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Agricultural Exports and 2014 Farm Bill Programs: Background and Issues

(name redacted)
Analyst in Agricultural Policy

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Summary

U.S. agricultural exports have long been a bright spot in the U.S. balance of trade, with exports exceeding imports in every year since 1960. The most recent forecast for FY2014 is that U.S. agricultural exports will reach a record high of $149.5 billion. U.S. agricultural imports are forecast to reach $110.5 billion in FY2014, resulting in a $39 billion agricultural trade surplus, which would rank second only to the FY2011 surplus of $42.9 billion. Exports are a major outlet for many farm commodities, in some cases absorbing over one-half of U.S. output.

Among the key variables affecting U.S. agricultural exports are the value of the U.S. dollar vis-a-vis currencies of trading partners and the pace of economic growth, particularly in developing and emerging countries. According to U.S. Department of Agriculture (USDA) forecasters, factors contributing to a promising outlook for U.S. agricultural exports in FY2014 include moderately higher world economic growth in FY2014; a stable and relatively low-valued U.S. dollar; larger U.S. supplies of key grain crops; and diminished competition from some foreign competitors.

The United States operates a number of programs aimed at developing overseas markets for U.S. agricultural products and facilitating exports. The 2008 farm bill authorized these trade programs through FY2012, but they were subsequently extended through FY2013 by the "fiscal cliff" legislation (P.L. 112-240). In early 2014, Congress approved the Agricultural Act of 2014, which the President signed into law on February 7, 2014, as P.L. 113-79, extending most programs through FY2018. The trade title (Title III) of the farm bill authorized, amended, and repealed three main types of agricultural export programs:

- **Export market development programs.** The Foreign Agricultural Service (FAS) of USDA administers five market development programs that aim to assist U.S. industry efforts to build, maintain, and expand overseas markets for U.S. agricultural products. The five are the Market Access Program (MAP), the Foreign Market Development Program (FMDP), the Emerging Markets Program (EMP), the Quality Samples Program (QSP), and the Technical Assistance for Specialty Crops Program (TASC).
- **Export credit guarantee programs.** Through the GSM-102 Program and the Facility Guarantee Program, USDA's Commodity Credit Corporation (CCC) guarantees loans so that private U.S. financial institutions will extend financing to buyers in emerging markets that want to purchase U.S. agricultural products. The 2014 farm bill shortened the loan term on which export credit guarantees would be made available to conform to U.S. commitments in the World Trade Organization (WTO).
- **Direct export subsidy programs.** The 2014 farm bill terminated the Dairy Export Incentive Program (DEIP), which had been inactive for several years.

The 2014 farm bill broke new ground in directing the Secretary of Agriculture to reorganize the export and import activities of the USDA, while creating a new Under Secretary of Agriculture position with the aim of coordinating the government's response to trade-related sanitary and phytosanitary issues affecting agricultural products, as well as nontariff trade barriers.

Issues for Congress include determining the role and effectiveness of the public vs. private sector for investing in the development of new markets; monitoring the effect of policy changes in the farm bill on the Brazil WTO case against U.S. cotton subsidies and possible implications for trade relations; and overseeing the Secretary's plans to reorganize USDA's trade-related functions.

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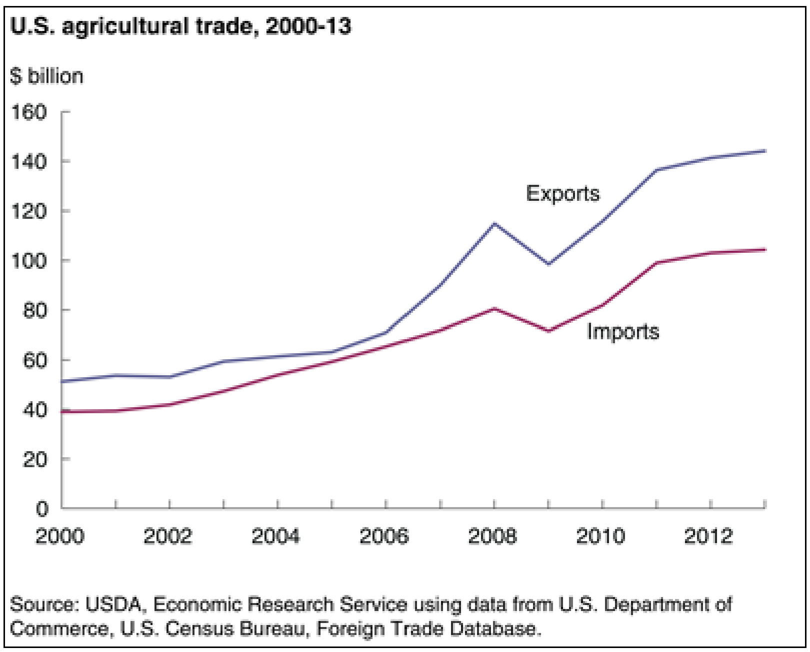
U.S. Agricultural Exports

Agricultural exports are important both to farmers and to the U.S. economy. With the productivity of U.S. agriculture growing faster than domestic demand, farmers and agriculturally oriented firms rely heavily on export markets to sustain prices and revenue. According to the U.S. Department of Agriculture's Economic Research Service (ERS), agricultural exports have exceeded agricultural imports in every year since 1960 (**Appendix A**). This trend has become increasingly pronounced in recent years (**Figure 1**). In FY2013, U.S. agricultural exports reached $140.9 billion, topping the previous record high of $137.4 billion in FY2011. With agricultural imports rising slowly to $103.9 billion, the FY2013 agricultural trade surplus expanded to $37.1 billion from $32.4 billion in FY2012, but was $6 billion below the peak in FY2011.

USDA's forecast for agricultural trade for FY2014 is for an expansion in exports to an all-time high of $149.5 billion.[1] U.S. agricultural imports are forecast to rise by $6.7 billion to $110.5 billion in FY2014, resulting in the second-highest trade surplus on record at $39 billion.

Figure 1. Value of U.S. Agricultural Trade, FY2000-FY2013F

(US$ billions)



Source: USDA Economic Research Service (ERS). See **Appendix A**.

Notes: U.S. foreign agricultural trade data can be obtained at http://www.ers.usda.gov/data-products/foreign-agricultural-trade-of-the-united-states-(fatus).aspx.

F = Forecast.

For perspective, USDA estimates that during the most recent three years, from 2011 to 2013, the value of U.S. agricultural exports accounted for between 10% and 11% of total U.S. exports.[2]

[1] USDA Economic Research Service, "Outlook for U.S. Agricultural Trade," May 29, 2014, http://www.ers.usda.gov/publications/aes-outlook-for-us-agricultural-trade/aes-82.aspx#.U8Px0SiZjTo.

[2] USDA, Economic Research Service, Value of U.S. Trade—Agricultural and Total, April 23, 2014, http://www.ers.usda.gov/topics/international-markets-trade/us-agricultural-trade.aspx#.U-Jv_iiZjTp.

