

2017 President's Budget
Foreign Agricultural Service

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FOREIGN AGRICULTURAL SERVICE

PURPOSE STATEMENT

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

FAS links U.S. agriculture to the world to enhance export opportunities and global food security. FAS facilitate international trade and trade cooperation, which are critical to the economic vitality of the U.S. agricultural sector. Increased economic activity in food and agricultural-related sectors of the economy help rural communities build and maintain prosperity. Nowhere is this more evident than in agricultural trade. 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 goal through eight objectives aligned under three core activity pillars: Trade promotion, trade policy, and capacity-building/food security.

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

FAS trade policy work maintains a level playing field for U.S. food and agricultural exporters who compete internationally. By partnering with other government agencies and trade associations, as well as regional and international organizations, FAS coordinates global efforts aimed at trade liberalization by negotiating trade agreements; monitoring trade agreement compliance through formal and informal mechanisms; establishing transparent, science-based standards for U.S. agricultural products; and eliminating trade barriers.

FAS advances global trade and food security with food assistance, agricultural training and technical assistance for developing economies worldwide. Its programs foster market-based, economic growth along the full agricultural development spectrum, building the capacity of countries to integrate into the global economy and become trading partners with the United States. Reduction of hunger and malnutrition is a priority, as well as the adoption of U.S. trade and regulatory policies and new agricultural technologies. The objective is to move these countries along the agricultural market continuum from developing economies, where capacity building is the primary focus, to developed economies, where market expansion is the primary focus. FAS' trade capacity building and food security programs build the foundations for future markets and create long-term international relationships that further advance U.S. agriculture's trade interests in developing countries.

Description of Agency Activities:

Trade Promotion

A substantial portion of U.S. agricultural cash receipts comes from export sales, making the vitality of rural America dependent on international trade. FAS commodity analysts, country experts in Washington, and Foreign Service Officers around the world provide timely analysis of global trends, which enable policy makers and private exporters to respond promptly to changes in the international market. FAS also has a full cadre of foreign field offices staffed by highly trained and knowledgeable Locally Employed Staff who help match foreign buyers to U.S. sellers, advise private exporters, and myriad other market promotion activities. FAS' relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to respond to such changes in the international market place for food and agricultural exports. FAS programs that contribute to food and agricultural exports include: Market Access Program (MAP), Foreign Market Development Program (FMD), Technical Assistance for Specialty Crops Program

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(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 contain biotechnological ingredients which could be negatively affected by restrictive labeling measures, testing requirements, and/or outright bans. Exports of these crops and other foods produced or processed using modern biotechnology form the core of U.S. agricultural exports that totaled \$139.7 billion in 2015, while exports of high valued organic products continue to grow.

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

Capacity Building/Food Security

FAS is the link that enables the U.S. to share both its food resources and its technical agricultural expertise with developing economies. FAS has significant experience administering food assistance, training and technical assistance, and technical exchanges that build in-country productivity. Programs that support food security include: McGovern-Dole International Food for Education and Child Nutrition Program, the Food for Progress Program, Local and Regional Procurement Program, Norman E. Borlaug International Agricultural Science and Technology Fellowship Program, the Cochran Fellowship Program, and agricultural-related technical assistance and capacity building. These capabilities complement those of the U.S. Agency for International Development (USAID) and support U.S. Government foreign policies led by the Department of State. FAS' ongoing effort to improve internal operational processes will enable the agency to continue to conduct in-country food assistance and capacity building programs, as well as U.S.-based technical training, with prospective, future trading-partner countries. These base resources allow FAS to play a lead role in coordinating the linkage of agricultural expertise to U.S. international development activities, ensuring alignment with U.S. trade and foreign affairs policies, as well as the national security strategy.

The Headquarters of FAS is located in Washington, D.C. In addition to a highly specialized Washington-based staff, the agency maintains a targeted and highly efficient network of 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, 2015, FAS had 553 in permanent full-time employment located in their field offices, which include 447 in headquarters, 106 Foreign Service Officers, and 46 Foreign Service Nationals whom are not included as part of FAS' permanent full-time employment count.

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LEGISLATIVE AND DEPARTMENTAL AUTHORITIES

FAS was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690, enacted August 28, 1954, transferred the agricultural attachés from the Department of State to FAS. These memoranda were consolidated in Title 5 of the Agricultural Trade Act of 1978, as amended. Secretary's Memorandum No. 1020-39 dated September 30, 1993, transferred the functions of the former Office of International Cooperation and Development to FAS.

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

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

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

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

MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM PURPOSE STATEMENT

Section 3107 of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171) authorizes the President to provide U.S. agricultural commodities and financial and technical assistance for (a) preschool and school food for education programs in foreign countries to improve food security, reduce hunger, and improve literacy and (b) for maternal, infant and child nutrition programs for pregnant women, nursing mothers, and infants and children. The program has been re-authorized under the Agricultural Act of 2014, Public Law 113-79 (Farm Bill) through 2018.

LOCAL AND REGIONAL PROCUREMENT PROGRAM PURPOSE STATEMENT

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

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

2015

Office of Inspector General Reports

In Progress	Status/Date	Subject
07601-0002-23	Audit Began June 3, 2014	FAS' Monitoring of the Administration's Trade Agreement Initiatives

U.S. Government Accountability Office Reports

In Progress	Status/Date	Subject
100132	Audit Began June 29, 2015	Foreign Aid Evaluation
100180	Audit Began August 17, 2015	Agencies Collecting and Reporting in the Foreign Assistance Dashboard
100355	Audit Began October 7, 2015	Food for Peace Implementation Costs
100386	Audit Began December 8, 2015	Foreign Aid Evaluation Cost and Quality
Completed	Status/Date	Subject
GAO-15-300 (formerly 100026)	Report Issued February 12, 2015	AFRICAN GROWTH AND OPPORTUNITY ACT: Eligibility Process and Economic Development in Sub-Saharan Africa
GAO-15-328 (formerly 100004)	Report Issued March 26, 2015	INTERNATIONAL CASH-BASED FOOD ASSISTANCE: USAID Has Developed Processes for Initial Project Approval but Should Strengthen Financial Oversight
GAO-15-701 (formerly 321030)	Report Issued August 5, 2015	AFRICAN GROWTH AND OPPORTUNITY ACT: Insights from Other Countries' Preference Programs and Participation in Trade Negotiations
GAO-15-724 (formerly 100027)	Report Issued August 13, 2015	SOUTHEAST ASIA: Trends in U.S. and Chinese Economic Engagement
GAO-15-666 (formerly 321050)	Report Issued August 26, 2015	INTERNATIONAL FOOD ASSISTANCE: Cargo Preference Increases Food Aid Shipping Costs, and Benefits Are Unclear
GAO-15-732 (formerly 321016)	Report Issued September 10, 2015	INTERNATIONAL FOOD ASSISTANCE: USAID Should Systematically Assess the Effectiveness of Key Conditional Food Aid Activities

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

Item	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:								
Salaries and Expenses.....	\$177,863	665	\$181,423	650	\$191,566	770	\$196,571	775
McGovern-Dole Program.....	185,126	-	191,626	-	201,626	-	182,045	-
CCC Export Guarantee Programs Admin. Expense	6,394	27	6,394	30	6,394	31	6,074	29
Local and Regional Food Aid Procurement	-	-	-	-	a/	2	15,000	2
Rescission.....	-	-	-	-	-	-	-	-
Sequestration.....	-	-	-	-	-	-	-	-
Transfers In.....	-	-	1,460	-	-	-	-	-
Adjusted Appropriation.....	369,383	692	380,903	680	399,586	803	399,690	806
Balance Available, SOY.....	-	-	116,904	-	-	-	-	-
Total Available.....	369,383	692	497,807	680	399,586	803	399,690	806
Lapsing Balances.....	-	-	-12,723	-	-	-	-	-
Balance Available, EOY.....	-	-	-266,791	-	-	-	-	-
Total Obligations.....	369,383	692	218,293	680	399,586	803	399,690	806
Obligations under other USDA appropriations:								
Commodity Credit Corporation for:								
Reimbursable Activities:								
Market Access Program Admin. Costs.....	4,980	24	5,312	12	5,604	32	5,648	32
Technical Assistance for Specialty Crops								
Program Admin. Costs.....	996	3	830	1	1,083	5	1,092	5
Emerging Markets Program Admin. Costs	996	4	913	2	970	6	977	6
Quality Samples Program Admin. Costs.....	200	1	185	1	202	1	204	1
Foreign Market Development Program Admin. Costs...	1,328	6	1,245	1	1,321	8	1,331	8
Local and Regional Procurement Admin. Costs.....	-	-	-	-	-	-	-	-
Food for Progress Admin. Costs.....	2,570	14	4,326	14	4,100	24	4,141	24
Cotton and Wool Project Admin. Costs.....	-	-	124	1	252	1	254	1
Legal Services.....	155	-	155	-	350	-	354	-
McGovern Dole Program	3,500	10	3,500	10	3,500	10	3,535	10
Landsat data and support of export programs.....	1,500	3	4,635	3	5,290	5	5,342	5
IRM Activities.....	18,000	-	17,289	-	18,856	2	19,045	2
IRM Activities (Non-CCC).....	5,000	-	4,403	-	4,750	3	4,798	3
Under Secretary Int'l Travel for Trade Matters.....	500	-	500	-	500	-	505	-
Emerging Markets Program.....	3,400	1	3,400	1	3,400	1	3,403	1
Support of and access to the USDA Satellite Imagery								
Library: NRCS, APHIS, ARS, RMA, NASS, FS.....	100	-	100	-	100	-	101	-
Capital Security Cost Share.....	2,500	1	2,500	-	2,500	-	2,502	-
Visiting Scientist Program.....	700	-	700	-	700	-	707	-
Codex.....	950	1	1,438	1	1,450	1	1,465	1
Office of the Secretary: Congressional Relations.....	110	-	110	-	110	-	111	-
Trade Negotiations and Biotechnology Fund (OSEC).....	750	2	750	2	750	2	758	2
Avian Influenza (APHIS).....	-	-	-	-	-	-	-	-
P.L. 480 Title II.....	120	1	120	1	120	1	121	1
Total, Other USDA Appropriations.....	48,355	71	52,535	50	55,908	102	56,394	102
Total, Agriculture Appropriations.....	417,738	763	270,828	730	455,494	905	456,084	908
Other Federal Funds:								
U.S. Agency for International Development (USAID) and others for developmental assistance.....								
USAID and U.S. Department of State (DoS) for Reconstruction and Stabilization Activities.....	13,586	38	-	-	-	-	-	-
Total, Other Federal Funds.....	74,837	163	112,085	175	112,000	175	112,000	175
Total, Foreign Agricultural Service.....	492,575	926	382,913	905	567,494	1,080	568,084	1,083

a/ The Act provided \$5 million from within McGovern-Dole for local and regional procurement.

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Permanent Positions by Grade and Staff Year Summary

Item	2014 Actual			2015 Actual			2016 Enacted			2017 Estimate		
	Wash.			Wash.			Wash.			Wash.		
	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total	D.C.	Field	Total
ES.....	5	-	5	8	-	8	8	-	8	8	-	8
SES.....	14	18	32	6	17	23	6	17	23	6	17	23
GS-15.....	41	-	41	39	-	39	40	-	40	40	-	40
GS-14.....	110	-	110	112	-	112	110	-	110	110	-	110
GS-13.....	116	1	117	117	1	118	129	1	130	129	1	130
GS-12.....	91	-	91	78	-	78	83	-	83	83	-	83
GS-11.....	14	-	14	43	-	43	51	-	51	51	-	51
GS-10.....	2	-	2	1	-	1	1	-	1	1	-	1
GS-9.....	15	1	16	22	1	23	29	1	30	29	1	30
GS-8.....	10	-	10	9	-	9	10	-	10	10	-	10
GS-7.....	18	-	18	21	-	21	16	-	16	16	-	16
GS-6.....	3	-	3	2	-	2	2	-	2	2	-	2
GS-5.....	5	-	5	3	-	3	2	-	2	2	-	2
GS-4.....	5	-	5	2	-	2	2	-	2	2	-	2
GS-3/2.....	2	-	2	3	-	3	3	-	3	3	-	3
Other Graded												
Positions.....	36	88	124	29	87	116	27	134	161	27	134	161
Total Perm.												
Positions.....	487	108	595	495	106	601	519	153	672	519	153	672
Unfilled, EOY.....	43	22	65	48	-	48	-	-	-	-	-	-
Total, Perm.												
Full-Time												
Employment.....	444	86	530	447	106	553	519	153	672	519	153	672
Staff Year Est.....	692	234	926	680	225	905	801	277	1,078	804	277	1,081

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Size, Composition and Cost of Motor Vehicle Fleet

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

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

Changes to the motor vehicle fleet: For FY 2017, there will be no anticipated changes to the overseas vehicle fleet, as all vehicles are working properly. FAS’ overseas vehicle fleet currently consists of one (1) sedan, fourteen (14) mini-vans, fifteen (15) 4x2 Light Trucks, and twenty-six (26) 4x4 Light Trucks.

Replacement of passenger motor vehicles: Normally, passenger vehicles may not be replaced unless they either have a mileage of 100,000 or 7 years or more of age. Armored vehicles have a shorter life-span and are normally replaced every 5 years. Condition of the vehicle and cost analysis of maintenance and operating cost are also factors for replacement. Each post that has a vehicle is required to record daily usage, including fuel cost and maintenance in a Vehicle Log.

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

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						
2014	2	29	26	-	-	-	-	57	\$169
Change	-1	-	-	-	-	-	-	-1	+17
2015	1	29	26	-	-	-	-	56	186
Change	-	-	-	-	-	-	-	-	+17
2016	1	29	26	-	-	-	-	56	203
Change	-	-	-	-	-	-	-	-	+19
2017	1	29	26	-	-	-	-	56	222

* 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.

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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), [~~\$191,566,000~~] \$196,571,000, of which no more than 6 percent shall remain available until September 30, 2018, for overseas operations to include the payment of locally employed staff: *Provided*, That the Service may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1737) and the foreign assistance programs of the United States Agency for International Development: *Provided further*, That funds made available for middle-income country training programs, funds made available for the Borlaug International Agricultural Science and Technology Fellowship program, and up to \$2,000,000 of the Foreign Agricultural Service appropriation solely for the purpose of offsetting fluctuations in international currency exchange rates, subject to documentation by the Foreign Agricultural Service, shall remain available until expended.

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

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Lead-Off Tabular Statement

Current Law

Budget Estimate, 2017.....	\$196,571,000
2016 Enacted.....	<u>191,566,000</u>
Change in Appropriation.....	<u>+ 5,005,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

	2014	2015	2016	2017	2017
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
Discretionary Appropriations:					
Trade Policy.....	\$74,702	+\$1,571	+\$4,184	+\$2,312	\$82,769
Trade Promotion.....	64,031	+1,166	+3,767	+1,923	70,887
Capacity Building/Food Security.....	39,130	+823	+2,192	+770	42,915
Total, Discretionary Appropriation	<u>177,863</u>	<u>+3,560</u>	<u>+10,143</u>	<u>+5,005</u>	<u>196,571</u>

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

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate		
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	
Discretionary Appropriations:											
Trade Policy.....	\$74,702	280	\$76,273	274	\$80,457	324	\$2,312 (1)	+2	\$82,769	326	
Trade Promotion.....	64,031	239	65,197	234	68,964	277	1,923 (2)	+3	70,887	280	
Capacity Building/Food Security.....	39,130	146	39,953	143	42,145	169	770 (3)	-	42,915	169	
Total Appropriations.....	177,863	665	181,423	651	191,566	770	5,005	5	196,571	775	
CCC Export Programs Admin.....	6,394	27	6,394	29	6,394	31	-320	-2	6,074	29	
Total Available.....	184,257	692	187,817	680	197,960	801	4,685	3	202,645	804	
Bal. Available, SOY.....	-	-	36,906	-	-	-	-	-	-	-	
Recoveries, Other (Net).....	-	-	14,147	-	-	-	-	-	-	-	
Total Available.....	184,257	692	238,870	680	197,960	801	4,685	0	3	202,645	804
Lapsing Balances.....	-	-	-12,723	-	-	-	-	-	-	-	
Bal. Available, EOY.....	-	-	-38,330	-	-	-	-	-	-	-	
Total Obligations.....	184,257	692	187,817	680	197,960	801	4,685	3	202,645	804	

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

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Trade Policy.....	\$74,702	280	\$76,273	274	\$80,457	324	\$2,312 (1)	+2	\$82,769	326
Trade Promotion.....	64,031	239	65,197	234	68,964	277	1,923 (2)	+3	70,887	280
Capacity Building/Food Security.....	39,130	146	39,953	143	42,145	169	770 (3)	-	42,915	169
Total Appropriations.....	177,863	665	181,423	651	191,566	770	5,005	5	196,571	775
CCC Export Programs Admin.....	6,394	27	6,394	29	6,394	31	-320	-2	6,074	29
Total Available.....	184,257	692	187,817	680	197,960	801	4,685	3	202,645	804
Lapsing Balances.....	-	-	12,723	-	-	-	-	-	-	-
Bal. Available, EOY.....	-	-	38,330	-	-	-	-	-	-	-
Total Available.....	184,257	692	238,870	680	197,960	801	4,685	3	202,645	804
Bal. Available, SOY.....	-	-	-36,906	-	-	-	-	-	-	-
Recoveries, Other (Net).....	-	-	-14,147	-	-	-	-	-	-	-
Total Obligations.....	184,257	692	187,817	680	197,960	801	4,685	3	202,645	804

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Justification of Increases and Decreases

The total 2017 Salaries and Expenses (S&E) budget request is \$196,571,000 and 775 staff years (does not include CCC Export Credit Guarantee Program funding of \$6,074,000 and 29 staff years for FY 2017). This request provides a net increase of \$5,005,000 for S&E and an increase of 5 staff years (\$191,566,000 and 770 staff years available in 2016). This funding level will allow the Foreign Agricultural Service (FAS) to continue to move forward in the support of America's agricultural economic sector. FAS will continue to move toward its long-term goal of increasing U.S. economic activity through trade facilitation and international cooperation.

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
- a. An increase of \$1,885,000 for pay costs (\$387,000 for annualization of the 2016 pay raise and \$1,498,000 for the 2017 pay raise). This amount reflects an estimated 1.6 percent pay increase for 2017. 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 \$2,300,000 for International Cooperative Administrative Support Services (ICASS). The International Cooperative Administrative Support Services (ICASS) was established by Public Law 104-208 (U.S. Department of State Appropriations Act) in 1996. The ICASS system is the principal means by which 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 DoS global analysis.
 - c. An increase of \$2,500,000 for pay cost for FAS' Locally Engaged Staff (LES). 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 2017.
 - d. An increase of \$1,500,000 and 5 staff years to open an overseas post in Cuba. In 2014, the President announced a set of diplomatic and economic changes to chart a new course in U.S. relations with Cuba and to further engage and empower the Cuban people. FAS continues its efforts to remove technical barriers between U.S. and Cuban companies and to create more efficient, less burdensome opportunities for Cuba to buy U.S. agricultural products. U.S. agricultural exports to Cuba have grown significantly since trade was authorized in 2000. FAS is currently working on collaborative activities that would eventually allow U.S. representation in Cuba to move beyond the limited technical activities and into trade promotion within any applicable legal limits. For example, redefining the statutory term "cash-in-advance" and allowing U.S. banks to establish corresponding accounts at Cuban banks will improve the speed, efficiency, and oversight of authorized payment between the United States and Cuba. This will expand choices for Cuban shoppers at the grocery stores and help build the customer base for America's farmers and ranchers. The increase in funds will cover the start-up costs for the first year of operations of the new Cuba post.
 - e. A decrease of \$3,180,000 for FAS' contribution to the Capital Security Cost Sharing (CSCS). A decrease due to the anticipated reduction in CSCS costs.

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2017 Budget Activity Structure

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

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

FAS will achieve its goal to increase agricultural exports by \$10 billion over the official USDA Baseline Projection released in 2015 by supporting the USDA Strategic Plan and the Administration’s priority of jobs and opportunity for every American through market development programs, trade shows, prevention/resolution of market access issues, trade capacity building, and market-expanding trade agreements. 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 increase of \$2,312,000 and an increase of 2 staff years for Trade Policy (\$80,457,000 and 324 staff years available in 2016) administrative costs and activities.
 - a. An increase of \$792,000 for pay costs;
 - b. An increase of \$966,000 to cover higher ICASS costs;
 - c. An increase of \$1,050,000 to cover LES costs;
 - d. An increase of \$840,000 and 2 staff years to open Cuba office; and
 - e. A decrease of \$1,336,000 due to an anticipated reduction in CSCS costs.

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

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

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Trade Promotion

- (2) A net increase of \$1,923,000 and an increase of 3 staff years for Trade Promotion (\$68,964,000 and 277 staff years available in 2016 from appropriated funds) for administrative costs and activities.
- a. An increase of \$679,000 for pay costs;
 - b. An increase of \$828,000 to cover higher ICASS costs;
 - c. An increase of \$900,000 to cover LES costs;
 - d. An increase of \$660,000 and 3 staff years to open Cuba office; and
 - e. A decrease of \$1,144,000 due to an anticipated reduction in CSCS costs.

