkey	419.6
<b>TOTAL</b>	<b>\$2,090.9</b>

*\*The list of eligible countries within a regional allocation can be found using the following link:  
<http://www.fas.usda.gov/programs/export-credit-guarantee-program-gsm-102/gsm-102-allocations>.*

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During 2014, repayment terms were capped by policy at 2 years. The 2014 Agricultural Act reduced maximum terms to 2 years by statute, but beginning in FY 2015 the maximum repayment term is 18 months, consistent with the October 1, 2014, memorandum of understanding between the United States and Brazil.

### **PROGRAM REGULATIONS**

FAS finalized a revised regulation for the GSM-102 Program which was published in the Federal Register on November 18, 2014.

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

Revisions are underway for the FGP regulation which incorporates the waiver of U.S. content on capital goods if the Secretary determines that use of U.S. goods is not practical. FAS expects to issue a proposed rule for the FGP in 2015.

### **PROGRAM MANAGEMENT/OVERSIGHT**

In 2014, FAS continued to proactively manage GSM-102 program risk 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 was negative at -1.11 percent in 2014, compared to -1.08 percent in 2013. The rate for FY 2015 is predicted to be -1.05 percent.

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

FAS continues to strengthen the capacity of foreign countries to trade and fully participate in international markets, thus expanding demand for U.S. agricultural products and enhancing global food security. USDA's food assistance programs address food security challenges by building food and market systems that expand trade and economic growth in cooperating countries. The Food for Progress Program, for example, is increasing productivity and expanding trade of agricultural products along the value chain, while the McGovern-Dole International Food for Education program is improving literacy, health, hygiene, and nutrition practices of school-aged beneficiaries in targeted countries. Moreover, USDA foreign cooperators in developing countries, host-government officials, farmers, agricultural scientists, extension agents, educators, and private-sector representatives are also key to USDA's success in promoting food security and trade capacity building. Their participation in the Department's trade and scientific exchange programs, notably the Borlaug and Cochran Fellowship Programs, are also critical to achieving food security objectives.

### **COCHRAN FELLOWSHIP PROGRAM**

The Cochran Fellowship Program (CFP) provided short-term training in the United States for 517 international participants from 69 countries in FY 2014. Since its inception in 1984, the program has trained more than 16,300 participants from 123 countries. They 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.

#### ***Agricultural Marketing***

**Turkey – U.S. Exports of Hides Increase.** In 2014, as a result of two separate trainings on the quality of U.S. hides for potential Turkish buyers in 1997 and 2004, sales of hides to Turkey have increased. Among those trained include two key players from Uyguner Leather, one of the leading hide processors and leather producers in Turkey, and now the largest importer of U.S. hides there. According to the Fellows, the Cochran Fellowship Program educated them on the quality, usage, and sources of U.S. hides, as well as the GSM-102 program. The company has imported about \$40 million worth of U.S. hides since 2004, with sales expected to continue. It is also the largest user of the GSM-102 program among Turkish hide importers and sources hides primarily from a U.S. company in Minnesota to which they were introduced during the training.

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**China – Alfalfa Hay Exports Increase.** In FY 2014, reports indicate that Cochran Fellowship Program training on the benefits of using U.S. alfalfa hay yielded high results for dairy farmers in Southern China. From 2005 through 2007, four delegations from China comprised of dairy farm managers, veterinarians, college professors, industry association leaders, government officials, and processors participated in Cochran Fellowship dairy training programs. Once they returned to China, the Fellows attended FAS' Alfalfa Quality Samples Program and conducted feeding trials. In 2007, under the Cochran Fellowship Program, the fellows visited a Washington-based hay supplier and signed the first-ever contract to purchase U.S. alfalfa hay. They began assisting China's local dairy farming industry with the payment process and logistics needed to import U.S. alfalfa hay. As a result, China purchased over 17,000 tons of U.S. hay, valued at \$5 million in 2008, and by 2013 U.S. exports of alfalfa hay to China had ballooned to 748,000 tons, worth \$278 million. In 2014, exports are estimated to reach over 1 million metric tons, valued at \$400 million.

**Thailand – U.S. Exports of Fresh Produce Grow.** In 2014, FAS learned that a 2012 training under the Cochran Fellowship Program for four representatives of key Thai grocery chains helped increase sales of U.S. fresh produce to Thailand. Exports, particularly apples, grapes, cherries, and lettuce (from Earth Bound Organics) have totaled more than \$42 million since 2012 and are expected to continue. The 2012 training focused on the quality of U.S. fresh fruit and vegetables and produce procurement, which gave the Fellows greater knowledge of new U.S. fruit and vegetable varieties, sizes, product consistency, and availability.

**Panama – Grocery Chain Increases Purchases of U.S. Produce.** In 2014, a Cochran Fellow from Panama reported that after his 2005 training in supermarket merchandising, he attended the Produce Marketing Association show for the first time and met a number of U.S. suppliers. He attends the show every year and has expanded his purchases of U.S. products for Grupo Rey, a large grocery chain in Panama. On an annual basis, he purchases fresh vegetables, fruits, dairy, and citrus from the United States valued at \$4.2 million a year. Promoted to Chief Manager and more recently to Senior Manager, the Fellow has imparted knowledge gained through his training to staff and consumers to improve awareness of the quality and handling of fresh produce. Informational videos and promotional materials are further helping to increase consumption of fresh produce.

**Vietnam – Supermarket Chain Expands and Continues to Buy U.S. Food Products.** In 2014, as a result of several Cochran trainings since 1998 on supermarket management, Saigon Coop grew from 4 small grocery stores in 1999 to become Vietnam's leading food retailer, with 69 supermarket stores and 72 convenience food stores, offering a wide range of food products including U.S. products. The Cochran alumni conveyed that they had adopted marketing techniques learned during the training program, such as stocking a diversity of products and initiating loyal customer discount cards, private labels and food tastings, which proved successful in drawing shoppers to Saigon Coop. They also reported making important contacts with U.S. suppliers during the training, and, as a result, Saigon Coop buys U.S. products valued at over \$12 million each year.

### *Biotechnology*

**Costa Rica – Molecular Breeding Benefits Research on Coffee.** In 2014, FAS learned that a 2012 Cochran Fellowship training in biotechnology provided new techniques in molecular breeding that have benefitted a Fellows research on coffee. He is developing a test to identify hybrids of coffee by genotyping in collaboration with the Institute of Coffee of Costa Rica. The aim is to grant a certification of coffee varieties to coffee producers, which will protect the varieties, strengthen the market for further exports, and help small-holder coffee growers. He is also working to establish the molecular basis for a coffee genetic improvement program, which will help protect coffee plants against coffee rust and allow for the production of new gourmet coffee varieties.

**Panama – Training Helps Review and Approval of Biotech Applications.** In 2014, a Cochran Fellow from Panama, who is with the Ministry of Agriculture, conveyed that his 2012 training in biotechnology gave him a greater understanding of the U.S. regulatory process for these products. This has helped him as a member of Panama's Committee on Biotechnology, which reviews biotechnology applications for commercialization in Panama. He has participated in over 10 applicant evaluations, including a biotech corn seed application that was approved in 2013. He is currently reviewing applications for rice, salmon, GM fly (screwworm), and GM mosquito (dengue), while studying how the Committee can better incorporate collaboration on environmental concerns.

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**South Africa – Cochran Fellow Developing Harmonized Biosafety Program.** In 2014, a Cochran Fellow from South Africa reported that his 2010 Biosafety training has been useful in administering the Genetically-Modified Organism Act in South Africa for the Ministry of Agriculture, where he is currently working to develop a harmonized biosafety program. He has been invited to travel to other countries in Sub-Saharan Africa to participate and speak at conferences on biosafety and biotechnology issues.

### *New Products*

**Ghana– Fellow Develops and Markets Children’s Cereal Utilizing Soy and Millet.** In 2014, FAS learned that a Cochran Fellow, who attended the INTSOY Soy Processing short course at the University of Illinois in 2008, developed a new, nutritional cereal utilizing soy and millet that is targeted for children. This product is currently the second most sold item in Ghanaian supermarkets and also purchased by the Kolebu Teaching Hospital.

### *Food Safety*

**Costa Rica – Company Restructures Food Safety Certification and Standardization.** As a result of an FY 2012 Cochran Fellowship training on food safety, a Cochran alumnus reported that her company is undergoing a restructuring of its certification and standardization process for all of its stores throughout the region. This measure will allow suppliers, including small-scale farmers from Costa Rica, to sell not only to large retail chains such as Walmart but also to any company engaged in international trade.

### *Market Access and Trade Facilitation*

**Brazil – Cochran Fellows Facilitate Imports of U.S. Seafood.** In February 2014, as a result of the knowledge gained and relationships established during a 2013 Cochran Fellowship training on fishery inspections, the National Oceanic and Atmospheric Administration and FAS Brasilia were able to work with Cochran alumni, who are fishery inspection officials with the government of Brazil, to negotiate a health-export certificate for fish and fishery products that meets Brazilian import requirements, opening the door much wider to U.S. seafood.

**Kenya – Kenya Plant Health Capacity Expands.** In 2000, three staff members from the Kenya Plant Health Inspection Service (KEPHIS) were trained by the Cochran Fellowship Program in plant health inspections. FAS learned in 2014 that KEPHIS has since established 7 new border check points throughout the country, with new offices near major agricultural production areas. This expansion will help KEPHIS to work more effectively with farmers, who are trading agricultural goods internationally.

**Panama – Tariff-Rate-Quota System Implemented.** In 2014, a Cochran Fellow from Panama reported as a result of the 2012 training she received on tariff-rate-quota (TRQ) administration, the Panamanian Customs Office successfully implemented a first-come, first-served TRQ under the U.S.-Panama Trade Promotion agreement. Following her training, the Fellow has held several important briefings on Panama’s TRQ system, including briefings to 50 high-ranking government officials and 150 businessmen through a Chamber of Commerce event.

**China – Tariff Rate Reduced for Imports of Alfalfa.** In 2014, FAS learned that a 2012 petition by a Cochran Fellowship Program alumnus with the Guangdong Dairy Industry Association resulted in the Ministry of Finance announcing a tariff rate reduction for alfalfa imports. The tariff was reduced from nine to seven percent and has been in effect since January 1, 2013. Partially thanks to the reduction, in 2013 U.S. baled alfalfa exports to China reached 748,000 metric tons, valued at \$278 million. The United States has over 95 percent of the alfalfa import market share.

**Kenya – Center of Phytosanitary Excellence Established.** In 2014, a Cochran Fellow reported since attending a Cochran pest risk analysis (PRA) training in 2005, she was promoted to Director Manager of Phytosanitary Services within the Kenya Plant Health Inspection Service (KEPHIS). Through the Cochran Fellowship Program, she learned how to conduct a PRA, has been involved in PRAs for French beans, peas, baby carrots, and baby corn, and coordinates sanitary and phytosanitary (SPS) inspections while overseeing

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PRA standards. She attributes the Cochran Fellowship Program training to the 2008 establishment of the Center of Phytosanitary Excellence by KEPHIS in partnership with the Netherlands Plant Protection Service. The Center’s mission is to prevent the introduction and spread of plant pests and to meet the phytosanitary requirements of international trade by providing phytosanitary capacity building services to clients from the public and private sectors. The center has trained about 250 students and inspectors from the Eastern Region of Africa (Tanzania, Uganda, Mozambique, Zambia, and Kenya.)

