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Trade Title of the 2002 Farm Bill: Comparison of Final Provisions with the House and Senate Proposals, and Prior Law

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Summary

Exports, whether commercial or provided as food aid, are viewed by most U.S. agricultural groups as critical to their prosperity. Thus, the trade and food aid provisions of the omnibus farm bill, the Farm Security and Rural Investment Act of 2002 (H.R. 2646), signed into law (P.L. 107-171) by the President on May 13, 2002, are of great interest to the agricultural community.

The measure includes a trade title (Title III) amending and/or extending, through 2007, the major agricultural export and foreign food aid programs. These include direct export subsidies (the Export Enhancement Program and Dairy Export Incentive Program); market promotion programs (the Market Access Program and Foreign Market Development Cooperator Program); food aid (for example, P.L. 480, the Food for Peace Program; and Food for Progress); and export credit guarantees (the so-called GSM-102 and GSM-103 programs).

The law also contains (in Title X) provisions setting new country-of-origin labeling requirements for meat, seafood, peanuts, and fruits and vegetables. Title I, the commodity title, significantly expands the availability of domestic U.S. farm subsidies. Both have implications for U.S. trade relations, particularly as the United States currently is negotiating new agricultural trade rules in the World Trade Organization. Stated U.S. goals are the elimination of all countries' export subsidies, as well as substantial reductions in domestic farm support and import restrictions.

This report, which is not intended for future updates, provides a side-by-side comparison of the new law's major trade provisions with prior law, and with the differing farm bills passed earlier in the 107th Congress by the House and Senate.

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Introduction[1]

With agricultural exports accounting for about one-fourth of U.S. farm income, policymakers view efforts to develop and maintain overseas markets as vital to the sector's financial health. The Administration and Congress, primarily through its Agriculture Committees, attempt to promote U.S. exports through an array of domestic farm programs, agricultural export subsidy and promotion activities, and foreign food aid programs. Most of these programs are periodically reviewed, amended, and reauthorized as part of an omnibus, multi-year farm bill.

A new farm bill, the Farm Security and Rural Investment Act of 2002 (H.R. 2646), was cleared by Congress in early May. The President signed the measure into law (P.L. 107-171) on May 13, 2002.

The measure includes a trade title (Title III) amending and/or extending, through 2007, the major foreign food aid and agricultural export programs. These include direct export subsidies [the ***Export Enhancement Program*** (EEP) and ***Dairy Export Incentive Program*** (DEIP)]; market promotion programs [the ***Market Access Program*** (MAP) and ***Foreign Market Development Cooperator Program*** (FMDP)]; food aid (for example, ***P.L. 480, the Food for Peace Program***; and ***Food for Progress***); and export credit guarantees (the so-called ***GSM-102*** and ***GSM-103*** programs).

Also, Title X of the law sets out new country-of-origin labeling requirements for meat, seafood, peanuts, and fruits and vegetables. Title I, the commodity title, significantly expands the availability of domestic U.S. farm subsidies. Both have implications for U.S. trade relations, particularly as the United States currently is negotiating new agricultural trade rules in the World Trade Organization (WTO).

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[1] A primary source for this report is the conference report (H.Rept. 107-424) to accompany H.R. 2646, the Farm Security and Rural Investment Act of 2002. For a lengthier discussion of U.S. agricultural export and food aid programs, including data on recent spending levels, how the programs are funded in the federal budget, and current issues, see CRS Issue Brief IB98006, *Agricultural Export and Food Aid Programs*, updated periodically. For details on the entire farm law, including projected costs and other information, see CRS Report RL31195, *The 2002 Farm Bill: Overview and Status*.

Selected Policy Issues

Some critics believe that the availability of expanded farm support under the commodity title increases the possibility that the United States will exceed its subsidy limits ($19.1 billion per year in trade-distorting subsidies) set forth in the multilateral 1994 Uruguay Round Agreement on Agriculture (URAA). To allay such concerns, the bill's drafters included, in Title I, a requirement that the Secretary of Agriculture, to the maximum extent practicable, make adjustments in domestic farm support to ensure that subsidies do not exceed the limits. Some have questioned the feasibility of implementing this provision — the so-called "circuit breaker" — and how it could be applied equitably among programs and producers.

Also, the expansion of domestic farm support has caused some critics here and abroad to question the sincerity of the U.S. proposal, in the current global trade negotiations, to further reduce all countries' trade-distorting farm policies. Defenders counter that the United States has remained within its URAA limits and is not likely to exceed them in the future, and, furthermore, that so long as the European Union and others heavily subsidize their farmers, the United States should not unilaterally cut back on aid. (See CRS Report RL30612, *Farm Support Programs and World Trade Commitments*.)