Within the agricultural sector, the importance of exports looms even larger, accounting for around 20% of total agricultural production.[3]

Foreign markets represent the largest outlet for a number of U.S. farm commodities, while providing a substantial market for many other agricultural products. During the 2013/2014 marketing year, export markets absorbed 81% of U.S. cotton production, 56% of wheat output, and 49% of the soybean harvest. In the livestock sector, USDA projects the export share of pork, broiler meat, and beef production in 2014 will amount to 22%, 19%, and 10%, respectively.[4] Among specialty crops, preliminary USDA estimates are that 68% of U.S. almond production and 65% of the pecan crop from the 2012/2013 season were directed to export markets.[5]

The top country destinations for U.S. agricultural exports in FY2013 are given in **Table 1**. In FY2012 China surpassed North American Free Trade Agreement (NAFTA) partner Canada as the leading market for U.S. agricultural exports, and China retained the top spot in FY2013.

Table 1. Top U.S. Agricultural Export Destinations, by Value, FY2013

Rank	Country	US$ billions	% of Total
1	China	23.5	16.7
2	Canada	21.4	15.2
3	Mexico	17.9	12.7
4	Japan	12.4	8.7
5	European Union	11.5	8.2
6	South Korea	5.2	3.7
7	Hong Kong	3.6	2.6
8	Taiwan	3.2	2.3
9	Indonesia	2.6	1.9
10	Philippines	2.4	1.7
11	Turkey	2.2	1.5
12	Vietnam	2.1	1.5
13	Egypt	1.7	1.2
14	Brazil	1.6	1.1
15	Venezuela	1.6	1.1

Source: Rank compiled by CRS using data from the USDA Economic Research Service, "Outlook for U.S. Agricultural Trade," May 29, 2014, http://www.ers.usda.gov/publications/aes-outlook-for-us-agricultural-trade/aes-82.aspx#.U8Px0SiZjTo.

[3] USDA, ERS, "U.S. Agricultural Trade, Export Share of Production," http://www.ers.usda.gov/topics/international-markets-trade/us-agricultural-trade/export-share-of-production.aspx#.U-J86SiZjTq, and telephone conversation with Alberto Jerardo, USDA, ERS on August 6, 2014.

[4] USDA World Agricultural Supply and Demand Estimates, July 11, 2014.

[5] USDA ERS, Fruit and Tree Nuts Yearbook Tables, tables F8 and F14, http://www.ers.usda.gov/data-products/fruit-and-tree-nut-data/yearbook-tables.aspx#.U-JqeiiZjTo.

The leading agricultural commodity exports by value in FY2013 are shown in **Table 2**. Strong demand for soybeans, especially from China, helped make soybeans the largest U.S. agricultural export commodity in FY2013.

Concerning the composition of agricultural exports, soybeans and several other bulk commodities continue to rank at or near the top of the list of farm exports by value, but the mix of exports continues to shift away from bulk commodities in favor of high value products (HVPs). The HVP category includes such products as live animals, fruits and vegetables, nuts, fats, hides, feeds, sugar products, meat, milk, grain products, and processed fruits and vegetables. The HVP share of total U.S. agricultural exports rose from 63.5% in 2012 to 67.2% in 2013. USDA forecasts its share will increase to 69% in 2014, and projects it will continue to rise from there.

Table 2. Top U.S. Agricultural Export Commodities, by Value, FY2013

Rank	Commodity	US$ billions	% of Total
1	Soybeans	20.9	14.8
2	Wheat, Unmilled	10.1	7.2
3	Feeds and Fodder	8.2	5.8
4	Fresh Fruits and Vegetables	7.3	5.2
5	Tree Nuts: Whole, Processed	7.1	5.0
6	Poultry Products	6.5	4.6
7	Dairy Products	6.1	4.3
8	Cotton	5.6	4.0
9	Corn	5.6	4.0
10	Soybean Meal	5.5	3.7
11	Beef and Veal	5.2	3.7
12	Pork	5.2	2.2
13	Hides, Skins and Furs	3.1	1.6
14	Rice	2.2	1.1
15	Seeds	1.6	1.1

Source: USDA Economic Research Service, http://www.ers.usda.gov/publications/aes-outlook-for-us-agricultural-trade/aes-82.aspx#.U8Px0SiZjTo.

Agricultural exports make a significant contribution to the overall U.S. economy. USDA's Economic Research Service estimates that, in 2012, each dollar of agricultural exports stimulated an additional $1.27 in business activity. Moreover, that same year, agricultural exports generated an estimated 929,000 full-time civilian jobs, including 622,000 jobs outside the farm sector.[6]

Nearly every state exports agricultural commodities. **Table 3** provides a listing of the 10 states with the highest shares of U.S. agricultural exports by value in calendar year (CY) 2012. These 10 states accounted for 56% of total U.S. agricultural exports that year.

[6] USDA Economic Research Service, Effects of Trade on the U.S. Economy. http://www.ers.usda.gov/data-products/agricultural-trade-multipliers/effects-of-trade-on-the-us-economy.aspx#.U-JsVSiZjTo.

Table 3. Top Exporting States of Agricultural Commodities, CY2012

Rank	State	US$ billions	% of Total
1	California	18.8	13.3
2	Iowa	11.3	8.0
3	Illinois	8.3	5.9
4	Minnesota	8.2	5.8
5	Nebraska	7.3	5.2
6	Texas	6.5	4.6
7	Kansas	4.9	3.5
8	Indiana	4.8	3.4
9	North Dakota	4.1	2.9
10	Ohio	4.1	2.9

Source: USDA, ERS. State Export Data, http://www.ers.usda.gov/data-products/state-export-data.aspx#25532.
Notes: For CY2012, the total value of U.S. agricultural exports was $141.3 billion.

Economic and Other Factors in Agricultural Trade

U.S. and global trade are greatly affected by the growth and stability of world markets.[7] Changes in world population, economic growth, and income; tastes and preferences in foreign markets; and exchange rates are most likely to alter global food demand. U.S. domestic farm policies that affect price and supply, and trade agreements with other countries, also influence the level of U.S. agricultural exports. According to USDA, world economic growth—particularly sustained relatively high growth in developing countries—provides a foundation for increases in global food demand, trade, and agricultural exports.

Developing countries are expected to drive most of the growth in demand for U.S. agricultural exports in the years ahead, reflecting the outlook for faster population growth in these countries, and rising incomes associated with an expanding middle class. These economic trends, coupled with younger population demographics and increased urbanization, are closely associated with greater diversification of diets and increased demand for meat, dairy products, and processed foods that tend to shift import demand in favor of feedstuffs and high-value food products.[8]

Global economic growth is projected to accelerate to 2.8% in 2014 from 2% in 2013, according to USDA.[9] **Table 4** contains a breakdown of growth prospects by major regions and key countries. Economic growth is expected to be led by expanding economies in Asia and Africa, although some slowdown is foreseen in Africa this year compared with last year, with moderately slower growth projected for Asia. Economic growth in Latin America and the Caribbean also is expected to increase at a lower rate this year. By contrast, growth rates in North America, Europe, and Oceania are expected to push higher in 2014.

[7] For more information about U.S. agricultural trade, see CRS Report 98-253, *U.S. Agricultural Trade: Trends, Composition, Direction, and Policy*, by (name redacted), (name redacted), and (name redacted).