### *Increased Productivity*

**Ghana – Improvements in Aquaculture.** In 2014, a Fellow from Ghana conveyed that because of his 2012 Cochran program in aquaculture, he is now training farmers in Ghana on aquaculture management, including effective use of business techniques and business plans in aquaculture operations. The Fellow is also building capacity in Ghana through demonstration techniques of production practices, including the benefits of using U.S. soy as feed.

**Georgia – Agricultural Cooperatives Established.** In 2014, it was reported that a Cochran Fellow from Georgia, who participated in a 2013 training program on agricultural extension, made significant achievements in establishing agricultural cooperatives. As a result of her training, Adjara University applied for and won a grant from the Ministry of Agriculture to create and implement advertising modules for agricultural cooperatives. Since her training, more than 10 cooperatives have been established, about 30 cooperatives are in the process of registration, and new vocational education programs are being launched. These will partner professors from Adjara University with extension centers for educating farmers in Georgia.

**Costa Rica – Improving Cold Storage.** In 2014, two Cochran Fellows from Costa Rica reported that, as a result of their 2012 training on cold chain management, they developed a new manual on warehouse best practices, HACCP (Hazard Analysis and Critical Control Points) and cold chain management. Their institute, which is funded by the Government of Costa Rica, provides marketing services to the wholesale, chilled- and frozen-produce and fishery-products sector. The institute is using the manual to better service clients using its cold storage facilities for fresh and chilled products entering into international trade. The Fellows also designed a new refrigerated warehouse that will have a 560 ton capacity, utilize green technology and have zero emissions. Improvements in cold storage are helping Costa Rica reduce post-harvest losses due to improper handling and storage.

**FY 2014 Cochran Participants by Region and Funding Source**

Region	USDA Appropriation	Dept. of State	USAID	America for Bulgaria Foundation	Total
Asia	125	0	7	0	132
Eastern Europe and Eurasia	56	90	0	18	164
Latin America and the Caribbean	115	0	0	0	115
Africa and the Middle East	106	0	0	0	106
<b>Program Total</b>	<b>402</b>	<b>90</b>	<b>7</b>	<b>18</b>	<b>517</b>

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

The Norman E. Borlaug International Agricultural Science and Technology Fellowship Program (BFP) continued to expand, training over 750 Fellows from 64 countries since the program’s inception in FY 2004, including 51 Fellows in FY 2014. 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 49 percent of participants in FY 2014. Accomplishments in FY 2014 include the following:

*Sub-Saharan Africa*

**Mozambique – Increased Profitability in Cattle and Goat Production.** In 2014, a Borlaug alumnus from Mozambique successfully launched *Financial Farming Solutions*, an on-line financial tool developed for subsistence farmers raising cattle and goats in Mozambique. It provides information and resources on animal husbandry that allows farmers to easily manage operating expenses and calculate profitability. It was reported that *Financial Farming Solutions* has helped increase goat and cattle farmers' profits by 15 percent, thus assisting Mozambique to improve food security. The 2012 Borlaug Fellowship at Pierce College focused on animal feeds and husbandry, with a leadership and entrepreneurship component that included training in business plans and communications.

**Nigeria – New Breadfruit Products from Women Farmers.** In 2014, a Borlaug alumna from the Nigerian Stored Products Research Institute reported that she helped local, small-scale, female farmers improve rural livelihoods with value-added, food-processing techniques for breadfruit. Through a series of workshops, the Fellow taught women farmers how to use breadfruit flour to make breads, confectionary items, and a native snack called "chin-chin." The specialized training on food processing and value-added production, received during her 2013 Fellowship at Pennsylvania State University, provided her the knowledge and skills to improve rural livelihoods and food security in Nigeria.

*Asia*

**Bangladesh – New Association To Address Food Safety in Asia.** In 2014, a Borlaug alumnus from Bangladesh reported that he started the Asian Food Safety and Security Association (AFSSA), a non-profit organization facilitating collaborative research to address food safety and food security issues throughout Asia. The 2011 Borlaug Fellowship at the University of Nebraska-Lincoln focused on food safety, and the mentor and another researcher from the University of Nebraska-Lincoln are collaborating with the Borlaug alumnus in supporting AFSSA. The AFSSA research will benefit not only Bangladesh but also the Asia region.

**India – Open Field Trials for Approved Biotechnology Crops.** From 2008-2011, seven Borlaug Fellows from India received U.S. training on testing biotech crops for allergens and toxicity and developing a biosafety regulatory framework. In 2014, FAS learned that they contributed to the Government of India's approval for open field trials for biotech crops, such as bt brinjal (eggplant) and biotech mustard, which have already been vetted for safety by India's Centre for Advanced Research for Preclinical Toxicology. Other crops, including biotech rice, cotton and chickpea, have also been approved for future Biosafety Research Level II trials.

**India – Centre of Food Science and Technology Established.** In 2014, a Borlaug alumnus reported that he was able to secure funding to establish the Centre of Food Science and Technology at Banaras Hindu University (BHU), which awards undergraduate, master, and doctoral degrees in food science. His 2006 Fellowship at Cornell University enabled him to create a state-of-the art food and science program, which did not previously exist at BHU. As the coordinator for the Centre, he has developed international linkages, faculty exchanges between European institutions and BHU, and an MOU between BHU and the National Dairy Research Institute in Karnal, India. The center is working with local farmers to reduce food waste and improve rural livelihoods.

**Indonesia – Cocoa Researcher Receives Scholarship for Doctoral Degree.** In 2014, a Borlaug alumnus from Indonesia used expertise gained through his Fellowship in giving a presentation on major production challenges faced by Indonesian cocoa farmers at the Annual Production Conference of the Pennsylvania Manufacturing Confectioners Association, an international association of candy manufacturers. In 2014, he was also awarded an Australian Centre for International Agricultural Research scholarship for a Ph.D. degree at the Faculty of Agriculture and Environment of the University of Sydney. Currently, he is working in the Cacao Research Group of the University of Hasanuddin in Makassar, South Sulawesi, Indonesia. His 2009 Fellowship at the USDA Agricultural Research Station in Beltsville, Maryland focused on identifying the fungus responsible for vascular streak dieback (VSD), which has devastated cocoa crops in Indonesia. This collaboration led to the publication of several studies on the disease and a greater understanding of VSD that will set the strategy for Indonesian cocoa production.

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**Philippines – Rice Researcher Receives Awards.** In 2014, a Borlaug alumnus from the Philippines reported that, as a result of research conducted during his 2011 Fellowship at Louisiana State University, he received two awards. His research, which focused on developing mitigation strategies for greenhouse gas emissions from rice production, was awarded the Best Poster award from the National Academy of Science and Technology, the highest award giving body in the Philippines for science and technology. Moreover, his study on the use of ground-based remote sensing for nitrogen management in rice received the best oral paper presentation from the Philippine Society of Science and Technology.

**FY 2014 Borlaug Participants by Region and Funding Source**

Region	USDA Appropriation	USAID	America for Bulgaria Foundation	Total
Asia	12	0	0	12
Eastern Europe and Eurasia <i>(including Pakistan)</i>	0	8	3	11
Latin America and the Caribbean	3	0	0	3
Africa and the Middle East	25	0	0	25
<b>Program Total</b>	<b>40</b>	<b>8</b>	<b>3</b>	<b>51</b>

### **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 2,300 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.

A 2014 delegation comprised of officials from USDA’s Economic Research Service, the U.S. Agency for International Development and University of Vermont visited China to assess how livestock production and utilization of feed grains in China will impact the global supply and demand outlook for these products. The SCEP activity encouraged China to share information to improve USDA baseline projections. As a result, the detailed findings on China’s rapidly growing demand for livestock products assisted USDA officials in adjusting forecast models in publicly released reports. Moreover, the team members continue to work on a number of papers related to China’s grain stocks and government policies that affect stock levels.

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

The SCRП 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 they make practical use of biotechnology and other tools to help solve trade, food and agricultural problems. Following are examples of project impact from this mutually beneficial, competitive grants program.

**Environmental Collaboration with Uganda, Tanzania, and Kenya Uses Plants for Phytoremediation and Biofuels.** University of Washington scientists are conducting joint research with three East African countries to determine plants within the sweet potato family that are best suited for phytoremediation practices to clean up and remove toxins from soils. The plants will also be used as a source for biofuels. This SCRП-supported project is helping scientists from Uganda, Tanzania, and Kenya to successfully collect over 60 sweet potato cultivars and set up testing systems for screening varieties while avoiding exposure to toxins.

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**Biotechnology Research with Senegal Improves the Quality of Peanuts.** The SCRCP provided support to a research partnership with Alabama A&M University, an 1890 land grant university, and the University of Dakar. The project is using biotechnology to improve nutritive qualities and reduce allergenicity in peanuts. Such scientific and trade capacity building activities increase the pool of scientists who contribute to food security and help foster greater acceptance of biotechnology products.

**Collaboration with Ethiopia on Food Safety and Quality.** Fort Valley State University, an 1890 land grant university in Georgia, collaborated with Alemaya Agricultural University in Ethiopia on research to improve drought resistance in the common bean. Dry beans are a staple food in Ethiopia, second only to animals in providing protein and produced by farmers on small plots of land for largely subsistence farming or limited sales to local markets.

### **FOREIGN FOOD ASSISTANCE PROGRAMS**

FAS administers several food assistance programs to help developing countries with 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); and the McGovern-Dole International Food for Education and Child Nutrition (FFE) Program. In 2014, 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 2014, FAS programmed 274,760 MT of food assistance with an estimated value of approximately \$292.4 million. Of this amount, estimated commodity costs were \$124 million, with transportation and other non-commodity costs estimated at \$168 million. Food assistance was provided through donations, with no concessional sales agreements. No programs were furnished under the P.L. 480, Title I program, which did not receive an appropriation. A total of 16 countries received food assistance through FAS-administered programs.

### **FAS FOOD ASSISTANCE PROGRAM SUMMARY, 2014**

<b><u>Program</u></b>	<b><u>\$ Millions</u></b>	<b><u>000 MT</u></b>
CCC Funded/FFP	127.5	195.9
McGovern-Dole Food for Education	<u>164.9</u>	<u>78.3</u>
<b>Total, Food Assistance</b>	<b>292.4</b>	<b>274.2</b>

### **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 2014, CCC funding provided 195.9 MT of commodities valued at \$79.7 million, as well as \$47.8 million of transportation and other non-commodity costs. 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 2014 are shown in the tables below.

