7. Farm and Foreign Agricultural Services

Farm Service Agency

What Is the Farm Service Agency?

Stabilizing farm income, helping farmers conserve land and water resources, providing credit to new or disadvantaged farmers and ranchers, and helping farm operations recover from the effects of disaster: These are the missions of USDA's Farm Service Agency (FSA).

FSA was set up when the Department was reorganized in 1994, incorporating programs from several agencies, including the Agricultural Stabilization and Conservation Service, the Federal Crop Insurance Corporation (now a separate Risk Management Agency), and the Farmers Home Administration. Though its name has changed over the years, the Agency's relationship with farmers goes back to the 1930's.

At that time, Congress set up a unique system under which Federal farm programs are administered locally. Farmers who are eligible to participate in these programs elect a three- to five-person county committee, which reviews county office operations and makes many of the decisions on how to apply the programs. This grassroots approach gives farmers a much-needed say in how Federal actions affect their communities and their individual operations. After more than 60 years, it remains a cornerstone of FSA's efforts to preserve and promote American agriculture.

1996 Farm Bill

The 1996 Farm Bill, which became law on April 4, 1996, significantly changed U.S. agricultural policy by removing the link between income support payments and farm prices. Farmers who participated in the wheat, feed grains, cotton, and rice programs in any one of the previous 5 years could enter into 7-year production flexibility contracts and receive a series of fixed annual "transition payments." These payments are independent of farm prices and specific crop production, in contrast to the past, when deficiency payments were based on farm prices and the production of specific crops.

The Federal Government no longer requires land to be idled or denies payments if farmers switch from their historical crop. The contract, however, requires participating producers to comply with existing conservation plans for the farm, wetland provisions, and planting flexibility provisions, as well as to keep the land in agricultural uses.

The law provided for a one-time signup which ended August 1, 1996, for producers to enter into production flexibility contracts. There will be no additional signups except for land coming out of the Conservation Reserve Program. Farmers who entered into a contract also are eligible for market transition loans at FSA county offices.

Commodity Loan Programs

FSA administers commodity loan programs for wheat, rice, corn, grain sorghum, barley, oats, oilseeds, tobacco, peanuts, upland and extra-long-staple cotton, and sugar.

The Agency provides the operating personnel for the Commodity Credit Corporation (CCC), which supports the prices of some agricultural commodities through loans and purchases. This provides farmers with interim financing, and helps maintain balanced and adequate supplies of farm commodities, and their orderly distribution, throughout the year and during times of surplus and scarcity.

Instead of immediately selling the crop after harvest, a farmer who grows one or more of most field crops can store the produce and take out a “nonrecourse” loan for its value, pledging the crop itself as collateral. Nonrecourse means that the producer can discharge debts in full by forfeiting, or delivering, the commodity to the Government.

The nonrecourse loan allows farmers to pay their bills and other loan payments when they come due, without having to sell crops at a time of year when prices tend to be at their lowest. Later, when market conditions are more favorable, farmers can sell crops and repay the loan with the proceeds. Or, if the prevailing price of the crop remains below the loan level set by USDA, farmers can keep loan proceeds, and give the crop to the CCC instead.

CCC loan rates are designed to keep crops competitive in the marketplace. A producer must have entered into a production flexibility contract to be eligible for nonrecourse marketing assistance loans for wheat, feed grains, rice, and upland cotton. Any production of a contract commodity by a producer who has entered into a production flexibility contract is eligible for loans.

Nonrecourse loans are also available for oilseeds, tobacco, peanuts, extra-long-staple cotton, raw cane sugar, and refined beet sugar, regardless of whether the producer has entered into a production flexibility contract. Price support for the marketing quota crops—tobacco and peanuts—is made available through producer loan associations. By law, these programs must operate at no-net-cost to the U.S. Treasury, and no-net-cost and marketing assessments are applied to both producers and purchasers.

If the tariff rate quota (TRQ) on imported sugar exceeds 1.5 million tons, sugar loans are nonrecourse. If the TRQ is less than that amount, sugar loans are recourse, which means borrowers cannot necessarily discharge their debts in full by simply forfeiting the commodity to the Government.

Commodity Purchase Programs

Forfeitures under nonrecourse commodity loan programs are not the only means by which CCC acquires inventory. Under the dairy price support program, CCC buys surplus butter, cheese, and nonfat dry milk from processors at announced prices to support the price of milk. These purchases help maintain market prices at the legislated support level. The 1996 Farm Bill eliminates dairy price support after December 31, 1999.