In renewing the food aid and export assistance programs, the 107th Congress again was confronted with questions of policy direction and funding. Levels of spending and volumes of product subsidized under EEP and DEIP are subject to limitations under the multilateral 1994 Uruguay Round Agreement on Agriculture (URAA). In practice, EEP has been used little in recent years; DEIP has been used to the limits of the URAA. Market promotion programs like MAP, the food aid programs, and export credits (GSM) are not considered to be trade distorting under the current URAA, and therefore are not subject to spending disciplines. However, foreign trading partners argue that the United States has utilized food aid and export credits as ways to dispose of heavily subsidized farm surpluses, thereby distorting trade — and want such programs to be disciplined in the new round of negotiations. (The United States says it is willing to discuss export credits during the negotiations.)

Some have questioned whether export subsidy and promotion activities actually increase overseas sales or simply displace commercial sales. Even if sales increase, do they translate into higher farm prices and incomes — or might direct farm subsidies be more cost-effective? Some critics claim that these programs benefit primarily large food and export companies (who can afford to pay for promotion activities themselves) or foreign buyers more than U.S. producers. Defenders cite studies claiming positive outcomes from such spending. Similar questions arise with regard to foreign food aid.

Projected Costs

The Congressional Budget Office (CBO) in March 2002 projected that under the trade title of the new farm bill, mandatory spending over six years (FY2002-2007) would increase by $532 million (new budget authority) over the baseline of $1.572 billion, for total mandatory spending of $2.104 billion. Actual spending is expected to be higher, because some programs are so-called discretionary programs, meaning that their funding is determined through annual appropriations. Most notably, P.L. 480 food aid receives more than $1 billion in annual appropriations.

Comparison of Provisions: Prior Law, House and Senate Bills, New Law

PRIOR LAW/POLICY Through 2002	HOUSE BILL (H.R. 2646) Covers 2002-2011	SENATE BILL (S. 1731 Amended) Covers 2002-2006	NEW LAW (P.L. 107-171) Covers 2002-2007
A. Agricultural Export Assistance Programs			
1. Market Access Program (MAP) **a.** MAP helps exporters (mainly nonprofit industry trade associations, who allocate the funds to others including agricultural cooperatives and small businesses) finance promotional activities overseas (usually for more consumer-oriented, higher value products). Required (mandatory) funding of not more than $90 million yearly in CCC funds through FY2002. *[Agricultural Trade Act of 1978 as amended by §244 of Federal Agriculture Improvement and Reform (FAIR) Act of 1996*]	**a.** Extends current law, except it increases mandatory funding to not more than $200 million yearly in CCC funds through FY2011. *[§301*]	**a.** Extends current law, except that in addition to any funds specifically appropriated for the program, mandatory funding of not more than $100 million in FY2002; $120 million in FY2003; $140 million in FY2004; $180 million in FY2005; in $200 million in FY2006 (in CCC funds or equivalent CCC commodities). *[§322]*	**a.** Extends current law through FY2007 at the following mandatory funding levels: $100 million in FY2002; $110 for FY2003; $125 million for FY2004; $140 million for FY2005; $200 million for FY2006; $200 million for FY2007. *[§3103]*
b. No provision.	**b.** No provision.	**b.** Priority, for funds in excess of $90 million in any year, for eligible organizations that have not participated in the past, and for programs in emerging markets. *[Section 322]*	**b.** In providing funds in excess of the FY2001 level (i.e., $90 million) Secretary shall, for proposals from new program participants and for emerging markets, give consideration equal to that given to current participants. *[§3103]*
c. No provision.	**c.** No provision.	**c.** New U.S. Quality Export Initiative (using appropriated MAP, FMDP funds), to promote U.S. products with a new "U.S. Quality" seal overseas. *[Section 322]*	**c.** No provision.

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2. Foreign Market Development Cooperator Program (FMDP) **a.** FMDP helps U.S. exporters (mainly through commodity based trade associations) to finance promotional activities overseas. Statutory authority (at such sums as necessary) through FY2002; current funding is $28 million per year. *[Agricultural Trade Act of 1978 as amended by §252 of FAIR Act of 1996]*	**a.** Extends current law, except sets mandatory funding at $37 million in CCC funds yearly through FY2011. *[§305]*	**a.** Extends current law, except sets mandatory funding of $37.5 million for FY2002; $40 million for FY2003; and $42.5 million for FY2004 and subsequent years (in CCC funds or equivalent CCC commodities). *[§324]*	**a.** Extends current law, except sets mandatory funding at $34.5 million annually from FY2002 to FY2007. *[§3105]*
b. FMDP has focused on promoting mainly bulk and partially processed commodities, targeted to foreign importers/processors — although about a third of program promotes value-added products.	**b.** New emphasis on exporting value-added products to emerging markets. Requires annual report to Congress on program. *[§305]*	**b.** Establishes a priority, for funds above $35 million in any year, for eligible organizations that have not participated in the past, and for programs in emerging markets. *[§324]*	**b.** In providing funds in excess of the FY2001 level (i.e., $28 million) the Secretary shall, for proposals from new program participants and for emerging markets, give consideration equal to that given to current participants. Calls for "a continued significant emphasis" on value-added products to emerging markets. Requires annual report to Congress. *[§3105]*
3. Export Enhancement Program (EEP) **a.** EEP authorizes cash payments or CCC commodities as bonus subsidies to help exporters sell agricultural products (although not statutorily prescriptive, mainly wheat and other grains have used EEP) at more competitive prices in targeted foreign markets. Authority through FY2002, with CCC funding at up to $478	**a.** Current law extended through FY2011, at current level of up to $478 million per year. *[§304]*	**a.** Current law extended through FY2006, at current level of up to $478 million per year. *[§323]*	**a.** Current law extended through FY2007 at current level of up to $478 million per year. *[§3104]*

