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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C.

131131

FOR RELEASE ON DELIVERY
EXPECTED AT 9:30 A.M.
SEPTEMBER 30, 1986

STATEMENT OF

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BEFORE THE

SUBCOMMITTEE ON DEPARTMENT OPERATIONS,
RESEARCH, AND FOREIGN AGRICULTURE
HOUSE COMMITTEE ON AGRICULTURE

ON

THE EXPORT ENHANCEMENT PROGRAM,
U.S. FOREIGN AGRICULTURAL MARKET DEVELOPMENT PROGRAMS,
COMMODITY CREDIT CORPORATION EXPORT CREDIT GUARANTEE PROGRAMS,
AND LONG TERM BILATERAL GRAIN AGREEMENTS AND COUNTERTRADE

036859 - 131131

Contents

Page

SECTION

ATTACHMENTS

Mr. Chairman and Members of the Subcommittee:

We are once again pleased to be here today to discuss with you our ongoing work in the agricultural trade area. My statement today will address the status of assignments you requested on the Export Enhancement Program, U.S. foreign market development efforts, agricultural export credit programs, and bilateral long term grain agreements and countertrade. In addition, we are monitoring the progress of multilateral trade negotiations as they relate to agriculture as well as other sectors.

SECTION 1

EXPORT ENHANCEMENT PROGRAM

The Export Enhancement Program (EEP) was originally established in May of last year by the administration, following extensive lobbying by an informal coalition of agricultural trade organizations. It was modified last December by the Food Security Act of 1985 and again early this year, by the Food Security Improvements Act of 1986. Surplus agricultural commodities owned by the Commodity Credit Corporation were to be made available over a 3-year period as a bonus to U.S. exporters to expand sales of specified U.S. agricultural commodities in targeted markets. In practice, this bonus is a subsidy in kind which enables exporters to lower the price of their commodities to be competitive with subsidized foreign agricultural exports.

Many supporters of a subsidy program saw the EEP as a solution for increasing U.S. exports, regaining the U.S. market share, and disposing of the burgeoning surplus of U.S. wheat and other agricultural commodities. It was also viewed as a means of persuading the European Community to negotiate away its own export restitution program. The EEP was viewed by some as a bridge--a means of making U.S. prices more competitive during the period between the time of its establishment and the lowering of loan rates eventually mandated by the Food Security Act of 1985.

We are reviewing the EEP at your request as well as the requests of Senator Grassley, Chairman of the Subcommittee on Administrative Practice and Procedure, Senate Committee on the Judiciary, and Senator Harkin, a member of the Senate Committee on Agriculture, Nutrition, and Forestry. In testimony before your Subcommittee in October 1985 and in April of this year, we provided preliminary assessments of the EEP based on our work as of those dates. We have essentially completed our data collection and analysis at this time.

Our testimony today is based on a review of pertinent documents and interviews at the Departments of Agriculture and

State, the Office of the U.S. Trade Representative, the Office of Management and Budget, U.S. and foreign agricultural commodity exporters, trade associations, officials of foreign governments, international organizations, and numerous academic experts in the agricultural trade area.

The two primary objectives of our review have been to assess the management of the program and its effectiveness in achieving its stated goals, namely, to increase U.S. exports and to encourage our trading partners, especially the European Community, to begin serious negotiations on agricultural trade problems. In addition, we attempted to assess the impact of the program on nonsubsidizing competitors, since concern that they not be harmed had a major influence on its design. About half of the initiatives and most of the sales under the program have involved either wheat or wheat flour. Only in the last several months have other commodities been targeted to any extent. Accordingly, much of our analysis was limited to these two commodities, especially in assessing the effectiveness of the program.

An exact measure of how much the EEP has increased U.S. exports to targeted markets or increased the willingness of the European Community to resolve agricultural trade differences is difficult, if not impossible to determine, because of changes in other factors influencing the competitiveness of U.S. agricultural exports. One factor is the declining value of the dollar and the other is the lower loan rates authorized by the Food Security Act of 1985. Both changes are expected to increase the competitiveness of U.S. agricultural products, resulting in higher U.S. exports than if such changes had not taken place. Both changes have raised the costs of the European Community's agricultural subsidy or restitution program, as has the EEP. This cost increase, when the European Community is already under signficant budgetary strain, should help to increase the Community's willingness to negotiate reduced export subsidies.

Notwithstanding these measurement difficulties, we have attempted to assess the extent to which the EEP increased U.S. exports and the European Community's willingness to negotiate agricultural trade problems. On the issue of persuading the Community to negotiate on agricultural matters, the EEP challenge from the United States appears to have increased the prospect of successful negotiations, while simultaneously underscoring the extent of the disagreements between the Community and the United States and generally intensifying tensions between the two.

With respect to actual exports, it appears that the impact of the EEP in increasing U.S. exports has been limited. Although exports to certain targeted markets have increased, the U.S. share of wheat exports to other countries, most notably the Soviet Union, has fallen off considerably.

ACTIVITY UNDER THE PROGRAM

Activity under the EEP has expanded significantly since we testified in April. As of September 24, 1986, 46 initiatvies had been announced covering 26 countries and 11 commodities. Commodities targeted include wheat, wheat flour, rice, poultry, barley malt, semolina, eggs, dairy cattle, poultry feed, barley, and vegetable oil.

EEP sales have totaled about 5.1 million metric tons (mmt) of wheat, 1.2 mmt of flour (grain equivalent), 43 thousand metric tons of poultry, 6,150 head of cattle, 23 thousand metric tons of rice, 811 thousand metric tons of barley, and 6 thousand metric tons of barley malt (grain equivalent). The total sales value was $776.9 million. Total sales made under the initiatives announced to date will result in the disposal of $385.1 million in bonus commodities at their book value. Attachment I summarizes data on EEP activity to date, and identifies countries targeted, sales quantities, average subsidy per ton, and the estimated book value of each subsidy.

The total market value of bonuses awarded to date under the program is $257.1 million. This contrasts with the Department of Agriculture's official total bonus award figure of $385.1 million, which is at book value. Market value represents the commodity's estimated value on the current market, whereas book value represents the Government's acquisition cost. Note that the book value is 50 percent higher than the market value. In a period of declining prices, using book value to tally its total bonus awards allows Agriculture to make fewer sales and dispose of less commodities to meet its $1 billion dollar mandate.

A major change in the EEP since the time of our last testimony has been its expansion to the Soviet Union, with an initiative for wheat announced on August 1. By all accounts, that decision was made reluctantly by the administration for political reasons. Such a move had been advocated by most of the original supporters of the subsidy program since its inception; in fact, they would have preferred an across-the-board program instead of the targeted program implemented by Agriculture.

IMPACT ON U.S. WHEAT/WHEAT FLOUR EXPORTS

During the crop year ending June 30, 1986, total world exports of wheat and wheat flour amounted to 86.6 mmt according to data of the International Wheat Council. This was a significant decrease from the 104 mmt during the year ending June 30, 1985 or the 99 mmt average for the last 5 years. The decrease of 17.4 mmt is about the same as the decrease in exports of wheat and wheat flour to the Soviet Union alone. Exports to the Soviet Union dropped from 28.1 mmt for the year ending June

30, 1985, to only 11.7 mmt for the year ending June 30, 1986--a decrease of 16.4 mmt.

U.S. exports of wheat and wheat flour worldwide decreased from 38.2 mmt for the year ending June 30, 1985 to 25.1 mmt for the year ending June 30, 1986, i.e., a decrease of 13.1 mmt (or 75 percent) of the 17.4 mmt decrease in total world exports. The U.S. share of world exports of wheat and wheat flour decreased from 36.7 to 29.0 percent. U.S. exports of wheat and wheat flour to the Soviet Union decreased even more dramatically, from 6.1 mmt for the year ending June 30, 1985, to only .15 mmt for the year ending June 30, 1986, with the U.S. share decreasing from 22 percent to only 1 percent of Soviet imports.

On the plus side, U.S. exports of wheat and wheat flour increased to certain markets targeted under the EEP during the year ending June 30, 1986. The largest increase, according to Department of Agriculture statistics, was for Algeria, where U.S. wheat exports increased from about 650 thousand metric tons to about 1.4 mmt. There were also increases in wheat exports to Egypt, Turkey, Zaire, Jordan, and Yugoslavia and in wheat flour exports to Egypt, the Philippines, Iraq, Zaire, and Yemen. Although there were net decreases in exports to some of the other countries targeted under the EEP for wheat, the exports that did take place were probably higher than would have been the case had there been no subsidy program. It should be noted that for many of the countries targeted under the EEP, the initiatives were announced late in the marketing year and sales were not made until even later. Consequently, one would not expect to see increased exports until the following year.

On the negative side, U.S. exports of wheat and wheat flour to markets not targeted under the EEP during the year ending June 30, 1986, decreased significantly, with the most dramatic decreases occurring for the Soviet Union (from 6.1 mmt to .15 mmt), Brazil (from 3.1 mmt to 0.7 mmt), China (from 2.4 mmt to 0.5 mmt) and Nigeria (from 1.6 mmt to 0.7 mmt). It is generally believed that the decrease in U.S. exports to these countries was due to price, quality, and lower demand due to reduced availability of foreign currency. In the case of China, increased domestic production has also been a significant factor. Some of the decrease in U.S. exports of wheat and wheat flour to some non-targeted countries may be the result of increased competition from the European Community, whose exports were directly displaced by sales made under the EEP, or from other non-subsidizing competitors, such as Australia and Canada, whose exports may have been displaced indirectly by sales made under the EEP, i.e., European Community exports displaced exports of those countries.

Cases of the Soviet Union and China

The case of the Soviet Union is a special one. Exports of U.S. wheat to the Soviet Union decreased dramatically from crop year 1985 to crop year 1986. There have been varying interpretations as to why the Soviets purchased only .15 mmt of wheat from the United States during the year ending June 30, 1986, and why the Soviets did not live up to the minimum purchase requirement provided in the Long Term Agreement with the United States for the year ending September 30, 1985.

Some grain trade representatives claim that the Soviets did not live up to the terms of the Agreement because they felt themselves to be discriminated against since they were ineligible for the cheaper wheat available through the EEP, but Agriculture and State Department officials believe that the Soviets did not buy the required minimum amount from the United States because of lower prices elsewhere and that, even if the EEP did not exist, they would have bought elsewhere for price reasons. Soviet trade representatives in the United States, in fact, told us that they had stopped purchasing wheat from the United States in late 1984 because of price considerations and had informed U.S. officials that the higher-than-market U.S. prices prevented the Soviets from living up to the minimum purchase amount of the Agreement. They added that problems with U.S. grain quality were also a factor in their not purchasing U.S. wheat.

In the case of China, their trade representatives in this country held a similar view to the Soviet one, namely, that U.S. price was above the world price and U.S. grain quality was inferior to that of other competitors. It should be noted that significant increases in Chinese grain production over the last 4 years have been a contributing factor in their decreased wheat imports.

In essence, it appears that exports of wheat and wheat flour have increased for several markets targeted under the EEP during the last year, but they do not compensate for the decrease in U.S. exports worldwide or even for the decrease in U.S. exports to the Soviet Union alone. Increases in exports to these several markets probably can be attributed largely to the fact that the EEP, coupled with sufficient export credit guarantees, was available. Although U.S. exports of wheat and wheat flour are down in many other markets, the lowering of the value of the dollar most likely made these decreases smaller than they otherwise would have been. As with other industry sectors, however, economists and administration officials who forecasted substantial increases in U.S. exports due to the lower value of the dollar have been disappointed with the performance of the agricultural sector with respect to being competitive in the world marketplace. Furthermore, for the most part, the lowering of the loan rates as mandated in the Food Security Act of 1985 had not yet had a direct impact on U.S. wheat and wheat flour exports made through June 30, 1986, although it did have a price lowering effect, as demonstrated below, well before that date.

It should be noted that the figures given above are for crop years ending June 30 and, given the lag time between sales being made and exports actually being recorded, data for the crop year ending June 30, 1986, would include sales consummated during the last months of the year ending June 30, 1985; similarly, sales consummated during the last months of the year ending June 30, 1986, would be recorded as exports for the year ending June 30, 1987.

We believe that, given the design of the EEP, one could not realistically have expected that the program would have substantially increased U.S. exports. The program was targeted against the European Community, not against all U.S. competitors and, consequently, the number of markets that could be targeted was limited. Efforts were made not to harm the countries identified as non-subsidizers (namely, Argentina, Australia, and Canada, in the case of wheat and wheat flour), even though these countries were sometimes at least as responsible for the declining share of the United States in particular markets as was the European Community. The administration did approve initiatives for markets in which non-subsidizers as well as the European Community had shares, if the recipient countries were willing to give assurances that they would continue to buy traditional amounts from the non-subsidizers. The Soviet Union, however, the largest importer of wheat and the market in which the European Community had increased its share most significantly, was not made eligible for foreign policy reasons until August of this year, and then only reluctantly. In conclusion, the EEP was destined to have only minimal impact in increasing U.S. exports worldwide, considering that it was not to target major suppliers other than the European Community and that the Soviet Union was not to be eligible for foreign policy reasons.

One can only speculate as to whether an across-the-board program would have been more effective in increasing U.S. exports. Officials of Argentina, Australia, and Canada told us that they were going to maintain their market shares, even if it meant lowering their prices. The case of Argentina was especially compelling, given its shortage of foreign currency needed to service its debt and the lack of necessary storage capacity if some of its wheat production were to be carried over.

Whether or not these three countries would have been able to maintain their market shares if the United States had implemented an across-the-board program is unknown, but we believe they would have done their best to do so. A more likely success of the EEP is its effectiveness in accelerating the movement toward successful resolution of agricultural trade differences with the European Community. This was recognized by the Under Secretary of Agriculture for International Affairs and Commodity Programs in August 1985, when he told us that he would consider the EEP a success if it resulted in meaningful negotiations with the Community.

EUROPEAN COMMUNITY REACTION TO THE EEP

The European Community's initial response to the EEP was a wait-and-see attitude, but it later made a determined effort to protect what it considered its markets by providing increased and country specific restitutions. It openly criticized the EEP as an illegal subsidy program because of being targeted and, in its opinion, undercutting world prices.

Community reaction at the announcement of the EEP in May 1985 was muted. However, on September 19, 1985, after the commissioner for agriculture described EEP's first sale of 500,000 tons of wheat to Egypt as "at a much lower price than the usual practice," the Commission increased the level of refunds for soft wheat to Algeria, Egypt, Morocco, Syria, and Tunisia from 41 ecus (European Currency Units) to 55 ecus (from about $33 to $44, using a conversion rate of $1 = 1.24 ecus). Shortly after this announcement, there was a sale of 200,000 tons of French wheat to Algeria. A few days later, the Commission raised for one day the export restitution for Algeria from 55 ecus to 78 ecus. The special restitution had the desired effect, with 277,800 tons of wheat being sold to Algeria the day the restitution was announced. The next day the Commission canceled the special restitution.

The Commission practice of competing in the marketplace with increased and special restitutions has continued throughout the period the EEP has been in effect. As recently as late June 1986, the Commission raised the restitution amounts for barley exports to selected Middle East destinations. This led to export sales of 210,000 tons of barley to Saudi Arabia, Algeria, Israel, and Jordan, all of which were recently targeted under the EEP for barley.

In April 1986, a report of the European Community Associations of Grain and Feed Traders noted a 1.4 million ton decline in the Community's soft wheat exports through March 20, 1986, compared with the same period a year previously. The report explained the decline as due to the late buying by the Soviets, the marked fluctuations of the dollar, and problems with competition on world markets. More specifically, the world competition was attributed to the EEP which, according to the report, caused the Community to lose "several potential export markets, in particular in the Mediterranean." The report went on to state that partly as a consequence of the sales decline in the

Mediterranean, the Soviet Union had become one of the Community's most important customers, with 4 million tons of wheat and 1 million tons of barley sold at the time of the report (i.e., through April 1986).

Concerning the extent to which the EEP is taking sales away from the Community, Community wheat exports decreased from 17.1 mmt for the year ending June 30, 1985 to 15.0 mmt for the year ending June 30, 1986, according to International Wheat Council data. During that period, total world wheat exports decreased from 104 mmt to 86.6 mmt. It is unclear as to how much of the decrease in Community wheat exports was due to the EEP. The marketing year 1986/1987 will be a better test than the previous year since the EEP did not begin selling in a major way until well into the 1985/86 marketing year.