CCC can store purchased food in over 10,000 commercial warehouses across the Nation approved for this purpose. However, commodity inventories are not simply kept in storage. FSA employees work to return stored commodities to private trade channels. At the Agency's Kansas City Commodity Office in Kansas City, Missouri, FSA merchandisers regularly sell and swap CCC inventories, using commercial telecommunications trading networks.

Beyond the marketplace, CCC commodities fill the need for hunger relief both in the United States and in foreign countries. FSA employees work closely with USDA's Food and Consumer Service to purchase and deliver foods for the National School Lunch and many other domestic feeding programs. And, donated to "Food for Peace" and programs administered by voluntary organizations, these U.S. farm products and foods help USDA fight hunger worldwide.

Crop Insurance

Federal crop insurance protects farmers and ranchers from unexpected production losses from natural causes, including drought, excessive moisture, hail, wind, flooding, hurricanes, tornadoes, and lightning. It does not cover losses resulting from neglect, poor farming practices, theft, or low prices. At this time, insurance is available for 64 different crops.

Recent legislation replaced traditional crop disaster assistance with new, enhanced crop insurance programs. These are the Catastrophic (CAT) Program and the Noninsured Crop Disaster Assistance Program (NAP).

Catastrophic coverage compensates a farmer for crop losses greater than 50 percent of the operation's average yield, at 60 percent of the expected market price. CAT can be obtained at local FSA offices in most States or from private crop insurance agents for a nominal processing fee. This fee may be waived for limited-resource farmers.

Higher levels of insurance protection are available through private crop insurance agents. USDA subsidizes the premiums for these policies to encourage farmers to take advantage of them. Buying this additional coverage is the only way farmers can benefit from attractive policy features permitting smaller operational units, replanting payments, and coverage for certain quality losses.

Producers who decide not to buy crop insurance when it is available still may participate in USDA's commodity, conservation, and credit programs. However, they must sign a waiver agreeing to give up eligibility for emergency crop disaster assistance. This waiver does not disqualify an eligible producer from getting an FSA emergency loan or a payment under NAP. Any producer who signs a waiver, and subsequently decides to buy crop insurance, becomes eligible for disaster assistance for the insured crop.

The **Noninsured Crop Disaster Assistance Program** protects growers of many crops for which Federal crop insurance is not available. In addition, any losses resulting from natural disasters not covered by the crop insurance policy may also be eligible. NAP assistance is available for crops grown commercially for food and fiber. Floriculture, ornamental nursery products, Christmas tree crops, turfgrass sod, seed crops, aquaculture, and industrial crops are also included.

FSA makes NAP payments to eligible producers when both the expected "area" yield is less than 65 percent of normal, and individual crop losses are in excess of 50 percent of the average yield. If these conditions are met, the Agency pays 60 percent of the expected market price for each unit of production lost above 50 percent.

Unlike previous disaster assistance programs, to be eligible for NAP, producers must annually file an acreage and production report with the local FSA office. If a farmer does not report acres and yields by the yearly deadline, NAP assistance may be withheld following a major crop loss.

Other Emergency Assistance

In the aftermath of a natural disaster, FSA makes available a variety of emergency assistance programs to farmers in counties that have been designated or declared disaster areas. The Agency can offer cost-share assistance to producers who do not have enough feed to maintain their eligible livestock because of a loss of a substantial amount of their normal feed production. Emergency loans are available to eligible farmers who suffer qualifying losses as a result of a natural disaster. And, to help rehabilitate farmland damaged by a natural disaster, FSA can often share the cost of some emergency conservation practices.

In the event of a national emergency, FSA is responsible for assuring adequate food production and distribution, as well as the continued availability of feed, seed, fertilizer, and farm machinery.

Farm Loans

FSA offers direct and guaranteed farm ownership and operating loan programs to farmers who are temporarily unable to obtain private, commercial credit. Often, these are beginning farmers who can't qualify for conventional loans because they have insufficient net worth. The Agency also helps established farmers who have suffered financial setbacks from natural disasters, or whose resources are too limited to maintain profitable farming operations.

Under the guaranteed loan program, the Agency guarantees loans made by conventional agricultural lenders for up to 95 percent of principal. The lender may sell the loan to a third party; however, the lender is always responsible for servicing the loan. All loans must meet certain qualifying criteria to be eligible for guarantees, and FSA has the right to monitor the lender's servicing activities. Farmers interested in guaranteed loans must apply to a conventional lender, who then arranges for the guarantee.