With this net increase, FAS will continue its trade promotion activities which help U.S. food and agricultural exporters take advantage of market opportunities created by its trade policy and capacity building successes. FAS administers programs and activities, working in partnership with private sector associations and state and regional trade groups, and U.S. food and agricultural exporters. Successful marketing strategies depend on a strong understanding of market trends, such as rising incomes in countries such as China, Indonesia, and Mexico that stimulate demand for a more nutritious and varied 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 2017 increase will maintain service delivery to support trade promotion activities as part of the agency's ongoing effort to assist U.S. food and agricultural exporters to take advantage of market opportunities created by the agency's trade policy and capacity building successes. FAS is responsible for administering these programs and activities and partners with private sector associations, state and regional trade groups, and U.S. food and agricultural exporters. The results of FAS' efforts ultimately benefit both the farm and non-farm sectors of the U.S. economy through job creation and additional economic activity.

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

Capacity Building/Food Security

- (3) A net increase of \$770,000 for Capacity Building/Food Security (\$42,145,000 and 169 staff years available in 2016) administrative costs and activities.
- a. An increase of \$414,000 for pay costs;
 - b. An increase of \$506,000 to cover higher ICASS costs;
 - c. An increase of \$550,000 to cover LES costs; and
 - d. A decrease of \$700,000 due to an anticipated reduction in CSCS costs.

The requested increase for FAS' capacity building and food security activities supports U.S. agriculture's trade interests in developing countries around the world. The proposed funding level will continue support of in-country institutional capacity-building, research, technical training, and food assistance activities targeted at developing economies with promising market potential.

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

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

State/Territory	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
District of Columbia.....	\$116,085	584	\$118,325	574	\$124,715	695	\$127,666	698
Other Countries.....	68,172	108	69,492	106	73,245	106	74,979	106
Total Obligations	184,257	692	187,817	680	197,960	801	202,645	804

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Classification by Objects

(Dollars in thousands)

	2014	2015	2016	2017
	Actual	Actual	Enacted	Estimate
Personnel Compensation:				
Washington D.C.....	\$53,933	\$56,718	\$62,958	\$63,620
Field.....	21,886	22,311	25,169	28,238
11 Total personnel compensation.....	75,819	79,029	88,127	91,858
12 Personal benefits.....	28,165	28,399	31,431	32,674
13.0 Benefits for former personnel.....	-	398	300	300
Total, personnel comp. and benefits.....	103,984	107,826	119,858	124,832
Other Objects:				
21.0 Travel and transportation of persons.....	7,161	8,176	8,200	8,200
22.0 Transportation of things.....	1,298	1,074	1,100	1,100
23.1 Rental payments to GSA.....	270	89	89	89
23.2 Rental payments to others.....	3,340	3,236	3,500	3,500
23.3 Communications, utilities, and misc. charges..	4,770	2,643	3,000	3,000
24.0 Printing and reproduction.....	120	148	200	200
25.1 Advisory and assistance services.....	43,223	48,916	47,907	47,618
25.2 Other services from non-Federal sources.....	7,790	10,608	8,500	8,500
25.3 Other purchases of goods and services				
from Federal sources.....	4,355	1,659	1,800	1,800
25.4 Operation and maintenance of facilities.....	4	12	15	15
25.5 Research and development contracts.....	5,217	692	1,000	1,000
25.6 Medical care.....	117	184	200	200
25.7 Operation and maintenance of equipment.....	153	690	700	700
25.8 Subsistence and support of persons.....	-	7	10	10
26.0 Supplies and materials.....	1,515	986	1,000	1,000
31.0 Equipment.....	694	841	850	850
41.0 Grants.....	205	1	1	1
42.0 Insurance claims and indemnities.....	16	9	10	10
Total, Other Objects.....	80,248	79,971	78,082	77,793
99.9 Total, new obligations.....	184,257	187,817	197,960	202,645
DHS Building Security Payments (included in 25.3)	\$25	\$20	\$20	\$20
Position Data:				
Average Salary (dollars), ES/FE Positions.....	\$171,342	\$173,374	\$175,108	\$177,384
Average Salary (dollars), FO/FP Positions.....	\$120,129	\$117,749	\$118,926	\$120,472
Average Salary (dollars), GS/GM/FSN Positions.....	\$100,834	\$100,922	\$101,931	\$103,256
Average Grade, GS Position.....	13.1	13.1	13.1	13.1

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Shared Funding Projects

(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Working Capital Fund:				
Administration:				
Material Management Service Center.....	\$119	\$109	\$147	\$151
HR Enterprise System Management.....	0	0	8	8
Integrated Procurement Systems.....	60	77	83	83
Mail and Reproduction Management.....	228	221	248	263
Procurement Operations.....	6	-	-	-
	413	407	486	505
Communication:				
Creative Media and Broadcast Center.....	89	65	34	89
Correspondence Management:				
Correspondence Management.....	168	133	108	104
Finance and Management:				
Financial Management Service.....	610	625	592	604
Internal Control Support Services.....	65	71	68	82
National Finance Center.....	161	142	225	212
	836	838	885	898
Information Technology:				
Client Technology Services.....	4,708	3,456	3,448	3,448
National Information Technology Center.....	2,117	2,422	1,285	1,344
Telecommunications Services.....	103	75	125	195
	6,928	5,953	4,858	4,987
Total, Working Capital Fund.....	8,434	7,396	6,371	6,583
Departmental Shared Cost Programs:				
1890 USDA Initiatives.....	27	29	30	30
Advisory Committee Liaison Services.....	10	11	13	13
Classified National Security Information.....	-	10	11	11
Continuity of Operations Planning.....	19	21	22	22
Emergency Operations Center.....	21	23	24	24
Facility and Infrastructure Review and Assessment.....	4	5	5	5
Faith-Based & Neighborhood Partnership.....	2	4	4	4
Federal Biobased Products Preferred Procurement Program.....	3	-	-	-
Hispanic-Serving Institutions National Program.....	18	19	21	21
Honor Awards.....	1	1	1	1
Human Resources Transformation (includes Diversity).....	16	18	18	18
Identify & Access Management (HSPD-12).....	62	70	70	70
Intertribal Technical Assistance Network.....	-	-	-	-
Medical Services.....	30	46	58	58
People's Garden.....	5	8	7	7
Personnel and Document Security.....	151	129	130	130
Preauthorized Funding.....	33	39	39	39
Retirement Processor Web Application.....	5	6	6	6
Sign Language Interpreter.....	41	-	-	-
TARGET Center.....	8	15	15	15
USDA 1994 Program.....	7	7	8	8
Virtual University.....	18	21	21	21
Visitor Information Center.....	2	-	-	-
Total, Department Shared Cost Programs.....	483	482	503	503

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Shared Funding Projects

(Dollars in thousands)

E-Gov:	2014	2015	2016	2017
	Actual	Actual	Enacted	Estimate
Budget Formulation and Execution Line of Business.....	1	1	5	5
Disaster Assistance Improvement Plan.....	-	-	-	-
Enterprise Human Resources Initgration.....	21	22	17	16
E-Rulemaking.....	9	8	10	17
E-Training.....	25	29	24	-
Financial Management Line of Business.....	2	2	1	1
Geospatial Line of Business.....	-	-	7	13
GovBenefits.gov.....	-	-	-	-
Grants.gov.....	6	6	-	-
Grants Management Line of Business.....	-	-	-	-
Human Resources Line of Business.....	3	3	2	2
Integrated Acquisition Environment - Loans and Grants.....	17	19	-	-
Integrated Acquisition Environment.....	6	7	15	14
Recreation One-Stop.....	-	-	-	-
Total, E-Gov.....	90	97	81	68
Agency Total.....	9,007	7,975	6,955	7,154

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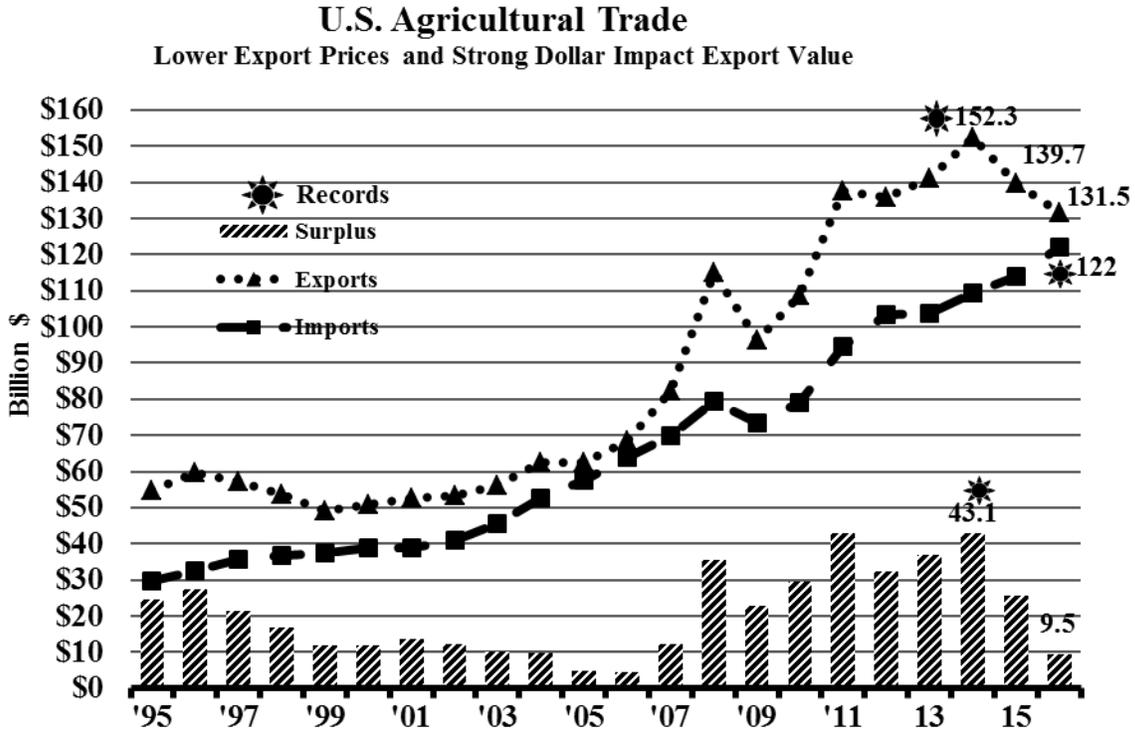
Status of Programs

SUMMARY OF AGRICULTURAL TRADE

In FY 2015, U.S. agricultural exports reached \$139.7 billion, down nearly \$12.6 billion from FY 2014, but still ranking as the third highest export total in history. Lower prices significantly impacted FY 2015 export values. Export unit values for bulk commodities fell by 12 percent in FY 2015 compared to FY 2014. Soybean export unit values were down 20 percent compared to the year before. Thus, despite the fact that soybean export volumes surpassed 50 million metric tons (MMT) for the first time in history, soybean export values fell to \$21.6 billion from last fiscal year’s record of \$24.1 billion. Corn and wheat exports, on the other hand, were down on both a value and volume basis. Overall consumer-oriented product exports were down 5 percent from FY 2014 to \$64.2 billion. Dairy export unit values fell 17 percent, while export unit values fell by 9 and 6 percent, respectively for pork and poultry products. Exports of beef and beef products totaled \$6.7 billion, down one percent from last year as export volumes declined. Tree nut exports increased the most of any agricultural product in FY 2015, and were once again the largest consumer-oriented export product for the year. Tree nut shipments exceeded \$8.9 billion in FY 2015, a 10-percent increase over the year before.

The forecast for U.S. agricultural exports for FY 2016 is \$131.5 billion, down \$8.2 billion from FY 2015. This decline is primarily due to lower commodity prices, a strong dollar, and reduced demand. Prices have been pressured from ample supplies of grains and oilseeds. The strengthening dollar has made U.S. exports less competitive compared to other suppliers. Reduced demand, especially from China, also negatively impacts U.S. export value.

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 December 1, 2015.
Source of trade data: the U.S. Bureau of the Census.

TOP EXPORT MARKETS

The top five markets accounted for 61 percent of U.S. agricultural exports in FY 2015. U.S. agricultural exports to our North American Free Trade Agreement (NAFTA) partners, Canada and Mexico, are forecast at \$39.3 billion in FY 2016, little changed from last year. For the first time since FY 2011, Canada is expected to return as the largest U.S. market (replacing China), with exports at \$21.3 billion. Exports to Mexico are forecast at \$18.0 billion.



U.S. agricultural exports to Asia are forecast down from \$60.8 billion in 2015 to \$54.6 billion in 2016. Lower demand and reduced commodity prices are largely responsible for the decrease. U.S. agricultural exports to China are forecast at \$18.2 billion, down \$4.3 billion and the lowest level since 2010. Exports of sorghum and distiller’s dried grains (DDGs) to China are projected to fall sharply due to expected higher domestic corn consumption as a result of recent Chinese support price changes for the Northeast region. Cotton exports are also forecast to decline as large Chinese stocks continue to depress prices and decrease China’s import demand. For soybeans, reduced U.S. competitiveness versus Brazil, caused by a marked devaluation of the Brazilian Real, combined with lower unit values, will negatively impact the total value of soybean shipments. However, exports of horticultural products, such as tree nuts, are expected to continue to expand. Exports of agricultural products to Japan reached \$11.7 billion last year but are forecast to fall to \$11.2 billion in 2016 as a result of lower oilseed and meat values.

COMMODITY IMPORT HIGHLIGHTS

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

U.S. agricultural imports have risen steadily for decades, and in the past 25 years there has been only one year (2009) in which U.S. agricultural imports did not expand. In FY 2015 U.S. agricultural imports reached \$114 billion.

The overall import outlook for 2016 reflects a steady growth of the domestic economy and record imports of \$122 billion.

Horticultural Products. Imports are forecast to rise to a record \$54.5 billion, up \$4.8 billion from last year. Imports of fresh and processed fruits, nuts, wine, and beer are expected to see the largest increases.

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Grains, Oilseeds, and Products. Imports are forecast up \$1 billion to \$20.6 billion, with larger volume offsetting weak prices.

Livestock and Dairy. Imports are forecast to decline \$1.5 billion to \$18 billion, largely due to a sharp reduction in beef shipments. Beef imports are forecast to decline 17 percent (\$1.2 billion) to \$6 billion. U.S. beef production is expected to rise for the first time since 2010 as cattle inventories recover on improved pasture conditions and lower feed costs.

Sugar and Tropical Products. Imports are forecast to increase to \$27.2 billion as gains are expected in rubber, coffee, and cocoa due to greater consumer demand for rubber and coffee and higher prices for cocoa beans.

TOP FOREIGN SUPPLIERS

The top five forecasted suppliers in descending order are Canada, Mexico, EU28, Australia, and China. Supplies from these exporters are forecast to account for 63 percent of total U.S. imports, with the Western Hemisphere accounting for 55 percent of the total import bill.

TRADE PROMOTION

The Foreign Agricultural Service (FAS) supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. food and agricultural products. The agency administers several export development programs including the Foreign Market Development (Cooperator) Program (FMD), Market Access Program (MAP), Technical Assistance for Specialty Crops Program (TASC), Quality Samples Program (QSP), and Emerging Markets Program (EMP). These programs provide funds to U.S. organizations to conduct a wide range of activities including market research, consumer promotion, trade servicing, capacity building, and market access support. The results of FAS' efforts ultimately benefit both the farm and non-farm sectors of the U.S. economy through jobs and 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

Alaska Seafood Sales Grow with Increased Buyer Contacts at Seafood Exposition. In April 2015, the Alaska Seafood Marketing Institute (ASMI) used MAP funds to sponsor an Alaska Seafood pavilion at Seafood Exposition Global, the world's largest seafood trade show, held in Brussels, Belgium. MAP funding enabled ASMI to provide booth space to 21 Alaska seafood suppliers that co-exhibited in the pavilion, 11 of which were SMEs. The ASMI pavilion hosted 2,000 visitors, up approximately 500 from 2014. The participating suppliers reported \$50 million in on-site sales, an increase of 400 percent from the 2014 show. Additionally the companies projected 12-month sales to reach \$650 million.

MAP Program Helps Small Distillers Increase Exports to Europe. In June 2015, MAP funding enabled the Distilled Spirits Council of the United States (DISCUS) and its members to participate for the first time in the Vinexpo Trade Show in Bordeaux, France. U.S. distilled spirits products were showcased to buyers and importers from over 135 countries. Buyers recognized the growing popularity of U.S. whiskey, including bourbon, Tennessee Whiskey, and American Rye Whiskeys, and other U.S. spirits and were particularly enthusiastic about high-end products from small distillers. DISCUS participation in the show led directly to six small distillers reporting \$170,000 in new exports.

U.S. Holsteins Gaining in Popularity with Thailand Dairy Farmers. The Holstein Association USA, Inc., from Brattleboro, Vermont, is a non-profit organization composed of 26,000 dairy producers that has used U.S. Livestock Genetics Export Inc.'s FMD funding to promote the export of live dairy cattle, as well as Holstein

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embryos and semen. About \$2 million in breeding livestock sales took place in 2014 and 2015 as a result of FMD activities to educate Thai government and dairy producers about the productivity improvements possible from using U.S. Holstein genetics. These activities took advantage of market opportunities that opened-up after protocols for importing dairy cattle to Thailand were established in early 2014. Thai dairies are in an expansion mode and plan to import over \$5 million-worth of breeding livestock in the next two years.

TASC Funding Supports Organic Equivalency Arrangements. In 2015, U.S. organic exports reached an estimated \$1.8 billion, a 50 percent increase since 2011, when the organic Harmonized Tariff Schedule (HTS) codes were first issued that allowed for the tracking of organic trade data. The Organic Trade Association has received \$1.4 million in TASC grants since 2009, to support work on Organic Equivalency Arrangements. Equivalency is determined by assessing and comparing the standards, certification, accreditation, compliance and enforcement procedures, legal authority etc., of two regulatory systems to determine whether the principles and outcomes achieved are equivalent. A trade arrangement between countries that recognize the other's organic certification designation to be "equivalent" allows products produced, processed, and certified to either country's organic standards to be sold as organic in both countries. Since 2009, the United States has established equivalency agreements with Canada, Japan, South Korea, and Switzerland, significantly increasing U.S. exports with each and contributing to U.S. organics exports.

MAP-Funded Promotions of Underutilized Beef Cuts in Taiwan Stimulates New Product Demand. The U.S. Meat Export Federation (USMEF) identified the potential to use beef rib cap plate and plate fingers, two underutilized and economical cuts, in traditional Taiwanese "beef bowl" dishes. They created product pamphlets featuring cut specifications, characteristics, fabrication, recommended cooking tips and recipes, which were distributed to importers, retailers and foodservice representatives. In June 2015, more than 160 Taiwanese restaurants participated in USMEF's inaugural beef bowl promotion. They also held seminars, introducing the cuts with cooking demonstrations and product tastings. USMEF's long-term strategy to promote underutilized cuts has contributed to increased beef exports to Taiwan. In 2014, the value of these exports grew by 5 percent and reached a record level of \$294 million. This trend is continuing with January-August 2015 exports running ahead of last year by 16 percent in value and 7 percent in volume.

FMD-Funded Trade Show Participation Leads to Significant Sales. In October 2014, the USA Dry Pea and Lentil Council (USADPLC) used FMD funding to support the industry's participation in the Salon International de l'Alimentation Trade Show in Paris, France. The FMD funding was used to pay the booth reservation fee, shared costs for the preparation of the show, and subsidized necessary travel costs for industry members who staffed the booth. During the five day event, the USADPLC representatives collected 263 trade leads from 57 countries, a 25 percent increase over the results from SIAL 2012. U.S. industry participants estimate that participation at the show will result in direct sales of more than \$2.5 million through the end of 2015.

Florida Tomato Committee Establishes New Retail Partnerships in Canada with MAP. During July 2014 through June 2015, the Florida Tomato Committee (FTC) expanded its outreach to independent retailers, targeting 46 companies. This was well above the 29 retailers targeted in previous years. MAP funds were used for eight placements of Florida tomato advertisements to support these retailers. Overall, this activity directly resulted in sales of more than 50,000, 25-pound equivalent boxes of Florida tomatoes, valued at \$250,000. Canada remains the U.S. field tomato industry's most important export market, accounting for as many as one-in-five boxes of Florida field-grown tomatoes producers grow and market domestically and worldwide.

MAP Helps Washington State Winery Expand Exports to Europe. In March 2015, Hedges Family Estate Winery, a small, family-owned business, participated in Northwest Wine Coalition's (NWC) MAP-funded activities at the ProWein Dusseldorf trade show and at sponsored tasting events in London, Copenhagen, and Stockholm. This year's events were extremely successful for the winery. In total, Hedges was able to meet with importers from 13 countries, and these meetings resulted in orders for approximately 4,300 cases worth \$1 million. The majority of these sales were of the higher-end Hedges brands. The NWC's MAP-supported events have been a critical component to their success, allowing Hedges and other wineries to meet many key importers in a short period of time. Also, with dozens of wineries participating, NWC can create a greater awareness of the availability and diversity found in Northwest wine.

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MAP-Funded Reverse Trade Missions Result in Significant Sales to the Balkans. USA Poultry and Egg Export Council (USAPEEC) used MAP funding to conduct reverse trade missions with interested buyers from Albania and Kosovo, increasing their awareness of the quality and availability of U.S. chicken. In January 2015, importers met with U.S. exporters and attended the International Poultry Expo in Atlanta, Georgia. In the six months following the trade missions, importers purchased 30 containers of U.S. chicken leg quarters valued at \$500,000, and USAPEEC expects exports to the Balkan region to continue to grow. U.S. leg quarter exports to Albania and Kosovo from January through August 2015 reached 8,022 MT, valued at nearly \$6 million, 38 percent more in volume than last year for that period.