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million per year. *[Agricultural Trade Act of 1978 as amended by §245 of FAIR Act of 1996]* **b.** EEP may be used to help mitigate or offset the effects of unfair trade practices, now defined as any foreign act or policy that "violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement..." or "is unjustifiable, unreasonable, or discriminatory and burdens or restricts United States commerce." *[Agricultural Trade Act of 1978, §102]*	**b.** No expanded definition.	**b.** Expands the definition of unfair trade practices to include (1) pricing practices by an exporting state trading enterprise (STE) that "are not consistent with sound commercial practices conducted in the ordinary course of trade," or (2) changing U.S. "export terms of trade through a deliberate change in the dollar exchange rate of a competing exporter." *[§323]*	**b.** Expands definition of unfair trade practices to include (1) an exporting STE that prices its commodities inconsistently with sound commercial practice; (2) provision of subsidies that decrease U.S. export market opportunities or unfairly distort market opportunities to detriment of U.S. exporters; (3) unfair technical barriers to trade including commercial requirements adversely affecting new technology like biotechnology and unjustified sanitary or phytosanitary restrictions; (4) unfair implementation of tariff rate quota rules; (5) failure to meet trade agreement obligations with the United States. *[§3104]*
4. Dairy Export Incentive Program (DEIP) DEIP authorizes cash or CCC commodities as bonus subsidies to help exporters sell specified dairy products at more competitive prices in targeted foreign markets. Authority through FY2002, with CCC funding to provide commodities to the maximum levels consistent with U.S. obligations as a member of the World Trade Organization. *[Food Security Act of 1985 as amended by §148 of the FAIR Act of 1996]*	Extends current law through 2011. *[Title I-C, §143]*	Extends current law through FY2006. *[Title I-C, §133]*	Extends current law through 2007. *[Title I- E, §1503]*

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5. Export Credit Guarantees (GSM) **a.** Authority through FY2002 with CCC funding, where USDA guarantees commercial financing of not less than $5.5 billion annually of U.S. agricultural exports. Financing can be used for short-term credit (GSM-102) for up to 3 years; and for long-term credit (GSM-103), for 3-10 years. GSM programs are used in countries where needed financing may not be available without the CCC guarantees. (At least 35% of total credit guarantees must be to promote processed or high-value agricultural products.) *[Agricultural Trade Act of 1978 as amended by the §243 of the FAIR Act of 1996]*	**a.** Extends current law through FY2011. *[§306]*	**a.** Extends current law through FY2006. Requires a report to Congress within 1 year on the status of multilateral negotiations regarding agricultural export credit programs. *[§321]*	**a.** Extends current law through FY2007. Instead of report, requires regular consultations with Congress on the status of multilateral negotiations regarding agricultural export credit programs. *[§3102]*
b. Supplier Credits feature permits CCC to issue credit guarantees for repayment of credit made available by a U.S. exporter to a foreign buyer for up to 180 days. *[Agricultural Trade Act of 1978 as amended by §243 of the FAIR Act]*	**b.** No change in supplier credit term.	**b.** Permits guarantees of supplier credits for up to 12 months. *[§321]*	**b.** Permits supplier credit guarantees for up to 360 days, subject to appropriations for any loan terms longer than the current 180 days. *[§3102]*
6. Emerging Markets Program **a.** Requires CCC through FY2002 to offer no less than $1 billion per year in direct credit, or credit guarantees, for exports to emerging markets (formerly emerging democracies). *[Food, Agriculture, Conservation and Trade Act of 1990 as amended by §277 of the FAIR Act of 1996]*	**a.** Extends current law through FY2011. *[§308]*	**a.** Extends current law through FY2006. *[§332]*	**a.** Extends current law through FY2007. *[§3203]*