EEP as an Inducement to Negotiations

The EEP has exerted financial pressure on the Community and has reduced its grain sales in the Mediterranean region. We believe that the EEP, when combined with the dollar's decline and lower loan rates, has increased the financial cost of the Common Agricultural Policy, particularly, through increased restitution payments, and has made some contribution to realizing agreement to include agricultural subsidies in the new GATT round.

Commission officials, permanent delegation officials to the Community, and trade and trade association officials have spoken of the Commission's willingness, and even commitment, to match EEP in the marketplace. They generally indicated that the EEP has had a less signficant financial impact on the Community than has the recent dollar decline or the 1985 Food Security Act loan rate decreases. They noted that the Community's response of competing directly with the EEP through increased and country-specific restitutions or sales through intervention stocks is based on a long history of supporting a relatively large population of small farmers despite the surpluses that such policies have created.

Some of the above officials have argued that the EEP's aggressive, targeted nature has underscored the seriousness of the disagreement between the United States and the European Community with respect to subsidies. They have argued that the EEP is not necessary, i.e., the decline in the value of the dollar and the new market loan rates have created more financial pressure without the antagonism generated by the EEP. Permanent delegation officials to the Commission from France and the United Kingdom had a slightly different interpretation of the EEP's impact; they said that it has brought the United States and the Community closer to negotiations than they were a year ago but that the ill feeling created by the EEP will strengthen Community negotiators' resolve to extract signficant concessions from the United States for any concessions they accept.

The permanent French representative to the Community told us that if the U.S. goal is to trade the EEP for export restitution, then the success of negotiations is not likely; all forms of agricultural subsidies, including U.S. deficiency payments, will need to be discussed. He reasoned that the reference to agriculture made in the May 1985 Tokyo economic summit communique, the first time that agricultural trade had been discussed in a formal summit communique, reflected an important agreement among the signatories on the need to deal with the world agricultural situation. More specifically, the high costs of the farm programs of both the United States and the Community make negotiations in their mutual interests.

Although we believe that the EEP alone will not bring about successful negotiations, it, in combination with the other factors should increase the likelihood of such. Furthermore, it is clear that the Community recognizes the overproduction problem and its cause and tremendous cost. Overall, however, our discussions with Commission, U.S. and foreign government, and trade officials make clear that agricultural reform in the Community will be a long-term process.

In October 1985, when the United States announced its intent to file a GATT complaint under the Subsidies Code against the European Community over its export restitution system, the Commission announced its intention to file a countercomplaint on the EEP. In the announcement, the Commission claimed that its subsidies had not undercut prices but the EEP had. Commission officials noted that subsidies for agricultural exports are not illegal under the GATT and gave that as a partial explanation of the initially restrained reaction of the Community to the EEP. However, the Commission's legal objections arise from the specific operation of the program, namely, that it is targeted and, according to the Commission's claims, undercuts world prices. Because the program is targeted, it is aimed at capturing market shares and the Commission considers this illegal under the GATT code. Similarly, it contends that subsidies are not supposed to undercut world prices; EEP prices, it claims, are $20 to $25 below those necessary to make a sale. The U.S. Agricultural Counselor to the Commission has said that any Commission arguments against the EEP could also be used against the Community's restitution program. He added that the United States has never accepted as legal the Community's system of variable levies and duties and export subsidies but has never legally challenged it.

In March of this year, U.S. and Community representatives held informal consultations on their wheat trade dispute. The U.S. position was that in recent years it had taken steps to control production and the 1985 Food Security Act continued those efforts; the Community, by contrast, through its export restitution system had guaranteed farmers a market outlet and as a result had shifted over time from being a net grain importer to a net exporter. The Community countered by stating that pending reform measures, as outlined in an official document known as the "Green Paper," will have the effect of discouraging production; futhermore, export restitution levels have not undercut world prices but the EEP prices had. Community representatives took exception to the base year the United States chose for demonstrating the swing in Community grain production. U.S. officials questioned whether more than a minimal amount of crop area would be removed from production should the Common Agricultural Policy reform proposals be approved. Although neither the United States nor the Community has taken further action on the complaints, a top Agriculture Department official indicated that the issue was still under consideration.

The ultimate impact of the EEP also depends on how serious and sustained a commitment it represents. The United States failed to renew the one-year U.S.-Egyptian Wheat Flour Agreement of 1983 under which the United States sold heavily subsidized flour to Egypt. European officials have contended that the failure to do so demonstrated the unwillingness of the United States to seriously challenge Community agricultural export subsidies. The U.S. approach has been criticized as inconsistent and lacking in follow-up commitment. The 1983 Agreement had resulted in several French flour mills being closed and the overall restructuring of the French flour industry. However, the gain in the U.S. share of the Egyptian wheat flour market proved to be temporary. Some observors believe that if the United States were to terminate the EEP, this would be viewed as yet another indication of the lack of political will on the part of the United States to retaliate against unfair trading practices. Hence, the abandoning of such a program could adversely affect progress toward meaningful agricultural trade negotiations.

The recently completed GATT ministerial resulted in an agreement to launch the new "Uruguay round" of multilateral trade negotiations. The issue of extending GATT rules to cover agricultural trade was placed on the agenda but U.S. negotiators did not win a formal mandate for "fast-track" agricultural talks. Although the accord contained a provision allowing for a speedup if the negotiators agree, there was no agreement in terms of rolling back or even freezing existing agricultural export subsidies. The Under Secretary of Agriculture for International Affairs and Commodity Programs told us that the agreement did not preclude continuation of the EEP and that the program, in fact, should continue to put further pressure on the Community to negotiate agricultural subsidy issues. He acknowledged that the conflict between the United States and the Community on agricultural export subsidies might intensify in the future.

IMPACT OF EEP ON NONSUBSIDIZING COMPETITORS

In practice, according to administration officials, the targeting approach of the EEP has been implemented so that it will not compete directly with sales made by nonsubsidizing competitors. For wheat and wheat flour, this has been interpreted by the administration to mean, Argentina, Australia, and Canada. Although most agricultural experts would agree that almost all countries, including the United States, subsidize the production and/or export of their agricultural commodities in various ways and although there has been serious dissent within the administration with classifying Canada as a nonsubsidizer (because of its transportation subsidies), the EEP has in practice been targeted specifically at the European Community, considered the "blatant subsidizer" of wheat and other agricultural exports.

In addition, it should be noted that the official reason given for not targeting until recently the Soviet Union for wheat under the EEP was because Argentina, Australia, and Canada were significant suppliers to that country and the United States did not wish to do them harm. The official reason was essentially a convenient explanation for not allowing the Soviets to purchase subsidized wheat under the program for foreign policy reasons. After the EEP had been in effect for more than a year, the administration reluctantly announced that the Soviet Union would be eligible to purchase almost 4 mmt of wheat under the EEP. The Presidential decision is viewed as having been made, after 3 straight months of negative agricultural trade balances, as an attempt to preclude congressional passage of legislation which the adminsitration would have found even more objectionable, that of making the program an across-the-board program.

The Under Secretary of Agriculture for International Affairs and Commodity Programs told us in February that there was no way that the market shares of nonsubsidizers could be protected if an across-the-board program were to be implemented. Officials of both the State and Defense Departments adamantly opposed opening the EEP to the Soviets. The Secretary of State noted the vigorous opposition to broadening the program by such U.S. allies as Australia. After the announcement of the wheat initiative to the Soviet Union, there were indeed serious complaints from Australia and Canada, the other major suppliers of wheat to the Soviet Union. A key Agriculture official told us earlier this month that the August 1 initiative was designed to preclude the Soviets from saying that price considerations prevented them from fulfilling the terms of the Long Term Agreement.

In retrospect, it appears that although an effort was made not to harm Argentina, Australia, or Canada, all have suffered because of the EEP. The Administration repeatedly assured government officials of all three countries that the program would be implemented in a way that would maintain the traditional commercial trade volume of nonsubsidizing competitors. And, in fact, U.S. government officials, before announcing an initiative for a particular country, obtained assurances from officials of the prospective importing government, that the country would continue to import from nonsubsidizing competitors in traditional amounts. While the three countries in question were generally reassured during the early months of the program, over time they became increasingly concerned with the broadening of the program.

Although there is little hard evidence that U.S. sales consummated under the EEP directly displaced the sales of Argentina, Australia, or Canada, the program has most certainly depressed prices as initiatives were announced and sales made, and all exporters, not only the European Community, have suffered from this. These three countries have seen increased competition from the European Community and from each other as a result of the Community's sales being displaced in markets targeted under the EEP. This increased competition has resulted in lower prices for their products.

The officials of nonsubsidizing competitor governments generally viewed the EEP as a departure from U.S. trade policy, or at least, the stated U.S. policy of free and open trade and opposition to export subsidies. One Canadian official, however, indicated that the EEP could not be considered a departure from U.S. trade policy since the United States lacked a consistent set of trade policies from which to depart. An Argentine official characterized the EEP as just the latest interference of the U.S. government into the free market; in his view, other interventions include credit programs, Public Law 480 programs, and domestic loan rates.

Officials of all three countries generally agreed that the EEP was not unlike the Community's restitution program, especially its contribution to lowering world prices. One Australian official stated that, with the EEP, the United States had legitimized the Community's restitution program. Officials of all three countries generally indicated that they shared the U.S. goal of bringing the Community to the negotiating table for agricultural trade issues; they also had suffered from the Community's restitution program which resulted in the Community becoming a major net exporter, instead of an importer, of grain. However, these officials generally stated their disapproval of the EEP as a suitable method for encouraging the Community to moderate its restitution program, with some alluding to a trade war between the United States and the Community from which all exporting nations would suffer. A Canadian official noted that the price impact of the targeted program was much the same as that of an across-the-board program; it cannot be confined to the targeted country.

The EEP, according to Canadian officials, is lowering world prices without creating additional demand and is hurting Canada far more than the Community. Ministry of Finance officials indicated that Canada was not as concerned with its markets as with price, since the Canadians would just find new markets. Similarly, Australian and Argentine officials told us that they would do whatever was necessary to find markets for their products.

MANAGEMENT OF THE EEP

When the EEP was designed, the administration decided not to implement an across-the-board subsidy program. Instead, the cabinet-level Economic Policy Council determined that proposals be targeted on specific market opportunities, especially those that challenge competitors who directly subsidize exports. Targeting was designed to have the greatest impact on the Community and to simultaneously protect the markets of competitors that the administration did not consider "blatant" subsidizers, namely Australia, Argentina, and Canada.

The EEP has been directed at the Community, but it is important to note that other competitors have also gained a share of the wheat export market. In some of the targeted countries in which the United States had been losing its market share over the past three years, the loss was not due solely to the Community. In fact, other competitors increased their wheat exports in four of the targeted countries (Egypt, Jordan, Sri Lanka, and Turkey). However, the Community remains a strong U.S. competitor. As of September 24, the Department of Agriculture had announced EEP wheat initiatives in 16 countries; in 10 of these 16 countries, the Community provided at least 15 percent of the wheat imports during the 1984-85 marketing year (Algeria, Benin, Canary Islands, Morocco, Senegal, Sri Lanka, Syria, Tunisia, Soviet Union, Zaire). In the remaining 6 countries (Egypt, Jordan, Philippines, Turkey, Yemen, Yugoslavia), the Community's share was negligible in marketing year 1984-85 but was expected to increase during the 1985-86 year if the EEP were not available. For example, this was the rationale for targeting the Philippines.

Perhaps the most controversial aspect of the targeting was the administration's decision to exclude the Soviet Union from the EEP, despite the fact that the Community's share of the Soviet wheat market rose from 5 percent to 22 percent during marketing years 1980/81 through 1984/85, based on International Wheat Council data. As stated earlier, the Department of Agriculture claimed the Soviet Union was excluded because the nonsubsidizing competitors had a significant share of the market. U.S. exporters complained that this decision caused the Soviets to renege on the Long Term Agreement and to increase their Community wheat purchases. Over the last year, the Community share of the Soviet market increased from 22 to 37 percent, while the U.S. share declined from 22 to 1 percent. Although the administration reversed its decision on August 1, 1986, and made the Soviet Union eligible to buy 4 mmt of wheat, it appears unlikely that the Soviets will make any purchases before the EEP initiative expires on September 30.

For other EEP commodities such as dairy cattle and poultry, the Community is generally the only other major exporter in the targeted countries and the United States has had little or no recent market share. Although sales under these initiatives may directly displace Community sales in the short-term, Agriculture officials acknowledge that U.S. long-term competitiveness directly depends on eliminating Community export subsidies.

Bidding procedures

The EEP's bidding procedures have remained essentially the same since the program began, with Agriculture attempting to facilitate commercial sales at prices competitive with those of the Community. For most commodities, Agriculture confidentially establishes minimum sales prices and maximum bonus amounts, calculating the price differential between the U.S. and the Community commodity based on a methodology which is not made public. Offers below the minimum sales price or above the maximum bonus amount are rejected. Agriculture estimates that approximately two thirds of all offers received are initially rejected on price or bonus considerations, but that 75 percent of the sales are eventually made after the U.S. exporters resubmit their bids.

Bidding procedures for wheat sales to the Soviet Union are an exception to this process. Agriculture officials noted that the Soviet initiative was not considered a true EEP initiative but was designed to remove the Soviet excuse that price considerations prevented their fulfillment of the Long Term Agreement. In addition, different pricing procedures have been established. According to Agriculture, the standard review procedures would be too cumbersome, considering the large quantity of wheat and the relatively short timeframe involved, so it does not establish a minimum sales price but instead publicly announces a fixed, weekly bonus amount. U.S. exporters are free to negotiate a sales price with the Soviets which will not require review and approval. The bonus amount was initially set at $13 per metric ton but has been increased to $15. Unlike the other wheat initiatives, the bonus is not based on the Community-U.S. price differential, but reflects the price differential between the United States and all other major wheat exporters.

Sales to the Soviet Union

No sales have been made to the Soviet Union under the initiative. Agriculture officials cited recent changes in Soviet contract terms as a major impediment to U.S. wheat sales. In late July, new contract provisions allowed the Soviets to reject shiploads of grain or to withhold 5 percent of the total payment to offset any potential grain quality problems. Reportedly, U.S. competitors have also refused these contract terms and have not sold any wheat to the Soviet Union under these terms. Some grain trade officials we contacted stated that, while these terms are a sales consideration, the low bonus was also an important factor in preventing sales; however, most noted that the Soviets might not have purchased wheat even if the bonus had been higher. Agriculture and grain trade officials suggested that perhaps the Soviets did not need additional grain during the 2-month period that the initiative was in effect.

In our discussions with Soviet trade officials, they claimed that the U.S. price still exceeded the "world price" by $7 to $10 despite the EEP initiative, and this price differential was their primary concern. However, they noted that concerns over grain quality, reduced hard currency due to falling oil prices, a worsening trade deficit, and an internal reorganization in their bureaucracy also caused them to curtail U.S. wheat imports. Moreover, they resented the manner in which the EEP initiative was presented to them; i.e., they were informed of the decision on August 1 just prior to the press release and then were given only 60 days in which to complete the sale.

Several weeks after the Soviet initiative was announced, Agriculture deviated somewhat from its standard method for reviewing the minimum price and maximum bonus amounts, apparently reluctant to allow the bonus for other EEP initiatives for hard red winter wheat (the type of U.S. wheat the Soviets buy) to exceed the fixed Soviet bonus. However, no clear policy directive to this effect was announced and we have received conflicting information from high-level Agriculture officials about this. We were told that wheat bonus awards would be considered cautiously until the Soviet initiative expired on September 30.

Previous bonus amounts for most wheat sales were approximately $25 per metric ton. Recently, only one hard red winter wheat sale has been completed to Yugoslavia at a price of $92 FOB and a bonus of $14.37. EEP offers for hard red wheat sales to Turkey have been rejected, but this was not necessarily due to the bonus limitation. We have been informed that Turkey awarded contracts to Argentina, Australia, and the Community after the U.S. offers were rejected.

Price setting and bonus awards

We made a preliminary review of Agriculture's method for determining the minimum sales price and maximum bonus awards for wheat, flour, and poultry but did not attempt to verify the actual price data used in these calculations. Agriculture has attempted to collect price information, but Department officials have explained that such data is often difficult to obtain and verify, especially for commodities which lack a futures market and frequent export activity. As a result, the price-setting process involves a great deal of judgement. Moreover, Agriculture frequently has no written guidelines and it does not maintain clear records on how some pricing decisions are made.

