

2018 President's Budget
Foreign Agricultural Service

Contents

	<u>Page</u>
Purpose Statement	33-1
Available Funds and Staff Years	33-5
Permanent Positions by Grade and Staff Years Summary	33-6
Motor Vehicle Fleet Data	33-7
Salaries and Expenses	
Appropriations Language and Explanation of Changes	33-8
Lead-off Tabular Statement	33-8
Summary of Increases and Decreases	33-8
Project Statements	33-9
Justification	33-10
Geographic Breakdown of Obligations and Staff Years	33-13
Classification by Objects	33-14
Shared Funding Projects	33-15
Status of Programs	33-17
Summary of Budget and Performance	
Key Performance Outcomes and Measures	33-45
Public Law 480	
Purpose Statement	33-51
Appropriations Language and Explanation of Changes	33-53
Lead-off Tabular Statement	33-54
Summary of Increases and Decreases	33-54
Project Statements	33-55
Justification	33-57
Classification by Objects	33-58
McGovern-Dole International Food for Education and Child Nutrition Grants	
Appropriation Language and Explanation of Changes	33-59
Lead-off Tabular Statement	33-59
Summary of Increases and Decreases	33-59
Project Statements	33-60
Justification	33-61
Geographic Breakdown of Obligations and Staff Years	33-61
Classification by Objects	33-61
Commodity Credit Corporation Export Loans Program Account	
Appropriation Language and Explanation of Changes	33-62
Lead-off Tabular Statement	33-62
Summary of Increases and Decreases	33-62
Project Statements	33-63
Justification	33-64
Classification by Objects	33-64

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 farmers and ranchers, 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 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 sectors of the economy help rural communities build and maintain prosperity. Nowhere is this more evident than in agricultural trade. As departmental coordinator for international activities, FAS helps strengthen food and agricultural systems in developing countries, establishing a foundation for future trading opportunities while supporting U.S. national security interests. FAS plans to achieve this through 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, and builds 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, 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 (LES) 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

FOREIGN AGRICULTURAL SERVICE

and agricultural exports. FAS programs that contribute to food and agricultural exports include: Technical Assistance for Specialty Crops Program (TASC), 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 170 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 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 \$129.7 billion in 2016, 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.

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 in providing food assistance, training and technical assistance, and technical exchanges that build foreign country capacity to grow, buy, and process U.S. agricultural products. Programs that have supported food security include: Food for Progress Program, Norman E. Borlaug International Agricultural Science and Technology Fellowship Program, the Cochran Fellowship Program, and agricultural-related technical assistance and capacity building. 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 enabling 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.

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 93 offices providing coverage in more than 170 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, 2016, FAS had 587 in permanent full-time employment which include 472 in headquarters, 115 Foreign Service Officers, and 42 LES' whom are not included as part of FAS' permanent full-time employment count.

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, which transferred the agricultural attachés from the Department of State to FAS. This 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*

FOREIGN AGRICULTURAL SERVICE

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 FAS 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), US Agency for International Development (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.

FOREIGN AGRICULTURAL SERVICE

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

2016

OIG Reports – In progress

#07601-0002-23 FAS' Monitoring of the Administration's Trade Agreement Initiatives

GAO Reports – In progress

#100386 Foreign Aid Evaluation Cost and Quality
#100842 Federal Agencies' Trade Enforcement Expenditures
#101039 U.S. Foreign Assistance to Inter-American Multilateral Organizations
#101302 Foreign Assistance Strategies

GAO Reports – Completed

#100355 02/12/16 Food for Peace Implementation Costs
#16-768 08/24/16 Foreign Assistance: Actions Needed to Improve Transparency and Quality
of Data on ForeignAssistance.gov (formerly 100180)
#16-861-R 09/27/16 Foreign Assistance: Selected Agencies' Monitoring and Evaluation Policies
Generally Address Leading Practices (formerly 100132)
#17-201 12/15/16 Cuba: U.S. Policy Changes Increased Engagement with Private Sector, but
Agency Information Collection Is Limited (formerly 100581)

FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff Years (SYs)
(Dollars in thousands)

Item	2015 Actual		2016 Actual		2017 Estimate		2018 President's	
							Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:								
Salaries and Expenses.....	\$181,423	651	\$191,566	679	\$191,202	729	\$188,167	678
McGovern-Dole Program.....	191,626	-	201,626	-	201,243	-	-	-
CCC Export Guarantee Programs Admin. Expense	6,394	29	6,394	30	6,382	30	6,382	30
Local and Regional Food Aid Procurement	-	-	a/	-	a/	-	-	-
Adjusted Appropriation.....	379,443	680	399,586	709	398,827	759	194,549	708
Rescissions, Transfers, and Seq. (Net).....	-	-	-8,799	-	-	-	-	-
Total Appropriations.....	379,443	680	390,787	709	398,827	759	194,549	708
Bal. Available, SOY.....	116,904	-	228,461	-	61,128	-	-	-
Recoveries, Other (Net).....	14,147	-	136,838	-	-	-	-	-
Total Available.....	510,494	680	756,086	709	459,955	759	194,549	708
Lapsing Balances.....	-12,723	-	-	-	-	-	-	-
Bal. Available, EOY.....	-266,791	-	-64,585	-	-	-	-	-
Total Obligations.....	230,980	680	691,501	709	459,955	759	194,549	708
Obligations under other USDA appropriations:								
Commodity Credit Corporation for:								
Reimbursable Activities:								
Market Access Program Admin. Costs.....	5,312	12	5,604	23	5,604	23	-	-
Technical Assistance for Specialty Crops								
Program Admin. Costs.....	830	1	1,083	3	1,085	3	1,092	3
Emerging Markets Program Admin. Costs	913	2	970	5	970	5	977	5
Quality Samples Program Admin. Costs.....	185	1	202	1	204	1	204	1
Foreign Market Development Program Admin. Costs.....	1,245	1	1,321	6	1,320	6	-	-
Food for Progress Admin. Costs.....	4,326	14	4,100	15	4,100	15	4,100	15
Cotton and Wool Project Admin. Costs.....	124	1	252	1	252	1	-	-
Legal Services.....	155	-	155	-	354	-	-	-
McGovern Dole Program	3,500	10	3,500	11	3,500	11	3,500	11
Landsat data and support of export programs.....	4,635	3	-	-	-	-	-	-
IRM Activities.....	17,289	-	18,856	2	19,045	2	19,045	2
IRM Activities (Non-CCC).....	4,403	-	4,750	3	4,798	3	4,798	3
Under Secretary Int'l Travel for Trade Matters.....	500	-	500	-	500	-	500	-
Emerging Markets Program.....	3,400	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.....	100	-	-	-	100	-	-	-
Capital Security Cost Share.....	2,500	-	-	-	2,500	-	-	-
Visiting Scientist Program.....	700	-	-	-	700	-	-	-
Codex.....	1,438	1	450	1	1,450	1	450	1
Office of the Secretary: Congressional Relations.....	110	-	-	-	110	-	-	-
Trade Negotiations and Biotechnology Fund (OSEC).....	750	2	300	2	750	2	300	2
P.L. 480 Title II.....	120	1	-	-	-	-	-	-
Total, Other USDA Appropriations.....	52,535	50	45,443	74	50,742	74	38,366	44
Total, Agriculture Appropriations.....	283,515	730	736,944	783	510,697	833	232,915	752
Other Federal Funds:								
U.S. Agency for International Development (USAID) and others for developmental assistance.....								
	112,085	175	73,600	169	110,000	170	95,860	200
Total, Other Federal Funds.....	112,085	175	73,600	169	110,000	170	95,860	200
Total, Foreign Agricultural Service.....	395,600	905	810,544	952	620,697	1,003	328,775	952

FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff Year Summary

Item	2015 Actual			2016 Actual			2017 Enacted			2018 President's Budget		
	Wash.			Wash.			Wash.			Wash.		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
ES.....	8	-	8	6	-	6	6	-	6	6	-	6
SES.....	6	17	23	5	17	22	5	17	22	5	17	22
GS-15.....	39	-	39	46	-	46	46	-	46	46	-	46
GS-14.....	112	-	112	116	1	117	116	1	117	116	1	117
GS-13.....	117	1	118	154	-	154	154	1	155	154	1	155
GS-12.....	78	-	78	106	-	106	106	-	106	106	-	106
GS-11.....	43	-	43	45	-	45	45	-	45	45	-	45
GS-10.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-9.....	22	1	23	22	1	23	22	1	23	22	1	23
GS-8.....	9	-	9	7	-	7	7	-	7	7	-	7
GS-7.....	21	-	21	18	-	18	18	-	18	18	-	18
GS-6.....	2	-	2	2	-	2	2	-	2	2	-	2
GS-5.....	3	-	3	1	-	1	1	-	1	1	-	1
GS-4.....	2	-	2	3	-	3	3	-	3	3	-	3
GS-3/2.....	3	-	3	-	-	-	-	-	-	-	-	-
Other Graded Positions.....	29	87	116	22	96	118	22	134	156	22	134	156
Total Perm. Positions.....	495	106	601	554	115	669	554	154	708	554	154	708
Unfilled, EOY.....	51	20	71	82	-	82	-	-	-	-	-	-
Total, Perm. Full-Time Employment,.....	444	86	530	472	115	587	554	154	708	554	154	708
Staff Year Est.....	680	225	905	709	243	952	759	244	1,003	708	244	952

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 conduct field 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: For FY 2018, there are presently three vehicles being procured and one anticipated purchase. The vehicles purchased will replace existing vehicles and will require the disposal of three or four vehicles. All other vehicles are working properly. FAS’ overseas vehicle fleet currently consists of one (1) sedan, nine (9) mini-vans, eight (8) 4x2 Light Trucks, and thirty-six (36) 4x4 Light Trucks. Twelve (12) vehicles were reclassified and of these 10 were classified as 4x4 Light Trucks, while two vehicles were disposed of.

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.

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						
2015	1	29	26	-	-	-	-	56	\$186
Change	-	-	-	-	-	-	-	-	+15
2016	1	29	26	-	-	-	-	54	201
Change***	-	-12	+10	-	-	-	-	-2	+15
2017	1	17	36	-	-	-	-	52	216
Change	-	-	-	-	-	-	-	-	+16
2018	1	17	36	-	-	-	-	52	232

* 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.

*** Ten vehicles reclassified from 4x2 to 4x4 Light Trucks

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), [\$191,202,000] \$188,167,000, of which no more than 6 percent shall remain available until September 30, 2019, for overseas operations to 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.

Lead-Off Tabular Statement

Current Law

Budget Estimate, 2018.....	\$188,167,000
2017 Annualized Continuing Resolution.....	<u>191,202,000</u>
Change in Appropriation.....	<u><u>-3,035,000</u></u>

Summary of Increases and Decreases

(Dollars in thousands)

	2015	2016	2017	2018	2018
	Actual	Change	Change	Change	President's Budget
Discretionary Appropriations:					
Trade Policy.....	\$76,273	+\$4,184	-\$153	-\$1,274	\$79,030
Trade Promotion.....	65,197	+3,767	-131	-1,094	\$67,739
Capacity Building/Food Security.....	39,953	+2,192	-80	-667	\$41,398
Total, Discretionary Appropriation	<u>181,423</u>	<u>+10,143</u>	<u>-364</u>	<u>-3,035</u>	<u>188,167</u>

FOREIGN AGRICULTURAL SERVICE

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget		
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	
	Discretionary Appropriations:										
Trade Policy.....	\$76,273	274	\$80,457	285	\$80,304	306	-\$1,274	(1)	-21	\$79,030	285
Trade Promotion.....	65,197	234	68,964	245	68,833	263	-\$1,094	(2)	-19	67,739	244
Capacity Building/Food Security.....	39,953	143	42,145	149	42,065	160	-\$667	(3)	-11	41,398	149
Subtotal.....	181,423	651	191,566	679	191,202	729	-3,035		-51	188,167	678
CCC Export Programs Admin.....	6,394	29	6,394	30	6,382	30	-		-	6,382	30
Total Adjusted Appropriations.....	187,817	680	197,960	709	197,584	759	-3,035		-51	194,549	708
Rescissions, Transfers, and Seq. (Net)....	-	-	-8,799	-	-	-	-		-	-	-
Total Appropriations.....	187,817	680	189,161	709	197,584	759	-3,035		-51	194,549	708
Bal. Available, SOY.....	36,906	-	0	-	-	-	-		-	-	-
Recoveries, Other (Net).....	14,147	-	0	-	-	-	-		-	-	-
Total Available.....	238,870	680	189,161	709	197,584	759	-3,035		-51	194,549	708
Lapsing Balances.....	-12,723	-	0	-	-	-	-		-	-	-
Bal. Available, EOY.....	-38,330	-	-3,457	-	-	-	-		-	-	-
Total Obligations.....	187,817	680	185,704	709	197,584	759	-3,035		-51	194,549	708

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget		
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	
	Discretionary Obligations:										
Trade Policy.....	\$76,273	274	\$75,457	285	\$80,304	306	-\$1,274	(1)	-21	\$79,030	285
Trade Promotion.....	65,197	234	64,678	245	68,833	263	-\$1,094	(2)	-19	67,739	244
Capacity Building/Food Security.....	39,953	143	39,526	149	42,065	160	-\$667	(3)	-11	41,398	149
Subtotal.....	181,423	651	179,661	679	191,202	729	-3,035		-51	188,167	678
CCC Export Programs Admin.....	6,394	29	6,043	30	6,382	30	-		-	6,382	30
Total Obligations.....	187,817	680	185,704	709	197,584	759	-3,035		-51	194,549	708
Lapsing Balances.....	12,723	-	-	-	-	-	-		-	-	-
Bal. Available, EOY.....	38,330	-	3,457	-	-	-	-		-	-	-
Total Available.....	238,870	680	189,161	709	197,584	759	-3,035		-51	194,549	708
Transfers.....	-	-	8,799	-	-	-	-		-	-	-
Bal. Available, SOY.....	-36,906	-	0	-	-	-	-		-	-	-
Recoveries, Other (Net).....	-14,147	-	0	-	-	-	-		-	-	-
Total Appropriations.....	187,817	680	197,960	709	197,584	759	-3,035		-51	194,549	708

FOREIGN AGRICULTURAL SERVICE

Justification of Increases and Decreases

(1) A total decrease of \$3,035,000 and reduction of 51 staff years (\$191,202,000 and 759 staff years available in 2017).

The total 2018 Salaries and Expenses (S&E) budget request is \$188,167,000 and 678 staff years (does not include CCC Export Credit Guarantee Program funding of \$6,382,000 and 30 staff years for 2018). This request results in a net decrease of funding of \$3,035,000 for 2018 (\$191,202,000 and 759 staff years available in 2017). The proposed funding level will allow the Foreign Agricultural Service (FAS) to continue strong support of its long-term goal of increasing U.S. economic activity through trade facilitation and international cooperation. Funds requested 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;
- Develops emerging markets overseas, and
- Increases global food security.

The funding change is requested for the following items:

- a. An increase of \$1,918,000 for pay costs (\$581,000 for annualization of the 2017 pay raise and \$1,337,000 for the 2018 pay raise). This increase in pay will provide FAS a pay incentive to retain quality staff, which is so vital to achieving the agency's objective of facilitating trade and international cooperation for U.S. agricultural products.
- b. An increase of \$3,600,000 for International Cooperative Administrative Support Services (ICASS) (\$22,278,000 and 116 staff years available in 2017). 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 the U.S. Department of State (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. These projections are based on the 2017 and 2018 DoS global analysis, which informs U.S. presence abroad.
- c. An increase of \$2,050,000 for pay cost for FAS' Locally Engaged Staff (LES) (\$21,840,195 and 46 staff years available in 2017). Executive Order 13655, signed December 23, 2013 rescinded a 2-year freeze in pay of civilian Federal employees which had been instituted pursuant Executive Order 13561 (signed on December 22, 2010). Commencing in June 2014 the DoS began processing wage increases for the 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 continue its review process for all compensation plans overseas and FAS will incur increased payments of compensation for overseas LES into 2018.
- d. The reduction is \$1,715,000 for Capital Security Cost Sharing (CSCS) (\$7,777,000 and 116 staff years available in 2017). The reduction is due to an estimated decrease in CSCS costs. DoS implements the 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. 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. CSCS is calculated based on actual Statement of Charges minus any disputes FAS has made with DoS. These disputes may apply to rent credits, current/planned positions, and charges by position which may result in the agency paying less than the Statement of Charges.

FOREIGN AGRICULTURAL SERVICE

- e. A decrease of \$5,700,000 and 51 staff years due to agency attrition and VERA/VSIP. The proposed action reflects efforts to streamline employment levels while maintaining continuity and strong support for U.S. agricultural exports. Attrition (20 staff years) and VERA/VSIP (31 staff years) would lead to approximately a 7.2 percent reduction in the workforce equivalent to 51 FTE's. The reduction is due to proposals to terminate certain programs and would be limited to headquarters staff.
- f. A decrease of \$3,188,000 for FAS Headquarters' administrative costs. A decrease for headquarters office for administrative costs. These costs would be realized within the agency's travel budget, contractual services, and non-IT contracts.

2018 Budget Activity Structure

Trade Policy	42%
Trade Promotion	36%
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' unrivaled global network of agricultural affairs and agricultural trade offices connect agricultural exporters to foreign customers and provides crucial information on international agricultural markets 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) A net decrease of \$1,274,000 and 21 staff years for Trade Policy (\$80,304,000 and 306 staff years available for the 2017) administrative costs and activities.
 - a. An increase of \$806,000 for pay costs;
 - b. An increase of \$1,512,000 for ICASS costs;
 - c. An increase of \$861,000 for LES costs;
 - d. A decrease of \$720,000 for CSCS;
 - e. A decrease of \$2,394,000 in salary costs through attrition and VERA/VSIP; and
 - f. A decrease of \$1,339,000 for 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 budget 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.

FOREIGN AGRICULTURAL SERVICE

exporters to sell safe, wholesome U.S. food and agricultural products, with more cost-efficient and effective service delivery. Proposed staffing levels will continue support for monitoring and enforcing international phytosanitary (SPS) rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards. These efforts strengthen U.S. trade and help to overcome the sanitary and SPS barriers of other countries set up to protect their domestic industries as global trade expands.

Trade Promotion

- (2) A net decrease of \$1,094,000 and 19 staff years for Trade Promotion (\$68,833,000 and 263 staff years available for the 2017) for administrative costs and activities.
- a. An increase of \$690,000 for pay costs;
 - b. An increase of \$1,296,000 for ICASS costs;
 - c. An increase of \$738,000 for LES costs;
 - d. A decrease of \$618,000 for CSCS;
 - e. A decrease of \$2,052,000 for salary costs through attrition and VERA/VSIP; and
 - f. A decrease of \$1,148,000 for administrative costs.

With this net decrease, 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 2018 funding level will maintain service delivery to support trade promotion activities as part of the agency's ongoing effort to assist U.S. food and agricultural exporters to take advantage of market opportunities created by the agency's trade policy and capacity building successes. FAS is responsible for administering these programs and activities and partners with private sector associations, state and regional trade groups, and U.S. food and 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.

Capacity Building/Food Security

- (3) A net decrease of \$667,000 and 11 staff years for Capacity Building/Food Security (\$42,065,000 and 149 staff years available for the 2017) administrative costs and activities.
- a. An increase of \$422,000 for pay costs;
 - b. An increase of \$792,000 for ICASS costs;
 - c. An increase of \$451,000 for LES costs;
 - d. A decrease of \$377,000 for CSCS;
 - e. A decrease of \$1,254,000 for salary costs through attrition and VERA/VSIP; and
 - f. A decrease of \$701,000 for administrative costs.

FOREIGN AGRICULTURAL SERVICE

The requested budget 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.