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**2014 CCC –FUNDED FOOD FOR PROGRESS**

(\$ millions)

<b><u>COUNTRY</u></b>	<b><u>TOTAL VALUE</u></b>
El Salvador	17.4
Guatemala	29.0
Nicaragua	13.2
Philippines	12.8
Republic of Senegal	11.8
Tanzania	15.7
East Africa Regional**	23.0
Liberia	0.5
Kenya	3.6
Mauritania	<u>0.5</u>
<b>Subtotal</b>	<b>127.5</b>

\*\*Includes Kenya, Malawi, Tanzania

**COMMODITIES PROGRAMMED IN 2014 UNDER  
CCC-FUNDED FOOD FOR PROGRESS**

<b><u>COMMODITY</u></b>	<b><u>MT</u></b>
Crude Degummed Soybean Oil	20.5
Dehydrated Potatoes Flakes	0.5
Soybean Meal	41.9
Yellow Corn	20.0
Wheat	<u>113.0</u>
<b>Subtotal</b>	<b>195.9</b>

FFP programs, funded in previous fiscal years, continue to operate throughout the world. Currently, FAS monitors \$701.45 million in programming in 24 countries that were funded in 2011–2014. 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 2014.

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**ACTIVE FOOD FOR PROGRESS PROGRAMS**  
**2011–2014 FISCAL OBLIGATIONS**

<b><u>FY</u></b>	<b><u>Region</u></b>	<b><u>Country</u></b>	<b><u>Total Value (\$ millions)</u></b>
2011	Sub-Saharan Africa	Benin	6.0
2011	Sub-Saharan Africa	Burkina Faso	9.1
2011	Sub-Saharan Africa	Kenya	28.0
2011	Sub-Saharan Africa	Liberia	17.1
2011	Sub-Saharan Africa	Malawi	17.4
2011	Sub-Saharan Africa	Tanzania	9.5
2011	Western Hemisphere	Dominican Republic	8.9
2011	Western Hemisphere	El Salvador	14.4
2011	Western Hemisphere	Honduras	11.4
2011	East Asia & Pacific	Bangladesh	24.2
2011	East Asia & Pacific	Philippines	13.6
2011	Near East	Jordan	19.0
2012	South and Central Asia	Afghanistan	5.8
2012	Sub-Saharan Africa	Ethiopia	0.8
2012	Sub-Saharan Africa	Mali	31.0
2012	Sub-Saharan Africa	Mozambique	27.7
2012	Sub-Saharan Africa	Senegal	31.9
2012	Sub-Saharan Africa	Tanzania	39.7
2012	Western Hemisphere	El Salvador	12.4
2012	Western Hemisphere	Guatemala	10.9
2012	Western Hemisphere	Honduras	20.4
2012	Western Hemisphere	Nicaragua	35.5
2012	Near East	Jordan	22.5
2012	East Asia & Pacific	Mongolia	7.1
2013	Sub-Saharan Africa	Burkina Faso	18.5
2013	Sub-Saharan Africa	Ethiopia	23.8
2013	Sub-Saharan Africa	Kenya	23.1
2013	Sub-Saharan Africa	Liberia	13.2
2013	Sub-Saharan Africa	Mauritania	5.2
2013	Sub-Saharan Africa	Mozambique	15.1
2013	East Asia & Pacific	Bangladesh	14.4
2013	East Asia & Pacific	Timor-Leste	12.9
2013	East Asia & Pacific	Philippines	23.3
2013	East Asia & Pacific	Sri Lanka	0.1
2014	Sub-Saharan Africa	Senegal	11.5
2014	Sub-Saharan Africa	Tanzania	16.1
2014	Sub-Saharan Africa	East Africa Regional	22.7

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<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u> <u>(\$ millions)</u>
2014	Western Hemisphere	Guatemala	30.5
2014	Western Hemisphere	Nicaragua	16.8
2014	East Asia & Pacific	Philippines	12.6
			701.5

\*\*Includes Kenya, Malawi, and Tanzania

Following are success stories in the Food for Progress program:

**Philippines - Smallholder Production and Processing of Coffee and Cocoa.** USDA provided assistance valued at \$13.6 million in FY 2011 to small holder producers of coffee and cocoa in the western and central Mindanao region of the Philippines through the Food for Progress Program with Catholic Relief Services (CRS). Philippine producers have struggled to gain purchasing contracts with large coffee companies, because they produce insufficient quantities on an individual basis and lack the infrastructure to combine their output. Consequently, USDA provided training to local collectives in agronomic techniques to increase productivity and in product marketing to higher-paying domestic and export buyers. To improve processing infrastructure, USDA provided 26 coffee hulling machines, 123 driers for the beans, two roasting machines, and 5 de-pulping machines. Four warehouse structures were also built. Now selling directly to high-volume buyers, the farmers receive 28 percent higher prices on average than they were earning before, and revenues have risen on average by 35 percent. Moreover, additional employment is being generated in the areas of coffee nursery management, seedling production, plant maintenance, sorting and harvesting. Over 2,500 cocoa farmers are also benefiting from this USDA project and report 20 percent higher revenues for cocoa on average.

**Senegal – Increasing Agricultural Productivity and New Markets.** Through a 5-year Food for Progress grant of \$7.2 million to Africare, USDA implemented a multifaceted food-security project which ran from 2009 to 2013. It provided technical assistance to help small producers increase productivity and gain critical infrastructure in the producing a variety of traditional food and subsistence crops, including peanut, maize, niebe (black-eyed pea), millet, rice, sorghum and fonio (an indigenous grain). The project also helped farmers reach new markets and secure buyers by organizing them into Community-Based Organizations (CBOs), with training in areas such as literacy, writing business plans, bookkeeping, and savings and loans. Eight grain processing units were placed in different villages, and over 884 people, including 827 women, were trained in processing and packaging. USDA helped representatives from CBOs travel to introduce their products at regional and international fairs which helped secure purchasing contracts. Across the project’s four regions, prices for crops sold by smallholder farmers increased by 8.7 percent on average, and producers also benefited from overall sales revenue increases: 57 percent for maize producers, 32 percent for millet producers, and 22 percent for peanut producers.

**Liberia – Revival of Cocoa Production for Small Farmers.** Following Liberia’s civil war, farms lay abandoned and cocoa trees were infected with black pod disease. USDA worked through ACDI/VOCA to implement a Food for Progress grant valued at \$13.4 million in FY 2010 to help producers in Liberia establish sustainable cocoa trees and expand cocoa production and markets. The project established commercial nurseries for farmers to access high-yielding hybrid seedlings and high-quality plants. USDA also provided training and equipment to cooperatives, giving small producers access to solar dryers, moisture meters, and improved cocoa storage. Training focused on agronomic techniques, inputs to reduce losses from pests and fungi, and cocoa processing, including drying, grading, fermentation, and warehouse management practices. In 2008, before the project started, farmers produced a total of 107 MT of cocoa, with sales valued at \$64,000. By 2013, farmers in the USDA project were producing 725 MT, valued at \$1.2 million. This was achieved in part by the farmers’ new ability to package cocoa in the bulk volume required by higher-paying buyers. Farmers were also producing a higher-quality cocoa and experienced a 278-percent increase in prices received compared to those of 2008.

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**Kenya, Malawi and Tanzania – Agricultural Business Development for Micro, Small and Medium Enterprises.** USDA is working with the Cooperative Housing Foundation (CHF) to implement an FY 2014 Food for Progress cooperative agreement valued at \$23 million. The project focuses on agricultural business development across three countries in a coordinated, regional effort to incubate a trade-driven basis for growth and development. It will also help increase access to credit and financial services for micro, small and medium enterprises at every level of the agricultural processing chain. USDA will also help enterprises market their products through enhanced buyer-seller linkages, promotion of their products at regional trade fairs, and improved access to market information. Leveraged with \$50 million in resources from the U.S. Overseas Private Investment Corporation (OPIC), the USDA project aims to establish an OPIC-backed loan guarantee facility with participating financial institutions in all three countries to cover loans provided by the institutions. USDA funds will be used to train consultants to help potential loan applicants develop sound financing plans, complete paperwork for loans, and improve business development (*e.g.*, through business or marketing plans).

### **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 \$164.9 million of assistance was made available through the program in 2014, with nearly 42 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. More than 2.6 million children and mothers benefited from the 2014 program.

#### **2014 MCGOVERN-DOLE FOOD FOR EDUCATION**

(\$ Millions)

<b><u>COUNTRY VALUE</u></b>	<b><u>TOTAL</u></b>
Bangladesh	26.0
Benin	19.1
Burkina Faso	21.6
Guatemala	19.5
Laos	27.0
Nepal	27.0
Nicaragua	12.3
Senegal	11.4
Tanzania	1.0
<b>Subtotal</b>	<b>\$164.9</b>

#### **COMMODITIES PROGRAMMED IN 2014 UNDER MCGOVERN-DOLE FOOD FOR EDUCATION**

<b><u>COMMODITY</u></b>	<b><u>MT</u></b>
Beans	1.6
Cornmeal	1.5
Corn-Soy Blend Plus	18.3
Flour	0.9
Lentils	2.0
Peas	0.2
Rice	9.3
Soybean Meal	1.7
Soy-Fortified Bulgur	6.8

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Soy-Fortified Cornmeal	3.1
Veg Oil	4.3
Wheat	<u>29.2</u>
<b>Subtotal</b>	<b>78.3</b>

McGovern-Dole FFE programs, funded in previous fiscal years, continue to operate throughout the world. Currently, FAS monitors \$727.9 million in programming in 25 countries that were funded in 2011 –2014. These programs have demonstrated success in assisting communities to send their children to school, increasing literacy achievements, and securing more long-term structural enhancements to both school infrastructure as well as administrative capacity for sustaining school feeding programs after aid is removed. Below is a list of active McGovern-Dole programs, as well as examples of successes under these programs. FAS expects to see similar outcomes from programs funded in 2014.

