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REPORT TO THE CONGRESS

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The Agricultural Attache Role Overseas: What He Does And How He Can Be More Effective For The United States

Department of Agriculture
Department of State

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

ID-75-40

April 11, 1975

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20549

B-133160

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To the President of the Senate and the
Speaker of the House of Representatives

This is our report on agricultural attaches, the
Department of Agriculture's overseas representatives.

We made our review pursuant to the Budget and Accounting
Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act
of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director,
Office of Management and Budget; the Secretary of Agriculture;
and the Secretary of State.

A handwritten signature in cursive script, reading "James G. Peck".

Comptroller General
of the United States

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ABBREVIATIONS

FAO Food and Agricultural Organization

FAS Foreign Agricultural Service

COMPTROLLER GENERAL'S
REPORT TO THE SENATE

THE AGRICULTURAL ATTACHE ROLE
OVERSEAS: WHAT HE DOES AND
HOW HE CAN BE MORE EFFECTIVE
FOR THE UNITED STATES
Department of Agriculture
Department of State

D I G E S T

WHY THE REVIEW WAS MADE

GAO's review of agricultural attaches was prompted by the interest generated in their activities resulting from the unexpected volume of Soviet wheat purchases in 1972, the growing concern over the adequacy of information on world food supplies and demands, and the Secretary of Agriculture's emphasis on attaches as "salesmen."

SCOPE AND LIMITATIONS

The review included attache posts in South America, Western and Eastern Europe, the Far East, and Australia, as well as U.S. Missions to the Food and Agricultural Organization in Rome and the European Community in Brussels.

Agricultural attaches of the Department's Foreign Agricultural Service are assigned primarily to U.S. Embassies and consulates overseas. They assist U.S. Government and industry by providing information on conditions in foreign countries and by working to expand export markets.

There are 63 overseas posts staffed by 95 U.S. professionals, 31 U.S. secretaries, and 145 foreign nationals. The Foreign Agricultural Service fiscal year 1975 costs are estimated at \$32 million.

Text Sheet Upon removal, the report cover date should be noted hereon

Attaches take their general direction from the Administrator of the Foreign Agricultural Service, but they are an integral part of the in-country Embassy team headed by the Ambassador. Information on foreign supply and demand relates directly to decisions on levels of U.S. production; Agriculture relies on the attaches to provide this information.

The market development role of attaches consists mainly of activities conducted in cooperation with private business associations called cooperators. To a much more limited extent, the Service conducts self-initiated programs.

Attaches assist in planning and evaluating cooperator projects. Their role in Service-initiated activities varies from merely providing support to Washington officials to actually carrying out trade fairs or exhibitions.

Foreign Agricultural Service
Management

The Service gives attaches guidance in their major areas of effort at overseas posts--reporting and market development. It has not established overall U.S. agriculture trade objectives by country or market area nor specified priorities for accomplishing such objectives. (See ch. 2.)

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Considerable merit could be attached to establishing agricultural objectives by country or market area and to developing a clear, concise determination of how each attache can accomplish these objectives.

This would require input not only from Service operating groups as to objectives and relative importance of various tasks but also from the attaches as to what could reasonably be accomplished for U.S. trade interests. This systematic approach would enable the attache to more effectively structure his workload and would permit objective evaluation of his performance. It would also enable Agriculture to coordinate its planning with the Departments of State and Commerce and insure consistency with overall U.S. trade objectives and promotional emphasis abroad.

Assignment of Attachés

The typical attache or assistant is a highly motivated college graduate with a degree in economics; 55 percent of the group have advanced degrees. Agriculture could provide additional training and work assignments which would enhance attaches' talents. GAO found that the countries to which attaches and assistants are to be assigned and their specific duties are not identified sufficiently in advance to allow for (1) assignments at Agriculture to be geared to particular overseas positions, (2) sufficient Foreign Agricultural Service pre-assignment training, (3) adequate language training, or (4) in-depth briefings by predecessors. (See ch. 3.)

Reporting

The Department of Agriculture is recognized as the world's leading source of agricultural information. (See ch. 4.) Attaches' regular reports on a variety of market and trade matters are provided directly to agricultural groups and other Government agencies or are incorporated into broader Department reports for public information.

Reports generally fulfill Agriculture's requirements, but many of the 50 U.S. exporters that GAO contacted found the reports to be of limited usefulness. They wanted information on such matters as distribution channels, competition, foreign government tenders, and product acceptability.

No formal reviews of the Service's reporting requirements have been made since 1970. Evaluations of individual reports usually do not include specifics on how reports might be improved.

"Alert" reports prepared by the attaches frequently contain verbatim translations of foreign news articles. Without analysis or commentary it is difficult, if not impossible, to determine the validity of the data or the implications of such news for U.S. agricultural interests.

The Food and Agricultural Organization of the United Nations is an important source of information on world agriculture. The Foreign Agricultural Service has a comprehensive information-gathering network, but its attaches are not assigned to all of the 113 countries where the United Nations group has representation.

Agriculture uses some Organization publications as a supplemental source of economic and statistical data; but there is little attempt to monitor the Organization's information-gathering activities on a current basis. Organization officials acknowledged the limited contacts and suggested that areas be identified where increased cooperation could take place.

Market development

U.S. agricultural market development activities have changed from finding outlets for stored surpluses to finding ways to satisfy a growing world demand for food. Reflecting these demands, the prices of many commodities have increased greatly and several are in tight supply. Still, promotional funds continue to be applied to the same products, markets, and cooperator groups.

The Service estimates that, exclusive of administrative costs, it will spend about \$11 million in fiscal year 1975 on cooperator programs and \$1 million on self-initiated promotional activities. (See ch. 5.)

Criteria have not been established under cooperator programs to determine when products and markets have been established and Government assistance should terminate. Possible agricultural commodity shortages, intense demand, high prices for U.S. commodities, and greater returns to the agricultural sector raise serious questions as to the need for continued support of certain cooperator programs.

Tear Sheet

Soviet Union, Eastern bloc countries, and People's Republic of China

Agricultural developments in these countries can have a worldwide impact, and the United States obtains information on such developments in a variety of ways. The Foreign Agricultural Service has assigned staff in the Soviet Union. At the time of GAO's review, Department of State personnel had this responsibility in Romania and in most of Eastern Europe. Two agricultural officers in Hong Kong monitored events in the People's Republic of China.

Soviet Union

The unique service that attaches can provide is to visit agricultural areas and report first-hand observations on the status of crops and, to a lesser extent, maintain contacts with the many Soviet Union Ministries involved in trade or agricultural matters. The staff has been unable to devote sufficient time to these activities. (See pp. 70 to 75.)

Romania

Few attempts have been made to obtain information on Romanian agriculture, and only two regularly scheduled reports were prepared each year. Valuable first-hand observations on crop conditions were not being forwarded to Washington.

The Foreign Agricultural Service recently assigned monitoring responsibilities for Romania to an attache assigned to Yugoslavia, which could improve the situation. (See pp. 75 to 78.)

Foreign Agricultural Attaches

China is becoming an important market for U.S. agriculture. Agriculture's opportunities to monitor developments are, however, limited because it has no representation in-country. (See pp. 78 to 81.)

RECOMMENDATIONS

The Secretary of Agriculture should:

--To improve management and direction of attache activities

- (1) establish individual country and/or regional objectives and devise appropriate strategies for accomplishing them;
- (2) establish, where possible, benchmarks to permit objective evaluation of attache performance; and
- (3) work with State and Commerce in integrating Agriculture's plans into country commercial programs. (See p. 21.)

--To better coordinate the training and experience for attaches

- (1) determine the specific duties and responsibilities of each attache and assistant at overseas posts;
- (2) identify the experience, training, and overlap appropriate for these positions; and
- (3) select and assign personnel sufficiently in advance to permit the experience and training provided to be responsive to the requirements of a particular position. (See p. 31.)

--To improve the utility of the Foreign Agricultural Service information-gathering system

- (1) determine the information needs of end users and revise post reporting instructions to satisfy these needs;
- (2) review current report requirements and insure that reports are necessary;
- (3) require that attaches include analysis of and commentary on the implications of information submitted in alert reports;
- (4) require officials responsible for evaluating attache reports to provide specific suggestions on additional information or analysis needed to improve reports; and
- (5) identify areas for increasing cooperation between the Foreign Agricultural Service and the Food and Agricultural Organization. (See p. 46.)

--To more effectively use promotional resources

- (1) establish criteria for determining when products supported under the cooperator program are well established in a market and no longer warrant Foreign Agricultural Service assistance;
- (2) review current support to cooperators and eliminate or phase out assistance no longer appropriate;
- (3) direct attaches to actively solicit trade opportunities, and publicize the program in foreign journals and periodicals;
- (4) provide attache posts with lists of U.S. exporters, and integrate information that Commerce has compiled on U.S. exporters and foreign buyers into the system; and
- (5) establish a system whereby routine requests for infor-

mation are handled by headquarters rather than by attaches. (See p. 66.)

--To facilitate the collection of agricultural information in the Soviet Union and Eastern bloc countries

- (1) advise individuals or organizations within and outside Government of the limited resources available at the attache office in the Soviet Union, and request prospective visitors to seek Foreign Agricultural Service advice on the commercial value of visits to the Soviet Union;
- (2) publicize the availability of information in Washington and state that only requests submitted through the Department will be answered by the attache, and instruct the attache accordingly; and
- (3) establish procedures to provide needed training to Foreign Service Officers responsible for monitoring agricultural matters, including guidance on the type and nature of information useful to Agriculture. (See pp. 75 and 78.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

Agriculture stated that the report contains a number of worthwhile recommendations, some of which have already been implemented. It intends to implement additional recommendations which are sound and meaningful.

Agriculture, however, strongly disagreed with many of the report's conclusions and recommendations. A summary of its overall views are included as appendix I. Detailed comments and GAO's evaluations are at the end of each chapter.

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report discusses a number of improvements Agriculture can and should make to increase the effectiveness of its foreign agricultural attaches. Also discussed are Agriculture's recent and planned actions for improving attache services.

Agriculture agreed that Government market development support "should be withdrawn whenever feasible." However, it believed that "the need to continue programs in established markets is clearly indicated in congressional directives regarding the use of funds appropriated for export maintenance and expansion."

In view of the matters discussed in this report, the Congress may wish to consider clarifying the ground rules for Government financial assistance to private groups for overseas promotion of agricultural commodities.