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

State/Territory	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$118,325	574	\$124,715	593	\$124,478	643	\$122,566	592
Other Countries.....	69,492	106	73,245	116	73,106	116	71,983	116
Total Obligations	187,817	680	197,960	709	197,584	759	194,549	708
Rescissions, Transfers, and Seq. (Net)	-	-	-8,799	-	-	-	-	-
Total Appropriations.....	187,817	680	189,161	709	197,584	759	194,549	708
Bal. Available, SOY.....	36,906	-	0	-	-	-	-	-
Recoveries, Other (Net).....	14,147	-	0	-	-	-	-	-
Total Available.....	238,870	680	189,161	709	197,584	759	194,549	708
Lapsing Balances.....	-12,723	-	0	-	-	-	-	-
Bal. Available, EOY.....	-38,330	-	-3,457	-	-	-	-	-
Total Obligations.....	187,817	680	185,704	709	197,584	759	194,549	708

FOREIGN AGRICULTURAL SERVICE

Classification by Objects

(Dollars in thousands)

	2015	2016	2017	2018
	Actual	Actual	Estimate	President's Budget
Personnel Compensation:				
Washington D.C.....	\$56,718	\$62,958	\$65,342	\$63,782
Field.....	22,311	25,169	26,191	26,453
11 Total personnel compensation.....	79,029	88,127	91,533	90,235
12 Personal benefits.....	28,399	31,431	32,566	32,131
13.0 Benefits for former personnel.....	398	300	300	301
Total, personnel comp. and benefits.....	107,826	119,858	124,399	122,667
Other Objects:				
21.0 Travel and transportation of persons.....	8,176	8,535	8,600	6,600
22.0 Transportation of things.....	1,074	1,551	2,000	1,700
23.1 Rental payments to GSA.....	89	92	92	92
23.2 Rental payments to others.....	3,236	3,523	3,500	3,500
23.3 Communications, utilities, and misc. charges.....	2,643	2,109	2,100	2,100
24.0 Printing and reproduction.....	148	100	100	100
25.1 Advisory and assistance services.....	48,726	50,248	44,877	48,874
25.2 Other services from non-Federal sources.....	10,608	5,989	6,000	3,500
25.3 Other purchases of goods and services from Federal sources.....	1,659	2,261	2,200	2,200
25.4 Operation and maintenance of facilities.....	12	27	30	30
25.5 Research and development contracts.....	692	750	750	750
25.6 Medical care.....	184	105	105	105
25.7 Operation and maintenance of equipment.....	690	820	820	820
25.8 Subsistence and support of persons.....	7	5	5	5
26.0 Supplies and materials.....	986	1,290	1,300	800
31.0 Equipment.....	841	472	480	480
41.0 Grants.....	1	-	-	-
42.0 Insurance claims and indemnities.....	9	16	16	16
Total, Other Objects.....	79,781	77,893	72,975	71,672
99.9 Total, new obligations.....	187,627	197,960	197,584	194,549
DHS Building Security Payments (included in 25.3)	\$20	\$209	\$210	\$210
Position Data:				
Average Salary (dollars), ES/FE Positions.....	\$173,374	\$175,108	\$176,859	\$173,357
Average Salary (dollars), FO/FP Positions.....	\$117,749	\$118,926	\$120,115	\$117,737
Average Salary (dollars), GS/GM/FSN Positions.....	\$100,922	\$101,931	\$102,950	\$100,912
Average Grade, GS Position.....	12.9	13.3	13.3	12.9

FOREIGN AGRICULTURAL SERVICE

Shared Funding Projects
(Dollars in thousands)

	2015	2016	2017	2018
	Actual	Actual	Estimate	President's Budget
Working Capital Fund:				
Administration:				
Material Management Service Center.....	\$110	\$148	\$166	\$167
HR Enterprise System Management.....	0	8	8	12
Integrated Procurement Systems.....	77	83	83	98
Mail and Reproduction Management.....	229	281	358	434
Procurement Operations.....	-	7	-	-
	416	527	615	711
Communication:				
Creative Media and Broadcast Center.....	65	19	89	64
Correspondence Management:				
Correspondence Management.....	133	108	93	84
Finance and Management:				
Financial Management Service.....	4,975	592	842	794
Internal Control Support Services.....	71	68	76	58
National Finance Center.....	142	145	227	205
	5,188	805	1,145	1,057
Information Technology:				
Client Technology Services.....	4,518	2,559	2,842	2,679
National Information Technology Center.....	2,647	2,664	2,395	2,592
Enterprise Network Services.....	75	125	86	92
	7,240	5,348	5,323	5,363
Total, Working Capital Fund.....	13,042	6,807	7,265	7,279
Departmental Shared Cost Programs:				
1890 USDA Initiatives.....	29	27	39	35
Advisory Committee Liaison Services.....	11	13	13	12
Classified National Security Information.....	10	175	193	174
Continuity of Operations Planning.....	22	17	22	20
Emergency Operations Center.....	23	20	25	22
Facility and Infrastructure Review and Assessment.....	5	4	5	4
Faith-Based & Neighborhood Partnership.....	4	3	4	4
Federal Biobased Products Preferred Procurement Program.....	-	-	-	-
Hispanic-Serving Institutions National Program.....	19	15	21	19
Honor Awards.....	1	1	1	1
Human Resources Transformation (includes Diversity).....	18	13	18	17
Identify & Access Management (HSPD-12).....	70	57	71	64
Intertribal Technical Assistance Network.....	-	-	-	-
Medical Services.....	46	53	63	57
People's Garden.....	8	5	7	6
Personnel Security Branch.....	129	100	118	106
Preauthorized Funding.....	39	32	39	35
Retirement Processor Web Application.....	6	5	6	6
Sign Language Interpreter.....	-	-	-	-
TARGET Center.....	15	12	15	14
USDA 1994 Program.....	7	6	8	7
Virtual University.....	21	17	21	19
Visitor Information Center.....	-	-	-	-
Total, Department Shared Cost Programs.....	483	575	689	622

FOREIGN AGRICULTURAL SERVICE

Shared Funding Projects

(Dollars in thousands)

	2015	2016	2017	2018
	Actual	Actual	Estimate	President's Budget
E-Gov:				
Budget Formulation and Execution Line of Business.....	\$1	\$5	\$5	\$5
Disaster Assistance Improvement Plan.....	-	-	-	-
Enterprise Human Resources Initgration.....	22	17	20	20
E-Rulemaking.....	8	10	17	21
E-Training.....	29	24	-	-
Financial Management Line of Business.....	2	1	1	1
Geospatial Line of Business.....	-	7	13	13
GovBenefits.gov.....	-	-	-	-
Grants.gov.....	6	-	-	-
Grants Management Line of Business.....	-	-	-	-
Human Resources Line of Business.....	3	2	2	3
Integrated Acquisition Environment - Loans and Grants.....	20	-	-	-
Integrated Acquisition Environment.....	7	15	14	14
Recreation One-Stop.....	-	-	-	-
Total, E-Gov.....	98	81	72	77
Agency Total.....	13,623	7,463	8,026	7,978

FOREIGN AGRICULTURAL SERVICE

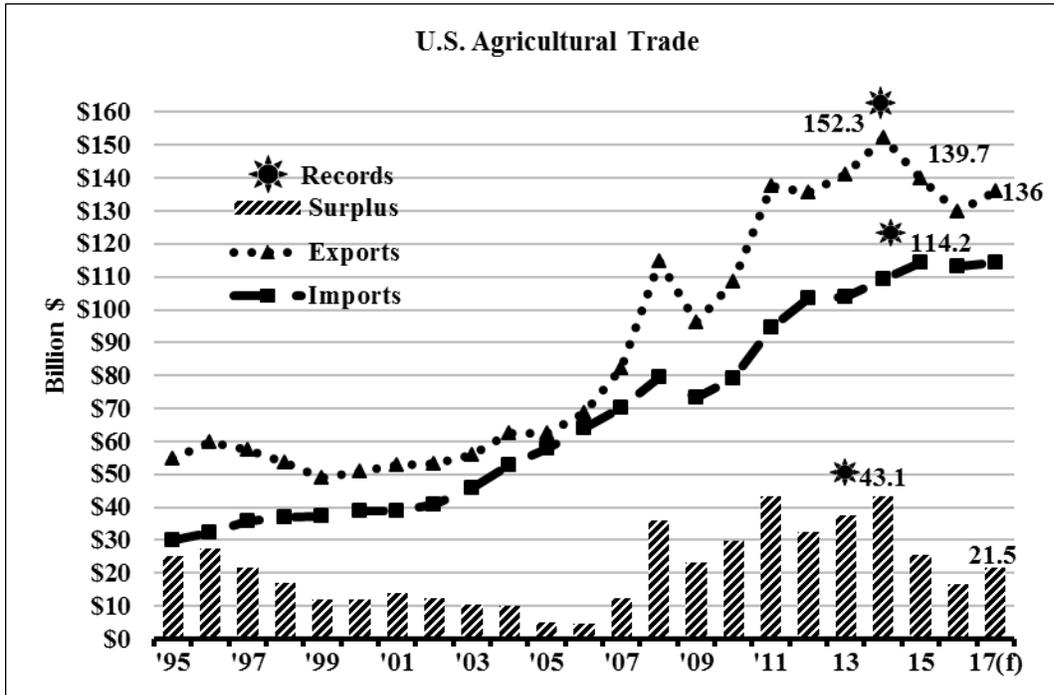
Status of Programs

SUMMARY OF AGRICULTURAL TRADE

In FY 2016, U.S. agricultural exports reached \$129.7 billion, down \$10 billion, or 7 percent decrease, from 2015. Lower prices significantly impacted 2016 export values. Export volumes for bulk commodities rose 5 percent in 2016 to record levels, but export values fell 7 percent on lower unit values. Soybean export unit values, for example, were down 12 percent compared to the year before. Thus, despite the fact that soybean export volume reached a record 54 million metric tons (MMT), soybean export value fell 5 percent to \$20.4 billion. Wheat and cotton exports were down on both value and volume basis. However, corn exports were up moderately on both value and volume basis, despite a 5 percent drop in unit values. Overall livestock, poultry, and dairy export values were down 13 percent, with dairy and poultry accounting for more than half of the reductions. Beef and pork exports were both up in volume but down in value due to lower prices. Horticultural product exports were down \$1.1 billion from last year, the first year-to-year decline since 2009, mainly as a result of reduced tree nut shipments to Europe and Asia.

Canada overtook China as the largest U.S. export market, with shipments totaling \$20.3 billion, down 5 percent from 2015. China fell to the second place, with sales of \$19.2 billion, a 15 percent reduction from last year on lower export unit values for soybeans, as well as declining sales of cotton, sorghum, distiller’s dried grains (DDGs), hides and skins, and other products. Mexico remained the third largest export markets with sales of \$17.7 billion, a moderate reduction from last year’s \$18 billion. Exports to the European Union (EU) declined by 5 percent to \$11.6 billion in 2016, and exports to Japan fell 9 percent to \$10.6 billion.

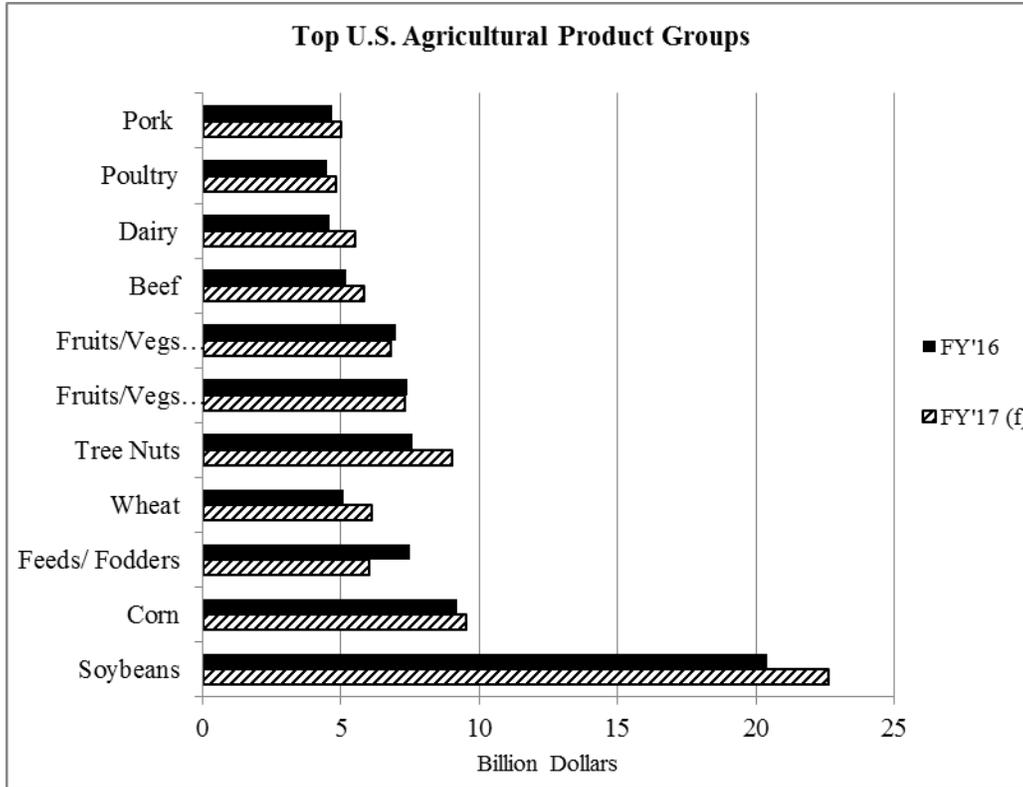
Overseas markets remain vital to U.S. farmers. For many agricultural products, one-third of domestic production (on a volume basis) is exported. Exports are also an important source of income for food processing companies, packaging materials companies, transportation, and other related industries.



Note: Forecasts are based on USDA's "Outlook for U.S. Agricultural Trade" published on February 23, 2017. Source of trade data: the U.S. Bureau of the Census.

COMMODITY EXPORT HIGHLIGHTS

The 2017 agricultural exports are forecast at \$136 billion, an increase of \$6.3 billion over 2016. The overall anticipated increase in the agricultural export value for 2017, compared to the previous year, is largely due to higher exports of cotton, oilseed products, livestock, poultry and dairy.



Bulk commodity exports are forecast at \$48.5 billion in 2017 compared to \$42.8 billion in 2016. Total bulk export volume is expected to reach a new record of 152.4 MMTs, primarily due to higher corn projections and a record soybean volume. Compared to the previous year, the highlights for 2017 are:

Grains. Wheat and corn exports for 2017 are forecast at \$15.6 billion, up from \$14.3 billion in 2016. For corn, reduced competition from South America has helped boost U.S. export volume, which is projected to be 10.5 percent higher than last year. Wheat export volume is up 20 percent while wheat export value is projected up at \$6.1 billion.

Soybeans. Soybean exports are forecast at \$22.6 billion. The forecast is \$2.2 billion higher than 2016 exports, driven by record volume and higher unit value. Limited availability from South America has led to higher U.S. early season sales, and demand from China remains strong.

High-value product exports are forecast at \$87.5 billion in 2017, up \$1.4 billion from 2016, illustrating foreign demand and increasing unit values. Compared to the previous year, the forecasted highlights for 2017 are:

Feed and Oilseed Products. Feeds and fodders exports are expected to be down (from \$7.5 billion to \$6.0 billion) overall as exports of DDGs to China have fallen by 75 percent over last year's pace during the first five months of FY 2017. Soybean meal and oil export values are down slightly from last year at \$4.0 billion and \$0.8 billion, respectively.

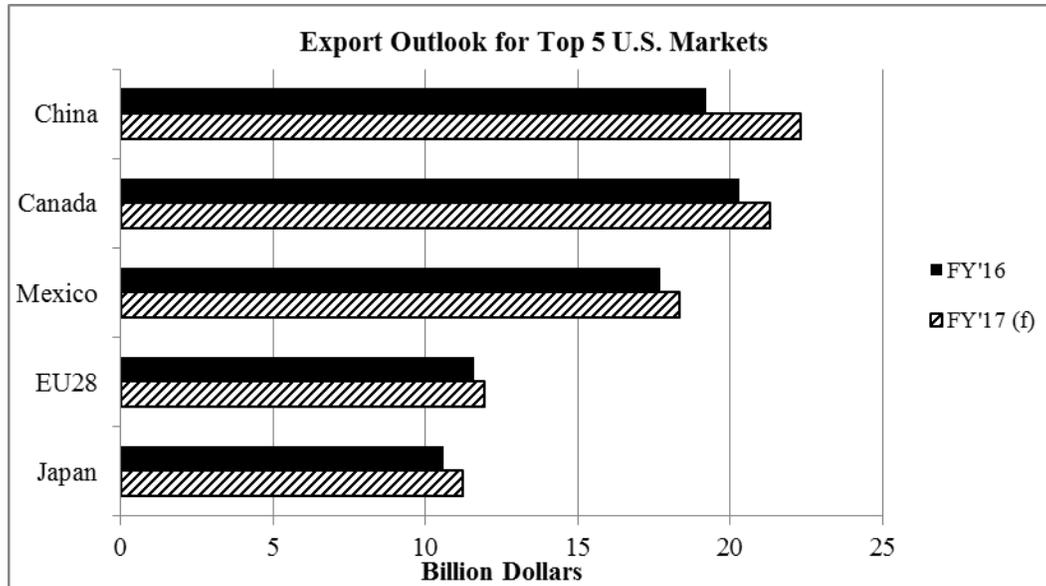
Animal Products. The export forecast for livestock, poultry, and dairy products is \$28.1 billion, \$2.5 billion higher than 2016 exports, with dairy accounting for the largest increase. Recoveries in global markets and expectations of lower milk output from major producing countries have boosted dairy prices and U.S.

FOREIGN AGRICULTURAL SERVICE

competitiveness. Dairy export value is projected to be \$0.9 billion higher at \$5.5 billion. Export volume of beef, pork, and broiler meat are all expected to increase moderately. Beef exports are forecast at \$5.8 billion, \$600 million higher than 2016. Pork exports are expected to be \$5.0 billion, up \$250 million over last year, given a 10 percent increase in volume. Poultry is forecast at \$4.8 billion, \$300 million higher than 2016.

TOP EXPORT MARKETS

The top five markets account for 63 percent of U.S. agricultural exports in 2016. U.S. agricultural exports to our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, are forecast at \$39.6 billion in 2017, up \$1.6 billion from last year. China is expected to reclaim its ranking as the largest U.S. agricultural market with exports at \$22.3 billion.



U.S. agricultural exports to Asia are forecast up from \$54.9 billion in 2016 to \$59.9 billion in 2017. U.S. agricultural exports to China are forecast at \$22.3 billion, up \$3.1 billion from 2016. Soybeans account for 55-60 percent of U.S. exports to China, and export values of soybeans are expected to increase in 2017 on higher volume and unit value as ample U.S. soybean supplies and reduced availability of Brazilian soybeans boost U.S. prospects and increase market share in China. Pork and tree nut exports are also expected to increase, as the tight domestic pork supply situation in China is likely to persist and demand for tree nuts recovers. Exports of agricultural products to Japan are projected at \$11.2 billion as soybean, livestock, and horticultural export values are all expected to increase.

COMMODITY IMPORT HIGHLIGHTS

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

The import forecast for 2017 is \$114.5 billion, up \$1.4 billion from last year, primarily due to increased imports of horticultural products, and to a lesser extent livestock and oilseed products.

Horticultural Products. Imports are forecast to rise to a record \$54.4 billion, up \$1.3 billion from last year. Imports of nuts, fresh fruit, and wine, and beer are expected to see moderate increases. An higher import of nuts and fresh fruits reflects greater demand for healthier diets.

Grains, Oilseeds, and Products. Imports are forecast relatively flat at \$19.5 billion..

FOREIGN AGRICULTURAL SERVICE

Livestock, Poultry and Dairy. Imports are forecast to decline by \$0.8 billion to \$15.8 billion, largely due to a sharp reduction in beef shipments. Beef imports are forecast to decline 11 percent (\$580 million) to \$4.8 billion on higher U.S. beef production due to tight competitor supplies.