For those unable to qualify for a guaranteed loan, FSA also lends directly. Direct loans are made and serviced by FSA officials, who also provide borrowers with supervision and credit counseling. Funding authorities for direct loans are limited, and applicants may have to wait until funds become available. To qualify for a direct farm ownership or operating loan, the applicant must be able to show sufficient repayment ability and pledge enough collateral to fully secure the loan.

Conservation Programs

The Conservation Reserve Program protects our most fragile farmland by encouraging farmers to stop growing crops on highly erodible and other environmentally sensitive acreage. In return for planting a protective cover of grass or trees on vulnerable property, the owner receives a rental payment each year of a multiyear contract. Cost-share payments are also available to help establish permanent areas of grass, legumes, trees, windbreaks, or plants that improve water quality and give shelter and food to wildlife.

FSA works with USDA's Natural Resources Conservation Service and other agencies to deliver other conservation programs, including the Environmental Quality Incentives Program (EQIP). EQIP helps farmers and ranchers improve their property to protect the environment and conserve soil and water resources. Participants can take advantage of education in new conservation management practices, technical support, cost-share assistance, and incentive payments.

Congress has authorized $1.3 billion for EQIP over 7 years, and the program is expected to maximize environmental benefits per dollar expended. At least half of the funding is earmarked for addressing environmental concerns associated with livestock production. The program awards 5- to 10-year cost-share or incentive payment contracts for certain land management and structural practices, based on a competitive application and evaluation process.

Where to Go for More Information

Further information and applications for the programs described in above are available at local FSA county offices. These are usually listed in telephone directories in the section set aside for governmental/public organizations under "U.S. Department of Agriculture, Farm Service Agency."

FSA State offices supervise the Agency's county offices, and are usually located in the State capital, or near the State land-grant university.

For information on commodity sales and purchases, contact:
USDA FSA Kansas City Commodity Office
P.O. Box 419205
Kansas City, MO 64141-6205
Telephone: (816) 926-6364

For general information about the Agency and its programs, contact:
USDA FSA Public Affairs Staff
1400 Independence Ave., S.W. STOP 0506
Washington, DC 20250-0506
Telephone: (202) 720-5237

Information on FSA can also be found on the FSA home page at *www.fsa.usda.gov*

Aerial Photographs

FSA's aerial photographs of U.S. farmlands are used extensively by government and private organizations and the public. Order forms and an index are available from FSA county offices. For more information on photographic services, including high-altitude photography, contact:

USDA FSA Aerial Photography Field Office
P.O. Box 30010
Salt Lake City, UT 84130-0010
Telephone: (801) 975-3503

Foreign Agricultural Service

The Agency and Its Mission

The Foreign Agricultural Service (FAS) is a USDA Agency that represents the diverse interests of U.S. farmers and the food and agricultural sector abroad. It also collects, analyzes, and disseminates information about global supply and demand, trade trends, and emerging market opportunities. FAS seeks improved market access for U.S. products and implements programs designed to build new markets and to maintain the competitive position of U.S. products in the global marketplace.

FAS also carries out food aid and market-related technical assistance programs, and operates a variety of Congressionally mandated import and export programs. FAS helps USDA and other Federal agencies, U.S. universities, and others enhance the global competitiveness of U.S. agriculture and helps increase income and food availability in developing nations by mobilizing expertise for agriculturally led economic growth.

Formed in 1953 by executive reorganization, FAS is one of the smaller USDA agencies, with a personnel strength of about 900. FAS operates worldwide with personnel located in more than 75 posts covering more than 130 countries. Its overseas staff is backed up by a team of analysts, negotiators, and marketing specialists located in Washington, DC.

Roughly 70 percent of the annual FAS budget is devoted to building markets overseas for U.S. farm products. This includes the funding for all of FAS' trade and attache offices overseas, as well as its work with U.S. commodity associations on cooperative promotion projects. The remaining funds cover other trade functions, including the gathering and dissemination of market information and trade policy efforts.

To get a complete picture of the services offered and information available for exporters, the Foreign Agricultural Service (FAS) invites you to visit its homepage address at: *http://www.fas.usda.gov*

Exports of U.S. Agricultural, Fish, and Wood Products

The United States is the world's top exporter of agricultural, fish, and wood products—with sales of $69.7 billion in FY 1996. Many factors affect trade in these products, including economic growth, currency exchange rates, national support programs, changing food preferences and consumer lifestyles, public and private sector market promotion efforts, and tariff and nontariff barriers.