MAP Helps Organic Companies Experience Success in Korea. The Organic Trade Association (OTA) uses MAP to help companies promote their products at various trade shows. Two companies - United Natural Foods, Inc., from Providence Rhode Island, and To Your Health Sprouted Flour, from Fitzpatrick, Alabama reported \$140,000 in new sales in 2015, as a result of exhibiting at the OTA, MAP-sponsored booth at the 2014 Seoul Food and Hotel Show. The OTA participation at the show was very timely, taking advantage of market opportunities that opened up from the United States and South Korea landmark equivalency agreement that went into effect on July 1, 2014. U.S. exports of organic processed foods and beverages to Korea, which were valued at around \$35 million in 2013, are expected to reach over \$84 million dollars in 2015.

U.S. Cranberry Restaurant Promotion in South Korea Sees Strong Sales. In February 2015, the Cranberry Marketing Committee (CMC) used MAP to conduct technical education seminars, participate in trade shows, and hold restaurant promotions. CMC worked with the popular restaurant chain, California Pizza Kitchen (CPK) in South Korea, to launch four new menu items featuring U.S. cranberries. This was the first time that CPK South Korea developed and utilized U.S. cranberries on their menu. During the promotion, CPK processed more than 400 kg of U.S. cranberries. Sales of the cranberry menu items comprised over 20 percent of the restaurant's total sales, reaching a value of \$35,000. As a result, the restaurant chain has decided to keep two of the four cranberry menu items, a pizza and a salad, as part of their permanent menu in their South Korea locations. Activities like these have helped U.S. cranberry exports to Korea, to increase by over 100 percent in volume from 2013 to 2014, reaching 56,614 100-lb barrel equivalents, worth nearly \$11 million.

U.S. Grapefruit Sells on Korean Home Shopping Network, Thanks to MAP. TV Home Shopping Network in South Korea is a mainstream commercial channel, which has generated consumer interest and sales of many products. Capitalizing on this sales trend, Florida Department of Citrus (FDOC) organized the first ever sale of Florida grapefruit on the Lotte Home Shopping Network channel. Florida grapefruit received two one-hour blocks on March 5 and 13, 2015. All available grapefruit sold out by the end of the show, moving 14,479 cartons in under two hours for a total retail value of nearly \$600,000, which is an incredible success for such a short time period. This also represented a great advertising opportunity to highlight Florida grapefruit's key selling points and distinguishing attributes. FDOC is in the process of working with Korean importers to increase the use of this emerging sales channel for Florida grapefruit and to consider adding promotions of Florida grapefruit juice and orange juice. Florida grapefruit exports to Korea have increased from just 58,000 cartons 10 years ago to 489,000 cartons this past season. Fresh grapefruit exports increased 38 percent from July 2014 through June 2015 to \$7.4 million, while grapefruit juice exports increased 121 percent to \$2.4 million, as compared to the previous year. MAP funding has been an important tool to support this growth.

USA Pears Growing in Popularity in China. From July 2014 through June 2015, the Pear Bureau Northwest (PBNW) conducted an EMP-funded Reverse Trade Mission (RTM), bringing five key retailers to the growing regions in Oregon and Washington to learn how to handle, store and merchandise USA Pears. PBNW followed this RTM with two waves of MAP-funded in-country training seminars, consumer promotions and consumer outreach activities. In-store promotions provided consumers with the opportunity to sample a ripened USA Pear, educated consumers on how to tell if a pear is ripe, and demonstrated how to ripen a pear at home. The Pear Bureau focused their promotional themes on pears as a good fruit for babies and toddlers focusing on the high quality and food safety aspects of USA Pears. Point-of-Sale materials were developed to help convey this key message to consumers. The Pear Bureau also continued its Chinese New Year's promotions featuring the God of Fortune. The Pear Bureau created an exciting campaign that links pears with profits during the Chinese New Year period. The words for pear and for profit are very similar in Mandarin. As a result of these various activities, U.S. pear exports increased by over 40 percent in 2014/2015, valued at \$4.7 million, and China emerged as the industry's fifth leading export market with considerable continued growth potential.

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Puerto Rican Horticulture Sold to French Customer. In January 2015, representatives from Vista Farms traveled to Germany to participate in the International Trade Fair for Plants, one of the world's largest horticulture trade shows. The Southern United States Trade Association (SUSTA) sponsored this activity through the MAP. At the 2015 event, the Juana Diaz, Puerto Rico-based (PR-AL) horticulture company booked \$7,000 in sales and made another \$8,000 in sales to France eight months after the show.

MAP-Funded Washington Apple Road Show Promotes Product in Second- and Third-Tier Cities in India. To increase consumer awareness of Washington apples and create opportunities to communicate the message of “wholesome health”, the Washington Apple Commission (WAC) used MAP and industry funding to develop a mobile road show consisting of six specially-branded Washington apple canter trucks. An emcee and assistant accompanied the trucks to create events at local retailers, wholesale markets, and other public places. The Washington Apple Road Show occurred during the peak sales period between March-May 2015. The show covered 69 cities with each city visited twice during the three-month period and with three to four promotion stops per day. The road show reached an estimated 2.5 million consumers. To maximize visibility, WAC implemented a local language public relations campaign in all regions targeted by the promotion. Articles generated from the campaign had a total circulation of over 240 million and impressions of over 400 million. Since opening to direct imports of Washington apples in 2000, India has become one of the fastest growing markets for Washington apples, reaching \$53 million in September 2013 through August 2014, and over \$93 million in September 2014 through August 2015.

Raising Awareness of “Real” California Prunes in Poland. Poland is a new priority market for the California Prune Board (CPB). The market's use of prunes in the confectionary, bakery and meat “food inclusion” is well developed, as is the use in cuisine generally. However, most Polish people are not aware of country of origin, because a majority of packed product was referred to as “Californian” when the product in fact came from a number of countries. With rising incomes and increased interest in healthy eating, CPB saw the opportunity to position California prunes as the premium prune in the market and educate consumers and the trade about the consistent quality and health benefits of buying actual California prunes, the ideal healthy snack and ingredient to reduce sugar and fat in diet. Utilizing both MAP and CPB funds, a major press launch was organized in Warsaw, themed “Friends from California”, the first prune media event in the Polish market. The CPB was able to recruit a top celebrity host of a cooking TV show to present the press event along with members of the CPB team, the ATO office Warsaw and a top nutritionist. The assembled journalists were then treated to a California prune breakfast menu. Journalists were also supplied with Christmas recipes using California prunes. The information regarding ‘Real California’ prunes and the need to find ‘Country of Origin’ clearly resonated with the journalists. The CPB activity achieved a total of nearly 580,000 circulation of the greater Warsaw region, a penetration of approximately 30 percent of the launch market. U.S. prune exports to Poland reached \$4.7 million from July 2014 through June 2015, 9 percent above the previous year.

MAP-Funded Tradeshow Promotion Leads to Record U.S. Engineered Wood Products Exports. American Softwoods promotions include APA – The Engineered Wood Association (APA) which promotes exports of U.S. engineered wood products, as well as the Southern Forest Products Association and Softwood Export Council. U.S. engineered wood products manufacturer Louisiana Pacific Corporation, based in Nashville, Tennessee, was part of the American Softwoods delegation participating at the October 2014 Timber Expo in Birmingham, United Kingdom (UK), and the March 2015 Ecobuild Show in London. They had the opportunity to explain how U.S. engineered wood products could meet the unique design demands of UK construction methods and inform British builders and architects about the superior attributes and benefits of U.S. engineered wood products in construction and industrial applications. As a result of the tradeshow promotional efforts and follow-up activities conducted by company staff, the U.S. manufacturer reported more than \$2 million in export sales in 2014 from their mills located in Wilmington, North Carolina and Houlton, Maine. These activities helped U.S. engineered wood exports to the UK reach a record \$9 million in 2014, a 9 percent increase over the previous record in 2013, and a 19 percent increase over the U.S. export value in 2012.

Market Development Funding Helps Position U.S. Wheat as a Better Choice in Vietnam. With the support of the MAP and FMD programs, U.S. Wheat Associates (USW) is strengthening the competitive position of U.S. wheat in Vietnam. In 2014, USW conducted MAP-funded, “Contracting for Value” workshops to help Vietnamese flourmill managers develop effective wheat selection strategies that maximize value and profitability. Four mills in Vietnam are now using these strategies, adjusting their contract specifications to meet annual wheat quality variations. One mill indicated that the USW workshop was a determining factor in

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the firm's decision to increase purchases of U.S. wheat from 9,600 MT in 2012 to 78,000 MT in 2014, an increase worth an estimated \$19 million. In addition, USW used FMD funding to conduct educational seminars and in-plant consultations to emphasize the end-use characteristics of U.S. Soft White, particularly its properties to increase cake volume and extend product shelf life. As a result of this initiative, seven Vietnamese cake plants are now exclusively using this wheat in their product formulations. Over the last five marketing years, sales of U.S. wheat have exceeded 100,000 MT a year; nearly triple the average U.S. sales in the previous decade. Through June 2014 to May 2015, Vietnam imported 243,000 MT of U.S. wheat valued at \$66 million, a 73-percent increase in volume from the previous year. That return comes from an annual investment of about \$75,000 in MAP and FMD funds over the past few years and a similar level of support from state wheat commission.

Pennsylvania Lumber Company Expands Exports to Middle East, Thanks to MAP. In April 2015, the American Hardwood Export Council (AHEC) used MAP funding to host a hardwood pavilion at the Dubai Wood Show. One of the companies participating in the pavilion, Wheeland Lumber, a small, family-owned hardwood lumber manufacturer based out of eastern Pennsylvania, found the show to be a great opportunity to meet new buyers and learn more about the rapidly growing Middle Eastern hardwood lumber market. The Wheeland representatives met with companies interested in buying hardwood lumber, and since the show, have closed deals worth \$1 million in new sales. These new export sales are helping sustain jobs at this rural mill.

Thanks to MAP, U.S. Cotton Textile Mills Participate in Colombiatex Trade Show. Cotton Council International's MAP-funded booth at the Colombiatex trade show in Medellin, Colombia, was an excellent opportunity for a number of U.S. manufacturers to explore business opportunities for U.S. cotton in the Latin American textile sector. Colombiatex 2015 attracted 500 exhibitors; 9,168 national buyers; and 1,760 international visitors from 41 countries. The COTTON USA Sourcing Program displayed the joint COTTON USA/Cotton Incorporated logo and its 13 U.S. mill logos on the booth, as well as on 8,000 bags and exhibitors' guides. U.S. participants reported almost \$550,000 in sales resulting from the show.

U.S. Soybean Industry Participates in Aquaculture Forum in Mexico. Using FMD, MAP, and industry funds, the U.S. Soybean Export Council (USSEC), facilitated and participated in the 9th International Aquaculture Forum, held in November 2014 in Guadalajara, Mexico. USSEC's participation helped improve relationships with aquaculture industry representatives, promote the use of U.S. soybean products in aquaculture, and establish key contacts for trade and technical servicing with this industry. The event drew representatives from the business sector, research centers, universities, and the Ministry of Rural Development from the Mexican state of Jalisco. An international program was included to provide producers with information to help them optimize their processes, packaging, and marketing of seafood products. In 2015, the Mexican aquaculture industry will produce nearly 120,000 MT of seafood and will use more than 70,000 MT of soybean meal from the United States, valued at \$28 million.

Swinomish Tribal Fish Company Uses MAP to Increase Their Seafood Sales. Export sales for Swinomish Nation Seafoods have grown rapidly around the globe after they used Intertribal Agriculture Council's MAP to exhibit product at the Asian Seafood Show, Boston Seafood Show, and European Seafood Expo in 2015. The Washington Tribe is located in Northwest Washington State in Congressional District 2. The Tribe showcased the Pacific Coast Sockeye, Chinook, Coho, Steelhead and Pink Salmon in addition to Dungeness Crab, Shrimp, Cod, Tuna, and Roe Fish Caviar that are mostly harvested from the Puget Sound in Washington and the Prince William area of Alaska. They also introduced their newest product, salmon bacon, which was very well accepted at each of the events. Swinomish export of seafood from these trade shows reached a reported \$3 million. Swinomish Nation Seafood Inc. is a tribal-owned seafood wholesaler, retailer, and custom processing plant.

EMP, MAP, and QSP Support California Walnuts' Entry Into India. The California Walnut Commission (CWC) reported that exports of walnuts from the United States to India have grown steadily since 2011 with the support of EMP, MAP and QSP. In 2011, CWC received an EMP grant to conduct consumer and trade market research. At the time, USDA/APHIS and FAS Post were also working closely with CWC to gain access to the market. With access to the market in 2012, additional EMP, QSP and MAP activities were implemented, including trade missions, tie-in promotions and an educational program that identified the unique attributes of California walnuts to the Indian trade. On-going MAP-funded activities continue to raise awareness of California walnuts' unique health benefits among Indian consumers, health professionals, and media. CWC has

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collaborated with the Indian Dietetic Association, leading physicians, and Indian dietetic schools and healthcare institutions in identifying walnuts as a heart-healthy, disease-preventative snack. Shipments for the September 2014 through August 2015 crop year have reached 3.8 million in-shell equivalent pounds valued at \$8.5 million, compared to less than half a million pounds valued at \$853,233 for the previous year, a ten-fold increase.

MAP Funding Helps Salsa Sales Soar for Maine Supplier. Todd's Original Salsa, located in Bangor, Maine, continues to grow its export business, thanks to MAP funding through Food Export-Northeast. In January 2015, Todd's Original Salsa was presented at the Food Export's Winter Fancy Food Buyers Mission. The meetings resulted in sales to five different markets, the UK, Vietnam, South Korea, Mexico, and Canada totaling over \$35,000.

MAP Educates Food Processors in Japan on New Uses for U.S. High Value Whey. The U.S. Dairy Export Council (USDEC) used MAP to implement a wide range of market development activities that increased demand for whey protein concentrate with 80 percent protein (WPC80) and whey protein isolate (WPI) in Japan. USDEC conducted seminars as well as one-on-one consultations in October 2014 to educate major Japanese dairy processors and manufacturers on the development of new and healthy snack products using U.S. WPC80/WPI. USDEC demonstrated that whey protein is beneficial as a sports nutrition supplement for athletes and for health-conscious Japanese consumers. Nearly all of the seminar attendees felt the information presented was relevant to their business. In addition, 69 percent of the attendees involved in purchasing decisions said they were motivated to use/buy U.S. whey protein products after attending the seminar. With the help of these educational programs, Japan's import volume of U.S. WPC80/WPI increased by 25 percent, rising from 1,164 MT to 1,453 MT from January to May 2015 compared to the same five-month period the previous year. Moreover, the value of Japan's imports rose by 40 percent to \$16.6 million for that period.

MAP Helps Almond Board Establish MRLs with Korea. For the past two years, the Almond Board of California (ABC) has sought new Korean almond pesticide maximum residue levels (MRLs) in Korea. Korea has announced that, beginning on January 1, 2017 it would only accept Korean national MRLs and would no longer use a "decision tree" to supplement the national list. This policy meant that scores of new almond MRLs were needed in Korea to maintain access for U.S. almonds. On July 28, 2015, Korea announced four new permanent MRLs for almonds, two of which were for high priority industry products. All MRLs were a result of data packages submitted to Korea by registrants. ABC used MAP funding to host Korean government officials in June 2014, and has worked continually with the United States and Korean governments to stress the importance of not having trade affected by this transition. Over the past year, ABC approached pesticide registrants on numerous occasions to encourage them to submit almond data packages to Korea for review, so that MRLs could be established prior to the transition. ABC's proactive role in this issue prevents the disruption of California almond exports to Korea, which have grown to \$183 million in January-October 2015, 12 percent above last year level for that period and , more than doubling in value since 2010.

U.S. Hops Brewing School Seminar Has Strong Turnout in Germany. The U.S. hop industry is heavily dependent on exports. Generally about 70 percent of the crop, primarily grown in Washington, Oregon, and Idaho, is exported to breweries around the world. The Hops Growers Association (HGA) educates these brewers on the variety and quality of U.S. hop varieties and works to establish a long-term preference based on U.S. quality and varietal characteristics, rather than price. U.S. hop varieties are presented as an integral part of the appeal and popularity of craft beers. In March 2015, the HGA used MAP and QSP for one such educational event, hosting a seminar at one of Europe's renowned brewing schools in Berlin, Germany. This seminar attracted 37 participants, representing 16 countries across Europe, Asia, Africa, and South America. The event survey indicated that 86 percent of participants reported they were willing to consider using U.S. hops in their brewing recipe formulations. Additionally, 89 percent reported that they would recommend using U.S. hops to their brewing colleagues. HGA activities like these help raise awareness and interest in U.S. hops, supporting U.S. hop exports that reached 11,259 MT in 2014, valued at \$211 million; U.S. exports January- August 2015 are running 6 percent ahead in value.

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INTERNATIONAL TRADE SHOWS

In 2015, almost 1,000 U.S. companies and organizations participated in 21 USDA-endorsed trade shows in 16 countries. On-site sales totaled nearly \$421 million, and 12-month projected sales reported by exhibitors were estimated at over \$1.52 billion. The companies made over 14,500 business contacts and displayed more than 5,000 new products in various markets on six continents.

SIAL Paris 2014 (Paris, France). Salon International de l'Alimentation (SIAL) Paris is held biennially and is one of the largest international food and beverage trade exhibitions in the world. In October 19-23, 2014, the event attracted over 150,000 visitors and more than 5,900 exhibitors in Paris, France. The USA Pavilion hosted 147 exhibiting companies, including 43 small, nine new-to-market and four new-to-export companies. On-site sales and 12-month projected sales were reported at \$12 million and \$105 million, respectively.

Dubai's 2015 Gulfood Show Concludes with \$290 Million On-Site Sales. The annual Gulfood show was held on February 8-12, 2015 in Dubai, United Arab Emirates with 5,000 exhibitors and 152 national pavilions. The show had over 157 U.S. exhibitors in the USA Pavilion who reported nearly \$77 million in record on-site sales and 5,316 serious contacts made: 1,818 new products and 49 new-to-market companies were represented. U.S. exporters reported projected one-year sales of \$290 million.

ANTAD 2015 (Guadalajara, Mexico). National Retailer Association of Mexico (ANTAD) is held annually and is Mexico's largest and most established trade show in for the food retail sector. The event attracted about 42,000 visitors and 2,400 exhibitors. ANTAD 2015 took place March 18-20, 2015, in Guadalajara, Mexico. The USA Pavilion had 45 companies, including three small, seven new-to-market, and three new-to-export companies. On-site sales and 12-month projected sales were reported at \$330,000 and \$9 million, respectively.

SIAL China's 2015 U.S. Pavilion Projected \$116 Million in Sales. In May 2015, the annual SIAL show is one of the largest leading international exhibitions for food, beverage, wine and spirits in Shanghai, China. This year marked the United States being the "Guest Country of Honor", and had over 107 exhibitors in the U.S. Pavilion, reporting \$14 million in on-site and nearly \$116 million in 12-month projected sales of U.S. agricultural products. U.S. companies made over 832 business contacts and introduced over 754 products in the market. Of the 107 companies represented, 57 were small, 31 were new to the market, and 20 were minority-owned companies.

Foodex Japan 2015 U.S. Pavilion projected \$28.5 Million in Sales. In March 2015, Tokyo hosted the annual Foodex Japan show which is the largest food show in Asia. Over 64 exhibitors were in the U.S. Pavilion, and reported \$476,000 in on-site sales and \$28.5 million in 12-month projected sales of U.S. agricultural products. U.S. companies made over 1,037 business contacts and introduced 459 products in the market. Of the 64 U.S. companies represented 19 were small to medium size, 21 were new to the market, one was new to exporting, and 12 were minority companies.

\$12.9 Million in Sales Projected at Seoul Food & Hotel Korea. In May 2015, the Seoul Food and Hotel Korea annual food and retail show took place in Seoul, Korea. Sixty-nine exhibitors in the U.S. Pavilion reported \$1.2 million in on-site sales, and \$12.9 million of 12-month projected sales of U.S. agricultural and food products. U.S. companies made over 450 business contacts and introduced 254 products in the market. Of the 69 U.S. companies represented, 18 were small to medium size, 10 were new to the market, three were new to exports, and 12 were minority-owned companies.

U.S. SHOWS WITH INTERNATIONAL COMPONENT

The 2014 Americas Food and Beverage Show. In October 2014, USDA supported the Americas Food and Beverage Show held in Miami, Florida. U.S. exhibitors generated over \$4 million in reported on-site export sales and \$50 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 120 U.S. exhibitors, of which more than 50 exhibitors reported new-to-market sales. During the show, NASDA organized more than 600 product-matched, one-on-one meetings between

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USA pavilion exhibitors and selected foreign buyers from Latin America, and additional meetings with African buyers from Senegal, Nigeria, Angola, and South Africa. 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 or recruited by appropriate FAS Posts. NASDA also provided custom business consulting to USA pavilion exhibitors; more than 40 companies took advantage of this opportunity. FAS Pretoria coordinated an EMP-funded reverse trade mission to the 2014 show for approximately 30 retail regional buyers. The buyers met with the 120 U.S. exhibitors participating in the USA Pavilion and toured the Miami Port and three local retail facilities including Wal-Mart, Whole Foods, and Publix. Five FAS staff from Sub-Saharan Africa accompanied their African delegations to the show that generated over \$1 million in 6-month projected sales of U.S. agricultural and food products to African countries. This activity supported the Obama's Administration Doing Business in Africa Campaign (DBIA).