Sugar and Tropical Products. Imports are forecast to increase \$800 million to \$23 billion as gains are expected in coffee and cocoa products.

TOP FOREIGN SUPPLIERS

The top five forecasted suppliers in descending order are Mexico, Canada, EU28, China, and Australia. Supplies from these exporters are forecast to account for 64 percent of total U.S. imports, with the Western Hemisphere accounting for 56 percent of the total import bill.

TRADE POLICY

Greater access to foreign markets for U.S. agriculture requires an aggressive trade policy and substantial investment in technical expertise. The Foreign Agricultural Service (FAS) works globally to lower tariffs, reduce non-tariff barriers, eliminate export subsidies, reduce trade-distorting domestic subsidies and foster rules-based international systems that facilitate U.S. exports. FAS coordinates with other USDA agencies, the Office of the United States Trade Representative (USTR), and others in the United States Government (USG) to negotiate, monitor, and enforce trade agreements. FAS combines intelligence gathering, commodity analysis, industry collaboration, trade capacity building programs, technical expertise and relations with other USG agencies to develop coordinated strategies to open overseas markets for U.S. agriculture. Altogether, FAS overseas attachés and Washington-based analysts cover more than 150 countries worldwide to prevent and resolve trade problems involving U.S. products. These efforts directly augment the private sector's ability to export, create jobs, and sustain economic growth.

Notable achievements in 2016 include:

Review of Proposed Foreign Regulations Prevents Disruptions to Agricultural Trade. In 2016 alone, 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 (WTO) on 230 of these measures to minimize the negative impact on trade. Looking ahead, FAS continues to expect a large number of new food safety regulations from China that will have to be reviewed and addressed.

FAS Maintains Access for Biotech Crops. In 2016, FAS continued to advocate for efficient and science-based biotech approval systems in foreign markets. China, the European Union, Vietnam, and other countries accordingly approved applications for genetically engineered products for food and/or animal feed that facilitated continued market access and growth of U.S. exports. Separately, in response to reports of the discovery of genetically engineered (GE) volunteer wheat plants in Washington State, FAS worked with Animal and Plant Health Inspection Service (APHIS) and other stakeholders to avert major market disruptions in Korea and Japan. Together these accomplishments opened or helped to preserve U.S. exports valued at more than \$3 billion.

FAS Opens South Africa Market for Meat and Poultry. FAS worked intensively for over two years to leverage the Africa Growth and Opportunity Act (AGOA) to overcome technical barriers to trade imposed by South Africa on U.S. meat and poultry, culminating in early 2016 in an agreement on terms of trade that allow real access for U.S. producers.

FAS Gains Release of More Than \$35 Million in Detained Shipments. In 2016, \$130 billion in U.S. agricultural exports were due in part to the assistance that FAS offices in 93 countries provided to U.S. firms with consignments detained in foreign ports. In 2016, FAS negotiated the release of hundreds of detained shipments in dozens of countries. These shipments represent well over \$35 million and range from high quality wheat in Spain, whey protein in Brazil, berries in Thailand, and beef in military shipments to Germany. Detained shipments risk being destroyed and have an immediate impact on U.S. companies, especially small- and medium-sized companies that cannot afford to lose an entire container or more of product.

FOREIGN AGRICULTURAL SERVICE

FAS Leads Charge Against World Health Organization (WHO) Limits on Infant Formula. In 2016, FAS spurred agencies across the government to develop a balanced negotiating position on WHO guidelines impacting the marketing of food products for children from six months to three years of age, including follow-on formula, milk, and dairy products. Substantial improvements to the poorly drafted guidelines were made because of the coordinated approach.

FAS Maintains Preferential Access for Fresh Produce to Indonesia. FAS spearheaded the interagency effort to maintain the United States Fresh Fruit of Plant Origin (FFPO) equivalency with Indonesia. FFPO equivalency affords U.S. exporters the competitive advantage of direct access to the port of Jakarta and more efficient customs processing. Fresh fruit, vegetable and pulse exports to Indonesia averaged more than \$80 million between 2013 and 2015.

Lifting of India's Restriction on Apple Imports. In 2016, FAS marshalled resources at several high level fora to quickly persuade India to reverse restrictions that would have limited apple imports to a single, inconvenient port of entry. The lifting of the restrictions came during the height of the U.S. apple exporting season, protecting a \$100 million market from serious losses.

WTO Nairobi Ministerial. FAS was instrumental in leveling the playing field for U.S. farmers and ranchers in 2016 when the United States and other WTO Members agreed to the eliminate export subsidies and new disciplines on export financing and food aid. WTO Members, with U.S. leadership, for the first time did not reaffirm the Doha Mandates, opening the way to consider new approaches for achieving the trade-liberalizing objectives of the WTO.

FAS Presses for Favorable Maximum Residue Limits (MRLs) around the World. In 2016, FAS successfully engaged with countries around the world to establish favorable MRLs important to the horticultural industry. We obtained appropriate MRLs for key pesticides used on tree nuts and cranberries in the European Union, lingonberries in Canada, and grapes in Australia. In 2015, the United States exported \$2.3 billion worth of tree nuts to the European Union (EU), \$130 million in cranberries to the EU, \$45 million in berries to Canada, and \$38 million in grapes to Australia.

Korea Accepts Status Quo While Updating MRLs. In 2016, FAS successfully advocated for Korea to maintain existing maximum residue limits (MRLs) on pesticides while Korea implements a positive list system for pesticide MRLs and for Korea to accept U.S. and CODEX data for generic compounds. The United States exported \$3.25 billion in plant-based agricultural products to Korea in 2015, and the threat of unduly restrictive MRLs is a major industry concern.

FAS Pursues U.S. Agriculture's Interests in Trade Negotiations. Throughout 2016, FAS ensured that U.S. agriculture's interests were well represented in the ongoing trade negotiations and worked to prepare for implementing, monitoring and enforcing any new trade agreements to be ratified. FAS is preparing to support the Administration in future trade negotiations that could expand exports for U.S. agriculture.

Poultry Markets Regained after Avian Influenza Disruptions. After the final U.S. quarantines were lifted for highly pathogenic avian influenza (HPAI), FAS and APHIS pressed trading partners to remove the remaining unwarranted bans on U.S. poultry exports. FAS and APHIS efforts were successful in Vietnam, Korea, Turkey, Saudi, Indonesia, South Africa, and Kuwait. We continue to work with China and India to modify their import requirements and lift their import bans, and to engage Korea to modify its regulations to avoid future disruptions.

New Markets Around the World. In 2016, FAS worked closely with its partners to open new markets for U.S. exporters. After a three-year effort, FAS opened the China market for U.S. sugar beet pulp pellets, a market with a potential for \$250 million in exports. For the first time since 2005, California nectarines, valued at more than \$380 thousand were exported to Japan. FAS also opened the Bahrain market for U.S. egg products, and new access to the China market for California strawberries. Coordinated negotiations also persuaded Chile to remove a two-year quarantine requirement for walnut plants spurring initial sales of \$7 million, and opened the Costa Rican potato market to approximately \$11 million in annual U.S. chipping potatoes exports.

Beef Exports Continue Expansion into New Markets. In 2016, FAS continued to pursue expanded beef and live cattle market access to several major markets following the World Organization for Animal Health (OIE)'s

FOREIGN AGRICULTURAL SERVICE

2013 recognition of the United States as a negligible risk country for bovine spongiform encephalopathy (BSE). In 2016, South Africa, Saudi Arabia, Israel, Kenya, and Benin fully reopened to U.S. beef in accordance with OIE recommendations, while Peru, Colombia, and Brazil expanded the range of eligible U.S. beef products. U.S. beef and beef product exports reached more than \$6.2 billion in 2016, and expanded access is expected to result in hundreds of millions of dollars in additional exports in the coming years.

FAS Maintains Dairy and Berry Access to Canada. FAS helped persuade Canada to refrain from implementing three separate actions restricting the use of ultra-filtered milk in cheese manufacture, creating a new nation-wide permanent milk class designed to compete against imports, and eliminating dairy from the Duty Relief Program. Collectively, FAS defense on U.S. dairy interests retained \$150 million in dairy trade with Canada. FAS also convinced Canada to deny requests for strawberry and raspberry trade promotion boards that saved U.S. exporters \$2.1 million of U.S. exports.

Pathogen Reduction Treatments, the New SPS Barrier. FAS successfully negotiated with Singapore to accept all pathogen reduction treatments (PRTs) allowed in the United States for beef, pork and poultry production, preserving a \$50 million market for the U.S. meat industries. FAS continues its work with Japan to facilitate the approval of U.S.-approved PRTs there, while keeping that market open.

China Regionalizes Zika Disinfection Requirements. In 2016, FAS led an interagency process that successfully persuaded China to roll back a requirement to treat all incoming shipping containers for insects in response to concerns about Zika. China agreed to limit treatment to containers from the State of Florida. FAS outreach to constituents was instrumental in managing disinformation and providing clear guidance.

Cattle Exports Expand into New Markets. Negligible risk status for BSE has allowed USDA to improve market access for live U.S. cattle. In 2016, FAS and APHIS negotiations with Mexico, Peru, Pakistan, and Turkey 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.

U.S. Lamb Now Eligible for Taiwan. In 2016, U.S. lamb meat and meat products became eligible for export to Taiwan for the first time since BSE restrictions were imposed in December 2003. The opening culminates two years of comprehensive technical engagement. Taiwan represents a significant market opportunity as imports of lamb and lamb products totaled over \$75 million in 2015.

Lettuce Compliance to Taiwan. In December 2015, FAS worked with industry and U.S. regulators to provide Taiwan with a compliance plan addressing recent MRL detections on U.S. lettuce/salad mixes. FAS collaborative efforts successfully maintained market access for more than \$2.9 million in lettuce and salad mix exports.

Protected Market for U.S. Soybeans in Taiwan. In 2016 Taiwan authorities chose to not implement proposed bans on genetically modified (GE) soybeans in food products after the United States intervened and provided information on why banning GE soybeans is not-scientifically justified or good public policy. These actions helped protect an estimated \$80 million in U.S. soybean exports to Taiwan.

New Certificates for Egg Products to Hong Kong. FAS, working with APHIS, Agricultural Marketing Service (AMS), and Food Safety Inspection Service (FSIS), renegotiated certificates for egg products to Hong Kong to address new certification requirements, preserving more than \$35 million in trade.

U.S. Collagen Casings Return to Japan. In 2016, FAS re-opened the Japanese market to U.S. meat products using U.S. collagen casings, ending a restriction that has complicated trade for more than a decade. After the Japanese market reopened to U.S.-origin collagen and gelatin in 2015, FAS continued to help to secure access for U.S. meat products using collagen casings. U.S. sausage exports to Japan were \$93 million in 2015 and are expected to climb with expanded market access.

U.S. Animal Genetics Boost World's Flocks and Herds. In 2016, FAS facilitated communications among exporters and Bulgarian officials to open the Bulgarian market for U.S. duck genetics. FAS increased market

FOREIGN AGRICULTURAL SERVICE

access for bovine genetics in Turkey through the successful resolution of several trade technical barriers.

TRADE PROMOTION

FAS supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. food and agricultural products. The agency administers several export development programs including the Foreign Market Development (Cooperator) Program (FMD), Market Access Program (MAP), Technical Assistance for Specialty Crops (TASC) Program, Quality Samples Program (QSP), and Emerging Markets Program (EMP). These programs provide funds to U.S. organizations to conduct a wide range of activities including market research, consumer promotion, trade servicing, capacity building, and market access support. The results of FAS' efforts ultimately benefit both the farm and non-farm sectors of the U.S. economy through the creation of jobs and new market opportunities. Working with the State Regional Trade Groups (Food Export USA Midwest, Food Export USA Northeast, the Western United States Agricultural 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 U.S. industry participation in a range of international trade shows and manages credit guarantee programs to benefit U.S. agricultural exports.

MARKET DEVELOPMENT PROGRAMS

Northwest Pear Exports to Saudi Arabia Reached a Record. In the 2015/2016 season, Northwest pear exports to Saudi Arabia reached a record \$3.3 million (second highest level in volume), becoming the industry's sixth largest export market. The Pear Bureau Northwest's (PBNW) MAP-funded promotional program helped keep the sales momentum throughout the season, despite record high export prices. PBNW conducted in-store activities which kept retailers engaged throughout the Northwest pear season and motivated consumers to purchase Northwest pears. PBNW's in-store sampling activities also helped introduce new varieties to the consumers, boosting the consumers' acceptance of the Red Anjou this past season.

Alaska Seafood Marketing Institute's (ASMI) EMP Activities Develop Markets for Alaska Seafood in Southeast Asia. From February 18-28, 2016, ASMI used EMP to send eight Alaska seafood industry experts to Indonesia, Thailand, and Vietnam to introduce Alaska seafood to these markets, highlighting its flavor, purity, sustainability, and ease of preparation. In each country, the Alaskan experts held one-on-one business consultations with local seafood importers and processors, conducted educational seminars on Alaska seafood, participated in retail and plant tours to better understand the markets in general, and explored specific opportunities for Alaska seafood products. ASMI spent \$51,000 in EMP funds and added \$93,244, including cash and in-kind contributions from the Alaska seafood industry, to support these activities. The Alaska team educated over 100 seafood trade members in Southeast Asia which generated \$760,000 of Alaska seafood exports to these markets within three months of the trade mission's conclusion.

TASC Helps California Strawberries Access China Market. The Chinese market is finally open to California strawberries after a 10-year approval effort led by the California Strawberry Commission (CSC), APHIS, and FAS. With support of the TASC program and FAS/Beijing, Chinese regulatory officials traveled to California for a first-hand look at the safety, quality, phytosanitary measures, and cooling facilities used by California strawberry farmers to ensure the high-quality standards for strawberries destined to China. An export protocol was initialed by USDA and Chinese officials in the spring of 2016, and a final inspection tour of shipping facilities took place in June. The first shipment occurred in late October 2016 in time for an introductory training seminar organized by CSC on November 2, 2016, and the subsequent display of U.S. strawberries at the Food and Hotel China trade show in Beijing on November 7-9, 2016. CSC predicts U.S. strawberry exports to the China region will grow to \$30 million or more in the next few years.

New Jersey Supplier Gains Export Sales. In March 2016, Star Snacks, Co. LLC, of Jersey City, New Jersey, participated in Food Export Northeast's MAP-funded Buyers Mission at the 2016 Natural Products Expo West Show. Prior to attending the Buyers Mission, Star Snacks selected ten buyers it wanted to meet with to present its product. As a result of follow-up meetings, Star Snacks reported sales deals that increased its exports to Vietnam and Japan by \$30,000, and \$100,000, respectively. Star Snacks, Co. LLC offers high quality snack nut products for retailers as well as those seeking private label products.

MAP Helps U.S. Grains Council (USGC) Build Relationships with the Colombian Ethanol Industry. In early July 2016, USGC led a MAP-funded U.S. trade team to Colombia to meet with local sugar and ethanol industries and discuss their current energy and ethanol situation and outlook. They also discussed how ethanol imports from the United States can play a constructive role in ensuring local fuel can be blended consistently when domestic availabilities are inadequate. To fill the deficit between domestic supply and demand, Colombia imports some ethanol, but those imports are erratic because the country has altered its mandates annually to largely accommodate local production. The group highlighted that U.S. fuel ethanol is currently the lowest priced and highest quality, ethanol available for export globally. The U.S. team met with representatives from various Colombian ministries and the office of the president, the Colombian Biofuels Federation, Asocaña (representing the Colombian sugar industry) and Cenicafé (the sugar industry's research arm) and encouraged developing a plan to promote higher mandates for ethanol use in Colombia. The United States exported \$4.2 million in ethanol to Colombia in 2015, and January through June 2016 exports had already reached \$4.1 million.

Massachusetts Confectioner Expands Exports In Japan. In March 2016, VerMints, Inc., the organic mint company in Weymouth, Massachusetts, utilized Food Export Northeast's MAP-funded Food Show PLUS! services at FOODEX in Tokyo. VerMints met knowledgeable buyers from the country and as a result, reported \$10,000 in sales. VerMints has used Food Export USA – Northeast programs and services since 2008, using education tools such as the Food Export Helpline and webinars while also attending Buyers Missions, using Food Show PLUS! services and Market Builder. VerMints is known for their all-natural, organic, gluten free mints that can be found in cities across the country.

Cotton Council International's (CCI) COTTON USA MAP-funded Retail Promotion Increases Sales in Japan. In 2016, CCI worked with 13 COTTON USA licensed brands and retailers in Japan during a three-month retail promotion campaign featuring COTTON USA products. CCI used MAP funds to generate visibility for the participating brand and retailer partners and their U.S. cotton-rich apparel and home textile products through newspaper advertising and point-of-sale display materials featuring the COTTON USA brand. The consumer-oriented project generated \$11.2 million in sales of U.S. cotton-rich products during the promotional period (March to June 2016), and the 13 participating COTTON USA licensees (up from four in 2015) sold 2.26 million U.S. cotton-rich products, double the amount as compared to the same period in 2015. The brands and retailers' U.S. cotton consumption increased by 57 percent to reach 1,268 bales, with an estimated value of around \$507,000. The COTTON USA project featured U.S. cotton-rich products ranging from T-shirts and denim to towels and bed linens in 3,700 stores across Japan.

Texas Company Realizes Success at ANTAD Thanks to MAP. In March 2016, Custom Ingredients (New Braunfels, Texas) representatives traveled to Guadalajara, Mexico to participate in the annual Southern United States Trade Association (SUSTA) MAP-sponsored presence at the ANTAD trade show. During the event, Custom Ingredients introduced three new products to 15 buyers, resulting in 12 quality leads and one new distributor relationship, resulting in \$60,000 in sales.

Immediate Wool Sales Result From MAP and FMD-funded Reverse Trade Mission From China. China is a very important market for the American wool industry. For many years it was the number one export destination for American wool. In June 2016, the American Sheep Industry (ASI) used MAP and FMD to fund a trade team of wool importers from China. The trade team was comprised of three key buyers that visited wool warehouses around the United States, providing a first-hand opportunity to educate them about the qualities of American wool. U.S. wool's loft and crimp are significant quality attributes to processing wool. The Chinese buyers on the trade mission ordered 70 metric tons (MT) of wool, valued at \$6 million. Despite the strong U.S. dollar, U.S. wool exports to China in 2016 were up over the previous year by nearly 51 percent in volume, reaching 1,771 MT. By value, the U.S. exported \$10.8 million of wool to China, an increase of just over 56 percent from 2015. ASI has also been successful in increasing higher quality, higher value, U.S. combing wool exports for the worsted industry. In 2015, worsted wool exports reached about 40 percent of total exports to China, a considerable increase from the less than 10 percent of two years ago, when ASI changed its marketing focus.

U.S. Spring Wheat Quality Workshop Opens Sales to British Mill and Bakery. When the largest flour milling company in the United Kingdom sought to improve the gluten strength of flour milled from domestically produced wheat to produce quality bread and wanted to know how to upgrade quality using U.S. hard red spring

FOREIGN AGRICULTURAL SERVICE

(HRS) wheat (grown primarily in North Dakota, Montana, South Dakota, and Minnesota). U.S. Wheat (USW) Associates responded with a HRS workshop at the company's headquarters outside London. USW informed them about the specific milling and baking characteristics of the 2015/2016 U.S. HRS crop and presented information about the U.S. wheat export inspection process and resulting Federal Grain Inspection Service shipping data, explaining how they could get the best value and performance when tendering for HRS. Finally, the workshop provided a range of logistical options for importing HRS. As a result, this company bought nearly 25,000 MT of U.S. HRS, valued at about \$6 million, immediately after the workshop.