Agricultural, fish, and wood product exports are vitally important to the Nation's economy as a whole; they represent 11 percent of total U.S. exports. Exports provide agricultural producers, harvesters of fish and wood products, food processing companies, and associated manufacturing firms and transport companies an expanded market for their products and a better income. Exports also enhance our ability to use land, labor, and capital more efficiently. This, in turn, allows our producers and industries to produce at a lower cost and transport efficiently, giving the United States a comparative advantage in the production of these goods.

U.S. exports of agricultural products (excluding wood and fish products) rose to $59.8 billion and created an estimated 958,000 full-time domestic jobs in 1996, or 16,000 jobs for every $1 billion in products shipped. With respect to agricultural products, many of these jobs are created off the farm, and many of those employed live in urban areas. About 330,000 workers, or 9 percent of the U.S. farm labor force, are employed to produce agricultural products for the overseas market. However, beyond the farm gate, another 628,000 people work to finance, store, package, process, and ship agricultural exports. USDA economists calculate that, at the very least, each dollar received from agricultural exports stimulates another $1.38 in business activity for the economy. In 1996, U.S. agricultural exports generated $83 billion in additional economic activity. Of the 11 major U.S. industrial sectors, agriculture generated the largest trade surplus of $27.5 billion in 1996.

Agricultural products moving into the world market can be classified as bulk, intermediate, or consumer-oriented products. Bulk products include those commodities free from processing, such as wheat, corn, barley, and soybeans. Intermediate products (such as wheat flour, vegetable oils, and hides and skins) receive some processing, but are generally not yet ready for final consumption. Consumer-oriented foods and beverages include products that have undergone various degrees of processing or unprocessed commodities that have relatively high per unit costs due to transportation or storage, like fresh fruit.

In FY 1996, U.S. exports of bulk commodities surged to $28.8 billion, up $4.3 billion from the previous year. Strong wheat, corn, and soybean prices and larger wheat shipments accounted for much of the growth. Coarse grain exports rose to $9.3 billion, up $1.9 billion, while wheat exports jumped 39 percent to $6.9 billion. The value of soybean exports rose 20 percent, reaching $6.3 billion.

U.S. exports of intermediate products reached nearly $11 billion in FY 1996, down $500 million from 1995. Declines for soybean oil, animal fats, and wheat flour (down $537 million, $173 million, and $100 million, respectively) more than offset the record export levels of feeds and fodder and planting seeds (up $59 million and $47 million, respectively).

U.S. exports of consumer-oriented products continued their strong growth in FY 1996, reaching a new record of $20 billion and represented one-third of total

Table 7-1.

Top 15 U.S. agricultural, fish, and wood product exports, FY 1996

Product	Category	$Billion
Coarse grains	B	9.3
Wheat	B	6.9
Soybeans	B	6.3
Red meats	C	4.6
Cotton	B	3.0
Poultry meat	C	2.4
Lumber	W	2.3
Logs	W	2.1
Fruit, fresh	C	2.0
Feeds & fodders	I	1.9
Fruit & vegetables, processed	C	1.9
Hides & skins	I	1.6
Tobacco	B	1.4
Tree nuts	C	1.4
Soybean meal	I	1.3
Subtotal		**48.5**
Total U.S. exports		**69.7**

Note: (B) bulk, (I) intermediate, (C) consumer-oriented, (W) wood

agricultural exports. Increases in FY 1996 were broad-based with 13 of the 16 product categories setting new record highs.

U.S. exports of fish and seafood products climbed 10 percent to $2.9 billion in FY 1996. U.S. exports of wood products declined from the previous year's record level to $7 billion in FY 1996.

Major Markets

Although U.S. exports of agricultural, fish, and wood products are shipped to virtually every country in the world, the top 10 markets account for over three-quarters of all sales. U.S. exports rose to new records in eight of 1996's top 10 markets: Japan, Canada, Mexico, South Korea, Taiwan, Hong Kong, Egypt, and Russia. Sales to Canada increased slightly (up $48 million) while those to Mexico increased nearly 31 percent (up $1.2 billion). Sales to China fell $586 million from the previous year's record level, due mostly to lower corn exports.

Table 7-2.