The American Food Fair at the National Restaurant Association's (NRA) Restaurant Hotel-Motel Show.

In May 2015, the American Food Fair was held in Chicago, Illinois. The show annually attracts upwards of 66,000 industry professionals from all 50 states and over 100 countries to see the products of over 2,000 exhibitors focused on the restaurant, food service and hospitality industry. At the NRA Show, the American Food Fair Pavilion (AFF) was organized by the National Association of State Departments of Agriculture (NASDA) and included 75 U.S. companies, of which 22 exhibitors reported new-to-export market sales. FAS actively facilitated foreign buyer team visits, which included over 175 potential buyers from 14 countries, resulting in nearly \$8 million in reported on-site export sales. The 2015 AFF Pavilion also included the Illinois, Michigan, Minnesota, and Kansas State Departments of Agriculture and FAS cooperator program participants including Food Export-Midwest and Food Export-Northeast, the Southern United States Trade Association (SUSTA), and the Intertribal Agriculture Council (IAC). The FAS' Administrator attended the 2015 show and spoke to the attending members of the Japan Foodservice Association; met with NASDA and NRA Show executives; observed Food Export Midwest/Northeast one-on-one buyer meetings; and visited the AFF Pavilion's exhibitors.

The U.S. Food Showcase at the Food Marketing Institute (FMI) Connect. In June 2015, the FMI's Supermarket Industry Exposition was held in Chicago, Illinois. The FMI show, co-located with United Fresh 2015, International Floriculture Expo (IFE), InterBev Beverage 2015, and Sabor Latino Latin Food Show, featured 900 exhibitors with 15,000 attendees from over 75 countries focusing on the entire store-from retail technology to fresh and perishables to wellness trends, with an expanded emphasis on fresh and perishables. The U.S. Food Showcase, organized by the NASDA, included 48 U.S. companies, and FAS actively facilitated foreign buyer team visits, which included over 50 potential buyers from six countries, resulting in \$3 million in reported on-site sales.

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:

CSSF Helped FAS Celebrate 20 Years of Promoting U.S. Agricultural Exports at Food & Hotel Vietnam

2015. Vietnam's premier food and hospitality sourcing and networking trade event, Food & Hotel Vietnam (FHV), took place April 21-23, 2015, in Ho Chi Minh City. This bi-annual event welcomed approximately 500 exhibitors, 13 international group pavilions, and 10,951 visitors. FAS used this trade show to celebrate 20 years of promoting U.S. agricultural and food products to Vietnam by incorporating the "20th Anniversary logo" into the design of the USDA-sponsored USA Pavilion, in addition to showing a historical slideshow of FAS and cooperator activities over the past two decades. Post organized a U.S. Food Showcase Reception that brought together more than 330 contacts in the food and beverage industry and provided valuable opportunities for U.S. exhibitors to network with food importers, buyers, and distributors. USA Pavilion participants included: U.S. Dairy Export Council, U.S. Meat Export Federation (USMEF), USA Poultry & Egg Export Council (USAPEEC), U.S. Dry Pea and Lentil Council, the California Milk Advisory Board, the Southern U.S. Trade Association, the Popcorn Board, the Idaho Potato Commission, the Oregon Department of Agriculture, Oregon USA Potato, and individual U.S. company exhibitors. Exhibitors reported a record \$490,000 of on-site sales and 12-month projected sales estimated at more than \$4.3 million, up from \$1 million estimated from the 2013

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Event. NASDA's MAP funds helped pay for U.S. Pavilion enhancements, and Post used CSSF to cover other value-added activities like TV rentals, directories, the slideshow, interpreters, USA-VN ao dai (traditional Vietnamese dress), and USA-VN pins.

CSSF Facilitates South China Reverse Trade Mission to Boston Seafood Show. FAS Agricultural Trade Office (ATO) Guangzhou, in collaboration with Alaska Seafood Marketing Institute (ASMI) and Food Export Northeast, work to increase South China seafood buyers' awareness of the diversity of seafood available from different regions in the United States and establish relationships between these buyers and U.S. seafood exporters. The ATO recruited over 40 seafood traders and importers from South China to attend the Seafood Expo North America, held March 15-17, 2015, in Boston, Massachusetts. This is the largest seafood trade show in North America, attracting over 20,000 buyers from more than 100 countries to meet U.S. suppliers of fresh, frozen, packaged and value-added seafood products, equipment, and services. CSSF was used to pay for the travel expenses of an ATO staff member to accompany the group. ASMI and Food Export provided the team with information on the seafood available from various U.S. regions. This reverse trade mission is estimated to result in U.S. seafood (such as lobster, baby squid, crab, perch, butter fish, conch, snapper) sales of over \$30 million in 2015.

CSSF Helps Promote *tasteUS* at SIAL Canada. SIAL Canada is the only USDA-endorsed trade show in Canada and attracts more than 15,000 buyers from around the world. FAS organized a USA *tasteUS* Pavilion featuring 35 food and beverage firms from all over the country. The 2015 USA Pavilion comprised 31 U.S. food companies, three State Regional Trade Groups (SRTGs), and four State Department agencies; Virginia, New York, Vermont, and North Carolina. Seventy-four percent of this year's exhibitors were new to the USA Pavilion, underscoring Canada as the go-to market in the world for first-time exporters. The exhibitors in total introduced 288 new products at the show and reported making 247 serious business contacts. Three agent/distributors were signed at the show, and 33 agent/distributors/joint ventures are pending. Reported on-site sales totaled \$60,000, and about \$1.6 million in estimated sales are projected over the next 12-months

CSSF Helps Sponsor a Brazilian Trade Team to the Fancy Food Show. ATO Sao Paulo co-sponsored a group of Brazilian buyers to the summer Fancy Food Show, held in New York City, from June 28-30, 2015. Though the Brazilian market for imported food and beverage products has traditionally been restricted to high-end consumers with a preference for European products, the Fancy Food Show was a great venue to demonstrate the wide variety of U.S. high-end specialty products suitable for Brazilian consumers. The group was impressed with the quality of products and presentation of the show. On average, each buyer came back to Brazil with at least 12 serious contacts and a new interest in purchasing U.S. products. The group visited several specialty food stores such as Zaibars, Balducci's, The Food Emporium, and Whole Foods. These visits contributed significantly to changing the previously held mindset of the delegation that the U.S. food industry only produces "mainstream", not high end products. Following the show, the ATO Sao Paulo facilitated meetings with Costco and Monel, two major food and beverage distributors based in Oregon and Miami, respectively. Some of the team members anticipated signing long term supply contracts with these U.S. distributors. Post estimates that this team visit will result in \$500,000 U.S. product sales by the end of 2015.

CSSF Helps Sponsor Trade Team From Ethiopia to America's Food & Beverage Show. Post recruited and accompanied six of the largest food importers from Ethiopia to America's Food & Beverage Show in Miami, Florida from October 27-28, 2014. The buyers' participation was supported with CSSF. At the show, the team made commercial contacts with U.S. businesses and reported purchasing a combined \$1.4 million-worth of U.S. products. Future sales opportunities are also expected from the relationships made during this show.

CSSF Shows Japanese Consumers New and Trendy U.S. Cuisine. ATO Tokyo kicked off the "American Gourmet Food Truck Cuisine" (GFTC) promotion and collaborated with SONY Pictures Entertainment Japan to highlight U.S. cuisine at Sony's special screening of the movie "Chef" on July 16, 2015. ATO Japan's main objective was to demonstrate that U.S. food is diverse and represented by delicious regional specialties. In addition, gourmet food truck cuisine has grown in visibility in magazines and TV programs in the United States and even has a prominent place in the U.S.A. Pavilion in the Milan Expo 2015. National Geographic also focused on food truck trends in their July 2015 issue. At the event, the ATO used \$3,000 in CSSF to serve samples of gourmet sandwiches highlighted in the movie to the audience. Printed recipes and information

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about the ingredients used such as pork, beef, seafood, cheese, peanut butter, and BBQ sauces were provided. After the screening, the ATO gave an interview about U.S. food culture along with the caterer who discussed the recipes and ingredients. The event resulted in wide media coverage of U.S. regional food and helped to create a positive image of U.S. food in Japan. The event attracted a total of 70 participants including 40 media representatives and power bloggers. The “American Gourmet Food Truck Cuisine” theme was also central to the July 23 ATO-sponsored trade showcase that targeted the Hotel Restaurant and Institutional (HRI) sector and retail chain buyers. The showcase included 27 exhibitors and 200 buyers. The ATO used \$15,000 in CSSF for the event, and the exhibitors projected \$340,000 of sales over the next 12 months resulting from the activity.

COMMODITY CREDIT CORPORATION (CCC) EXPORT CREDIT GUARANTEE PROGRAMS

The primary objective of the CCC export credit guarantee programs is to increase sales of U.S. agricultural commodities to international markets by facilitating the extension of export credit to countries that may not have access to adequate commercial credit. These CCC programs encourage U.S. lenders and exporters to extend credit terms on sales of agricultural commodities and products to overseas customers. The CCC credit guarantee programs support the involvement of U.S. exporters, U.S. banks, and foreign banks and importers in commercial trade transactions with the United States. By facilitating financing, the Export Credit Guarantee Program (GSM-102) directly supports U.S. agricultural exports. In turn, this helps to create and maintain jobs in production agriculture and the processing, transportation, distribution, and maritime industries in support of the President’s National Export Initiative.

In 2015, the GSM-102 program supported over \$1.8 billion in agricultural commodity exports. The largest markets were South America, Mexico, and South Korea. The commodities registered most by exporters were bulk commodities (soybeans, corn, wheat, meal, and rice). The program also supported sales of fruit, wine, wood and wood products, animal hides, and other higher-value commodities. Program use was below the historical average in 2015 due in large part to the drop in unit price of the top commodities. The top five commodities include soybeans, corn, wheat, meal, and rice and represent 87 percent of program utilization.

Highlights for 2015 include:

- In 2015 GSM-102 exports to the Caribbean Region increased by 90 percent. Soybean oil increased 214 percent to \$36 million; corn exports increased 143 percent to \$42 million; rice increased by 72 percent to \$93 million; soybean meal increased by 42 percent to \$46 million and wheat, absent from export to the region in 2014, returned with \$1.8 million in exports to the region.
- In 2015, the program facilitated exports of a variety of commodities to multiple destinations in the Africa Middle East region, including poultry to Angola; corn, soybeans and wheat to Egypt; corn gluten feed and distiller’s dried grain to Israel; wheat to Nigeria; and corn to Saudi Arabia.
- South America was the largest GSM-102 market in 2015 with sales of \$443 million, an increase of 7 percent over 2014. Corn was the leading commodity with \$186 million in exports followed by soybean meal at \$146 million; soybeans \$45 million; rice \$33 million; wheat \$25 million; distiller’s dry grain \$5 million and soybean oil with \$3 million in exports.

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GSM-102 EXPORT CREDIT SALES Summary of 2015 Activity

Country/Region*	\$ Millions
Africa & Middle East	\$119.5
Caribbean	222.5
Central America	207.5
China Region	25.5
Mexico	256.4
Southeast Asia Region	164.2
Country/Region*	\$ Millions
South America	443.0
South Korea	229.0
Turkey	198.7
TOTAL	1,866.3

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

The 2014 Agricultural Act reduced maximum tenor to 2 years by statute, but in 2015 the maximum repayment term is 18 months, consistent with the October 1, 2014, memorandum of understanding between the United States and Brazil.

PROGRAM REGULATIONS

FAS published and made effective a revised GSM-102 program regulation in the Federal Register on November 18, 2014.

FACILITY GUARANTEE PROGRAM (FGP)

The Facility Guarantee Program (FGP) was designed to boost sales of U.S. agricultural products in countries where demand may be limited due to inadequate storage, processing, handling or distribution capabilities. Under the FGP, CCC provides payment guarantees to facilitate the financing of manufactured goods and U.S. services to improve or establish agriculture-related facilities in emerging markets, where private sector financing is otherwise not available.

A proposed rule to revise and amend the FGP was announced on June 15, 2015. The comment period closed on August 14, 2015. The final rule is expected to be published in early 2016, at which time the program will be made operational.

PROGRAM MANAGEMENT/OVERSIGHT

In 2015, 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. FAS also released a new program fee calculator effective with the 2015 program, which better calibrates fees to offset the risk of each individual transaction. Average program subsidy was negative at -0.69 percent in 2015, and is currently estimated at -0.75 percent for 2016. No claims or defaults were received in 2015, continuing the trend over the past five years.

TRADE POLICY

Greater access to foreign markets for U.S. agricultural producers requires an aggressive trade policy to lower tariffs, reduce non-tariff barriers, eliminate export subsidies, reduce trade-distorting domestic subsidies and foster the development of rules-based international systems that facilitate global trade. FAS works with other USDA

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agencies, the Office of the United States Trade Representative (USTR), and others in the United States Government to negotiate new trade agreements and enforce existing trade agreements. FAS overseas attachés and Washington-based analysts cover more than 150 countries worldwide to prevent and resolve trade problems involving U.S. products, and to provide country and regional intelligence to support U.S. exporters and agricultural producers. FAS combines its intelligence gathering, analytical skills, overseas presence, extensive industry contacts, marketing programs, trade capacity building programs, technical expertise and relations with other U.S. Government agencies to develop and implement coordinated strategies to open overseas markets for U.S. agriculture. These efforts directly augment the private sector's ability to export and support the President's National Export Initiative goals of job creation and sustainable economic growth. Notable achievements in these areas in 2015 include:

FAS Ensures a Win for U.S. Agricultural Exports in the Trans Pacific Partnership (TPP). As 2015 closed, FAS was on the ground in Atlanta to ensure the TPP Agreement fully reflected the interests of U.S. agriculture. The Agreement is the most important trade negotiation since the Uruguay Round came to a close in 1993 and addresses tariff and non-tariff barriers for 42 percent of current U.S. agricultural exports.

FAS Gains Release of Detained Shipments Valued in the \$ Millions. In 2015, FAS offices in 80 countries assisted U.S. firms with consignments detained in foreign ports. In 2015 alone, FAS negotiated the release of hundreds of detained shipments in dozens of countries. These shipments represent well over \$50 million and range from infant formula in China, to pork diverted from Russia, to wine in Taiwan, and lumber in Peru.

FAS Prevents Long-Term Disruption to Poultry Exports. As the first cases of highly pathogenic avian influenza (HPAI) were appearing in the United States, FAS and APHIS immediately launched a successful communications plan that was instrumental in minimizing the trade impact on the U.S. poultry industry. As of 2015, 38 trading partners have "regionalized" the United States. This has allowed trade to continue from areas of the United States not affected by HPAI. U.S. poultry and poultry product exports to these 38 trading partners in 2014 were \$4.4 billion. We continue to work with Korea, China, South Africa, and India to modify their import requirements and lift their import bans.

FAS Engineers Access for Biotech Goods. In 2015, FAS broke down barriers to the acceptance of U.S. biotech events in foreign markets. China, the European Union (EU), Vietnam, and other countries approved applications for genetically engineered products for food and/or animal feed that facilitated continued market access and growth of U.S. exports. FAS also helped to eliminate onerous documentation requirement under the Cartagena Protocol on Biosafety and ensured animal products were not locked out of the EU due to requirements related to the products of cloned animals. These various accomplishments opened or helped to preserve U.S. exports valued at \$22.5 billion.

"Milking" Dairy Markets for All They Are Worth. FAS facilitated the retention of markets and renegotiation of dairy certificates around the world to the tune of \$967.2 million. FAS successfully persuaded Turkey to continue accepting the existing export certificate as the two sides worked on a new bilateral certificate. FAS also concluded certificate renegotiations with Barbados and Morocco. FAS, in concert with other trading partners, beat back an onerous Sri Lankan requirement which could have stopped the flow of most powdered milk products into Sri Lanka. FAS also led the interagency engagement with China to keep that important market open and to reopen the market for infant formula.

Taiwan Establishes 152 Priority Maximum Residue Levels (MRLs) out of 266 Tolerances for U.S. Agricultural Commodities. In 2015, FAS continued to work closely with EPA and USTR to encourage Taiwan to resolve MRL-related trade barriers. In 2015, Taiwan established 152 MRLs on the U.S. priority list, of which over half have been harmonized to either Codex or U.S. standards. The review and establishment of over 150 priority MRLs in a little more than 12 months is an extraordinary development that would not have taken place without FAS, EPA, and USTR efforts in technical and trade policy discussions. FAS continues to follow up with Taiwan to assess the status of the remaining MRL priorities. In 2014, horticultural exports to Taiwan totaled over \$740 million.

Almonds Find Joy in the EU. The California almond industry faced fewer port of entry tests for aflatoxin after FAS brokered discussions among the almond industry and the EU to reduce rate of the point of entry testing to less than one percent. The reduced testing is the result of almost a decade of cooperation and effort

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between the Almond Board of California (ABC) and FAS. FAS has also worked closely with ABC to extend the implementation deadline for an extremely low MRL for fosetyl-aluminum. In 2014, the U.S. exported \$1.7 billion of almonds to the EU.

Beef and Cattle Exports “Moo”ving into New Markets. In 2015, FAS facilitated expanded beef and live cattle market access in several major markets following the World Organization for Animal Health (OIE)’s 2013 recognition of the United States as a negligible risk country for bovine spongiform encephalopathy (BSE). In 2015, Chile, Peru and St. Lucia fully reopened to U.S. beef in accordance with OIE recommendations, while Singapore, Vietnam, Lebanon, Panama, and Japan expanded the range of U.S. beef products allowed entry. U.S. beef and beef product exports reached \$6.7 billion in 2015, and expanded access is expected to result in hundreds of millions of dollars in additional exports in the coming years. Negligible risk status has also allowed USDA to improve market access for live U.S. cattle. In 2015, 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. Looking ahead, we are putting more resources into addressing related restrictions on other meats and meat products such as lamb.

Review of Proposed Foreign Regulations Prevents Disruptions to Agricultural Trade. In 2015 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, we developed formal written comments to the World Trade Organization on 236 of these measures to minimize the negative impact on trade. For example, in May 2014, FAS commented on a Malaysian proposal covering soybeans, soy meal, citrus, cotton, and millet. Malaysia removed fumigation requirements and mandatory, detailed, and unwarranted declarations, facilitating continued access for approximately \$178 million of the affected commodities in 2014. Looking ahead, FAS expects a large number of new regulations from China that will have to be reviewed and addressed.

Containing a Sticky Apple Situation. FAS quickly engaged countries around the world, and in Asia in particular, with all of the pertinent facts following a confusing recall announcement affecting certain apples that had been used for the manufacture of caramel apples. As a result of FAS quick reaction, regulatory officials in most Asian countries importing U.S. apples showed restraint. FAS successfully contained regulatory decisions in every country except Indonesia, and those restrictions were lifted within the year. FAS’ proactive response preserved much of the U. S. apple market valued at \$986 million in 2015.

Lower Tariffs Make U.S. Exports More Competitive. In 2015, FAS Quito’s unceasing intervention with Ecuador on behalf of U.S. exporters, as well as coordination among the U.S. Soybean Export Council and Ecuador’s animal feed industry, resolved a situation that could have jeopardized up to \$250 million in future U.S. soybean meal shipments. FAS also worked closely with the U.S. Wheat Associates in safeguarding our fifth largest wheat market in the Philippines, valued at more than \$607 million in 2015, against Turkish inward subsidy elements.

Fresh Gains for “The Other White Meat”. In 2015, FAS expanded markets for pork and pork products by a potential \$30 million. FAS opened markets in Peru and Macedonia to U.S. pork and expanded access in Chile. FAS was also instrumental in shepherding guidelines for controlling trichanella through Codex Alimentarius. The risk-based guidelines provide a framework that can be used to establish and maintain a “negligible risk compartment” for trichinae within a country.

An Apple A Day Keeps Exports Growing. In 2015, FAS worked closely with U.S. industry stakeholders and in support of APHIS’ technical negotiations to ensure the successful conclusion of lengthy negotiations with China to expand access to all varieties of U.S. apples. The U.S. apple industry estimates that within two years, exports of fresh apples to China will reach 5 million bushels annually, a value of nearly \$100 million per year.

Pet Food Continues to Flow to Canada. In 2015, FAS, worked closely with regulators to broker a solution with Canada to delay the implementation of certification changes for pet food imports from the United States. The delay provided industry and APHIS time to negotiate with the Canadian Food Inspection Agency regarding their plans to begin requiring APHIS export certification and preserved trade valued at more than \$10 million in 2014.

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Pecan Tariffs Drop in China. FAS' strong relationship with U.S. exporters and China's nut processors resulted in a reduction in China's pecan tariffs from 24 percent to 10 percent. The lower tariffs were largely responsible for the \$5.3 million increase in U.S. pecan exports to China during the first 11 months of 2015 as compared to the same time period in 2014.

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 increases productivity and expands agricultural trade in developing countries. The McGovern-Dole International Food for Education 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 food assistance programs (Food for Progress (FFP) and the McGovern-Dole International Food for Education and Child Nutrition (McGovern-Dole) Program) to help developing countries strengthen economic development and facilitate the transition from being food aid recipients to commercial importers. No programs were furnished under the P.L. 480, Title I program, which did not receive an appropriation.