CHAPTER 1

INTRODUCTION

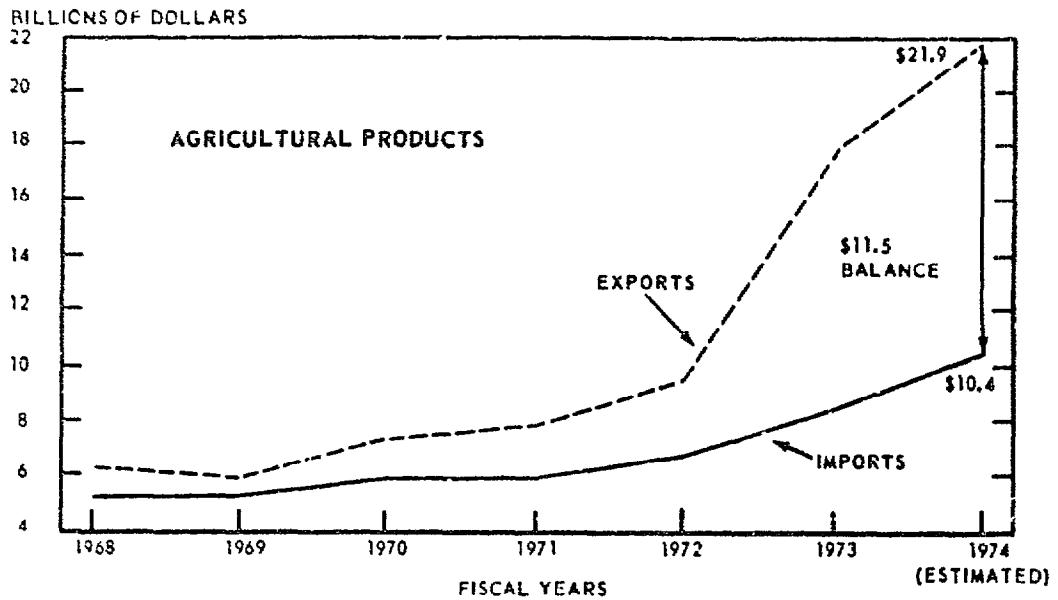
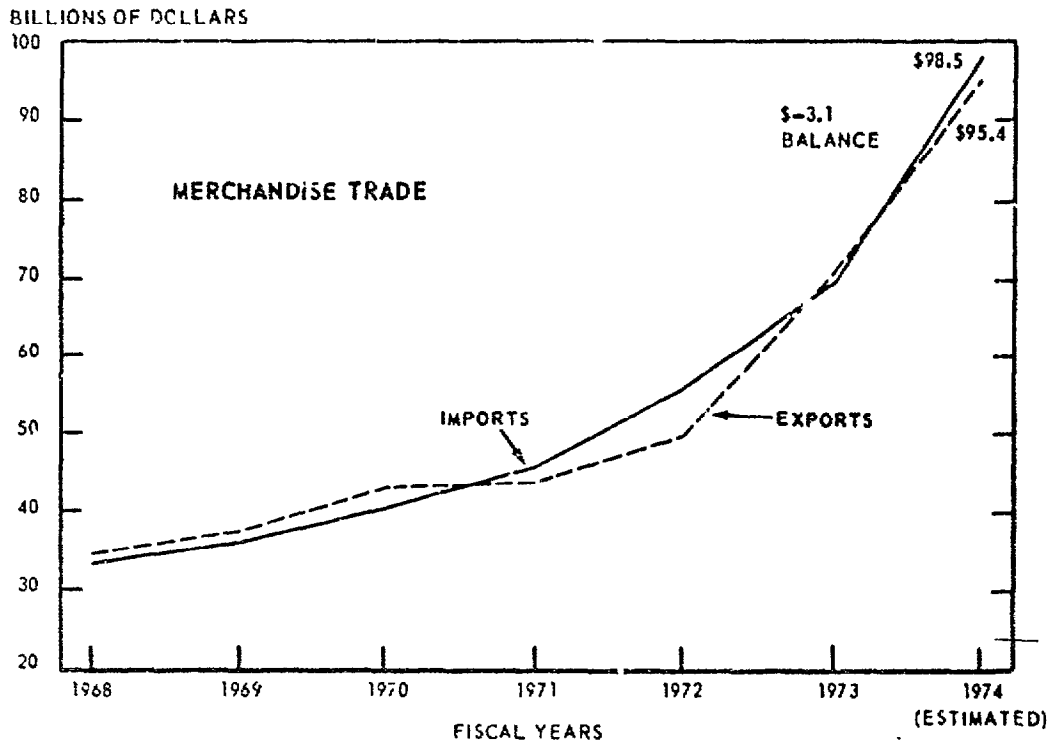
The United States exports to help pay for its imports. In 1971 and 1972, for the first time this century the United States imported more than it exported, creating a net exchange outflow. Record agricultural exports in 1973, which increased from \$9.4 billion in 1972 to \$17.7 billion, reversed this trend and more than offset the rising cost of nonagricultural imports. Fiscal year 1974 agricultural exports were about \$21 billion, with an agricultural trade surplus of about \$12 billion. During the first quarter of fiscal year 1975, exports were \$4.5 billion, an increase of 8 percent over the first quarter of 1974. Balance of trade trends are shown in graph 1 and 2.

Expected world events indicate a need to further increase exports. The President's Council on International Economic Policy 1974 report noted that, because of higher world prices, U.S. petroleum imports which cost \$9.3 billion in 1973 would cost about \$25 billion in 1974.

In the Administration's view, a large portion of these rising costs will have to be met through increased agricultural exports, and Government production restraints were lifted in the 1973-74 crop year and price incentives instituted to encourage full farm production. The United States grows much more wheat, feed grains, rice, and other crops than it uses domestically, so it is in a position to export large amounts. For example, for the 1972-73 crop year, the United States exported 72 percent of its wheat crop, 52 percent of its oilseed crop, and 61 percent of its rice crop.

Increased agricultural exports have been a mixed blessing. In addition to helping the Nation's trade balance, they have greatly increased farm income and substantially reduced the cost to the taxpayer of storing large surpluses. However, they also have been an important cause of rising domestic food prices. During 1973, retail food prices rose 14.5 percent, which is substantially higher than the 8.8 percent increase in the cost of living. Agriculture estimated that in 1974 food prices rose an additional 14 to 15 percent.

BALANCE OF TRADE TRENDS 1968 - 1974



Source: Tables and Statistical Material on U.S. Balance of Trade and Balance of Payments, Senate Committee on Finance, December 1974.

This great increase in domestic prices has caused the Congress and the private sector to call for restrictive trade practices, such as the June 1973 controls which limited exports of soybeans and certain other agricultural products, and for establishment of grain reserves to help stabilize food prices.

FOREIGN AGRICULTURAL SERVICE

The Agriculture Department is responsible for developing foreign markets, and it plays an important role in insuring the availability of agricultural supplies to meet domestic and export needs. Information on foreign supply and demand is important to decisions regarding U.S. production levels and Agriculture relies on the agricultural attaches of its Foreign Agricultural Service (FAS) to provide much of it. Although domestic production and consumption can be predicted fairly accurately, great uncertainty is associated with foreign production and demand and the extent to which it may affect world markets.

Agriculture's reporting responsibilities derive from the Agricultural Act of 1954 (Public Law 690) which directs it to acquire foreign agricultural information to assist "American farmers, processors, distributors, and exporters to adjust their operations and practices to meet world conditions." An objective of the act is the systematic flow of foreign agricultural economic and trade information from foreign posts to the United States. Agriculture's reporting system is considered the world's best, and many trading nations and international organizations rely on its published data.

FAS, established in 1930, functioned as a separate overseas service until 1939. At that time, because of the threat of war emphasis shifted from trade promotion to trade control, and FAS functions were transferred by Executive order to the Foreign Service of the Department of State. An Office of Foreign Agricultural Relations was established in 1939 to help Agriculture maintain working relations with the Department of State.

In the years following World War II, agricultural surpluses began accumulating in the United States. In 1953 the Administration wanted to avoid using domestic controls to resolve the surplus agriculture problem, and marketing abroad offered an obvious outlet for such surpluses. In Agriculture's judgment, however, the Foreign Service was not geared for this type of work. State's budget had been cut sharply, and Agriculture believed the Foreign Service had reduced its agricultural activities "disproportionately." It had reduced the number of Foreign Service officers involved in such activities from 80 to 50.

Title VI of Public Law 690, enacted August 28, 1954, authorized the Secretary of Agriculture to assign attaches abroad to develop foreign markets for American farm products and to acquire and disseminate information on foreign demands.

Attaches have remained overseas in this capacity since 1954, usually attached to U.S. Embassies or consulates and functioning as an integral part of the in-country Embassy team headed by the Ambassador, but under the general direction of FAS, Washington. The Washington group is headed by the FAS Administrator under the Assistant Secretary for International Affairs and Commodity Programs.

In addition to the Agricultural Attaches there are three other major operational groups in FAS which agricultural attaches service: Foreign Marketing, Foreign Commodity Analysis, and International Trade. These groups have a total annual operating budget of about \$32 million.

Estimated FAS Appropriation, Fiscal Year 1975

<u>Function</u>	<u>Amount</u> (000 omitted)
Foreign Marketing	\$19,641
Foreign Commodity Analysis	3,085
International Trade	1,281
Agricultural Attaches	<u>8,144</u>
Total	<u>\$32,151</u>

- Foreign Marketing helps to develop foreign markets and coordinates interagency participation in such efforts. Its four major divisions are trade projects, international trade fairs, export services, and program development.
- Foreign Commodity Analysis studies worldwide production, trade, marketing, prices, consumption, and other factors affecting U.S. agricultural trade. The studies are used in program development and provide information to exporters and the public. The group provides Agriculture with information, as well as expertise, on international commodity agreements and trade negotiations. The group's eight divisions cover cotton, dairy and poultry, fats and oils, fruits and vegetables, grain and feed, livestock and meat products, sugar and tropical products, and tobacco. Most divisions have foreign marketing, commodity analysis, and foreign competition branches.
- International Trade administers and coordinates Agriculture Department activities for the General Agreement on Tariffs and Trade, Trade Expansion Act of 1962, and other legislation affecting international trade. It also administers import and export controls and is responsible for programs to reduce trade barriers. The group's four divisions are trade operations, import operations, trade negotiations, and trade restrictions analysis.
- Agricultural Attaches, a group of 15 individuals, 7 of whom are professionals, administers the attache service and
 - coordinates demands made on attaches by other agricultural groups;
 - assigns attaches to selected foreign countries with the concurrence of other FAS units;
 - provides attaches with instructions and information on U.S. agricultural policies and programs; and

--coordinates attache participation in gathering information, developing markets, and implementing trade programs and projects.

FAS has 63 overseas offices in 55 countries (see map on p. 7), 59 staffed by 95 American professionals--attaches, assistant attaches, and agricultural officers--and 4 staffed by foreign nationals. The offices also employ 31 American secretaries and 141 foreign nationals. (See app. III for staffing by country and region.)