Top 10 markets for U.S. agricultural, fish, and wood products, FY 1996

Market	*Exports (Billion dollars)*	*Share of Total U.S. Exports (Percent)*
Japan*	16.6	23.9
European Union-15	10.5	15
Canada*	7.7	11
Mexico*	5.3	7.5
South Korea*	4.1	6
Taiwan*	3.1	4.5
China	1.9	2.8
Hong Kong*	1.6	2.4
Egypt*	1.4	2
Russian Federation*	1.3	1.8
Subtotal	**53.5**	
Total U.S. exports	**69.7**	

* Record exports in FY 1996

Imports of U.S. Agricultural, Fish, and Wood Products

Along with the European Union and Japan, the United States ranks among the world's largest importers of agricultural, fish, and wood products. However, unlike these other major importers, these products make up only a small portion of total U.S. merchandise imports. In FY 1996, the $49.8 billion in U.S. purchases of agricultural, fish, and wood products accounted for only 6 percent of total U.S. merchandise imports.

Imports provide consumers with products that are either not produced or not available in sufficient quantities in the United States. Major agricultural imports generally not domestically produced include spices, teas, cocoa, coffee, bananas, natural rubber, and silk. Domestic production of other products, such as certain cheeses, olives, olive oil, wools, lumber, shrimp, tuna, and tobacco, is insufficient to meet domestic demand. Some seasonal items, such as fresh fruits and vegetables, are imported during periods when U.S. production cannot meet domestic demand. Finally, certain products such as some spices and sugar are purchased in their raw form for processing and packaging in the United States because foreign producers have a cost advantage over U.S. producers.

Agricultural, fish, and wood product imports provide U.S. consumers with a wider variety of lower priced goods than would be available by relying solely on the domestic market. Many of these products are used as ingredients in high-value foods, beverages, and industrial products that are purchased at home and abroad. Imports also support domestic jobs in the storage, processing, distribution, and retail industries. U.S. imports also provide foreign countries with needed foreign exchange that, in turn, can be used to purchase U.S. products.

Leading Products

Imports of agricultural products rose 9 percent to a record $32.3 billion in FY 1996. Fish and seafood imports fell 2 percent from the previous year's record level to $65 billion, while wood product imports increased 13 percent to a record high $11 billion.

Agricultural imports can be divided into three main categories based on level of processing and end market use: bulk commodities, high-value intermediate products, and high-value consumer-oriented foods and beverages. In FY 1996, bulk commodity imports remained stable at $6.6 billion, with higher tobacco and cocoa beans (up $198 and $227 million, respectively) offsetting declines in coffee and sugar (down $449 and $77 million, respectively).

Intermediate products rose 14 percent in 1996 to a record $7.4 billion as a result of rising purchases of sugar/sweeteners and vegetable oils (up $522 million and $200 million, respectively). Consumer food and beverage imports rose 10 percent to a record $18.3 billion based on gains across most major product groups.

Table 7-3.

Top 15 U.S. agricultural, fish, and wood product imports, FY 1996

Product	*Category*	*$Billion*
Lumber*	W	6.4
Raw coffee	B	2.3
Shrimp	FS	2.5
Red meats	C	2.3
Wine & beer*	C	2.6
Panel products*	W	2.3
Fruit & vegs., processed*	C	1.8
Vegetables, fresh*	C	1.7
Live animals	I	1.6
Rubber & allied products	B	1.5
Snack foods*	C	1.4
Sugars & sweeteners*	I	1.3
Bananas*	C	1.2
Fruit, fresh (excl. bananas)*	C	1.2
Nursery products*	C	0.9
Subtotal		**30.7**
Total U.S. imports		**49.8**

Note: (B) bulk agriculture, (I) intermediate agriculture, (C) consumer-oriented agriculture, (W) wood, (FS) fish & seafood. *Record import value in 1996.

Major suppliers

Although the United States imported products from virtually every country in the world, the top 15 countries supplied more than 85 percent of U.S. agricultural, fish, and forest imports in FY 1996. Canada was the top supplier, with record sales of $15.8 billion. The major products imported from Canada were lumber, wood panel products, live cattle, red meats, and snack foods. At $6.8 billion, the European Union ranked second, mainly supplying high-value consumer foods. The major products were wine and malt beverages, snack foods (including confectioneries and biscuits), processed fruits and vegetables, and cheeses. Other major suppliers include: Mexico (fresh fruits and vegetables, raw coffee beans, and shrimp); Thailand (shrimp, tuna, rubber, and processed fruit and vegetables); Indonesia (rubber, wood panel products, raw coffee beans, and tropical spices); and Brazil (raw coffee beans, tobacco, fruit juices, tree nuts, and wood panel products).

Many important suppliers of agricultural, fish, and wood products to the United States are developing countries. These countries depend heavily on the export of these products to generate foreign exchange that, in turn, is used to purchase imports. In FY 1996 imports from developing countries accounted for nearly 40 percent of all U.S. purchases of agricultural, fish, and wood products.

Table 7-4.