Since Agriculture considers its price information confidential, we have not cited any specific cases on which we questioned Agriculture's prices or methodology. However, from our review it appears that Agriculture may have occasionally misjudged price and/or bonus amounts. Although this may delay filling a tender, as bids must be resubmitted, it generally does not appear to have caused the United States to permanently lose sales. Also, in some cases, Agriculture has set a maximum bonus amount that seems high. However, competition among exporters has usually kept the final award below the maximum allowable level.

Although the Community has alleged that the United States has severely undercut the world price, it has presented minimal evidence of this. We examined one EEP sale to Algeria which elicited several complaints from Community exporters who claimed that the U.S. price undercut the Community wheat price by $20. According to Agriculture, however, the maximum estimated differential between the Community and the U.S. price was less than $5. Again, since pricing is inexact, varying estimates of such factors as the Community price, U.S. price, or freight rates can affect the differential by several dollars. In the sale to Algeria, it appears that the USDA-estimated price may have been lower than necessary, but it is difficult to determine if this was due to poor price information or to other administrative considerations.

It is also difficult to determine whether the Community or the United States has been responsible for undercutting prices in particular cases, and both sides have accused the other of this practice. The EEP clearly has had an impact on lowering commodity prices in certain targeted countries. For example, Egypt tendered for flour in late May. One Community flour miller estimated that flour prices were approximately $170 per metric ton at this time. When Agriculture received the initial flour bids, ranging from $148 to $150 per metric ton, it rejected them for being too low. Shortly thereafter, it received information that the Community flour price had dropped to $147.50 per metric ton, thereby establishing a new price floor. Accordingly, Agriculture lowered its minimum allowable price and a U.S. sale was made on June 3 for $145 per metric ton. Both the Community and the United States claim that they did not initiate the price cuts but only responded to the other's action. While we did not determine who was responsible, the obvious result was a significant drop in flour prices within a few weeks.

Use of export credit guarantees

Export credit guarantees (GSM-102 credit) have been made available in 14 of the 46 initiatives, 11 of which are for wheat or wheat flour. Exporters and Agriculture officials told us that the credit guarantee has been extremely important in consummating some EEP sales. Although Agriculture has computerized records of GSM-102 sales, the data do not indicate whether or not these credit sales are also EEP purchases, so we did not determine how extensively GSM-102 credit was being used for EEP sales. However, Agriculture officials stated that the credit is probably being used for most EEP sales if available to the targeted country.

Private sector activity and comments

As of September 24, 1986, 27 companies had been awarded contracts for commodities under the EEP. Cargill received 29 percent of the allotted bonuses, followed by Continental Grain with 13 percent, and Louis Dreyfus and Peavey Company with 10 percent each. Contracts for wheat and/or wheat flour sales had been awarded to 18 companies. Attachment II provides information on bonuses awarded to individual companies.

We asked five wheat/flour exporters who have participated in the program for their opinions about the program's operation. These exporters, who received 56 percent of the EEP bonus awards to date, expressed satisfaction with the program's operation, including timely bid evaluation and accurate distribution of bonus commodities. Some concern was expressed, however, that certain Agriculture procedures were inflexible, especially those that penalized the exporter for unavoidable shipping delays.

The Advisory Committee has not met since October 1985. According to Agriculture, such meetings are not required under the law, and informal contact with the private sector is maintained on a continual basis.

Acquisition of Commodity Credit Corporation stocks

Agriculture recently implemented new procedures for successful bidders to acquire bonus commodities. Previously, each announcement specified the commodity which Agriculture would provide as the bonus. Exporters selected their bonus commodities from a Commodity Credit Corporation (CCC) catalog within 30 days after Agriculture approved the sales, but they did not actually receive the bonus commodities until the exports were made. Under the new system, within 30 days of export, the exporter receives a generic certificate equal to the dollar value of the bonus award within 30 days of export. The certificate is valid for 6 months and can be redeemed for any available CCC commodity or sold for cash. The change in the system was made so that the EEP procedures would be similar to those of the domestic Payment-In-Kind (PIK) program which also uses generic certificates. Exporters and Agriculture officials stated that similar generic certificates issued under the domestic PIK program sell for 102 to 110 percent of their face value.

The exporters we contacted preferred the new generic certificate system over the old bonus selection process, stating that it gives them more flexibility by allowing them to choose a bonus from a greater variety of commodities. Also, because the exporters can resell the certificates, they are more liquid and, hence, more valuable than a specific commodity award.

As of mid-July, Agriculture had processed requests for bonuses on about 240 contracts. We reviewed 56 of these contracts and found that exporters had generally complied with the announcement and contract provisions. The CCC catalog prices which we reviewed were in line with other published market prices. The CCC has generally computed the bonus quantities accurately.

BUDGET NEUTRALITY AND EEP COST

The EEP is designed to be budget neutral--that is, it should not increase government outlays. Government outlays can increase if an EEP sale results in more of a commodity being released from CCC stocks than is removed from the U.S. market by the increased exports. Any such extra commodities that are covered by price support programs will displace sales of newly harvested commodities causing farmers to forfeit commodities in lieu of paying off their price support loans. The goverment will thus end up buying back at the loan rate sufficient new crop production to remove the excess bonus commodities from the market.

Whether a sale violates the budget neutrality condition depends on its "net additionality,"--the amount of new exports that result from the EEP. The net or final additionality of an EEP-subsidized sale may be less than the full amount of the sale if (1) it displaces commercial U.S. sales to the recipient country or (2) the displaced competing exporter, e.g., the European Community, uses the commodity that would have been sold to displace U.S. sales in a third country. Net additionality is very difficult to estimate accurately, and we do not have estimates that we view as reliable. Nevertheless, as reported in our last testimony, some analysts, including those at the Congressional Budget Office, expect net additionality to be sufficiently small so that the budgetary costs will be large. We do, however, have some examples in which individual EEP sales will clearly result in higher government outlays. A few specific EEP-funded sales have released CCC commodities onto the domestic market which were greater than the commodity (or its equivalent) that was actually exported. For example, bonuses for EEP poultry exports released more soybeans and corn on the domestic market than the amount of soybeans and corn used in raising the exported chickens. As a result, in such circumstances, the goverment is likely to end up buying back at the loan rate an amount equal to the extra corn and soybeans originally given away "free." For all poultry sales together, we estimate that the value of the bonus is 266 percent of the value of the feed contained in the poultry exported. The cost of repurchasing the unexported corn and soybeans could be as much as $23 million.

Dairy cattle also require very large subsidies, but they are a special case. Agriculture wants to export cattle to operate the dairy termination program with minimum disruption to domestic beef producers. Bonuses for the dairy cattle sales to date have totalled $8.6 million in the form of generic certificates. The 6,150 heifers consumed only about $0.6 million worth of U.S. corn before being exported. If the certificates are redeemed for corn, an amount equal to 93 percent of the bonus could be repurchased by CCC, incurring an $8.0 million additional budgetary outlay.

For poultry and dairy cattle, even if additionality is 100 percent--the most favorable case--unexported bonus commodities will be placed on the U.S. domestic market and will likely increase CCC expenditures. The flour and barley sales are also likely to be budgetarily expensive and of little aid to U.S. farmers.

Attachment III shows the bonus as a percentage of the EEP sale. Dairy cattle are not included, since generic certificates were used, but if they were redeemed for corn at current prices, the bar would extend well off the page since the bonus was 15 times (1540 percent) the amount of corn consumed in raising the exported cattle. For wheat flour, barley, and rice, the bonus was roughly 60 percent of the amount exported. If net additionality for these commodities was less than this percentage, the EEP program would likely result in budgetary outlays.

Agriculture's view is that specific EEP sales may violate the budget neutrality condition as long as the program as a whole does not. In a few of the proposals submitted to an interagency review group, Agriculture included explicit warnings that the bonus commodities released would be "over and above that necessary to produce the poultry" or that "Wheat flour proposals which assume about a third overall additionality may have a negative impact on the CCC budget."

There are few benefits from an EEP sale which costs the goverment money and weakens crop markets. Farmers receive little if any benefit from sales which lower CCC stocks at the cost of releasing commodities onto already surplus domestic markets. The 1985 Farm bill directs Agriculture to attempt to make 15 percent of the EEP-subsidized sales in poultry, meat and meat products. To date, sales of these commodities have involved large bonuses which add to the budget deficit and disrupt feed markets. Agriculture faces potentially conflicting goals in meeting the $1 billion total and the 15 percent animal product exports on one hand and minimizing the adverse budgetary impacts and disruptions of commodity markets on the other. The Subcommittee and the Congress could aid Agriculture by making clear its preferences if the Department cannot simultaneously satisfy all expectations for the EEP program.

CONCLUSIONS

In summary, the EEP in its restricted form appears to be having some impact on the European Community in terms of increasing competitive pressures, lowering affected commodity prices, increasing restitution payments and the costs of the Common Agricultural Policy, and contributing to additional dissent within the Community over the direction of the farm program and its skyrocketing costs. The EEP has increased selected U.S. agricultural exports in some targeted countries. However, there is little reason to believe that once the EEP expires, these gains in U.S. agricultural exports will necessarily continue in targeted markets. In the short term, the EEP has principally benefitted U.S. exporters and targeted importing countries. It has provided no immediate relief to U.S. farmers. Furthermore, while the program has little direct impact on the budget, the indirect impact could result in an increase in budget outlays.

Most participants in the world agricultural market consider the current subsidy war between the United States and the European Community to be a major factor in the destabilization of the world market. Broadening the EEP to other markets by making it an across-the-board program would have mixed results. It will undoubtedly increase competition and pressure on the Community, but it will further antagonize non-subsidizing exporters (Canada, Australia, and Argentina) who already are critical of the limited targeted program for undermining the world price structure, displacing sales, and generally adversely affecting their market position.

The world agricultural market is experiencing a major change as reflected in the tremendous overproduction and surpluses of major crops throughout the world. U.S. and European Community pricing policies, accelerated improvements in technology, and increased emphasis on agricultural self-sufficiency in developing countries, have increased agricultural production worldwide. Countries which were once net agricultural importers have become net exporters. This is coupled with a slowing in the growth of global demand for food and feed grains because of widespread developing country economic problems. These changes in the world market portend major modifications in agricultural policies and programs of traditional agricultural producers and exporters such as the United States and the European Community. While the need for major changes in the farm policies and programs of these countries is great, little change has yet taken place as their governments continue to try to adjust programs suited to a different era. The EEP is in essence a bridge program at best. Although it may have some effect in encouraging the Community to negotiate, it does not increase world demand for exports in a period of overproduction and surpluses. More fundamental changes are needed to restore equilibrium.

SECTION 2

COOPERATOR MARKET DEVELOPMENT PROGRAMS

Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as amended, authorized use of federal funds for agricultural market development activities but did not specify how those activities were to be accomplished. The Department of Agriculture administratively determined that the major responsibility should rest with "cooperators"--private, non-profit trade associations representing farmers, producers, and other farm related interests--organized on a commodity-by-commodity basis. Agriculture further determined that the cooperators should be encouraged to provide private funding to supplement the federal funds. Our testimony presents four issues for your consideration on the Foreign Agricultural Service's (FAS) management of the cooperator program.

The objectives of the FAS foreign market development program are to develop, maintain, or expand long-term commercial foreign markets for U.S. agricultural commodities. FAS and cooperators work together, sharing funds and expertise and undertaking activities designed to familiarize potential foreign customers with U.S. farm products and to show the customers how the products might be used to their benefit. These activities attempt to create or stimulate a demand for the U.S. commodities. The general program philosophy is to assist the private sector in making the long term commitment necessary to develop and maintain markets for future sales rather than to concentrate efforts on immediate sales.

Currently FAS has contractual agreements with about 50 cooperators to carry out over 5,400 market development activities in 130 foreign countries. Expenditures in fiscal year 1985 totaled $97.2 million; FAS funded $29 million, cooperators claimed contributions of $34.9 million, and foreign third-party groups reported spending $33.3 million. Attachment IV provides a historical perspective of program expenditures. Attachment V contains a list of cooperators with the largest expenditure of FAS funds. Attachment VI is a schedule of FAS expenditures and estimated U.S. and third party contributions for fiscal year 1985 by commodity and cooperator.

Cooperator programs normally promote either a single commodity or a group of related commodities. FAS guidelines define the policies and procedures under which cooperators are to lead these programs and activities. The activities are grouped in the following categories.

--Technical assistance - activities which address technical problems related to the sale, movement, processing, marketing, or use of U.S. agricultural products.

--Trade servicing - activities designed to influence foreign traders, importers, wholesalers (and at times retailers), and foreign government officials involved with importing, distributing, and marketing agricultural commodities and products.

--Consumer promotion - activities designed to influence consumers by changing attitudes toward or making them aware of the advantages of using U.S. agricultural products.

The type of commodity being promoted generally determines the type of promotional activities most beneficial to increasing agricultural exports. Bulk commodities (wheat, oilseeds, and feed grains) are well suited to trade servicing activities, such as collection and dissemination of market intelligence; technical seminars on production, use, or purchase of grains; training programs to upgrade farm technology; livestock feeding trials; and demonstrations on product uses for manufacturers, processors, and consumers.

Processed and semi-processed commodities, such as fruit and vegetable juices, fruit juice concentrates, canned fruits, and fresh and frozen vegetables, lend themselves to consumer-oriented promotions. These commodities are generally known as high-value products and the promotions include direct advertising through the print and electronic media; point-of-sale promotions (distribution of T-shirts or other items); and in-store demonstrations and samplings.

Cooperator officials in the United States and overseas keep abreast of the market situations in producing and importing countries to guide them in planning marketing strategies and promotion activities. The cooperator documents these strategies and activities in the annual marketing plan it submits to FAS. The plan must identify the constraints to expanding or maintaining U.S. exports of specific commodities to each market and describe the proposed activities and the amount of FAS and cooperator funds, to be spent to overcome or mitigate the constraints for each commodity and country/market.

Market characteristics also influence the type of FAS/cooperator activities. Import tariffs and levies, production and export subsidies, health and sanitary regulations, building and construction codes, and other foreign government or industry regulations can act as barriers to trade and restrict the export of U.S. agricultural products. Cooperator programs and activities also address these types of constraints.

FUNDING FOR THE COOPERATOR PROGRAM

The market development cooperator program is a joint government-industry funded venture. FAS awards funds to cooperators by means of project agreements which describe the basic working relationship and program and financial obligations of each party. FAS guidelines encourage cooperators to contribute an annual amount equal to or greater than the FAS funds authorized by the project agreement. Third-party cooperators--a foreign government or private organization which has entered into a foreign market development agreement with a U.S. cooperator--are expected to contribute substantially to all projects in which they participate.

Cooperators and third-party groups may provide cash, goods, or services, which must be in addition to what they would have spent had there been no federal market development program. FAS guidelines define allowable cooperator and third-party contributions of cash, goods, and services.

ISSUES FOR CONSIDERATION

The four issues for consideration that we will now discuss include:

1. The goal of the cooperator market development program.
2. The need for including measurable goals in cooperator market development plans, when possible, and for evaluating program effectiveness.
3. The definition of cooperator and foreign third-party contributions to the program.
4. The level of funds required by FAS and cooperators to ensure program continuity and ongoing government support.

Cooperator program goal

The Congress, through, Public Law 480, established a very broad goal for FAS' market development program--develop, maintain, and expand foreign markets for U.S. agricultural commodities. Public Law 480 and amendments to the law emphasized the importance of developing and expanding foreign agricultural markets but the legislative history does not indicate how this goal was to be achieved. FAS made administrative and financial determinations for implementing the cooperator program but established few program limits or standards. FAS and the cooperators cite different interpretations of the goal for the cooperator program. The broad and general nature of the goal and the absence of program limits or parameters justify numerous and varied market development activities. Some cooperator programs are designed to develop new markets or expand existing markets, such as the California Avocado program in Japan. Others are designed to maintain established markets, such as the American Soybean Association program in Japan.

The 1983 Grace Commission Report and an official of the Office of Management and Budget question the long-term funding of many individual cooperators. The Grace Commission recommended that federal funding for market development activities be terminated, stating that such programs are more properly paid for by the private sector. The official stated that the program should be a "seed-money" effort, whereby federal funds finance the initial market development efforts of small producer groups but are not used to fund maintenance or long-term market development activities.