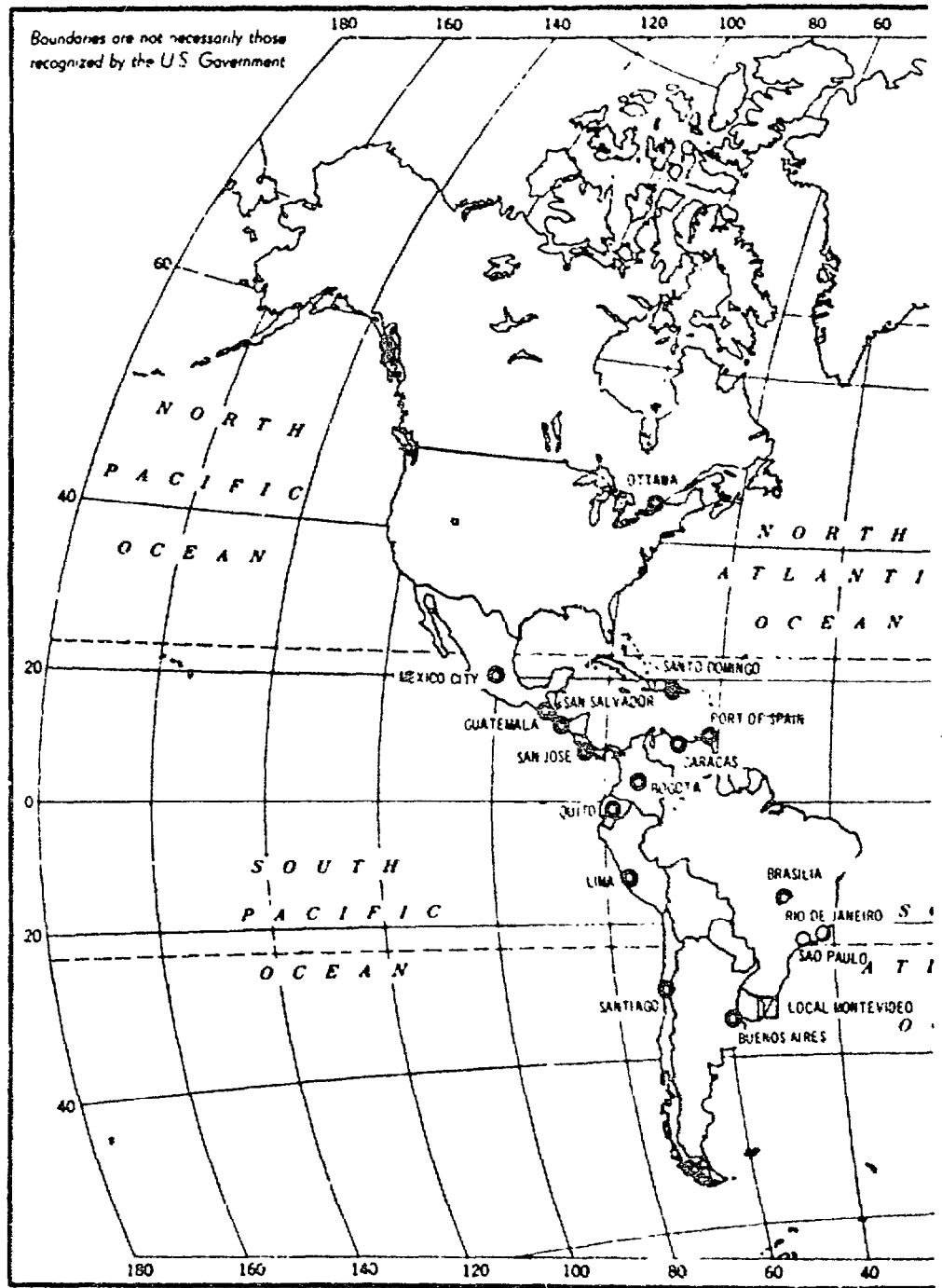
In testimony during Senate confirmation hearings in November 1971, the Secretary of Agriculture indicated that FAS was to assist U.S. exporters in marketing agricultural commodities, stating that:

"I want them [attaches] to be salesmen for American agriculture. There is a reporting job to do and they have done it well, but we need more than that. We need a salesman on the spot to assist our private salesman, * * * or whoever it is that is involved in export. We need a man on the scene to sit beside them to help."

In February 1974 Agriculture, responding to changing world conditions, brought the Export Marketing Service into FAS. This reorganization added more than 150 people to the FAS staff and brought together Agriculture's total foreign sales activities, including the information-gathering and export-marketing functions.

As table 1 shows, most posts that we visited emphasized reporting and market development activities.

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ULTURAL ATTACHE POSTS

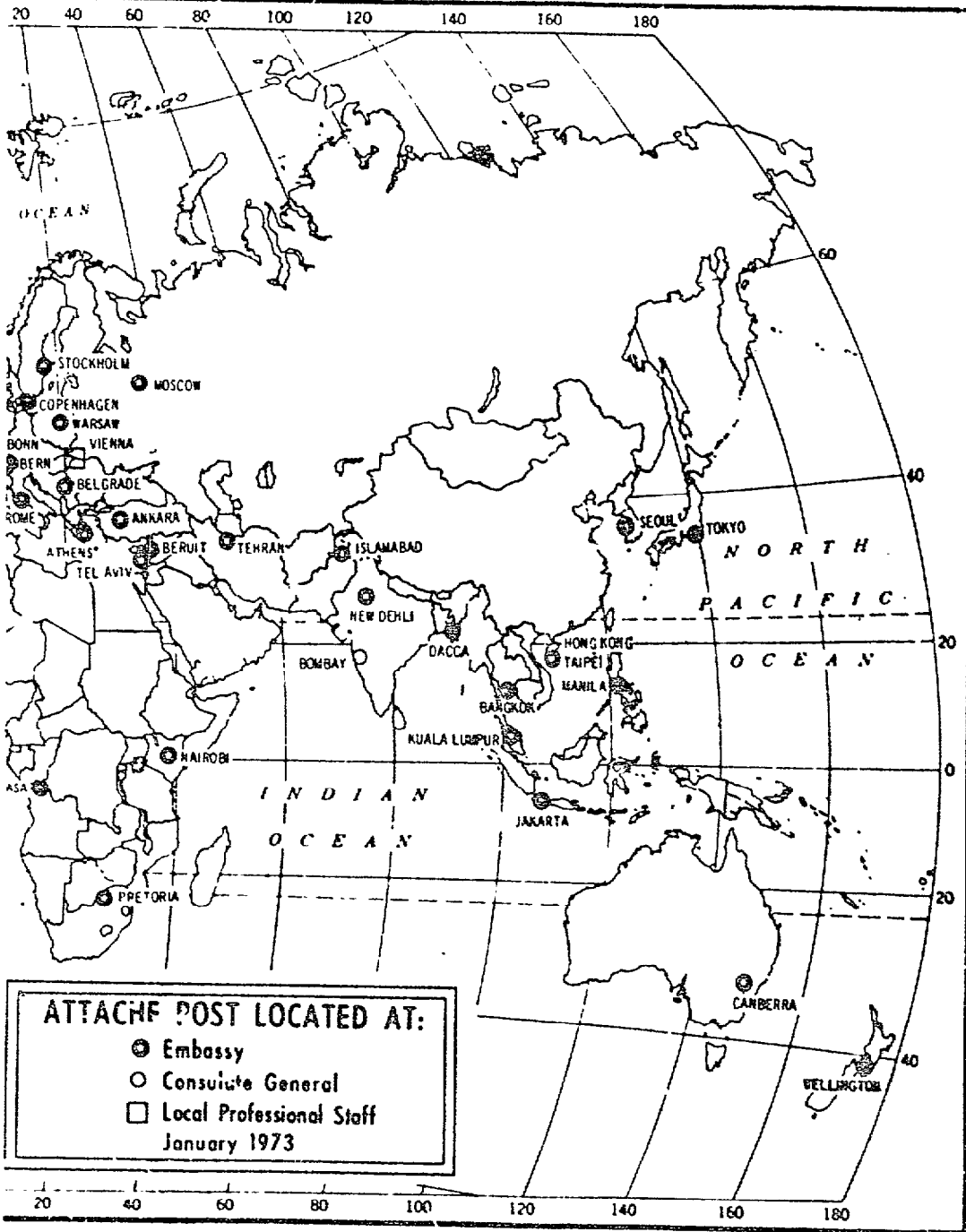


Table 1

Post (note a)	Percentage of time spent in			
	<u>Reporting</u>	<u>Market development</u>	<u>Service (note b)</u>	<u>Other (note c)</u>
Argentina	52	9	32	6
Peru	35	17	42	6
European Community	27	-	8	65
England	34	50	6	10
West Germany	39	37	19	5
Soviet Union	50	7	14	29
Hong Kong	39	34	12	15
Republic of Korea	62	15	16	7
Japan	38	33	17	12
Australia	65	12	18	5

a/ Venezuela was excluded because information on allocation of staff time was not available.

b/ Includes assistance to Embassy officers and Agriculture groups and office administration.

c/ Includes duties involving international agencies and activities not included under other categories.

SCOPE OF REVIEW

We interviewed officials and examined reports and correspondence at the Departments of Agriculture, State, and Commerce and at 14 overseas locations. We also interviewed officials of U.S. and foreign firms, other countries' attache services and agencies, the U.N. Food and Agricultural Organization, and representatives of State and agricultural trade associations.

We visited the American consulates in Hong Kong and in Hamburg, West Germany; Embassies in Buenos Aires, Lima, Caracas, Seoul, Tokyo, Canberra, London, Bonn, Moscow, and Bucharest; and the U.S. Missions to the Food and Agricultural Organization in Rome and the European Community in Brussels.

These posts were selected to obtain a geographical mix of South America, Europe, Far East, and Eastern bloc countries. They afforded a view of posts with different authorized staffing levels, including one covered by Foreign Service Officers of the Department of State.

The findings in this report may characterize conditions at other overseas posts.

Our fieldwork was completed in January 1974.

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CHAPTER 2

MANAGEMENT OF ATTACHE SERVICE

FAS has not established overall U.S. agricultural trade objectives by country or market area, nor specified priority attache activities to accomplish such objectives. Without an overall plan, it is difficult to (1) tailor attache training to the requirements of particular assignments, (2) establish relevant post reporting requirements, (3) conduct the most appropriate market development activities, (4) effectively use the intelligence-gathering capabilities of State Department personnel, or (5) objectively evaluate attache performance.

Considerable merit could be attached to establishing agricultural objectives by country or market area and to developing a clear, concise determination of how attaches can accomplish these objectives. Fulfilling these requirements would require input from FAS operating groups on the objectives and relative importance of various tasks and input from the attaches on what could reasonably be accomplished for U.S. trade interests.

ATTACHE ACTIVITIES

FAS establishes post reporting requirements, provides market development guidelines for attaches, and refers ad hoc requests for information and assistance to them.

Reporting

FAS provides reporting instructions for each post, setting forth the type of report, information required, format, and due date. The instructions are detailed and, in most cases, provide adequate guidance.

Market development

FAS prepares a country project statement for its market development activities, and cooperators 1/, with FAS

1/Cooperators are nonprofit trade associations which in conjunction with FAS, conduct overseas agricultural promotional activities.

assistance, prepare either regional or country work plans.

For fiscal year 1975, 40 project statements and 75 cooperator plans covering one or more countries and commodities were prepared.

Country project statements

The FAS Trade Projects Division, after considering suggestions of the attache, prepares the country project statement, FAS' major planning document for market promotions. The statement includes such occasional projects as trade fairs, which are planned for the fiscal year, and sets forth purpose, justification, competition, target groups, products, budgets, and benchmarks for gaging project successes.

The statement does not, however, consider other possible continuing attache activities, such as identifying trade opportunities, locating principals and agents, responding to requests for information, and assisting visitors. Neither does it consider the time required to monitor cooperator activities. As a result, the statement structures only a portion of attache market development time.

Cooperator marketing plans

Cooperator marketing plans identify activities planned for a country or region in a given year, describe the activities, and note benchmarks, objectives, and target groups to be reached.