In 2015, FAS projects focused on making school feeding programs sustainable and improving developing countries' ability to produce and trade agricultural commodities. The programs featured a mix of monetization and direct distribution to meet the specific needs of recipient countries. In 2015, FAS programmed about 419,600 tons of food assistance with a value of approximately \$426.4 million. Of this amount, estimated commodity costs were \$228.8 million with transportation and other non-commodity costs estimated at \$197.6 million. Food assistance was provided through donations, with no concessional sales agreements. A total of 14 countries received food assistance through FAS-administered programs.

FAS FOOD ASSISTANCE PROGRAM SUMMARY, 2015

<u>Program</u>	<u>\$ Millions</u>	<u>MT (000)</u>
CCC Funded/FFP	\$197.6	336.9
McGovern-Dole Food for Education	<u>228.8</u>	<u>82.7</u>
Total, Food Assistance	426.4	419.6

CCC-FUNDED FOOD FOR PROGRESS

The FFP program assists developing countries and emerging democracies in introducing and expanding private enterprise in the agricultural sector. In 2015, CCC funding provided 336.9 MT of commodities valued at \$144.4 million, and \$53.2 million of transportation and other non-commodity costs. Implementing partners were either private voluntary organizations (PVOs) or foreign governments that usually monetize (commercially sell) the commodities and use sales proceeds to fund development projects. Countries receiving CCC-funded FFP assistance and the quantity of the commodities programmed in 2015 are shown in the tables below.

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2015 CCC –FUNDED FOOD FOR PROGRESS
 (\$ Millions)

<u>COUNTRY</u>	<u>TOTAL VALUE</u>
Ghana	\$57.0
Benin	51.6
Dominican Republic	39.9
Honduras	16.9
Jordan	25.1
Mali	<u>7.1</u>
Subtotal	197.6

**COMMODITIES PROGRAMMED IN 2015 UNDER
CCC-FUNDED FOOD FOR PROGRESS**
 (000 MT)

<u>COMMODITY</u>	<u>MT</u>
Hard Red Winter Wheat	120.0
Soybean Meal	72.1
Rice	64.1
Yellow Corn	30.0
Refined Soybean Oil	28.4
Crude Degummed Soybean Oil	16.0
Technical Tallow	<u>6.3</u>
Subtotal	336.9

FAS oversees \$847.4 million in FFPr programs in 23 countries that were funded in 2011–2015. These programs have demonstrated success in assisting farmers and agribusinesses, increasing agricultural productivity, and developing markets and trade. Below is a list of active FFP programs, as well as examples of successes under these programs. FAS expects to see similar outcomes from programs funded in 2015.

**ACTIVE FOOD FOR PROGRESS PROGRAMS
2011–2015 FISCAL OBLIGATIONS**
 (\$ Millions)

<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2011	Sub-Saharan Africa	Benin	\$6.0
2011	Sub-Saharan Africa	Burkina Faso	9.1
2011	Sub-Saharan Africa	Kenya	28.0
2011	Sub-Saharan Africa	Liberia	17.1
2011	Sub-Saharan Africa	Malawi	17.4
2011	Western Hemisphere	Dominican Republic	8.9
2011	Western Hemisphere	El Salvador	14.4
2011	Western Hemisphere	Honduras	11.4
2011	East Asia & Pacific	Bangladesh	24.2
2011	East Asia & Pacific	Philippines	13.6
2012	South and Central Asia	Afghanistan	5.8

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<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2012	Sub-Saharan Africa	Ethiopia	0.8
2012	Sub-Saharan Africa	Mali	31.0
2012	Sub-Saharan Africa	Mozambique	27.7
2012	Sub-Saharan Africa	Senegal	31.9
2012	Sub-Saharan Africa	Tanzania	39.7
2012	Western Hemisphere	El Salvador	12.4
2012	Western Hemisphere	Guatemala	10.9
2012	Western Hemisphere	Honduras	20.4
2012	Western Hemisphere	Nicaragua	35.5
2012	Near East	Jordan	22.5
2013	Sub-Saharan Africa	Burkina Faso	18.5
2013	Sub-Saharan Africa	Ethiopia	23.8
2013	Sub-Saharan Africa	Kenya	23.1
2013	Sub-Saharan Africa	Liberia	13.2
2013	Sub-Saharan Africa	Mauritania	5.2
2013	Sub-Saharan Africa	Mozambique	15.1
2013	East Asia & Pacific	Bangladesh	14.4
2013	East Asia & Pacific	Timor-Leste	12.9
2013	East Asia & Pacific	Philippines	23.3
2013	East Asia & Pacific	Sri Lanka	0.1
2014	Sub-Saharan Africa	Senegal	11.5
2014	Sub-Saharan Africa	Tanzania	16.1
2014	Sub-Saharan Africa	East Africa Regional**	22.7
2014	Western Hemisphere	Guatemala	30.5
2014	Western Hemisphere	Nicaragua	16.8
2014	East Asia & Pacific	Philippines	12.6
2015	Sub-Saharan Africa	Ghana	57.6
2015	Sub-Saharan Africa	Benin	51.6
2015	Western Hemisphere	Dominican Republic	39.9
2015	Western Hemisphere	Honduras	17.4
2015	Near East	Jordan	25.1
2015	Sub-Saharan Africa	Mali	7.3
	Subtotal		847.4

** Includes Kenya, Malawi, and Tanzania

Following are success stories in the Food for Progress program:

Liberia - Revival of Cocoa Production for Small Farmers. Following Liberia's civil war, farms lay abandoned and cocoa trees were infected with black pod disease. USDA worked with the PVO Agricultural Cooperative Development International Volunteers in Overseas Cooperative Assistance (ACDI /VOCA) to implement a \$13.4 million FFPr grant in 2010 to help producers in Liberia expand cocoa production and markets. The project established commercial nurseries for farmers to access high-yielding hybrid seedlings and high-quality plants. USDA also provided training and equipment to cooperatives, giving small producers access to solar dryers, moisture meters, and improved cocoa storage. Training focused on agronomic

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techniques, inputs to reduce losses from pests and fungi, and cocoa processing, including drying, grading, fermentation, and warehouse management practices. In 2008, before the project started, farmers produced a total of 107 tons of cocoa, with sales valued at \$64,000. After the implementation of the project, participating farmers were producing over 1,000 tons, valued at \$2 million. This was achieved in part by the farmers' new ability to package cocoa in the bulk volume required by higher-paying buyers. By 2015, farmers were producing a higher-quality cocoa, with over 80 percent of the cocoa marketed from beneficiary groups being grade 1(A), resulting in a 400-percent increase in prices received. Every dollar of cocoa that is sold in the United States generates between \$2-\$4 in sales of dairy, peanuts, and sugar. The United States is not a major producer of cocoa.

Mozambique - Modernizing the Cashew Sector. Prior to its decades-long civil war, Mozambique was the world's largest exporter of raw cashews. Currently, over 40 percent of Mozambican farmers or nearly one million households grow cashews, one of the few reliable cash crops grown in the country. Through an \$18 million FFP project in Mozambique, USDA played a significant role in modernizing the cashew sector. Mozambican cashew farmers (approximately 6,900) received training on the use of new production techniques and technologies, conservation agriculture, and farm management. The project is also working with all seven major processors in Northern Mozambique (as well as three smaller, informal processors) on food safety standards, traceability technology, as well as the requirements for obtaining organic and fair trade certification. Since the project began in 2013, 162,000 new cashew trees have been planted. Participating processors have created 700 new jobs and sold over \$98 million of cashews regionally and internationally through retailer linked by the project, including Caro Nut, Red River Foods, and Nutrade.

Kenya - Smallholder Poultry Agribusiness Development (SPADE). USDA provided \$17 million in assistance under the four-year SPADE program to improve poultry production in Western Kenya. The project, implemented by TechnoServe, trained over 16,000 farmers (68 percent women) on modern poultry production techniques, disease management, and improved breeds. It also helped farmers to establish 10 businesses, including feed mills and financial service outlets, which connect farmers to goods, services, and output markets. In addition, sixty private extension workers received training on modern poultry production.

Honduras - Enhancing Production, Certification, and Marketing in the Agrifood Sector. Through a multi-year Food for Progress agreement with the Government of Honduras, valued at \$11.4 million, USDA provided technical assistance on food safety and SPS topics through Honduras' National Plant and Animal Health Service (SENASA) to Hondu-Chips (a major Honduran processor of "Terra Real Vegetable Chips" from taro, sugar beets, and sweet potatoes sourced from Honduras) and 46 other fruit and vegetable exporters in the country. The training led to improvements in the quality of vegetables produced and an increase in production capacity of plants located in Comayagua and Choluteca. This led to the creation of 8,700 additional jobs in these plants and in Hondu-Chips, representing a 699 percent increase in employment over three years.

Honduras - USDA Project Boosts Coffee Yields and Farmers' Incomes. Since January 2013, USDA has been implementing a \$10.9 million project designed to assist 9,000 small-holders in Honduras to increase coffee production, improve market performance, and to ultimately increase producer incomes. The project has trained about 19,000 coffee producers, where 60 percent of the coffee is grown. The project has introduced new production techniques and strengthened marketing organizations. These efforts have paid dividends as coffee yields have increased 30 percent and farmers now enjoy a \$0.06 premium due to the improved quality of their beans.

Pakistan - Agriculture and Cold Chain Development Project. Through a 5-year, \$20.1 million FFP grant to Winrock International, USDA provided technical assistance to approximately 2 million agricultural producers in Balochistan, a major producer of fruits and vegetables for the country. Because the province is underdeveloped and impoverished, the FFPr project focused on reducing post-harvest losses through improvements to cold storage and transport facilities. As a result, incomes increased for producers of grapes, apples, cherries, dates, banana, and fish, and 9,400 tons of cold storage capacity was added.

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MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM

The McGovern-Dole International Food for Education and Child Nutrition (FFE) program feeds school children with U.S.-sourced commodities and enhances the literacy, nutrition, and hygienic practices of the children and their families. The program supports communities of pre- and primary school-age children and provides nutrition programs for women, infants, and children in foreign countries. Authorized by the Farm Security and Rural Investment Act of 2002, the program became operational in 2003. About \$202.6 million in assistance is being made available under the program in 2015, with approximately 42 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 2.5 million children and mothers will benefit from the 2015 program.

2015 MCGOVERN-DOLE FOOD FOR EDUCATION FUNDING ALLOCATIONS
(\$ Millions)

<u>COUNTRY</u>	<u>ESTIMATED*</u> <u>TOTAL VALUE</u>
Cote D'Ivoire**	\$31.2
Guinea-Bissau	20.0
Haiti	10.0
Honduras**	33.7
Mali**	29.9
Mozambique**	60.8
Rwanda**	25.0
Sierra Leone	<u>18.2</u>
Subtotal	\$228.8

**Estimated totals*

***Five year program*

2015 COMMODITIES FOR PROGRAMMING UNDER MCGOVERN-DOLE

<u>COMMODITY</u>	<u>MT</u>
Beans, Pinto	1,960
Beans, Small Red	1,800
Bulgur	3,600
Corn, Yellow	2,500
Corn-Soy Blend	3,020
Corn-Soy Blend Plus	15,690
Lentils	1,300
Peas, Green Split	610
Peas, Green Whole	940
Peas, Yellow Split	2,700
Rice	30,590
Rice, Fortified	12,260
Roasted Peanuts	1,180
Vegetable Oil	<u>4,540</u>
Subtotal	82,690

USDA FAS implemented \$818.4 million in program funding in 25 countries from 2012 to 2015. These programs were successful in boosting attendance, increasing literacy scores, improving school infrastructure, enhancing administrative skills, and assuring program sustainability.

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Below is a list of active McGovern-Dole programs and examples of success stories. USDA expects to see similar outcomes from 2015 funded programs.

ACTIVE MCGOVERN-DOLE FOOD FOR EDUCATION PROGRAMS
2012–2015 FISCAL OBLIGATIONS
 (\$ Millions)

<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2012	South & Central Asia	Afghanistan	\$18.3
2012	East Asia & Pacific	Cambodia	10.9
2012	Sub-Saharan Africa	Cameroon	16.7
2012	Western Hemisphere	Guatemala*	0.1
2012	Sub-Saharan Africa	Guinea-Bissau*	1.2
2012	Western Hemisphere	Haiti*	9.1
2012	Western Hemisphere	Honduras	17.7
2012	Sub-Saharan Africa	Kenya*	9.7
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	Malawi*	8.7
2012	Sub-Saharan Africa	Mozambique	43.7
2012	South & Central Asia	Nepal*	6.0
2012	Sub-Saharan Africa	Niger*	3.8
2012	Sub-Saharan Africa	Sierra Leone	11.0
2012	Sub-Saharan Africa	Tanzania	<u>4.1</u>
		Subtotal	191.7
2013	East Asia & Pacific	Cambodia	20.0
2013	Sub-Saharan Africa	Ethiopia	26.5
2013	Western Hemisphere	Guatemala	49.1
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	South & Central Asia	Nepal*	6.0
2013	Western Hemisphere	Nicaragua	13.5
2013	Sub-Saharan Africa	Senegal	11.2
2013	Sub-Saharan Africa	Tanzania	<u>17.4</u>
		Subtotal	214.7
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	25.0

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<u>FY</u>	<u>Region</u>	<u>Country</u>	<u>Total Value</u>
2014	East Asia & Pacific	Laos	27.0
2014	Western Hemisphere	Nicaragua	13.0
2014	South & Central Asia	Nepal	26.0
2014	Sub-Saharan Africa	Senegal	11.2
2014	Sub-Saharan Africa	Tanzania*	<u>1.0</u>
		Subtotal	183.2
2015	Sub-Saharan Africa	Cote D'Ivoire**	31.2
2015	Sub-Saharan Africa	Guinea-Bissau	20.0
2015	Western Hemisphere	Haiti	10.0
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	<u>18.2</u>
		Subtotal	<u>228.8</u>
		Total	818.4

* One year funded programming allocations.

**Five year programs. Also note that \$5 million of costs under one of the two Mozambique programs is obligated against 2012 for FAS' financial management purposes.

Following are recent success stories under the McGovern-Dole Food for Education program:

Bangladesh - Two Districts Graduate to Government-Run Feeding Operations. USDA provided the World Food Program (WFP) \$26 million in 2014 to implement a 3-year school feeding and educational project in Bangladesh. The project has provided approximately 137,000 undernourished pre- and primary school children with a daily micronutrient-fortified, high energy biscuit at school. In January 2015, WFP fully handed over to the government the school feeding operations in two districts. In two other districts, WFP will continue to support both government-run and non-government schools until the end of 2017.

Guatemala - Fortified Poultry-based Spread Approved for Purchase under USG Feeding Programs. USDA partnered with Minnesota-based Hormel Foods Corporation to conduct a Micronutrient-Fortified Food Aid Products Pilot (MFFAPP) project in Guatemala. The project field tested the delivery and use of a vitamin and mineral-enriched, poultry-based supplementary spread. Hormel's research successfully demonstrated to USDA the benefits of supplementing traditional diets with high-quality protein and micronutrients found in the spread. After the successful conclusion of this study in July 2015, the product was added to the official commodity list available for purchase under McGovern-Dole. The addition of this new, high-quality, micronutrient-fortified food product fulfills part of MFFAPP project's objective to develop food aid product options.

Cambodia - Fortified Milled Rice Approved for Purchase under USG Feeding Programs. Funded through the McGovern-Dole Program, USDA partnered with Washington-based Program for Appropriate Technology in Health (PATH), to conduct a MFFAPP project in Cambodia. The project field tested a rice product fortified with iron, Vitamin A, zinc, and B Vitamins to address children's anemia and other micronutrient deficiencies. PATH's research successfully demonstrated to USDA that children consuming the fortified rice over the six-month distribution period saw an improvement in zinc and Vitamin A status and a decrease in the incidence of diarrhea. In June 2015, fortified milled rice was added to the official commodity list available for purchase under McGovern-Dole. FAS issued the first successful solicitation for fortified rice in July 2015 for use in a McGovern-Dole Program in Cambodia to feed over 100,000 beneficiaries in the coming school year. The addition of this new, micronutrient-fortified food product fulfills part of MFFAPP project's objective to develop improved food aid product options that better meet the nutritional needs of beneficiaries.

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Honduras - McGovern-Dole Project Improves School Facilities. In 2015, as part of a \$17.7 million McGovern-Dole project in Intibuca, Honduras, Catholic Relief Services (CRS) constructed and equipped a Nutritional Training Center and built latrines and a hand washing station in schools, which previously had none. The new facility also serves as a location where community health volunteers can provide nutrition counseling to parents.

Kenya - USDA and WFP Transition 850,000 Students to the Government of Kenya's Home-Grown School Meals Program. Partnering with the World Food Programme (WFP), USDA is implementing a \$20.2 million McGovern-Dole project in Nairobi, Kenya. An emphasis of this project is to transition the WFP supported schools to Kenya's Home-Grown School Meals Program (HGSMP). A second object is to train school officials on safe food preparation and storage practices. In 2015, as a result of this initiative, HGSMP has assumed responsibility for providing lunches for 850,000 children in over 2,200 schools. HGSMP is now recognized as a model school feeding program for the region.

Mali - Increased Community Involvement with School-Feeding in Mali. CRS is implementing a McGovern-Dole program in 310 schools with 77,763 students each year in the Koulikoro and Mopti Regions of Mali. Since the inception of the program in 2012, more than 27 meals have been served. Enrollment rates increased from 47 percent to 63 percent and from 52 percent to 63 percent, for school-age boys and girls, respectively. Attendance for both genders has also increased. Part of the success of this program stems from CRS's emphasis on improving teacher and parent participation in school activities. For example, about 5,800 school management committee members received training on canteen management and school kitchen hygiene. Moreover, project schools provided coded report cards to ensure parents can understand their children's performance. School gardens at project schools have also enhanced parent and community school involvement.

BORLAUG FELLOWSHIP PROGRAM

The Norman E. Borlaug International Agricultural Science and Technology Fellowship Program (Borlaug Fellowship Program) trained 44 Fellows in 2015 with a program budget of \$1.49 million. These fellows, in addition to those since the program's inception in 2004, total more 790 Fellows. Offering fellowships for scientific training and research in the United States to potential leaders from eligible countries, the Borlaug Fellowship Program assists developing and middle-income countries strengthen 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. The Borlaug Fellowship Program continues to strive for diversity, with females comprising 45 percent of participants in 2015. Accomplishments in 2015 include the following:

Africa

Morocco – Citrus Crop Improvements with New Irrigation Technique in Morocco and the United States. In 2015, FAS learned that the citrus industry in the Rio Grande Valley of Texas was positively impacted as a result of training a Moroccan Fellow at Texas A&M University (TAMU) at Kingsville, a Hispanic Serving Institution. A Moroccan Borlaug Fellow previously conducted research on improved irrigation and water management techniques for citrus orchards. His mentor, a TAMU-Kingsville professor, visited the Fellow in 2015 at the National Agricultural Research Institute in Morocco and saw firsthand the success in orchards utilizing an improved border flood technique instead of conventional flood irrigation, a method which utilizes 36 percent less water. The professor brought this technique back to Texas, where it was introduced to the citrus industry through field demonstrations and farmer trainings. Many orchards in the Rio Grande Valley adopted this improved method and have seen measurable success. The reciprocal visit of a host university mentor to the Fellow's home country to see their research application is a unique feature of the Borlaug Fellowship Program and leads to many examples of two-way knowledge sharing and learning.

West Africa – Training Manual on Cocoa Production. In 2013, four Fellows received training under the USDA Borlaug Fellowship Program on cocoa production methods. Building upon their studies, in 2015 the four Fellows (two from Nigeria, one each from Cameroon, and Côte d'Ivoire), jointly published a farmer training manual in both English and French, entitled *Illustrated Manual on Composting for Improved Soil Fertility and Enhanced Cocoa Production*. Their collaborative work on the manual resulted in over 5,000 smallholder farmers receiving valuable information on the agronomy of cocoa.

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Kenya – Biotechnology Outreach. In 2015, Tennessee State University, part of the Historically Black College and University network, hosted a Kenyan Fellow from the Kenyan Bureau of Standards, whose research focused on understanding biotechnology’s role in food safety issues. Through his fellowship, he implemented testing to meet Kenya’s five percent biotechnology grain allowance regulations. Additionally, his fellowship has enabled Tennessee State to make valuable institutional connections with USDA and other parts of USG such as U.S. Agency for International Development.

Asia

India – Implementation of Climate Change Adaptation Models. A Borlaug Fellow from the Indian Council of Agricultural Research (ICAR), conducted climate change research at Colorado State University (CSU) under the Global Research Alliance Initiative. He continued to collaborate with his mentors at CSU and USDA’s Agricultural Research Service facility in Fort Collins. The focus was on generation of climate change scenarios, using the projection model learned during his Fellowship, to evaluate corn cultivars for adaptation to climate warming. Realizing the importance of the project, ICAR initiated a program on Integrated Agricultural Systems Analysis for preparing an adaptation strategy, with suggested policy interventions. The Fellow is now coordinating those research activities and was recently promoted to Principal Scientist at ICAR in New Delhi. He published four scientific journal articles about the research at CSU, applied climate change models for two case studies in India, and presented his findings at four seminars.