[8] USDA, "Agricultural Projections to 2023," pages 2, 7, and 88, http://www.ers.usda.gov/publications/oce-usda-agricultural-projections/oce141.aspx#.U8gbziiZjTo.

[9] USDA, ERS, "Outlook for U.S. Agricultural Trade," May 29, 2014, http://www.ers.usda.gov/publications/aes-outlook-for-us-agricultural-trade/aes-82.aspx#.U8g-vyiZjTo.

Table 4. Macroeconomic Variables Affecting U.S. Agricultural Exports

Region/Country	Share of World GDP	2013 GDP Growth Rate	2014 GDP Growth Rate	Real Exchange Rate[a] 2013	Real Exchange Rate 2014
World (U.S. trade-weighted)	100%	2.1%	2.8%	0.7	0.1
NAFTA	29.6%	1.9%	2.5%	0.0	0.4
Canada	2.3%	2.0%	2.2%	3.5	4.4
United States	25.4%	1.9%	2.5%	0.0	0.0
Mexico	1.9%	1.3%	3.3%	-5.1	0.7
Latin America and Caribbean	6.7%	2.3%	1.9%	1.8	5.7
Argentina	0.5%	4.9%	-1.2%	10.4	25.8
Brazil	2.2%	2.3%	1.4%	5.8	4.5
Europe	28.7%	0.1%	1.6%	-3.8	-2.0
Asia and Oceania	28.2%	4.2%	4.0%	7.6	2.0
China	7.5%	7.7%	7.0%	-3.6	-3.1
Japan	8.8%	1.5%	1.4%	23.7	6.7
South Korea	2.0%	3.0%	3.4%	-2.6	-1.8
Indonesia	0.8%	5.8%	5.2%	6.0	5.5
Vietnam	0.2%	5.1%	5.4%	-4.0	-3.5
India	2.6%	4.6%	4.7%	0.1	-1.7
Australia	1.7%	2.4%	2.9%	6.3	9.4
New Zealand	0.2%	2.5%	3.3%	-0.3	0.0
Middle East	3.8%	3.2%	3.1%	1.0	0.6
Turkey	1.2%	4.0%	2.0%	0.1	7.7
Africa	2.5%	5.3%	4.5%	-1.6	-0.9

Source: Calculations and compilation by USDA's Economic Research Service using data from Global Insight, the International Monetary Fund, and Oxford Economics.

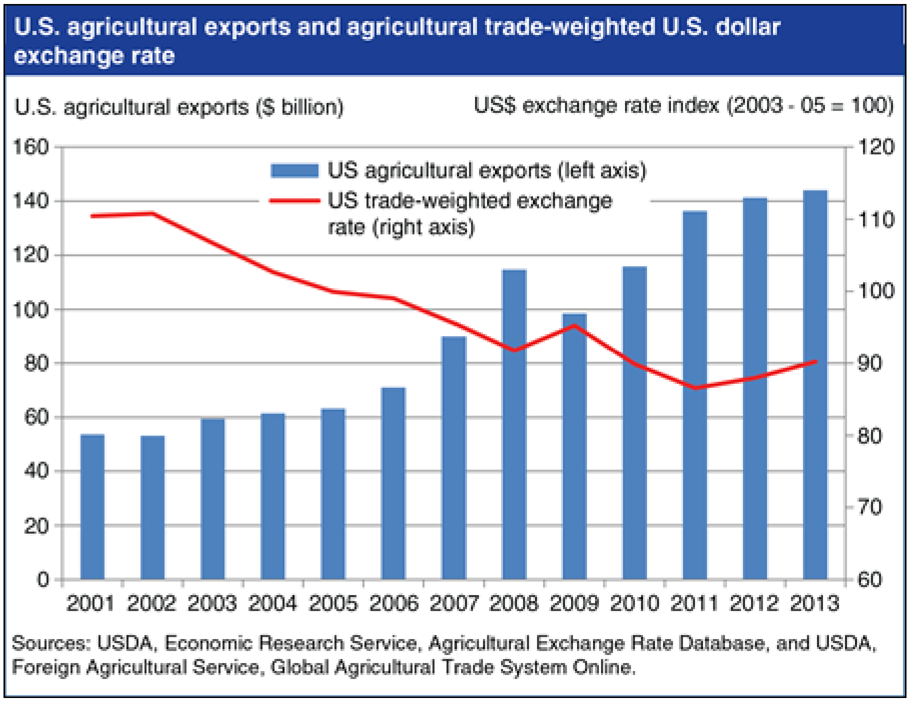
a. Local currency per U.S. dollar. A negative rate indicates a depreciation of the dollar. Real exchange rates have a 2005 base year.

Another important factor influencing U.S. agricultural trade is the value of the U.S. dollar relative to foreign currencies. The dollar is projected to be flat in 2014 following moderate appreciation over the last couple of years. But the slow appreciation of the dollar recently, following 10 years of depreciation from 2002 to 2011, means that the U.S. currency remains relatively weak. Dollar weakness contributes to the competitiveness of U.S. farm commodities in international markets, while also tending to dampen U.S. import demand.[10] During periods when the dollar is strengthening, such as in 2009, its higher value tends to act as a constraint on exports by making U.S. farm products more expensive abroad.

[10] USDA, ERS, "Outlook for U.S. Agricultural Trade, May 29, 2014, and "USDA Agricultural Projections to 2023."

Figure 2. Influence of Exchange Rate on U.S. Agricultural Exports, 2001-2013

(U.S. agricultural exports rose as the dollar depreciated)



Source: USDA Economic Research Service (ERS), and Foreign Agricultural Service (FAS).

Notes: U.S. Agricultural Trade data can be obtained at http://www.ers.usda.gov/data-products/foreign-agricultural-trade-of-the-united-states-(fatus).aspx. Exchange rate data are located at http://www.ers.usda.gov/data-products/agricultural-exchange-rate-data-set.aspx/.

U.S. trade policy and geopolitical events also factor into the level of agricultural exports. Trade liberalization efforts aim to expand international commerce by lowering various barriers to trade and broadening access to foreign markets. These efforts include multilateral agreements under the auspices of the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO), as well as regional trade agreements, such as the North American Free Trade Agreement (NAFTA), and bilateral free trade agreements, including the recent Korea-U.S. Free Trade Agreement (KORUS FTA).

Geopolitical events, such as economic sanctions, can influence the scope of trade in agricultural products as well. The effects of sanctions are often temporary, as commodities are fungible and trade flows tend to realign. One such event was the embargo that President Carter imposed on U.S. grain sales to the USSR in January 1980 in response to the Soviet invasion of Afghanistan in December 1979. At the time, the USSR was the largest importer of U.S. grain and feed. The quantity of U.S. grain and feed exports to the Soviet Union plunged by 66% in 1980, but total exports of U.S. grain and feed that year climbed by 10% as other importers absorbed the displaced grain.