The plans are prepared annually, normally after consultation with the attache. General agreement is reached on the type and number of activities to be carried out in the coming year, and the cooperator sends the plan to his home office. The cooperator's home office and the appropriate FAS commodity group consult further at the Washington level, at which time the attache's opinion is solicited and a final plan formulated.

Ad hoc instructions

Attaches are frequently instructed to provide information or services in answer to ad hoc requests. The requests involve such matters as bringing restrictive trade matters to the attention of host governments or providing statistics on selected crops.

Although FAS provides guidance for reporting and for market development, there are no overall country or market objectives and cohesive plans detailing priority attache activities for accomplishing these objectives.

The guidance that is provided could be more inclusive. For example:

- Current reporting instructions do not consider the needs of some exporters.
- Country project statements cover only certain countries or market areas and do not include all attache market development activities.
- Cooperator plans omit specific services which attaches can provide to assist cooperators in achieving objectives.

In response to FAS instructions, or on their own initiative, attaches occasionally discuss U.S. trade policy positions with government officials and private groups, but, except at posts such as the U.S. Mission to the European Community, which is a trade policy post, the attache's role in policy generally is limited.

The assumption underlying an attache's work is that market development and reporting are most important. In these areas an attache is expected to perform certain measurable tasks, such as preparing a required report at a specific time. Attaches, however, can and do perform a wide variety of activities for which relative priorities could be established, as shown below.

Reporting

1. Report regularly on commodities.

2. Prepare "alert" or ad hoc reports on important developments.
3. Prepare articles for publication by FAS.
4. Report on market development activities of competitor countries.
5. Prepare management reports.

Market development

1. Select, develop, and evaluate FAS trade promotion activities.
2. Monitor market research contracts.
3. Develop and report trade opportunities.
4. Assist cooperators in preparing country plans.
5. Monitor and evaluate cooperator activities.
6. Respond to requests for information or services from businessmen and Government officials.
7. Assist business or Government visitors.
8. Participate in concessional sales and credit programs.

Policy

1. Report on tariff and nontariff trade barriers.
2. Respond to Washington instructions regarding action to be taken on trade barriers.
3. Pursue self-initiated activities to reduce or eliminate trade barriers.
4. Participate in multilateral trade negotiations.

Other

1. Advise Ambassador and other Embassy officers on agricultural matters.
2. Assist Agriculture foreign-plant meat inspectors.

FAS officials said that attaches can also (1) coordinate Agricultural Research Service activities in a country, (2) service a wide variety of other nongovernmental agricultural contacts, both American and host country, (3) assist Agricultural Animal and Plant Health and Inspection Service quarantine personnel, (4) coordinate and assist all other Agriculture programs and visitors, (5) administer U.S. import quota requirements, (6) facilitate U.S. import access to supplies of needed commodities, and (7) facilitate U.S. agricultural public relations with host country and other foreign nationals.

The benefits to be derived from the attaches' conducting one activity versus another has not been carefully weighed. For example, the increase in exports which might result through attache efforts to remove or modify a trade barrier is not weighed against the benefits of conducting a particular market development activity or preparing a particular report. Without a conscious system for establishing relative values, the activities actually undertaken are largely intuitive.

RECOGNITION OF PLANNING NEEDS

In July 1972 the Administrator, FAS, instituted a pilot program planning system for attaches in six countries.^{1/} The basic element of the system was an annual country program for each post, containing a statement of major objectives and priority activities. The Administrator said about the project:

"I believe that the effective management of our overseas operations can be improved by adoption

^{1/}West Germany, Argentina, Brazil, Yugoslavia, Nigeria, and South Korea.

of a more systematic approach to identifying objectives and priority activities for each attache post. My assumption is that a more systematically planned program will help us communicate and understand more effectively what we are trying to accomplish in each country and provide a better basis for assigning people, monitoring performance, and appraising results."

* * * * *

"I am attaching for your guidance an outline of the objectives and mechanics of the proposed Program Planning System together with the Annual Country Program for your post. You will recognize that the statements contained in your Program are clearly a first effort to describe the objectives and priority activities for your post. We are at the point where your contribution is needed to produce the kind of clear program planning guidelines that I have in mind. The statements must be brief and they must provide the Attache with specific and meaningful guidance."

The Administrator requested each attache to revise the program statement for his post, prepare a plan of work for fiscal year 1973, and critically assess the system "with emphasis on recommendations designed to make it workable and an effective tool of management for our overseas operations."

Subsequently, each attache assessed the program planning system, and their comments were generally favorable. We visited three of the six posts involved in the pilot program, and attaches told us they agreed with the objectives and mechanics of the system. Some felt that the system was an important first step in eventually establishing staffing requirements, scheduling visitors, and setting priorities. They believed it would insure continuity of activities when transfers occurred and would help the attache to think in terms of his mission and the activities he should emphasize.

Attaches at many posts stressed that any system intended to establish objectives or priorities should be

coordinated with FAS groups and other Agriculture divisions and that all aspects of a post's workload, including scheduling visits and ad hoc requests for information, should be considered.

Notwithstanding the positive attitude expressed by attaches, FAS suspended further efforts to develop a program planning system. We were told that, before moving ahead, FAS needed to strengthen its overall planning and to carefully weigh the costs and benefits of the new system. Insufficient headquarters personnel, the problems in designing a system for posts having different characteristics, and the effectiveness of the existing system were given as reasons for delaying implementation.

PLANNING FOR GOVERNMENT TRADE ACTIVITIES

The Department of Commerce, in conjunction with the Department of State, maintains commercial offices in 65 countries whose staffs perform duties similar to those of the agricultural attaches. Although directed to the needs of the industrial sector, commercial office staffs also prepare reports, assist businessmen, and support promotional events.

In a report 1/ on commercial offices abroad, we concluded that commercial office activities could be improved by better coordinating State and Commerce efforts, including establishing long-range objectives, strategies, and priorities to assist posts in attaining the more important trade objectives.

In November 1973 we reported to the Departments of State, Commerce, and Agriculture and the Office of Management and Budget 2/, amplifying our earlier observations and pointing out the need for and benefits of developing a U.S.

1/"Commercial Offices Abroad Need Substantial Improvements to Assist U.S. Export Objectives," B-172255, Oct. 24, 1972.

2/"Ways to Improve U.S. Foreign Trade Strategies," B-172255, Nov. 23, 1973.

trade strategy on country, regional, and worldwide bases. The agencies agreed that better planning was needed for accomplishing trade objectives.

We recommended that, after an effective planning format had been developed, the Secretary of State expand the State-Commerce committee that was working to develop such strategies by including Agriculture and other Government agencies.

Although Agriculture advised us that it recognized the need for improved planning of its activities, available resources precluded making the worldwide analyses of market areas considered necessary for formulating agricultural trade strategies. Agriculture was not incorporated into the State-Commerce plan.

Commerce and State, meanwhile, instituted an experimental country commercial program for fiscal year 1974. These programs were prepared for five countries, and fiscal year 1975 plans called for expanding the coverage to approximately 35 countries. A country commercial program sets forth U.S. trade objectives in a country and delineates priority commercial office activities for accomplishing such objectives. It also contains goals or benchmarks to permit an objective assessment of commercial office performance.

The program for one country, for example, contains the following major segments.

1. U.S. economic-commercial objectives.
2. Factors affecting economic-commercial objectives and implications for the United States.
3. Resources available.
4. Goals and program activities.
5. Mission's work program--estimated allocation of economic-commercial man-days by activity.

This program includes specific commercial office targets, such as obtaining 124 sales leads and locating agents for 130 U.S. firms. It emphasizes assistance to new-to-market and new-to-export firms and establishes a goal of 53 market penetrations by such firms. The plan identifies the resources available at the post and allocates them to various activities.

The Department of State advised that it had integrated the United States Information Agency into the country commercial program and is proposing that in the future, Agriculture participate in program planning and implementation.

CONCLUSIONS

FAS should develop individual country or regional strategies and plans, detailing objectives and specifying priority attache activities. This systematic approach would enable the attache to more effectively structure his workload and permit objective evaluation of his performance. Further, Agriculture should coordinate its planning with State and Commerce to insure consistency with overall U.S. trade objectives and promotional emphasis abroad.

AGENCY COMMENTS AND OUR EVALUATION

Agriculture stated that the philosophy embodied in our recommendations for more systematic management of attaches was strongly supported by FAS' top management and by attaches and former attaches and that Agriculture has consistently worked toward improving its management practices.

Agriculture pointed out that its pilot program planning system sought to build on the strengths of its existing formal and informal program and management systems. The process of developing an overall system, however, had raised major management questions that had to be resolved before a system could be fully implemented. Agriculture advised that it expected to move forward with the development of an improved system as soon as these questions were resolved.

Agriculture stated that, meanwhile, three major improvement efforts were being worked on, involving (1) a program and budget planning system, (2) a market development program and planning system and, (3) a management-by-objectives system.

The management-by-objectives system will include a clear statement of overall FAS objectives that are tangible, achievable, and verifiable; a plan to achieve the objectives; and an assessment process to help insure that objectives are being achieved. A key element will be the systematic consideration of the objectives and priority activities for the market development program and for the attache service.

The systematic planning approach indicated will require establishing country and/or regional objectives, developing appropriate strategies to meet the objectives, delineating priority attache activities, and, where possible, establishing benchmarks to permit objective evaluation of attache performance. Accordingly, the management-by-objectives system, coupled with the long-range market development program planning system, should provide the management direction needed.

State and Agriculture commented on our recommendation that Agriculture work to integrate its plans into country commercial programs.

State advised us that attempts at market development are, at best, difficult to evaluate in terms of dollars and cents, so more emphasis in this area must be accompanied by well-thought-out goals and guidance. State believed FAS development of individual country or regional strategies and plans should be simultaneous to and integrated with the State-Commerce commercial program.

Agriculture stated that it would continue to cooperate with State and Commerce in developing U.S. trade strategies. Also, in addition to keeping U.S. Mission personnel informed on current and future market development activities, Agriculture was developing fiscal year summaries of all such programs, which would be made available to post personnel and would be helpful in coordinating U.S. commercial activities in the countries.

However, the integrated approach contained some fundamental problems for FAS. Agriculture did not believe it would be good national policy or effective management to totally shift basic responsibility for planning and implementing a successful foreign market development program from private sector participants to Government managers.

We did not suggest that responsibility for planning and implementing foreign market development programs should be shifted from the private sector to the Government. To the contrary, the private sector should be encouraged to assume a greater market development role. The Government's function, to the extent practicable, should be limited to creating an appropriate trade environment and to providing related services which the private sector is unable or unwilling to undertake. Consistent with this view, we recommended that criteria be established for determining when financial support to private business cooperators is no longer appropriate in a given market area. (See ch. 5.)

Our recommendations in this chapter are directed toward insuring that Agriculture's overseas trade activities are consistent with overall U.S. trade policy and objectives; a consideration that we, as well as the Department of State, believe essential.

Management problems noted in the major areas of attache responsibility and our conclusions and recommendations are discussed in the following chapters.

RECOMMENDATIONS

We recommend that the Secretary of Agriculture:

- Establish individual country and/or regional objectives.
- Devise appropriate strategies for accomplishing the stated objectives, including a delineation of priority attache activities.
- Establish, where possible, benchmarks to permit objective evaluation of attache performance.
- Work with State and Commerce in integrating Agriculture's plans into country commercial programs.