2015 Borlaug Participants by Region

Region	Number of Participants
Asia	19
Eastern Europe and Eurasia	4
Latin America and the Caribbean	13
Africa and the Middle East	8
Program Total	44

COCHRAN FELLOWSHIP PROGRAM

The Cochran Fellowship Program (CFP) provided short-term training in the United States for 566 international participants from 57 countries in 2015 with a program budget of \$4.7 million. Since its inception in 1984, the program has trained more than 16,800 participants from 124 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 CFP accomplishments that strengthen trade linkages between recipient countries and the United States.

Food Safety

Ukraine – Modernization of Veterinary Control Systems. Following training on food safety for Ukrainian Cochran Fellows, including a Veterinary Service Specialist, in February 2014, the Ukrainian Veterinary Service transitioned its outdated centralized economy veterinary control systems into modern systems similar to those in the United States. The CFP training, executed by Texas A&M University, focused on the differences in U.S. and European systems and the benefits of modern systems in helping Ukraine meet import requirements associated with the U.S. Food Safety Modernization Act. Ukraine adopted new food safety laws in late 2014 and early 2015 and made the Hazard Analysis Critical Control Point (HACCP) system obligatory for all animal product establishments. The food safety training program helped Ukraine adopt modern food safety standards that are globally recognized. Ukrainian meatpackers and slaughterhouses now process meats under HACCP guidelines, and the country is training 400 veterinarians to become HACCP auditors and inspectors, all of which is due in part to the work of the CFP.

Market Access and Trade Facilitation

China - Wisconsin Ginseng Growers Ready to Enter China Market through E-Commerce. As a follow-up to a 2015 Cochran training on e-commerce for Chinese officials, the FAS ATO in Shanghai is helping the Wisconsin Ginseng Growers Association (WGGA) and Georgia pecan growers explore opportunities to export consumer-ready products to China via e-commerce. Representatives of the WGGA visited Shanghai in July and August 2015 to continue the dialogue with the CFP alumni. During those meetings, one CFP alumnus provided insightful suggestions on food regulatory issues, and officials of the company of the other CFP alumnus provided many preferential services to the exporters. The WGGA only exports ginseng in bulk to one importer in China, but with the help of training and networking offered by the CFP, the industry foresees a promising future for Wisconsin ginseng sales to China.

China – FAS ATO in Shanghai Successfully Facilitates Cross-Border E-Commerce Platform for Imported Fresh Fruits. Cross-border e-commerce is one way that business-to-consumer online shopping is catching on in China. The Shanghai Exit-Entry Inspection and Quarantine Bureau (Shanghai CIQ) has started inspection services for the trading of imported fresh fruits via cross-border, border-to-consumer e-commerce platforms operated by two firms. These are Shanghai Kuajingtong (KJT), the first cross-border e-commerce company in Shanghai, and Shanghai Esen Agro Products, both of which employ CFP alumni. Cross-border e-commerce has more relaxed requirements than conventional trade, including the Shanghai CIQ practice that overseas purchases meet the regulatory standards of the country of origin, not those of China. For example, fruit sold via the e-commerce platforms can clear customs in six to eight hours and often retail for 13 to 50 percent less than fruit imported through traditional trade. To date, ATO Shanghai has been working with KJT since its establishment in January 2014, when the ATO organized a briefing seminar on cross-border e-commerce.

China – Graceland Fruit Exports Products through E-Commerce Platforms. Yihaodian (YHD), an online retailer and food supplier in China, received its first e-commerce shipment of healthy dried fruit snacks, such as dried cranberry, blueberry, and cherry from Graceland Fruit in June 2015. An employee from YHD, who participated in the CFP, visited a Graceland cranberry farm in Wisconsin in 2015 to learn about farm-to-table processing of fruit. Two companies, Tmall Global and KJT, the first cross-border e-commerce company in Shanghai, expressed interest in introducing Graceland's products to China via cross-border e-commerce. As a result, Graceland is establishing its own flagship store on both Tmall Global and KJT.

Macedonia – Imports of Fresh and Frozen Pork Products Resumes. In May 2015, following a five-year ban, the Macedonian government allowed the importation of fresh and frozen pork products from USDA-approved production, processing and storage facilities. Five Cochran alumni played an active role in that decision. Moreover, they used the connections and relationships forged during their 2014 CFP training to begin importing fresh and frozen U.S. pork. A Texas A&M University training program on meat processing helped them understand the U.S. meat sector, particularly poultry and pork, and to observe the U.S. meat value chain from farm to fork.

Nicaragua – Business Expands with Private Brands of U.S. Imports. In 2003, an owner of a family business that imports and distributes mostly U.S. consumer products, attended a course in Food Retail Systems at Purdue University under the CFP. It emphasized marketing strategies, inventory systems, “just-in-time” delivery practices, and optimizing distribution. One trend that captured his attention was creating new “private brands,” based on the success of U.S. retailers, who process and sell their own privately labeled brands in their establishments. When the Fellow returned to Nicaragua, he further researched how he could operate similarly in order to cut costs. In 2004, he registered his Nicaraguan “Mirave” brand of U.S.-origin mayonnaise and mustard for processing in the United States, and these became the first products imported from the United States into Nicaragua using his private brand “Mirave.” Within the first year, he operated profitably and offered competitive prices to Nicaraguan retailers. “Mirave” imports totaled approximately \$30,000 in 2004 and have increased to approximately \$250,000 annually since then. To date, he has expanded his brand to include other products such as creamers, and has registered a new private brand “Festival” for plums and raisins that are processed in the United States and repackaged in Nicaragua. In addition to his private brands, he is importing approximately \$1 million annually in Del Monte canned foods. He also imports plastic products for food service providers.

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Turkey - Cochran Alumnus Plays Key Role in Release of U.S. Thanksgiving Turkey Imports for 2,000

U.S. Troops. In November 2014, Turkey placed a ban on the importation of all New Jersey poultry and poultry products, following an outbreak of low pathogenicity avian influenza that affected a flock of pheasants in a hunting reserve. Thanksgiving turkeys for U.S. troops, which had been hatched, raised, and slaughtered in Arkansas, were shipped frozen to a warehouse in New Jersey for consolidation with other frozen products destined for U.S. forces in Europe. Turkey banned all the products from New Jersey, including any consolidated or trans-shipped products. During discussions with the Ministry of Food, Agriculture, and Livestock (MinFAL), FAS/Ankara addressed the reasons why the New Jersey ban was not consistent with World Organization for Animal Health (OIE) standards and why the products should be permitted to enter the country. Following the discussions and examination of OIE standards, the MinFAL technical staff recognized this as well. However, they and FAS/Ankara were not able to convince politically appointed decision-makers to accept justifications based on international standards. To facilitate the release of the product, Post utilized its close-working relationship and trust built with a Cochran alumnus, the Head of MINFAL’s Department of Animal Products, who had attended U.S. Livestock and Dairy Production Technologies training in 2012. As a result, the parties agreed on a solution for the release of the shipment. This example demonstrates the importance of building good will and promoting science-based standards in trade via technical assistance programs such as the CFP.

Uruguay – Cochran Alumnus Expands Business, Helping both U.S. and Uruguayan Economies.

A Uruguayan restaurateur and CFP alumnus credits the CFP with helping him expand La Perdiz Restaurant for which he purchased an estimated \$700,000 of U.S. foods and beverages over the past five years. Throughout his CFP training, he learned how to provide and prepare better quality foods and beverages for consumers, increase U.S. imports of food and beverages, and expand job opportunities for Uruguayan citizens. He stated that the CFP taught him how to design and lay out a new commercial kitchen, perfect the quality of his product, strategize and streamline purchases, and manage inventory and finances. Those and other lessons helped him to triple the size of his original restaurant, add an American-style sports bar and integrate a 250-seat restaurant into his business portfolio. The new restaurant alone will require that he hire 130 people, more than 10 times the number of employees in his original restaurant. He and his team will continue using U.S. food and beverage imports to prepare the flavorful fare that has made his restaurant among the most popular in Montevideo.

2015 Cochran Participants by Region and Funding Source

Region	USDA Appropriation	Dept. of State	Total
Asia	189	0	189
Eastern Europe and Eurasia	44	124	168
Latin America and the Caribbean	120	0	120
Africa and the Middle East	<u>89</u>	<u>0</u>	<u>89</u>
Program Total	442	124	566

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Summary of Budget and Performance Statement of Department Goals and Objectives

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

FAS has one strategic goal and eight strategic objectives that contribute to two of the USDA Strategic Goals under the pillars of: 1) trade promotion, 2) trade policy, and 3) trade capacity building and food security.

Trade Policy

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

USDA Strategic Objective 1.2: Increase agricultural opportunities by ensuring a robust safety net, creating new markets, and supporting a competitive agricultural system.

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

In 2012, three agreements went into effect: the U.S. – Korea Trade Agreement (KORUS) on March 15, the U.S. – Colombia Trade Promotion Agreement on May 15, and the U.S. – Panama Trade Promotion Agreement on October 31. Upon implementation of these agreements, over 50 percent of U.S. agricultural exports gained duty-free access as early as mid-2012. Virtually all other tariffs will be reduced in equal annual increments over a phase-out period. Having completed the Trans-Pacific Partnership (TPP) negotiations with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam in October 2015, FAS will focus its efforts on educating the public on the benefits on the agreement and encouraging support for its passage. In addition, FAS will take steps to ensure a smooth implementation of the agreement and focus its efforts on monitoring and enforcement of the agreement once it is implemented. The TPP Agreement is the first U.S. trade agreement that seeks to go beyond the World Trade Organization (WTO) commitments on Sanitary and Phytosanitary (SPS) measures and technical barriers to trade (TBT). FAS also continue engagement in negotiation of the Transatlantic Trade and Investment Partnership (T-TIP) trade agreement with the European Union that got underway in 2013. FAS and other U. S. Government (USG) agencies will also be reviewing options to further progress in WTO multilateral trade talks based in Geneva. The agency will work to ensure that we obtain the benefits of these agreements through its monitoring and enforcement efforts.

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

With the expansion in global trade, this work has become more and more complex. While traditional barriers (e.g., tariffs) have fallen, the prevalence of non-tariff barriers to trade, particularly in the SPS area, has increased. In spite of the WTO Agreement on the Application of SPS Measures, countries increasingly adopt SPS barriers as a means of protecting their domestic industries as global trade expands. FAS works to improve market access for U.S. agricultural products and reduce the harm to the industry resulting from SPS regulations by monitoring and enforcing international SPS rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards.

Similarly, FAS and its partners maintain a broad and active agenda to prevent non-SPS TBTs in the form of product standards, technical regulations, and conformity assessment procedures. These measures, aimed at preventing deceptive practices, have resulted in a proliferation of disparate labeling, registration, certification, and quality standard requirements for routinely consumed food and feed products, sometimes resulting in unnecessary

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obstacles to trade. Trade issues concerning such measures are addressed by the WTO Agreement on Technical Barriers to Trade.

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

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

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 inexpensive to collect and represents a direct linkage between FAS actions and export value.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
Increase U.S. food and agricultural exports by \$10 billion by end-year 2018.	<p><u>Objective 2.1:</u> Negotiate and enforce market-expanding trade agreements for U.S. exporters of agricultural, fish, and forest products</p> <p><u>Objective 2.2:</u> Prevent or resolve foreign Technical Barriers to Trade (TBT) or Sanitary/Phyto-Sanitary (SPS) measures that hinder U.S. agricultural exports</p> <p><u>Objective 2.3:</u> Pursue the development of rules-based international systems that facilitate global trade</p>	<p>Trade Policy</p> <p>Market Access Program; Foreign Market Development Program; Emerging Markets Program; Technical Assistance for Specialty Crops Program</p>	U.S. exports of food and agricultural products increase as a result of trade agreements and issues resolution.

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Key Performance Measures

Annual Performance Goals, Indicators, and Trends	Actual				Target	Actual	Result	Estimate/Target	Target
	2011	2012	2013	2014	2015		2016	2017	
1.2.2 Value of trade preserved through resolution of foreign market access issues such as U.S. export detention, restrictive SPS & TBT issues, and trade regulations (\$ billions)	\$4.1	\$3.7	\$3.8	\$6.4	\$3.9	\$3.6	met	\$4.1	\$4.1
<u>Allowable Data Range for Met</u> Data assessment metrics to meet the target allow for a value of trade preserved through resolution of foreign market access issues in the range of \$3.6-4.1 (billions).									
<u>Assessment of Performance Data</u>									
<u>Data Source</u> - The data are collected from the Department’s network of overseas offices and headquarters staff.									
<u>Completeness of Data</u> - USDA uses a performance tracking system to collect and analyze actual performance data. The staff conducts trade compliance and enforcement activities, and provides trade negotiation support to the U.S. Trade Representative.									
<u>Reliability of Data</u> – Data are reliable and used by agency officials to highlight successes in the trade policy arena.									
<u>Quality of Data</u> – In addition to audits and internal control review of the performance tracking system, an established procedure is maintained to verify each reported success and prevent double counting.									

Analysis of Results

Selected Past Accomplishments toward Achievement of the Key Outcome:

- Playing a leading role in monitoring and enforcing the 2012 trade agreements with Korea, Colombia, and Panama. These agreements continue to provide American agriculture with improved access to nearly 100 million consumers for an increasingly diverse mix of products.
- Collaborating with FDA to facilitate registration of 24 U.S. dairy and infant formula manufacturers as eligible to ship these products to China, supporting nearly \$500 million in U.S. dairy exports to China in FY 2015, Negotiating protocols with Chile, Peru, and St. Lucia to fully re-open to U.S. beef in accordance with World Organization for Animal Health recommendations for countries with negligible risk for bovine spongiform encephalopathy (BSE), and further expanding the range of U.S. beef products allowed entry to Japan and Mexico. In FY 2015, U.S. beef and beef product exports reached \$6.7 billion.
- Collaborating with APHIS to negotiate new animal health protocols with Mexico, Peru, and Turkey that allowed resumption of U.S. live cattle exports.
- Concluding negotiations of the Trans-Pacific Partnership (TPP) Agreement, a potential platform for advancing U.S. agricultural market access, SPS and TBT issues across the critical Asia-Pacific region.
- Securing the release of hundreds of detained U.S. agricultural shipments valued over \$50 million in dozens of countries, ranging from infant formula in China, to pork diverted from Russia, to wine in Taiwan and lumber in Peru.
- Launching a successful communications plan that minimized the trade impact on the U.S. poultry industry from highly pathogenic avian influenza. Thirty-eight trading partners have ‘regionalized’ the United States. This has allowed trade to continue from areas of the United States not affected by HPAI. U.S. poultry and poultry product exports to these 38 trading partners in 2014 were \$4.4 billion.
- Reviewing nearly 2,000 regulatory measures proposed by foreign governments that had the potential to significantly affect U.S. exports, and developing formal written comments to the World Trade Organization on 236 of these measures to minimize the negative impact on trade.
- Brokering discussions among the almond industry and the EU to reduce rate of the point of entry testing to less than one percent. In FY 2015, the U.S. exported \$1.8 billion of almonds to the European Union.

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- Engaging with countries around the world, and in Asia in particular, with all of the pertinent facts following a confusing recall announcement affecting certain apples that had been used for the manufacture of caramel apples. FAS quick reaction preserved much of the U.S. apple market valued at \$986 million in FY 2015 breaking down barriers to the acceptance of U.S. biotech events in foreign markets.
- China, the European Union, Vietnam, and other countries approved applications for genetically engineered products for food and/or animal feed that facilitated continued market access and growth of U.S. exports. These accomplishments opened or helped to preserve U.S. exports valued at \$22.5 billion.
- Working to encourage Taiwan to resolve MRL-related trade barriers. In FY 2015 Taiwan established 152 MRLs on the U.S. priority list. FY 2015 horticultural exports to Taiwan totaled over \$740 million.

Targeted Program Activities at the 2017 Proposed Resource Level:

- If enacted, implement the TPP, finalizing market access packages and favorable rules of origin that protect U.S. agricultural producer interests and expand access for U.S. agricultural exporters into Canada, Japan, Vietnam, New Zealand, Malaysia, and Brunei.
- Engage in negotiation of the Transatlantic Trade and Investment Partnership (TTIP) to expand market access to the EU.
- International outreach on science-based regulation of veterinary drugs.
- Work with a coalition of like-minded countries supportive of the use and trade of products derived from innovative agricultural production methods, with a focus on plant biotechnology and new livestock production technologies.
- Reduce the threat of disruption to agricultural trade by shortening the gap for new biotech approvals between China and the United States.
- Enforce U.S. trade agreements and defend U.S. agricultural interests through the World Trade Organization's Dispute Settlement Body.
- Encourage countries to create science-based regulations and standards in line with the Codex guidelines in order to harmonize requirements, and with a view towards facilitating trade and preventing misleading claims;
- Encourage and track the notification of new and amended standards and regulations through the SPS and TBT Committees of the WTO while enhancing service to industry through expansion of public databases of foreign SPS/TBT measures.
- Through bilateral and multilateral discussion, encourage the development of risk based, science based regulatory approaches to minimize disruption to agricultural trade and adoption of new technologies.
- Continue working with U.S. regulatory agencies to expand electronic export certifications to facilitate exports.

Additional Performance Information

1.2.2.1	Value of U.S. agricultural exports to S. Korea, Colombia, Panama, Japan and Vietnam						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Billion Dollars	23.9	22.8	21.7	25.4	23.8	23.2	23.8

1.2.2.2	Number of tariff lines for which annual U.S. exports to Korea, Colombia, Panama, Japan and Vietnam exceed \$1 million						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Number of tariff lines	852	886	923	984	1,000	1,050	1,050

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1.2.2.3	Number of WTO members						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Number of members	153	157	153	160	162	162	162

1.2.2.4	Number of foreign SPS, TBT, and WTO Committee on Agriculture (COA) measures reviewed						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Number of reviewed	1,568	1,412	1,568	1,961	2,186	2,151	2,323

1.2.2.5	Number of foreign SPS, TBT, and COA measures raised with foreign countries						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Number of measures	335	319	335	261	269	267	255

Trade Promotion

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

USDA Strategic Objective 1.2: Increase agricultural opportunities by ensuring a robust safety net, creating new markets, and supporting a competitive agricultural system.

USDA supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. agricultural, food and agricultural products. FAS administers several export development programs that provide matching funds to U.S. non-profit organizations to conduct a wide range of activities including market research, consumer promotion, trade services, capacity building and market access support.

USDA international trade shows have been very successful. In FY 2015, almost 1,000 U.S. companies and organizations participated in the 21 USDA-endorsed trade shows in 16 countries. On-site sales totaled nearly \$421 million, and 12-month projected sales reported by exhibitors were estimated at over \$1.52 billion. The companies made over 14,500 business contacts and displayed more than 5,000 new products in various markets on all continents.

FAS market development programs support the National Export Initiative (NEI). NEI focuses government resources to help exporters succeed, particularly small to medium sized enterprises (SMEs) that have the largest potential to expand internationally. About 90 percent of the companies participating in SRTG activities are SMEs. SMEs benefit substantially from FAS' market development programs and can access MAP funding on a cost-shared basis from SRTGs and other industry organizations. SMEs primarily use these funds to facilitate trade show participation and participate in trade teams. FAS and market development participants have conducted export readiness training and various outreach activities to increase the number of SMEs participating in market development programs. FAS facilitates all U.S. industry partner participation in a wide-range of international trade shows. International trade shows allow agriculture exports an opportunity to showcase the varied products

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available for export.

FAS' unique relationship with U.S. producer groups, known as cooperators, allows U.S. agriculture to respond to changing opportunities in the international market. FAS manages several market development programs. These programs provide matching funds to U.S. non-profit organizations to conduct a wide range of activities including market research, consumer promotion, trade servicing, capacity building, and market access support. FAS conducts a Results-Oriented Management, performance-based review to allocate program funds. FAS assesses each participant's performance in strategic planning, program implementation and management, and program evaluation and results. Best practices in these areas are believed to be good indicators of a program's success that a program over time results in positive trade outcomes. Participants are rated as highly effective, moderately effective, adequate or results not demonstrated. FAS' goal is to increase the number of moderately effective and highly effective participants and reduce the number of participants that are given a rating of adequate or results not demonstrated. Measuring and tracking the number of participants that fall into the various ratings is a good indicator of the work FAS does as well as the quality of the programs FAS manages. FAS' goal is to have over 85 percent of participants reach the moderately effective or higher category by 2017.

The Export Credit Guarantee (GSM-102) program continues to expand and maintain U.S. agricultural exports. By guaranteeing trade finance obligations, FAS provides U.S. exporters, including SMEs, the credit necessary to continue to 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 2015, the GSM-102 program supported \$1.9 billion in agricultural commodity exports. The largest markets were Latin America (South and Central and the Caribbean) and South Korea. The commodities registered most by exporters were bulk commodities (corn, wheat, soybeans, meal, and rice). The program also supported sales of fruit, wood products, and grocery items.

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

Careful monitoring and enforcement of trade agreements ensures that U.S. agriculture receives the full economic benefit of international trade agreements and trade rules. FAS provides a global monitoring system for U.S. agricultural trade through its overseas offices. Agricultural Counselors, attachés, and officers covering over 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, 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 inexpensive to collect, is self-reported and links sales to the organizations involved in the activities.