Top 15 suppliers of agricultural, fish, and wood products, FY 1996

Supplier	*Imports (Billion dollars)*	*Share of Total U.S. Imports (Percent)*
Canada	15.8	31.6
European Union-15	6.8	13.6
Mexico	4.5	9.0
Thailand	2.1	4.2
Indonesia	2.1	4.3
Brazil	1.7	3.4
Colombia	1.2	2.4
Chile	1.1	2.3
Ecuador	1.0	2.1
China	1.0	2.1
New Zealand	1.0	1.9
Australia	0.9	1.8
Argentina	0.8	1.6
Costa Rica	0.7	1.5
Philippines	0.7	1.4
Top 15	**42.6**	**85.5**
World Total	**49.8**	

Food Aid Programs

The Federal Agriculture Improvement and Reform Act of 1996 (the 1996 Farm Bill) reauthorized and added activities to one of the oldest U.S. export assistance programs—Public Law (P.L.) 480, also known as Food for Peace.

Current estimates of FY 1997 commodity funding available for food aid under P.L. 480 total $769 million, including $204.4 for Title I (including Title I/Food for Progress), $542 million for Title II (including Title II/World Food Program), and $22.5 million for Title III.

The 1996 Farm Bill reauthorized Title I government-to-government concessional sales, and included authority to sign agreements with private entities. The Act also modified the repayment terms for Title I credit, including elimination of the minimum repayment period of 10 years and reduction of the maximum grace period from 7 to 5 years. Agricultural trade organizations will be allowed to carry out projects or programs in developing countries using funds from the sales of Title I commodities if the organization has a market development plan approved by the Secretary. FY 1997 planned programming for P.L. 480, Title I, as of April 18, 1997, provides $185.6 million for 18 countries. Under these planned programs, approximately 774,350 metric tons of commodities are expected to be exported. These totals do not reflect ocean freight costs for Title I. Thus far in FY 1997, $18.8 million of Title I funds for commodities have been set aside to fund a number of Food for Progress country programs.

The 1996 Farm Bill reauthorized the Title II emergency and private assistance donations program. It increased the maximum level of funding that can be provided as overseas administrative support from $13.5 million to $28 million and added intergovernmental organizations such as the World Food Program to the list of organizations eligible to receive these funds. For FY 1997, about 2.2 million tons of commodities, valued at approximately $542 million, are planned for donations under Title II, including Title II donations through the World Food Program.

The Act also reauthorized the Title III Food for Development program. This program provides government-to-government grant food assistance to least-developed countries. Local sales proceeds can be used to support a variety of economic development and related activities in recipient countries. For FY 1997, about 117,000 metric tons of commodities valued at $22.5 million are planned under Title III.

Another program, Food for Progress, is carried out using commodities available for distribution under Section 416(b), or funds available to the Commodity Credit Corporation (CCC) or appropriated under Title I, P.L. 480. The program provides commodities to needy countries as a reward for having undertaken economic or agricultural reform. The 1996 Farm Bill extended the authority for the Food for Progress program to provide assistance in the administration, sale, and monitoring of food assistance programs to strengthen private sector agriculture in recipient countries through the year 2002. The authority is also expanded to include intergovernmental organizations in Food for Progress programming, to make sales on credit terms to all eligible countries in addition to the newly independent states of the former Soviet Union, and to include the provision of technical assistance for monetization programs. In FY 1997, Food for Progress bilateral agreements using the Title I authority are planned with Mongolia, Kyrgyzstan, and Tajikistan, totaling about 97,021 metric tons, valued at $18.8 million (excluding transportation). Food for Progress programs using CCC funds are planned with U.S. private voluntary organizations for projects in Armenia, Azerbaijan, Benin, Bosnia-Hercegovina, El Salvador, Equatorial Guinea, Georgia, Kyrgyzstan, Moldova, Russia, Tajikistan, and Ukraine, totaling about 147,700 tons of commodities, valued at about $57.4 million. The Food for Progress program is limited by a global 500,000-metric-ton legislative ceiling, and by a cap on noncommodity costs paid directly by CCC (primarily transportation) of $30 million.

The 1996 Farm Bill reauthorized the Farmer-to-Farmer Program, which can include middle-income countries and emerging markets. This Act also increased the minimum percentage of P.L. 480 funding for the Farmer-to-Farmer Program from 0.2 to 0.4 percent.

The Section 416(b) Program (of the Agricultural Act of 1949) provides for the donation to needy countries of eligible commodities held by CCC. There are no Section 416(b) commodities available for programming in FY 1997.