We did not agree with the Grace Commission recommendation to phase out the program, stating instead that FAS should terminate funding for established cooperators and for cooperators in established markets. FAS is moving toward this approach by shifting some money from the market development activities in developed countries to activities in less developed countries, especially for bulk commodities. Attachment VII provides market development expenditure percentages by geographical expenditures for fiscal year 1980 through 1985. FAS officials note that many cooperator programs in developed countries emphasize high-value products rather than bulk commodities.

We believe that FAS and the appropriate congressional agricultural subcommittees should consider clarifying the goal of the cooperator program by establishing limits on total funding levels, timeframes for individual programs, and determining whether the preponderance of federal funds should be devoted to market maintenance or market development activities. These decisions may vary by agricultural commodity and/or by country or region in which the market development activities are implemented. Such congressional direction may help FAS to focus the cooperators on more opportunities for market development or expansion and minimize the number of market maintenance activities.

Measurable program goals and evaluating effectiveness

FAS has established planning and evaluation tools to help make program decisions, but the strategies are insufficient to identify when market development programs should be continued, redesigned, or terminated.

First, FAS guidelines do not require cooperator market development plans to include, when appropriate, quantitative program goals to be tracked to form a basis for future program decisions. Rather, the plans address constraints to U.S. imports, such as import quotas or lack of technical processing capability, and describe activities to overcome these constraints; they generally do not document past or expected measures of success to determine whether the activity should be continued. The comments in the end of year financial and progress reports submitted by cooperators to FAS do not specify quantitative results or whether the intended results were achieved. For example, comments ranged from "activity completed," with no further explanation, to "two activities conducted with great success," to "310 farmers attended 5 pork check-off seminars."

Second, the base evaluations and integral benefit-cost ratios, which FAS guidelines require to be incorporated into market development plans as a measure of program effectiveness, tend to overstate the value of market development activities. FAS and cooperators have acknowledged that the cooperators use varying methods for calculating benefit-cost ratios even within a single FAS commodity division. FAS does not use the base evaluations and benefit-cost ratios as a measure of program effectiveness, but does use benefit-cost ratios to approve or disapprove activities included in individual cooperator's market development plans.

Third, FAS annual program evaluations do not adequately address program results. FAS has conducted just 19 annual evaluations of cooperator projects and completed 16, a small number considering that FAS funds over 1,200 country programs each year. Further, the annual evaluations misstate the results and offer a more optimistic outcome of the programs than is the case. For example, evaluation conclusions indicate that 13 of 16 market development programs were successful whereas our review of the 16 evaluation reports showed that only 9 were successful in increasing demand or in minimizing the constraints addressed in the market development plans. Two evaluations indicated that non-U.S. rather than U.S. commodity demand increased. In five cases, we were unable to determine program success or failure based on analysis or statistics in the evaluation reports.

FAS and the cooperators are continuing their efforts to establish evaluation policy and procedures for the cooperator program. We support their efforts to identify means to evaluate the results of their market development activities. We realize that successful market development activities are not always tied to measurable results, and even less so in the short run to export levels. However, including measurable or "trackable" goals in market development plans would provide a better basis for making program and funding decisions. We believe that the FAS Administrator should consider revising FAS guidelines to require measurable goals and/or "trackable" events in cooperator market development plans.

Cooperator and foreign third-party contributions

FAS guidelines encourage cooperators to contribute an annual amount equal to or greater than the FAS funds authorized by project agreements but do not specifically require such contributions. We analyzed the market development plans, end-of-year reports, and other financial data of various cooperators and found that, for the most part, FAS funds many of the direct costs of the programs while the cooperators "match" FAS funds primarily through contributions of goods and services, expenses incurred primarily through operation of U.S.-based headquarters offices. Cooperator contributions are misleading because the definition recorded in the FAS guidelines includes the value of personnel time in the cash category.

Furthermore, FAS is not fully assured that cooperator or foreign third-party contributions are in addition to what would have been spent without the programs and that the contributions relate to an FAS approved activity. FAS officials said that they do not scrutinize cooperator contributions carefully and thus have little assurance that they are accurately reported.

Thus, we believe that the FAS data indicating that program costs are shared about equally among FAS, cooperators, and foreign third parties is misleading and that FAS and the federal government pay many of the direct costs of the program and assume all the financial risk.

We would suggest that the Administrator of FAS revise FAS guidelines to more accurately define "cash" contributions. FAS should also determine an equitable percentage of cash and/or service contributions that cooperators should then contribute to the program.

Forward funding

FAS' cooperator budget grew from $15.7 million in fiscal year 1980 to $30.6 million in fiscal year 1985. Through a practice called "forward funding," FAS accumulated an unliquidated balance of $51.6 million by the end of fiscal year 1985. Through forward funding, FAS contracts with the cooperators to fund activities in approved annual marketing plans; these funds can be spent over a 5-year period. The unliquidated balance of $51.6 million equates to about 24 months of program spending. FAS renews only one half of the cooperators' contracts each year, but each contract runs for 2 years. If program execution proceeds in accordance with program plans, FAS should have an unliquidated balance of one-half its annual appropriation, or one year's funding for 25 cooperators. FAS is currently considering renewing all, rather than one-half, of the cooperators' contracts each year.

We realize that FAS needs to guarantee cooperator groups a reliable source of funds in order to pursue overseas market development activities and ensure continued government support. Thus, the Administrator of FAS should review the current unliquidated balance and determine the actual amount of funds required to meet current obligations. The Administrator should also deobligate the excess balance and return the remaining money to the Department of the Treasury.

COMPETING NATIONS HAVE SIMILAR MARKET DEVELOPMENT PROGRAMS

Our primary competitors for agricultural export trade, Australia, Canada, Denmark, France, Israel, the Netherlands, New Zealand, and South Africa all have market development programs similar to those of FAS and the U.S. cooperators. The following table compares funds expended by the United States and these countries for market development.

Agricultural Market Development Expenditures by the United States and its Principal Competitors

Country	Estimated expenditures 1985 (in millions)	Expenditures as estimated percent of exports
United States	$ 72.50	0.23
Australia	67.30	.85
Canada	11.08	.16
Denmark	19.52	.47
France	32.08	.19
Israel	9.60	N/A
The Netherlands	33.11	.22
New Zealand	56.99	1.55
South Africa	12.34	1.24

These countries, depending on their natural resources, promote both bulk and high-value products. Australia, Canada, Denmark, and France conduct market development activities similar to those of the United States. France tends to conduct promotional rather than technical assistance type activities. Israel, the Netherlands, South Africa, and New Zealand promote high-value products for the most part.

Countries within the European Community operate their own promotion and development programs, generally geared toward overseas markets rather than member countries.

INITIATIVES PROVIDED BY THE 1985 FARM BILL--TARGETED EXPORT ASSISTANCE

Section 1124 of the Food Security Act of 1985, Public Law 99-198, the Targeted Export Assistance Program, provides $110 million in funds and commodities (for each of 3 years to fiscal year 1988) to help selected commodities offset the unfair trade practices of competing countries. The program is an extension of existing farm export promotional efforts. FAS will implement two programs under this legislation: a generic program with nonprofit agricultural associations similar to the cooperator program, and a brand name or high-value product promotional program with private U.S. firms.

As of June 1986, the Department of Agriculture had approved assistance programs for 10 commodities and products which meet the following criteria established by FAS for funding.

--Commodity is in adequate supply.

--Commodity consists of at least 50 percent U.S. origin.

--Industries committed to provide matching funds, staff, and administrative support costs.

--Marketing plans have been made.

--FAS has fiscal control.

--Programs are designed to offset subsidies of competitors.

--Programs are designed to redirect promotional efforts to alternative markets.

--Documentation of results can be audited.

FAS expected the Processed Foods Division and cooperators to implement activities during 1986, and by September 22, it had committed $86.5 million to 34 groups seeking program funding and signed agreements with 22 groups for $54 million. As of September 26, the full $110 million had been committed. However, as of that date, time constraints prevented FAS from providing a list of all groups who had received the commitments.

SECTION 3
THE COMMODITY CREDIT CORPORATION'S EXPORT CREDIT GUARANTEE PROGRAMS

The short term export credit guarantee program, referred to as the GSM-102 program, was established in September 1980 to increase or maintain foreign sales of U.S. agricultural commodities by using U.S. commercial bank financing with credit terms up to 3 years. This program, which provides a 98-percent guarantee to U.S. banks, replaced CCC's earlier GSM-101 program that provided 100-percent guarantee against political risk.

Credit provided by the GSM-102 program is intended to permit countries to purchase U.S. commodities where the guarantee is necessary to secure private financing for exports. Guarantee requests from private foreign buyers, foreign government buying agencies, or U.S. exporters are submitted through the U.S. Agricultural Counselor or Attache in the country of destination or directly to Agriculture's Assistant General Sales Manager. CCC asks that these requests include the commodity name, quantity, estimated value, approximate shipping dates, credit period desired, and the name of the CCC-approved foreign bank that will issue the letter of credit required, when available.

If a request is approved, CCC issues a press release on the desired purchase. The foreign buyer usually makes financing arrangements with a U.S. bank, but if requested to do so, CCC provides the buyer with names of U.S. banks that have participated in the program. The buyer purchases the commodity from an exporter that has a U.S. office and arranges for a letter of credit from a bank in its country or in a third country. The exporter then registers the sale with CCC, pays a guarantee fee, and receives a Payment Guarantee, which it later assigns to the U.S. bank providing the loan. After the commodity is shipped, the exporter assigns the accounts receivable to the bank, receives payment, and sends CCC a report of export and a payment schedule for the loan. The bank collects from the foreign bank according to the schedule, and if a failure occurs may make a claim to CCC for the 98-percent guaranteed amount.

Preliminary information obtained from CCC has not yet been verified, but it indicates that from inception of the GSM-102 program in fiscal year 1981 to the end of fiscal year 1985, CCC made guarantees available for approximately $17.9 billion to 43 countries and guaranteed loans for about $12.8 billion to 35 countries. In fiscal year 1985, CCC made available about $4.5 billion, but guaranteed only $2.5 billion. As of August 29, 1986, CCC made available $4.2 billion to 26 countries and guaranteed $2.0 to 23 countries for fiscal year 1986. The 1985

Food Security Act required that CCC make available not less than $5.0 billion a year through fiscal year 1990 for GSM-102. The 1986 budget reflected the $5.0 billion, but the Gramm-Rudman sequestered amount reduced the $5.0 billion to $4.8 billion.

Korea and Mexico have been the two largest users of the GSM-102 program through fiscal year 1985. They obtained approximately $2.2 billion and $2.0 billion, respectively or 33 percent of the total guarantees used. Together with Portugal, Brazil, and Iraq, these five countries accounted for a total of $8.4 billion, or 68 percent, of the total guarantees used through 1985.

INTERMEDIATE PROGRAM

In addition to the GSM-102 program, the 1985 Food Security Act enhanced CCC's export credit guarantee authority with an intermediate export credit guarantee program which directs the CCC to make available at least $500 million a year through fiscal year 1988 and not more than $1.0 billion in fiscal years 1989 and 1990 for the program. Like the GSM-102 program, Gramm-Rudman reduced the $500 million to $480 million. This intermediate program, referred to as the GSM-103 program, is designed to provide credit terms for 3 to 10 years. CCC's regulations were finalized in July for GSM-103 and as of August 29, 1986, CCC had made available only $106 million to 9 countries; of this amount $1.6 million had been guaranteed to Ecuador.

The GSM-103 program was intended to assist middle-income developing countries that are having continuing financial difficulties and have strained their ability to use the short term GSM-102 program by adding another step between concessional and fully commercial credit. For these and other countries that have export market opportunities, GSM-103 was also intended to provide a new export marketing tool with greater flexibility.

PRELIMINARY RESULTS OF OUR REVIEW

Initial survey work has consisted of acquiring program data and meeting with officials responsible for the program at the Departments of Agriculture, State, and the Treasury. We also met with officials from a number of banks and with cooperators and exporters to obtain their views on the efficiency and effectiveness of the programs. Since GSM-103 was just implemented in July 1986, most comments reflect views of the GSM-102 program.

Accurately quantifying the effect that the programs have on agricultural exports is difficult, because commodity costs and political factors also affect sales. Several participants we interviewed indicated, however, that a number of sales would not have been made if the export credit programs were not available.

Some participants considered the GSM-102 program as the only means for some countries to obtain the credit they need to import agricultural commodities. One exporter also told us that these programs do not necessarily give the United States a competitive edge over other exporting countries, because even without formal export credit guarantee programs, they have matched terms offered by U.S. programs.

Changes suggested by participants

Bank officials, cooperators, and exporters suggested the following changes to the program.

1. Increase the 98-percent guarantee to 100 percent.
2. Cover more of the interest with the guarantees.
3. Make loans held by the banks assignable.
4. Cover freight costs with guarantee.
5. Require less stringent allocations to countries.
6. Allow multiyear allocations to countries.
7. Reduce administrative burdens.
8. Improve overall cost differences between world and U.S. commodity prices.
9. Permit banks to maintain ownership of rescheduled loans.

Preliminary information obtained indicates that increasing the 98 percent guarantee to 100 percent, guaranteeing more of the interest, and making the loans assignable by the banks may not increase program effectiveness. For example, information provided by bank and exporter officials indicates that banks are actively competing for GSM-102 loans. CCC and exporter officials have not identified to date any countries that were unable to obtain GSM-102 financing. Active competition for these loans today have some banks offering interest rates below the prime rate, generally at 1/16 to 1/8 over the London Interbank Offered Rate, which is a measure of what major international banks charge each other for large volume loans of Eurodollars or dollars on deposit outside the United States. Although two banks noted that the low interest rates being offered affect their decisions to participate in the program because of high administrative costs, a third bank noted that a 100-percent guarantee might lower rates, making it even more difficult for banks to realize any profit.

Officials representing three banks and one exporter suggested that the credit guarantee programs should cover freight costs. One bank official noted that the United States has lost sales because countries have been unable to finance the freight costs for commodities. According to a CCC official, CCC's Charter Act (Public Law 80-89) allows commodity freight costs to be financed but, to date, CCC has not included freight costs as part of the credit guarantee program. The 1985 Food Security Act specifically allows CCC to cover freight costs for breeding animals under the GSM-103 program. During our review, we will determine whether (1) competing countries cover freight costs, (2) covering freight costs would decrease overall amounts allotted to commodities, (3) adequate controls could be put in place to identify actual freight costs, and (4) maritime interests would apply pressure to use U.S. flagships, which could escalate already high prices.

Some banks and exporters believe that CCC's allocation process should be more flexible. Under the current process, CCC establishes allocations for countries to purchase specific commodities. Two bank officials said some countries have had difficulties in changing their commodity allocations. However, a CCC official said that changing commodity allocations is not a problem and occurs frequently. We have not yet reviewed this area, but we will assess whether allocation restraints stop export sales to preserve another commodity allocation that the country may not want to use. In addition, one exporter said that more flexibility was needed in the program to accommodate multiyear sales with multiyear guarantees.

Some bank officials raised a number of administrative issues that we plan to review. Two officials were concerned that CCC creates additional administrative work by making it difficult to change errors made in processing documents. In some cases, errors are left unchanged and the banks do not know whether some payment guarantees will be honored. Some banks have suggested that bundling loans would ease another administrative burden. A CCC official told us that bundling is permitted but countries involved may be unwilling to accelerate the payment of some of the loans involved.

Both Agriculture officials and program participants identified the high price of commodities as the reason for U.S. non-competitiveness in the world market. Whereas they noted that the GSM-102 program has helped to make commodity sales, the worth of the GSM-102 and GSM-103 programs will become more apparent if the 1985 Food Security Act brings about lower prices. Our review will assess both credit guarantee programs as the effects of the Food Security Act become more apparent.

One bank expressed interest in having the option to maintain guaranteed loans that are rescheduled. This would keep the loans commercial and federal budget funds would not be needed to honor the guarantee. In 1986 hearings, CCC noted that it had paid out $1.7 billion for credit guarantees, which is approximately 13.6 percent of all GSM-102 guarantees from 1981 to 1985. Recent discussions with bank and FAS officials indicate that some countries may reschedule their loans in the near future and this bank's proposed option could keep the loans in the private sector.