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b. Requires CCC to provide $10 million annually through FY2002 to send U.S. advisors to emerging markets. *Food, Agriculture, Conservation and Trade Act of 1990 as amended by §277 of FAIR Act of 1996]*	**b.** Increases this funding to $13 million annually. *[§308]*	**b.** No increase.	**b.** No increase.
B. Food Aid Programs			
1. P.L. 480 (Food for Peace) General **a.** Seeks to combat hunger and encourage development overseas. Title I makes export credit available on concessional terms (e.g. low interest rates for up to 30 years); Title II authorizes donations for emergency food aid and non-emergency humanitarian assistance. Authority to enter into new P.L. 480 agreements (which are funded mainly through annual appropriations) is through FY2002. *[§408 of P.L. 480 (Agricultural Trade Development and Assistance Act of 1954) as amended by §217 of the FAIR Act of 1996]*	**a.** Extends P.L. 480 (i.e., authority to enter into new agreements) through FY2011. *[§307]*	**a.** Extends P.L. 480 through FY2006. *[§311]*	**a.** Extends P.L. 480 authority through FY2007. *[§3012]*
b. Congress has stated five specific purposes of P.L. 480 (e.g. combat hunger, expand international trade, etc.). *[§2 of P.L. 480]*	**b.** Adds "conflict prevention" as a new purpose. *[§307]*	**b.** Adds "conflict prevention" as a new purpose. *[§301]*	**b.** Adds "prevent conflicts" as a new purpose. *[§3001]*
c. Food Aid Consultative group consisting of specified federal	**c.** Extends Food Aid Consultative Group through FY2006; clarifies what	**c.** Extends Food Aid Consultative Group through FY2006. *[§305]*	**c.** Extends Food Aid Consultative Group through FY2007. *[§3005]*

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officials, representatives of private voluntary organizations (PVOs), foreign non-government organizations, and agriculture producer groups, is authorized through FY2002. *[§205 of P.L. 480]*	the group is to review to include policies and guidelines. *[§307]*		
2. P.L.480 Assistance Levels and Funding **a.** Minimum Title II assistance is 2.025 million metric tons (MMT) of agricultural commodities per year through FY2002; AID Administrator has some authority to waive minimum. Subminimum requirement for non-emergency programs is 1.55MMT. *[§204 of P.L. 480]*	**a.** Increases the minimum level of commodities to 2.25MMT per year through FY2011. *[§307]*	**a.** Increases the minimum level of commodities to 2.1 MMT in FY2002, 2.2MMT in FY2003, 2.3 MMT in FY2004, 2.4 MMT in FY2005, and 2.5 MMT in FY2006. *[§304]*	**a.** Increases the minimum level of commodities to 2.5MMT annually beginning in FY2002. Changes the sub-minimum requirement for non-emergency programs to 1.875 MMT annually. *[§3004]*
b. Limits CCC Title II costs to $1 billion yearly; some Presidential waiver authority. *[§206 of P.L. 480]*	**b.** Removes limit on CCC Title II costs. *[§307]*	**b.** Doubles limit on CCC Title II costs to $2 billion per year. *[§306]*	**b.** Removes limit on CCC Title II costs. *[§3006]*
c. Provides that at least $10 million but not more than $28 million of Title II funding per year shall be use to support eligible organizations (PVOs, cooperatives, organizations like the World Food Program, etc.) in conducting Title II activities. *[§202 of P.L. 480]*	**c.** Replaces dollar designations by setting support for eligible organizations at not less than 5% and not more then 10% of Title II funding. *[§307]*	**c.** Replaces dollar designations by setting support for eligible organizations at not less than 5% and not more than 10% of Title II funding. *[§302]*	**c.** Replaces dollar designations by setting support for eligible organizations at not less than 5% and not more than 10% of Title II funding. *[§3002]*
3. P.L. 480 Operation & Administration **a.** Permits PVOs to sell Title II commodities in the recipient country (or a nearby country) to finance	**a.** Authorizes the use of U.S. dollars and other currencies for monetization in P.L. 480 — and also Food for	**a.** Similar to House *[§303, §310, & §325]*. Also, a food aid commodity sale is to be "at a reasonable market	**a.** Monetization language similar to House and Senate. Adopts Senate's "reasonable market price" language.