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

Key Performance Measures

Annual Performance Goals, Indicators, and Trends	Actual				Target	Actual	Result	Estimate/Target	Target
	2011	2012	2013	2014	2015		2016	2017	
1.2.1 Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (\$billions)	\$1.26	\$1.46	\$1.48	\$1.50	\$1.55	\$1.52	Met	\$1.55	\$1.56
Allowable Data Range for Met: The allowable data range is +/- 0.1									
<u>Assessment of Performance Data</u>									
Completeness of Data: Data are through September 30, 2015.									
Data Source: Data are self-reported but are considered a good indicator of aggregate company sales.									
Reliability of Data: Data are self-reported but are considered reliable, good quality, and used by agency officials to highlight in the trade promotion area.									
Quality of Data: In 2011, FAS conducted a test on the reliability of the data; FAS analyzed reported projected sales of three trade shows. This analysis compared reported projected sales to actual 12-month sales that were obtained through an extensive telephone survey. This review demonstrated that overall the projections understate actual sales. Prior to the review, many assumed projections were considerably overstating final sales.									

Analysis of Results

Selected Past Accomplishments toward Achievement of the Key Outcome FY 2015:

- In 2015, almost 1,000 U.S. companies and organizations participated in 21 USDA-endorsed trade shows in 16 countries. On-site sales totaled an estimated \$421 million and 12-month projected sales reported by exhibitors were estimated at \$1.52 billion. The companies made over 14,500 business contacts and displayed more than 5,000 new products in various markets on all continents. On average, about 65 percent of the exhibitors in U.S. Pavilions at USDA-endorsed shows are small and medium-sized enterprises. The goal is to reach \$1.55 billion in USDA-endorsed trade show related exports by 2016.

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- Provided U.S. government policy makers, producer groups, and private exporters the market intelligence they need to develop successful market strategies.
- Supported commercial sales through credit guarantees and other strategic marketing support.
- Provided the tools to build markets for U.S. exports.
- Provided market development programs that are linked to exports which help U.S. agriculture prosper and is key to fulfilling the agency’s goal of generating additional U.S. economic activity through trade facilitation and international cooperation. U.S. agricultural exports were \$139.7 billion in FY 2015, compared to FY 2014’s record of \$152.3, and supported approximately one million jobs. Almost one in every three farm jobs is related to exports. FAS managed market development programs play a critical role in maintaining and expanding markets for U.S. farm exports; in 2010, Global Insight Inc., conducted a cost/benefit study on MAP and FMD which concluded that U.S. food and agricultural exports increased by \$35 for every dollar invested by government and industry on market development, a new study is scheduled to be conducted in 2016.

Targeted Program Activities at the 2017 Proposed Resource Level:

- FAS continues to support the National Export Initiative, which has the primary goals of increasing economic activity and employment. Agricultural trade is an important generator of output, employment, and income in the U.S. economy. FAS will work with and through U.S. farm groups, state departments of agriculture, and SRTGs, agricultural trade and industry organizations, and other USDA agencies to draw on all available expertise to maximize the positive impacts of this initiative.
- Cooperators and SRTGs sponsor many reverse trade missions to the United States, of those missions, at least 30 are expected to bring foreign buyer delegations directly to rural areas.
- In 2017, the USDA will target support of 23 international trade shows. That effort will be driven by USDA overseas office support of state and industry activities in developing markets by providing market intelligence, and introducing U.S. exporters to potential foreign customers.
- USDA will continue to target developing agricultural markets in 2017 – building on success it has achieved in expanding export opportunities in developing markets in fiscal 2015 and targeted markets for 2016.
- In 2017, FAS will be managing 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.
- To counter continued uncertainties in global economic conditions, USDA will continue to enhance due diligence and risk assessment processes which have allowed the program to meet its statutory requirement to cover operating costs and losses thus resulting in no defaults and claims paid (as of December 2015) for the past five years.

Additional Performance Information

1.2.1.1	Total number of companies participating in State and Regional Trade Group (SRTG) activities						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Number of companies	2,150	2,500	2,150	3,000	3,050*	3,100	3,150

*Estimates.

1.2.1.2	Participants that are rated moderately effective or higher						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Percent	69	67	69	76	82	85	86

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1.2.1.3	Economic Return Ratio (\$ Total Return/Total Costs) for market development programs						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Dollars*	36	37	36	38	38	39	40

*For the economic return ratio-- a new study is expected to be completed in 2016.

1.2.2.1	GSM-102 Loan Guarantees (\$Billions in Port Value)						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Billion Dollars	4.1	4.2	4.1	4.2	1.52	1.55	1.56

1.2.2.2	Agricultural Trade Multiplier (\$1.31 based on ERS study) (\$Billions)						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Billion Dollars	5.4	5.5	5.4	5.5	2.4	2.5	3.8

1.2.2.3	Total Accrued Returns for GSM-102						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Billion Dollars	9.5	9.7	9.5	9.7	4.3	4.5	6.8

1.2.2.4	Economic Return Ratio (\$: Total Returns/Total Costs) for GSM-102						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Dollars	\$108/\$1	\$107/\$1	\$117/\$1	\$100/\$1	\$109/\$1	\$109/\$1	\$105/\$1

1.2.3.1	Accuracy of quarterly export forecasts, widely used as the "benchmark" by commodity trader (%)						
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target
Percent	91	92	91	91	92	93	93

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Capacity Building/Food Security

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

USDA Strategic Objective 3.1: Ensure U.S. agricultural resources contribute to enhance global food security.

FAS met all of targets for FY 2015. In FY 2015, FAS funded six Food for Progress programs with the private voluntary organizations (PVOs) in three countries (Benin, the Dominican Republic and Ghana). These programs target over 1.1 million beneficiaries. Food for Progress also provided three government-to-government donations (Honduras, Jordan and Mali). For McGovern-Dole, FAS staff learned, after over a decade of implementing the program, that 5-year programs yield more results than do 3-year programs, and awarded PVOs seven 5-year agreements targeting an estimated 2.5 million women and children.

Continuing to strategically align capacity-building efforts with U.S. development and trade objectives remained a top priority for FAS. Coffee is a key example of how FAS achieved this, as coffee is an important commodity to the U.S. food retail sector, but not a commodity grown in the United States. In Honduras, the Food for Progress program implemented by USDA's partner TechnoServe, Inc., focused on the coffee sector and trained 13,406 men and 3,357 women in improved agricultural techniques and technologies. In the coffee sector, training was provided in areas such as Good Agricultural Practices (GAP), post-harvest handling, and helping farmers better understand the causes of common coffee bean defects and expectations of international buyers making purchasing decisions.

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.

For Food for Progress, the limiting factor remains the cost of transportation and ensuring that monetized funds do not interrupt local commercial markets. USDA is conducting detailed market assessments to inform the monetization process to ensure reasonable cost recovery and ensure that the monetization does not have a disruptive impact on the local markets or world prices for the agricultural commodities. For McGovern-Dole, the largest constraint is achieving sustainability, as the target countries often face political instability.

The total number of countries with which FAS cooperates is projected to decrease, as countries become viable, long-term trading partners with few requirements for technical assistance. For example, improved economic conditions in South America led to the graduation of two countries from scientific exchange programs this year. Other factors affecting the number of countries include changes in leadership in foreign governments that severely limit FAS's ability to influence policy and regulatory change, as well as political and regional instability, particularly in the Middle East and parts of Sub-Saharan Africa. Finally, FAS plans to provide training to its capacity-building staff in professional project management certification to enhance professional skills and program impacts in cooperating countries.

Targets for Food for Progress and McGovern Dole are declining slightly as the programs focus on sustainability. FAS has focused the Food for Progress program on strengthening its work at a higher level within the value chain, with groups of agricultural producers, traders, aggregators, and processors in order to provide them more complex training, better access to credit options, and modern technologies and techniques. USDA is also working with foreign governments to increase their capacity to participate in the current, science-based trading environment. For McGovern-Dole, USDA is strengthening the sustainability requirement of the program by focusing on building the capacity of the host governments to continue providing school meals and education support once USDA funding ends. USDA is also working with other USG agencies to focus on changing the school environment as a whole so that children receive a better education while in school and leave it functionally literate. These types of activities 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.

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Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>Increase U.S. food and agricultural exports by \$10 billion by end-year 2018.</p>	<p><u>Objective 3.1:</u> Promote global food security by strengthening agricultural productivity and markets and reducing hunger and malnutrition through food assistance programs</p> <p><u>Objective 3.2:</u> Enhance partner countries' capacity for agricultural development and participation in international trade through USDA-led technical assistance and training</p>	<p>Capacity Building/ Food Security</p> <p>McGovern-Dole International Food for Education and Child Nutrition Program; Food for Progress; Local and Regional Procurement Program;</p> <p>Borlaug Fellowship Program; Cochran Fellowship Program; Technical Assistance and Capacity-Building</p>	<p>Food is globally available; accessible; and appropriately used.</p>

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Key Performance Measures

Annual Performance Goals, Indicators, and Trends	Actual				Target	Actual	Result	Estimate/Target	Target
	2011	2012	2013	2014		2015		2016	2017
3.1.1 Number of individuals in food insecure countries assisted by USDA technical assistance (Total)	N/A	5,909,421	7,417,454	6,606,763	4,961,503	5,034,591	Exceeded	4,700,605	3,800,655
• <i>McGovern-Dole Food for Education</i>	N/A	4,985,082	6,066,754	5,498,857	4,500,000	4,568,541	Exceeded	4,300,000	3,400,000
• <i>Food for Progress</i>	N/A	923,807	1,350,072	1,107,347	461,000	465,477	Exceeded	400,000	400,000
• <i>Cochran and Borlaug Fellowship Programs</i>	N/A	532	628	559	503	573	Exceeded	605	655
3.2.1 Number of individuals in food insecure countries assisted by USDA technical assistance through the Local and Regional Procurement Program (Thousands)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68
Allowable Data Range for Met: The allowable data range is +/- 10%.									
Assessment of Performance Data									
Data Source: Data are compiled on a project-by-project basis from annual grantee performance submissions. Grantees are required to provide data using a template format and utilizing a common definition based on the performance indicator reference sheet. Data for the Cochran and Borlaug Fellowship programs are collected and stored by program managers. Program funds for the Local and Regional Procurement program was appropriated for the first time in FY 2016, therefore data are not available for prior years. Data for McGovern-Dole and Food for Progress are based on per project projected actuals for the full fiscal year as of September 18, 2015.									
Completeness of Data: Data for McGovern-Dole and Food for Progress are based on per project projected actuals for the full fiscal year as of mid-September of the current fiscal year. The last two weeks of the fiscal year, therefore, are estimated. Final data will be confirmed in subsequent fiscal years. This schedule allows the agency to meet multiple reporting requirements. Data for the Cochran and Borlaug Fellowship programs are complete and final by the end of the calendar year.									
Reliability of Data: Data are accurate and reliable and reflect the actual number of beneficiaries assisted in a given fiscal year for all active projects and fellowship exchanges. Data are verified by project managers through review of performance reports and site visits. Data for McGovern-Dole and Food for Progress are certified by the grantee staff through annual submission.									
Quality of Data: Estimated data are provided by the grantee to FAS in September of the current fiscal year and finalized in the subsequent fiscal year. FAS developed a template and performance indicator reference sheet to ensure all grantees are reporting using the same definition and report format. FAS also developed an SOP to ensure that data are collected consistently each year for all three program areas. FAS Monitoring and Evaluation Staff analyze and verify the data.									

Analysis of results

Selected Past Accomplishments toward Achievement of the Key Outcome:

- The Cochran and Borlaug Fellowship Programs have advanced USG food security and stabilization programs in such priority regions as Asia, Europe, Latin America, and Africa, where agricultural extension agents, veterinary officials, and agricultural researchers received training to support food production and regional trade.
- Over 16,800 participants have been trained under Cochran from 124 countries. Since 2004, nearly over 800 fellows have been trained under Borlaug from 64 countries.

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- Through USDA's partnership with the National Cooperative Business Association under the Food for Progress 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.
- In USDA's Food for Progress project implemented by Counterpart International, in coordination with the Guatemalan Ministry of Agriculture's formal extension agents, over 83 trainings have been provided to agricultural producers in Huehuetenango and San Marcos on topics such as soil conservation, water management, integrated pest management, and post-harvest management. While still early in the project, these trainings have resulted in over 2,426 hectares of land cultivated under USDA-promoted improved techniques and technologies.
- With the support of the McGovern Dole program, the United Nations World Food Program provides a daily breakfast of rice, canned fish, vitamin A-fortified vegetable oil, and yellow split peas to feed pre- and primary school students in Siem Reap and two other provinces in Cambodia. The project also provides food scholarships, in the form of take home rations, to poor students as an income-based incentive to encourage poor food-insecure households to send their children to school regularly. This is expected to increase student attendance and retention rates and is directly supporting the Government's vision of achieving basic education for all.
- In Mali, as part of USDA's partnership with Catholic Relief Services, over 2,000 people have been trained in basic health and nutrition practices such as child growth and development, malnutrition, and how to prepare nutritious foods using locally available foods such as millet, peanuts and beans.
- In Malawi, the USDA McGovern Dole project implemented by World Food Program has developed 90 partnerships with farmer group associations that provide a diverse selection of local produce, such as maize, beans and vegetables to their local primary schools as part of the Government of Malawi-supported pilot Home Grown School Feeding model.
- FAS is supporting several systematic reviews to learn from the existing research and rigorous evaluation literature about which interventions have the greatest impact and incorporate these findings in Food Assistance program funding decisions. FAS is also supporting the development of a Learning Agenda for both the Food for Progress and McGovern Dole Programs. The Learning Agendas will identify key gaps in the knowledge base and a set of research questions that will be used by FAS over time to prioritize rigorous impact evaluations supported by FAS. FAS hosted a roundtable of global researchers from universities, research institutes, and multilateral organization's to discuss the McGovern Dole and Food for Progress Learning Agenda; and
- In FY 2015, FAS implemented a Signature Improvement Process in an effort to streamline, consolidate, and improve efficiencies in its solicitation process. USDA's goal was to ensure that the application process was efficient and did not create unnecessary time burdens for applicants. USDA consulted with potential applicants about improvements and implemented these actions prior to the opening of the application process in June 2015.

Targeted Program Activities at the 2017 Proposed Resource Level:

- Technical assistance and capacity building will be provided through training programs both in the United States and in foreign countries through the Cochran Fellowship Program, the Norman E. Borlaug International Agricultural Science and Technology Fellows Program, and Faculty Exchange Programs. FAS is working to continue expanding this valuable network of influential agricultural specialists that make valuable contributions to improving national trade policies and regulatory frameworks that can and do increase market access for U.S. agricultural products. In FY 2017, the Cochran and Borlaug Fellowship Programs are expected to train an estimated 550 participants from over 75 countries to support food security and trade.
- FAS' exchange programs enhance global food security through the annual training of hundreds of scientists, policy-makers, educators, farmers, extension agents, food industry professionals, and many others. FAS is currently making major contributions towards global food security through capacity building efforts in support of the Administration's Feed the Future (FTF) Initiative. FAS has conducted training programs in past years that have benefitted agricultural specialists in all 19 of the FTF focus countries, and will continue to train participants from FTF countries in FY 2017.
- In FY 2017, the Food for Progress Program will provide more than \$120 million of food assistance, which will help support agricultural development in countries that are taking steps towards democracy and private enterprise. The program will benefit more than 2 million farmers, agribusinesses, and their families. The

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projects will seek to increase agricultural productivity and expand markets and trade by focusing on such areas as improved agricultural techniques, marketing systems, farmer education and cooperative development, expanded use of processing capacity, and development of agriculturally related businesses.

- The McGovern-Dole Program will continue to help improve the literacy and the nutrition of children in FY 2017 through the provision of school meals, teacher training, improvements in sanitation, and improved school infrastructure. The Program will continue to build the capacity of national governments and communities so that they can continue school feeding after USDA support ends.
- USDA will do the last installment of a special, food-assistance initiative in FY 2017. This initiative is developing and field-testing new products to improve nutrition for school children and mothers under the McGovern-Dole program. Two commodities from this program have been added to the commodity list.
- The FY 2016 Budget provides \$5 million to support the Local and Regional Food Aid Procurement (LRP) program, authorized in the 2014 Farm Bill. The \$5 million funding is expected to benefit nearly 68,000 beneficiaries in the first year. FAS is working on regulations for the LRP program, with a final rule expected to go into effect in FY 2016.

Additional Performance Information

FAS is replacing the performance measure for McGovern-Dole (3.1) and countries benefitting from FAS-led agricultural trade capacity building (3.2) with a new performance measure focused on beneficiaries assisted by USDA technical assistance in food insecure countries. The proposed indicator measures individuals actually provided assistance in the fiscal year rather than an “estimated” number of beneficiaries expected to be assisted with funds provided in a given fiscal year. The new indicator is comprehensive and better represents the breadth of FAS food security programming in a given fiscal year. USDA will continue to publish data for the McGovern-Dole performance measure on planned fiscal year awards and potential beneficiaries on its website. FAS is also proposing to include a new performance measure for the Local and Regional Procurement program, which was appropriated \$5 million in FY 2016.

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Strategic Goal Funding Matrix

(Dollars in thousands)

Program / Program Items	2014	2015	2016	Increase	2017
	Actual	Actual	Enacted	or Decrease	Estimate
USDA Strategif Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving					
Trade Policy.....	\$74,702	\$76,273	\$80,457	+\$2,312	\$82,769
Staff Years.....	280	274	324	+2	326
Trade Promotion.....	64,031	65,197	68,964	+1,923	70,887
Staff Years.....	239	234	277	+3	280
CCC Export Guarantee Program Admin.					
Expense.....	6,394	6,394	6,394	-\$320	6,074
Staff Years.....	27	29	31	-2	29
USDA Strategic Goal: Help america promote agricultural production and biotechnology exports as america works to increase food security					
Capacity Building/Food Security.....	39,130	39,953	42,145	+770	42,915
Staff Years.....	146	143	169	-	169
Total Costs, All Strategic Goals.....	\$184,257	\$187,817	\$197,960	4,685	\$202,645
Total Staff Years, All Strategic Goals....	692	680	801	3	804

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Full Cost by Department Strategic Goal
(Dollars in thousands)

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

Program / Program Items	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Trade Policy				
Administrative costs (direct).....	\$69,473	\$70,934	\$74,825	\$76,975
Indirect costs.....	5,229	5,339	5,632	5,794
Total Costs.....	74,702	76,273	80,457	82,769
FTEs.....	280	274	324	326
Performance Measure:				
Export of S. Korea, Colombia, Panama (\$Billions)	\$25.4	\$23.8	\$23.2	\$23.8
No. of tariff lines.....	984	1,000	1,050	1,050
Value trade preserved (\$Billions).....	\$6.4	\$3.6	\$4.1	\$4.1
No. of WTO members.....	160	162	162	162
No. of foreign measures reviewed.....	1,961	2,186	2,151	2,323
No. foreign measures raised.....	261	269	267	255
Trade Promotion				
Administrative costs (direct).....	59,549	60,633	64,137	65,925
Indirect costs.....	4,482	4,564	4,827	4,962
Total Costs.....	64,031	65,197	68,964	70,887
FTEs.....	239	234	277	280
CCC Export Guarantee Prgm Admin. Expense.....	6,394	6,394	6,394	6,074
Total Costs.....	6,394	6,394	6,394	6,074
FTEs.....	27	29	31	29
Performance Measure:				
No. of STRGs activities.....	3,000	3,050	3,100	3,150
Value of exports from trade shows (\$Billions).....	\$1.50	\$1.52	\$1.60	\$1.56
Participants rated (%).....	76%	82%	85%	86%
Economic Return Ratio (\$Dollars).....	\$38	\$38	\$39	\$40
GSM-102 Loan Guarantees (\$Billions).....	\$4.2	\$1.52	\$1.55	\$1.56
Ag Trade Multiplier (\$Billions).....	\$5.5	\$2.4	\$2.5	\$3.8
Total accrued returns (\$Dollars).....	9.7	4.3	4.5	6.8
Economic Return Ratio (\$Dollars).....	\$100/\$1	\$109/\$1	\$109/\$1	\$105/\$1
Accuracy of qtrly export forecasts (%).....	91%	92%	93%	93%

Help America promote agricultural production and biotechnology exports as America works to increase food security

Program / Program Items	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Capacity Building/Food Security				
Administrative costs (direct).....	36,391	37,156	39,195	39,911
Indirect costs.....	2,739	2,797	2,950	3,004
Total Costs.....	39,130	39,953	42,145	42,915
FTEs.....	146	143	169	169
Performance Measure:				
No. of women and children (Millions).....	2.7	N/A	N/A	N/A
No. of persons benefitting from FFP (Millions).....	1.6	N/A	N/A	N/A
Number of individuals (Millions).....	6,607	5,035	4,701	3,801
Number of individuals thru LRP (Thousands).....	N/A	N/A	N/A	68
Total Costs, All Strategic Goals.....	184,257	187,817	197,960	202,645
Total FTEs, All Strategic Goals.....	692	680	801	804

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PUBLIC LAW 480

PURPOSE STATEMENT

Under programs authorized by P. L. 480, as amended, U.S. agricultural commodities are exported to developing countries as food assistance. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production.

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

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

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

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

All sales of commodities are made pursuant to agreements concluded under Title I authority, using funds appropriated for P.L. 480. Title I agreements are intended to encourage economic development in recipient countries. P.L. 480 Title I sales are made to developing countries as defined in section 402(5) of P.L. 480 and must not disrupt world prices or displace expected commercial sales (sections 403(e) and (h)). Agreements with private entities as well as foreign governments are authorized (sections 101-102).

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

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

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

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

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provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress.