SECTION 4

BILATERAL GRAIN AGREEMENTS AND COUNTERTRADE

The growth of bilateral grain agreements and countertrade, as well as the decline in U.S. agricultural exports, have stimulated interest in using these practices to maintain and/or increase the U.S. share of the international grain market. Coinciding with the increased use of bilateral grain agreements and countertrade has been the emergence in the market of centrally planned economies and less developed countries. These nations, in which many believe the future of agricultural trade lies, make extensive use of state trading organizations to implement their agricultural policies, including international trade.

As the United States has had limited experience with alternative trading practices and with state trading organizations, this subcommittee requested that GAO provide information on the nature and extent of these trading practices and organizations, and their impact on U.S. grain exports. In response, we conducted an extensive review of the literature on bilateral grain agreements and countertrade, and interviewed officials from the Departments of Agriculture, Commerce, and State; executives of international grain companies and major financial institutions; agricultural attaches from several of the major grain exporting countries; and officials from several international organizations.

BILATERAL GRAIN AGREEMENTS

Bilateral grain agreements are agreements between two nations specifying the quantity to be traded over a period of time, and stipulating within limits the conditions of such trade. These agreements generally run for a period of 3 to 5 years, though they may be simple one year agreements that are renewed annually. The agreements normally specify the minimum quantity to be purchased and the maximum quantity to be supplied. Generally, price is not specified in the agreement. Bilateral agreements may also be packaged with offers of financing or technical assistance. Additionally, there may exist between two nations an informal understanding to trade over a period of years. These understandings, however, are extremely difficult to uncover and to analyze.

The objectives of a bilateral grain agreement may be economic, political or logistical in nature. From the importers' perspective, an agreement may be used to (1) assure supply to meet shortfalls in domestic production; (2) to minimize uncertainty; (3) to minimize import costs; and (4) to maximize buyer control. From the exporter's perspective, these agreements may be used to (1) assure demand; (2) minimize uncertainty; (3)

maximize export volume or revenue; and (4) maximize market control. These agreements may also be used for political reasons, as a sign of support or to enhance trade relations, and for logistical reasons, such as to enhance planning in storage and transportation.

Preliminary analysis indicates that approximately 20-25% of the international trade in wheat and coarse grain is conducted under long-term agreements. All of the major grain exporting nations, including Argentina, Australia, Canada, the European Community and the United States, have employed some type of long-term agreement in the past three years. For example, GAO estimates that nearly 40% of Argentine and 45% of Canadian grain exports between 1983 and 1985 were conducted under long-term agreements. In the three year period between 1983 and 1985, at least 19 nations imported grain under long-term agreements, with the Soviet Union, the People's Republic of China, Egypt, Iran and Algeria making extensive use of such agreements. It should be noted, however, that the People's Republic of China do not presently import grain under long-term agreements, as they have become an exporter of coarse grain and are nearly self-sufficient in wheat. There are 26 long-term agreements currently in effect.

Our initial analysis indicated that one key effectiveness issue with respect to long-term agreements has been the lack of enforceability. According to officials we interviewed, long-term agreements do not contain a penalty provision for non-compliance with the terms of the treaty. Non-compliance has been evident in the U.S. agreements with the Soviet Union and the People's Republic of China, as well as in the Soviet agreement with the Argentines. However, interviews with several agricultural attaches disclosed that most importing nations do indeed honor the terms of the treaty, and that enforceability was not an issue.

Interviews with foreign agriculture attaches from our major competitors indicate that their experiences with long-term agreements have generally been successful. For example, the Argentine Agriculture Counselor stated that they use long-term agreements to ensure them of a basic market to which they can export grain shortly after harvest. The rapid exportation of grain is vital to the Argentines, who lack adequate storage facilities and who need hard currency to honor their foreign debt obligations. Additionally, the Argentines view long-term agreements as a vehicle to enhance their reputation as a reliable supplier of grain. The Argentines feel that their use of long-term agreements has successfully accomplished their goals, which is exemplified in their extensive use of long-term agreements. The Argentines had 10 long-term agreements in effect at some time during the period 1983-1985, the most of any nation, and currently have 5 active agreements.

As you know, the United States has entered into long-term agreements with the Soviet Union and the People's Republic of China. GAO is analyzing the reasons for the relative success or failure of these agreements, which we will address in our final report. Additionally, GAO's final report will discuss the problems, prospects and implications of utilizing long-term agreements to enhance U.S. grain exports. We are, however, reluctant to make any comments at this time with respect to these issues. However, our analysis indicates that there are several generic advantages and disadvantages in the use of long-term agreements. These include:

Advantages:

1. Bilateral agreements may improve logistic planning for both importing and exporting nations, in that harvesting, storage and transportation strategies may be developed.

2. For exporting nations without adequate storage capacities, such as Argentina, the assurance of at least a basic market for their commodities may aid in the rapid movement of products.

3. From an importer's perspective, the assurance of supply of food needs will aid in the development of domestic policies.

4. As part of a foreign policy strategy, bilateral agreements may aid political and humanitarian objectives.

5. During times of excess supply, bilateral agreements may provide a minimum market for an exporter's production, though this asset may be countered by an importer's desire to diversify its source of its imports.

Disadvantages:

1. Due to the lack of an enforceability clause in bilateral agreements, their use as a export marketing strategy may be limited.

2. The absence of enforceability provisions may lead to overproduction if crop size is influenced by an agreement and the importer does not honor the purchase committments in the agreement.

3. In times of shortage, overcommitment to bilateral agreements may impose severe constraints on the residual market, increasing prices substantially. While the increase in prices may benefit exporters in the short-run, detrimental effects may accrue to importers in the short-run, and to both parties over a longer term.

COUNTERTRADE

Countertrade is the umbrella term for a variety of types of reciprocal trade. It is a contractual commitment imposed as a condition of purchase by the importer on the exporter, and involves the exchange of goods and/or services and currency. Types of countertrade include barter, counterpurchase, offsets, buy-back, clearing house, and switch trading.

Countertrade is used most extensively by centrally planned economies (CPE) and less developed countries (LDC). Generally, developed nations use countertrade in response to countertrade demands from CPEs and LDCs. In a broad sense, there are three major objectives fueling the use of countertrade -- financial, marketing, and developmental. Developing nations and centrally planned economies use countertrade as trade finance when there is a shortage of convertible currency and/or an inability to obtain credit. All three types of nations use countertrade to sell increased quantities of exports, and to enhance market development. Similarly, all three types of nations use countertrade to provide (developed nations) or to receive (centrally planned economies and developing nations) assistance to development programs. As with bilateral grain agreements, countertrade is also used to show political and/or economic support for a trading partner.

Most countertrade practitioners do not like countertrade, citing it as inefficient, costly, cumbersome, time-consuming, complex, risky, and involving too much paperwork; however, most people state that countertrade is a necessary evil, given the current state of the world economy. Countertrade is also difficult given that it is necessary to establish a double coincidence of wants, and that most traders insist on additionality, that is, that countertrade provide for sales in addition to existing cash sales.

Preliminary analysis indicates that countertrade comprises approximately 4-10% of all international trade. We also found, however, that the percentage of grain trade conducted as countertrade is minimal. It should be noted that it is very difficult to establish the extent of countertrade in world trade in general and world grain trade in particular given the inherent secrecy that surrounds these agreements.

Possible advantages of countertrade include that it may save scarce foreign exchange, circumvents problems of trade if a nation has an inconvertible currency, assures access to supply, may be used as a device to dispose of an excess supply of agricultural or other commodities, and may enhance market development. Disadvantages of countertrade include that it is inefficient, costly, cumbersome, risky, and time-consuming.

Countertrade may also cause the displacement of cash sales, masks true commodity prices, disrupts normal trade flows, and weakens the multilateral trading system.

The U.S. has used countertrade in the past, and there is continual Congressional interest in exploring the possibilities of countertrade of U.S. grain exports. Under the Barter Program of 1952-1973, established by the Commodity Credit Program Charter Act of 1949 and Section 303 of the Agricultural Trade Development and Assistance Act of 1954 (PL 480), the Secretary of Agriculture had the authority to barter CCC owned surplus agricultural commodities in order to obtain strategic materials for the Strategic Materials Stockpile, and to provide supplies and services for U.S. agencies operating abroad. The program was suspended in 1973 when CCC stocks were largely depleted, and the supply of private stocks no longer justified the need for a barter program. The Foreign Assistance Act of 1974 gave the President authority to barter foreign assistance and services for strategic materials. No President has yet used this authority.

Under the authority of the Strategic and Critical Stock Piling Act of 1979, the U.S. signed agreements in 1982 and 1983 with Jamaica to barter agricultural commodities for 2.6 million tons of bauxite for the strategic materials stockpile. Though the volume of trade obligated in the agreement was honored, the USDA has encountered a number of problems with the payment provisions. For example, the CCC has not been paid by GSA for the dairy products used to purchase the bauxite, currently in the GSA-maintained stockpile.

In addition to these cited U.S. experiences with countertrade, in Section 1129 of the Food Security Act of 1985, Congress mandated that the USDA carry out two pilot barter programs. However, according to officials at the Departments of Commerce and Agriculture, the provisions of this section are framed in such a way to make it virtually impossible to complete. the CCC has to barter with a less developed country which has limited foreign exchange and which has a strategic material which is needed in the stockpile. President Reagan recently reduced stockpile goals to inventory levels for all but one material, germanium. France and South Africa are the only two countries which have germanium, and they do not meet the above cited requirements.

PROGRAM ACTIVITY

EXPORT ENHANCEMENT PROGRAM
Status as of September 24, 1986

Announced to Date	18,563,780 (grain equivalent) 544 million table eggs 43,000 tons frozen poultry 51,000 head dairy cattle 25,000 tons vegetable oil
Sold to Date	5,148,400 wheat 1,222,683 flour (grain equivalent) 811,200 barley 43,000 frozen poultry 22,700 rice 5,980 barley malt (grain equivalent) 6,150 head dairy cattle
Total Sales Value:	$776.9 million
Estimated Bonus Book Value:	$385.1 million.

ANNOUNCED INITIATIVES	46
COUNTRIES TARGETED:	26- Algeria, Benin, Canary Islands (Spain), Cyprus, Egypt, Hong Kong, India, Indonesia, Iraq, Israel, Jordan, Morocco, North Yemen, Nigeria, Philippines, Romania, Saudi Arabia, Senegal, Sri Lanka, Syria, Tunisia, Turkey, USSR, Venezuela, Yugoslavia, Zaire.
COMMODITIES TARGETED:	11- Wheat, Wheat Flour, Rice, Poultry, Barley Malt, Semolina, Eggs, Dairy Cattle, Poultry Feed, Barley, Vegetable Oil.

EEP vs. TOTAL EXPORTS
(Relates to FY 86 Export Estimates)

Volume:

Total Wheat Announced vs. Total Wheat Exports	36%
Total Grains Announced vs. Total Grain Exports	22%
Wheat Sold vs. Total Wheat Exports	20%

Source: U.S. Department of Agriculture

EXPORT ENHANCEMENT PROGRAM
Status as of September 24, 1986
(Metric Tons)

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY	RESULTS
46. Romania/barley	Sep. 24, '86	200,000	
45. Venezuela/barley malt	Sep. 4, '86	100,000	
44. Cyprus/barley	Aug. 26, '86	150,000	Sold 25,000
43. Canary Islands/wheat	Aug. 8, '86	100,000	
42. Egypt/semolina	Aug. 6, '86	30,000	
41. Soviet Union/wheat	Aug. 1, '86	4,000,000	
40. Canary Islands/dairy cattle	July 28, '86	3,000 head	
39. Hong Kong/table eggs	July 28, '86	44 million	
38. Senegal/wheat	July 17, '86	100,000	
37. India/vegetable oil	July 8, '86	25,000	
36. Jordan/barley	June 17, '86	60,000	
35. Israel/barley	June 17, '86	200,000	Sold 36,200
34. Tunisia/dairy cattle	May 29, '86	4,000 head	
33. Algeria/dairy cattle	May 29, '86	5,000 head	
32. Sri Lanka/wheat	May 16, '86	125,000	Sold 75,000
31. Saudi Arabia/barley	May 7, '86 Aug. 6, '86 Sept 16, '86	500,000 250,000 300,000	COMPLETE COMPLETE
30. Algeria/barley	Apr. 17, '86	500,000	
29. Morocco/dairy cattle	Apr. 16, '86	4,000 head	Sold 150
28. Turkey/dairy cattle	Apr. 16, '86	5,000 head	
27. Egypt/dairy cattle	Apr. 16, '86 Sept 12, '86	6,000 head 10,000 head	COMPLETE
26. Yemen/poultry feed	Apr. 14, '86	150,000	
25. Yugoslavia/wheat	Apr. 10, '86 June 24, '86	200,000 200,000	COMPLETE Sold 131,900

ANNOUNCED INITIATIVES		DATE ANNOUNCED	QUANTITY	RESULTS
24.	Indonesia/dairy cattle	Apr. 9, '86	7,500 head	
23.	Syria/wheat	Apr. 8, '86	700,000	
22.	Benin/wheat	Apr. 7, '86	45,000	Sold 20,000
21.	Algeria/table eggs	Apr. 4, '86	500 million	
20.	Iraq/dairy cattle	Apr. 4, '86	6,500 head	
19.	Jordan/wheat	Mar. 19, '86	75,000	COMPLETE
		June 20, '86	75,000	COMPLETE
18.	Tunisia/wheat	Mar. 18, '86	300,000	COMPLETE
		Aug. 22, '86	800,000	Sold 50,000
17.	Algeria/wheat flour	Feb. 25, '86	100,000	
16.	Algeria/semolina	Feb. 11, '86	250,000	
15.	Philippines/wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
14.	Zaire/wheat	Dec. 27, '85	40,000	COMPLETE
		May 15, '86	40,000	COMPLETE
13.	Nigeria/barley malt	Dec. 10, '85	100,000	Sold 4,400
12.	Iraq/wheat flour	Dec. 9, '85	150,000	Sold 100,000
11.	Egypt/poultry	Nov. 26, '85	8,000	COMPLETE
		Mar. 21, '86	15,000	COMPLETE
		June 18, '86	5,000	COMPLETE
		July 8, '86	15,000	COMPLETE
10.	Zaire/wheat flour	Nov. 18, '85	64,000	COMPLETE
		May 15, '86	30,000	
9.	Philippines/wheat flour	Nov. 15, '85	100,000	Sold 50,000
8.	Jordan/rice	Nov. 8, '85	40,000	Sold 22,700
7.	Turkey/wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
		May 8, '86	500,000	
6.	Morocco/wheat	Sep. 30, '85	1,500,000	Sold 890,000
5.	Yemen/wheat	Sep. 6, '85	100,000	Sold 50,000
4.	Yemen/wheat flour	Aug. 20, '85	50,000	COMPLETE
		Apr. 14, '86	100,000	Sold 13,000 LT

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY	RESULTS
3. Egypt/wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
2. Egypt/wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria/wheat	June 4, '85	1,000,000	COMPLETE
	Apr. 10, '86	1,000,000	

ANNOUNCED EXPORT ENHANCEMENT PROGRAMS
as of September 24, 1986
GRAINS ONLY

Country	Date Announced	Commodity	Amount Offered	Amount Sold	Estimated Bonus Book Value
Algeria:	June 4, 1985	Wheat	1,000,000 MT	1,000,000 MT	$45.5 million
	Apr. 10, 1986	Wheat	1,000,000 MT		
	Apr. 17, 1986	Barley	500,000 MT		
	Feb. 11, 1986	Semolina	250,000 MT		
	Feb. 25, 1986	Wheat Flour	100,000 MT		
Benin:	Apr. 7, 1986	Wheat	45,000 MT	20,000 MT	$0.7 million
Canary Is.:	Aug. 8, 1986	Wheat	100,000 MT		
Cyprus:	Aug. 26, 1986	Barley	150,000 MT	25,000 MT	$1.5 million
Egypt:	July 2, 1985	Wheat Flour	600,000 MT	600,000 MT	$61.4 million
	July 26, 1985	Wheat	500,000 MT	500,000 MT	$15.1 million
	Oct. 30, 1985	Wheat	500,000 MT	512,500 MT	$13.4 million
	June 24, 1986	Wheat	552,000 MT	529,000 MT	$23.8 million
	Aug. 6, 1986	Semolina	30,000 MT		
	Aug. 6, 1986	Wheat Flour	600,000 MT		
Iraq:	Dec. 9, 1985	Wheat Flour	150,000 MT	100,000 MT	$14.0 million
Israel:	June 17, 1986	Barley	200,000 MT	36,200 MT	$2.0 million
Jordan:	Nov. 8, 1985	Rice	40,000 MT	22,700 MT	$4.6 million
	Mar. 19, 1986	Wheat	75,000 MT	75,000 MT	$2.6 million
	June 17, 1986	Barley	60,000 MT		
	June 20, 1986	Wheat	75,000 MT	75,000 MT	$3.3 million
Morocco:	Sept 30, 1985	Wheat	1,500,000 MT	890,000 MT	$29.0 million
Nigeria:	Dec. 10, 1985	Barley Malt	100,000 MT	4,400 MT	$0.6 million
Philippines:	Nov. 15, 1985	Wheat Flour	100,000 MT	50,000 MT	$5.6 million
	Jan. 6, 1986	Wheat	150,000 MT	152,400 MT	$4.2 million
Saudi Arabia:	May 7, 1986	Barley	500,000 MT	500,000 MT	$28.5 million
	Aug. 6, 1986	Barley	250,000 MT	250,000 MT	$13.4 million
	Sept 16, 1986	Barley	300,000 MT		
Senegal:	July 17, 1986	Wheat	100,000 MT		
Sri Lanka:	May 16, 1986	Wheat	125,000 MT	75,000 MT	$3.4 million
Syria:	Apr. 8, 1986	Wheat	700,000 MT		
Tunisia:	Mar. 18, 1986	Wheat	300,000 MT	300,000 MT	$8.4 million
	Aug. 22, 1986	Wheat	800,000 MT	50,000 MT	$2.4 million