**ACTIVE MCGOVERN-DOLE FOOD FOR EDUCATION PROGRAMS**  
**2011–2014 FISCAL OBLIGATIONS**

<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value (\$ millions)</u>
2011	Sub-Saharan Africa	Burkina Faso	15.8
2011	Sub-Saharan Africa	Republic of Congo	17.6
2011	Sub-Saharan Africa	Guinea-Bissau	19.7
2011	Sub-Saharan Africa	Mali	24.0
2011	Sub-Saharan Africa	Senegal	9.0
2011	Western Hemisphere	Guatemala	25.0
2011	Western Hemisphere	Haiti	13.8
2011	Western Hemisphere	Nicaragua	14.8
2011	East Asia & Pacific	Bangladesh	29.8
2011	East Asia & Pacific	Laos	9.9
2011	South & Central Asia	Nepal	8.8
2012	Sub-Saharan Africa	Cameroon	16.7
2012	Sub-Saharan Africa	Guinea-Bissau	1.2
2012	Sub-Saharan Africa	Kenya	9.7
2012	Sub-Saharan Africa	Liberia	7.1
2012	Sub-Saharan Africa	Malawi	8.7
2012	Sub-Saharan Africa	Mozambique	43.7
2012	Sub-Saharan Africa	Niger	3.8
2012	Sub-Saharan Africa	Sierra Leone	11.0
2012	Sub-Saharan Africa	Tanzania	4.1
2012	South & Central Asia	Afghanistan	18.3
2012	South & Central Asia	Kyrgyz Republic	11.3
2012	South & Central Asia	Nepal	6.0
2012	East Asia & Pacific	Cambodia	10.9
2012	East Asia & Pacific	Laos	12.3
2012	Western Hemisphere	Guatemala	0.1
2012	Western Hemisphere	Haiti	9.1
2012	Western Hemisphere	Honduras	17.7

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<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value (\$ millions)</u>
2013	Sub-Saharan Africa	Kenya	20.0
2013	Sub-Saharan Africa	Liberia	20.0
2013	Sub-Saharan Africa	Ethiopia	26.5
2013	Sub-Saharan Africa	Malawi	21.0
2013	Sub-Saharan Africa	Tanzania	17.4
2013	East Asia & Pacific	Cambodia	20.0
2013	Western Hemisphere	Guatemala	28.6
2013	Western Hemisphere	Haiti	10.0
2013	Western Hemisphere	Nicaragua	13.6
2013	South & Central Asia	Nepal	6.0
2014	Sub-Saharan Africa	Benin	19.1
2014	Sub-Saharan Africa	Burkina Faso	21.6
2014	Sub-Saharan Africa	Senegal	11.4
2014	Sub-Saharan Africa	Tanzania	1.0
2014	East Asia & Pacific	Bangladesh	26.0
2014	East Asia & Pacific	Laos	27.0
2014	Western Hemisphere	Guatemala	19.5
2014	Western Hemisphere	Nicaragua	12.3
2014	South & Central Asia	Nepal	<u>27.0</u>
		<b>Total</b>	<b>\$727.9</b>

Following are success stories for the Food for Education program:

**Nicaragua – Education and Access to School Meals Improves.** USDA has supported a McGovern-Dole project with Food for the Poor Inc. since 2011, providing over \$14 million and nearly 5,000 MT of commodities—beans, soy protein, vegetable oil, dehydrated potato flakes, rice, and dry milk for school meals in north and central Nicaragua. Currently 70,000 pre-school and primary school-aged children are being fed. Schools, which were in disrepair and without adequate infrastructure facilities, received improvements, including 100 latrines, 20 hand-washing stations, classroom repairs in 15 schools, 30 kitchens and stoves, and over 5,300 new items of school furniture. In addition, 150 school gardens have been planted and are being used both in instruction and for food. Complementary education in hygiene and preventative health care has been conducted in 674 schools, often with their parent-teacher organizations. Children are benefiting from USDA’s focus on education through books, literacy teaching materials provided to the children and teacher trainings. More than 1,135 Nicaraguan teachers have been trained in pedagogic techniques targeting reading, math, character-building and values. Nicaraguan children ,who would normally go to dilapidated schools hungry and without learning materials, are now able to gain lifelong skills in health, nutrition, and reading, with food to help them learn. They attend classes in a more stimulating and supportive school environment with better teaching materials.

**Cameroon – Reducing Gender Inequities in Impoverished Villages.** USDA is implementing a McGovern-Dole project in impoverished and difficult-to-reach villages in northern Cameroon. The Counterpart International-implemented project was launched in 2008 with \$10 million and was expanded with \$16.5 million in 2012. It has been highly effective in reducing gender inequities, improving students’ educational achievements and literacy, and reducing food insecurity in poor households in the region. Due to the region’s cultural norms, girls are often married or required to remain at home to do family labor by early puberty. USDA sponsored a grassroots, gender-sensitization campaign run by female householders in 100 villages.

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Girls' attendance in grades 4–6 was rewarded with take-home rations contingent on a 90 percent or higher attendance during the semester. As a result of these efforts, the enrollment of girls between 2012 and 2014 increased 20 percent, and their attendance increased to 97 percent. Over 144 school libraries were established in schools with books donated by the Minnesota-based *Books for Africa*, and over 1,000 Cameroonian teachers were trained in better pedagogical methods. USDA provided 12,500 students basic school supplies and learning materials. These efforts have led to increases in regular teacher attendance, use of improved teaching techniques and enhanced educational experiences for students. Other important school infrastructure improvements, including 41 ventilated, improved pit-latrines that are separated for boys and girls in project schools, have helped ensure better security for girls as well as improve hygiene and sanitation.

**Guatemala – Supplementing Traditional Diets with High-Quality Protein and Micronutrients.** USDA conducted a Micronutrient-Fortified Food Aid Products Pilot project in Guatemala— administered through the McGovern-Dole Program—with the Minnesota-based firm Hormel Foods. The projects addressed micronutrient deficiencies in specific populations served by the McGovern-Dole program by testing the delivery and use of vitamin and mineral-enriched food. Hormel implemented a one-year study, field testing a curry-flavored, poultry-based supplementary spread called *Spammy* in a population of 160 preschool-age children in Guatemala. Their research demonstrated the benefits of supplementing traditional diets with high-quality protein and micronutrients found in *Spammy*. The Guatemalan children were all deficient in vitamins B and D. After eating *Spammy* during the research period, all participants showed greater-than-expected improvements in cognitive scores and statistical improvements in vitamin D and B<sub>12</sub> levels. A positive correlation was found between increases in cognitive gain scores and vitamin D concentrations in the treatment group. In addition, there was a 44 percent reduction in the number of school days missed due to illness. Based on this success, Hormel Foods has submitted the required informational package to USDA and USAID that would allow the agencies to consider the use of *Spammy* as a commodity option in other food aid programs.

**Bangladesh – Micronutrient-Fortified Biscuits and Better Learning.** USDA is providing the World Food Program (WFP) \$26 million for donations of commodities, transportation, and financial assistance to implement a school feeding and educational project in Bangladesh in close cooperation with the Ministry of Primary and Mass Education in identified poverty-prone areas. Over a period of 3 years, USDA's assistance will provide approximately 137,000 children micronutrient-fortified, high energy biscuits to reduce short term hunger and enable better learning at school. Community mobilization workshops will be held to engage community-wide support for education, foster a culture of school achievement and daily attention to the children's learning needs. Teacher training and teacher attendance-boosting activities are a major part of this agreement to enable teachers to improve their reading writing and math instruction. Additionally, gardens will be implemented in schools with strong community engagement and used as living classrooms where garden activities are incorporated into lesson plans. The USDA support will also help to launch reading clubs, gardening clubs and art competition to engage students in extra-curricular avenues to learning as well. In two districts, WFP plans to support government-run, pre-primary and primary schools only until January, 2015 when it will hand over school-feeding assistance and operations to the government. In two other districts, WFP will support both government-run and non-government and religious schools until the end of 2017.

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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 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
<b>Agency Goal:</b> Increase U.S. food and agricultural exports by \$10 billion by end-year 2018.	<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	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Value of U.S. agricultural exports to S. Korea, Colombia, Panama, Japan and Vietnam (\$ Billions)	\$18.7	\$23.9	\$22.8	\$21.7	\$25.4	\$26.0	\$26.5
Number of agricultural commodities for which annual U.S. exports to Korea, Colombia, Panama, Japan and Vietnam exceed \$1 million	786	852	886	923	984	1,000	1,050

Because the United States' competitive edge in international markets is dependent on negotiated trade agreements that establish transparent and science-based 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.

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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-out period. Looking ahead, FAS will continue engagement in the Trans-Pacific Partnership (TPP) Agreement negotiations between Australia, Brunei, Canada, Chile, Japan, 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 also continues engagement in negotiation of the Transatlantic Trade and Investment Partnership (T-TIP) trade agreement with the European Union that got underway in 2013. FAS and other U. S. Government (USG) agencies will also be reviewing options to further progress 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.

<b>Performance Measure</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Target</b>	<b>2016 Target</b>
Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, restrictive SPS & TBT issues, and trade regulations (\$ billions)	\$4.1	\$4.1	\$3.7	\$3.8	\$6.4	\$3.9	\$4.1

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 TBTs 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.

<b>Performance Measure</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Target</b>	<b>2016 Target</b>
Number of WTO members	153	153	157	153	160	161	161
Number of foreign SPS, TBT, and WTO Committee on Agriculture (COA) measures reviewed	1,637	1,568	1,412	1,568	1,961	2,000	2,050
Number of foreign SPS, TBT, and COA measures raised with foreign countries	330	335	319	335	261	300	300

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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 notifications to assess their potential impact on agricultural trade. The agency submits comments 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 monitoring and enforcing the 2012 trade agreements with Korea, Colombia, and Panama, contributing to \$9.9 billion in agricultural exports to these markets in FY 2014. These agreements continue to provide American agriculture with improved access to nearly 100 million consumers for an increasingly diverse mix of products;
- Collaborating with FDA to facilitate registration of 240 U.S. dairy and infant formula manufacturers as eligible to ship these products to China, supporting nearly \$770 million in U.S. dairy exports to China in FY2014, a gain of 27 percent over FY 2013. Negotiating protocols with Hong Kong, the Dominican Republic, Ecuador and Uruguay to fully re-open to U.S. beef in accordance with World Organization for Animal Health recommendations for countries with negligible risk for bovine spongiform encephalopathy (BSE), and further expanding the range of U.S. beef products allowed entry to Japan and Mexico. In FY 2014, U.S. beef and beef product exports reached an all-time record of \$6.8 billion;
- Collaborating with APHIS to negotiate new animal health protocols with Ecuador, Thailand, and Pakistan that allowed resumption of U.S. live cattle exports;
- Supporting ongoing negotiations of the Trans-Pacific Partnership (TPP) Agreement, a potential platform for advancing U.S. agricultural market access, SPS and TBT issues across the critical Asia-Pacific region;
- Securing the release of hundreds of detained U.S. agricultural shipments valued over \$12.4 million in dozens of countries, ranging from California almonds in the European Union to hides and skins in Mexico, live horses in Russia, and meat and poultry in Taiwan;
- Playing a leading role in negotiation of the South Korea-U.S. Organic Equivalence Arrangement, signed on July 1, 2014, that will allow processed products certified as organic in one country to be sold as such in the other, eliminating the need for costly and redundant certifications;
- Reviewing nearly 2,000 regulatory measures proposed by foreign governments that had the potential to significantly affect U.S. exports, and developing formal written comments to the World Trade Organization on 261 of these measures to minimize the negative impact on trade;
- Persuading South Korea to require listing only the top two ingredients in processed foods in order to classify the product for import. U.S. processed food exports to South Korea exceeded \$1.8 billion in FY 2014;
- Demonstrating the effectiveness of U.S. certification of the U.S. origin of French fries, wheat and Florida orange juice to South Korea's Customs Service, maintaining preferential tariff access under KORUS, and sparing U.S. exporters millions of dollars of back payments and penalties.
- Reopening the Philippine market for broccoli, cauliflower, lettuce, carrots, cabbage, and celery in June 2014. As the only country with access to the Philippine market for these temperate climate vegetables, U.S. suppliers are poised to take advantage of export opportunities to the booming Philippine food service and retail sectors.
- Preserving Japan's \$1 billion market for U.S. soybeans by facilitating the development of a U.S. soybean industry compliance plan and negotiating the removal of Japan's enhanced inspection order imposed on all U.S. soybean shipments in response to a pesticide maximum residue limit (MRL) violation; and

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- Collaborating with the Agricultural Marketing Service (AMS) and the Food Safety and Inspection Service (FSIS) to introduce a Never-Fed-Beta-Agonist process verification program to support marketing and labeling claims for U.S. beef and pork product for domestic or international sale to meet foreign country requirements. Beginning July 1, U.S. pork exported to China has been produced under the program or from lots that have been tested for beta agonists, maintaining U.S. pork and pork product exports to a market valued at over \$555 million in FY 2014.