More recently, on August 7, 2014, Russia banned the import of certain foods from a number of Western countries, including the United States, in retaliation for economic sanctions imposed on Russia for its actions in Ukraine. Banned food imports from the affected countries amounted to 22% of the value of Russia's food imports in 2013. The U.S. share of the affected product imports amounted to about 9% of the total, but comprised only about

0.5% of annual U.S. agricultural exports. While it is too early to assess the consequences of this import ban, the indications are that Russia will attempt to replace the banned products from alternative suppliers, while the banned suppliers are expected to seek out other markets.[11]

USDA's Agricultural Export Programs

Recognizing the importance of agricultural exports to the financial wellbeing of the U.S. farm sector, farm bills typically have included programs that promote commercial agricultural exports. The 2014 farm bill continues this pattern.

USDA's Foreign Agricultural Service (FAS) works to improve the competitive position of U.S. agriculture in the global marketplace.[12] To this end, FAS administers several export programs designed to improve the competitive position of U.S. agricultural goods in the world marketplace with the objective of facilitating export sales and improving foreign market access for U.S. farm products. The trade title of the 2014 farm bill, the Agricultural Act of 2014 (Title III of P.L. 113-79), as signed into law on February 7, 2014, establishes policy for the next five years.

The law reauthorizes and amends USDA's foreign agricultural export programs. Budget authority for these programs is mandatory, and not subject to annual appropriations. Funds required for these export programs are provided directly by the Commodity Credit Corporation (CCC) through its borrowing authority.[13]

Agricultural export programs generally fit within three broad groupings:

- export market development programs;
- export credit guarantee programs; and
- direct export subsidies.

The 2014 farm bill made several changes to Title III, but left intact most programs that facilitate overseas market development and sales. Key changes include alterations to the Export Credit Guarantee Program to align it with World Trade Organization rulings concerning its use in facilitating exports of U.S. cotton, and the elimination of the Dairy Export Incentive Program (DEIP), which effectively curtailed the use of direct export subsidies. The bill also directs the Secretary of Agriculture to establish the position of Under Secretary of Agriculture for Trade and International Affairs as part of a reorganization of the agency's trade functions.

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[11] For more on Russia's import ban, see CRS Report IN10133, *Russia's Ban on Certain Imported Food and Agricultural Goods*, by (name redacted).

[12] An overview of the Foreign Agricultural Service is available at http://www.fas.usda.gov/aboutfas.asp.

[13] The CCC is a U.S. government-owned and -operated corporation, created in 1933, with broad powers to support farm income and prices and to assist in the export of U.S. agricultural products. Toward this end, the CCC finances USDA's domestic price and income support programs and its export programs using its permanent authority to borrow up to $30 billion at any one time from the U.S. Treasury. More information is available at http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc.

Market Development Programs

FAS supports U.S. industry efforts to build, maintain, and expand overseas markets for U.S. food and agricultural products. FAS administers five market development programs:

- Market Access Program (MAP)
- Foreign Market Development Program (FMDP)
- Emerging Markets Program (EMP)
- Quality Samples Program (QSP)
- Technical Assistance for Specialty Crops Program (TASC)

In general, these programs provide matching 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. FAS also facilitates U.S. participation in a range of international trade shows. The 2014 farm bill extended legislative authorization of CCC funds for these market development programs for FY2014 through FY2018. Export programs are funded through the borrowing authority of the CCC.

Mandatory annual funding for market development programs as authorized in the 2014 farm bill includes $200 million for the Market Access Program, $34.5 million for the Foreign Market Development Program, $10 million for the Emerging Markets Program, and $9 million for the Technical Assistance for Specialty Crops Program. The Quality Samples Program is authorized under the CCC Charter Act, not the farm bill, and is funded through CCC's borrowing authority.

Market Access Program (MAP)[14]

The Market Access Program (MAP), which aids in the creation, expansion, and maintenance of foreign markets for U.S. agricultural products, was originally authorized by the Agricultural Trade Act of 1978 (P.L. 95-501, as amended) and is administered by FAS.[15] MAP provides funding to nonprofit U.S. agricultural trade associations, nonprofit U.S. agricultural cooperatives, nonprofit state-regional trade groups, and small U.S. businesses for overseas marketing and promotional activities, such as trade shows, market research, consumer promotions for retail products, technical capacity building, and seminars to educate overseas customers. MAP funds assist primarily value-added products, such as cotton, fruits, dairy products, meat, nuts, wood products, wine, and seafood, among other products. MAP funds can be used to support both generic promotions and brand-name promotions. Generic promotions are undertaken by nonprofit trade associations, state regional groups, and state agencies to increase demand for a specific commodity (e.g., peas, lentils, cotton) with no emphasis on a particular brand.

MAP funds may be spent by the participating organizations themselves (direct funding) and/or can be redistributed to entities that have applied to participating organizations for MAP assistance (indirect funding). Since FY1998, USDA policy has been to prohibit the allocation of MAP funds

[14] Additional information on MAP is available at http://www.fas.usda.gov/mos/programs/map.asp.

[15] MAP had two predecessor programs. In 1996, MAP replaced the Market Promotion Program, which was established in 1990 to replace the Targeted Export Assistance Program authorized in 1985.

to large U.S. companies. Agricultural cooperatives and small U.S. companies[16] can receive assistance under the brand program, which seeks to establish consumer loyalty for their brand-name products.[17] To conduct branded product promotion activities, individual companies must provide a funding match of at least 50% of the total marketing cost. For generic promotion activities, trade associations and others must meet a minimum 10% match requirement.

Although MAP is a mandatory program and hence does not require an annual appropriation, agriculture appropriations acts have on occasion capped the amounts that could be spent on the program or imposed other restraints on programming. For example, the FY1996 Agriculture Appropriations Act prohibited MAP spending to promote exports of mink pelts or garments. Since 1993, no MAP funds may be used to promote tobacco exports.

MAP has been targeted for cuts by some Members of Congress who maintain that it is a form of corporate welfare, or to help offset increased expenditures on other programs, but such efforts have been unsuccessful. MAP funding steadily increased from $90 million in FY2000 to $200 million in FY2006, where it has remained. The 2014 farm bill reauthorizes CCC funding for MAP at then-current mandatory funding levels of $200 million annually through FY2018.

Foreign Market Development Program (FMDP)[18]

The Foreign Market Development Program (FMDP) was established in 1955, and like MAP has the primary objective to assist industry organizations in the expansion of export opportunities. The 2014 farm bill reauthorizes CCC funding for FMDP for FY2014-FY2018 at an annual level of $34.5 million. The 1996 farm bill provided new statutory authority for the program. Funding for FMDP has been maintained at $34.5 million since the 2002 farm bill.

FMDP funds industry groups, with a match requirement, to undertake activities such as consumer promotions, technical assistance, trade servicing, and market research by the government and industry groups. Unlike MAP, which mainly promotes consumer goods and brand-name products, FMDP mainly promotes generic or bulk commodities.

Emerging Markets Program (EMP)[19]

The Emerging Markets Program (EMP) assists U.S. entities in developing, maintaining, or expanding the exports of U.S. agricultural commodities and products by providing partial funding for technical assistance activities that promote U.S. agricultural exports to emerging markets. Emerging markets are defined as any country or regional grouping that is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; that has the potential to provide a viable and significant market for U.S. agricultural commodities or products; that also has a population greater than 1 million; and

[16] As defined by the Small Business Administration.