CHAPTER 3

ASSIGNMENT AND TRAINING

Attaches and their assistants are generally highly motivated, educated individuals. FAS's personnel management system, however, does not routinely provide training and experience which would maximize use of their talents. As a result, at certain posts individuals are unable to function effectively for prolonged periods.

At the time of our review, 58 percent of the attaches or assistants had specialized in agricultural or general economics, 13 percent in agricultural science, 6 percent in business administration, and 20 percent in other areas. Only 3 percent of them had not received degrees; 42 percent had masters degrees and 13 percent had doctorates.

The attaches and assistants we met appeared to be convinced they had an important role to play in gathering and reporting information and developing markets for U.S. agriculture.

PREASSIGNMENT EXPERIENCE

FAS does not routinely schedule headquarters' assignments to permit prospective attaches and assistants to gain experience in areas they will be primarily concerned with at their future posts. Generally, they are aware of the countries to which they will be assigned only in time for pre-assignment and language training before departure. Benefits which might be gained from assignments to specific headquarters groups specializing in major problems they will encounter at overseas posts are lost. Although most attaches are veterans of the service and have experience in other FAS groups, market areas are often unique in customs, attitudes, and business practices. A March 1973 FAS report to the Subcommittee on Agriculture-Environmental and Consumer Protection, House Committee on Appropriations, recognized that:

BEST DOCUMENT AVAILABLE

"Domestic assignments after selection for a foreign post and rotational assignments after completing a tour abroad must be planned so as to maximize their [attaches and assistants] exposure to those areas in which they must be fully knowledgeable if they are to be effective overseas representatives of U.S. agriculture.

"The selection and assignment of Attaches must proceed with a far greater lead time than in the past. Attaches destined for assignments in Moscow or posts in Asia several years hence must be selected and trained for those assignments beginning today. Training in the 'hard' languages alone requires years of preparation. In addition, education in such areas as the economics of agricultural trade, commodity analysis, and international relations all require years of carefully planned study."

A number of the attaches and assistants indicated they would have benefited from assignments with other FAS groups. The attache and assistants assigned to a trade policy post, for example, acknowledged that work within the FAS trade policy group would be helpful to individuals assigned to the post.

PREASSIGNMENT TRAINING

Before each assignment overseas, attaches and assistants receive preassignment training at FAS. If necessary, language training and a brief Department of State orientation program also are provided.

FAS training

FAS generally gives prospective attaches and assistants 2 weeks of training. The consensus of attaches interviewed was that the program was generally adequate for personnel with previous overseas experience but not for new personnel.

The 2-week training program covers the following topics as they relate to an individual's country of assignment.

--FAS functions and responsibilities at posts, relationships within the Embassy, and attache responsibilities to Agriculture and to the Ambassador.

--Marketing, analyses, and competitive prospects of commodities.

--Major features of market development programs.

--International agricultural trade policies and operations.

--Administrative responsibilities of the attache.

--Contacts with U.S. trade groups.

--Visits to U.S. ports exporting farm commodities.

--Agriculture programs, such as concessional sales programs and credit arrangements.

Officials of FAS and other Agriculture groups or divisions provide the training.

Below is a typical specialized training schedule for newly appointed assistant attaches.

<u>Within FAS</u>	<u>Within other Agriculture groups or divisions</u>
Seven commodity divisions (generally 1 hour each)	Export Marketing Service (Public Law 480, Commodity Credit Corporation, and Barter Programs) (3 hours)
Trade projects divisions (8 hours)	International Organizations Staff (1 hour)
Trade fairs (1 hour)	Economic Research Service (2 hours)
Program development staff (1 hour)	Agricultural Marketing Service (2 hours)
Management (12 hours)	

<u>Within FAS</u>	<u>Within other Agriculture groups or divisions</u>
Assistant administrator attaches (1 hour)	Agricultural Research Service (1 hour)
Trade policy (1 hour)	Animal and Plant Health Inspection Service (5 hours)
Reports group (1 hour)	Agricultural Stabilization and Conservation Service (1 hour)

Although these meetings generally last only 1 or 2 hours, officials of the particular division or group are expected to provide comprehensive briefings. The agenda for a 1-hour FAS commodity division briefing covered:

"Growth in U.S. production and reliance on export markets *** support programs for soybeans, peanuts and cottonseed oil *** how products move into export *** U.S. trade interests *** market for soybeans and meal *** U.S. interest in and opposition to additional import barriers or measures inhibiting use of soybean products, and cottonseed oil *** important firms and contacts *** how to deal with quality complaints *** interest of the Soybean Association and the Peanut Council ***."

FAS training was discussed with 4 attaches and 10 assistants. Three of the attaches stated that the training was inadequate and that newly assigned assistants were generally not prepared, and one indicated that it took about 6 months' experience at the post before a new man could operate effectively. Most of the assistants, although less critical of program content, criticized the brevity of the training.

Meetings with trade representatives

FAS officials indicated that, as part of their training, attaches and assistants should visit U.S. trade groups, trade associations, and exporters. Although 18 of the 20 attaches and assistants with whom we discussed this believed such meetings would be useful, only 11 had participated in

meetings before their current assignments. The major reason cited for not participating was lack of time. Another reason was that, since they were unaware of the commodities they would be responsible for at their future posts, meetings would not be worthwhile.

Language training

For a number of years FAS has offered its personnel the opportunity to acquire language ability through courses given at Agriculture. Introductory, intermediate, and advanced courses in Spanish and French are offered. Between fiscal years 1970-74, 105 FAS employees enrolled in such classes. Eventually 23 were assigned abroad; 7 to countries where the language which they had studied was spoken.

Language training for specific overseas assignments is provided by the Foreign Service Institute or by private institutions. Periods of instruction vary depending on the difficulty of the language, proficiency of the individual, and time available before scheduled departure for overseas.

FAS establishes minimum language requirements for certain overseas posts but often assigns individuals having less than the desired proficiency. As a result, these people are unable to function effectively for long periods.

FAS had designated 6 of the 11 foreign posts we visited as requiring language-proficient personnel. The minimum level of language competency for FAS assignment to such posts was limited working proficiencies S-2 (able to orally satisfy routine social demands and limited office requirements) and R-2 (able to read intermediate lesson material or simple colloquial tests).

Despite the modest proficiency levels called for, 5 of the 15 individuals assigned to the language-essential posts did not meet these levels.

In some cases, language proficiency can be critical because of the (1) unavailability of local national professionals to read newspapers and other publications, (2) specific duties of the attache or assistant, and (3)

limited English spoken by host-country government and industry representatives.

At three posts, the staffing and duties of the attache office made language proficiency essential to carrying out assigned responsibilities. Of the eight professionals assigned to these posts, three assistant attaches had language proficiency ratings of less than S-2 and/or R-2. They agreed that their effectiveness was seriously impaired because of inadequate language training and that additional training for at least 1 year was necessary.

Because FAS did not allow sufficient time between assignment notification and departure overseas, an assistant attache, totally unfamiliar with the language required at his new post, had his training program reduced from 24 to 15 weeks. On arrival overseas, his language proficiency was below the FAS minimum standard. His duties consisted primarily of reading and summarizing technical data for transmission back to Agriculture. He said that he encountered "real problems" and was unable to interpret simple language, let alone technical data. For approximately a year and a half he was of little help at the post.

Recent developments

Since completion of our fieldwork, FAS has introduced new policies and programs which indicate increased awareness of the importance of language proficiency. In February 1974 the Administrator announced that:

"To the extent feasible employees assigned overseas shall have, along with other qualifications, a working proficiency in the language of the country in which they serve."

He listed specific steps to insure the accomplishment of this objective; one involved establishing minimum proficiency levels. For 21 posts S-2 and R-2 proficiency levels were continued; but for 11 others the minimum professional proficiency levels S-3 (able to speak the language with sufficient accuracy to satisfy representation requirements and to handle professional discussions within a special

field) and R-3 (able to read nontechnical news items or technical writing in a special field) were established.

The Administrator noted that only in "very exceptional circumstances" would an individual be assigned without meeting the above requirements. He also announced that:

"Employees serving at posts where a language proficiency has been established, shall enroll in a part-time tutorial program until proficiency level is achieved."

In June 1974 the Administrator also announced a 2-year language-training program in Polish, Russian, Japanese and Chinese for selected individuals. The program consists of a mixture of part-time classes in a local school, tutorial instruction 3 hours a day for 3 days a week, and/or full-time training. This program is tailored to meet the needs of the individual and his office. Applications were requested from individuals who, through language aptitude and proficiency tests, had shown facility for language.

FAS also plans to institute a language incentive program. Cash awards will be made to individuals who attain proficiency in a language that FAS has designated as essential.

Effective implementation of FAS' recent policies and programs should greatly improve attache language proficiency.

Foreign Service Institute

In addition to language training, new attaches and assistants receive orientation at the Foreign Service Institute. Subjects covered include the State Department Foreign Service, Embassy organization, area familiarization, sociopolitical and economic matters, and protocol. The program lasts about 1-1/2 weeks and, although only cursory coverage is provided, most FAS participants were satisfied with the training.

PREDECESSOR BRIEFINGS

Although attaches and assistants and FAS management officials recognize the need and importance of comprehensive briefings by predecessors, it is not generally being done. Excluding assignments to newly established positions and other circumstances, we found 21 cases in the countries we visited where FAS could have scheduled assignments to overlap. In only six cases, however, was the incumbent even present at the post when his successor arrived.

Of the 20 attaches and assistants we interviewed, 19 indicated that assignments and reassignments should be scheduled to allow incumbents sufficient time to brief replacements. Suggestions on the length of time necessary for the transition period varied from weeks to several months: 1 or 2 weeks was considered insufficient.

CONCLUSIONS

The countries and the specific duties which prospective attaches and assistants are to be assigned are not identified sufficiently in advance to allow for (1) assignments at Agriculture to be geared to particular overseas positions, (2) sufficient FAS preassignment training, (3) adequate language training, or (4) in-depth briefings by predecessors.

AGENCY COMMENTS AND OUR EVALUATION

Agriculture stated that FAS determines specific overseas post duties and responsibilities and that these are communicated to attaches in a variety of ways. When a professional employee is selected for a particular assignment, he is immediately given a detailed picture of the responsibility of the post and the current division of that responsibility when there is more than one position at the location. His orientation program is begun immediately and is tailored to fit his needs.

Agriculture said that the experience, training, and overlap appropriate for each attache position are also identified. Each candidate selected has a specially tailored training program, according to his previous

experience and education. Primary attention is given to the most important requirements and lower priority skills sometimes have to be sacrificed.

Overlap problems have increased lately due to rising workloads and declining staff, but the principle of providing adequate lead time for changing positions whenever possible is adhered to. A 1- to 2-week period was considered the practical maximum for such overlaps. Additional time was unnecessary because of (1) headquarters' knowledge of post problems, (2) comprehensive available files, and (3) foreign nationals who provide continuity.

We found little evidence of personalized or specialized training of prospective attaches. A majority of the attaches and assistants we talked with said that the training and experience given to individuals assigned overseas for the first time was inadequate. The diversity of subject matter included in a typical training schedule of newly appointed assistant attaches and the short period of time devoted to training tend to support this view.