2. P.L. 480 Title II- Commodities supplied in connection with dispositions abroad.

Title II of the Food for Peace Act (P.L. 83-480) 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).

The FY 2017 Title II request of \$1,350 million includes funding for development food assistance programs, complemented by resources requested in the Development Assistance (DA) account under USAID's Community Development Fund. 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 the FY 2017 Title II request will be 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.

The request would allow the use of up to 25 percent of this appropriation, valued at \$337.5 million, for market-based food assistance for emergencies including interventions such as the local or regional procurement of agricultural commodities, use of food vouchers, or use of cash transfers. This allows USAID to make emergency food aid more timely and cost-effective, improving program efficiencies and performance. It is estimated that these market based approaches will allow USAID to assist approximately 2 million more emergency beneficiaries annually within the requested resources.

This flexible assistance will be targeted at addressing growing needs due to conflict in the Middle East and to address other urgent food needs around the world, and a range of factors may be considered when exercising these market-based tools, including whether:

- 1) U.S. commodities are not an appropriate response because of market conditions or security concerns, or;
- 2) A rapid response is critical to adequately respond to emergency food needs and U.S. food cannot be accessed in a timely way, or;
- 3) A goal of the response is to directly enhance the nutritional value of the standard food basket/ration and transition beneficiaries from food distribution to nutritious local foods.

CCC pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal storage and distribution costs in emergency situations. Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

Title II is administered by the U.S. Agency for International Development (USAID). Local commodity distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by the World Food Program of the United Nations. Funding for administrative, management and personnel support and internal transportation and distribution costs of sponsoring agencies are authorized to be not less than 13 percent nor more than 20 percent of the annual Title II program level.

3. Technical assistance to developing countries, middle-income countries, and emerging markets to increase farm production and farmer incomes (Farmer-to-Farmer). The Farmer-to-Farmer program, authorized by

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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.

Proposed Language Changes

P.L. 480 Title I

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

Food for Peace Title I Direct Credit and Food for Progress Program Account (Including 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, [\$2,528,000]~~\$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 P.L. 480 as follows (new language underscored; deleted matter enclosed in brackets):

Food for Peace Title II Grants

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Food for Peace Act (Public Law 83-480), for commodities supplied in connection with dispositions abroad under title II of said Act, [\$1,466,000,000]~~\$1,350,000,000~~, to remain available until expended: Provided, That notwithstanding any other provision of law, the requirements pursuant to 7 U.S.C. 1736f(e)(1) may be waived by the Administrator for any amount higher than set forth in 7 U.S.C. 1736f(e)(2): Provided further, That in addition to funds otherwise available for such purposes, and notwithstanding any other provision of law, including the requirements of the Food for Peace Act, up to 25 percent of the funds appropriated under this heading may be made available as monetary awards for emergency assistance to address such needs on such terms and conditions as the Administrator may deem appropriate.

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

Budget Estimate, 2017.....	\$149,000
2016 Enacted.....	<u>2,528,000</u>
Change in Appropriation.....	<u>-2,379,000</u>

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

	2014 <u>Actual</u>	2015 <u>Change</u>	2016 <u>Change</u>	2017 <u>Change</u>	2017 <u>Estimate</u>
Discretionary Appropriations:					
Administrative Expenses-P.L. 480 Title I Grants.....	\$2,735	-\$207	-	-\$2,379	\$149

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

Budget Estimate, 2017.....	\$1,350,000,000
2016 Enacted.....	<u>1,466,000,000</u>
Change in Appropriation.....	<u>-116,000,000</u>

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

	2014 <u>Actual</u>	2015 <u>Change</u>	2016 <u>Change</u>	2017 <u>Change</u>	2017 <u>Estimate</u>
Discretionary Appropriations:					
P.L. 480 Title II.....	\$1,466,000	-	-	-\$116,000	\$1,350,000

FOREIGN AGRICULTURAL SERVICE

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

<u>Program</u>	<u>2014 Actual</u> Amount	<u>2015 Actual</u> Amount	<u>2016 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2017 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,735	\$2,528	\$2,528	-\$2,379	\$149
Total Adjusted Approp.....	2,735	2,528	2,528	-2,379 (1)	149
Total Appropriation.....	2,735	2,528	2,528	-2,379	149
Rescission.....	-	-13,000	-	-	-
Bal. Available, SOY.....	13,221	13,222	-	-	-
Recoveries, Other (Net).....	-	838	-	-	-
Total Available.....	15,956	3,588	2,528	-2,379	149
Lapsing Balances.....	-	-804	-	-	-
Bal. Available, EOY.....	-13,221	-926	-	-	-
Total Obligations.....	2,735	1,858	2,528	-2,379	149

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

<u>Program</u>	<u>2014 Actual</u> Amount	<u>2015 Actual</u> Amount	<u>2016 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2017 Estimate</u> Amount
Discretionary Appropriations:					
P.L. 480 Title II Donation.....					
P.L. 480 Title II Donation.....	\$1,466,000	\$1,466,000	\$1,466,000	-\$116,000	\$1,350,000
General Provision 748.....	-	-	230,000	-230,000	-
CCC Reimbursement for BEHT.....	-	-	20,000	-20,000	-
Total Adjusted Approp.....	1,466,000	1,466,000	1,716,000	-366,000 (2)	1,350,000
Total Appropriation.....	1,466,000	1,466,000	1,716,000	-366,000	1,350,000
Bal. Available, SOY.....	220,596	161,371	-	-	-
Recoveries, Other (Net).....	-75,817	166,496	-	-	-
Total Available.....	1,610,779	1,793,867	1,716,000	-366,000	1,350,000
Bal. Available, EOY.....	-	-98,014	-	-	-
Total Obligations.....	1,610,779	1,695,853	1,716,000	-366,000	1,350,000

FOREIGN AGRICULTURAL SERVICE

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

<u>Program</u>	<u>2014 Actual</u> Amount	<u>2015 Actual</u> Amount	<u>2016 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2017 Estimate</u> Amount
Discretionary Obligations:					
P.L. 480 Title I					
Administrative Expenses.....	\$2,735	\$1,724	\$2,528	-2,379	\$149
Upward Adjustment Title I Food for Progress.....	-	134	-	-	-
Total Obligations.....	2,735	1,858	2,528	-2,379	149
Lapsing Balances.....	-	804	-	-	-
Bal. Available, EOY.....	13,221	926	-	-	-
Other Balances Withdrawn.....	-	-	-	-	-
Total Available.....	15,956	3,588	2,528	-2,379	149
Rescission.....	-	13,000	-	-	-
Bal. Available, SOY.....	-13,221	-13,222	-	-	-
Other Adjustments (Net).....	-	-838	-	-	-
Total Appropriation.....	2,735	2,528	2,528	-2,379	149

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

<u>Program</u>	<u>2014 Actual</u> Amount	<u>2015 Actual</u> Amount	<u>2016 Enacted</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2017 Estimate</u> Amount
Discretionary Obligations:					
P.L. 480 Title II Donations.....					
P.L. 480 Title II Donations.....	\$1,449,408	\$1,695,853	\$1,466,000	-\$116,000	\$1,350,000
General Provision 748.....	-	-	230,000	-230,000	-
CCC Reimbursement for BEHT.....	-	-	20,000	-20,000	-
Total Obligations.....	1,449,408	1,695,853	1,716,000	-366,000	1,350,000
Bal. Available, EOY.....	161,371	98,014	-	-	-
Total Available.....	1,610,779	1,793,867	1,716,000	-366,000	1,350,000
Bal. Available, SOY.....	-220,596	-161,371	-	-	-
Other Adjustments (Net).....	75,817	-166,496	-	-	-
Total Appropriation.....	1,466,000	1,466,000	1,716,000	-366,000	1,350,000

FOREIGN AGRICULTURAL SERVICE

P.L. 480 Title I

Justification of Increases and Decreases

- (1) A decrease of \$2,379,000 (\$2,528,000 available in FY 2016)

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 \$116,000,000 (\$1,466,000,000 available in FY 2016)

The FY 2017 Budget includes \$1.35 billion for Title II Grants, which is \$116 million less than the FY 2016 appropriation. The decrease consists of \$116 million from the regular appropriation and a decrease of \$250 million related to funding provided via General Provision Section 748 of the Consolidated Appropriations Act of FY 2016. The \$116 million reflects an overall reduction in program funding to meet budgetary constraints. The FY 2017 Budget request is sufficient to provide emergency food assistance in response to natural disasters and complex emergencies.

FOREIGN AGRICULTURAL SERVICE

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	Actual	Actual	Estimate	Estimate
Other Objects:				
25.3 Other purchases of goods and services				
from Federal sources.....	\$2,735	\$1,858	\$2,528	\$149

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
	Actual	Actual	Estimate	Estimate
Other Objects:				
25.3 Other purchases of goods and services				
from Federal sources.....	-	-	\$230,000	-
41.0 Grants.....	\$1,449,408	\$1,695,853	1,466,000	\$1,350,000
99.9 Total, new obligations.....	<u>1,449,408</u>	<u>1,695,853</u>	<u>1,696,000</u>	<u>1,350,000</u>

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] \$8,537,000; 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] \$6,074,000 shall be transferred to and merged with the appropriation for "Foreign Agricultural Service, Salaries and Expenses", and of which [\$354,000] \$2,463,000 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 2017.....	\$8,537,000
2016 Enacted.....	<u>6,748,000</u>
Change in Appropriation.....	<u>1,789,000</u>

Summary of Increases and Decreases
(Dollars in Thousands)

	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
FSA Administrative Expense.....	\$354	-	-	+\$2,109	\$2,463
FAS Administrative Expense.....	<u>6,394</u>	-	-	-320	<u>6,074</u>
Total.....	<u>6,748</u>	0	0	1,789	<u>8,537</u>

FOREIGN AGRICULTURAL SERVICE

CCC Export Credit Guarantee Programs

Project Statement

Adjusted Appropriations Detail

(Dollars in thousands)

Program	<u>2014 Actual</u> Subsidy	<u>2015 Actual</u> Subsidy	<u>2016 Enacted</u> Subsidy	<u>Inc. or Dec.</u> Subsidy	<u>2017 Estimate</u> Subsidy
Discretionary Appropriations:					
FSA Administrative Expenses.....	\$354	\$354	\$354	+\$2,109 (1)	\$2,463
FAS Administrative Expenses.....	6,394	6,394	6,394	-320 (2)	6,074
Subtotal.....	6,748	6,748	6,748	+1,789	8,537
Total Adjusted Approp.....	6,748	6,748	6,748	+1,789	8,537
Total Appropriation.....	6,748	6,748	6,748	+1,789	8,537
Total Available.....	6,748	6,748	6,748	+1,789	8,537
Total Obligations.....	6,748	6,748	6,748	+1,789	8,537
Mandatory Loan Level					
GSM 102.....	\$2,159,728	\$1,982,273	\$5,400,000	-\$400,000	\$5,000,000
Facilities.....	-	-	100,000	+400,000	500,000
Subtotal.....	2,159,728	1,982,273	5,500,000	-	5,500,000

Project Statement

Obligations Detail

(Dollars in thousands)

Program	<u>2014 Actual</u> Subsidy	<u>2015 Actual</u> Subsidy	<u>2016 Enacted</u> Subsidy	<u>Inc. or Dec.</u> Subsidy	<u>2017 Estimate</u> Subsidy
Discretionary Appropriations:					
FSA Administrative Expenses.....	\$354	\$354	\$354	+\$2,109 (1)	\$2,463
FAS Administrative Expenses.....	6,394	6,394	6,394	-320 (2)	6,074
Subtotal.....	6,748	6,748	6,748	+1,789	8,537
Total Obligations.....	6,748	6,748	6,748	+1,789	8,537
Total Available.....	6,748	6,748	6,748	1,789	8,537
Total Appropriation.....	6,748	6,748	6,748	+1,789	8,537
Mandatory Loan Level					
GSM 102.....	\$2,159,728	\$1,982,273	\$5,400,000	-\$400,000	\$5,000,000
Facilities.....	-	-	100,000	+400,000	500,000
Subtotal.....	2,159,728	1,982,273	5,500,000	-	5,500,000

FOREIGN AGRICULTURAL SERVICE

CCC Export Credit Guarantee Programs
Justification of Increases and Decreases

A net increase of \$1,789,000 (\$6,748,000 available in 2016).

Funding will be used to carry out the administrative functions for the Commodity Credit Corporations Export Loan Guarantee programs (GSM), including program management, financial management and other functions.

The funding change is requested for the following items:

- (1) An increase of \$2,109,000 for Farm Service Agency Administrative Expenses as a result of the realignment of funding from the FSA PL 480 Administrative Expenses funding (\$354,000 available in 2016).
 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. The workload review of GSM revealed that FSA personnel costs for financial management and information technology (IT) support, as well as other IT costs associated with supporting this program, were both severely underfunded. The increased funding requested will better align resources with workload between the PL 480 and GSM programs.

- (2) A decrease of \$320,000 in FAS Administrative Expenses (\$6,394,000 available in 2016).
 This decrease is due to the realignment of resources between FAS and FSA in efforts to improve efficiencies in servicing its loans.

CCC Export Credit Guarantee Programs
Classification by Objects
 (Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Other Objects:				
25.3 Other purchases of goods and services from Federal sources.....	\$6,279	\$6,748	\$6,748	\$8,537

FOREIGN AGRICULTURAL SERVICE

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

For necessary expenses to carry out the provisions of section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o-1), [\$201,626,000] \$182,045,000, 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] 3206 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1726c): *Provided further*, That the definition of agricultural commodity in section 3107(a) may include an agricultural commodity, or the product of an agricultural commodity that is produced in, and procured from, a developing country and that meets each nutritional, quality, and labeling standard of the country that receives the agricultural commodity, as determined by the Secretary.

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

Lead-Off Tabular Statement
SALARIES AND EXPENSES

Budget Estimate, 2017.....	\$182,045,000
2016 Enacted.....	<u>201,626,000</u>
Change in Appropriation.....	<u><u>-19,581,000</u></u>

Summary of Increases and Decreases
(Dollars in thousands)

	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
McGovern-Dole Program.....	<u>\$185,126</u>	<u>+\$6,500</u>	<u>+\$10,000</u>	<u>-\$19,581</u>	<u>\$182,045</u>

FOREIGN AGRICULTURAL SERVICE

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

Program	2014 Actual		2015 Actual		2016 Enacted		Change		2017 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Appropriations:										
McGovern-Dole Program.....	\$185,126	-	\$191,626	-	\$201,626	-	-19,581	-	\$182,045	-
Subtotal.....	185,126	-	191,626	-	201,626	-	-19,581	-	182,045	-
Total Adjusted Approp.....	185,126	-	191,626	-	201,626	-	-19,581	-	182,045	-
Total Appropriation.....	185,126	-	191,626	-	201,626	-	-19,581	-	182,045	-
Balance Available, SOY.....	140,956	-	79,998	-	-	-	-	-	-	-
Other Adjustments (Net).....	-83,483	-	-	-	-	-	-	-	-	-
Total Available.....	242,599	-	271,624	-	201,626	-	-19,581	-	182,045	-
Balance Available, EOY.....	-57,473	-	-228,461	-	-	-	-	-	-	-
Total Obligations.....	185,126	-	43,163	-	201,626	-	-19,581	-	182,045	-

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

Program	2014 Actual		2015 Actual		2016 Enacted		Change		2017 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY	Amount	SY
Discretionary Obligations:										
McGovern-Dole Program.....	\$185,126	-	\$191,626	-	\$201,626	-	-19,581	-	\$182,045	-
Subtotal.....	185,126	-	191,626	-	201,626	-	-19,581	-	182,045	-
Total Appropriations.....	185,126	-	191,626	-	201,626	-	-19,581	-	182,045	-
Bal. Available, EOY.....	-57,473	-	-228,461	-	-	-	-	-	-	-
Total Available.....	127,653	-	-36,835	-	201,626	-	-19,581	-	182,045	-
Balance Available, SOY.....	140,956	-	79,998	-	-	-	-	-	-	-
Other Adjustments (Net).....	-83,483	-	-	-	-	-	-	-	-	-
Total Obligations.....	185,126	-	43,163	-	201,626	-	-19,581	-	182,045	-

FOREIGN AGRICULTURAL SERVICE

McGovern Dole International Food for Education and Child Nutrition Program

Justification of Increases and Decreases

(1) A decrease of \$19,581,000 (\$201,626,000 available in 2016).

The 2017 budget request is \$182,045,000, a \$19,581,000 reduction, below the FY 2016 enacted amount. This decrease reflects the overall reduction in program funding to meet budgetary constraints and reduces the amount of school feeding beneficiaries by more than 260,000 students who would no longer receive school meals or educational assistance.

The McGovern-Dole International Food for Education and Child Nutrition (MGD) program, as authorized by the Farm Security and Rural Investment Act of 2002, provides for the donation of U.S. agricultural commodities and associated technical and financial assistance to carry out preschool and school feeding programs in foreign countries in order to improve food security, reduce the incidence of hunger and malnutrition, and improve literacy and primary education. The McGovern-Dole program provides school supplies and teacher training, improves sanitation, deworming and malaria interventions, and provides training in child health and nutrition. These activities have proven to be critical elements in aiding the sustainability and will support long term school feeding programs in cooperation with host countries.

Maintaining the base funding level at \$185 million will help more than 3 million children and mothers gain access to improve nutrition. Approximately 40 percent of the total program costs is allocated for commodity expenses. The remainder of the funding is allocated for freight and administrative expenses, including administrative expenses of implementing organizations and activities to enhance program implementation. Impacts to funding reductions would result in cuts for new projects and school children in recipient countries would not receive school meals and related assistance to gain greater literacy.

FOREIGN AGRICULTURAL SERVICE

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

State/Territory	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
District of Columbia.....	\$185,126	-	\$43,163	-	\$201,626	-	\$182,045	-
Undistributed.....	-	-	-	-	-	-	-	-
Total Obligations.....	<u>185,126</u>	<u>-</u>	<u>43,163</u>	<u>-</u>	<u>201,626</u>	<u>-</u>	<u>182,045</u>	<u>-</u>

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Other Objects:				
41.0 Grants.....	\$185,126	\$43,163	\$201,626	\$182,045
Total Obligations.....	<u>185,126</u>	<u>43,163</u>	<u>201,626</u>	<u>182,045</u>

FOREIGN AGRICULTURAL SERVICE

Local and Regional Food Aid Procurement Project Program

For necessary expenses to carry out the provisions of Section 3206 of the Food, Conservation and Energy Act of 2008, Public Law 110-246 (7 U.S.C. 1726c), \$15,000,000, to remain available until expended.

Lead-Off Tabular Statement

SALARIES AND EXPENSES

Budget Estimate, 2017.....	\$15,000,000
2016 Enacted.....	0
Change in Appropriation.....	15,000,000

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Local and Regional Program....	\$0	\$0	\$0	+\$15,000	\$15,000

FOREIGN AGRICULTURAL SERVICE

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

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Local and Regional Program.....	\$0	-	\$0	-	a/	2	+\$15,000	-	\$15,000	2
Subtotal.....	-	-	-	-	-	2	15,000	-	15,000	2
Total Obligations.....	\$0	-	\$0	-	-	2	15,000	-	15,000	2

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

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Local and Regional Program.....	\$0	-	\$0	-	a/	2	+\$15,000	-	\$15,000	2
Subtotal.....	-	-	-	-	-	2	15,000	-	15,000	2
Total Obligations.....	\$0	-	\$0	-	-	2	15,000	-	15,000	2

^{a/}The Act provided \$5 million from within McGovern-Dole for local and regional procurement.

FOREIGN AGRICULTURAL SERVICE

Local and Regional Procurement Project

Justification of Increases and Decreases

(1) An increase of \$15,000,000 and 2 staff years (\$5,000,000 and 0 staff years provided in the Omnibus Act of 2016 within the McGovern Dole program).

The Local and Regional Food Aid Procurement (LRP) program was authorized by Section 3206 of the Food, Conservation and Energy Act of 2008, as amended, by Section 3207 of the Agricultural Act of 2014 which established LRP program at USDA at an authorized level of \$80 million for each of fiscal years 2014 through 2018 to help improve U.S. international food assistance, by providing a complementary tool to existing programs. The LRP ties into the President's 2014 Trade Policy Agenda which works with developing nations to alleviate poverty and foster economic growth that simultaneously provides better market opportunities for U.S. exporters. This program also provides an opportunity for USDA to support the 2010 Presidential Policy Directive on Global Development to elevate development as a core pillar and meets the intent of the directive by helping to support an integrated U.S. government approach to national security. USDA can contribute to addressing in a very focused, integrated, and coordinated way, the challenge of agricultural productivity and its link to helping people out of poverty, and stay out of poverty, building stronger economies and making for a safer world. This funding level will support technical assistance to approximately 271,000 individuals in food insecure countries.

FOREIGN AGRICULTURAL SERVICE

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

State/Territory	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SY	Amount	SY	Amount	SY	Amount	SY
District of Columbia.....	-	-	-	-	a/	2	\$15,000	2
Undistributed.....	-	-	-	-	-	-	-	-
Obligations.....	-	-	-	-	-	2	15,000	2
Lapsing Balances.....	-	-	-	-	-	-	-	-
Total, Available.....	-	-	-	-	-	2	15,000	2

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Other Objects:				
41.0 Grants.....	-	-	a/	\$15,000
Total Obligations.....	-	-	-	15,000

^{a/}The Act provided \$5 million from within McGovern-Dole for local and regional procurement.