[17] A listing of MAP funding allocations by participating organization for FY2013 and FY2014 is available at http://www.fas.usda.gov/programs/market-access-program-map/map-funding-allocations-fy-2013.

[18] Additional information on FMDP is available at http://www.fas.usda.gov/mos/programs/fmdprogram.asp.

[19] Additional information on the Emerging Markets Program is available at http://www.fas.usda.gov/programs/emerging-markets-program-emp.

that has a per capita income level below the level for upper middle-income countries as determined by the World Bank.

The program is intended primarily to support export market development efforts of the private sector, but its resources may also be used to assist public agricultural organizations. Technical assistance may include activities such as feasibility studies, market research, sector assessments, orientation visits, specialized training, business workshops, and similar undertakings.

The 2014 farm law extends EMP through FY2018, authorizing up to $10 million of CCC funding annually through FY2018—unchanged from the 2008 farm law—to carry out technical assistance activities to promote U.S. agricultural exports and to address technical barriers to trade in emerging markets.

Quality Samples Program (QSP)[20]

The Quality Samples Program (QSP) assists U.S. agricultural trade organizations in providing small samples of their agricultural products to potential importers in emerging markets overseas. The QSP focuses on industrial and manufacturing users of products, not end-use consumers, and allows manufacturers overseas to do test runs to assess how U.S. food and fiber products can best meet their production needs. Priority is given to projects targeting developing nations or regions with a per capita income of less than $10,725 and a population greater than 1 million. Priority is also given to projects designed to expand exports where a U.S. commodity's market share is 10% or less. Operating under the authority of the CCC Charter Act of 1948, FAS used $1.27 million of CCC funds in 2012 and $1.05 million in 2013 to carry out the program. The President's budget for FY2015 anticipates program activity of $2.5 million in FY2015.

Technical Assistance for Specialty Crops (TASC) Program[21]

The Technical Assistance for Specialty Crops (TASC) Program aims to assist U.S. exporters by funding projects that address sanitary, phytosanitary, and technical barriers that prohibit or limit U.S. specialty crop exports. The 2008 farm bill defines specialty crops as all cultivated plants, and the products thereof, produced in the United States, except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco. The 2014 farm bill broadens TASC's scope, adding "technical barriers" in place of "related barriers," which allows TASC to fund projects that address technical barriers to trade that are not related to a sanitary or phytosanitary barrier.

The types of activities covered include seminars and workshops, study tours, field surveys, pest and disease research, and preclearance programs. The 2014 farm bill authorizes TASC funding of $9 million annually from FY2014 through FY2018, unchanged from the FY2011-FY2013 authorization levels. Also under this section of the bill, Congress directed the Secretary of Agriculture to conduct an economic study of the existing market in the United States for Atlantic spiny dogfish within 90 days of the bill's enactment. According to USDA, the report was communicated to the appropriate committees of the House and Senate on May 22, 2014.[22]

[20] Additional information on the QSP is available at http://www.fas.usda.gov/mos/programs/QSP.asp.

[21] Additional information on the TASC program is available at http://www.fas.usda.gov/mos/tasc/tasc.asp.

[22] Email communication received from Hillary Caron, USDA Office of Congressional Relations, Aug. 5, 2014.

Export Credit Guarantees

For FY2014 through FY2018, the 2014 farm bill reauthorized USDA-operated export credit guarantee programs, which were first established in the Agricultural Trade Act of 1978 (P.L. 95-501) to facilitate sales of U.S. agricultural exports. Under these programs, private U.S. financial institutions extend financing at prevailing market interest rates to countries that want to purchase U.S. agricultural exports and are guaranteed by the CCC that the loans will be repaid. In making available a guarantee for such loans, the CCC assumes the risk of default on payments by the foreign purchasers on loans for U.S. farm exports. There are two export credit guarantee programs: the short-term credit guarantee program (GSM-102) and the Facility Guarantee Program (FGP).

GSM-102 Program[23]

The GSM-102 program guarantees repayment of short-term financing extended by approved foreign banks, mainly in developing countries, for purchases of U.S. food and agricultural products by foreign buyers. The GSM-102 program aims to encourage commercial exports of U.S. agricultural products on competitive credit terms for buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees. Eligible countries are those that USDA determines can service the debt backed by guarantees. Use of guarantees for foreign aid, foreign policy, or debt rescheduling purposes is prohibited. The CCC selects agricultural commodities and products according to market potential and eligibility based on applicable legislative and regulatory requirements. All products must be entirely produced in the United States. Eligible products include a broad range of agricultural commodities and high-value products.[24]

The leading recipients of export credit guarantees over the years have been Mexico, South Korea, Iraq, Algeria, and the former Soviet Union. In FY2013, the major beneficiary countries (in terms of loan amounts guaranteed) were Turkey ($780.2 million), Mexico ($475 million), and South Korea ($306.4 million). On a regional basis,[25] the largest allocation of guarantees in FY2013 went to South America ($508.9 million), Central America ($309 million), and Africa and the Middle East ($253.5 million). GSM guarantees facilitate sales of a broad range of commodities, with wheat, soybeans, and soybean meal at the top of the list by value in FY2013.[26] **Table 5** provides a list of the leading GSM-102 funded commodity exports in FY2013.

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[23] The acronym GSM refers to the General Sales Manager, an official of FAS who administers the credit, and other, export programs. Additional information on GSM-102 is available at http://www.fas.usda.gov/programs/export-credit-guarantee-program-gsm-102.

[24] A list of eligible commodities and products under the GSM-102 program can be found at http://www.fas.usda.gov/programs/export-credit-gurantee-program-gsm-102/eligible-commodities.

[25] Major individual country recipients of export credit guarantees, such as Korea, Turkey, and Russia, are not included in the regional funding figures.

[26] GSM-102 allocations by leading countries, regions and commodities is available at http://www.fas.usda.gov/sites/default/files/2013-12/gsm2013-final.pdf.

Table 5. GSM-102 Allocation by Leading Commodities, FY2013

Commodity	US$ millions
Wheat	781.5
Soybean Meal	537.7
Soybeans	520.1
Cotton	292.2
Rice	185.6
Distillers Dried Grains	81.5
Breeding Cattle	75.4
Grain Sorghum	74.7
Poultry Meat	48.5
Tallow	32.9
All Commodities	3,020

Source: USDA, Foreign Agricultural Service.

Notes: FY2013 GSM-102 allocation by geographic destination and by product is available at http://www.fas.usda.gov/sites/default/files/2013-12/gsm2013-final.pdf.