Country	Date Announced	Commodity	Amount Offered	Amount Sold	Estimated Bonus Book Value
Turkey:	Oct. 16, 1985	Wheat	500,000 MT	506,600 MT	$17.0 million
	May 8, 1986	Wheat	500,000 MT		
USSR:	Aug. 8, 1986	Wheat	4,000,000 MT		
Yemen:	Aug. 20, 1985	Wheat Flour	50,000 MT	50,000 MT	$8.9 million
	Sept. 6, 1985	Wheat	100,000 MT	50,000 MT	$1.3 million
	Apr. 14, 1986	Poultry Feed	150,000 MT		
	Apr. 14, 1986	Wheat Flour	100,000 MT	13,500 MT	$2.9 million
Yugoslavia:	Apr. 10, 1986	Wheat	200,000 MT	200,000 MT	$6.8 million
	June 24, 1986	Wheat	200,000 MT	131,900 MT	$4.6 million
Venezuela:	Sept 4, 1986	Barley Malt	100,000 MT		
Zaire:	Nov. 18, 1985	Wheat Flour	64,000 MT	64,000 MT	$9.0 million
	Dec. 27, 1985	Wheat	40,000 MT	40,000 MT	$1.7 million
	May 15, 1986	Wheat	40,000 MT	40,000 MT	$1.7 million
	May 15, 1986	Wheat Flour	30,000 MT	15,000 MT	$2.7 million

TOTALS:

Commodity	Amount Offered	Amount Sold	Bonus Book Value	Sale Value
Wheat	13,102,000 MT	5,147,400 MT	$184.6 million	$538.2 million
Flour	1,794,000 MT	892,500 MT	$105.2 million	$146.9 million
	(2,457,780 MT GE)	(1,222,683 MT GE)		
Semolina	280,000 MT			
	(382,000 MT GE)			
Rice	40,000 MT	22,700 MT	$3.2 million	$5.4 million
Barley Malt	200,000 MT	4,400 MT	$.6 million	$.6 million 1/
	(272,000 MT GE)	(5,984 MT GE)		
Poultry Feed	150,000 MT			
Barley	2,160,000 MT	811,200 MT	$45.4 million	$51.5 million
TOTAL:	18,563,780 MT GE	7,209,967 MT GE	$342.1 million	$738.8 million

1/ Estimated sale value equal quoted sale price minus announced bonus.

Export Enhancement Program: Data Summary Sheet
(Thousand metric tons/million dollars)
As of 9/24/86

Country	Sale Quantity	Sale Value	Export Price	Est. Bonus Quantity 1/	Bonus $/MT (Avg)	Est. Book Value
Egypt:						
9/13/85 flour	175.0(240 GE)	$31.5	$180.00	107.0	$66.04	$15.7
9/16/85 wheat	250.0 (SRW)	$27.5	$109.95	49.5	$21.37	$7.3
9/17/85 wheat	250.0 (SRW)	$27.5	$109.95	53.0	$22.92	$7.8
4/21/86 wheat	115.0 (SRW)	$10.9	$94.50	21.8	$21.88	$3.2
4/22/86 wheat	30.0 (SRW)	$2.8	$94.50	6.5	$25.13	$1.0
4/24/86 wheat	52.5 (SRW)	$5.0	$94.50	12.1	$26.90	$1.8
5/30/86 wheat	315.0 (SRW)	$29.8	$94.50	50.5	$17.42	$7.4
6/03/86 flour	154.0(211 GE)	$22.3	$145.00	101.1	$66.79	$14.9
6/04/86 flour	271.0(371 GE)	$39.3	$145.00	209.7	$72.77	$30.8
7/11/86 wheat	67.0(SRW/WW)	$5.8	$86.50	19.6	$25.86	$2.9
7/14/86 wheat	160.0 (SRW)	$13.9	$87.00	50.3	$26.90	$7.4
7/15/86 wheat	25.0 (WW)	$2.2	$87.00	8.0	$27.41	$1.2
8/06/86 wheat	252.0 (SRW)	$21.9	$87.00	76.1	$25.18	$11.2
8/07/86 wheat	25.0 (SRW)	$2.2	$87.00	7.7	$25.79	$1.1
Algeria:						
10/15/85 wheat	170.0 (HRW)	$18.9	$111.00	66.7	$42.93	$9.8
10/15/85 wheat	135.0 (SRW)	$13.9	$103.00	50.0	$40.56	$7.4
10/16/85 wheat	30.0 (SRW)	$3.1	$103.00	11.3	$41.52	$1.7
10/17/85 wheat	30.0 (HRW)	$3.3	$111.00	12.8	$47.03	$1.9
10/23/85 wheat	135.0 (SRW)	$13.9	$103.00	65.7	$54.38	$9.7
2/28/86 wheat	18.0 (HRW)	$1.9	$103.00	3.8	$23.58	$0.6
2/28/86 wheat	24.0 (SRW)	$2.0	$85.00 FOB	4.9	$23.15	$0.7
2/28/86 wheat	261.0 (SRW)	$26.1	$100.00	51.9	$22.52	$7.6
3/05/86 wheat	53.0 (HRW)	$5.5	$103.00	11.8	$25.45	$1.7
3/05/86 wheat	135.0 (HRW)	$11.9	$88.00 FOB	27.3	$23.14	$4.0
3/10/86 wheat	9.0 (HRW)	$0.8	$88.00 FOB	1.9	$23.59	$0.3
Turkey:						
11/15/85 wheat	25.0 (HRW)	$2.5	$100.50 FOB	8.2	$38.32	$1.2
12/17/85 wheat	350.0 (HRW)	$40.5	$115.75 FOB	82.3	$26.95	$12.1
12/19/85 wheat	75.0 (HRW)	$8.7	$115.75 FOB	16.0	$24.41	$2.4
1/07/86 wheat	6.6 (HRW)	$0.8	$119.50 FOB	1.1	$19.17	$0.2
2/18/86 wheat	25.0 (HRW)	$2.5	$100.75 FOB	4.1	$18.41	$0.6
2/19/86 wheat	25.0 (HRW)	$2.5	$100.75 FOB	4.0	$18.00	$0.6
Philippines:						
12/10/85 flour	50.0(68.6 GE)	$11.4	$228.25	38.0	$86.92	$5.6
2/11/86 wheat	50.8 Spring	$8.5	$167.31	7.2	$15.62	$1.1
	(50.0 LT)		($170.02 LT)		($15.87 LT)	
2/14/86 wheat	25.4 White	$3.6	$141.12	3.4	$14.88	$0.5
	(25.0 LT)		($143.41 LT)		15.12 LT	
3/06/86 wheat	50.8 SRW	$7.9	$156.39	12.3	$29.10	$1.8
	50.0 (LT)		$158.90 LT		$29.57	
3/06/86 wheat	25.4 White	$3.2	$125.88	6.4	$27.85	$0.9
	25.0 (LT)		$127.90 LT		$28.30 LT	

Country	Sale Quantity	Sale Value	Export Price	Est. Bonus Quantity 1/	Bonus $/MT (Avg)	Est. Book Value
Iraq:						
12/11/85 flour	37.5(51.4 GE)	$7.2	$192.00	28.5	$87.62	$4.2
4/28/86 flour	37.5(51.4 GE)	$6.3	$169.00	29.0	$89.15	$4.3
9/17/86 flour	25.0(34.3 GE)	$6.0	$145.00	40.6	$132.01	$6.0
Zaire:						
12/19/85 (S)fl	30.0(41.1 GE)	$6.0	$200.00	28.2	$107.50	$4.1
4/15/86 flour	15.0(20.6 GE)	$3.3	$220.00	10.5	$82.56	$1.5
2/21/86 wheat	20.0 HRW	$2.1	$107.00 FOB	4.5	$25.24	$0.7
6/27/86 wheat	15.0 HRW	$1.2	$82.00 FOB	4.9	$25.21	$0.7
7/18/86 wheat	45.0 HRW/SRW	$3.7	$82.00 FOB	13.4	$25.76	$2.0
7/18/86 flour	34.0(46.6 GE)	$6.6	$194.00 CIF	41.7	$106.26	$6.1
Morocco:						
12/19/85 wheat	180.0 (SRW)	$23.6	$131.00	32.3	$20.55	$4.7
12/19/85 wheat	120.0 (HRW)	$15.8	$131.50	21.6	$20.60	$3.2
1/17/86 wheat	260.0 (HRW)	$29.4	$113.10 FOB	52.4	$22.81	$7.7
1/22/86 wheat	80.0 (SRW)	$8.5	$106.13 FOB	17.8	$24.95	$2.6
1/22/86 wheat	120.0 (HRW)	$12.8	$106.50 FOB	27.1	$25.37	$4.0
4/29/86 wheat	60.0 (HRW)	$5.3	$88.00 FOB	20.1	$40.10	$3.0
4/30/86 wheat	20.0 (HRW)	$1.8	$89.00 FOB	8.9	$53.46	$1.3
5/01/86 wheat	20.0 (HRW)	$1.8	$91.00 FOB	7.6	$46.39	$1.1
5/13/86 wheat	30.0 (SRW)	$2.6	$88.00 FOB	9.4	$38.40	$1.4
Egypt:						
12/27/85 poultry	8.0	$4.5	$558.00 FOB	15.3 corn	$345.46	$1.7
				7.6 soybeans		$1.4
4/24/86 poultry whole birds	9.0	$6.4	$716.00 FOB	48.1 corn	$962.09	$5.3
				22.8 soybeans		$4.3
4/30/86 poultry parts	5.0	$2.9	$575.00 FOB	12.1 corn	$435.00	$1.3
				5.7 soybeans		$1.1
5/01/86 poultry parts	1.0	$0.6	$575.00 FOB	2.4 corn	$433.64	$0.3
				1.1 soybeans		$0.2
7/02/86 poultry	5.0	$3.7	$730.00 FOB	28.0 corn	$938.00	$3.1
				12.6 soybeans		$2.4
8/25/86 poultry leg qtrs	3.0	$1.8	$585.00 FOB	13.8 corn	$549.00	$1.5
				4.7 beans		$0.9
8/26/86 poultry leg qtrs	4.5	$2.6	$585.00 FOB	20.6 corn	$549.00	$2.3
				7.1 beans		$1.3
9/16/86 poultry	1.5	$1.3	$875.00 FOB	16.0	$1,210.33	$1.8
whole	-	-	-	5.2 beans	-	$1.0
9/18/86 poultry	6.0	$5.3	$875.00 FOB	64.3	$1,210.56	$6.3
whole	-	-	-	19.3 beans		$3.6
Yemen:						
1/21/86 flour	10.0(13.7 GE)	$1.7	$168.28 LT	10.9	$123.02	$1.6
1/22/86 flour	20.0(27.4 GE)	$3.4	$168.28 LT	21.9	$123.02	$3.2
2/13/86 flour	1.5 (2.1 GE)	$0.3	$166.00 LT	2.0	$123.02	$0.2
4/16/86 wheat	25.0 (WW)	$3.6	$142.80	4.5	$20.98	$0.7
4/17/86 wheat	25.0 (WW)	$3.6	$142.80	4.5	$20.98	$0.7
9/03/86 flour	32.0(43.8 GE)	$4.1	$129.42	46.3	$118.10	$6.8

Country	Sale Quantity	Sale Value	Export Price	Est. Bonus Quantity 1/	Bonus $/MT (Avg)	Est. Book Value
Tunisia:						
4/08/86 durum	50.0	$6.8	$135.00	11.4	$25.06	$1.7
7/30/86 durum	75.0	$8.1	$108.00	9.0	$10.40	$1.3
7/31/86 durum	50.0	$5.4	$108.00	7.4	$12.81	$1.1
8/11/86 durum	50.0	$5.4	$108.00	10.0	$16.46	$1.5
8/12/86 durum	25.0	$2.7	$108.00	5.6	$18.28	$0.8
8/26/86 durum	25.0	$2.8	$110.00	6.1	$19.47	$0.9
9/02/86 durum	25.0	$2.8	$110.00	7.3	$22.87	$1.1
9/16/86 durum	25.0	$2.8	$112.50	7.8	$25.50	$1.1
9/18/86 durum	25.0	$2.8	$112.50	8.8	$28.47	$1.3
Jordan:						
4/23/86 wheat	50.0 (HRW)	$4.8	$95.50	10.3	$24.07	$1.5
4/30/86 rice	10.0	$2.4	$237.00	8.6	$67.68	$1.4
5/01/86 rice	12.7	$3.0	$237.00	11.0	$67.68	$1.8
5/01/86 wheat	25.0 (HRW)	$2.4	$96.50	7.5	$36.56	$1.1
7/14/86 wheat	75.0 (HRW)	$6.8	$90.83	22.2	$25.32	$3.3
Yugoslavia:						
5/13/86 wheat	20.0 (HRW)	$1.9	$92.50 FOB	5.5	$33.80	$0.8
5/30/86 wheat	113.0 (HRW)	$9.5	$84.00 FOB	25.5	$24.53	$3.7
6/05/86 wheat	20.0 (HRW)	$2.0	$98.00 CIF	5.4	$25.00	$0.8
6/19/86 wheat	35.7 (HRW)	$3.5	$98.50	7.7	$17.30	$1.1
6/23/86 wheat	11.3 (HRW)	$1.1	$98.50	2.6	$17.91	$0.4
6/26/86 wheat	23.0 (HRW)	$1.9	$84.00 FOB	6.5	$21.68	$0.9
6/27/86 wheat	37.0 (HRW)	$3.1	$84.00 FOB	10.7	$22.41	$1.6
7/08/86 wheat	30.0 (HRW)	$2.6	$88.00 FOB	5.4	$15.98	$0.8
7/09/86 wheat	30.0 (HRW)	$2.6	$86.00 FOB	6.0	$17.71	$0.9
9/02/86 wheat	10.0 (HRW)	$0.9	$92.00 FOB	1.8	$14.37	$0.3
9/15/86 wheat	1.9 (HRW)	$.2	$87.00 FOB	.3	$14.97	$.1
Benin:						
6/09/86 wheat	10.0 (SRW)	$0.8	$82.00 FOB	2.0	$19.73	$0.3
7/21/86 wheat	10.0 (SRW)	$0.8	$75.00 FOB	2.9	$24.88	$0.4
Sri Lanka:						
6/23/86 wheat	50.0 (SRW)	$4.4	$87.00	15.5	$23.98	$2.3
8/29/86 wheat	25.0 (WW)	$2.2	$90.00	7.4	$23.23	$1.1
Nigeria:						
6/23/86 barley malt	2.2 (3.0 GE)	$.3	N/A 2/	3.1	$85.00	$.3 2/
6/25/86 barley malt	2.2 (3.0 GE)	$.3	N/A 2/	3.1	$85.00	$.3 2/
Saudi Arabia:						
6/26/86 barley	25.0	$1.6	$64.00	15.9	$37.93	$1.6
7/02/86 barley	135.0	$8.8	$65.00	84.6	$37.40	$8.3
7/10/86 barley	40.0	$2.4	$60.00	20.1	$29.99	$2.0
7/25/86 barley	65.0	$4.0	$60.92	36.2	$29.94	$3.6
7/30/86 barley	85.0	$5.3	$62.21	47.6	$29.32	$4.7
7/31/86 barley	70.0	$4.3	$61.28	38.5	$28.51	$4.3
8/01/86 barley	80.0	$4.9	$61.56	45.9	$29.51	$4.5
8/19/86 barley	250.0	$17.1	$68.40	136.9	$24.91	$13.4

Country	Sale Quantity	Sale Value	Export Price	Est. Bonus Quantity 1/	Bonus $/MT (Avg)	Est. Book Value
Israel:						
7/23/86 barley	5.2	$0.3	$52.50 FOB	2.6	$29.99	$0.3
9/12/86 barley	31.0	$1.7	$54.50 FOB	16.9	$27.81	$1.7
Morocco:						
8/21/86 dairy	150	$0.2	$1,059.33	Certs.	$1,550.00	$.2
Egypt:						
9/09/86 cattle	2,835	$2.6	$905.00 CIF	Certs.	$1,396.00	$4.0
9/10/86 cattle	3,165	$2.9	$905.00 CIF	Certs.	$1,396.00	$4.4
Cyprus:						
9/11/86 barley	25.0	$1.5	$58.50	Certs.	$30.20	$1.5

TOTALS:	SALES	SALE VALUE
Wheat	5,148.4	$536.0
Flour	1,222.7 (GE)	$146.8
Poultry	43.0	$29.0
Dairy Cattle	6,150 Head	$5.6
Rice	22.7	$5.4
Barley	811.2	$51.5
Barley Malt	6.0 (GE)	$.6
Total	7,245.3 (GE)	$776.9

1/ C&F Value unless otherwise indicated.
2/ Barley malt sale prices are not formally reviewed on a competitive basis. The sale value is estimated from the quoted sale price minus the announced bonus.