FAS did not provide us with documentation on specific duties and responsibilities of attaches and assistants at overseas posts or on experience, training, and overlap appropriate for each attache service position. Without this fundamental information it is impossible to design an effective indoctrination program. Only after the specific duties of each attache and assistant are detailed can the appropriate experience, training, and overlap reasonably be established.

Agriculture concurred that additional leadtime on attache assignments would be beneficial and indicated that its objective was to make assignments at least 2 years in advance of postings. It stated, however, that there is little hope of achieving this objective without either substantially increasing personnel or eliminating FAS functions in Washington or in the field. The currently authorized professional staff level in FAS was 380, but only about 140 of these Washington-based employees were eligible for foreign service. Some of those were considered medically unfit or otherwise unable to serve abroad, and

others were not readily replaceable and, therefore, unavailable for attache duty.

Some increases in leadtime of appointments were considered possible, and successes were anticipated. Agriculture, however, felt that its assignments generally provided the time for attaches to receive adequate training. Exceptions were for countries having difficult languages, for which more time would be needed than Agriculture had been able to provide. Steps such as early release of trainee designates and on-the-job language training are being considered to alleviate this problem. They said a new career program, preparing junior professionals for overseas assignments, would be operational by April 1975.

The size of FAS professional staff and the relatively small number available for overseas assignments make it imperative that "sufficient" leadtime be provided. We are mindful of the problem in attempting to give attaches the needed training and experience before assignments overseas. However, to the extent such time is made available, an individual should (1) work in Agriculture divisions specifically concerned with priority activities at his future post, (2) receive necessary specialized training, and (3) obtain requisite language proficiency; all of which will enhance his capacity to effectively deal with post responsibilities.

Agriculture should continue to seek new ways to provide sufficient time for prospective attaches to acquire the necessary skills.

RECOMMENDATIONS

- We recommend that the Secretary of Agriculture:
- Determine the specific duties and responsibilities of each attache and assistant at overseas posts.
 - Identify the experience, training, and overlap appropriate for each position.
 - Select and assign personnel sufficiently in advance to permit the experience and training provided to be responsive to the requirements of particular positions.

CHAPTER 4

INFORMATION GATHERING AND REPORTING

Agriculture has a worldwide information gathering and reporting system which requires attaches to report regularly on market and trade matters in their assigned countries. Although FAS has established comprehensive reporting requirements, which attaches are satisfying, refinements to the system could improve reports and make them more useful.

IMPORTANCE OF FOREIGN MARKET INFORMATION

Government and industry leaders stress the importance of foreign market information. The Secretary of the Treasury, at a July 1973 attache conference, said reports should be as accurate as possible and should set forth the chances of error. At the same conference, an Assistant Secretary of Agriculture indicated that U.S. policy was now directed toward expanding agricultural production to meet world demand and that farmers must have sound intelligence on expected foreign demand so they could plan accordingly.

The importance of foreign market information to U.S. industry was emphasized by the National Export Expansion Council in its 1967 export promotions study.

"No matter how good the product of our industry nor the capital invested and the energy expended in selling abroad, serious mistakes can be made if basic intelligence on the situation abroad is faulty or missing entirely."

ATTACHE ROLE

The Secretary of Agriculture is responsible for acquiring information on competition and demand for U.S. agricultural products and for interpreting and disseminating it in the United States.

Attaches and their staffs are FAS' chief source of information. Gathering and reporting information traditionally has been the most important attache function.

Attaches are in an ideal position to obtain current information, since they are located overseas and have access to foreign businessmen and host government officials.

Attaches prepare two types of reports.

--Scheduled reports, required on a repetitive basis.

--Unscheduled or alert 1/ reports, submitted on a voluntary basis.

Reports prepared in the field are sent to FAS, which forwards copies to various Agriculture groups and to other Government agencies. Seldom are reports sent directly to the agricultural business community. Agriculture usually summarizes and edits the data and incorporates it in various publications available to the public. Among the more important of these publications are:

1. Foreign Agriculture Magazine.
2. World Agricultural Production and Trade.
3. Foreign Agricultural Trade of the United States.
4. World Agricultural Situation.
5. Regional Agricultural Situation Reports.
6. Indexes of Agricultural¹ Production.
7. Situation Reports.
8. Unscheduled circulars and long-range studies.

In 1973 attaches submitted 3,330 scheduled and alert reports to FAS. Agriculture uses this information to develop programs for promoting U.S. exports; to formulate U.S. agricultural and food policy; and to inform domestic producers, the agricultural trade, and other interested parties of the supply and demand situation in other countries.

Scheduled reports

FAS requires many attaches to regularly submit:

1/Alert reports provide information not covered in scheduled reports or update information previously submitted.

- Commodity reports, containing information on production, consumption, stocks, foreign trade, distribution, prices, government policies, and outlook for one or more of 21 commodities--fats and oils, cotton, etc.
- Monthly highlights, recapping agricultural developments during the month.
- Annual situation reports, providing information on the agriculture situation and outlook for all major agricultural commodities produced or imported by the country.
- Annual market promotion competition reports, outlining the promotional activities of countries in competition with the United States.

These reports are the chief means for satisfying Agriculture's routine foreign intelligence needs.

Information needs

The U.S. Department of Agriculture is recognized as the world's leading source of agricultural information. However, its published data does not meet the needs of many U.S. exporters.

We discussed information requirements with officials of 50 firms, drawn largely from Agriculture's list of U.S. exporters. The firms' export sales volumes ranged from small to large and they exported a variety of products, such as grains, fruits, vegetables, meats, and processed foods. An exporter's inclusion on Agriculture's list indicated its interest in expanding export sales.

Of the 50 firms contacted, 39 were familiar with FAS publications and commented as follows.

- 12 did not request FAS information because they considered it of no particular value.
- 18 received FAS publications but were of the opinion that the information was of little use.

--9 believed the information they received was useful.

Many of the firms wanted information on distribution channels, competition, prices, analyses of foreign government tenders, product acceptability, packaging and labeling requirements, implications of tariff changes, and sales opportunities.

Although many industry officials we met with felt their overseas sales personnel satisfied their intelligence requirements, they indicated that information on markets in developing countries was needed. For example, the vice president of a large multinational firm stated that his firm, through its own resources, obtained adequate market information on developed countries but could use information on Africa.

Questionable scheduled reports

Attaches satisfactorily comply with current reporting instructions, but a number questioned the need for certain reports. Of the 13 attaches and assistants we discussed the topic with, 6 said they were required to submit reports which were of questionable value. Some questioned the need for reports on a particular commodity when their countries of assignment neither imported nor exported a large amount of the commodity and were not likely to do so. Similarly, during a July 1973 conference, 10 of 38 attaches indicated that certain scheduled reports could be eliminated.

One attache questioned the need for the Agricultural Situation Report since it was mainly a recap of previously reported events. Our review of three such reports prepared at other posts confirmed that, for the most part, they contained information previously reported in commodity or monthly "highlights" reports. The Agricultural Situation Report is the second most costly attache report and has an annual worldwide cost of about \$70,000.

An FAS official responsible for reviewing reporting requirements told us that the last formal review was in 1970 but that informal reviews since then had resulted in revised reporting schedules. He added that he did not have sufficient personnel to thoroughly examine reporting requirements. FAS recently made a study of the individual

reports to see if the benefits justified the cost. Annual costs for each type of report ranged from \$50 to \$75,000, but the study ended without determining whether individual reports were justified.

Alert reports

These reports are important in keeping FAS abreast of overseas developments affecting U.S. agriculture. For example, early in 1972 the Soviet Union experienced heavy losses of its winter wheat crop due to frigid weather and limited snow cover. In March 1972 the attache in Moscow cabled FAS that the:

"* * * Ukraine plans 10.3 million hectares of spring grain this year including resowing of damaged winter grain fields.

"Above area compares to annual average of about 7.6 million hectares planted during 1966-70 (latest 5 years available). Even after allowing for some upward trend in spring grain areas, this comparison indicates at least 35 percent kill currently in UKRAINIAN winter grains."

This attache's estimate of a 35-percent loss due to winter kill in the Ukraine, one of the Soviet Union's most important winter wheat areas, was within 2 percent of the actual loss of 33 percent.

FAS provides alert reporting guidance in the form of an Alert List which establishes the following areas of interest.

1. Significant changes in the market situation affecting supply, use, price, exports and imports, etc.
2. Changes in tariffs, nontariff barriers, import quotas, exchange controls, production or consumption subsidies, export promotion schemes, or other agricultural policies or programs.

3. Bilateral or multilateral trade negotiations or agreements on products in which the United States has an export or import interest.
4. Government economic or political controls that affect agricultural production, consumption, and trade.
5. Activities of the Sino-Soviet bloc economic offensive in trade, technical assistance, credits, grants-in-aid, or other areas that affect agriculture.
6. Agricultural development programs and other measures affecting current or future production and use of agricultural products.
7. Major outbreaks of crop or livestock diseases, insect infestations, and methods and effectiveness of controls.
8. Significant changes in quarantine status or in other food and health regulations.
9. Major agricultural research results emanating from research institutions.
10. International conferences on agriculture and the activities of international agricultural organizations.

Since 1969, FAS has noted that alert reports frequently contain verbatim translations of foreign news articles without analysis or commentary on implications for U.S. agricultural interests. Without such analysis it is difficult, if not impossible, for recipients to determine the validity of the data or the effect of such news. Nevertheless, FAS has not told attaches about the lack of analysis or specifically made analysis a requirement.

The following example shows the consequences of an attache's failure to analyze the impact of a change in a South American country's tariff schedule. A new tariff schedule imposed in January 1973 changed the tariff rate

on imported goods and created great uncertainty as to prospects for U.S. exports. Because of these changes, FAS canceled a processed foods exhibition scheduled for later in the year.

At the time of our visit in June 1973, the only action taken by the attache had been to send a Spanish-language copy of the document to Washington without analysis. In contrast, the Canadian Embassy, through discussions with local businessmen, determined the new schedule's impact and successfully worked through local agents representing Canadian firms to reduce barriers which adversely affected Canadian interests.

Although the attache was uncertain about the effect of the new schedule, private trade groups and the economic counselor for the Canadian Embassy believed that trade with the country would continue at high levels and would probably increase.

We reviewed 15 recent alert reports and found that 8 contained no analysis or indication of implications of the reported data. FAS commodity specialists, the primary users of such reports, acknowledged the need for more attache analysis.

The Alert List requests reporting on multilateral agreements, but, in one instance, attaches in two countries were unaware of what impact a regional trade group might have on U.S. exports. Because member countries exported few items which competed with U.S. products, the attaches took little interest in the group's activities.

A Foreign Service Officer monitoring the group's economic activities for the Department of State believed that the organization could have a great impact on U.S. exports, including agricultural products. Member nations consider access to their markets as an asset to be sold. Their thinking is to establish agreements whereby member countries will be granted access to supplier nation markets in return for the right to sell in markets of member countries. The Foreign Service Officer had tried, on a number of occasions, to interest Agriculture in the group's activities without success.

The following Foreign Agriculture article indicates the group's possible effect on U.S. exports.