Selected Accomplishments Expected at the 2016 Proposed Resource Level:

- If enacted, implement the TPP, finalizing market access packages and favorable rules of origin that protect U.S. agricultural producer interests and expand access for U.S. agricultural exporters into Canada, Japan, Vietnam, New Zealand, Malaysia, and Brunei;
- Engage in negotiation of the Transatlantic Trade and Investment Partnership (T-TIP) to expand market access to the EU;
- International outreach on science-based regulation of veterinary drugs;
- 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;
- Reduce the threat of disruption to agricultural trade by shortening the gap for new biotech approvals between China and the United States;
- Enforce U.S. trade agreements and defend U.S. agricultural interests through the World Trade Organization’s Dispute Settlement Body;
- 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 certifications to facilitate exports.

**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
<b>Agency Goal:</b> Increase U.S. food and agricultural exports by \$10 billion by end-year 2018.	<u>Objective 1.1:</u> Increase effectiveness of FAS market development programs and outreach activities  <u>Objective 1.2:</u> Manage FAS credit guarantee programs to yield the greatest benefit to U.S. agriculture  <u>Objective 1.3:</u> Maintain a global market intelligence information system that supports policy and program objectives	Trade Promotion  Market Access Program; Foreign Market Development Program; Technical Assistance for Specialty Crops Program; Emerging Markets Program; Quality Samples Program; Export Credit Guarantee Program	<u>Key Outcome:</u> Exports help U.S. agriculture prosper.

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

<b>Performance Measure</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Target</b>	<b>2016 Target</b>
Total number of companies participating in State and Regional Trade Group (SRTG) activities	2,350	2,150	2,500	2,150	3,000	3,050	3,100
Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (\$Billions)	\$1.12	\$1.26	\$1.46	\$1.48	\$1.50	\$1.55	\$1.60
Participants that are rated moderately effective or higher (%)	65%	69%	67%	69%	76%	80%	82%
Economic Return Ratio (\$ Total Return/Total Costs)	\$35	\$36*	\$37*	\$36*	\$38*	\$39*	\$40*

\*Estimates, a new study is expected to be completed in 2015.

FAS market development programs support the National Export Initiative (NEI). NEI focuses government resources to help exporters succeed, particularly 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 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 is a good indicator of the work FAS does as well as the quality of the programs FAS manages. FAS’ goal is to have 82 percent of participants reach the moderately effective or higher category by 2016.

<b>Performance Measure</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Target</b>	<b>2016 Target</b>
GSM-102 Loan Guarantees (\$Billions in Port Value)	\$3.0	\$4.1	\$4.2	\$4.1	\$4.2	\$3.4	\$3.4
Agricultural Trade Multiplier (\$1.31 based on ERS study) (\$Billions)	\$3.9	\$5.4	\$5.5	\$5.4	\$5.5	\$4.4	\$4.4
Total Accrued Returns	\$6.9	\$9.5	\$9.7	\$9.5	\$9.7	\$9.8	\$9.8
Economic Return Ratio (\$: Total Returns/Total Costs)	\$97.69/ \$1	\$107.77/ \$1	\$107.22/ \$1	\$117.22/ \$1	\$100/ \$1	\$100/ \$1	\$100/ \$1

The Export Credit Guarantee (GSM-102) program continues to expand and maintain U.S. agricultural exports. By guaranteeing trade finance obligations, FAS provides 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 total activity facilitated by the program. In FY

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2014, the GSM-102 program supported \$2.1 billion in agricultural commodity exports. The largest markets were Turkey, South America, and South Korea. Although the commodities registered most by exporters were bulk commodities (corn, wheat, soybeans, meal, and rice). The program also supported sales of fruit, nuts, wood and wood products, animal hides, and other higher-value commodities.

<b>Performance Measure</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Target</b>	<b>2016 Target</b>
Estimated value of agricultural sales resulting from the trade leads generated by FAS' overseas field offices using TLS to match overseas buyers with U.S. exporters (\$Millions)	\$1.5	\$3	\$3	\$3	\$3	\$4	\$6
Accuracy of quarterly export forecasts, widely used as the "benchmark" by commodity trader (%)	90%	91%	92%	91%	91%	92%	93%

FAS commodity analysts and country experts in Washington and around the world provide timely analysis of global trends, which enable policy makers and private exporters to respond promptly to changes in the international market. The key to maintaining America's competitive edge in international markets is a level playing field. FAS works to improve market access for U.S. agricultural products by eliminating tariff and non-tariff barriers as well as other trading practices that reduce the international competitiveness of U.S. agriculture. These other trading practices include subsidies on agricultural production and exports, and involvement of government trading entities in commercial markets.

Careful monitoring and enforcement of trade agreements ensures that U.S. agriculture receives the full economic benefit of international trade agreements and trade rules. FAS provides a global monitoring system for U.S. agricultural trade through its overseas offices. Agricultural Counselors, Attachés, and Officers covering over 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:

- Provided 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 2014, over 1,000 U.S. companies and organizations participated in 20 USDA-endorsed trade shows in 13 countries. On-site sales totaled an estimated \$370 million and 12-month projected sales reported by exhibitors were estimated at \$1.5 billion. The companies made over 14,770 business contacts and displayed more than 2,670 new products in various markets on all continents. On average, about 67 percent of the exhibitors in U.S. Pavilions at USDA-endorsed shows are small and medium-sized enterprises. The goal is to reach \$1.6 billion in USDA-endorsed trade show related exports by 2016;
- Provided market development programs that are linked to exports which help U.S. agriculture prosper—the key outcome from the agency goal of generating additional U.S. economic activity through trade facilitation and international cooperation. U.S. agricultural exports reached a record \$152.5 billion in FY 2014, supporting 1 million jobs. Almost one in every three farm jobs is related to exports. FAS managed market development

## FOREIGN AGRICULTURAL SERVICE

programs play a critical role in maintaining and expanding markets for U.S. farm exports; in 2010, Global Insight Inc., conducted a cost/benefit study on MAP and FMD which concluded that U.S. food and agricultural exports increased by \$35 for every dollar invested by government and industry on market development, a new study is scheduled to be conducted in 2015;

- Additional studies include:
  1. “The Economic Impacts of the California Almond Industry”, released in December 2014, estimated that the California almond industry contributed \$11 billion to the state economy and was responsible for 104,000 jobs. Over the past 10 years crop area has increased by about 53 percent but crop value has increased three-fold, reaching nearly \$5 billion. About 70 percent of the crop is exported and exports have nearly doubled in the past five years. The MAP and industry funds have helped build this growing international demand.
  2. A 2014 Washington Apple Commission economic impact study that reported that apple production had increased by 4 percent since 2010/11 but that the value of production increased by almost 42 percent, a direct result of increasing the number of varieties of apples grown, expanding export markets, and increasing the exports of more varieties. These export accomplishments were made possible with MAP and industry fund investments.
  3. 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.
  4. 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.

### Selected Accomplishments Expected at the 2016 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.
- Cooperators and SRTGs sponsor many reverse trade missions to the United States, of those missions, at least 20 are expected to bring foreign buyer delegations directly to rural areas.
- In 2016, the USDA will target support of 24 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 2016 – building on success it has achieved in expanding export opportunities in developing markets in fiscal 2014 and 2015;
- In 2016, FAS 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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**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
<b>Agency Goal:</b> Increase U.S. food and agricultural exports by \$10 billion by end-year 2018.	<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; Local and Regional Procurement Program;</p> <p>Borlaug Fellowship Program; Cochran Fellowship Program; Technical Assistance and Capacity-Building</p>	<b>Key Outcome:</b> Food is globally available; accessible; and appropriately used.

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

Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Number of women and children benefitting from McGovern-Dole International Food for Education Program (Millions)	4.5	4.3	4.8	6.8	2.7	3.0	3.0
Number of persons benefitting from assistance under the Food for Progress Program (Millions)	3.8	1.6	5.5	3.6	1.63	2.0	2.0
Metric tons (MT) of commodities purchased under the Local and Regional Purchase Program	N/A	N/A	N/A	N/A	N/A	N/A	4,240 MT
Countries that have benefitted from FAS-led agricultural trade capacity building,	113	113	110	113	107	98	95

The indicators for Food for Progress (FFPr) and McGovern-Dole (MGD) are useful in reporting on the number of people who benefit from the program, but the measures vary substantially each year based on the types of activities that are conducted, the types of commodities programmed, and the countries served. The actual figure for Food for Progress and McGovern-Dole fell below the targets set for FY 2014. The individual projects funded in FY 2014 assisted a lower number of people, but provided them with more sophisticated activities that require a larger investment and more funds on a per-capita basis. USDA has become more prescriptive in its programs solicitation to ensure that the food assistance programs align with its goal to promote global trade. FAS has focused the Food for Progress program on strengthening the entire program to work higher in the value chain with groups of agricultural producers and traders in order to provide them with more complex training, better access to credit options, and modern technologies and techniques. USDA is also working with foreign governments to increase their capacity to participate in the current, science-based trading environment; such institutional strengthening requires a more intense investment than would a basic feeding program. For McGovern-Dole, USDA is strengthening the sustainability requirement of the program by focusing on building the capacity of the host governments to continue providing school meals and education support once USDA funding ends. USDA is also working with other USG agencies to focus on changing the school environment as a whole so that children receive a better education while in school and leave it functionally literate. These types of activities require a larger investment per person, but provide a better opportunity for lasting and permanent change. USDA seeks to graduate

## FOREIGN AGRICULTURAL SERVICE

all of its projects to the beneficiaries or the host government and believes this to be necessary for sustainable development, long term economic growth, and resilience to future shocks. The FY 2014 grant agreements for both Food for Progress and McGovern-Dole require grantees to report on more sophisticated indicators that will describe the effects of the programs. FAS will begin to receive the results of these programs in FY 2015.