GE = Grain Equivalent

EEP Bonuses By Company

COMPANY	INITIATIVES	UNITS SOLD	TOTAL UNITS SOLD PER COMPANY	% OF TOTAL SALES PER COMPANY	AVERAGE BONUS VALUE PER UNIT	TOTAL BONUS VALUE PER SALE	TOTAL BONUS VALUE PER COMPANY	% OF TOTAL ALLOTED BONUSES
ADM MILLING CO	12. IRAQ WHEAT FLOUR	37,500			$89.15	$3,343,125.00		
ADM MILLING CO	02. EGYPT WHEAT FLOUR	9,000			$66.79	$601,110.00		
ADM MILLING CO	02. EGYPT WHEAT FLOUR	15,000			$66.04	$990,600.00		
ADM MILLING CO	02. EGYPT WHEAT FLOUR	38,000	99,500	1.46%	$72.77	$2,765,260.00	$7,700,095.00	3.00%
ALPINE TRAD USA	18. TUNISIA	25,000	25,000	0.37%	$12.81	$320,250.00	$320,250.00	0.12%
AMERICAN MARKETING	27. EGYPT DAIRY CATTLE	3,165			$1,396.00	$4,418,340.00		
AMERICAN MARKETING	27. EGYPT DAIRY CATTLE	2,835	6,000	0.09%	$1,396.00	$3,957,660.00	$8,376,000.00	3.26%
ARTFER INC	06. MOROCCO	30,000			$22.81	$684,300.00		
ARTFER INC	01. ALGERIAN WHEAT	58,500	88,500	1.30%	$23.79	$1,391,715.00	$2,076,015.00	0.81%
BARTLETT & CO	10. ZAIRE WHEAT FLOUR	15,000			$107.59	$1,613,850.00		
BARTLETT & CO	02. EGYPT WHEAT FLOUR	5,000	20,000	0.29%	$66.79	$333,950.00	$1,947,800.00	0.76%
BUNGE CORP	03. EGYPT WHEAT	60,000	60,000	0.88%	$26.90	$1,614,000.00	$1,614,000.00	0.63%
CAM USA INC	18. TUNISIA DURUM	75,000			$10.40	$780,000.00		
CAM USA INC	18. TUNISIA DURUM	25,000			$28.47	$711,750.00		
CAM USA INC	18. TUNISIA DURUM	25,000	125,000	1.83%	$12.81	$320,250.00	$1,812,000.00	0.70%
CARGILL INC	03. EGYPT WHEAT	25,000			$27.41	$685,250.00		
CARGILL INC	01. ALGERIAN WHEAT	60,000			$40.56	$2,433,600.00		
CARGILL INC	02. EGYPT WHEAT FLOUR	96,000			$72.77	$6,985,920.00		
CARGILL INC	06. MOROCCO WHEAT	60,000			$24.95	$1,497,000.00		
CARGILL INC	14. ZAIRE WHEAT	20,000			$25.25	$505,000.00		
CARGILL INC	01. ALGERIAN WHEAT	30,000			$47.03	$1,410,900.00		
CARGILL INC	15. PHILIPPINE WHEAT	50,000			$28.72	$1,436,000.00		
CARGILL INC	07. TURKEY WHEAT	4,500			$19.17	$86,265.00		
CARGILL INC	03. EGYPT WHEAT	90,000			$21.88	$1,969,200.00		
CARGILL INC	01. ALGERIAN WHEAT	135,000			$54.38	$7,341,300.00		
CARGILL INC	22. BENIN WHEAT	10,000			$19.73	$197,300.00		
CARGILL INC	06. MOROCCO WHEAT	120,000			$20.60	$2,472,000.00		
CARGILL INC	03. EGYPT WHEAT	30,000			$25.13	$753,900.00		
CARGILL INC	01. ALGERIAN WHEAT	9,000			$23.59	$212,310.00		
CARGILL INC	03. EGYPT WHEAT	235,000			$17.41	$4,091,350.00		
CARGILL INC	07. TURKEY WHEAT	175,000			$26.96	$4,718,000.00		
CARGILL INC	02. EGYPT WHEAT FLOUR	40,000			$66.79	$2,671,600.00		
CARGILL INC	14. ZAIRE WHEAT	15,000			$25.21	$378,150.00		
CARGILL INC	01. ALGERIAN WHEAT	105,000			$22.58	$2,370,900.00		
CARGILL INC	15. PHILIPPINE WHEAT	25,000			$28.72	$718,000.00		
CARGILL INC	07. TURKEY WHEAT	25,000			$18.41	$460,250.00		
CARGILL INC	02. EGYPTIAN WHT FLOUR	90,540			$66.04	$5,979,261.60		
CARGILL INC	01. ALGERIAN WHEAT	111,500			$23.79	$2,652,585.00		
CARGILL INC	03. EGYPT WHEAT	25,000			$25.86	$646,500.00		
CARGILL INC	07. TURKEY WHEAT	25,000			$38.32	$958,000.00		
CARGILL INC	09. PHILIPPIN WHT FLOU	25,000			$86.92	$2,173,000.00		
CARGILL INC	06. MOROCCO WHEAT	150,000			$20.55	$3,082,500.00		
CARGILL INC	01. ALGERIAN WHEAT	20,000			$42.93	$858,600.00		
CARGILL INC	07. TURKEY WHEAT	50,000			$24.41	$1,220,500.00		
CARGILL INC	06. MOROCCO WHEAT	230,000			$22.81	$5,246,300.00		
CARGILL INC	25. YUGOSLAVIA WHEAT	30,000			$17.71	$531,300.00		
CARGILL INC	31. SAUDI ARAB BARLEY	40,000			$29.99	$1,199,600.00		

Source: U.S. Department of Agriculture.

ATTACHMENT II

COMPANY	INITIATIVES	UNITS SOLD	TOTAL UNITS SOLD PER COMPANY	% OF TOTAL SALES PER COMPANY	AVERAGE BONUS VALUE PER UNIT	TOTAL BONUS VALUE PER SALE	TOTAL BONUS VALUE PER COMPANY	% OF TOTAL ALLOTED BONUSES
CARGILL INC	14. ZAIRE WHEAT	45,000			$25.76	$1,159,200.00		
CARGILL INC	31. SAUDI ARAB BARLEY	40,000			$29.32	$1,172,800.00		
CARGILL INC	31. SAUDI ARAB BARLEY	35,000			$29.51	$1,032,850.00		
CARGILL INC	03. EGYPT WHEAT	85,000			$25.18	$2,140,300.00		
CARGILL INC	31. SAUDI ARAB BARLEY	75,000			$24.90	$1,867,500.00		
CARGILL INC	25. YUGOSLAVIA WHEAT	10,000	2,446,540	35.90%	$14.37	$143,700.00	$75,458,691.60	29.35%
CEREAL FOOD PROCESS	09. PHILIPPIN WHT FLOU	25,000	25,000	0.37%	$86.92	$2,173,000.00	$2,173,000.00	0.85%
CONTINENTAL GRAIN	19. JORDAN WHEAT	75,000			$25.32	$1,899,000.00		
CONTINENTAL GRAIN	15. PHILIPPINE WHEAT	50,000			$15.62	$781,000.00		
CONTINENTAL GRAIN	03. EGYPTIAN WHEAT	250,000			$22.92	$5,730,000.00		
CONTINENTAL GRAIN	15. PHILIPPINE WHEAT	25,000			$14.88	$372,000.00		
CONTINENTAL GRAIN	03. EGYPT WHEAT	25,000			$25.86	$646,500.00		
CONTINENTAL GRAIN	03. EGYPT WHEAT	50,000			$17.41	$870,500.00		
CONTINENTAL GRAIN	25. YUGOSLAVIA WHEAT	11,300			$17.91	$202,383.00		
CONTINENTAL GRAIN	08. JORDAN RICE	12,700			$67.68	$859,536.00		
CONTINENTAL GRAIN	03. EGYPT WHEAT	27,500			$26.87	$738,925.00		
CONTINENTAL GRAIN	01. ALGERIAN WHEAT	75,000			$42.93	$3,219,750.00		
CONTINENTAL GRAIN	07. TURKEY WHEAT	100,000			$26.96	$2,696,000.00		
CONTINENTAL GRAIN	03. EGYPT WHEAT	100,000			$26.90	$2,690,000.00		
CONTINENTAL GRAIN	07. TURKEY WHEAT	25,000			$18.00	$450,000.00		
CONTINENTAL GRAIN	25. YUGOSLAVIA WHEAT	113,000			$24.53	$2,771,890.00		
CONTINENTAL GRAIN	06. MOROCCO WHEAT	40,000			$40.10	$1,604,000.00		
CONTINENTAL GRAIN	18. TUNISIA WHEAT	25,000			$26.91	$672,750.00		
CONTINENTAL GRAIN	01. ALGERIA WHEAT	129,000			$22.58	$2,912,820.00		
CONTINENTAL GRAIN	07. TURKEY WHEAT	2,100			$19.17	$40,257.00		
CONTINENTAL GRAIN	25. YUGOSLAVIA WHEAT	37,500			$17.29	$648,375.00		
CONTINENTAL GRAIN	03. EGYPT WHEAT	100,000			$25.18	$2,518,000.00		
CONTINENTAL GRAIN	18. TUNISIA WHEAT	25,000			$22.87	$571,750.00		
CONTINENTAL GRAIN	08. JORDAN RICE	10,000			$67.68	$676,800.00		
CONTINENTAL GRAIN	25. YUGOSLAVIA WHEAT	1,900			$15.01	$28,519.00		
CONTINENTAL GRAIN	18. TUNISIA WHEAT	25,000	1,335,000	19.59%	$18.28	$457,000.00	$34,057,755.00	13.25%
COPROSTATE INC	01. ALGERIA WHEAT	30,000	30,000	0.44%	$41.52	$1,245,600.00	$1,245,600.00	0.48%
FROEDTERT MALT CORP	13. NIGERIA BARL MALT	2,200	2,200	0.03%	$85.00	$187,000.00	$187,000.00	0.07%
GARNAC GRAIN CO	01. ALGERIA WHEAT	18,000			$23.58	$424,440.00		
GARNAC GRAIN CO	19. JORDAN WHEAT	50,000			$24.07	$1,203,500.00		
GARNAC GRAIN CO	35. ISRAEL BARLEY	31,000			$27.81	$862,110.00		
GARNAC GRAIN CO	01. ALGERIA WHEAT	36,000	135,000	1.98%	$22.58	$812,880.00	$3,302,930.00	1.28%
GOLD KIST	11. EGYPT POULTRY (WB)	9,000			$962.09	$8,658,810.00		
GOLD KIST	11. EGYPT POULTRY	8,000			$345.46	$2,763,680.00		
GOLD KIST	11. EGYPT POULTRY(PTS)	1,000	18,000	0.26%	$433.64	$433,640.00	$11,856,130.00	4.61%
HARVEST STATES	35. ISRAEL BARLEY	5,200	5,200	0.08%	$29.99	$155,948.00	$155,948.00	0.06%
ITALGRANI USA INC.	18. TUNISIA WHEAT	25,000	25,000	0.37%	$25.50	$637,500.00	$637,500.00	0.25%
LOUIS DREYFUS	06. MOROCCO WHEAT	20,000			$24.95	$499,000.00		
LOUIS DREYFUS	03. EGYPTIAN WHEAT	250,000			$21.37	$5,342,500.00		
LOUIS DREYFUS	32. SRI LANKA WHEAT	50,000			$23.98	$1,199,000.00		
LOUIS DREYFUS	06. MOROCCO WHEAT	30,000			$20.55	$616,500.00		
LOUIS DREYFUS	22. BENIN WHEAT	10,000			$24.87	$248,700.00		
LOUIS DREYFUS	03. EGYPT WHEAT	25,000			$21.88	$547,000.00		
LOUIS DREYFUS	07. TURKEY WHEAT	50,000			$26.96	$1,348,000.00		
LOUIS DREYFUS	11. EGYPT POULTRY	5,000			$938.00	$4,690,000.00		
LOUIS DREYFUS	07. MOROCCO WHEAT	120,000			$25.38	$3,045,600.00		
LOUIS DREYFUS	06. MOROCCO WHEAT	20,000			$46.39	$927,800.00		