Under P.L. 113-79, funding for the GSM-102 Program is reauthorized. The value of U.S. agricultural exports that can benefit from export credit guarantees remains at $5.5 billion annually. Net federal outlays under the GSM-102 program have been negative in most years going back to the mid-1990s (i.e., generating revenue for the government) as program fees and interest from rescheduled debts and the like have generally exceeded the cost of defaults, approaching revenue of $200 million in a number of years. Years in which net outlays under GSM-102 have represented a cost to the government are estimated to have been fewer in number and generally far smaller in amount—typically under $10 million per fiscal year, with FY2010 the stand-out exception at an estimated $96 million.[27] Federal costs associated with administering the program are separate, amounting to approximately $7 million a year.[28]

The enacted 2014 farm bill shortened the maximum length of credit guarantees from three years previously to not more than 24 months. To address differences that have arisen over how the United States might comply with the WTO cotton case won by Brazil, the final law grants flexibility to the Secretary of Agriculture to make changes to the credit guarantee program, following consultation with the House and Senate Agriculture Committees, to meet terms agreed upon by both countries.[29]

The 2014 farm bill also amended this program in three ways to address, at least in part, Brazil's criticism of how it is administered:

1. As noted above, the maximum loan guarantee term is reduced to two years from three years.

[27] See Office of Management and Budget Fiscal Year 2015 Federal Credit Supplement at http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/cr_supp.pdf.

[28] U.S. Department of Agriculture 2015 Budget Estimate.

[29] For more information, see CRS Report R43336, *Status of the WTO Brazil-U.S. Cotton Case*, by (name redacted).

2. The requirement that the Secretary of Agriculture maximize the amount of credit guarantees made available each year is repealed.
3. The provision restricting the Secretary's ability to adjust program fees also is repealed in order to allow fees to fully cover the costs of the program's operation, thereby avoiding any implicit subsidy.

Previously, under the 2008 farm bill, P.L. 110-246, Congress repealed the GSM-103 program, which guaranteed longer-term financing of between 3 and 10 years. This action was taken in response to the WTO Brazil cotton decision.

Facility Guarantee Program (FGP)[30]

Under the general provisions of the GSM-102 program, the CCC provides funding to guarantee financing under the Facility Guarantee Program (FGP). The FGP guarantees financing of goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. Eligible projects must improve the handling, marketing, storage, or distribution of imported U.S. agricultural commodities and products. Under GSM-102, the farm bill authorized not less than $1 billion through FY2018 to promote U.S. agricultural exports to emerging markets, including the FGP. In FY2013 and FY2014, FAS programmed $100 million for the FGP, and the President's budget for FY2015 also estimates a program level of $100 million.[31]

Dairy Export Incentive Program (DEIP) Repealed

The 2014 farm bill repealed the Dairy Export Incentive Program (DEIP) effective immediately. Terminating the program was consistent with a WTO commitment to eliminate the use of export subsidies. The DEIP was established under the 1985 farm bill (P.L. 99-198) to assist in the export of U.S. dairy products. DEIP was included in the commodity title (Title I), not the trade title (Title III), where most export programs are located. The purpose of DEIP was to develop international export markets in regions where U.S. dairy products were not competitive due to the presence of subsidized products from other countries. The original purpose of the program was to counter the adverse effects of foreign dairy product subsidies, primarily those of the European Union (EU). Eligible commodities under DEIP included milk powder, butterfat, and various cheeses.

The program level for DEIP has varied over years depending on the dairy price situation. No DEIP bonuses were awarded from FY2005 through FY2008. In response to lower milk producer returns in 2008 and 2009, USDA reactivated the program in July 2009 to provide support in FY2009-FY2010. No DEIP subsidies have been provided since FY2010.[32]

Agricultural export subsidies are on the agenda of currently stalled WTO multilateral trade negotiations, known as the Doha Round. In these negotiations, the United States, along with other trading partners who subsidize exports, have agreed to phase out all agricultural export subsidies,

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[30] Additional information on the FGP is available at http://www.fas.usda.gov/excredits/facility-new.asp.

[31] See USDA 2014 Budget Summary at http://www.obpa.usda.gov/budsum/FY15budsum.pdf.

[32] For a detailed examination of changes to U.S. dairy support policy in the 2014 farm bill, see CRS Report R43465, *Dairy Provisions in the 2014 Farm Bill (P.L. 113-79)*, by (name redacted).

contingent upon reaching a multilateral Doha Round agreement.[33] The elimination of agricultural export subsidies has been a long-standing objective of U.S. agricultural trade policy.

Funding

As mentioned, USDA's agricultural export programs are funded through the authority of the CCC at levels established in statute. Annual appropriations acts, however, sometimes amend the spending limits on these mandatory programs. **Table 6** shows USDA foreign export program activity levels for FY2008 through FY2014, and also includes the Administration's FY2015 request for these programs. The account for GSM-102 reflects program level activity or expected program levels.

Table 6. USDA International Export Program Budget, FY2008-FY2018F

(US$ millions)

Program	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015-2018F
DEIP[a]	0	100	2	0	0	0	0	[a]
MAP[b]	200	200	200	200	200	189	186	200
FMDP[c]	34	34	34	34	34	33	32	34
EMP[d]	10	10	9	10	10	9	9	10
TASC[e]	4	7	8	9	9	9	8	9
QSP[f]	1	2	2	2	3	2	2	3
GSM-102[g]	3,115	5,357	3,090	4,123	5,500	5,500	5,500	5,500

Sources: USDA, *Annual Budget Summaries*, various issues. These data are budget authority levels, except GSM-102 program, which includes the value of exports financed through the program.

Note: FY2014 numbers are estimates; FY2015-2018 numbers reflect the amounts authorized in 2014 farm bill. DEIP was terminated with the 2014 farm bill, so no program activity is authorized for FY2015-FY2018.

a. Dairy Export Incentive Program. DEIP was terminated with the enactment of the 2014 farm bill on February 7, 2014.

b. Market Access Program.

c. Foreign Market Development Program.

d. Emerging Market Program.

e. Technical Assistance for Specialty Crops.

f. Quality Samples Program. The QSP operates under the authority of the CCC Charter Act of 1948; Thus the amount indicated for FY2015-FY2018 represents the Administration's budgeted total for FY2015.

g. General Sales Manager (GSM) Export Credit Guarantee Program. The values given represent the values of exports financed through the program, not budget authority.

[33] For a discussion of agriculture and Doha Round negotiations, see CRS Report RS22927, *WTO Doha Round: Implications for U.S. Agriculture*, by (name redacted) and (name redacted).

Reorganization of Trade Functions at USDA

A new element in the 2014 farm bill requires the Secretary, in consultation with the House and Senate Agriculture Committees and House and Senate Appropriations Committees, to propose a plan to reorganize the international trade functions of USDA. The Secretary is to report to the congressional committees on the plan within 180 days of the farm bill's enactment on February 7, 2014, and to implement the reorganization plan not later than one year after the report is submitted. The bill also directs the Secretary to include in the plan the establishment of the position of Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs within USDA. This position, which requires Senate confirmation, is responsible for serving as a multi-agency coordinator of sanitary and phytosanitary issues that arise in the course of trade in agricultural products, and for addressing agricultural non-tariff trade barriers. The timeline for establishing this position is within one year of the Secretary's report to Congress.

Currently, USDA's Under Secretary for Farm and Foreign Agricultural Affairs oversees the operation of the Foreign Agricultural Service in addition to the Farm Service Agency and the Risk Management Agency. The creation of the position of Under Secretary for Trade and Foreign Agricultural Affairs would appear to segregate the domestic from the export-oriented programs. As of early August 2014 the report on the Secretary's plan to reorganize the trade functions within USDA had not been transmitted to Congress. USDA staff have indicated the report is expected to be submitted this year.[34]

Issues for Congress

Public Sector Role and Effectiveness in Export Promotion

Historically, many Members of Congress have been highly supportive of the Market Access Program (MAP) and cite the benefits the program brings to U.S. agricultural industries through export market development abroad. Although the program has its detractors, strong support for export market development programs has been reflected in Congress's rejection in FY2010 and FY2011 of the Administration's proposals to reduce MAP funding by 20% in each of those years. The Administration has not requested reductions in MAP funding since FY2011.