MAP Funding Allows Louisiana Horticultural Company to Expand Sales in Europe. In February 2016, Liriope Factory (Forest Hill, Louisiana) representatives traveled to Essen, Germany to exhibit in the annual nursery and horticulture trade show IPM, in the Southern United States Trade Association's (SUSTA) MAP-funded pavilion. During the event, these representatives met 15 buyers, resulting in five quality leads and one new distributor relationship. Participation at the trade show led directly to the sale of \$32,000 of goods. According to Liriope Factory's owner, Manfred Robert, SUSTA's MAP support has helped Liriope Factory develop the EU market and increase sales by about 15 percent year-on-year.

American Lumber Company Sees Continued Value at United Arab Emirates (UAE) Trade Show. NINA Company, LLC, an American Hardwood Export Council (AHEC) member from Arnold, Maryland, sold \$500,000 of hardwood lumber during the Dubai Wood Show from April 4 - 6, 2016. With lumber sourced from Pennsylvania, West Virginia, Maryland, and Virginia, the company has seen continued value participating in the American Hardwood's MAP-funded pavilion. The Middle East is vital to the company's sales, and the Dubai Wood Show is the principal means of connecting with customers from the UAE, Egypt, and other countries in the region.

FMD Helps Build Demand for U.S. Engineered Wood Exports in Australia. The Engineered Wood Association (APA) used FMD-funded trade servicing, technical conferences, and trade missions to establish and expand important business relationships with key building material distributors in Australia. Providing technical assistance and maintaining a consistent presence has been critical in helping offset the effect of an appreciating dollar. An APA industry trade mission to Australia in May 2016, resulted in \$5.4 million in reported sales. During the trip, U.S. mission delegates provided technical information and promotional messaging that helped convince Australian distributors and builders to source more U.S. engineered wood products. The sales resulting from this mission benefited U.S. engineered wood product manufacturers in California, Oregon, Washington, Tennessee, and Maine.

Western United States Trade Association (WUSATA) and MAP Make it Easy for Best Nut Company to Connect with Foreign Buyers. As a result of participating in the show, the Best Nut Company expects to increase its sales by at least \$1 million the twelve months after the show. Best Nut Company, headquartered in the rural California community of Ripon, exhibited at the show thanks to WUSTA's coordination and their MAP funding. The company expects that its sales will reach \$1 million as a result of participating in the show.

MAP-Funded Trade Delegation Generates New European Union Export Sales. In June 2016, The Engineered Wood Association (APA), the Southern Forest Products Association (SFPA), and Softwood Export Council (SEC) worked together and attended the Carrefour International Du Bois Tradeshow in Nantes, France as American Softwoods. One U.S. engineered wood products manufacturer based in Nashville, Tennessee who participated on the trade team reported \$1.9 million in sales as a result, benefiting mills located in Wilmington, North Carolina, and Houlton, Maine.

California Table Grape Commission's (CTGC) MAP-funded Retail Promotions Increase Demand in South Korea. During August 2016, the CTGC conducted MAP-funded promotional activities in a major chain supermarket, distributing samples and point of sale materials to consumers. Subsequently shoppers were surveyed, and 83 percent stated that they chose California grapes over local and other countries' products after having a sample during an in-store promotion. As a result of the promotional activities, the volume of California table grapes sold more than doubled, going from 546 19-pound boxes to 1,222 19-pound boxes. During 2016, exports of California table grapes to South Korea increased 212 percent from 2015, reaching 1,367 MT valued at \$2.7 million.

MAP-Funded Trade Servicing Results in Hardwood Lumber Sales to South Africa. Verde Wood International, a small family-owned lumber company in Carrboro, North Carolina, sold \$128,400 of U.S. red oak lumber to a company in Durban, South Africa. This was the result of trade servicing efforts done by the American Hardwood Export Council's (AHEC) MAP-funded overseas representative for the Middle East and Africa that find buyers interested in the high quality and deliver the strong environmental message of hardwood sourced from the United States.

MAP Helps North Carolina Produce Company Continue Export Growth. In February 2016, representatives from Triple J Produce traveled to Berlin, Germany to exhibit in the produce trade show Fruit Logistica in the Southern United States Trade Association's (SUSTA) MAP-funded pavilion. During the event, the North Carolina-based company met 28 buyers, which resulted in five quality leads from Germany, the United Kingdom, the Netherlands, and France. They reported \$45,000 in sales at the event and anticipate an additional \$100,000 in future sales.

MAP Helps to Spread Awareness of Washington Apples in India. During the September 2015 through August 2016 marketing year, over two million 40-pound cartons of Washington apples, worth more than \$37 million were shipped to India. In order to increase awareness of Washington apples among target consumers and create opportunities to communicate the message of "wholesome health," the Washington Apple Commission (WAC), using a combination of MAP and industry funding, synchronized a public relations campaign in 23 cities which generated the advertising value equivalent of over \$1.1 million. The Roadshow reached an estimated four million consumers from April-May, 2016. Sales of Washington apples in the targeted cities increased approximately 40 percent, and most partnering stores in the participating cities plan to keep Washington Apples year round. During the roadshow, approximately 830,000 40-pound cartons of Washington apples worth \$14.9 million were shipped to India.

Virginia Natural Beef Expanding Exports to South Africa. In May 2016, representatives from Virginia Natural Beef traveled to Johannesburg to exhibit at the Food & Hospitality Africa trade show as part of SUSTA's MAP-funded pavilion. During the event, the Lexington, Virginia-based company reported their first export sale to South Africa. They introduced two new products to 20 buyers, which resulted in five quality leads. The company reported \$100,000 in sales at the event and projects another \$200,000 in sales in the coming months.

MAP-Supported Wisconsin-Mexico Trade Mission Results in Increased Export Sales. From June 15-17, 2016, the Wisconsin Department of Agriculture, a U.S. Livestock Genetics Export Inc. (USLGE) member, used about \$13,000 of USLGE's MAP funding to help furnish a Wisconsin booth at the Conference of Dairy Cattle (CIGAL-2016), in Expo Guadalajara in Jalisco, Mexico. For this trade show, the Wisconsin Department of Agriculture partnered with the Wisconsin Department of Trade and Consumer Protection and Wisconsin Economic Development Corporation. Participants of the Wisconsin delegation at CIGAL-2016 included Wisconsin Governor Scott Walker and Secretary Brancel. CIGAL-2016 was also attended by officials from the Mexican government. USLGE helped support the participation of 11 Wisconsin companies and two Wisconsin universities in the CIGAL-2016 Wisconsin pavilion. Wisconsin companies reported \$11,800 worth of sales at CIGAL-2016 and projected \$810,000 of additional sales through June 2017.

Small Fruit Producer Takes First Steps into Japan with Support from MAP. In 2016, All Berry & Fruit, a small fruit producer from Portland, Oregon, attended the Supermarket Trade Show in Japan, thanks to the Western United States Trade Association's MAP funding. The event allowed All Berry & Fruit to show its quality U.S. produced products to Japanese importers. As a result of its MAP-supported participation, All Berry & Fruit projected sales to increase by \$50,000.

MAP Helps U.S. Organic Companies to Expand Exports to South Korea. In 2016, using MAP funding, the Organic Trade Association (OTA) hosted seven U.S. organic companies at Seoul Food and Hotel 2016. Seoul Food and Hotel is Korea's largest international exhibition for the food and hospitality industry, attracting 53,406 visitors. In addition to trade show activities, OTA hosted a buyer's dinner and retail tour to better understand the growing Korean organic market. The seven participating U.S. organic companies reported projected sales of over \$12 million as a result of their participation in Seoul Food and Hotel. This is more than five times the sales reported by participants in 2015.

MAP Helps Florida Produce Producers Grow Sales in Europe. In February 2016, Arvila LLC (Palm Beach Gardens, Florida) representatives exhibited in the produce trade show Fruit Logistica in the Southern United States Trade Association’s MAP-funded pavilion. During the event, the Florida-based Arvila LLC introduced five new products and met 300 buyers, with interest coming from all over Western Europe. Arvilla LLC reported an additional \$500,000 of sales as a result of their MAP-supported attendance at Fruit Logistica.

FMD Funds Successful 11th Southeast Asia Soy Symposium. The U.S. Soybean Export Council (USSEC) organized the 11th Southeast Asia (SEA) Soy Symposium and the pre-symposium workshop, “New Products Innovation for Soy,” on March 8 and 9, 2016, in Phuket, Thailand. The Symposium had 80 participants including food researchers; academic/government organizations; marketing personnel from food and beverage companies; health professionals; hospitality industry; U.S. soy suppliers; importers; and, end-users. The participants were primarily from the key Association of Southeast Asian Nations (ASEAN) countries. Thirty-five soy industry representatives, all key U.S. soy customers, attended the workshop. Under the symposium’s theme of “Sustainable Supply, Market Trends and Nutrition Solution,” 13 invited speakers, including U.S. soy grower leaders and USSEC staff and Asian industry R & D and marketing experts, shared soy market trends and industry insights relevant to the global and Asian soy food stakeholders. Based on written feedback received, over 50,000 MT of specialty food-grade and commodity-grade soybeans for human consumption, worth about \$15 million, were traded at the conference, which is over 200 times the return on the \$70,000 investment.

USA Poultry and Egg Export Council (USAPEEC) Incentivizes Product Launch to Boost Sales of U.S. Turkey Thighs in Mexico. With MAP support for trade servicing, USAPEEC has worked for several years with PROBOCA, a leading meat processor in Mexico, to encourage the company to develop and market new processed poultry products using U.S turkey thigh meat for distribution in Mexico’s retail and food service sectors. USAPEEC coordinated the company’s participation in the ANTAD (Mexican Retail Stores Association) trade show during March 16-18, 2016 in Guadalajara, to help PROBOCA launch its new turkey *arrachera* products – a variety of flavored deboned thigh fillets. The company displayed and sampled products featuring 15 different flavors tailored to Mexican tastes. As a result of this successful partnership, PROBOCA successfully launched all 15 *arrachera* products in Mexico, which led to the use of 100 MT of U.S. turkey thigh meat valued at \$230,000 per month, or \$2.8 million on an annual basis.

Northwest Wine Coalition (NWC) Generates \$240k in Sales through MAP-Funded Retail Promotion in Quebec. The NWC uses MAP funds to annually conduct marketing and public relations campaigns in Canada. In February 2016, NWC cooperated with the Société des alcools du Québec (SAQ) — the provincial liquor board in Quebec — to promote and sample Washington State wines throughout the province. The program consisted of a feature about Washington State wines in *Cellier Magazine*, 46 in-store displays, 92 in-store tastings on February 6th, and the release of five new Washington State products highlighted in *Cellier Magazine* on February 18, 2016. In total, the program resulted in the sale of 3,190 cases, worth \$240,000, an increase of 56 percent compared to a similar 2014 promotion.

Technical Seminar in Indonesia Results in U.S. Pea Flour Sales. The USA Dry Pea and Lentil Council (USADPLC) held a conference in Jakarta, Indonesia in February 2016, to attract R&D staff from value-added processors and show them how to adapt U.S. pulses in their food manufacturing programs. The MAP-funded, technical seminar provided a preview of worldwide marketing activities in 2016 which is the United Nations’ “International Year of Pulses.” The seminar also covered the crop situation, and new product and ingredient developments in the United States. Sixty-seven importers and food processors attended, and 32 one-on-one meetings occurred between U.S. exporters and potential buyers. After the conference, the largest Indonesian importer of U.S. dry peas purchased a container of high pea starch flour from a U.S. supplier, valued at \$10,000. Two other importers are continuing to negotiate with the U.S. ingredients supplier as well. One has imported samples of green pea flour and fava bean flour for one of the largest food processors in Indonesia.

Focused Trade Mission Grows Export Sales for Chicago Meat Supplier. In April, 2016, City Foods, Inc./Bea’s Best from Chicago, Illinois, participated in the Food Export Midwest’s MAP-funded Focused Trade Mission to Panama for Retail and Food Service Products. During the trade mission, the company met with seven buyers, made one new agent relationship, and reported \$85,000 in sales. The company expects an additional \$300,000 of sales in 2017.

INTERNATIONAL TRADE SHOWS

In 2016, over 1,000 U.S. companies and organizations participated in 23 USDA-endorsed trade shows in 16 countries. On-site sales totaled nearly \$164 million and 12-month projected sales reported by exhibitors were estimated at over \$1.28 billion. The companies made nearly 16,000 serious business contacts and displayed more than 7,300 new products in various markets on all continents.

Dubai's 2016 Gulfood Show. The annual Gulfood show was held on February 21-25, 2016 in Dubai, United Arab Emirates and included 5,000 exhibitors and 117 national pavilions. This USDA- endorsed show had over 178 U.S. exhibitors in the USA Pavilion reporting close to a record of \$82.1 million in on-site sales. Representatives at the show included, 62 new-to-market companies, 39 small to medium size companies, 7 new-to-export companies, and 25 minority companies. They offered 2,895 new products and made 4,737 serious contacts. U.S. exporters reported projected one-year sales of \$452.6 million. The best-selling U.S. products for the show were chicken, beef, spices, snack foods, and healthy snack bars. Gulfood also had in attendance African buyers attending the show as part of the Sub-Saharan Africa Trade Initiative. Also, USDA attended the African buyers meeting and opening and touring of the USA Pavilion.

Seafood Expo Global 2016. Seafood Expo Global (SEG), the most important international event for the seafood industry, took place April 26-28, 2016, in Brussels, Belgium. This annual event attracts approximately 22,000 buyers, suppliers, media and other seafood professionals from more than 140 countries, and 1,664 exhibitors from 80 countries. Thirty companies participated in the U.S. area alongside Food Export USA-Northeast, Southern U.S. Trade Association, Intertribal Agriculture Council, and Alaska Seafood Marketing Institute. USA Pavilion exhibitors reported on-site sales of \$34.3 million and 12-month projected sales of \$320.7 million. FAS/The Hague garnered about 25 trade leads at the USDA Booth. In addition, representatives from FAS/Turkey and FAS/Ukraine organized and led buyer groups to participate in the event, and FAS representatives from the U.S. Mission to the European Union and FAS/Paris also provided value-added services.

Anuga Trade Show. The 33rd edition of Anuga took place October 10-14, 2015, in Cologne, Germany. Anuga is held biennially and is one of the largest and most important food and beverage fairs in the world with over 7,000 exhibitors from 108 countries and 160,000 visitors from 192 countries. More than 165 companies participated in the USA Pavilions at Anuga 2015, with the largest U.S. presence in Anuga Fine Food, followed by Anuga Meat. Small-sized USA Pavilions included Anuga Organic; Anuga Drinks; Anuga Frozen Food; Anuga Dairy; and Anuga Bread, Bakery, and Hot Beverages. In total, the seven Anuga USA Pavilions occupied almost 33,000 square feet or half the size of a football field, making it the largest to date in terms of space. The exhibition concept behind Anuga is unique with its "10 Trade Shows in One," which divides this enormous event clearly according to product segments. USA Pavilion exhibitors reported on-site sales of \$13.5 million and \$97.37 million in 12-month projected sales.

Expo ANTAD and Alimentaria 2016. ANTAD is known for being Mexico's most recognized food and retail industry trade show, held annually in Guadalajara, Mexico. ANTAD joined forces with Alimentaria last year to create Expo ANTAD and Alimentaria, the first of which took place March 16-18, 2016. The USA Pavilion was organized by Attend Marketing which hosted 52 exhibiting companies/organizations, including 30 small, 11 new-to-market and 5 new-to-export companies. U.S. exhibitors reported meeting 536 serious contacts, resulting in over \$4 million in on-site sales and \$32 million in 12-month projected sales.

SIAL China. Taking place in Shanghai May 5-7, 2016, the annual USDA-endorsed show is one of the largest leading international exhibitions for food, beverage, wine and spirits in China. In 2016, the USA Pavilion was the largest national pavilion and had over 107 exhibitors who reported \$9.6 million in on-site sales and close to \$222.6 million in 12-month projected sales of U.S. agricultural products. U.S. companies made over 2,632 business contacts and introduced over 1,366 products in the market. Of the 107 companies represented, 68 percent were minority-owned and small businesses.

Foodex Japan 2016. Held in Tokyo from March 8-11, 2016, the annual USDA endorsed Foodex Japan show is the largest food show in Asia. The U.S. Pavilion had 65 exhibitors and reported \$1.36 million in on-site sales and over \$25.3 million in 12-month projected sales of U.S. agricultural products. U.S. companies made 1,000 business contacts and introduced 485 products in the market. Of the 65 U.S. companies represented 14 were small to medium size, three were new-to-export, and eight were minority-owned companies.

FOREIGN AGRICULTURAL SERVICE

Seoul Food & Hotel Korea. From May 10-13, 2016 this endorsed annual food and retail show took place in Seoul, Korea. Sixty-three exhibitors in the U.S. Pavilion reported \$6.7 million in on-site sales, and close to \$26.7 million of 12-month projected sales of U.S. agricultural and food products. The U.S. Ambassador to Seoul attended and assisted with the opening ceremony and visited with the U.S exhibitor. U.S. companies made over 535 business contacts and introduced 60 products in the market. The most popular U.S. products at the show were organic flavors, fresh pork, sweet potato fries, walnuts, chunk cheese, butter, pasta sauce, apple sauce, sunflower & roasted snacks, cheese cakes, dried /frozen blueberries, and maple syrup. Of the 63 U.S. companies represented, 23 were small to medium size, nine were new-to-market, five were new-to-export, and 11 were minority owned companies.

U.S. SHOWS WITH INTERNATIONAL COMPONENT

The 2015 Americas Food and Beverage Show. This USDA-supported show was held on October 26-27, 2015 in Miami, Florida. The show had 472 exhibitors and over 11,000 visitors. U.S. exhibitors generated nearly \$5 million in reported on-site export sales and \$31 million in 12-month projected sales of U.S. agricultural and food products. FAS and the National Association of State Departments of Agriculture (NASDA), jointly with the World Trade Center Miami, supported a U.S. Pavilion with 132 U.S. exhibitors of which 55 exhibitors reported new-to-market sales. FAS cooperator program participants including the USA Poultry & Egg Council, U.S. Meat Export Federation and the Southern United States Trade Association were exhibitors in the USA Pavilion and hosted educational seminars and receptions. During the show NASDA organized 667 product-matched, one-on-one meetings between USA pavilion exhibitors and selected foreign buyers from Latin America and the Caribbean. Each U.S. exhibitor participating in the customized one-on-one meeting program had up to 30 individual meetings with foreign buyers either chosen by NASDA and/or nominated by FAS Posts. NASDA also provided custom business consulting to USA pavilion exhibitors; more than 40 companies took advantage of this opportunity.

The American Food Fair at the National Restaurant Association's (NRA's) Restaurant Hotel-Motel Show. This USDA-supported show was held in Chicago, Illinois on May 21-24, 2016. The show annually attracts upwards of 66,000 industry professionals from all 50 states and over 120 countries to see the products of over 2,300 exhibitors focused on the restaurant, food service and hospitality industry. At the NRA Show, the American Food Fair Pavilion (AFF) is organized by NASDA and included 75 U.S. companies. FAS actively facilitated foreign buyer team visits, which included over 265 potential buyers from 17 countries, resulting in nearly \$10 million in reported on-site export sales. The 2015 AFF Pavilion also included the Illinois, Michigan, and Minnesota State Departments of Agriculture and FAS cooperator program participants including Food Export-Midwest and Food Export-Northeast, and the Intertribal Agriculture Council. FAS attended the 2016 show and addressed the NASDA Board of Directors and visited the AFF Pavilion's exhibitors.

AGRIBUSINESS TRADE MISSIONS

FAS implements Agribusiness Trade Missions (ATMs) in countries and regions around the world that demonstrate strong economic growth, lower barriers to trade or other relevant market conditions that support U.S. agricultural exports. ATMs provide first-hand education to U.S. businesses and State Department of Agriculture representatives about economic conditions and regulatory environments in host-country markets; allow U.S. businesses to conduct one-on-one business meetings with counterpart companies from targeted countries; and, enable senior leadership from USDA to engage government representatives in trade-related policy dialogue that furthers U.S. interests and bolsters bilateral relations. In 2016, FAS implemented four ATMs which included 68 companies, 18 State Department of Agriculture representatives, and 22 trade association representatives.