Commercial Export Credit Guarantee Programs

The 1996 Farm Bill mandates annual program levels for the Export Credit Guarantee Program (GSM-102) and the Intermediate Credit Guarantee Program (GSM-103), but allows flexibility in how much is made available for each program. The GSM-102 program guarantees repayment of short-term loans (90 days to 3 years) made by U.S. financial institutions to eligible banks in countries that purchase U.S. farm products. As of May 2, 1997, under the GSM-102 program some $3 billion worth of guarantees were made available for approximately 88 countries including seven regional programs—for the Andean region, Central America, East Africa, East Caribbean, Southern Africa, West Africa, and West Caribbean—for FY 1997. As of May 2, 1997, registrations under the GSM-102 credit guarantee program for FY 1997 totaled $1.7 billion for 14 countries and those same seven regions.

Guarantees issued under the GSM-103 program can cover financing periods of more than 3 and up to 10 years. This program is designed to help developing nations make the transition from concessional financing to cash purchases. As of May 2, 1997, $373 million worth of intermediate guarantees were made available for FY 1997. As of May 2, 1997, registrations under the GSM-103 credit guarantee program for FY 1997 totaled $7.3 million for two countries.

The new Suppliers Credit Guarantee Program (SCGP) became operational in FY 1996. As of May 2, 1997, $100 million worth of guarantees were made available under this program for FY 1997. As of May 2, 1997, registrations under SCGP for FY 1997 totaled $2.95 million for two countries and the Southeast Asia region.

Export Assistance Programs

The Export Enhancement Program (EEP) was extended by the 1996 Farm Bill to permit USDA to provide bonuses to make U.S. commodities more competitive in the world marketplace and to offset the adverse effects of unfair trade practices or subsidies. The 1996 Act provides minimum funding levels for CCC to make available for the EEP each fiscal year through 2002. Since Nov. 6, 1991, USDA has paid EEP bonuses in cash. In the General Agreement on Tariffs and Trade implementing legislation, the focus of the EEP was changed to allow the EEP to be used as a market promotion and expansion tool.

The Market Access Program (MAP), formerly the Market Promotion Program, is authorized by Section 203 of the Agricultural Trade Act of 1978, as amended. The MAP is funded at $90 million annually for Fiscal Year 1996 through 2002 and is designed to encourage the development, maintenance, and expansion of foreign markets for U.S. agricultural commodities. Since its inception, the MAP has provided cost-share funds to nearly 800 U.S. companies, cooperatives, and trade organizations to promote their products overseas. For 1996, $90 million was allocated to 66 U.S. trade organizations. For 1997, $90 million was allocated to 64 U.S. trade organizations.

The Foreign Market Development Program, also known as the cooperator program, fosters a trade promotion partnership between USDA and U.S. agricultural producers and processors, represented by approximately 40 nonprofit commodity or trade associations called cooperators. Projects generally fall into one of four categories: market research, trade servicing, technical assistance, and consumer promotions for the retail market. The cooperator program has helped support growth in U.S. agricultural exports by enlisting private sector involvement and resources in coordinated efforts to promote U.S. products to foreign importers and consumers around the world.

Dairy Export Programs

As amended by Section 148 of the 1996 Farm Bill, the Dairy Export Incentive Program (DEIP) is mandated through the year 2002. The DEIP operates on a bid bonus system similar to EEP, with cash bonus payments.

The current DEIP was announced on July 18, 1996. Bonuses under the program are available to 112 countries totaling 100,222 metric tons of nonfat dry milk; to 111 countries totaling 38,611 metric tons of butterfat; and to 109 countries totaling 3,669 metric tons of cheddar, feta, Gouda, mozzarella, processed American cheeses, and cream. The allocations were valid until June 30, 1997, as provided in the invitation for offers.

International Links

The International Cooperation and Development (ICD) area of USDA’s Foreign Agricultural Service is responsible for coordinating, supporting, and delivering a diversified program of international cooperation and development. It aims to enhance the competitiveness of U.S. agriculture, preserve natural resource ecosystems, and pursue sustainable economic development worldwide by mobilizing the resources of USDA and its affiliates.

ICD programs provide links to world resources and build a spirit of cooperation and goodwill that serves U.S. agriculture. These links help U.S. agriculture gain access to emerging technologies and to a wide array of genetic material, which can be crucial in creating new or improved agricultural products, practices, and markets. These international partnerships are the germinating seeds that can produce a rich and diverse harvest of scientific advances and business ventures.