Also, the continuity that P.L. 113-79 provides in terms of extending most agricultural export programs speaks to ongoing congressional support for this type of activity. The elimination of the Dairy Export Incentive Program (DEIP) as part of the new law appeared to be mainly a function of fundamental changes the law makes in the structure of federal support programs for milk producers, as well as a U.S. commitment to eliminate direct export subsidies, and a recognition that no activity had been recorded under DEIP since FY2010.

At the same time, a concern raised by some Members of Congress with respect to MAP and FMDP is whether the federal government should play an active role at all in helping agricultural producer organizations and agribusiness entities market their products overseas. Some argue that MAP and FMDP are forms of corporate welfare in that they fund activities that private firms

[34] Email communication received from Ashley Martin, USDA Office of Congressional Relations, August 5, 2014.

otherwise could and would fund for themselves.[35] Other critics argue that the principal beneficiaries are foreign consumers and that funds could be better spent, for example, instructing U.S. firms on how to export. Program supporters emphasize that foreign competitors, especially EU member countries, also spend money on market promotion, and that U.S. marketing programs help keep U.S. products competitive in foreign markets.

The concerns of critics notwithstanding, Congress continues to demonstrate support for programs that promote farm exports. In considering the House Agriculture Committee-reported farm bill (H.R. 1947), the House in 2013 rejected by substantial margins two amendments that sought to retire two farm export promotion programs. An amendment to repeal MAP (H.Amdt. 191) offered by Representative Steve Chabot failed by a vote of 98-322, while the House also turned down by 103-322 another amendment (H.Amdt. 193) offered by Representative Mo Brooks that sought to terminate the Emerging Markets Program. A core argument advanced in both cases by those seeking to terminate these programs was that taxpayer money ought not be spent on promotional activities that should and could be borne by private interests.

During the House Agriculture Committee's markup of the same bill in 2013, no amendments that sought to eliminate or scale back farm export programs were considered. Similarly, in marking up its farm bill, S. 954, in 2013, the Senate Committee on Agriculture, Nutrition, and Forestry did not consider any amendments to curtail agricultural export programs. Likewise, during the floor debate on S. 954 last year the Senate did not consider any amendments that sought to curb or to end agricultural export programs.[36]

In the early 1990s, some Members raised specific concerns about the effectiveness of MAP operations, specifically questioning the program's cost-effectiveness and impact, and citing its lack of support for small businesses and displacement of private sector marketing funds. In response, Congress directed USDA to make significant changes to MAP. In 1996, Congress through the appropriations process prohibited FAS from providing direct assistance for brand-name promotions to companies that are not recognized as small businesses under the Small Business Act. In 1997, Congress prohibited large companies from receiving indirect assistance from MAP as well. Giving priority to small businesses did result in a substantial increase in the small business share of MAP assistance for brand-name promotion by 1997.

FAS also established a five-year limit (graduation requirement) on the use of MAP funds for companies that use funds to promote a "specific branded product" in a "single market," unless FAS determined that further assistance was still necessary to meet program objectives (generic marketing was not subject to the graduation requirement). FAS later revised the regulations in 1998 to limit each company to no more than five years (consecutive or nonconsecutive) of MAP funding for brand-name promotions per country. Finally, a requirement was added that each participant certify that MAP funds supplement, not supplant, its own foreign market development expenditures.

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[35] See for example, http://www.fpif.org/articles/corporate_welfare_and_foreign_policy; and http://councilfor.cagw.org/site/News2?page=NewsArticle&id=11742.

[36] During the 112th Congress, the Senate during floor consideration of its farm bill (S. 3240) rejected attempts to scale back and to eliminate entirely several agricultural export programs. On June 19, 2012, the Senate voted 14-84 to reject S.Amdt. 2268, offered by Sen. Jim DeMint, which sought to prohibit the Secretary of Agriculture from making any loan guarantees. On June 20, the Senate voted 30-69 against adopting S.Amdt. 2289, advanced by Sen. Tom Coburn, which proposed to reduce funding for MAP by 20%.

A 1999 study by the then-Government Accounting Office (GAO) reviewed a number of studies looking at MAP's effectiveness and concluded that while changes had been made to the program, the economic benefits of export programs (including MAP) were unclear. It stated that "few studies show an unambiguously positive effect of government promotional activity on exports."[37] In 2009 testimony before the Senate Finance Committee, GAO said that U.S. export promotion activities were in need of strengthened performance management systems.[38]

A 2010 report by IHS Global Insight sponsored by USDA's Foreign Agricultural Service concluded that USDA's market development expenditures have had a positive and significant impact on U.S. agricultural trade.[39] Global Insight concluded that increased spending on market development under MAP and FMD over the period 2002-2009—from roughly $125 million a year in FY2001 to $234.5 million annually during the FY2002-FY2009 period—is estimated to have raised the U.S. share of foreign agricultural imports by 1.3 percentage points, a rise to 19.9% from 18.6% under a no-increase scenario. In value terms, Global Insight concluded that by FY2009 this additional market development activity was responsible for a 6% boost in U.S. agricultural exports, to $96.1 billion that year compared with $90.5 billion under a modeling scenario in which MAP and FMDP spending were held to the lower FY2001 levels.

WTO Cotton Dispute

Brazil has had a long-running dispute with the United States over U.S. cotton programs. In 2005 and again in 2008, the World Trade Organization (WTO) found that certain U.S. agricultural programs are inconsistent with WTO commitments, including payments to cotton producers under the marketing loan and counter-cyclical programs, and export credit guarantees under the GSM-102 Program.[40]

In December 2009, Brazil announced that it was authorized by the WTO arbitrators to impose trade countermeasures against the United States of $829.3 million in 2010 (based on 2008 data). The WTO arbitration awards provided the level of countermeasures that Brazil could impose against U.S. trade annually in two parts: (1) a fixed amount of $147.3 million for the cotton payments; and (2) an amount for the GSM-102 program that varies based upon program usage. In March 2010, Brazil released a list of 102 goods of U.S. origin valued at $591 million that would be subject to import tariffs and released a preliminary list of U.S. patents and intellectual property rights it could restrict, barring a joint settlement.

After several meetings between U.S. and Brazilian officials, the government of Brazil agreed to suspend countermeasures on U.S. trade, and the United States agreed to work with Brazil to establish a fund of approximately $147.3 million per year on a pro rata basis to provide technical assistance and capacity building for Brazilian farmers until the passage of the next farm bill or a

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[37] U.S. General Accounting Office (GAO), *Changes Made to Market Access Program, but Questions Remain on Economic Impact*, NSIAD-99-38, Washington, DC, April 1999, http://www.gao.gov/archive/1999/ns99038.pdf.