U.S.-Sub-Saharan Africa ATM. During November 14-20, 2015, USDA led five State Departments of Agriculture and 20 U.S. businesses on an ATM to Accra, Ghana. The delegation also included five U.S. agricultural commodity trade associations (USA Poultry and Egg Export Council, U.S. Meat Export Federation, USA Rice Federation, Food Export Association of the Midwest and Northeast and the American Soybean Association) representing a variety of agricultural products including grains and feeds, peanuts, soybeans, meat and poultry products, agricultural machinery, and more. The ATM provided education to the U.S. participants about market opportunities for expanded U.S. exports to Sub-Saharan Africa; connected U.S. companies with buyers from Cote d'Ivoire, Ghana, Kenya, Nigeria, Senegal, South Africa and Sudan; and created an opportunity

FOREIGN AGRICULTURAL SERVICE

for senior-level USDA officials to engage Ghanaian, Nigerian and Cote d'Ivoirian government officials in positive dialogue.

U.S.-Peru/Chile ATM. During March 14-18, 2016, USDA led a trade mission to expand export opportunities for U.S. agriculture in Peru and Chile. The ATM, highlighted the remarkable success and transformative impact of the U.S.-Peru Trade Promotion Agreement (PTPA). The 34-member (22 U.S. Businesses; 11 Trade Associations; and 1 State Department of Agriculture Representative) ATM was a platform to highlight, opportunities for bilateral ethanol trade, and Peru as an example of open markets and transparency as a driver for reducing poverty.

U.S.-Ukraine/Romania ATM. During June 13-18, 2016, five State Departments of Agriculture and eight U.S. agribusinesses and organizations accompanied the USDA on a trade mission to Ukraine and Romania to expand export opportunities for U.S. food and agricultural products. Throughout the ATM, U.S. businesses participated in one-on-one meetings with Ukrainian and Romanian counterparts to cultivate relationships that can eventually enable U.S. agribusinesses to develop or expand their market presence in both countries. During three days of one-on-one meetings in each country, the U.S. companies participated in over 180 individual business meetings with 55 different host country firms.

U.S.-China ATM. During September 7-14, 2016, USDA led seven State Departments of Agriculture and 19 U.S. businesses on an ATM to Hong Kong and Shanghai, China. The delegation also included five U.S. agricultural commodity trade associations (National Cattleman's Beef Association, National Corn Growers Association, Southern United States Trade Association and the U.S. Soybean Export Council). The Mission's theme focused on Women in Agriculture and was well received by Hong Kong and China public and private sector representatives. The ATM provided education to the U.S. participants about market opportunities for expanded U.S. exports to Hong Kong and China, and initial comments from business meetings were extremely positive.

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:

Agricultural Trade Office (ATO) Uses CSSF to Provide U.S. Pavilion and Product Showcase at the Taipei International Food Show (TIFS). TIFS is Taiwan's largest and most influential international food trade show, with approximately 1,100 exhibitors and more than 67,000 visitors in 2016. Taiwan is the seventh largest market for U.S. agricultural products, and TIFS is the best opportunity in Taiwan for U.S. exporters to meet potential buyers throughout Asia. The U.S. Pavilion housed U.S. local state representatives and U.S. agricultural trade associations, including: the U.S. Meat Export Federation, the California Milk Advisory Board, the Ginseng Board of Wisconsin, the Idaho Potato Commission, the U.S. Grains Council, the U.S. Highbush Blueberry Council, and the U.S. Soybean Export Council. In 2016, U.S. exhibitors introduced approximately 140 new-to-market product items and reported meeting, on average, 18 new business contacts at the U.S. Pavilion. The most popular products this year were beef, blueberries, and coffee. The ATO Taipei coordinated a series of activities throughout the show, which included a key-note speaker presentation on e-commerce and Taipei Port and bonded warehouse tour, a celebration of highbush blueberry's 100th anniversary, and a networking event --"U.S. Product Showcase Presentation"-- for more than 150 key trade contacts and USA Pavilion exhibitors that featured a U.S. regional cuisines incorporating beef, blueberries, cheese, dried fruit and fingerling potatoes. The 20 USA Pavilion exhibitors reported on-site sales of \$1.7 million and 12-month projected sales of \$13 million.

FAS Manila Uses CSSF to Organize a Hog Seminar on Breeding, Animal Nutrition and Slaughterhouse Management. On April 15, 2016, FAS/Manila organized a Hog Seminar in cooperation with the Office of the Provincial Veterinarian of Negros Occidental, the National Federation of Pork Producers, Inc. (PROPORK) and the National Federation of Hog Farmers, Inc. (NFHFI), the two largest hog farmers' groups in the country. Over 120 members of PROPORK and NFHFI from all over the Philippines attended the seminar. National Swine Records gave a presentation on the Impact of Birth Weight on Post Weaning Performance, and U.S. Grains Council talked about Reducing Swine Feed Cost with DDGS Use. Winrock International, a non-profit

FOREIGN AGRICULTURAL SERVICE

organization, provided an overview of the Philippine Cold Chain Project in Mindanao, funded by the USDA Food for Progress program. In addition, Winrock International and Global Cold Chain Alliance supported the participation of cold chain expert, Dr. Stephen Neel, who presented a paper on Slaughterhouse Management. The seminar coincided with the 2016 National Hog Congress and Expo in Negros Occidental which was attended by a majority of the hog raisers and pork producers in the country. This is one of the largest agricultural trade shows in the Philippines that includes all the major animal feed companies, pharmaceutical and veterinary supplies companies, and animal genetics suppliers in the country. U.S. exporters reported that about \$500,000-worth of live breeding hogs and swine genetics are expected to result from the USDA Hog Seminar.

CSSF Helps Facilitate U.S. Seafood Sales with the Turkish Seafood Industry. CSSF sponsored the travel of the FAS/Istanbul Senior Agricultural Marketing Specialist to help U.S. seafood exporters and Turkish seafood importers during the 2016 European Seafood Expo, held in Brussels, Belgium. This is the world's largest seafood show, and this activity provided a coordinator and translator during meetings between the U.S. exporters and Turkish buyers, helping to build commercial relationships. The European Seafood Expo attracted more than 25,000 buyers and suppliers of seafood products, equipment and services. Attendees traveled from over 140 countries, and the fair featured more than 1,700 exhibiting companies from over 75 countries. FAS partnered with the Intertribal Agriculture Council, the Southern U.S. Trade Association, Food Export USA North East and the Alaska Seafood Marketing Institute to bring 30 exhibitors to this year's U.S. Pavilion. Some of the Turkish participants to the show also displayed their product lines, and some were visitors. The seafood expo provided excellent opportunities for Turkish participants to meet with U.S. counterparts where trading opportunities arose. One of the leading Turkish tuna producers expressed its desire to buy about 1,000 MT of mackerel and asked for price quotations from U.S. exporters. The activity resulted in over \$1 million in contracts with \$120,000 of product shipped in 2016.

CSSF Facilitates Success at Vinexpo 2016. Vinexpo Hong Kong is one of the largest shows specializing in wine and spirits. The three-day show attracted 1,300 exhibitors from 33 countries and regions who showcased their products to over 17,000 trade buyers from Hong Kong, China and the rest of Asia, up 2.5 percent from the previous Vinexpo in 2014. The show continues to provide a strong platform for U.S. exhibitors to expand contacts and sales and increase regional awareness about the value and variety of U.S. wines and spirits. The show featured U.S. wines from California, Oregon, Washington and New York states. FAS/Hong Kong provided U.S. exhibitors with a list of Hong Kong wine importers with company profile and contact information prior to the show to facilitate in-country meetings. FAS also provided Hong Kong wine buyers with a list of U.S. exhibitors with company profiles and contact information. In addition, FAS used CSSF to organize the "Hong Kong - China Wine Market Conference" on May 23, 2016 for U.S. exhibitors at Vinexpo and key Hong Kong wine decision makers. The Conference featured presentations by ATO Hong Kong and ATO Philippines representatives as well as invited speakers on Asian wine industry trends, the Hong Kong and Philippine wine markets, Hong Kong customs facilitation for wine distribution into mainland China, and importing and distributing wines to the China Market. As a result of participating in Vinexpo, 47 U.S. exhibitors reported a total of \$1 million in expected sales over the next 12 months.

CSSF Helps Introduce New Products to Japanese Importers. On June 8, 2016, ATO/Tokyo conducted a new-to-market U.S. food products Trade Showcase, in collaboration with the Western United States Agricultural Trade Association (WUSATA). The New Product Tradeshow was designed in response to a recent surge in the number of inquiries from U.S. food suppliers asking for help in finding buyers for their products in Japan. Because Japan is a competitive market, it can be difficult for small companies to attract the attention of buyers. This showcase presented an opportunity for U.S. food companies to band together to attract the attention of many potential importers and end users. ATO Tokyo targeted Japanese buyers and importers from trading houses, retailers and the foodservice industries. ATO and WUSATA recruited 24 U.S. agricultural product suppliers and a total of 140 buyers. Exhibitors reported \$382,000 in expected sales within the next 12 months.

CSSF Helps Support Caribbean Buying Mission to the National Restaurant Association (NRA) Show. U.S. export sales stemming from the Caribbean Basin ATO's (CBATO) buying mission to the 2016 NRA Show, held in Chicago, Illinois, are expected to reach \$1.4 million, a 66 percent increase from the 2015 buying mission. The 15-member buying delegation represented ten companies from six countries and made over 100 new U.S. supplier contacts. Companies reported an average of \$139,000 of purchases of U.S. food and beverage products. CSSF provided travel funds for a CBATO staffer to accompany the mission and funded the lodging expenses of the team. The NRA Show is an excellent fit for the Caribbean given the region's well-developed tourism

FOREIGN AGRICULTURAL SERVICE

industry. Approximately seven million stop-over tourists visit Caribbean islands covered by the CBATO on a yearly basis, fueling demand for food products in the region's dynamic hotel, restaurant, institution (HRI) food service sector. There is continued potential to capitalize on opportunities in this sector by maintaining and increasing the participation of key Caribbean buyers at the NRA Show, the largest HRI-specific show of its kind in the hemisphere.

COMMODITY CREDIT CORPORATION (CCC) EXPORT CREDIT GUARANTEE AND FACILITY GUARANTEE PROGRAMS

The objective of the CCC Export Credit Guarantee Program (GSM-102) is to increase sales of U.S. agricultural commodities to international markets by facilitating the extension of export credit to countries – mainly developing countries – that have sufficient financial strength to have foreign exchange available for scheduled payments. By facilitating financing, the GSM-102 Program 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 2016, the GSM-102 program supported \$2.2 billion in agricultural commodity exports. The largest markets were South America, Mexico, Central America, and Africa-Middle East. Although the most heavily registered commodities were bulk commodities (corn, wheat, soybeans, meal, oil, and rice), the program also supported sales of fruit, wood products, and other higher-value commodities. Program exports by dollar value for 2016 were 18 percent above the 2015 program level. The increase was led by a more than 80 percent increase in the quantity of corn exported under the program versus last year. Despite an overall domestic surplus and lower prices, a weakening dollar and tightening supplies from South America have recently boosted U.S. corn sales. Interest rates in certain Latin American markets also help to make the GSM-102 program more effective in boosting sales. However, overall program use by dollar value remains below the historical average due to commodity surpluses for many major program commodities; lower commodity prices; shorter allowable loan tenors; and lower domestic interest rates in South Korea, traditionally the largest GSM-102 market.

Highlights for 2016 include:

- South America was the largest market, supporting \$613 million in exports. Nearly half of the sales to South America were for yellow corn, which grew by 64 percent in value to \$305 million compared to the previous year. In Colombia, the program accounted for 24 percent of total U.S. corn exports. GSM registrations of soybean meal to South America were also significant, totaling \$138 million. The program supported 29 percent and 21 percent of U.S. soybean meal exports to Colombia and Peru, respectively. The program also supported \$34 million, or 65 percent, of U.S. soybean oil exports to Peru.
- Mexico was the second largest market for GSM-102, supporting \$504 million in exports. Most of the registrations to Mexico (\$298 million) were for soybeans, a 130-percent increase over the previous year. Total U.S. soybean exports to Mexico declined slightly in 2016 (vs. 2015). This was partially due to the strengthening of the U.S. dollar against the peso making U.S. commodities less competitive. We assume the availability of credit under GSM-102 offset the decline in price competitiveness of U.S. soybeans.
- Yellow corn was the most active commodity under the program in 2016, with \$799 million in registered exports, a 76-percent increase over 2015. GSM-102 support for U.S. corn exports increased in the Central America and Africa-Middle East Regions during 2016. Of note, the program supported 35 percent of U.S. corn exports to Nicaragua, 28 percent to Saudi Arabia, and 27 percent to Egypt.

FOREIGN AGRICULTURAL SERVICE

**GSM-102 Export Credit Sales
Summary of 2016 Activity**

Country/Region	\$ Millions
Africa & Middle East	\$239.7
Caribbean Region	189.0
Central America Region	366.5
China Region	47.5
Mexico	503.6
South America Region	613.0
South Korea	140.9
Southeast Asia Region	65.5
Turkey	38.7
Total	\$2,204.4

FACILITY GUARANTEE PROGRAM

On September 21, 2016, USDA announced a revised version of the Facility Guarantee Program (FGP). The FGP is designed to boost sales of U.S. agricultural products by providing credit guarantees to improve or establish agriculture-related facilities and infrastructure in emerging markets where demand for U.S. agricultural exports may be limited due to inadequate storage, processing, handling, or distribution capabilities. Under the program, CCC provides credit guarantees with terms of up to 10 years to facilitate the financing of manufactured goods and U.S. services. Some examples of potential projects could include the improvement of cold storage facilities at a port; purchases of equipment to upgrade existing grain or oilseed processing facilities; and procurement of vehicles to transport imported goods from port to distribution facilities.

The program final rule includes a number of changes from the previous version that are designed to expand program coverage and streamline the application process, enhancing the program’s ability to support U.S. agricultural exports. Specifically, the final rule revises the application process to reduce burden on participants, with USDA expanding its role in demonstrating a benefit to U.S. agricultural commodity exports. USDA will also offer an initial “letter of interest” stage during which participants could receive preliminary feedback from USDA on a proposed transaction or project. The rule also allows for coverage of non-U.S. goods if USDA determines that U.S. goods are not available or their use is not practical.

FAS made available \$100 million for the program in 2016 and, to date, \$500 million for 2017.

PROGRAM MANAGEMENT/OVERSIGHT

In 2016, 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 -0.46 percent in 2016, and is currently estimated at -0.24 percent for 2017. No claims or defaults were received in 2016, continuing the trend over the past five years.

During 2016, the GSM-102 program received a positive review from the U.S. Government Accountability Office (GAO) for documenting its cost estimation process. The GAO conducted an audit of several U.S. Government loan and guarantee programs, including GSM-102, to determine how well agencies are documenting the processes used to estimate program costs. For each of these programs, GAO examined key elements of the subsidy estimation process, including historical data, documentation of the cash flow model and related assumptions, program design, and policies and procedures. In a report released in July (GAO-16-269), GAO reported that USDA was the only one of the agencies that had adequately addressed the key elements of the subsidy estimation process, thus helping to ensure cost estimates for the GSM-102 program are supported, reliable, and reasonable.

FOREIGN AGRICULTURAL SERVICE

CAPACITY BUILDING/FOOD SECURITY

FAS strengthens the capacity of foreign countries to trade, thereby 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 (FFPr) increases agricultural productivity and expands markets and trade in developing countries. The McGovern-Dole International Food for Education and Child Nutrition (McGovern-Dole) Program improves the literacy, nutrition, health, and hygiene practices of school children and their communities in low income, high food deficit countries. Moreover, USDA foreign cooperators in developing countries, host-government officials, farmers, agricultural scientists, extension agents, educators, and private-sector representatives partner with USDA 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.

FOREIGN FOOD ASSISTANCE PROGRAMS

FAS actively administers three food assistance programs, the FFPr, McGovern-Dole, and the Local and Regional Procurement (LRP) program, to help developing countries strengthen economic development and facilitate the transition from being food aid recipients to commercial market actors. No programs were furnished under the P.L. 480, Title I program, which did not receive an appropriation.

In 2016, FAS projects focused on making school feeding programs sustainable and improving developing countries' ability to produce and trade agricultural commodities through the McGovern Dole International Food for Education and Child Nutrition (McGovern-Dole), Food for Progress (FFPr), and the Local and Regional Procurement (LRP). The programs featured a mix of direct distribution and monetization to meet the specific needs of recipient countries. In 2016, FAS programmed about 368,190 metric tons (MT) of food assistance with a value of approximately \$392.3 million for all foreign food assistance programs. Of this amount, estimated commodity costs were \$169.4 million, with transportation and other non-commodity costs estimated at \$222.9 million. Food assistance was provided through donations, with no concessional sales agreements. A total of 15 countries received food assistance through FAS-administered programs. FAS used approximately \$33.4 million of prior year McGovern-Dole program funds along with the 2016 appropriated McGovern-Dole funds. In addition, FAS, through the McGovern-Dole program, funded two LRP programs, one in Rwanda and one in Laos, using \$3 million of the \$5 million apportioned for the LRP program in 2016. An agreement with Mozambique for the remaining \$2 million will be signed in the first quarter of 2017.

FAS FOOD ASSISTANCE PROGRAM SUMMARY, 2016

<u>Program</u>	<u>\$ Millions</u>	<u>MT (000)</u>
CCC Funded/FFPr	161.4	285.5
McGovern-Dole	225.9	82.7
Local and Regional Procurement	<u>5.0</u>	<u>0.0</u>
Total, Food Assistance	392.3	368.2

CCC-FUNDED FOOD FOR PROGRESS

The FFPr program assists developing countries and emerging democracies in introducing and expanding private enterprise in the agricultural sector. In 2016, CCC funding provided 285.5 MT of commodities valued at \$115.8 million, and \$45.6 million of transportation and other non-commodity costs. Implementing partners were either private voluntary organizations (PVOs) or foreign governments that usually monetize or commercially sell the commodities and use sales proceeds to fund development projects. Countries receiving CCC-funded FFPr assistance and the quantity of the commodities programmed in 2016 are shown in the tables below.

FOREIGN AGRICULTURAL SERVICE

2016 CCC –FUNDED FOOD FOR PROGRESS

(\$ Millions)

<u>COUNTRY</u>	<u>TOTAL VALUE</u>
Bangladesh	24.0
Burkina Faso	24.2
Ethiopia	11.5
Guatemala	18.3
Haiti	10.8
Malawi	20.6
Mozambique	25.6
Nicaragua	3.5
Pakistan	<u>22.9</u>
Subtotal	161.4

COMMODITIES PROGRAMMED IN 2016 UNDER

CCC-FUNDED FOOD FOR PROGRESS

(000 MT)

<u>COMMODITY</u>	<u>MT</u>
Hard Red Winter Wheat	122.9
Soybean Meal	31.1
Rice	35.0
Yellow Corn	15.7
Crude Degummed Soybean Oil	<u>80.8</u>
Subtotal	285.5

FAS oversees \$799.2 million in FFPr programs in 25 countries that were funded in 2012–2016. These programs have demonstrated success in assisting farmers and agribusinesses, increasing agricultural productivity, and developing markets and trade. Below is a list of active FFPr programs, as well as examples of successes under these programs. FAS expects to see similar outcomes from programs funded in 2016.