Moreover, prior to the enactment of the Bipartisan Budget Act of 2013 in December 2013, the McGovern-Dole and Food for Progress programs each received an average of \$6 million in annual transportation reimbursements from the Maritime Administration. These reimbursements compensated the programs for the effects of U.S. cargo preference rules, which required USDA to use higher-cost U.S.-flagged ships in transporting commodities. The loss of these Maritime Administration reimbursements in 2014 effectively raised overall transportation charges and will reduce the number of McGovern-Dole beneficiaries by approximately 100,000 to 140,000 and FFPr recipients by 350,000. In addition, sequestration reduced funding for the FFPr program by 5.1 percent, which will also have a negative impact on the number of beneficiaries reached. The combination of sequestration and the loss of MARAD funds is especially challenging for the FFPr program given the legislatively mandated ceiling limits on transportation funding, set at \$40 million. The net effect of these two impacts is a 20-25 percent reduction in the amount of transportation funds that will be available in FY 2015 and forward, compared with previous years. Moreover, depending on the country where the program is set, price volatility differentials increased in the costs for food procurement and transportation (beyond the loss of MARAD reimbursements), as well as the use of new, nutritionally fortified food options that are more expensive to produce are impacting the number of persons that the McGovern-Dole program can support. Finally, USDA is seeking applications for 5 year projects for both programs in FY 2015 which will also impact the number of beneficiaries reached. USDA believes 5 year projects are better suited to today's international development environment and offer an enhanced chance of achieving lasting and permanent change. Thus, the FY 2014 targets were not met for the McGovern-Dole and FFPr performance measures.

Sequestration, the loss of MARAD reimbursements, price volatility for food and transportation, new product options, more sophisticated, targeted activities and longer project cycles with rising transportation and food costs will continue to impact the McGovern-Dole and FFPr programs capacity to maintain the projected number of beneficiaries through FY 2015 and FY 2016. However the Agricultural Act of 2014 authorization to utilize local and regional additional \$6 million provided to the McGovern-Dole program will help offset some of these costs. USDA expects to use this funding to augment its efforts to improve the food security of the children reached as well as provide them with a better education. The additional \$6 million will reach an additional 100,000 children and purchase food in the McGovern-Dole program which once up and running could offset these costs in part. Potential funding reductions for FFPr, due to sequestration, will also affect the number of program beneficiaries.

Concerning the third FY 2014 performance target of 110 countries, FAS attained 107 countries that benefit from capacity building activities. The decline reflects political instability in certain countries which may not be cooperating. It is anticipated that as countries strengthen their capacity to participate in the global trading system, they have fewer needs to receive assistance. As they become viable, long-term trading partners with fewer requirements for technical assistance—hence the reduction in number. Other factors that affect the number of countries in which FAS implements technical assistance include regional instability, particularly in the Middle East and parts of Sub-Saharan Africa, will also continue to affect FAS' presence in those areas.

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

- 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 16,300 participants have been trained under Cochran from 123 countries. Since 2004, over 750 fellows have been trained under Borlaug from 64 countries.

### Selected Accomplishments Expected at the 2016 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

## FOREIGN AGRICULTURAL SERVICE

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 2016, the Cochran and Borlaug Fellowship Programs are expected to train an estimated 550 participants from over 75 countries to support food security and trade;

- FAS' exchange programs enhance global food security through the annual training of hundreds of scientists, policy-makers, educators, farmers, extension agents, 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 19 of the FTF focus countries, and will continue to train participants from FTF countries in FY 2016.
- In FY 2016, the Food for Progress Program will provide more than \$120 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 2 million farmers, agribusinesses, and their families. The projects will seek to increase agricultural productivity and expand markets and trade by 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; and
- The McGovern-Dole Program will continue to help improve the literacy and the nutrition of children in FY 2016 through the provision of school meals, teacher training, improvements in sanitation, and improved school infrastructure. The Program will continue to build the capacity of national governments and communities so that they can continue school feeding after USDA support ends.
- USDA will complete implementation of a special, food-assistance initiative in FY 2016. USDA will review the implementation of the micronutrient fortification project within the McGovern-Dole program, make decisions on successful products, and expects to contract for an independent review of the projects. This initiative is developing and field-testing new products to improve nutrition for school children and mothers under the McGovern-Dole program.

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Strategic Goal Funding Matrix  
(Dollars in thousands)

Program / Program Items	2013 Actual	2014 Actual	2015 Enacted	Increase	
				or Decrease	2016 Estimate
<b>USDA Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving</b>					
Trade Policy.....	\$71,687	\$74,702	\$76,198	+\$4,287	\$80,485
Staff Years.....	280	280	280	-	280
Trade Promotion.....	54,123	64,031	65,312	+3,675	68,987
Staff Years.....	239	239	239	-	239
CCC Export Guarantee Program Admin. Expense.....	5,952	6,394	6,394	-	6,394
Staff Years.....	27	27	27	-	27
<b>USDA Strategic Goal: Help america promote agricultural production and biotechnology exports as america works to increase food security</b>					
Capacity Building/Food Security.....	37,320	39,130	39,913	+2,246	42,159
Staff Years.....	146	146	146	-	146
Total Costs, All Strategic Goals.....	169,082	184,257	187,817	+10,208	198,025
Total Staff Years, All Strategic Goals..	692	692	692	-	692

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<u>Full Cost by Department Strategic Goal</u>				
(Dollars in thousands)				
<b>USDA Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving</b>				
Program/ Program Items	2013 Actual	2014 Actual	2015 Enacted	2016 Estimate
<b>Trade Policy</b>				
Administrative costs (direct).....	\$66,669	\$69,473	\$70,864	\$74,851
Indirect costs.....	5,018	5,229	5,334	5,634
Total Costs.....	71,687	74,702	76,198	80,485
FTEs.....	280	280	280	280
Performance Measure:				
Export of S. Korea, Colombia, Panama, Japan, Vietnam (\$Billions).....	\$21.7	\$25.4	\$26.0	\$26.5
No. of agricultural commodities.....	923	984	1,000	1,050
Value trade preserved (\$Billions).....	\$3.8	\$3.8	\$3.9	\$4.1
No. of WTO members.....	159	160	161	161
No. of foreign measures reviewed.....	1,546	1,961	2,000	2,050
No. foreign measures raised.....	266	261	300	300
<b>Trade Promotion</b>				
Administrative costs (direct).....	50,334	59,549	60,740	64,158
Indirect costs.....	3,789	4,482	4,572	4,829
Total Costs.....	54,123	64,031	65,312	68,987
FTEs.....	239	239	239	239
CCC Export Guarantee Prgm Admin. Expense.....	5,952	6,394	6,394	6,394
Total Costs.....	5,952	6,394	6,394	6,394
FTEs.....	27	27	27	27
Performance Measure:				
No. of STRGs activities.....	2,700	3,000	3,050	3,100
Value of exports from trade shows (\$Billions).....	\$1.46	\$1.50	\$1.55	\$1.60
Participants rated (%).....	71%	76%	80%	82%
Economic Return Ratio (\$Dollars).....	\$37	\$38	\$39	\$40
GSM-102 Loan Guarantees (\$Billions).....	\$4.1	\$4.2	\$3.4	\$3.4
Ag Trade Multiplier (\$Billions).....	\$5.4	\$5.5	\$4.4	\$4.4
Total accrued returns (\$Dollars).....	9.5	9.7	9.8	9.8
Economic Return Ratio (\$Dollars).....	\$117.22/\$1	\$100/\$1	\$100/\$1	\$100/\$1
Value of ag trade leads (\$Millions).....	N/A	N/A	\$4.0	\$6.0
Accuracy of qtrly export forecasts (%).....	92%	91%	92%	93%
<b>USDA Strategic Goal: Help America promote agricultural production and biotechnology exports as America works to increase food security</b>				
Program/ Program Items	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
<b>Capacity Building/Food Security</b>				
Administrative costs (direct).....	34,708	36,391	37,119	39,208
Indirect costs.....	2,612	2,739	2,794	2,951
Total Costs.....	37,320	39,130	39,913	42,159
FTEs.....	146	146	146	146
Performance Measure:				
No. of women and children (Millions).....	6.8	2.7	3.0	3.0
No. of persons benefitting from FFP (Millions).....	3.6	1.63	2.0	2.0
Commodities purchased under LRP (MT).....	N/A	N/A	N/A	35.0
Countries benefitting TCB.....	113	107	98.0	95.0
Total Costs, All Strategic Goals.....	169,082	184,257	187,817	198,025
Total FTEs, All Strategic Goals.....	692	692	692	692

## FOREIGN AGRICULTURAL SERVICE

### 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-term economic development. If such authority is used to waive payments, no new Title I

## FOREIGN AGRICULTURAL SERVICE

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.

Title II of the Food for Peace Act (P.L. 83-480), as amended, formerly the Agricultural Trade Development and Assistance Act of 1954, authorizes the provision of U.S. food assistance to meet emergency food needs around the world, and funds development-oriented programs to help address the underlying causes of food insecurity. Funding for Title II, also known as P.L. 480 Title II, is appropriated to the U.S. Department of Agriculture and is administered by the Office of Food for Peace in the U.S. Agency for International Development (USAID).

The FY 2016 Title II request of \$1.4 billion includes \$270 million to be used for development programs. An additional \$80 million is requested in the Development Assistance (DA) account under USAID's Community Development Fund, bringing the total funding for these types of programs to \$350 million. Together, these resources support development food assistance programs' efforts to address chronic food insecurity in areas of recurrent crises using a multi-sectoral approach to reduce poverty and build resilience.

The balance of the FY 2016 Title II request, \$1.13 billion, will be used to provide emergency food assistance in response to natural disasters and complex emergencies. In an emergency, when people face the threat of imminent starvation, Title II emergency programs save lives, boost the resilience of disaster-affected communities, and support the transition from relief to recovery. This food, including specialized, processed commodities, provides life-saving assistance to millions of vulnerable people facing disasters overseas.

The request includes new authority to provide the flexibility to use up to 25 percent of these resources, valued at \$350 million, for cash-based food assistance for emergencies. In these cases, interventions such as the local or regional procurement of agricultural commodities, use of food vouchers, or use of cash transfers, will allow USAID to make emergency food aid more timely and cost effective, improving program efficiencies and performance. It is estimated that this flexibility will allow USAID to assist approximately 2 million more emergency beneficiaries annually with the same level of resources.

The flexibility will help to mitigate the reduction in available resources for Title II programming due to the elimination of U.S. Maritime Administration (MARAD) reimbursements in the Bipartisan Budget Act of 2013. MARAD reimbursements helped USAID offset the increased cost of using U.S. flagged carriers versus foreign flagged carriers to deliver food aid around the world, contributed to USAID's annual operating budget and increased the reach of emergency food assistance.

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 13 percent nor more than 20 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

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eligible countries, on a voluntary basis, to facilitate the improvement of farm and agribusiness operations and agricultural systems in such countries.

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

### Proposed Language Changes

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

#### Food For Peace Title I Direct Credit And Food For Progress Program Account (Including [Rescission and]Transfer of Funds)

- 1 For administrative expenses to carry out the credit program of title I, Food for Peace Act (Public  
Law 83-480) and the Food for Progress Act of 1985, \$2,528,000, shall be [transferred to and  
merged with] paid to the appropriation for "Farm Service Agency, Salaries and Expenses"  
2 [*Provided*, That of the unobligated balances provided pursuant to title I of the Food For Peace Act,  
\$13,000,000 are rescinded: *Provided further*, That no amounts may be rescinded from amounts that  
were designated by the Congress as an emergency requirement pursuant to the Concurrent  
Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as  
amended].