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commodity transportation, storage, etc., and local development projects ("monetization"). *[§203 of P.L. 480]*	Progress and Section 416 programs; permits PVOs to submit multi-country proposals; and permits food aid monetization in more than one country in the region. *[§302; §303; §307]*	price in the economy" where the commodity is to be sold. *[§310]*	Contains language encouraging multi-country proposals, from all eligible organizations, not just PVOs. *[§3003; §3009; §3106]*
b. The AID Administrator has 45 days to decide on Title II proposals submitted by eligible organizations or U.S. field missions. *[§207 of P.L. 480]*	**b.** Increases the time for decisions from 45 to 120 days. *[§307]*	**b.** Increases, to 120 days, time the Administrator has to decide on Title II proposals. Contains other timelines for finalizing program agreements and announcing programs each year. Permits USDA to approve an agreement that provides for direct delivery of commodities to foreign milling or processing facilities that are more than 50% U.S.-owned, with cash proceeds transferred to eligible organizations for carrying out projects. *[§307]*	**b.** Increases, to 120 days, time the Administrator has to decide on Title II proposals; clarifies that the period begins after submission of the proposal to AID Administrator, who is encouraged to make decisions on proposals within that period. Deletes Senate provision on direct delivery of commodities. *[§3007]*
c. Authorizes $2 million in each of FY2001 and FY2002 to "preposition" food aid commodities in the U.S. and foreign countries. *[§407 of P.L. 480]*	**c.** Extends authorization through FY2011. *[§307]*	**c.** Extends authorization through FY2006. *[§311]*	**c.** Extends authorization through FY2007. *[§3010]*
d. Authorizes appropriations of up to $3 million annually through FY2002 for grants to PVOs and U.S. non-profits for stockpiling shelf-stable, pre-packaged foods. *[§208 of P.L. 480]*	**d.** Extends authorization through FY2011. *[§307]*	**d.** Extends authorization through FY2006. *[§308*]	**d.** Extends authorization through FY2007. *[§3008]*
e. Requires USDA (if feasible) to establish a "micronutrient	**e.** No provision.	**e.** Extends the authorization as an ongoing program through FY2006.	**e.** Adopts the Senate provision through FY2007 with technical

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fortification" pilot program; authority expires in FY2002. *[§415 of P.L. 480]* **f.** No provision.	 **f.** No provision.	*[§313]* **f.** Permits President to establish, under Title II, a "pilot emergency relief program to provide live lamb to Afghanistan." *[§309.]*	corrections; includes language aimed at improving and insuring quality of fortified food aid commodities. *[§3013]* **f.** As part of required report to Congress within 120 days on use of perishable commodities, Agriculture Secretary must report on feasibility of transporting lambs and other live animals in food aid programs. *[§3207]*
4. Certified Institutional Partners No provision in current law. Currently PVOs and cooperatives generally must undergo the same application procedures to participate in various food aid programs each time they apply.	No provision.	Requires AID or USDA, as applicable, to establish a process enabling PVOs and cooperatives that can demonstrate their capacity to carry out the programs (under P.L. 480; §416; or Food for Progress) to qualify as "certified institutional partners," which would entitle them to use streamlined application procedures, including expedited review and approval to receive commodities for use in more than one country. *[§302; §325; §334]*	For Title II Food for Peace, AID Administrator must establish, within 1 year, streamlined guidelines and application procedures and, by FY2004, incorporate, to the maximum extent practicable, the changes. Requires consultation with stakeholders and Congress, and a report to Congress within 270 days on improvements. *[§3002]*. For Food for Progress and Section 416, requires, respectively, the President and Secretary of Agriculture, within 270 days, to review and make any needed changes in rules and procedures aimed at streamlining application procedures, including consideration of pre-screening organizations and proposals; requires consultations with Congress. *[§3106; §3201]*.

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5. Farmer-to-Farmer Program Requires that no less than 0.4% of P.L. 480 funds be used to provide U.S. farmers' and other agricultural experts' technical assistance in developing, middle income and emerging market countries. *[Title V of P.L. 480 as amended by §224 and §277 of the FAIR Act of 1996]*	Extends funding authority at current 0.4% through FY2011. *[§307]*	Extends funding authority through FY2006, and increases minimum funding to 0.5% of P.L. 480 funds. *[§314]*	Extends funding authority through FY2007, and increases minimum funding to 0.5% of P.L. 480 funds. Farmers for Africa and Caribbean Basin Program is incorporated into this title (see No. 10, page 14, for details). *[§3014]* [Note: renames program "John Ogonowski Farmer-to-Farmer Program."]
6. CCC (Section 416) Surplus Donations Permanent law authorizes the use of CCC-owned surplus commodities for overseas donations. *[§416(b) of the Agricultural Act of 1949 as amended]*	Maintains current law, and requires USDA to publish in the Federal Register, by each October 31, an estimate of Section 416 commodities to be made available for the fiscal year. Also encourages Section 416 program agreements to be finalized by December 31. *[§303]*	Maintains current law, and permits USDA to approve an agreement that provides for direct delivery of commodities to foreign milling or processing facilities that are more than 50% U.S.-owned, with cash proceeds transferred to eligible organizations for carrying out projects. *[§334]*	Adopts House language regarding October 31 and December 31 deadlines. Omits Senate provision on direct delivery of commodities. *[§3201]*
7. Bill Emerson Humanitarian Trust Authorizes, through FY2002, a trust totaling not more than 4MMT of wheat, rice, corn, sorghum, or any combination as a reserve solely to meet emergency humanitarian food needs. *[Bill Emerson Humanitarian Trust Act of 1998, which replaced Title III of the Agricultural Act of 1980 as amended (Food Security Commodity Reserve)]*	Extends the Trust through FY2011. *[§309]*	Extends the Trust through FY2006. *[§331]*	Extends the Trust through FY2007. *[§3202]*

