

The Foreign Agricultural Service

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The Agency and Its Mission

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

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

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

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

Market Development

Virtually every type of U.S. farm product entering world trade is promoted by market development activities. FAS programs help U.S. exporters develop and maintain markets overseas for hundreds of food and agricultural products ranging from bulk commodities to brand-name grocery items.

Promotional activities are carried out chiefly in cooperation with non-profit agricultural trade associations and firms that agree to plan, manage, and contribute staff resources and funds to support these activities. The largest of FAS' promotional programs are the Foreign Market Development Cooperator program and the Market Access Program (MAP). In addition, FAS sponsors U.S. participation in several major trade shows and a number of single-industry exhibitions overseas each year.

Trade offices in 12 key market countries function as service centers for U.S. exporters and foreign buyers seeking market information. U.S. agricultural trade offices and attache offices provide foreign buyers with up-to-the-minute communication with potential suppliers in the United States. They also assist U.S. exporters in launching products in overseas markets characterized by different food preferences, social customs, and marketing systems.

International Trade Policy

FAS coordinates and directs USDA's responsibilities in international trade agreement programs and

negotiations, working closely with the U.S. Trade Representative's office in this effort. International trade policy experts within FAS help identify--and work to reduce--foreign trade barriers and practices that discourage the export of U.S. farm products.

In virtually every foreign market, U.S. agricultural exports are subject to import duties and non-tariff trade restrictions. Trade information sent to Washington from FAS personnel overseas is used to map strategies for improving market access, pursuing U.S. rights under trade agreements, and developing programs and policies to make U.S. farm products more competitive.

FAS has certain responsibilities with respect to imports of agricultural products. The agency administers the quantities of dairy products and sugar that enter the United States at the low-tier duty of the tariff-rate quotas that resulted from the Uruguay Round Agreement.

Through a licensing system, FAS controls imports of about 70 percent of all cheese and most other dairy products coming into the United States. FAS also administers the tariff-rate quota for sugar and sugar syrups at the level determined by the Secretary, as well as several programs to permit domestic refineries and manufacturers to use foreign sugar for re-exported products without disrupting the U.S. market.

Statistics and Market Information

FAS collects global crop and livestock production data and import/export information provided by the attache service, U.S. agricultural traders, remote sensing systems, and other sources. FAS uses this information to prepare production forecasts and assess export marketing opportunities, as well as to track changes in policies affecting U.S. agricultural exports and imports. These analyses are used by policy makers, program administrators, farmers, exporters, and others.

FAS publishes nearly 200 commodity reports a year that present a world picture of production, consumption, and trade flows for about 100 crop and livestock commodities. These reports analyze changes in international trading conditions and indicate market opportunities for U.S. exporters. The agency also issues about 1,000 news release and program announcements a year on a wide range of topics such as Export Enhancement Program initiatives, P.L. 480 (Food for Peace) allocations, export credit guarantees, export sales, and other fast-breaking news vital to U.S. farmers and exporters.

Commercial Export Financing

FAS provides U.S. agricultural exporters with short- and intermediate-term commercial financing support through the Commodity Credit Corporation (CCC) export credit guarantee programs. These programs, the Export Credit Guarantee Program (GSM-102) and the Intermediate Export Credit Guarantee Program (GSM-103), protect U.S. exporters or U.S. financial institutions against risk if the importer's foreign bank fails to make payment. The GSM-102/103 programs are designed to expand and maintain foreign markets for U.S. agricultural commodities, and may serve to help developing nations make the transition from concessional financing to cash purchases. CCC has proposed a Supplier Credit Guarantee Program. Under this program, CCC will guarantee a portion of the payments due from a private importer under short-term financing (up to 180 days). This credit will be extended directly by exporters to importers for the purchase of U.S. agricultural products.

Concessional Sales

The United States is the world's largest food aid donor. Over the years, donated U.S. food has often meant a life-or-death difference to victims of earthquakes, floods, droughts, and civil strife. The administration of U.S. food aid programs is shared by the U.S. Department of Agriculture (USDA) and the Agency for International Development (A.I.D.) in providing assistance to needy people around the world.

USDA has available three channels for providing food aid: the Public Law 480, Title I program, the Food for Progress program (FFP), and the Section 416(b) program. The Title I program provides for long-term (up to 30 years) concessional sales of U.S. agricultural commodities to help develop markets in countries in need of food assistance. The Federal Agriculture Improvement and Reform (FAIR) Act of 1996 modified the repayment terms for Title I credit. The minimum repayment period of 10 years was eliminated and the maximum grace period was reduced from 7 to 5 years. It also provided authority for entering into agreements with private entities, including agricultural trade organizations in addition to the current government-to-government authority.

The FAIR Act also authorized changes to the FFP and the Section 416(b) Program. The FFP provides commodities to support countries that have made commitments to expand free enterprise in their agricultural economies. The new legislation permits agreements with inter-governmental organizations in addition to other governments and private entities. And, under the Section 416(b) program, through which USDA donates surplus CCC commodities overseas, local currencies derived from the sale of these commodities may be used to cover administrative expenses.

A.I.D. administers Titles II and III of the Public Law 480 program. Title II provides for the donation of agricultural commodities to meet emergency and non-emergency food needs. Title III provides for government-to-government grants to support long-term growth in the least developed countries.

Agricultural Linkages

The Foreign Agricultural Service's International Cooperation and Development (ICD) program area enhances U.S. agriculture's competitiveness by providing linkages to world resources and international organizations and building a spirit of cooperation. These linkages produce new technologies that are vital to improving the agricultural base and producing new and alternative products. ICD helps scientists and leaders from other agencies within USDA, the university community, and elsewhere to establish relationships.

ICD also serves as a link between the technical expertise of the U.S. agricultural community and counterparts in Africa, Asia, Latin America, and the states of the former Soviet Union. In this way, the U.S. agricultural sector gains access to emerging technologies and a wider array of genetic material, which can be crucial to creating new--and improving existing--agricultural products, practices, and markets. At the same time, developing nations have access to the technical expertise that can help them surmount the barriers of hunger and poverty and build more stable economies.