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

The second change deletes the one-time cancellation of \$13 million of unobligated balances.

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

#### Food for Peace Title II Grants

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Food for Peace Act (Public Law 83-480), for commodities supplied in connection with dispositions abroad under title II of said Act, [~~\$1,466,000,000~~] \$1,400,000,000, to remain available until expended: Provided, That notwithstanding any other provision of law, [amounts made available under this heading shall be used to provide not less than the minimum level of funding required by section 412(e)(2) of the Food for Peace Act (7 U.S.C. 1736f(e)(2)) to carry out nonemergency food assistance programs under title II of such Act] the requirements pursuant to 7 U.S.C. 1736f(e)(1) may be waived by the Administrator for any amount higher than set forth in 7 U.S.C. 1736f(e)(2): Provided further, That in addition to funds otherwise available for such purposes, and notwithstanding any other provision of law, including the requirements of the Food for Peace Act, up to 25 percent of the funds appropriated under this heading may be made available as monetary awards for emergency assistance to address such needs on such terms and conditions as the Administrator may deem appropriate.

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The change includes a request for authority to use up to 25 percent of Title II resources, valued at \$350 million, be made flexible for use as cash-based food assistance for emergencies. In these cases, interventions such as the local or regional procurement of agricultural commodities, use of food vouchers, or use of cash transfers will allow USAID to make emergency food aid more timely and cost-effective, improving program efficiencies and performance. It is estimated that this flexibility will allow USAID to assist approximately 2 million more emergency beneficiaries per year with the same level of resources. This flexibility would help to mitigate the reduction in available resources for Title II programming due to the elimination of MARAD reimbursements in the Bipartisan Budget Act of 2013. MARAD reimbursements, which helped USAID offset the increased cost of using U.S. flagged carriers versus foreign-flagged carriers to deliver food aid around the world, contributed to Title II's annual operating budget, and increased the reach of emergency food assistance.

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P.L. 480 TITLE I  
Lead-Off Tabular Statement

Budget Estimate, 2016.....	\$2,528,000
2015 Enacted.....	<u>2,528,000</u>
Change in Appropriation.....	<u>-</u>

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

	2013 <u>Actual</u>	2014 <u>Change</u>	2015 <u>Change</u>	2016 <u>Change</u>	2016 <u>Estimate</u>
Discretionary Appropriations:					
Administrative Expenses-P.L. 480 Title I Grants.....	\$2,806	+\$131	-\$207	-	\$2,528
Total, Appropriation or Change.....	<u>2,806</u>	<u>+131</u>	<u>-207</u>	<u>-</u>	<u>2,528</u>

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

Budget Estimate, 2016.....	\$1,400,000,000
2015 Enacted.....	<u>1,466,000,000</u>
Change in Appropriation.....	<u>-66,000,000</u>

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

	2013 <u>Actual</u>	2014 <u>Change</u>	2015 <u>Change</u>	2016 <u>Change</u>	2016 <u>Estimate</u>
Discretionary Appropriations:					
P.L. 480 Title II.....	\$1,435,000	\$106,642	+\$85,729	-\$227,371	\$1,400,000
Total, Appropriation or Change.....	<u>1,435,000</u>	<u>+106,642</u>	<u>+85,729</u>	<u>-\$227,371</u>	<u>1,400,000</u>

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P.L. 480 TITLE I

Project Statement

(Adjusted Appropriations Detail)

(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,604	\$2,735	\$2,528	-	\$2,528
Subtotal.....	2,604	2,735	2,528	-	2,528
Total Adjusted Approp.....	2,604	2,735	2,528	-	2,528
Rescissions, Transfers, and Seq. (Net).....					
	202	-	-	-	-
Total Appropriation.....	2,806	2,735	2,528	-	2,528
Rescission.....	-76	-	-13,000	-	-
Sequestration.....	-126	-	-	-	-
Bal. Available, SOY.....	-	13,221	13,221	-\$13,000	221
Recoveries, Other (Net).....	13,221	-	-	-	-221
Total Available.....	15,825	15,956	2,749	-	2,528
Bal. Available, EOY.....	-13,221	-13,221	-221	-	-
Total Obligations.....	2,604	2,735	2,528	-	2,528

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P.L. 480 TITLE II

Project Statement

(Adjusted Appropriations Detail)

(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title II Donation.....	\$1,359,358	\$1,466,000	\$1,627,371	-\$227,371	\$1,400,000
Subtotal.....	1,359,358	1,466,000	1,627,371	-227,371	1,400,000
Total Adjusted Approp.....	1,359,358	1,466,000	1,627,371	-227,371	1,400,000
Rescissions, Transfers, and Seq. (Net).....					
	75,642	-	-	-	-
Total Appropriation.....	1,435,000	1,466,000	1,627,371	-227,371	1,400,000
Rescission.....	-1,894	-	-	-	-
Sequestration.....	-73,748	-	-	-	-
Bal. Available, SOY.....	231,832	220,596	-161,371	161,371	-
Recoveries, Other (Net).....	178,972	-75,817	-	-	-
Total Available.....	1,770,162	1,610,779	1,466,000	-66,000	1,400,000
Bal. Available, EOY.....	-220,596	-	-	-	-
Total Obligations.....	1,549,566	1,610,779	1,466,000	-66,000	1,400,000

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

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Obligations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,604	\$2,735	\$2,528	-	\$2,528
Subtotal.....	2,604	2,735	2,528	-	2,528
Total Obligations.....	2,604	2,735	2,528	-	2,528
Bal. Available, EOY.....	13,221	13,221	-	-	-
Total Available.....	15,825	15,956	2,528	-	2,528
Rescission.....	76	-	13,000	-13,000	-
Sequestration.....	126	-	-	-	-
Bal. Available, SOY.....	-	-13,221	-13,221	13,221	-
Other Adjustments (Net).....	-13,221	-	221	-221	-
Total Appropriation.....	2,806	2,735	2,528	-	2,528

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

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Obligations:					
P.L. 480 Title II Donations.....					
	\$1,549,566	\$1,449,408	\$1,627,371	-\$227,371	1,400,000
Subtotal.....	1,549,566	1,449,408	1,627,371	-227,371	1,400,000
Total Obligations.....	1,549,566	1,449,408	1,627,371	-227,371	1,400,000
Bal. Available, EOY.....	220,596	161,371	-	-	-
Total Available.....	1,770,162	1,610,779	1,627,371	-227,371	1,400,000
Rescission.....	1,894	-	-	-	-
Sequestration.....	73,748	-	-	-	-
Bal. Available, SOY.....	-231,832	-220,596	-161,371	161,371	-
Other Adjustments (Net).....	-178,972	75,817	-	-	-
Total Appropriation.....	1,435,000	1,466,000	1,466,000	-66,000	1,400,000

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title I

Justification of Increases and Decreases

(1) There is no change in funding requested from 2015 to 2016

Although no new loans are being made under P.L. 480 Title I, there are still over \$1 billion dollars in outstanding loans that must be serviced. Base funding for the administrative support of the existing portfolio will be necessary until all loans are paid or otherwise closed out.

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title II

Justification of Increases and Decreases

(2) A decrease of \$66,000,000 (\$1,466,000,000 available in 2015)

This decrease reflects the overall reduction in program funding to meet budgetary constraints. The 2016 Budget includes \$1.4 billion for Title II grants, which is \$66 million less than the 2015 appropriation.

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title I

Classification by Objects

(Dollars in thousands)

		2013	2014	2015	2016
		<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
Other Objects:					
25.3	Other purchases of goods and services				
	from Federal sources .....	\$2,604	\$2,735	\$2,528	\$2,528
99.9	Total, new obligations .....	<u>2,604</u>	<u>2,735</u>	<u>2,528</u>	<u>2,528</u>

FOREIGN AGRICULTURE SERVICE

P.L. 480 TITLE II

Classification by Objects

(Dollars in thousands)

		2013	2014	2015	2016
		<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants .....	\$1,549,566	\$1,449,408	\$1,627,371	\$1,400,000
99.9	Total, new obligations .....	<u>1,549,566</u>	<u>1,449,408</u>	<u>1,627,371</u>	<u>1,400,000</u>

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE SERVICE					
CCC Export Credit Guarantee Programs					
The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):					
<u>Commodity Credit Corporation Export Loans Program Account (Including Transfers of Funds)</u>					
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 [transferred to and merged with] <u>paid to</u> the appropriation for "Farm Service Agency, Salaries and Expenses".					
<u>Lead-Off Tabular Statement</u>					
Budget Estimate, 2016.....					\$6,748,000
2015 Enacted.....					6,748,000
Change in Appropriation.....					<u>0</u>
<u>Summary of Increases and Decreases</u>					
(Dollars in Thousands)					
	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
FSA Administrative Expense.....	\$327	+\$27	-	-	\$354
FAS Administrative Expense.....	5,952	+\$442	-	-	6,394
Subtotal.....	6,279	469	-	-	6,748
Total, Appropriation or Change.....	<u>6,279</u>	<u>469</u>	<u>-</u>	<u>-</u>	<u>6,748</u>

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE SERVICE					
CCC Export Credit Guarantee Programs					
Project Statement					
Adjusted Appropriations Detail					
(Dollars in thousands)					
Program	<u>2013 Actual</u> Subsidy	<u>2014 Actual</u> Subsidy	<u>2015 Enacted</u> Subsidy	<u>Inc. or Dec.</u> Subsidy	<u>2016 Estimate</u> Subsidy
Discretionary Appropriations:					
FSA Administrative Expenses .....	\$327	\$354	\$354	-	\$354
FAS Administrative Expenses .....	5,952	6,394	6,394	-	6,394
Subtotal.....	6,279	6,748	6,748	-	6,748
Total Adjusted Approp.....	6,279	6,748	6,748	-	6,748
Rescissions and Transfers (Net).....	184	-	-	-	-
Sequestration.....	343	-	-	-	-
Total Appropriation.....	6,806	6,748	6,748	-	6,748
Rescission.....	-184	-	-	-	-
Sequestration.....	-343	-	-	-	-
Total Available.....	6,279	6,748	6,748	-	6,748
Bal. Available, EOY			-	-	-
Total Obligations .....	6,279	6,748	6,748	-	6,748
Mandatory Loan Level					
GSM 102.....	\$3,107,263	\$2,159,728	\$5,400,000	-	\$5,400,000
Facilities.....	-	-	100,000	-	100,000
Subtotal.....	3,107,263	2,159,728	5,500,000	-	5,500,000