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8. Food for Progress (FFP) **a.** Provides commodities to support countries that have committed to expand free enterprise in their agricultural economies; commodities may be provided under Title I of P.L. 480 or Section 416(b) authorities, or using CCC funds. Authority expires December 31, 2002. *[§1110 of the Food Security Act of 1985 as amended by the FAIR Act of 1996]*	**a.** Reauthorizes FFP through FY2011. *[§302]*	**a.** Reauthorizes FFP under a new Title VIII of the 1978 Agricultural Trade Act called “Food for Progress and Education Programs,” authorized through FY2006. Permits USDA to provide agricultural commodities to support introduction or expansion of free trade enterprises in recipient country economies, and to provide food or nutrition assistance. *[§325]*	**a.** Reauthorizes FFP through FY2007 under existing law (i.e., not a new Title VII). Encourages President to finalize agreements before beginning of relevant fiscal year. Requires him to submit to Congress by each December 1 a list of programs, countries, eligible commodities, and transportation and administrative costs for the year. Defines eligible commodities. Incorporates a definition section into the statute; establishes program purposes and quality assurance requirements; and requires President to ensure that eligible organizations are optimizing use of donated commodities. *[§3106]*
b. Annual limits on CCC funds for administrative costs and for commodity transportation costs are $10 million and $30 million, respectively.	**b.** Increases annual limits on administrative costs to $15 million, and on transportation costs to $40 million. [§302]	**b.** Permits up to $55 million per year to be used for transportation, administrative, processing, and related costs. *[§325]*	**b.** Increases annual limits on administrative costs to $15 million, and on transportation costs to $40 million. *[§3106]*
c. Annual limit on commodity assistance is 500,000MT.	**c.** Increases annual limit on commodities to 1 million MT. Also, excludes from the tonnage limit those commodities furnished on a grant basis or on credit terms under Title I. *[§302]*	**c.** Sets an annual minimum tonnage requirement for FFP of 400,000MT through FY2006, using the CCC. In addition, authorizes the appropriation of such sums as may be necessary to carry out FFP, plus permits the use of P.L. 480 Title I funds. All commodities and related expenses must be in addition to any other P.L. 480 assistance. *[§325]*	**c.** Annual minimum tonnage requirement: “not less than 400,000MT may be provided” through CCC. Excludes, from the current annual tonnage limits, those commodities furnished on a grant basis or on credit terms under P.L. 480, Title I. *[§3106]*

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9. International Food for Education School feeding and child nutrition projects have been operated within broader PVO and United Nations World Food Program (WFP) food aid portfolios. Clinton Administration initiated a pilot global food for education initiative whereby USDA has committed to provide up to $300 million (under Section 416 authority) for commodities and transportation costs for school and pre-school nutrition projects and related activities in developing countries. Approved projects conducted through the WFP, PVOs, and eligible foreign governments using USDA discretionary authorities. *[General authority under Section 416]*	Authorizes George McGovern-Robert Dole International Food for Education and Child Nutrition Program whereby the President is permitted to direct the provision of U.S. agricultural commodities and financial and technical assistance for foreign preschool and school feeding programs to reduce hunger and improve literacy (particularly among girls), and nutrition programs for pregnant and nursing women and young children. Authorizes the appropriation of such sums as may be necessary each year through FY2011. Gives President authority to designate the federal agency to administer program; defines eligible recipients to include PVOs, cooperatives, intergovernmental organizations, governments and their agencies, and other organizations. *[§312]*	Requires establishment of an International Food for Education and Nutrition Program whereby the Secretary of Agriculture may provide commodities and technical and nutrition assistance for programs that improve food security and enhance educational opportunities for preschool and primary school children in recipient countries. CCC authority and funds of not more than $150 million shall be used in each of FY2002-2005. Eligible organizations include PVOs, cooperatives, nongovernmental organizations, and foreign countries, which are subject to a "graduation requirement" to provide for continuation of program after end of funding. *[§325]*	Permits President to establish the McGovern-Dole International Food for Education and Child Nutrition Program, with mandatory funding from CCC of $100 million in FY2003 to continue existing pilot projects; and subject to appropriations in FY2004-2007. Eligible costs include commodity acquisition, processing, transportation, handling (including specified in-country costs if President makes certain determinations). Eligible organizations: cooperatives, PVO's, intergovernmental organizations, governments of developing countries and their agencies, and other organizations. Includes Senate graduation requirement; program funding priorities and application guidelines; assurances that recipient country production and marketing are not disrupted. *[§3107]*
10. Farmers for Africa & Caribbean Basin No provision in current law.	Creates a Farmers for Africa and Caribbean Basin Program offering grants to eligible organizations for bilateral exchange programs utilizing African-American and other U.S. farmers and agricultural specialists. Authorizes $10 million in annual	No provision.	House provision is incorporated into the John Ogonowski Farmer-to-Farmer Program, with authorization for appropriations of up to $10 million annually through FY2007. Up to 5% of appropriation can be used for administrative expenses.