ICD helps increase income and food availability in developing nations by linking the technical expertise of the U.S. agricultural community with those nations. This cooperative effort helps developing nations surmount the barriers of hunger and poverty and build more stable economies. As industrialized nations have become saturated with goods and services, investors have begun to explore developing nations as markets for fresh and expanded business ventures. Nations moving from low- to middle-income status now offer the brightest prospects for U.S. agricultural products, a trend that is likely to continue, so USDA helps foster economic growth, strong diplomatic ties, and durable trade relationships with these nations.

Risk Management Agency

The Federal Agriculture Improvement and Reform Act of 1996 created a new independent Risk Management Agency (RMA). The 1996 Act also removed a requirement that producers obtain at least the catastrophic level of crop insurance to be eligible for most USDA farm programs and assigned responsibility for the non-insured assistance program to the Farm Service Agency.

RMA improves the economic stability of agriculture by offering producers a sound system of crop insurance. Federal crop insurance covers losses due to unavoidable causes such as drought, excessive moisture, hail, wind, frost, insects, and disease. Currently 62 major crops are insurable. Crop insurance is available from crop insurance agents. Insurance protection must be purchased prior to sales closing dates that vary by crop and region.

In addition to administering the multiple peril crop insurance program, RMA is responsible for coordinating an educational outreach program to help producers manage the financial risks inherent in the production and marketing of agricultural commodities. This cooperative effort involves the resources of the Cooperative State Research, Education and Extension Service, the Commodity Futures Trading Commission, and numerous private sector organizations.

Further, new risk management products will continue to be developed by RMA, in conjunction with the private sector and other Government agencies. For example, two popular revenue insurance programs, Income Protection and Crop Revenue Coverage (CRC), were fashioned in this manner. Income Protection pays producers when gross income is less than the level of income protection selected by the producer. CRC also pays for production losses below the yield guarantee at the higher of two prices determined at different times of the year. The programs are currently available on corn, wheat, soybeans, cotton, and grain sorghum in selected States.

For More Information

Farm Service Agency

Dir., Pub. Aff. Staff
Marlyn Aycock
Rm 3624-S Washington, DC 20250
202-720-5237
FAX 202-690-2828
maycock@wdc.fsa.usda.gov

Deputy Director
Marlyn Aycock
Rm 3625-S Washington, DC 20250
202-690-1767
FAX 202-690-2828
maycock@wdc.fsa.usda.gov

Communications Chief
Danniel W. Stuart
Rm 3633-S Washington, DC 20250
202-690-0474
FAX 202-690-2839
dstuart@wdc.fsa.usda.gov

Field Services Chief
Greg Hawkins
Rm 3623-S Washington, DC 20250
202-720-5237
FAX 202-690-2828
ghawkins@wdc.fsa.usda.gov

Program Services Chief
Eric L. Parsons
Rm 3624-S Washington, DC 20250
202-720-7807
FAX 202-690-2828
eparsons@wdc.fsa.usda.gov

FOIA Coordinator
Jim Jamison
Rm 3620-S Washington, DC 20250
202-720-5875
FAX 202-690-2828
jjamison@wdc.fsa.usda.gov

FOIA Coordinator
Amy P. Jones
Rm 3620-S Washington, DC 20250
202-720-7757
FAX 202-690-2828
ajones@wdc.fsa.usda.gov

Foreign Agricultural Service

Dir., Information Div.
Maureen Quinn
Rm 5074-S Washington, DC 20250
202-720-7115
FAX 202-720-1727
quinn@fas.usda.gov

Deputy Director
Sally Klusaritz
Rm 5074-S Washington, DC 20250
202-720-3448
FAX 202-720-1727
klusaritz@fas.usda.gov

Team Leader
Lynn Goldsbrough
Rm 5713-S Washington, DC 20250
202-720-3930
FAX 202-720-3229
goldsbrough@fas.usda.gov

Team Leader
Judy Goldich
Rm 5717-S Washington, DC 20250
202-720-0328
FAX 202-720-3229
goldich@fas.usda.gov

FOIA Officer
Carolyn Harris
Rm 5711-S Washington, DC 20250
202-690-1851
FAX 202-720-3229
harrisc@fas.usda.gov

Risk Management Agency

General Information
Eric Edgington
Rm 3611-S Washington, DC 20250
202-690-2539
FAX 202-690-2828
eedgingt@wdc.fsa.usda.gov

General Information
Marian Jenkins
Rm 6713-S Washington, DC 20250
202-720-5290
FAX 202-690-2095
mjenkins@wdc.fsa.usda.gov