FOREIGN AGRICULTURAL SERVICE

GSM – OBLIGS STMT

FOREIGN AGRICULTURE SERVICE					
CCC Export Credit Guarantee Programs					
<u>Project Statement</u>					
Adjusted Obligations Detail					
(Dollars in thousands)					
Program	<u>2013 Actual</u> Subsidy	<u>2014 Actual</u> Subsidy	<u>2015 Enacted</u> Subsidy	<u>Inc. or Dec.</u> Subsidy	<u>2016 Estimate</u> Subsidy
<b>Discretionary Appropriations:</b>					
FSA Administrative Expenses.....	\$327	\$354	\$354	-	\$354
FAS Administrative Expenses.....	5,952	6,394	6,394	-	6,394
<b>Total Obligations.....</b>	<b>6,279</b>	<b>6,748</b>	<b>6,748</b>	<b>-</b>	<b>6,748</b>
<b>Total Available.....</b>	<b>6,279</b>	<b>6,748</b>	<b>6,748</b>	<b>-</b>	<b>6,748</b>
Rescission.....	-184	-	-	-	-
Sequestration.....	-343	-	-	-	-
Bal. Available, SOY.....	527	-	-	-	-
<b>Total Appropriation.....</b>	<b>6,279</b>	<b>6,748</b>	<b>6,748</b>	<b>-</b>	<b>6,748</b>
<b>Mandatory Loan Level</b>					
GSM 102.....	\$3,107,263	\$2,159,728	\$5,400,000	-	\$5,400,000
Facilities.....	-	-	100,000	-	100,000
<b>Subtotal.....</b>	<b>3,107,263</b>	<b>2,159,728</b>	<b>5,500,000</b>	<b>-</b>	<b>5,500,000</b>
<u>Justification of Increases and Decreases</u>					
<p>The 2016 Budget Request is sufficient to cover base funding needs. Funding will be used to carry out the administrative functions for GSM 102 and Facilities. Funding will be used to cover program management, financial management, overhead, and other functions for the Commodity Credit Corporations Export Loan Guarantee program.</p>					

FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE SERVICE					
CCC Export Credit Guarantee Programs					
<u>Classification by Objects</u>					
(Dollars in thousands)					
		2013	2014	2015	2016
		<u>Actual</u>	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
Other Objects:					
25.3	Other purchases of goods and services				
	from Federal sources .....	\$6,279	\$6,748	\$6,748	\$6,748
99.9	Total, new obligations .....	<u>6,279</u>	<u>6,748</u>	<u>6,748</u>	<u>6,748</u>

FOREIGN AGRICULTURAL SERVICE

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

McGovern-Dole International Food for Education And Child Nutrition Program Costs

For necessary expenses to carry out the provisions of section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S. C. 1736o-1), \$191,626,000, 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: Provided further, That the definition of agricultural commodity in section 3107(a) may include an agricultural commodity, or the product of an agricultural commodity that is produced in, and procured from, a developing country and that meets each nutritional, quality, and labeling standard of the country that receives the agricultural commodity, as determined by the Secretary.

The change clarifies the definition of agricultural commodity in section 3107(a).

Lead-Off Tabular Statement  
SALARIES AND EXPENSES

Budget Estimate, 2016.....	\$191,626,000
2015 Enacted.....	-191,626,000
Change in Appropriation.....	<u>0</u>

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
McGovern-Dole Program.....	\$184,000	+126	+6,500	-	\$191,626

FOREIGN AGRICULTURAL SERVICE

<u>Project Statement</u>										
Appropriations Detail and Staff Years (SY)										
(Dollars in thousands)										
Program	2013 Actual		2014 Actual		2015 Enacted		Change		2016 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Appropriations:										
McGovern-Dole Program.....	\$174,501	-	\$185,126	-	\$191,626	-	-	-	\$191,626	-
Subtotal.....	174,501	-	185,126	-	191,626	-	-	-	191,626	-
Total Adjusted Approp.....	174,501	-	185,126	-	191,626	-	-	-	191,626	-
Rescissions, Transfers, and										
Seq. (Net).....	9,499	-	-	-	-	-	-	-	-	-
Total Appropriation.....	184,000	-	185,126	-	191,626	-	-	-	191,626	-
Balance Available, SOY.....	37,966	-	140,956	-	-	-	-	-	-	-
Other Adjustments (Net).....	-	-	-83,483	-	-	-	-	-	-	-
Total Appropriation.....	221,966	-	242,599	-	191,626	-	-	-	191,626	-
Rescission.....	-243	-	-	-	-	-	-	-	-	-
Sequestration.....	-9,256	-	-	-	-	-	-	-	-	-
Total Available.....	212,467	-	242,599	-	191,626	-	-	-	191,626	-
Balance Available, EOY.....	-	-	-57,473	-	-	-	-	-	-	-
Total Obligations.....	212,467	-	185,126	-	191,626	-	-	-	191,626	-
<u>Project Statement</u>										
Obligations Detail and Staff Years (SY)										
(Dollars in thousands)										
Program	2013 Actual		2014 Actual		2015 Enacted		Change		2016 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Obligations:										
McGovern-Dole Program.....	\$184,000	-	\$185,126	-	\$191,626	-	-	-	\$191,626	-
Subtotal.....	184,000	-	185,126	-	191,626	-	-	-	191,626	-
Total Obligations.....	184,000	-	185,126	-	191,626	-	-	-	191,626	-
Total Available.....	184,000	-	185,126	-	191,626	-	-	-	191,626	-
Rescission.....	-243	-	-	-	-	-	-	-	-	-
Sequestration.....	-9,256	-	-	-	-	-	-	-	-	-
Balance Available, SOY.....	37,966	-	140,956	-	-	-	-	-	-	-
Other Adjustments (Net).....	-	-	-83,483	-	-	-	-	-	-	-
Total Appropriation.....	212,467	-	242,599	-	191,626	-	-	-	191,626	-
Bal. Available, EOY.....	-	-	-57,473	-	-	-	-	-	-	-
Total Obligations.....	212,467	-	185,126	-	191,626	-	-	-	191,626	-

FOREIGN AGRICULTURAL SERVICE

JUSTIFICATION OF BASE FUNDING								
<p>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 3 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.</p>								
<u>Geographic Breakdown of Obligations and Staff Years</u>								
(Dollars in thousands)								
State/Territory	2013 Actual		2014 Actual		2015 Estimate		2016 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
District of Columbia.....	\$174,501	-	\$185,126	-	\$191,626	-	\$191,626	-
Undistributed.....	-	-	-	-	-	-	-	-
Obligations.....	174,501	-	185,126	-	191,626	-	191,626	-
Lapsing Balances.....	-	-	-	-	-	-	-	-
Total, Available.....	174,501	-	185,126	-	191,626	-	191,626	-
<u>Classification by Objects</u>								
(Dollars in thousands)								
	2013 Actual		2014 Actual		2015 Estimate		2016 Estimate	
Other Objects:								
41.0 Grants.....	\$174,501		\$185,126		\$191,626		\$191,626	
Total Obligations.....	174,501		185,126		191,626		191,626	

FOREIGN AGRICULTURAL SERVICE


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

Local and Regional Food Aid Procurement Project Program

For necessary expenses to carry out the provisions of Section 3207 of the Agricultural Act of 2014, Public Law 113-79 (7 U.S. C. 1726c), \$20,000,000, to remain available until expended.


Lead-Off Tabular Statement  
SALARIES AND EXPENSES

Budget Estimate, 2016.....	\$20,000,000
2015 Enacted.....	0
Change in Appropriation.....	20,000,000

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Local and Regional Program.....	\$0	\$0	\$0	+20,000	\$20,000

FOREIGN AGRICULTURAL SERVICE

<u>Project Statement</u>										
Appropriations Detail and Staff Years (SY)										
(Dollars in thousands)										
Program	2013 Actual		2014 Actual		2015 Enacted		Change		2016 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Appropriations:										
Local and Regional Program.....	\$0	-	\$0	-	\$0	-	+20,000	-	\$20,000	-
Subtotal.....	-	-	-	-	-	-	20,000	-	20,000	-
Total Adjusted Approp.....	-	-	-	-	-	-	20,000	-	20,000	-
Rescissions, Transfers, and										
Seq. (Net).....	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	-	-	-	-	-	-	+20,000	-	20,000	-
Balance Available, SOY.....										
Subtotal.....	-	-	-	-	-	-	20,000	-	20,000	-
Rescission.....	-	-	-	-	-	-	-	-	-	-
Sequestration.....	-	-	-	-	-	-	-	-	-	-
Total Available.....	-	-	-	-	-	-	20,000	-	20,000	-
Lapsing Balances.....	-	-	-	-	-	-	-	-	-	-
Balance Available, EOY.....	-	-	-	-	-	-	-	-	-	-
Total Obligations.....	-	-	-	-	-	-	20,000	-	20,000	-
<u>Project Statement</u>										
Obligations Detail and Staff Years (SY)										
(Dollars in thousands)										
Program	2013 Actual		2014 Actual		2015 Enacted		2016 Change		2016 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Obligations:										
Local and Regional Program.....	-	-	-	-	-	-	+20,000	-	\$20,000	-
Subtotal.....	-	-	-	-	-	-	20,000	-	20,000	-
Total Obligations.....	-	-	-	-	-	-	20,000	-	20,000	-
Total Available.....	-	-	-	-	-	-	20,000	-	20,000	-
Rescission.....	-	-	-	-	-	-	-	-	-	-
Sequestration.....	-	-	-	-	-	-	-	-	-	-
Balance Available, SOY.....	-	-	-	-	-	-	-	-	-	-
Total Appropriation.....	-	-	-	-	-	-	20,000	-	20,000	-
Lapsing Balances.....	-	-	-	-	-	-	-	-	-	-
Bal. Available, EOY.....	-	-	-	-	-	-	-	-	-	-
Total Obligations.....	-	-	-	-	-	-	20,000	-	20,000	-

FOREIGN AGRICULTURAL SERVICE

JUSTIFICATION OF BASE FUNDING									
<p>The 2016 President's Budget proposes \$20 million for the Local and Regional Food Aid Procurement Program. Section 3207 of the Agricultural Act of 2014, Public Law 113-79 (7 U.S.C. 1726c) authorizes the Secretary to enter into grants or cooperative agreement with eligible organizations to implement field-based projects that consist of local or regional procurements of eligible commodities to fill nutritional gaps for targeted populations and respond to food availability gaps generated by unexpected emergencies. Field-based projects are required to represent a diversity of projects, including those located in (1) food surplus regions; (2) food deficit regions (that are carried out using regional procurement methods); and (3) multiple geographical regions. The initial phase of the program will focus primarily on development projects.</p>									
<p><u>Geographic Breakdown of Obligations and Staff Years</u> (Dollars in thousands)</p>									
State/Territory	2013 Actual		2014 Actual		2015 Enacted		2016 Estimate		
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	
District of Columbia.....	-	-	-	-	-	-	\$20,000	-	
Undistributed.....	-	-	-	-	-	-	-	-	
Obligations.....	-	-	-	-	-	-	20,000	-	
Lapsing Balances.....	-	-	-	-	-	-	-	-	
Total, Available.....	-	-	-	-	-	-	20,000	-	
<p><u>Classification by Objects</u> (Dollars in thousands)</p>									
	2013 Actual		2014 Estimate		2015 Enacted		2016 Estimate		
Other Objects:									
41.0 Grants.....	-		-		-		\$20,000		
Total Obligations.....	-		-		-		20,000		