ACTIVE FOOD FOR PROGRESS PROGRAMS

2012–2016 FISCAL OBLIGATIONS

(\$ Millions)

<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2012	Western Hemisphere	Guatemala	10.9
2012	Western Hemisphere	Honduras	18.3
2012	Near East	Jordan	22.5
2012	Sub-Saharan Africa	Mali	20.9
2012	Sub-Saharan Africa	Mozambique	20.6
2012	Western Hemisphere	Nicaragua	14.9
2012	Sub-Saharan Africa	Tanzania	39.7
2012	Sub-Saharan Africa	Senegal	17.6
2013	Sub-Saharan Africa	Ethiopia	23.8
2013	Sub-Saharan Africa	Burkina Faso	19.2
2013	Sub-Saharan Africa	Kenya	19.6
2013	Sub-Saharan Africa	Liberia	13.2
2013	Sub-Saharan Africa	Mauritania	5.6

FOREIGN AGRICULTURAL SERVICE

<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2013	Sub-Saharan Africa	Mozambique	15.1
2013	East Asia & Pacific	Bangladesh	14.4
2013	East Asia & Pacific	Philippines	25.7
2013	East Asia & Pacific	Timor Leste	14.1
2014	Sub-Saharan Africa	E. Africa Regional	22.9
2014	Western Hemisphere	El Salvador	17.4
2014	Western Hemisphere	Guatemala	29.0
2014	Western Hemisphere	Nicaragua	13.2
2014	East Asia & Pacific	Philippines	12.8
2014	Sub-Saharan Africa	Senegal	11.8
2014	Sub-Saharan Africa	Tanzania	15.7
2015	Sub-Saharan Africa	Benin	51.6
2015	Western Hemisphere	Dominican Republic	39.9
2015	Sub-Saharan Africa	Ghana	57.6
2015	Sub-Saharan Africa	Honduras	17.4
2015	Near East	Jordan	25.1
2015	Sub-Saharan Africa	Mali	7.3
2016	South & Central Asia	Bangladesh	24.0
2016	South & Central Asia	Burkina Faso	24.2
2016	Sub-Saharan Africa	Ethiopia	11.5
2016	Western Hemisphere	Guatemala	18.3
2016	Western Hemisphere	Haiti	10.8
2016	Sub-Saharan Africa	Malawi	20.6
2016	Sub-Saharan Africa	Mozambique	25.6
2016	Western Hemisphere	Nicaragua	3.5
2016	South & Central Asia	Pakistan	<u>22.9</u>
	Total		799.2

The following are success stories in the Food for Progress (FFPr) program:

Ethiopia - Government of Ethiopia Leverages Project to Respond to Historic Drought. In 2016, as Ethiopia faced its most severe drought in nearly 50 years, the Government of Ethiopia relied on USDA’s Feed Enhancement for Ethiopian Development (FEED) project. FEED is an FFPr project designed to increase income of smallholders by improving access to and use of high-quality livestock feed. Ethiopia’s livestock population is the largest on the African continent, and regional governments are looking to FEED project unions for assistance in mitigating the negative effects of the drought on livestock owners. Governmental requests to unions for production of supplemental concentrate had reached 6,455 MT by the end of 2016. In September 2016, USDA awarded the project \$11.5 million in additional resources to continue and expand the reach of project activities. The original grant directly benefited over 7,000 individuals in 2016.

Dominican Republic - Investments Improve Beef and Dairy Value Chains. In 2016, investments made through USDA and the National Cooperative Business Association’s Safe Agricultural Food Exports project aimed to improve agricultural productivity in the livestock (beef and dairy) value chain and expand trade of beef and dairy products in the Dominican Republic. Project activities included training on farm management and agricultural production, capacity building for extension services and producer groups, and access to financial services and agricultural inputs. Currently, the project has reached 100,000 people through its public information campaign to promote the “Seal of Quality” establishing specific standards for each industry partner involved with handling milk. By the end of 2016, \$21 million in grants had reached more than 11,000 beneficiaries.

FOREIGN AGRICULTURAL SERVICE

Dominican Republic - Investments Contribute to Exporting Quality and Safety (EQS) Programs. In 2016, investments made through USDA and the International Executive Service Corps' Exporting Quality and Safety Programs (EQS) project have expanded agricultural productivity through capacity building activities and increased trade by improving product quality, increasing product efficiency, increasing value of post-harvest products, and improving marketing and market linkages in 14 provinces. The EQS program has targeted greenhouse and oriental vegetables, avocados, cacao, and pineapple value chains. The program provided \$18.9 million in grants which reached more than 3,000 beneficiaries by the end of 2016.

Timor Leste - Investments Contribute to First Export of Cloves. In 2016, investments made through USDA's Timor Leste Agribusiness Development Project (TLADP) resulted in the sale of a container of cloves to the McCormick spice company, Timor Leste's first-ever export of cloves. TLADP, which includes a \$14 million 2013 project, focuses on developing high-value horticultural crop production and processing (including black pepper, cacao, cloves, coffee, and vanilla) and increasing food security crop production for household and local consumption (cassava, moringa, and fruit trees). Activities target production and distribution of improved seedlings, farmer training, farmer extension, cooperative procurement, processing, and exports. As of July 2016, project sub recipient Cooperativa Café Timor had purchased over \$24,000 in TLADP farmer crops, along with cuttings and seedlings from farmers and farmer nurseries valued at over \$100,000.

Guatemala - Increased Food Security and Household Income for Rural Farmers. Counterpart International (CI) is implementing a \$10.9 million FFPr project in 35 municipalities of Guatemala's Western Highlands. A key activity of the project is the Rural Extension Certificate Program, which trains Guatemalan Ministry of Agriculture extension agents and agricultural technicians to provide technical support to agricultural producers for increased productivity and expanded trade. With the assistance of the University of California, Davis and the University of San Carlos-Guatemala, CI continued to build the capacities of Guatemalan extension agents to provide high-quality technical support. In 2016, 147 extension agents were trained (83 men and 64 women), spanning two cycles.

Philippines - Market Linkages Established for Lobster Producers. In 2016, through its \$16.9 million Philippine Cold Chain Project (PCCP), USDA is helping lobster producers in rural Mindanao sell their produce to high-end restaurants and hotels in Manila. In addition to making investments in cold chain infrastructure for livestock, aquaculture, and horticultural sectors, PCCP is helping producers in those sectors increase production and then aggregate it through cooperatives in order to reach larger markets. Recently, a group of executive chefs in Manila decided to source their lobsters from PCCP beneficiaries. Lobsters net an average price of \$53/kg and with a harvest worth an estimated \$1.3-\$1.6 million this year, the 300 producers supported by the project can earn incomes much higher than the national average.

The objectives of the USDA Local and Regional Procurement (LRP) program are to: ensure the cost effective and timeliness provision of safe, quality foods to populations affected by food crises and disasters; to strengthen the ability of local and regional farmers, community farmer groups, farmer cooperatives, processors, and agribusinesses to provide high quality commodities in support of school feeding programs, and responses to food crisis and disasters; and increase the capacity of organizations and governments to procure commodities in support of school feeding programs, development activities, and responses to food crises and disasters.

FY 2016 LOCAL AND REGIONAL PROCUREMENT FUNDING ALLOCATIONS

(\$ Millions)

<u>COUNTRY</u>	<u>ESTIMATED* TOTAL VALUE</u>
Laos	\$2.0
Mozambique	2.0
Rwanda	<u>1.0</u>
Subtotal	<u>\$5.0</u>

FOREIGN AGRICULTURAL SERVICE

MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM

The McGovern-Dole International Food for Education and Child Nutrition (McGovern-Dole) Program feeds school children with U.S.-sourced commodities and enhances the literacy, nutrition, and hygienic practices of the children, their families, and communities. Authorized by the Farm Security and Rural Investment Act of 2002, the program became operational in 2003. Approximately \$225.9 million in assistance is being made available under the program in 2016, with roughly 38 percent of these funds allocated to commodity and freight costs. The remaining funds support complementary activities focused on ensuring sustainability, educational instruction, teacher training, school infrastructure construction, water and sanitation improvements, and administrative expenses. More than 2.3 million children and mothers will benefit from the 2016 program.

FY 2016 MCGOVERN-DOLE FOOD FOR EDUCATION FUNDING ALLOCATIONS
 (\$ Millions)

<u>COUNTRY</u>	<u>ESTIMATED TOTAL VALUE</u>
Cambodia	\$15.2
Ethiopia	12.0
Guatemala	51.4
Guinea Bissau	20.0
Haiti	24.0
Kenya	28.0
Laos	27.3
Malawi	15.0
Tanzania	<u>33.0</u>
Subtotal	\$225.9

FY 2016 COMMODITIES FOR PROGRAMMING UNDER MCGOVERN-DOLE

<u>COMMODITY</u>	<u>MT</u>
Beans, Black	2,720
Beans, Pinto	1,350
Bulgur	20,580
Corn-Soy Blend Plus	12,400
Lentils	1,080
Peas, Green Split	4,670
Peas, Green Whole	1,020
Rice	12,680
Rice, Fortified	5,900
Soybean Meal	16,440
Sunflower Seed Oil	290
Textured Soy Protein	940
Vegetable Oil	<u>2,620</u>
Subtotal	82,690

FOREIGN AGRICULTURAL SERVICE

USDA FAS implemented \$924.4 million in program funding in 23 countries from 2012 to 2016. These programs were successful in boosting attendance, increasing literacy scores, improving school infrastructure, enhancing administrative skills, and assuring program sustainability.

Below is a list of active McGovern-Dole programs and examples of success stories. USDA expects to see similar outcomes from 2016 funded programs.

ACTIVE MCGOVERN-DOLE FOOD FOR EDUCATION PROGRAMS
FY 2012–2016 FISCAL OBLIGATIONS
 (\$ Millions)

<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2012	East Asia & Pacific	Cambodia	8.0
2012	Sub-Saharan Africa	Cameroon	16.7
2012	Western Hemisphere	Honduras	17.7
2012	South & Central Asia	Kyrgyz Republic	11.3
2012	East Asia & Pacific	Laos	12.3
2012	Sub-Saharan Africa	Liberia	7.1
2012	Sub-Saharan Africa	Mozambique	40.2
2012	Sub-Saharan Africa	Sierra Leone	11.0
2012	Sub-Saharan Africa	Tanzania	5.0
2013	East Asia & Pacific	Cambodia	20.0
2013	Sub-Saharan Africa	Ethiopia	26.5
2013	Western Hemisphere	Guatemala	28.8
2013	Western Hemisphere	Haiti	10.0
2013	Sub-Saharan Africa	Kenya	20.0
2013	Sub-Saharan Africa	Liberia	20.0
2013	Sub-Saharan Africa	Malawi	21.0
2013	Western Hemisphere	Nicaragua	13.6
2013	Sub-Saharan Africa	Tanzania	17.5
2014	South & Central Asia	Bangladesh	26.0
2014	Sub-Saharan Africa	Benin	19.0
2014	Sub-Saharan Africa	Burkina Faso	23.0
2014	Sub-Saharan Africa	Cameroon	12.0
2014	Western Hemisphere	Guatemala	19.5
2014	East Asia & Pacific	Laos	27.0
2014	South & Central Asia	Nepal	26.9
2014	Western Hemisphere	Nicaragua	12.3
2014	Sub-Saharan Africa	Senegal	11.5
2015	Sub-Saharan Africa	Cameroon	12.0
2015	Sub-Saharan Africa	Cote D'Ivoire	35.0
2015	Western Hemisphere	Honduras*	33.7
2015	Sub-Saharan Africa	Mali*	29.9
2015	Sub-Saharan Africa	Mozambique	60.8
2015	Sub-Saharan Africa	Rwanda*	25.0
2015	Sub-Saharan Africa	Sierra Leone	18.2
2016	East Asia & Pacific	Cambodia	15.2
2016	Sub-Saharan Africa	Ethiopia	12.0
2016	Western Hemisphere	Guatemala	51.4
2016	Sub-Saharan Africa	Guinea Bissau	20.0
2016	Western Hemisphere	Haiti	24.0
2016	Sub-Saharan Africa	Kenya	28.0
2016	East Asia & Pacific	Laos	27.3
2016	Sub-Saharan Africa	Malawi	15.0
2016	Sub-Saharan Africa	Tanzania	33.0
		Total	\$924.4

FOREIGN AGRICULTURAL SERVICE

**Five year programs.*

The following are success stories under the McGovern-Dole Food for Education program:

Republic of the Congo - Strides Towards National Ownership through Health Interventions, Government and Community Capacity Building. USDA provided the International Partnership for Human Development (IPHD) approximately \$16.5 million of McGovern-Dole funding in 2011 to implement a three-year school feeding and educational project in the Republic of the Congo. IPHD carried out a malaria prevention program that reduced student absenteeism due to malaria and malaria-related illnesses by 70 percent among the targeted children. In 2016, 71 percent of students in IPHD's McGovern-Dole sponsored schools own a mosquito net compared to only 31 percent in non-McGovern-Dole sponsored schools. Also, through the McGovern-Dole deworming program, 165,000 children benefited from deworming medication. This program has also developed over 400 parent/teacher associations. During the 2014-2016 school years, IPHD transitioned 267 primary schools with 115,659 students and 38 preschools with 6,753 students to the Congolese Government. During the 2015/2016 school year, attendance rates have reached 87 percent and dropouts have fallen from over 15 percent to 3 percent. Through this program, USDA has been able to open up market opportunities for U.S. products as a result of their distribution under the McGovern-Dole program.

Kyrgyz Republic- Kindergartens Transition to Local Source of Funding for School Feeding. USDA provided Mercy Corps \$11.6 million in 2012 to implement a three-year McGovern-Dole program in the Kyrgyz Republic. Since the inception of the 2012 McGovern-Dole program, school meal programs have started or improved in 486 kindergartens across the Kyrgyz Republic and have benefited nearly 60,000 children. In 2015, Mercy Corps successfully graduated all 486 kindergartens, and communities and local governments are now supplementing the allotment from the national government to provide school meals without foreign assistance. In 2016, 13,992 students benefited from a daily school meal.

Laos - On Track to Achieving a Sustainable National School Meals Program. As a result of the school meal modality shift under a 2014, three-year, \$27 million dollar USDA McGovern-Dole grant to the World Food Program (WFP), Laos is now on track to achieve a sustainable, nationally-owned, school meals program. WFP provides a mid-morning snack that includes USDA-donated corn-soy blend plus and Vitamin-A fortified vegetable oil. In an effort to align WFP's school meal modality with the Government of Laos (GoL) lunch modality, which consists of rice and pulses, the WFP will continue to shift a small number of its schools' snack modality to the GoL lunch modality between 2015 and 2017. In 2016, WFP shifted 268 McGovern-Dole schools' mid-morning snack to the GoL lunch meal modality, and for 2017, 768 schools will be transitioned. In 2016, 140,228 students benefited from a daily school meal. Additionally, USDA awarded WFP a \$1 million LRP grant so that WFP can strengthen local smallholder farmers' agricultural knowledge and practices and link their produce to McGovern-Dole school meals.

BORLAUG FELLOWSHIP PROGRAM

The Norman E. Borlaug International Agricultural Science and Technology Fellowship (Borlaug) Program trained 34 Fellows in 2016. These fellows, in addition to those trained since the program's inception in 2004, total more than 800 Fellows from 64 countries. Borlaug provides fellowships for scientific training and research in the United States to potential leaders from eligible countries. The Borlaug program assists developing and middle-income countries in strengthening agricultural practices through the transfer of science and new agricultural technology. The program also addresses obstacles to the adoption of technology, such as ineffective policies and regulations. Borlaug continues to strive for diversity, with females comprising 50 percent of participants in 2016. Accomplishments in 2016 include the following:

Africa

Ghana - Expanding Soil Health for a Sustainable Agricultural Future. A 2013 Borlaug alumnus, having returned to rural Ghana, wanted to share the bounty of knowledge he had acquired during his fellowship at Ohio State University (OSU). Full-fledged soil assessments are out of reach for most West African farmers, so the fellow and his mentor at OSU co-developed a "do-it-yourself soil quality test handbook," demonstrating a variety of simple techniques that can help educate farmers on soil moisture, pH, and a variety of key elements. The alumnus is now working with a variety of entities, including the American Society of Agronomy, the Crop

FOREIGN AGRICULTURAL SERVICE

Science Society of America, the Soil Science Society of America, and local ministries of agriculture to translate the handbook to local languages for publication and distribution in three countries. In 2016, it was reported that the fellow is further directing his research endeavors toward strategies to address constraints associated with materials required for the soil quality assessment procedures.

Ethiopia - Demonstrating the Value of Agricultural Research. A Borlaug alumnus, who leveraged his fellowship at Iowa State University, reported in 2016 that he obtained a grant for his PhD. Upon his return to Ethiopia, he also received a budget allotment from the Government of Ethiopia of almost \$600,000 to continue pursuing advances in animal reproductive biotechnology of dairy cattle, particularly the development of protocols for superovulation of Boran cattle, a breed not well-studied.

Asia

Vietnam - Lab Accredited to Test Agricultural Commodities. A 2015 Borlaug alumnus, using the improved research methods learned during her fellowship at Mississippi State University, successfully conducted all the technical steps required for the testing and calibration of her lab. Her lab at the Institute of Animal Sciences for Southern Vietnam should be able to comply with the European Commission Standards, enabling the institution to submit an application for ISO/IEC 17025 laboratory accreditation for testing and calibration during 2016. With this accreditation, the lab will be able to test a wide range of agricultural products for import and export purposes, and the lab's sanitary and phytosanitary testing and certification will be recognized in export markets.

Latin America

Colombia - Collaboration with the International Center for Tropical Agriculture Promotes Food Security and Spurs Honors. In 2016, Borlaug administered an innovative program in which two promising young scientists were hosted by the International Center for Tropical Agriculture (CIAT) in Cali, Colombia, and three CIAT researchers were identified for U.S.-based fellowships. These five scientists studied cutting-edge biotechnology to improve crop production, disease resistance in staple crops, and climate-smart production techniques. During the summer of 2016, one fellow from Colombia received the institution's Early Career Scientist award in recognition of outstanding achievements in just a few years of work. The link between FAS and CIAT leverages American agricultural technology and research practices to help address critical needs in tropical agriculture.

Eastern Europe

Kosovo - Country's First Calf Embryo Transfer. In December 2015, a Borlaug alumnus leveraged his Borlaug fellowship at Iowa State University to secure additional funding for and conduct the first successful embryo transfer in the Republic of Kosovo. After identifying the environmental qualities and desired milk production, suitable embryos were purchased from the United States and implanted in Kosovo. This will improve the genetic makeup of the Kosovar dairy herd, which in turn will positively impact dairy production in Europe's newest independent nation.

FY 2016 Borlaug Participants by Region

Region	Number of Participants
Asia	12
Eastern Europe and Eurasia	5
Latin America and the Caribbean	3
Africa and the Middle East	<u>14</u>
Program Total	34

COCHRAN FELLOWSHIP PROGRAM

The Cochran Fellowship (Cochran) Program provided short-term training in the United States for 645 international participants from 53 countries in 2016. Since its inception in 1984, the program has trained more than 17,500 participants from 125 countries. Cochran Fellows 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 Cochran accomplishments that strengthen trade linkages between recipient countries and the United States.

Increased Productivity

Cote d’Ivoire - Enhanced School Feeding Program. A 2014 Cochran alumna participated in a training program that demonstrated the usage of textured soy protein (TSP), which can be used to increase the amount of protein in school lunches. Upon completion of the training, the alumna initiated a training presentation on the use of TSP to 1,360 cooks and managers at the 91 school canteens she oversees in Cote D’Ivoire. In 2016, it was reported that she facilitated the purchase of seven containers of TSP from the United States, valued at \$574,365. As a result of this program, U.S. TSP has become a vital tool in assisting Cote d’Ivoire’s National School Canteen Service to meet the nutritional requirements of its school feeding program.