"On January 30, 1974, the Agriculture Ministers of [the group] opened formal discussions aimed at promoting wheat production within these countries and controlling the impact of high world wheat prices on their economies.

"The Ministers tentatively agreed to make joint wheat purchases abroad in order to increase their bargaining power. They also tentatively agreed to eliminate wheat import subsidies and to promote farming research in wheat production."

Evaluating attache reports

On February 7, 1972, FAS instituted a revised report evaluation system which provided for report users to numerically rate attaches on "eight significant elements essential to a good report" and a "brief substantive narrative appraisal."

The evaluation system is the principal means of advising attaches on how their reports are meeting Agriculture's information needs. It should give the attaches valuable information on how their reports are used, type of data and analysis desired, and comments on ways to improve field reporting.

The notice to attaches informing them of the system stated that:

"It is essential that the evaluation of our Attache reports be substantially improved so they can better serve as a tool for the Attache to use in making his field reporting more responsive to the needs of USDA and other recipients. To meet these needs and establish an effective and meaningful Attache Reports Evaluation System, several things must be done. They are:

- "a. Thoughtful objective consideration must be given to each of the eight appraisal factors in the report profile.

"b. The narrative portion of the appraisal should be objective and offer the Attache constructive comments that he can use to improve his reports.

"c. All reports designated for evaluation must be evaluated within the time allowed."

The goal of the system, to evaluate 50 percent of scheduled reports and 25 percent of alert reports, was for the most part, met.

Our review of 40 report evaluations, however, showed that many lacked constructive comments as called for in the guidelines. Some indicated what the evaluating official liked about the report, but few included specific comments on additional information which would make the reports more useful.

We also discussed report evaluations with five attaches and six assistants. Of the 11, 9 were critical of the system because of the lack of substantive comments from FAS report reviewers. Report evaluations and attache comments showed that the FAS system could be improved.

FOOD AND AGRICULTURAL ORGANIZATION

The Food and Agricultural Organization (FAO) of the United Nations was established in October 1945. Its initial membership of 39 countries has grown to more than 120 members. FAO fosters international cooperation in the fields of nutrition, food, and agriculture, through activities which may be grouped into four broad categories.

- Collecting, analyzing, and disseminating agricultural information.
- Providing an international forum to discuss problems of common concern.
- Providing technical assistance to developing countries.
- Making food contributions to support development projects through the joint U.N.-FAO World Food Program.

The United States is one of the original FAO members and its major financial contributor. It is also one of about 80 countries which have permanent missions to FAO in Rome. The U.S. Mission consists of State Department officers who are responsible for U.S. Government liaison with FAO.

Economic and statistical data

FAO is an international source of economic and statistical data. It obtains information from a number of sources, including member governments, FAO technical personnel assigned overseas, and FAS publications.

Agriculture uses some FAO publications as a supplemental source of statistical information; however, there is little attempt to monitor FAO information-gathering activities on a current basis. The agricultural attache in Rome said there was no official contact between his office and FAO. Officials of the U.S. Mission to FAO told us their principal concern was policy, and they did not forward agricultural information to Washington.

FAS has a comprehensive information-gathering network, but its attaches are not assigned to all the countries where FAO is represented. FAS attaches are assigned to about 55 countries, while FAO has people assigned to about 113 countries. Also, situations arise when developments known to FAO can be overlooked by U.S. attaches. The 1972 events concerning the world soybean situation illustrate that FAO could be an excellent source of information.

Although other events contributed to dramatic increases in the price of soybeans and related products in 1972 and 1973, Agriculture officials acknowledge that decreased Peruvian fishmeal production caused by the disappearance of the anchovy was a principal factor. Fishmeal and soybeans are both high-protein commodities, and any significant change in Peruvian fishmeal production affects the demand for U.S. soybeans. Peru is the largest exporter of fishmeal, while the United States accounts for about 90 percent of world soybean trade.

Below is a brief chronology of events relating to the Peruvian fishing problem and FAO's and Agriculture's awareness of it:

- January and February 1972. Fishing was terminated in Peru during the spawning season.
- April 25, 1972. An attache report to Agriculture indicated a banner year for Peruvian exports of fishmeal.
- May 1972. FAO project officials in Lima, Peru, told officials visiting Peru from Rome of the anchovy problem and its long-term nature and effects.
- July 10, 1972. Article published in an Agriculture magazine predicted increased Peruvian exports of fishmeal during 1972.
- May, June, and July 1972. Decision period for U.S. farmers on whether to plant corn, cotton, or soybeans.
- August 8, 1972. Attache for the first time advised Agriculture of decreased anchovy catches and consequent reduction in fishmeal production. (After this date the attache kept FAS informed of the situation.)

FAO was aware of the serious problems facing the Peruvian fishmeal industry about 2 months earlier than Agriculture. If FAS had been aware of the situation at the same time, it would have been able to advise U.S. farmers at the time planting decisions were being made.

Agriculture officials in Washington indicated that additional benefits could be gained by increased monitoring, but that FAO activities had policy implications for the United States, especially concerning developing countries.

FAO officials in Rome confirmed that there was little coordination between FAO and FAS. We recognize, as do FAO officials, the problems associated with a member nation's interfacing with an international organization; however,

FAO representatives believe that increased cooperation is feasible. They suggested that FAO and FAS officials meet to identify areas where cooperation could be increased.

CONCLUSIONS

Agricultural attaches are satisfactorily complying with FAS reporting instructions. For the most part, they provide requested information in the desired format. The information, however, was of limited usefulness to the U.S. exporters interviewed.

FAS review of report requirements is limited, and attaches may be preparing unnecessary and/or duplicative reports. Further, alert reports lack analysis and commentary, and FAS report evaluations are not giving the attaches needed guidance in this area.

AGENCY COMMENTS AND OUR EVALUATION

Agriculture questioned the use of a series of interviews with 50 unidentified people as evidence of general criticism. Agriculture indicated that its informational services are widely used and demand is increasing. In view of this they found it difficult to rationalize the assertion that such services were not relevant to the needs of the users.

For many years Agriculture has obtained and published massive amounts of information for many elements of the agricultural trade. At the outset of our review, we requested Agriculture officials to provide us with any studies it had made concerning the effectiveness of its delivery system. We were not provided with any such studies. Accordingly, it was necessary to obtain some indication of exporter informational needs and Agriculture's responsiveness.

The responses of officials of the 50 exporter firms are useful and raise doubts as to the adequacy of the information being provided. The interviews warrant consideration of our recommendation that Agriculture make its own study, which should be on a more scientific basis.

Agriculture also stated that, although it would like to provide information wanted by any U.S. exporter about any country in the world, present staffing limits make this impossible. Attention has been concentrated on countries representing major markets and competition. Africa, singled out in the report as an area for which additional information is needed, has accounted for less than 5 percent of U.S. agricultural exports during each of the past 2 fiscal years.

A major objective of Agriculture's reporting system is getting needed marketing information to the business community. Exporters we interviewed stated they were able to obtain sufficient information on developed countries through their overseas representatives, but an information gap existed on developing countries and Agriculture was not filling that gap. Agriculture's system should be responsive to user needs. The level of U.S. exports to a country is not always the proper gage of such needs.

With regard to insuring that reports submitted by attaches are necessary, Agriculture stated that an attache may not be able to see the value of a particular report, viewed in the context of his host country, when it is, at the same time, an important part of the worldwide analysis being compiled in Washington.

Although much information in Agricultural Situation Reports may have been included in other reports, Agriculture believes the report is valuable and its cost is justified, as it is a valuable briefing document for official travelers. Although a formal review of report requirements has not been made since 1970, Agriculture stated that reports are under constant review by end users. It believes this review by end users provides a self-policing mechanism, but it recognized the desirability of more formal reviews when personnel are available to make them.

Although situation reports may be valuable briefing documents, the amount of duplication should be minimized. The passive performance of attaches in some areas is directly related to the heavy reporting requirements imposed on them, and, if briefing documents really are necessary, it would be more appropriate for the Washington staff to prepare them.

A formal independent review of post reporting schedules is essential. Without such review, Department end users are not required to justify the demands they place on attaches, and there is little assurance that attaches are preparing only essential reports.

Agriculture agreed that more analysis and comment on alert reports would increase the value of many of them, but pointed out that many were self-explanatory and the end user can always request additional information if needed.

We recognize these factors. Our comments and recommendation, however, are directed toward reports for which analysis and commentary would improve the quality. In many instances, end users cannot obtain in Washington the in-country perspective that attaches can provide.

Agriculture agreed that constructive comments by officials responsible for evaluating reports would help attaches to improve their reports; however, there are numerous instances where such comments are not relevant. Under the present system, attaches are given specific suggestions for improvement in cases where reports fail to include required information.

We do not believe the present system warrants the degree of confidence that Agriculture attaches to it. The reports and appraisals we examined and the comments of attaches and assistants showed the need for improved appraisals.

Agriculture advised us that, although FAS would welcome closer coordination with FAO, it already works closely with regional FAO operations in Rome, Washington, New York, and Geneva. Agriculture also stated that relying on FAO as a primary source of information poses two major difficulties. First, FAO official statistics are not always the best source of information. Secondly, the timelag inherent in FAO publications makes the information less timely than that obtained from attaches and other sources. Furthermore, it was difficult to take full advantage of the available FAO resources and information when Agriculture was not responsible for U.S. Government liaison with that organization.

We do not believe that FAS should rely on FAO as a primary source of information. We suggest that FAS could supplement its information-gathering activities by monitoring FAO activities. A first step in this process would be increased contact with FAO, a view shared by FAO officials.

RECOMMENDATIONS

We recommend that the Secretary of Agriculture:

- Determine the information needs of users of FAS's information system and revise post reporting instructions to satisfy these needs.
- Review current report requirements and insure that reports are necessary.
- Establish a requirement that attaches include analysis and commentary on the implications of information submitted in alert reports.
- Require officials responsible for evaluating reports to provide specific suggestions on additional information or analysis needed to improve reports.
- Identify areas for increasing cooperation between FAS and FAO.

CHAPTER 5

MARKET DEVELOPMENT

The Congress in 1954 authorized Agriculture to study overseas markets to find outlets for U.S. agricultural production. Over the years, Agriculture has relied on private cooperators to develop such outlets and most FAS market development funds have been used to support cooperators.

For a variety of reasons--including devaluations of the dollar, a thaw in trading relationships with Communist countries, and a series of unforeseen natural disasters--the world situation began to change in 1972. Instead of surplus commodities, the United States in 1973 and 1974 was forced to cope with tight supplies and shortages of many agricultural products.

Despite this change, Agriculture has continued to assist the same cooperators, promoting the same products in the same developed countries. The need for FAS to continue to support the market development activities of certain cooperators is not evident, and criteria for determining when the Government role has been fulfilled needs to be established.

Exporters indicate that attaches can provide a meaningful service by reporting foreign trade opportunities. To be responsive, however, the FAS program needs to be emphasized.

PROGRAMS AND ATTACHE INVOLVEMENT

The objective of the FAS market development program is to develop and maintain U.S. commercial markets in foreign countries. Market development covers (1) cooperator programs, (2) export incentive programs, and (3) FAS-initiated promotions. The attache's role varies depending on the program and includes appraising cooperator marketing plans and responsibility for trade fairs or developing trade opportunities.