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	appropriations annually through FY2011. *[§311*]		*[§3014]*
11. Terrorism and Foreign Assistance No provision.	No provision.	Sense of Senate that U.S. foreign aid should play increased role in addressing conditions breeding global terrorism. *[§338]*	Sense of Congress that U.S. foreign aid should play increased role in addressing conditions breeding global terrorism. *[§3209]*
C. Other Trade Provisions			
1. Trade Agreement Compliance Under the 1994 Uruguay Round Agreement on Agriculture (URAA) the United States agreed to limit the value of trade-distorting U.S. domestic farm supports to $19.1 billion per year. However, U.S. law itself does not place an upper limit on such supports.	If the Secretary of Agriculture determines that total spending for such commodity support will exceed the limits in the URAA, the Secretary may make adjustments in the programs to reduce spending to (but not below) such limits. *[§181]*	Same as House bill, but with additional language requiring annual notifications to Congress on current and following marketing year estimates of support to be reported to the World Trade Organization, and effectively requiring Congress to consider amending (within 18 months) any programs that might cause the URAA limits to be breached. *[§164]*	If Secretary determines that expenditures will exceed URAA allowable levels for any applicable reporting period, Secretary shall, to the maximum extent practicable, make adjustments in such expenditures to ensure that they do not exceed allowable levels. Prior to doing so, Congress must be notified of the adjustment types and levels. *[Title I, §1601]*
2. Technical Assistance for Barriers to Trade Various trade agreements discipline countries' use of sanitary and phytosanitary (SPS) and other technical barriers to trade, used by countries to protect their consumers, agricultural and natural resources. USDA agencies, the U.S. Trade Representative, and other federal authorities have established	Requires USDA to establish a "Technical Assistance for Speciality Crops" program, providing direct assistance through public and private projects and technical assistance, to help overcome the "unique barriers" — such as SPS and related barriers — inhibiting exports of U.S. specialty crops (e.g., fruits, vegetables).	A section within the Biotechnology and Agricultural Trade Program (see below) directs USDA to assist U.S. exporters harmed by "unwarranted and arbitrary" barriers to trade due to marketing of biotechnology products, food safety, disease, or other SPS concerns; authorizes appropriations	Requires USDA to establish, outside of the Biotechnology and Agricultural Trade Program (see below), a "Technical Assistance for Specialty Crops" program providing direct assistance through public and private projects and technical assistance to remove, resolve, or mitigate SPS and related barriers to

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mechanisms for identifying such barriers and attempting to resolve disputes over them.	Requires use of $3 million annually in CCC funds through FY2011. *[§310]*	of $1 million annually through FY2006. *[§333]*	exports of U.S. specialty crops. Requires use of $2 million annually in CCC resources through FY2007. *[§3205]*
3. Biotechnology and Agricultural Trade Program No provision.	No provision.	Requires USDA to establish a Biotechnology and Agricultural Trade Program to address the market access, regulatory, and marketing issues related to exports of U.S. agricultural biotechnology products. Requires CCC to make available $15 million for the program annually through FY2006. *[§333]*	Establishes a Biotechnology and Agricultural Trade Program, using technical assistance and public and private sector project grants, to remove, resolve, or mitigate significant regulatory nontariff barriers to U.S. exports involving: agricultural commodities produced through biotechnology; food safety; disease; or other SPS concerns. Authorizes appropriations of $6 million annually through FY2007. *[§3204]*
4. Trade Negotiating Objectives Multilateral negotiations are under way to reform further the terms of agricultural trade in place under the 1994 Uruguay Round Agreement on Agriculture. Present trade law contains a list of explicit U.S. objectives and consultation requirements for agriculture that U.S. negotiators are supposed to follow. *[Trade Act of 2002, Title XXI]*	No provision.	Sense of Congress provision also contains an explicit description of agricultural trade negotiating objectives. *[§336]*	Contains an explicit description of agricultural trade negotiating objectives, but as a Sense of Senate rather than Sense of Congress. *[§3210]*
5. Exporter Assistance Initiative Various federal agencies routinely provide market intelligence, trade	No provision.	Authorizes appropriations ($1 million for each of FY2002-2004	Requires Secretary to maintain a website with information to assist