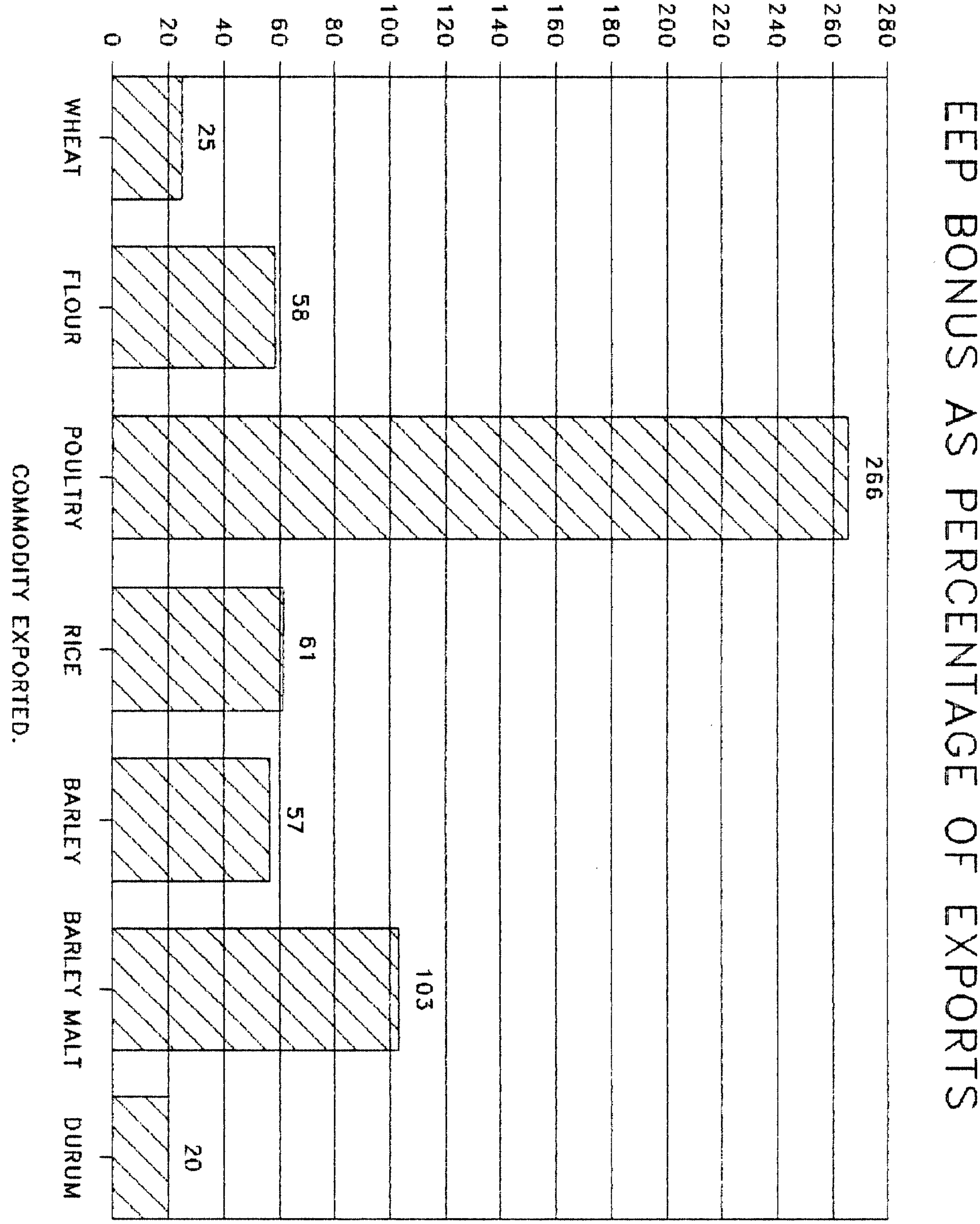
COMPANY	INITIATIVES	UNITS SOLD	TOTAL UNITS SOLD PER COMPANY	% OF TOTAL SALES PER COMPANY	AVERAGE BONUS VALUE PER UNIT	TOTAL BONUS VALUE PER SALE	TOTAL BONUS VALUE PER COMPANY	% OF TOTAL ALLOTED BONUSES
LOUIS DREYFUS	25. YUGOSLAVIA WHEAT	20,000			$25.01	$500,200.00		
LOUIS DREYFUS	05. YEMEN WHEAT	50,000			$20.98	$1,049,000.00		
LOUIS DREYFUS	03. EGYPT WHEAT	25,000			$25.80	$645,000.00		
LOUIS DREYFUS	03. EGYPT WHEAT	50,000			$25.18	$1,259,000.00		
LOUIS DREYFUS	11. EGYPT POULTRY	3,000			$549.00	$1,647,000.00		
LOUIS DREYFUS	32. SRI LANKA WHEAT	25,000			$23.23	$580,750.00		
LOUIS DREYFUS	11. EGYPT POULTRY	4,500	757,500	11.11%	$549.00	$2,470,500.00	$26,615,550.00	10.35%
PEAVEY CO	02. EGYPT WHEAT FLOUR	46,000			$66.04	$3,037,840.00		
PEAVEY CO	25. YUGOSLAVIA WHEAT	23,000			$21.68	$498,640.00		
PEAVEY CO	01. ALGERIAN WHEAT	60,000			$42.93	$2,575,800.00		
PEAVEY CO	25. YUGOSLAVIA WHEAT	37,000			$22.41	$829,170.00		
PEAVEY CO	02. EGYPT WHEAT FLOUR	63,000			$72.77	$4,584,510.00		
PEAVEY CO	07. TURKEY WHEAT	25,000			$26.96	$674,000.00		
PEAVEY CO	02. EGYPT WHEAT FLOUR	90,000			$66.79	$6,011,100.00		
PEAVEY CO	10. ZAIRE FLOUR	34,000			$106.26	$3,612,840.00		
PEAVEY CO	12. IRAQ WHEAT FLOUR	25,000			$87.62	$2,190,500.00		
PEAVEY CO	10. ZAIRE WHEAT FLOUR	15,000			$107.59	$1,613,850.00		
PEAVEY CO	25. YUGOSLAVIA WHEAT	20,000	438,000	6.43%	$33.81	$676,200.00	$26,304,450.00	10.23%
PILLSBURY CO	04. YEMEN WHEAT FLOUR	30,000			$123.02	$3,690,600.00		
PILLSBURY CO	12. IRAQ WHEAT FLOUR	12,500			$87.62	$1,095,250.00		
PILLSBURY CO	02. EGYPT WHEAT FLOUR	10,000			$66.79	$667,900.00		
PILLSBURY CO	04. YEMEN WHEAT FLOUR	1,500			$123.02	$184,530.00		
PILLSBURY CO	02. EGYPT WHEAT FLOUR	23,460			$66.04	$1,549,298.40		
PILLSBURY CO	14. ZAIRE WHEAT FLOUR	15,000			$82.56	$1,238,400.00		
PILLSBURY CO	04. YEMEN WHEAT FLOUR	32,000			$118.10	$3,779,200.00		
PILLSBURY CO	02. EGYPT WHEAT FLOUR	74,000	198,460	2.91%	$72.77	$5,384,980.00	$17,590,158.40	6.84%
RAHR MALTING CO.	13. NIGERIA BARL MALT	2,200	2,200	0.03%	$85.00	$187,000.00	$187,000.00	0.07%
RICHCO GRAIN	31. SAUDI ARAB BARLEY	45,000			$28.51	$1,282,950.00		
RICHCO GRAIN	31. SAUDI ARAB BARLEY	40,000			$29.94	$1,197,600.00		
RICHCO GRAIN	31. SAUDI ARAB BARLEY	45,000			$29.32	$1,319,400.00		
RICHCO GRAIN	31. SAUDI ARAB BARLEY	45,000			$29.51	$1,327,950.00		
RICHCO GRAIN	31. SAUDI ARAB BARLEY	135,000	310,000	4.55%	$24.90	$3,361,500.00	$8,489,400.00	3.30%
SERVAC	11. EGYPT POULTRY(WHL)	1,500			$1,210.33	$1,815,495.00		
SERVAC	11. EGYPT POULTRY(PTS)	5,000	6,500	0.10%	$435.00	$2,175,000.00	$3,990,495.00	1.55%
T.K. INTERNATIONAL	29. MOROCCO DAIRY CAT.	150	150	0.00%	$1,550.00	$232,500.00	$232,500.00	0.09%
TOEPFER INTERNAT'L	31. SAUDI ARAB BARLEY	25,000			$29.94	$748,500.00		
TOEPFER INTERNAT'L	31. SAUDI ARAB BARLEY	25,000			$37.93	$948,250.00		
TOEPFER INTERNAT'L	31. SAUDI ARAB BARLEY	25,000			$28.51	$712,750.00		
TOEPFER INTERNAT'L	31. SAUDI ARAB BARLEY	40,000	115,000	1.69%	$24.90	$996,000.00	$3,405,500.00	1.32%
TRADECOM INC	25. YUGOSLAVIA WHEAT	30,000	30,000	0.44%	$15.98	$479,400.00	$479,400.00	0.19%
TRADIGRAIN INC	06. MOROCCO WHEAT	20,000			$40.10	$802,000.00		
TRADIGRAIN INC	31. SAUDI ARAB BARLEY	135,000	155,000	2.27%	$37.43	$5,053,050.00	$5,855,050.00	2.28%
VOEST ALPINE	18. TUNISIA WHEAT	25,000			$26.91	$672,750.00		
VOEST ALPINE	01. ALGERIAN WHEAT	75,000			$40.56	$3,042,000.00		
VOEST ALPINE	01. ALGERIAN WHEAT	15,000			$22.58	$338,700.00		
VOEST ALPINE	19. JORDON WHEAT	25,000			$36.56	$914,000.00		
VOEST ALPINE	03. EGYPT WHEAT	30,000			$17.41	$522,300.00		
VOEST ALPINE	03. EGYPT WHEAT	25,000			$26.87	$671,750.00		
VOEST ALPINE	01. ALGERIAN WHEAT	15,000			$42.93	$643,950.00		
VOEST ALPINE	01. ALGERIAN WHEAT	18,000			$23.79	$428,220.00		
VOEST ALPINE	03. EGYPT WHEAT	17,000			$25.86	$439,620.00		
VOEST ALPINE	01. ALGERIAN WHEAT	25,000			$24.41	$610,250.00		

9/25/86 FINCOMPA

ATTACHMENT II

COMPANY	INITIATIVES	UNITS SOLD	TOTAL UNITS SOLD PER COMPANY	% OF TOTAL SALES PER COMPANY	AVERAGE BONUS VALUE PER UNIT	TOTAL BONUS VALUE PER SALE	TOTAL BONUS VALUE PER COMPANY	% OF TOTAL ALLOTED BONUSES
VOEST ALPINE	03. EGYPT WHEAT	17,000			$25.18	$428,060.00		
VOEST ALPINE	06. MOROCCO WHEAT	20,000			$53.46	$1,069,200.00		
VOEST ALPINE	44. CYPRUS BARLEY	25,000			$30.20	$755,000.00		
VOEST ALPINE	16. TUNISIA WHEAT	25,000	357,000	5.24%	$19.46	$487,000.00	$11,022,800.00	4.29%
		6,815,750	6,815,750	100.00%	$15,262.57	$257,093,018.00	$257,093,018.00	100.00%

BONUS AS A PERCENTAGE OF EXPORTS.



Notes: Amount of estimated bonus as a percent of amount of commodity exported, except for poultry where calculations are made in value terms. One barley sale using generic certificates is not included.

Source: Source: U.S. Department of Agriculture Export Enhancement Program Summary Status Sheet, Sept. 19, 1986, and GAO calculations.

PROGRAM EXPENDITURES - HISTORICAL PERSPECTIVE
(thousands of dollars)

Fiscal year	Total* program	Total FAS* funds	Contributions** Cooperator	Foreign third parties
1974	$33,490	$10,234 (30%)	$ 7,622 (23%)	$15,634 (47%)
1975	38,679	11,739 (30%)	10,030 (26%)	16,910 (44%)
1976	34,999	10,922 (31%)	9,794 (28%)	14,283 (41%)
1977	41,044	11,719 (29%)	12,480 (30%)	16,845 (41%)
1978	49,139	13,926 (28%)	15,103 (31%)	20,110 (41%)
1979	56,265	16,709 (30%)	16,159 (29%)	23,397 (41%)
1980	66,058	18,778 (28%)	19,712 (30%)	27,568 (42%)
1981	71,639	20,195 (28%)	21,077 (29%)	30,367 (43%)
1982	75,341	20,641 (27%)	27,971 (37%)	26,729 (36%)
1983	89,147	23,373 (26%)	30,131 (34%)	35,643 (40%)
1984	88,125	27,429 (31%)	30,053 (34%)	30,643 (35%)
1985 (est.)	102,272	31,073 (30%)	37,080 (36%)	34,119 (34%)

* Totals include Export Incentive Program Funds which are used to promote high value and value added products in foreign markets.

** As reported by FAS and cooperators.

COOPERATORS WITH THE LARGEST EXPENDITURES
OF FAS FUNDS
FISCAL YEAR 1985

American Soybean Association	$5,456,000	
US Feed Grains Council	4,591,000	
US Wheat Associates, Inc.	4,470,000	
International Institute for Cotton	2,300,000	
Cotton Council International	1,610,000	$18,427,000
Rice Council for Market Development	1,533,000	
National Forest Products Association	1,305,000	
US Meat Export Federation	1,082,000	
Poultry and Egg Institute of America	1,045,000	
National Renderers Association	826,000	$24,218,000
Total Fiscal Year 1985 Expenditures		$29,036,000

Top three cooperators account for 50 percent of total fiscal year 1985 cooperator program expenditures.

Top five cooperators account for 63 percent of total fiscal year 1985 cooperator program expenditures.

Top ten cooperators account for 83 percent of total fiscal year 1985 cooperator program expenditures.

Source: U.S. Department of Agriculture

FAS EXPENDITURES AND ESTIMATED
U.S. AND THIRD PARTY COOPERATOR CONTRIBUTIONS
FISCAL YEAR 1985
($1,000)

Commodity Division/Cooperator	FAS	Cooperator*	Foreign Third Party	Countries**
COTTON				
Cotton Council International	1,610	2,778	2,040	56
International Institute for Cotton	2,300	-0-	1,482	-N/A-
DAIRY & POULTRY				
Poultry & Egg Institute of America	1,045	268	880	64
Dairy Society Int'l.	-0-	-0-	-0-	-0-
OILSEEDS & PRODUCTS				
American Soybean Association	5,456	9,287	7,153	75
National Peanut Council	699	460	2,630	19
North Dakota Sunflower Council	227	142	83	37
National Cottonseed Products Assn.	56	16	78	9
FRUITS & VEGETABLES				
National Potato Promotion Board	158	258	-0-	6
California Raisin Advisory Board	411	997	1,572	21
Florida Department of Citrus	359	625	345	11
Northwest Horticultural Council	272	376	-0-	13
California Cling Peach Advisory Board	356	674	294	7
California Avocado Commission	172	215	57	1
Papaya Administrative Committee	52	104	-0-	1
California Table Grape Commission	111	120	-0-	17
Florida Nurserymen & Growers Assn., Inc.	135	107	-0-	11
Western Growers Assn.	10	15	-0-	1
California Pistachio Comm.	3	3	-0-	3
California Pecan Comm.	14	43	-0-	2
California Wine Institute	44	583	-0-	4
GRAIN & FEED				
U.S. Wheat Associates, Inc.	4,470	5,570	4,169	112
Millers National Federation	21	17	-0-	8
National Dry Bean Council	62	32	-0-	19
Protein Grain Products International	51	74	-0-	20
Rice Council for Market Development	1,533	865	1,221	82
USA Dry Pea and Lentil Council, Inc.	148	222	87	35
U.S. Feed Grains Council	4,591	3,139	4,764	60
National Hay Association, Inc.	14	61	76	4
The Popcorn Institute	-0-	-0-	-0-	1

FAS EXPENDITURES AND ESTIMATED
U.S. AND THIRD PARTY COOPERATOR CONTRIBUTIONS
FISCAL YEAR 1985
($1,000)

Commodity Division/Cooperator	FAS	Cooperator*	Third Party	Foreign Countries**
LIVESTOCK & LIVESTOCK PRODUCTS				
National Renderers Association	826	453	422	46
Tanners Council of America	64	556	-0-	39
Mohair Council of America	18	23	-0-	10
Holstein-Friesian Association of America	217	628	53	40
EMBA Mink Breeders Association	211	499	436	10
American Quarter Horse Association	18	43	14	15
Brown Swiss Cattle Breeders Association	25	39	-0-	23
National Association of Animal Breeders	65	105	23	22
U.S. Meat Export Federation	1,082	1143	4,937	44
National Association of Swine Records	44	53	-0-	11
U.S. Beef Breed Council	50	144	-0-	26
National Association of Wool Growers	16	16	-0-	4
Catfish	10	10	-0-	-N/A-
TOBACCO & SEEDS				
Tobacco Associates	89	527	-0-	30
American Seed Trade Association	52	247	-0-	47
FOREST PRODUCTS				
National Forest Products Assn.	1,305	1,844	492	52
STATE GROUPS				
EUSAFEC	77	186	-0-	20
MIATCO	59	196	-0-	13
SUSTA	101	73	-0-	31
WUSATA	104	229	26	14
NASDA	223	837	-0-	59
TOTAL COOPERATOR PROJECTS	29,036	34,902	33,334	1255

*Includes cash and goods and services.
**Number of country/programs cooperation is conducting in fiscal year 1985.

Source: FAS, USDA.

Note: Reliability of data not verified.

MARKET DEVELOPMENT EXPENDITURES
BY GEOGRAPHICAL AREA*
(percent)

Geographical area	Fiscal year 1980	1981	1982	1983	1984	1985 est.
Japan	21.0	19.7	19.0	17.6	18.1	16.6
W. Europe	41.9	35.7	35.5	31.4	27.1	25.6
Asia	19.0	24.2	25.2	30.6	26.4	28.3
E. Europe	2.6	2.3	1.7	1.9	2.0	2.1
USSR	a/	0	a/	a/	.4	.5
Latin America	6.8	9.9	9.9	7.8	9.6	10.0
Africa	2.7	2.4	2.0	4.0	9.1	8.8
Near East	3.4	3.0	4.3	5.6	6.4	7.5
Other	2.6	2.8	2.4	1.1	.9	.6

*Does not include International Institute for Cotton, Export Incentive Program, or FAS projects.

a/ Less than one-tenth of one percent.

Source: FAS, 2-4-86