Tanzania - Program Helps to Strengthen Horticulture Industry. In 2015, Cochran provided training for horticultural experts from Tanzania and several other African countries, on the reduction of chemical residues on export crops and the management of national chemical policies. Using the knowledge gained, two fellows from Tanzania developed an industry-focused magazine on the Tanzanian Horticulture Industry. It was reported in 2016 that over 5,000 copies were distributed widely among regional and international stakeholders, government agencies, embassies, development partners, major supermarkets, media channels, non-profit organizations, and farmers. The horticulture industry in Tanzania has grown to comprise 38 percent of total agricultural exports and has experienced expanded employment opportunities with steady yearly growth of 11 percent.

Kazakhstan – Improvements to Agricultural Extension Services. Following a 2015 Cochran program focused on the U.S. Agricultural Extension Service, six Cochran alumni worked to improve public-private sector education on plant and animal health, including beef and dairy cattle management, for 12 extension centers in Kazakhstan. In 2016, the Kazak extension centers delivered 151 training programs for 3,461 farmers throughout the country. The extension centers have also trained 14 consultants, visited farmers’ sites, and delivered extension services for 2,239 farmers throughout Kazakhstan. As a result of the program, the extension centers have also conducted demonstration field trials on different crop technologies. Links established between the U.S. and Kazak extension experts will facilitate future bilateral cooperation.

Moldova - Opportunities for Women in Agriculture. After participating in a 2015 Women in Agriculture Cochran program, a private farmer shared her experience with a large number of Moldovan farmers and women’s agricultural groups in the northern, central, and southern parts of Moldova. The Moldovan farmer made presentations, facilitated tastings, and held other events to promote her fresh and processed fruit and vegetables. In 2015, she took part in the annual exhibition “Made in Moldova” with some of her canned products and received awards. In 2016, she increased the number of members in her network by approximately 30 percent, diversified varieties of healthy vegetables growing on her farm, and introduced new methods of communication and information with her clients.

Nicaragua - Increased Exports of U.S. Livestock Genetics. A 2016 Cochran alumnus participated in a bovine genetics training designed to enhance Nicaragua’s capacity in livestock reproduction technology, such as artificial insemination, and further develop the market for U.S. livestock genetics. Even though Nicaragua has the largest cattle herd in the region, less than 5 percent of all ranchers in Nicaragua use artificial insemination. In August 2016, the alumnus connected with U.S. livestock genetics exporters and ultimately ordered 2,000 doses of bovine semen, valued at \$21,000. The alumnus expects to purchase an additional 12,000 doses throughout the year at an estimated value of \$126,000. In 2015, the United States exported bovine semen straws to Nicaragua valued at \$285,000.

Colombia - Signing of Technical Exchange Agreement. As a direct result of a Cochran training program on post-harvest handling and management conducted in 2015 for the Dominican Republic and Colombia, Louisiana

FOREIGN AGRICULTURAL SERVICE

State University and the Pacific University in Colombia signed an agreement in June 2016. Through the agreement, technical expertise on post-harvest related issues will be provided to an underrepresented agricultural region in Colombia. The agreement will provide for training on agricultural issues and exchange of knowledge on post-harvest issues.

Market Access and Trade Facilitation

Thailand - U.S. Seafood Makes Its Way. In 2014, Cochran and FAS/Bangkok developed a training program that concentrated on U.S. seafood marketing and importing. As a result, an alumnus purchased approximately \$147,000 of U.S. salmon and mackerel over the next two years. Subsequently, aware that the alumnus had a desire to develop more relationships with U.S. seafood exporters, a locally employed FAS marketing specialist was able to cultivate new business relationships for the alumnus while participating in the 2016 seafood training. As a result of this new connection, the alumnus made an initial trial order for wild-caught king salmon, valued at \$1,863, which was airfreighted to Thailand in August 2016. This successful trial order led the alumnus to purchase two 40-foot containers of wild-caught salmon products valued at \$20,000. Cochran alumni continue to work together after their program ends, which ultimately produces long-lasting successes for U.S. agriculture.

Thailand - Cochran Group's Attendance at Natural Products Expo West Results in Purchases. In March 2016, Cochran conducted a training program on importing and marketing of health and wellness products. The training included attendance at the Natural Products Expo West Trade Show. Two Thai companies that had fellows in the group reported increased and new imports from the United States. One company reported a 15-percent increase of U.S. health and organic imports, from \$2.7 million to \$3.1 million. Additionally, another company reported their first container of organic apple cider has arrived in Thailand, and the importer just placed an order for prune juice. The second importer expects the annual purchase of these two new products to be \$300,000 next year.

Thailand - Superior Quality of U.S. Softwood Products Training Leading to Increased Exports. In 2014, Cochran, along with the Southern Forest Products Association, hosted a training program on U.S. softwoods species for Thai industry personnel. In 2016, one alumnus reported the purchase of a shipment of Southern Yellow Pine (SYP) valued at \$11,340. Another alumnus reported that he placed his first order of Douglas Fir valued at \$24,200 and has imported 35 containers of dry kiln Douglas Fir, dry kiln SYP, and dry kiln Spruce-Pine-Fir, valued at \$510,000. A third alumnus ordered approximately 100 containers of SYP, valued at \$1.2 million. Lastly, another alumnus reported a monthly purchase of three containers of U.S. White Ash, White Oak, Red Oak, maple, and Poplar – valued at approximately \$75,000. He also placed an order for pine lumber \$13,860, and ordered 10 containers of SYP premium grade valued at \$140,000. The total value purchased of U.S. wood as a result of this Cochran training is \$1,974,400, and growing.

Vietnam - Increased Exports of U.S. Craft Beer, Wine, and Spirits. In 2015, Cochran provided training on U.S. craft beer, wine, and spirits. The resulting collaboration between alumni and the U.S. beer, wine, and spirit industries has already shown results. In September 2016, it was reported that one alumnus is currently working closely with a U.S. exporter to make his first purchase of U.S. vodka, and also plans to make his first trial order of U.S. craft beer by mid-2017. Another alumnus has added six brands of U.S. spirits to his store, with a total imported value of approximately \$121,000 thus far. A third alumnus is currently in the process of registering with the local Vietnamese authority for the importation of U.S. tequila and vodka. This alumnus plans to import one container each of tequila and vodka before the next Vietnamese New Year, valued at approximately \$200,000.

Vietnam - Fruit Procurement Leads to Increased Exports of U.S. Grape Varieties. A 2014 Cochran alumnus attended a program on fresh fruit procurement, which included visits to growing and packing areas, distribution centers, and warehouses in California and the Pacific Northwest. In late February 2016, the alumnus reported that contacts she established with suppliers while attending the Produce Marketing Association Fresh Summit Convention & Expo led to the purchase of U.S. grapes valued at \$300,000.

Vietnam - Exports of Grain and Feed Increase. A Vietnamese operations director attended a comprehensive training program in 2013 on grain and feed procurement and marketing, risk management, export requirements, federal and state government regulatory systems, and U.S. grain grading systems. In March 2016, the alumna met and visited with local corn and soybean farmers and local elevators to understand post-harvest management

FOREIGN AGRICULTURAL SERVICE

and marketing techniques. She also met with the Kansas Soybean Commission and market development cooperator groups and state associations related to corn and soybeans. After completion of the training, she reported in 2016 that her company increased imports of U.S products, specifically grain, distilled dried grains with solubles, soybean meal, canola meal, and whey permeate. The total increase from 2013 to 2016 is valued at \$5 million.

Vietnam - Company Increases Imports of U.S. Apples and Grapes. In March 2016, exports of U.S. apples and grapes to Vietnam increased as a direct result of a Cochran program on fresh fruit procurement and importing. The training afforded a Vietnamese alumnus the opportunity to visit major fruit growing and packing regions, and tour farms, orchards, and packinghouses. The training also provided insight on the safety standards with which U.S. fruits are grown and packed for export. The alumnus also established contacts with fruit suppliers by visiting the Produce Marketing Association’s Fresh Summit Convention & Expo. As a result, the alumnus’ company increased imports of U.S. apples and grapes by \$1.8 million during a three year period.

China - Cochran Alumnus Assists in the Release of a Detained Shipment of U.S. Fishmeal. In June 2016, a former Cochran fellow from China’s Inspection and Quarantine Service (CIQ) assisted with the release of 300 metric tons of U.S. fishmeal, valued at \$462,000 that was detained at the Guangdong China Port. Local CIQ officials questioned the authenticity of the seal and watermark on the certificates issued by the U.S. National Oceanic and Atmospheric Administration (NOAA). The Cochran alumnus discussed the issue with NOAA and sought resolution. As a result, officials at China’s General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) notified all local ports and required them to update their certificates, thereby releasing the shipment and future similar shipments to China.

Sri Lanka - CFP Promotes Retail Food Industry and U.S. Sales. In June 2016, Cochran and the Office of Agricultural Affairs (OAA) in New Delhi, India, organized a program on retail and e-retail for a group of importers, supermarket managers, and chief executives of food retail companies from India, Bangladesh, and Sri Lanka. The program provided insights into the U.S. retail marketing best practices. Sri Lanka was identified as a small but growing market for imported consumer food products through the tourism and hospitality sectors, new restaurants, and upscale food retailers. After returning from the program, a Sri Lankan participant worked with the OAA in New Delhi and the FAS cooperator, Washington Apple Commission, to develop the first ever 15-day retail promotion called the American Food Festival, which commenced on September 1, 2016. Washington apples were a main feature of the ceremonial launch, which was covered by 12 different media publications. As a result of this promotion, U.S. product sales increased an average of 54 percent and some products increased over 200 percent over a one-year period.

Pakistan - Exposure to U.S. Softwoods Leads to Export Opportunities. In 2016, Cochran, along with the Softwood Export Council, Southern Forest Products Association and the Northeastern Lumber Manufacturers Association, provided training on U.S. Softwood Species. The training program was designed to highlight the high quality of U.S. Softwoods and create export opportunities. As a result, an alumnus recently purchased U.S. softwoods, including Ponderosa Pine valued at \$88,000, Spruce Pine Fir at \$50,000, and Southern Yellow Pine at \$12,000. Another Cochran alumnus expanded his product line, which now includes new U.S. wood species. Since participating in the training in May 2016, his company imported four to five containers of Southern Yellow Pine valued at about \$65,000.

FY 2016 Cochran Participants by Region and Funding Source

Region	USDA Appropriation	Dept. of State	Total
Asia	158	0	158
Eastern Europe and Eurasia	48	81	129
Latin America and the Caribbean	217	0	217
Africa and the Middle East	<u>141</u>	<u>0</u>	<u>141</u>
Program Total	564	81	645

Summary of Budget and Performance

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.*" The Department will be revising the USDA Strategic Plan later in the spring and expects to release it with the FY 2019 President's Budget.

Trade Policy

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: (1) they immediately provide vastly improved access to key markets, and (2) they can level the playing field with respect to third-country competitors.

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. Working in concert with other U.S. trade and regulatory agencies, FAS 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 Sanitary and Phytosanitary (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 Technical Barriers to Trade (TBT) in the form of product standards, technical regulations, and conformity assessment procedures. These measures, aimed at preventing deceptive practices, have resulted in a proliferation of disparate labeling, registration, certification, and quality standard requirements for routinely consumed food and feed products, sometimes resulting in unnecessary obstacles to trade. Trade issues concerning such measures are addressed by the WTO Agreement on TBT.

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 U.S. Government (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 (FDA), the Environmental Protection Agency, the Departments of Commerce and State, and the Office of the U.S. Trade Representative (USTR). The comment process helps to prevent the adoption and implementation of trade restrictive measures, and consequent market disruptions.

The agency uses the dollar value of trade that was preserved through FAS assistance with foreign market access issues as a measure of meeting its strategic goal. The data used for this measure is readily available to collect and represents a direct linkage between FAS actions and export value.

FOREIGN AGRICULTURAL SERVICE

Key Performance Measures:

Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, restrictive SPS & TBT issues, and trade regulations							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Billions of dollars	\$3.7	\$3.8	\$6.4	\$3.6	\$5.0	\$3.8	\$3.8

Selected Past Accomplishments Toward the Achievement of the Key Outcome:

- Leveraging African Growth and Opportunity Act renewal to resolve sanitary barriers to exports of U.S. poultry, pork, and beef to South Africa culminating in early 2016 in an agreement on terms of trade that allow real access for U.S. producers. The South African market for beef, pork, and poultry is worth an estimated \$70 million.
- After the final U.S. quarantines were lifted for Highly Pathogenic Avian Influenza (HPAI), FAS and APHIS pressed trading partners to remove the remaining unwarranted bans on U.S. poultry exports. FAS and APHIS efforts were successful in Vietnam, Korea, Turkey, Saudi, Indonesia, South Africa, and Kuwait. We continue to work with China and India to modify their import requirements and lift their import bans, and to engage Korea to modify its regulations to avoid future disruptions. Opening the Chinese market for U.S. sugar beet pulp pellets, a market estimated to be worth \$200 - \$300 million annually.
- In 2016, South Africa, Saudi Arabia, Israel, Kenya, and Benin fully reopened to U.S. beef in accordance with OIE recommendations, while Peru, Colombia, and Brazil expanded the range of eligible U.S. beef products. U.S. beef and beef product exports reached more than \$6.2 billion in 2016, and expanded access is expected to result in hundreds of millions of dollars in additional exports in the coming years. Reviewing nearly 2,167 regulatory measures proposed by foreign governments that had the potential to significantly affect U.S. exports, and developing formal written comments to the WTO on 315 of these measures to minimize the negative impact on trade.
- Preserving nearly \$50 million in meat and poultry trade with Singapore by expanding the allowable pathogen reduction treatments to mirror those allowed for use on U.S. products.
- Securing agreement with the Government of Indonesia that existing U.S. laws meet Indonesia’s new sustainability criteria for imported forest products, preventing the closure of a \$46 million market.
- Facilitating in-transit cold treatment training for Indonesian port inspectors to ensure transparent inspection practices and minimize port delays for \$990 million in U.S. horticultural exports.
- Persuading China to amend its requirement to control for the Zika virus by treating all shipping containers for insects from the United States to a requirement limited to only to shipments from Florida.
- Protecting U.S. exporters against Indonesia’s unfair import licensing requirements for horticultural products, animals and animal products restricting as much as \$200 million in U.S. trade through the WTO dispute settlement process.
- Persuading Argentina to revise its trade restrictive import licensing requirements in light of the successful Indonesia dispute settlement.
- Leveraging the right to impose retaliatory tariffs of up to \$450 million annually to persuade India to adopt a more “regionalized” approach to Avian Influenza and to eliminate restrictions due to low pathogenic detections.

FOREIGN AGRICULTURAL SERVICE

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- Engage with industry and the FDA, among other regulatory agencies, to address the registration requirements affecting exports of processed products to countries such as China, Korea, Colombia, and Egypt.
- 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, focusing 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 WTO'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 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 and science based regulatory approaches to minimize disruption to agricultural trade and adoption of new technologies.
- Continue working with U.S. regulatory agencies to expand electronic export certifications to facilitate exports.

Trade Promotion

USDA supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. agricultural, food and agricultural products. USDA international trade shows have been very successful. In FY 2016, over 1,000 U.S. companies and organizations participated in the 23 USDA-endorsed trade shows in 16 countries. On-site sales totaled over \$164 million, and 12-month projected sales reported by exhibitors were estimated at about \$1.28 billion. The companies made almost 16,000 business contacts and displayed more than 7,000 new products in various markets on all continents.

The Export Credit Guarantee (GSM-102) program helps 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 carry out and expand overseas business. The Economic Research Service has established a multiplier that reflects additional business activity leveraged from program coverage and is used to estimate total activity facilitated by the program. In FY 2016, the GSM-102 program supported \$2.2 billion in agricultural commodity exports. The largest markets were Latin America (South and Central American regions and Mexico.) The commodities registered most by exporters were bulk commodities (corn, wheat, soybeans, meal, and rice). The program also supported sales of fruit and wood products.

FAS commodity analysts and country experts in Washington, D.C. 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 170 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,

FOREIGN AGRICULTURAL SERVICE

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.

The agency uses the increase in exports realized by participants in the international trade shows as a measure of meeting its strategic goal. This data used for this measure is readily available to collect, is self-reported and links sales to the organizations involved in the activities.

Key Performance Measures:

Value of agricultural exports resulting from participation in foreign food and agricultural trade shows							
	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Actual	Actual	Actual	Target	Target
Billions of dollars	\$1.46	\$1.48	\$1.50	\$1.52	\$1.28	\$1.50	\$1.52

^{1/} FY 2016 target not reached due to considerably lower sales from the Brussels Seafood Show because of the terrorist event that took place in Brussels about a month prior to the show that reduced show participation.

Selected Past Accomplishments Toward the Achievement of the Key Outcome:

- In 2016, over 1,000 U.S. companies and organizations participated in 23 USDA-endorsed trade shows in 16 countries. On-site sales totaled over \$164 million and 12-month projected sales reported by exhibitors were estimated at about \$1.28 billion. The companies made almost 16,000 business contacts and displayed more than 7,300 new products in various markets on all continents. On average, about 30 percent of the exhibitors in U.S. Pavilions at USDA-endorsed shows report that they are small- and medium-sized enterprises. The goal is to reach \$1.52 billion in USDA-endorsed trade show related exports by 2018.
- Conducted four Agricultural Trade Missions in FY 2016, which included 68 companies, 18 State Departments of Agriculture representatives, and 23 trade association representatives, resulting in \$3.3 million in reported on-site sales and \$12.5 million projected sales.
- 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.
- In 2016, announced a new, enhanced Facility Guarantee Program designed to assist in financing infrastructure projects in emerging markets that will benefit the export of U.S. agricultural commodities and their products.
- Provided the tools to build markets for U.S. exports.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- In 2018, the USDA will target support of 25 international trade shows; 21 individual shows, and one event that combines four different food and agriculture sectors into a single, large “four shows in one” exhibition. 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 2018 – building on success it has achieved in expanding export opportunities in developing markets in fiscal 2016 and targeted markets for 2017. FAS conducts Agribusiness Trade Missions (ATMs) in countries and regions around the world that demonstrate strong economic growth, lower barriers to trade or have other relevant market conditions that support U.S. agricultural exports. FAS anticipates conducting at least four ATMs annually.
- FAS will perform outreach for the new and enhanced Facility Guarantee Program (FGP), designed to boost sales of U.S. agricultural products by providing credit guarantees to improve or establish agriculture-related facilities in emerging markets where demand may be limited due to inadequate storage, processing or handling capabilities.
- To counter continued uncertainties in global economic conditions, USDA will continue to enhance due diligence and risk assessment processes.
- To the maximum extent practicable, USDA will continue to set a level sufficient to cover operating costs, including administrative costs and losses.

FOREIGN AGRICULTURAL SERVICE

Capacity Building/Food Security

In FY 2016, FAS also funded nine Food for Progress (FFPr) programs with PVOs in nine countries (Bangladesh, Guatemala, Haiti, Pakistan, Burkina Faso, Malawi, Mozambique, Nicaragua, and Ethiopia). FAS' FFPr program fell short of its anticipated global beneficiaries target by 13 percent due primarily to delays in monetization of commodities within FY 2014 and FY 2015 awards. The delays in monetization were in tandem with the fall in global commodity prices. While ensuring reasonable cost recovery and minimal impact to local markets, FAS was unable to approve monetizations in the beginning of FY 2016 and approved most of the years' commodities in the third and fourth quarters of the year. The delay in receipt of funds meant the implementing organizations were unable to conduct activities. FAS anticipates that all FY 2014 FFPr awards will be able to implement activities in FY 2017. In FY 2016 FAS trained 679 fellows under the Cochran Fellowship (Cochran) Program and the Norman E. Borlaug International Agricultural Science and Technology Fellows (Borlaug) Program. In FY 2016, FAS awarded private voluntary organizations (PVOs) 11 agreements targeting an estimated 4.3 million individuals in food-insecure countries. Many McGovern-Dole agreements are multi-year agreements and will be operational in 2018. FAS met its target for the McGovern-Dole program.