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data, and other information aimed at helping U.S. agricultural exporters find, understand, and sell into overseas markets. For example, both USDA's Economic Research Service and Foreign Agricultural Service maintain written and web-based publications and data series containing much of this information.		and $500,000 for each of FY2005-2006) for an "Exporter Assistance Initiative" to create an Internet website providing a single source of information from all federal agencies to help U.S. agricultural exporters. *[§326*]	U.S. agricultural exporters. No appropriations authorized. *[§3101]* [Note: extensive conference report language directs Secretary to improve FAS web-based information.]
6. Cuba Trade Sanctions FY2001 agriculture appropriations law codified the lifting of unilateral sanctions on commercial sales of food, agricultural commodities, medicine, and medical products to Iran, Libya, North Korea, and Sudan; and extended this policy to apply to Cuba, but in a more restrictive way by prohibiting all financing of such sales, even with private credit sources. *[§908 of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, 2001*]	No provision.	Lifts restrictions on private financing of agricultural sales to Cuba *[§335]*	No provision.
7. Studies and Reports **a.** Services provided by USDA's Foreign Agricultural Service (FAS) are generally taxpayer-funded. **b.** Secretary of Agriculture is required to develop a long-term	**a.** Requires USDA to study and report to Congress within 1 year on the feasibility of a program charging fees to pay for providing commercial services abroad on matters under FAS. *[§313]* **b.** Requires USDA to report to Congress within 1 year on national	**a.** No provision. **b.** No provision.	**a.** Requires study, but only of fees for services beyond those already provided by FAS as part of an overall market development strategy for a particular country or region. *[§3208]* **b.** Requires USDA to consult with relevant congressional committees

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agricultural trade strategy every 3 years. Subsequent farm bills have provided more explicit guidance on trade strategy goals and procedures. *[Agricultural Trade Act of 1978; Food, Agriculture, Conservation, and Trade Act of 1990; FAIR Act of 1996.]* **c.** No provision. **d.** No provision.	export strategy. *[§314]* **c.** Requires USDA annual report to Congress on U.S. beef and pork imports each calendar year. *[§946]* **d.** No provision.	**c.** No provision. **d.** Requires USDA to report to Congress within 120 days on transportation, infrastructure, and funding deficiencies that have limited the use of perishable commodities in food aid programs. *[§337]*	on Global Market Strategy within 180 days of enactment and every 2 years after that. *[§3206]* **c.** No provision. **d.** Requires USDA to report to Congress within 120 days on implications of storage and transportation capacity and funding for use of perishable and semi-perishable commodities in food aid programs. *[§3207]*
8. Country of Origin Labeling; Grading **a.** Most imports, including many food items, must bear labels informing the final purchaser of their country of origin. However, certain "natural products" including fresh fruits, vegetables, nuts, live and dead animals (e.g., meats), and fish, among others, generally are exempted. *[§304 of the Tariff Act of 1930 as amended; Federal Meat Inspection Act and Poultry Products Inspection Act as amended]*	**a.** Requires retailers other than restaurants and other food service establishments to inform consumers of the country of origin of "perishable agricultural commodities" (fresh or fresh frozen fruits and vegetables) through labels, marks, or other in-store information; specifies the daily fines for violations. *[Title IX, §944]*	**a.** Requires retailers other than restaurants and other food service establishments to inform consumers of the country of origin of ground and muscle cuts of beef, lamb and pork, of wild and farm-raised fish, of perishable agricultural commodities, and of peanuts, through labels, marks, or other in-store information. Defines what is meant by country of origin for each of these categories; authorizes the Secretary to set up a record-keeping	**a.** Requires retailers other than restaurants and other food service establishments to inform consumers of the country of origin of ground and muscle cuts of beef, lamb, and pork, of farm-raised and wild fish, of perishable agricultural commodities, and of peanuts, through labels, marks, or other in-store information. Defines what is meant by country of origin for each category (e.g., meats must be from animals born, raised and slaughtered in the United

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		system; authorizes but does not specify fines for violations. [Title X, §1001]	States); includes language on implementation and enforcement. Program is voluntary beginning September 30, 2002, and mandatory beginning September 30, 2004. *[Title X, § 10816]*
b. USDA provides a fee-based service to the industry that grades meats and meat products based on their quality and affixes those grades to such products; both domestic and imported meats are eligible. *[Agricultural Marketing Act of 1946 as amended]*	**b.** No provision.	**b.** Prohibits imported carcasses, meats, or meat food products from bearing a USDA quality grade label. *[Title X, §1002]*	**b.** No provision.