[38] L. Yager, "International Trade: Observations on U.S. and Foreign Countries' Export Promotion Activities," GAO testimony to Subcommittee on International Trade, Customs, and Global Competitiveness, Senate Committee on Finance, December 2009.

[39] IHS Global Insight, *A Cost-Benefit Analysis of USDA's International Market Development Programs*, submitted to FAS, March 10, 2010, viewed at http://www.wheatworld.org/wp-content/uploads/trade-global-insight-map-report-march2010-20100423.pdf.

[40] For more information, see CRS Report R43336, *Status of the WTO Brazil-U.S. Cotton Case*, by (name redacted).

mutually agreed solution to the cotton dispute, whichever occurred first. In September 2013, in accordance with the federal budget sequestration process, USDA reduced the monthly payment to Brazil by an amount equal to 5% of the annual total (i.e., $7.365 million), providing a reduced monthly payment of $4.9 million. In October 2013 USDA ceased making the payments entirely.

The United States also agreed to make near-term modifications to the operation of the GSM-102 Export Credit Guarantee Program, and to engage with the government of Brazil in technical discussions regarding further operation of the program. The U.S. hope was that continuing negotiations would lead to an agreement that would avoid Brazil imposing retaliatory measures under WTO rules.

With enactment of P.L. 113-79 on February 7, 2014, the United States revised a number of controversial cotton income support programs, repealing direct payments, counter-cyclical payments, and Average Crop Revenue Election (ACRE). In their place, Congress created a new crop insurance program for upland cotton, known as Stacked Income Protection Plan (STAX), on which the government pays a greater percentage of the policy premium than the national average for all other crops.[41] Producers may purchase STAX in addition to individual crop policies, or can buy the coverage as a stand-alone product. The shift to crop insurance as the primary support mechanism for cotton producers reflects a key finding of the original WTO panel hearing in the cotton dispute that crop insurance payments did not cause serious prejudice to Brazil's interests because Brazil was not able to show a necessary causal link between the crop insurance program and significant price suppression.

Another dimension of the U.S. effort to resolve the dispute, and so avoid the imposition of trade countermeasures by Brazil, is reflected in the trade title of the 2014 farm bill, which adopts several changes to the GSM-102 credit guarantee program. As described above, the new law shortens the length of loan guarantees to no more than 24 months from 36 months previously. Other modifications of GSM-102 include removing a requirement that the Secretary of Agriculture maximize the amount of credit guarantees available, and repealing a restriction that prevented the Secretary from adjusting program fees higher in order to avoid the provision of an implicit subsidy to the U.S. cotton industry.

At present, it is unclear whether these reforms will be sufficient to satisfy Brazil, though reports in the trade press indicate that Brazil is not satisfied with the farm bill reforms, and that the United States has signaled its willingness to pay Brazil additional compensation to definitively end the cotton trade dispute.[42] These reports indicate that the two countries differ on the amount of compensation required to resolve the matter.

Congress might continue to monitor developments in the Brazil-United States WTO cotton case and to actively engage in consultations with the Secretary on its implications for the GSM-102 program, in addition to weighing in on any modifications the Secretary believes need to be made to the program to bring it into compliance with obligations under WTO rules.

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[41] For a discussion of STAX and other crop insurance programs, see CRS Report R43494, *Crop Insurance Provisions in the 2014 Farm Bill (P.L. 113-79)*, by (name redacted).

[42] See for example, *Inside U.S. Trade*, June 20, 2014, at http://insidetrade.com/Inside-US-Trade/Inside-U.S.-Trade-06/20/2014/us-willing-to-pay-brazil-to-settle-cotton-case-but-haggles-over-amount/menu-id-710.html.

Another activity that might evoke congressional oversight concerns the reorganization of the trade functions at the USDA as required by the enacted 2014 farm bill. As noted above, following consultations with the House and Senate Agriculture Committees, a report outlining the Secretary's reorganization plan was to have been submitted to those committees by early August of this year, but is still pending to date.

As part of this reorganization, the 2014 farm bill also calls for the Secretary to establish within USDA the position of Under Secretary of Agriculture for Trade and Foreign Affairs. As noted previously, the creation of this new position implies the organizational separation of key domestic farm programs, like crop insurance, from the main export-oriented programs discussed in this report. Considering that both of these functions currently fall within the purview of the Under Secretary for Farm and Foreign Agricultural Services, and in view of the importance of these program activities to the agricultural sector, Congress might have a keen interest in considering the Secretary's plan and in overseeing the subsequent reorganization effort.

Appendix A. Value of U.S. Agricultural Trade, FY1960-FY2014F

(US$ millions)

Year	Exports	Imports	Trade Balance
1960	4.52	4.10	0.51
1961	4.95	3.65	1.30
1962	5.14	3.76	1.38
1963	5.08	3.91	1.17
1964	6.07	4.10	1.97
1965	6.10	3.99	2.11
1966	6.75	4.45	2.29
1967	6.82	4.45	2.37
1968	6.33	4.93	1,40
1969	5.75	4.83	0.92
1970	6.96	5.69	1.27
1971	7.96	6.13	1.83
1972	8.24	5.94	2.31
1973	14.98	7.74	7.25
1974	21.56	10.03	11.53
1975	21.82	9.44	12.38
1976	22.74	10.49	12.25
1977	23.97	13.36	10.61
1978	27.29	13.89	13.40
1979	31.98	16.19	15.79
1980	40.47	17.29	23.18
1981	43.78	17.34	26.44
1982	39.10	15.46	23.64
1983	34.77	16.28	18.49
1984	38.03	18.91	19.12
1985	31.20	19.74	11.46
1986	26.31	20.88	5.43
1987	27.88	20.65	7.23
1988	35.32	21.01	14.30
1989	39.67	21.57	18.10
1990	40.35	22.71	17.64
1991	37.86	22.74	15.13
1992	42.55	24.50	18.06

Year	Exports	Imports	Trade Balance
1993	43.06	24.60	18.46
1994	43.89	26.56	17.33
1995	54.61	29.79	24.82
1996	59.79	32.44	27.34
1997	57.31	35.65	21.65
1998	53.66	36.83	16.83
1999	49.12	37.29	11.83
2000	50.76	38.86	11.90
2001	52.72	39.03	13.69
2002	53.32	40.96	12.36
2003	56.01	45.69	10.32
2004	62.41	52.67	9.74
2005	62.52	57.71	4.81
2006	68.59	64.03	4.57
2007	82.22	70.06	12.15
2008	114.91	79.32	35.59
2009	96.30	73.40	22.89
2010	108.53	78.96	29.57
2011	137.39	94.51	42.88
2012	135.8	103.4	32.5
2013	140.9	103.9	37.1
2014F	149.5	110.5	39.0

Source: U.S. foreign agricultural trade data can be obtained at http://www.ers.usda.gov/data-products/foreign-agricultural-trade-of-the-united-states-(fatus)/fiscal-year.aspx. Data for FY2014 are from USDA *Outlook for U.S. Agricultural Trade*, May 29, 2014.

F = Forecast.

Author Contact Information

(name redacted)
Analyst in Agricultural Policy
#redacted#@crs.loc.gov, 7-....