Targeting capacity-building efforts to advance U.S. trade, development, and food security objectives remained a top priority for FAS' food assistance and exchanges programs. Building the capacity of trading partners helps bolster economies and drives up demand for U.S. food exports. Examples include improving food safety standards, either through fellowships and exchanges or training under food assistance programs, helping smallholder producers access international markets, and ensuring that the agriculture produce is safe for U.S. consumers. Under a Food for Progress award, USDA monetized Hard Red Winter Wheat in Ethiopia to fund capacity building activities in the livestock feed sector that the Government of Ethiopia is now leveraging to respond to the historic drought. The donated wheat was used in pasta production and the buyer has reported an increase in consumer preference with the addition of the U.S. wheat to the recipe mix.

In the Cochran Fellowship Program Fellows from Brazil, Ecuador, and Central America were trained in cacao standards to ensure a steady supply of high quality of cacao for U.S. confectioners and manufacturers. Borlaug Fellows from Morocco came to conduct research on citrus in Texas and exchanged best practices with Texan growers.

FFPr limiting factors remain the cost of transportation and ensuring that monetized funds do not interrupt local commercial markets. USDA conducted detailed market assessments of three countries (the Dominican Republic, Ghana, and Benin) to ensure reasonable cost recovery and the monetization does not disrupt local commodities markets.

FAS focused the FFPr program on strengthening higher levels within the value chain, to provide agricultural producers, traders, and processors more in-depth training on credit options and modern technologies. USDA works with foreign governments to increase their institutions' capacity to participate in the current, science-based trading environment. 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. These types of activities provide a better opportunity for lasting and permanent change.

The agency uses the number of individuals who are assisted by the food assistance and technical assistance programs as a measure of meeting its strategic goal. The data used for this measure is inexpensive to collect and is based on performance reports submitted by implementing organizations and units within FAS.

FOREIGN AGRICULTURAL SERVICE

Key Performance Measures:

Number of individuals in food insecure countries assisted by USDA technical assistance							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Total	924,339	1,350,700	1,107,897	466,050	348,991	245,208	242,585
<i>Food for Progress</i>	923,807	1,350,072	1,107,347	465,477	348,301	244,658	242,035
<i>Cochran and Borlaug Fellowship Programs</i>	532	628	550	573	690	550	550

Selected Past Accomplishments Toward the Achievement of the Key Outcome:

- The Cochran and Borlaug Fellowship Programs have advanced USG food security and trade programs in priority countries throughout Asia, Europe, Latin America, and Africa, where agricultural extension agents, veterinary officials, and agricultural researchers received training to support food production and regional trade.
- Since the inception of the program, over 17,500 fellows have been trained under the Cochran program from 125 countries. Since 2004, over 800 fellows have been trained under the Borlaug program from 64 countries.
- Through USDA’s partnership with the National Cooperative Business Association under the FFPr program, 11,857 men and 7,434 women in Uganda have adopted conservation farming practices to their maize, pulse, and soybean cultivation. Adopting these practices has led to an average increase in yields of about 47 percent.
- USDA’s FFPr project implemented by Counterpart International, in coordination with the Guatemalan Ministry of Agriculture’s formal extension agents, provided over 265 trainings to agricultural producers in the Departments of Huehuetenango and San Marcos. As a result of USDA funded instruction programs, formal extension agents gained the necessary knowledge to provide training and technical assistance to farmers for increasing productivity and applying new technologies. These programs ensure that Guatemalan farmers receive necessary support to improve the food security and increase household incomes. These training programs included, but were not limited to: soil conservation, water management, food security and nutrition, livestock management, and post-harvest management. These trainings have resulted in over 4,641 hectares of land cultivated under USDA-promoted improved techniques and technologies.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- FAS will continue to provide targeted training to foreign professionals under the Cochran and Borlaug programs. FAS will continue to expand this valuable network of influential agricultural specialists that make valuable contributions to improving the trade policies and regulatory frameworks in their home countries that can and do increase market access for U.S. agricultural products. In FY 2018, the Cochran and Borlaug programs are expected to train an estimated 550 participants from over 65 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 making major contributions towards global food security through capacity building efforts in support of the strategy of Global Food Security Act of 2016 (GFSA). FAS has conducted training programs in past years that have benefitted agricultural specialists in Feed the Future countries, and will continue to train participants from the GFSA countries when they are identified.
- In FY 2018, the FFPr program will provide \$220 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 2.73 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.
- The last agreement awarded under the Micronutrient-Fortified Food Aid Products Pilot (MFFAPP) is scheduled for completion in FY 2017. MFFAPP is developing and field-testing nutritious and high quality micronutrient-fortified food aid products to meet the energy and nutrient needs of populations served by the McGovern-Dole program. Two new commodities from the MFFAPP, fortified milled rice, and fortified poultry-based spread have been added to the commodity list and work on a third, lipid nutrient supplement – school age has begun.

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 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.

FOREIGN AGRICULTURAL SERVICE

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) 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 U.S. Agency for International Development (USAID). 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 majority of Title II funding is used to provide emergency food assistance in response to natural disasters and complex emergencies. In an emergency, when people face severe food insecurity, 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.

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 the 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 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 \$15 million or 0.6 percent of the amounts made available for P.L. 480 is used to fund the Farmer-to-Farmer program. Funds available for this program may be augmented through the use of local currencies accrued from the sale of agricultural commodities under P.L. 480 and from local currencies generated from other types of foreign assistance activities within the country where the program is being conducted.

FOREIGN AGRICULTURAL SERVICE

Proposed Language Changes

P.L. 480 Title I

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

Food for Peace Title I Direct Credit and Food for Progress Program Account (including Transfer of Funds): For administrative expenses to carry out the credit program of title I, Food for Peace Act (Public Law 83-480) and the Food for Progress Act of 1985, [\$2,523,000] \$149,000, shall be transferred to and merged with the appropriation for "Farm Service Agency, Salaries and Expenses".

P.L. 480 Title II

The estimates include appropriation language for this item 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 unrecoverable 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 to remain available until expended.]

The change proposes the deletion of the language to eliminate funding for the Food for Peace Title II Grant.

FOREIGN AGRICULTURAL SERVICE

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

Budget Estimate, 2018.....	\$149,000
2017 Annualized Continuing Resolution.....	2,523,000
Change in Appropriation.....	<u>-2,374,000</u>

P.L. 480 TITLE I
Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Administrative Expenses-P.L. 480 Title I Grants.....	\$2,528	-	-\$5	-\$2,374	\$149

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

Budget Estimate, 2018.....	-
2017 Annualized Continuing Resolution.....	\$1,463,213
Change in Appropriation.....	<u>-1,463,213</u>

P.L. 480 TITLE II
Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
P.L. 480 Title II.....	\$1,466,000	-	-\$2,787	-\$1,463,213	-

FOREIGN AGRICULTURAL SERVICE

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

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2018 President's</u> <u>Budget</u> Amount
Discretionary Appropriations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,528	\$2,528	\$2,523	-\$2,374	\$149
Total Adjusted Approp.....	2,528	2,528	2,523	-2,374 (1)	149
Total Appropriation.....	2,528	2,528	2,523	-2,374	149
Rescission.....	-13000	-	-	-	-
Bal. Available, SOY.....	13,222	926	926	-926	-
Recoveries, Other (Net).....	838	-	-	-	-
Total Available.....	3,588	3,454	3,449	-3,300	149
Lapsing Balances.....	-804	-	-	-	-
Bal. Available, EOY.....	-926	-926	-926	926	-
Total Obligations	1,858	2,528	2,523	-2,374	149

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

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2018 President's</u> <u>Budget</u> Amount
Discretionary Obligations:					
P.L. 480 Title I					
Administrative Expenses.....	\$1,724	\$2,528	\$2,523	-2,374	\$149
Upward Adjustment Title I Food for Progress....	134	-	-	-	-
Total Obligations.....	1,858	2,528	2,523	-2,374	149
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	804	-	-	-	-
Bal. Available, EOY.....	926	926	926	-926	-
Other Balances Withdrawn.....	-	-	-	-	-
Total Available.....	3,588	3,454	3,449	-3,300	149
Transfers In-P.L. 480 Title I OFD.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	13,000	-	-	-	-
Bal. Available, SOY.....	-13,222	-926	-926	926	-
Other Adjustments (Net).....	-838	-	-	-	-
Total Appropriations.....	2,528	2,528	2,523	-2,374	149

FOREIGN AGRICULTURAL SERVICE

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

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2018 President's</u> <u>Budget</u> Amount
Discretionary Appropriations:					
P.L. 480 Title II Donation.....	\$1,466,000	\$1,466,000	\$1,463,213	-\$1,463,213	-
Total Adjusted Approp.....	1,466,000	1,466,000	1,463,213	-1,463,213 (2)	-
Total Appropriation.....	1,466,000	1,466,000	1,463,213	-1,463,213	-
Bal. Available, SOY.....	161,371	98,014	72,738	-72,738	-
Recoveries, Other (Net).....	166,496	136,465	-	-	-
Total Available.....	1,793,867	1,700,479	1,535,951	-1,535,951	-
Bal. Available, EOY.....	-98,014	-72,738	-	-	-
Total Obligations.....	1,695,853	1,627,741	1,535,951	-1,535,951	-

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

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2018 President's</u> <u>Budget</u> Amount
Discretionary Obligations:					
P.L. 480 Title II Donations.....	\$1,695,853	\$1,627,741	\$1,535,951	-\$1,535,951	-
Subtotal.....	1,695,853	1,627,741	1,535,951	-1,535,951	-
Total Obligations.....	1,695,853	1,627,741	1,535,951	-1,535,951	-
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	98,014	72,738	-	-	-
Total Available.....	1,793,867	1,700,479	1,535,951	-1,535,951	-
Bal. Available, SOY.....	-161,371	-98,014	-72,738	72,738	-
Other Adjustments (Net).....	-166,496	-136,465	-	-	-
Total Appropriations.....	1,466,000	1,466,000	1,463,213	-1,463,213	-

FOREIGN AGRICULTURAL SERVICE

P.L. 480 TITLE I

Justification of Increases and Decreases

(1) A decrease of \$2,374,000 (\$2,523,000 available in 2017)

Farm Service Agency (FSA) supports both the PL 480 Title I and CCC Export Credit Guarantee (GSM) loan programs. FSA analyzed the workload associated with the two loan portfolios and as a result, a realignment of funding between the two programs was necessary. Workload in PL 480 was significantly less than previously estimated, and workload in the GSM program was significantly greater than previously estimated. Funds were realigned between the two programs to more accurately represent the workload associated with each program. Although no new loans are being made under P.L. 480 Title I, the FY 2017 request is commensurate with the workload of the remaining portfolio.

P.L. 480 Title II

Justification of Increases and Decreases

(2) A decrease of \$1,463,213 (\$1,463,213,000 available in 2017)

P.L. 480 II grants fund emergency and development food aid programs authorized under Title II of the Food for Peace Act (P.L. 83-480). Funding for Title II is appropriated to the U.S. Department of Agriculture and is administered by the U.S. Agency for International Development (USAID). There is no funding request for P.L. 480 Title II, as part of an Administration effort to streamline foreign assistance funding, prioritize funding, and use funding effectively and efficiently as possible. The 2018 request includes funding for emergency food needs within the International Disaster Assistance account.

FOREIGN AGRICULTURAL SERVICE

P.L. 480 TITLE I
Classification by Objects
(Dollars in thousands)

	2015			2018 President's
	<u>Actual</u>	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>Budget</u>
Other Objects:				
25.3 Other purchases of goods and services from Federal sources.....	\$1,858	\$2,528	\$2,523	\$149

P.L. 480 TITLE II
Classification by Objects
(Dollars in thousands)

	2015			2018 President's
	<u>Actual</u>	<u>2016 Actual</u>	<u>2017 Estimate</u>	<u>Budget</u>
Other Objects:				
25.3 Other purchases of goods and services from Federal sources.....	-	-	-	-
41.0 Grants.....	\$1,695,853	\$1,627,741	\$1,463,213	-
99.9 Total, new obligations.....	<u>1,695,853</u>	<u>1,627,741</u>	<u>1,463,213</u>	-

FOREIGN AGRICULTURAL SERVICE

McGovern-Dole International Food for Education And Child Nutrition Program

[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), \$201,626,000, 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 of the amount made available under this heading, \$5,000,000, shall remain available until expended for necessary expenses to carry out the provisions of section 3207 of the Agricultural Act of 2014 (7 U.S.C. 1726c).]

The change represents the 2018 Budget proposes to eliminate the program as part of the Administration's effort to reprioritize Federal spending.

Lead-Off Tabular Statement

Budget Estimate, 2018.....	-
2017 Annualized Continuing Resolution.....	<u>201,243,000</u>
Change in Appropriation.....	<u><u>-201,243,000</u></u>

Summary of Increases and Decreases

(Dollars in thousands)

<u>Program</u>	2015 Actual	2016 Actual	2017 Change	2018 Change	2018 Estimate
McGovern-Dole Program.....	<u>\$191,626</u>	<u>+\$10,000</u>	<u>-\$383</u>	<u>-\$201,243</u>	<u>-</u>

FOREIGN AGRICULTURAL SERVICE

McGovern-Dole International Food for Education And Child Nutrition Program

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

Program	2015 Actual		2016 Actual		2017 Estimate		Change		2018 President's Budget	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
	Discretionary Appropriations:									
McGovern-Dole Program.....	\$191,626	-	\$201,626	-	\$201,243	-	-201,243	-	-	-
Subtotal.....	191,626	-	201,626	-	201,243	-	-201,243	-	-	-
Total Appropriation.....	191,626	-	201,626	-	201,243	-	-201,243	-	-	-
Balance Available, SOY.....	79,998	-	228,461	-	61,128	-	-61,128	-	-	-
Other Adjustments (Net).....	-	-	136,838	-	-	-	-	-	-	-
Total Available.....	271,624	-	566,925	-	262,371	-	-262,371	-	-	-
Rescission.....	-	-	-	-	-	-	-	-	-	-
Sequestration.....	-	-	-	-	-	-	-	-	-	-
Total Available.....	271,624	-	566,925	-	262,371	-	-262,371	-	-	-
Balance Available, EOY.....	-228,461	-	-61,128	-	-	-	-	-	-	-
Total Obligations.....	43,163	-	505,797	-	262,371	-	-262,371	-	-	-

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

Program	2015 Actual		2016 Enacted		2017 Estimate		Change		2018 President's Budget	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
	Discretionary Obligations:									
McGovern-Dole Program.....	\$43,163	-	\$505,797	-	\$262,371	-	-262,371	-	-	-
Subtotal.....	43,163	-	505,797	-	262,371	-	-262,371	-	-	-
Total Obligations.....	43,163	-	505,797	-	262,371	-	-262,371	-	-	-
Bal. Available, EOY.....	228,461	-	61,128	-	-	-	-	-	-	-
Total Available.....	271,624	-	566,925	-	262,371	-	-262,371	-	-	-
Balance Available, SOY.....	-79,998	-	-228,461	-	-61,128	-	61,128	-	-	-
Other Adjustments (Net).....	-	-	-136,838	-	-	-	-	-	-	-
Total Appropriations.....	191,626	-	201,626	-	201,243	-	-201,243	-	-	-

FOREIGN AGRICULTURAL SERVICE

McGovern Dole International Food for Education and Child Nutrition Program

Justification of Increases and Decreases

(1) A decrease of \$201,243,000 (\$201,423,000 available in 2017).

The 2018 Budget proposes to eliminate the program as part of the Administration’s effort to reprioritize Federal spending so that it advances the safety and security of the American people. The GAO audit found that this program lacks evidence that it is being effectively implemented, and it has unaddressed oversight and performance monitoring challenges. In the most recent report in 2011, the GAO found weaknesses in performance monitoring, program evaluations, and prompt closeout of agreements.

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

State/Territory	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
District of Columbia.....	\$191,626	-	\$201,626	-	\$201,243	-	\$0	-
Undistributed.....	-	-	-	-	-	-	-	-
Total Appropriations.....	191,626	-	201,626	-	201,243	-	-	-
Balance Available, SOY.....	79,998	-	228,461	-	61,128	-	-	-
Other Adjustments (Net).....	-	-	136,838	-	-	-	-	-
Bal. Available, EOY.....	-228,461	-	-61,128	-	-	-	-	-
Total Available.....	43,163	-	505,797	-	262,371	-	-	-

Classification by Objects
(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Other Objects:				
41.0 Grants.....	\$43,163	\$505,797	\$262,371	\$0
Total Obligations.....	43,163	505,797	262,371	0

FOREIGN AGRICULTURAL SERVICE

CCC Export Credit Guarantee Programs

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

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

For administrative expenses to carry out the Commodity Credit Corporation's Export Guarantee Program, GSM 102 and GSM 103, [~~\$6,748,000~~] \$6,735,000; 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~~] \$6,382,000 shall be transferred to and merged with the appropriation for "Foreign Agricultural Service, Salaries and Expenses", and of which [~~\$354,000~~] \$353,000 shall be [transferred to and merged with] paid to the appropriation for "Farm Service Agency, Salaries and Expenses".

1 The first change clarifies the appropriation language for the Farm Service Agency Salaries and Expenses account for work to administer the GSM program.

Lead-Off Tabular Statement

Budget Estimate, 2018.....	\$6,735,000
2017 Annualized Continuing Resolution.....	6,735,000
Change in Appropriation.....	<u>0</u>

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
FSA Administrative Expense.....	\$354	-	-\$1	-	\$353
FAS Administrative Expense.....	6,394	-	-12	-	6,382
Total.....	<u>6,748</u>	<u>-</u>	<u>-13</u>	<u>-</u>	<u>6,735</u>

FOREIGN AGRICULTURAL SERVICE

CCC Export Credit Guarantee Programs

Project Statement

Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec</u> Amount	2018 President's <u>Budget</u> Amount
Discretionary Appropriations:					
FSA Administrative Expenses.....	\$354	\$354	\$353	-	\$353
FAS Administrative Expenses.....	6,394	6,394	6,382	-	6,382
Total Appropriation.....	6,748	6,748	6,735	-	6,735
Total Available.....	6,748	6,748	6,735	-	6,735
Total Obligations.....	6,748	6,748	6,735	-	6,735
Mandatory Loan Level					
GSM 102.....	\$1,982,273	\$2,149,807	\$5,000,000	-	\$5,000,000
Facilities.....	-	-	500,000	-	500,000
Subtotal.....	1,982,273	2,149,807	5,500,000	-	5,500,000

Project Statement

Obligations Detail
(Dollars in thousands)

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec</u> Amount	2018 President's <u>Budget</u> Amount
Discretionary Appropriations:					
FSA Administrative Expenses.....	\$354	\$354	\$353	-	\$353
FAS Administrative Expenses.....	6,394	6,394	6,382	-	6,382
Total Obligations.....	6,748	6,748	6,735	-	6,735
Total Available.....	6,748	6,748	6,735	-	6,735
Total Appropriations.....	6,748	6,748	6,735	-	6,735
Mandatory Loan Level					
GSM 102.....	\$1,982,273	\$2,149,807	\$5,000,000	-	\$5,000,000
Facilities.....	-	-	500,000	-	500,000
Subtotal.....	1,982,273	2,149,807	5,500,000	-	5,500,000

FOREIGN AGRICULTURAL SERVICE

CCC Export Credit Guarantee Programs

Justification of Increases and Decreases

There is no change in funding requested from 2017 to 2018.

The 2018 Budget Request is sufficient to cover base funding needs of \$6,735,000. Funding will be used to carry out the administrative functions for the Commodity Credit Corporation Export Loan Guarantee programs (GSM), including program management, financial management and other functions.

Classification by Objects

(Dollars in thousands)

	2015	2016	2017	2018
	Actual	Actual	Estimate	President's
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
25.3 Other purchases of goods and services				
from Federal sources.....	\$6,748	\$6,748	\$6,735	\$6,735