Table 2 shows FAS market development costs by program for fiscal years 1972-75.

Table 2

<u>Program</u>	<u>Actual FY 72</u>		<u>Actual FY 73</u>	
	<u>Expenditures</u> (000 omitted)	<u>Percent of</u> <u>total</u>	<u>Expenditures</u> (000 omitted)	<u>Percent of</u> <u>total</u>
Cooperator	\$ 9,739	83	\$ 9,930	90
Export in- centive	315	2	115	1
FAS promo- tion	<u>1,730</u>	<u>15</u>	<u>930</u>	<u>9</u>
Total	<u>\$11,784</u>	<u>100</u>	<u>\$10,975</u>	<u>100</u>

<u>Program</u>	<u>Estimated Fy 74</u>		<u>Estimated FY 75</u>	
	<u>Expenditures</u> (000 omitted)	<u>Percent of</u> <u>total</u>	<u>Expenditures</u> (000 omitted)	<u>Percent of</u> <u>total</u>
Cooperator	\$10,375	86	\$11,090	85
Export in- centive	685	6	1,000	8
FAS promo- tion	<u>940</u>	<u>8</u>	<u>910</u>	<u>7</u>
Total	<u>\$12,000</u>	<u>100</u>	<u>\$13,000</u>	<u>100</u>

Cooperator programs usually involve joint FAS and industry promotion of such commodities as wheat, fruit, and feed grains. Third-party foreign groups also may be involved. For example, representatives of Western Wheat Associates (cooperator) work with milling associations (third parties) to educate local bakers in the use of wheat flour.

Export incentive programs involve FAS financial support to private firms for promoting new products in overseas markets and stimulating promotion in established markets having growth potential. Initially firms could participate only in cooperation with industrywide associations or industrywide marketing groups (cooperators). However, Agriculture recently said that the program is now available to any qualified firm.

FAS promotions generally concern agricultural products other than those promoted by cooperators. Such promotional devices include trade fairs, point-of-purchase promotions,

trade exhibitions, the Trade Opportunity Referral System, the label testing program, and the new-product testing system.

The percentage of total time spent in market development at the posts visited is shown on page 9.

COOPERATOR PROGRAMS

FAS has agreements with some 65 cooperators in 75 countries. More than 40 cooperators work with FAS under long-term agreements; the remainder work only on occasional projects.

The attache monitors the activities of cooperators for FAS. Although the cooperator is ultimately responsible for carrying out the marketing plans, the attache assists in preparing them and in evaluating projects.

In the 20 years of FAS participation, cooperator programs have cost approximately \$306 million, of which (1) FAS has provided \$121 million (40 percent), exclusive of administrative costs, (2) cooperators have contributed \$72.9 million (24 percent), and (3) third-party foreign cooperators have provided \$112.1 million (36 percent). Table 3 shows the extent of FAS support for all cooperator programs and for five specific commodities for fiscal years 1972-75.

Table 3

FAS Expenditures on Cooperator Programs

<u>Commodity</u>	<u>FY 72</u>		<u>FY 73</u>	
	<u>Expenditures</u> (000 omitted)	<u>Percent</u> <u>of</u> <u>total</u>	<u>Expenditures</u> (000 omitted)	<u>Percent</u> <u>of</u> <u>total</u>
Soybeans, feed grains, wheat, cotton, rice	\$6,286	65	\$6,641	67
Other	<u>3,453</u>	<u>35</u>	<u>3,269</u>	<u>33</u>
Total FAS cooperator support	<u>\$9,739</u>	<u>100</u>	<u>\$9,930</u>	<u>100</u>

<u>Commodity</u>	<u>Estimated FY 74</u>		<u>Estimated FY 75</u>	
	<u>Expenditures</u> (000 omitted)	<u>Percent</u> <u>of</u> <u>total</u>	<u>Expenditures</u> (000 omitted)	<u>Percent</u> <u>of</u> <u>total</u>
Soybeans, feed grains, wheat, cotton, rice	\$ 7,150	69	\$ 7,975	72
Other	<u>3,225</u>	<u>31</u>	<u>3,115</u>	<u>28</u>
Total FAS cooperator support	<u>\$10,375</u>	<u>100</u>	<u>\$11,090</u>	<u>100</u>

FAS support

FAS estimates that, during fiscal year 1973, 177 man-years were spent on market development--122 man-years of headquarters staff time and 55 man-years of overseas staff time. Cooperator programs required the far greater effort, approximating 137 man-years, or about 77 percent, with the remainder used for FAS-initiated market development programs.

Cooperators remain essentially the same from year to year. Of the 36 receiving FAS financial assistance in fiscal year 1973, 22 were initially brought into the program between 1956 and 1965. Only three new cooperators were brought into the program during fiscal years 1971-73.

Two basic approaches to market development are used, trade servicing and consumer promotion. Trade servicing is helping the buyer use the product efficiently; consumer promotion is creating a demand for a product and can be on either a generic or a brand-name basis. In fiscal year 1973 FAS estimated that 41 percent of its expenditures were for trade servicing and 59 percent for consumer promotion.

FAS expenditures are concentrated on a few cooperators and commodities. In 1973 four cooperators received between \$1 million and \$1.2 million each, a total of \$4.7 million, to promote soybeans, wheat, feed grains, and cotton; most cooperators received less than \$50,000, as shown in table 4.

Table 4

<u>FAS expenditures</u> (000 omitted)	<u>Commodities</u>	<u>Number of cooperators</u>
\$ 1 to \$ 50	Soybeans, potatoes, feed grains, seeds, tobacco, cereals, livestock, cranberries	18
51 to 100	Beans, hides, tobacco	3
101 to 200	Raisins, citrus, minks	4
201 to 400	Peaches, wheat	2
401 to 600	Citrus, fats and oils	2
601 to 700	Poultry	1
701 to 800	Rice	1
801 to 900	Cotton	1
1,000 to 1,200	Soybeans, wheat, feed grains, cotton	<u>4</u>
Total		<u>36</u>

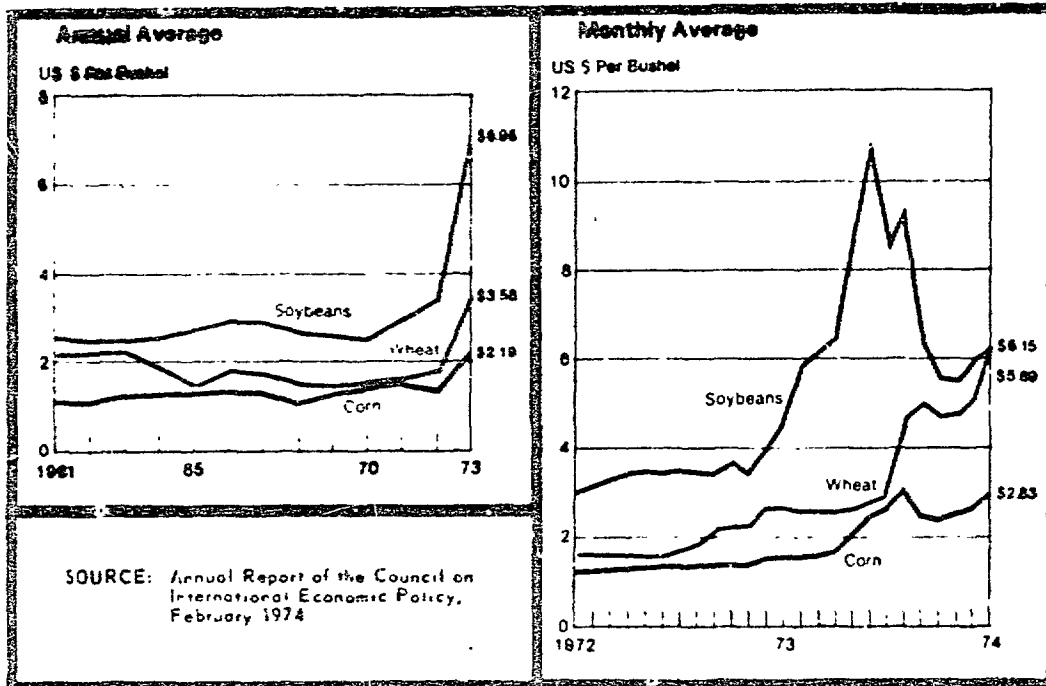
In fiscal year 1973, cooperator programs were chiefly concentrated in the major cash-market countries, such as Japan, West Germany, and the United Kingdom.

Changed supply and demand situation

The extent of FAS support for cooperators dealing in wheat, feed grains, soybeans, rice, and cotton may have been appropriate in past years, when surpluses were stored at great Government expense or exported on concessional terms. Recent events, however, have affected world supply and demand for agricultural commodities in general and for these commodities in particular and have made FAS support questionable.

Beginning in mid-1972, the world supply and demand situation changed drastically. The Soviet Union purchased vast quantities of U.S. grains and the People's Republic of China also entered the market. Weather conditions adversely affected production in many countries, and increased populations and higher incomes stimulated world demand for foodstuffs. Prices rose sharply.

Commodity Prices



Recognizing the changed situation, Agriculture sharply curtailed its concessional sales and credit programs in mid-1973. In an effort to insure adequate domestic supplies:

- The United States in June 1973 embargoed soybean exports.
- The Soviet Union in early 1974 was asked to delay receipt of its earlier wheat purchases.
- The Department of Defense asked Commerce to use the Defense Production Act to force U.S. mills that were short on certain types of cotton to fill military orders.

--The Secretary of Agriculture later in 1974 indicated that agreement had been reached with Japan and the West European countries to limit their purchases of feed grains.

--The President in October 1974 delayed two sales involving wheat and corn exports to the Soviet Union.

In spite of record crop production, the carryover stocks of many commodities are at their lowest levels in 20 years. Although 1974 crops were forecast to exceed those of 1973, there was little prospect for increased carryovers in the near future. The Secretary of Agriculture stated in August 1973 that:

"Rapidly increasing demand has resulted in prospective carryout stocks of wheat, feed grains, and soybeans which will be on the low side of safe for 1973. Indeed, it is hard for me to see any chance of having any burdensome surpluses at carryout time in 1974 and 1975."

On January 27, 1975, the Agricultural Supply & Demand Estimates report showed the decline in ending stocks over the 3 crop year period.

<u>Item</u>	<u>1972-73</u>	<u>1973-74</u> (indicated)	<u>1974-75</u> (projected)
Wheat (million bushels)	439	247	250
Corn (million bushels)	709	483	300
Feed Grains (million short tons) (note a)	32.4	22.2	12.7
Soybeans (million bushels)	60	171	100

^aIncludes corn, sorghum, oats, and barley.

The demand is increasing despite high prices for agricultural commodities. Maintaining the U.S. reputation as a reliable supplier appears to be the primary concern, not developing new markets. One cooperator official wrote in June 1973:

"The current tight market situation, high prices and short-supply psychology among Asian feed grain customers comes at a time when demand for meat in the Asian area is accelerating more rapidly than ever before. More and more, our contacts revolve not around market development activities, but concern the unanswerable (for us) question--how can you assure us a stable supply of feedstuffs?"

In some instances, the level of FAS financial support to cooperators for market development activities seems inappropriate.

FAS invested considerable funds in supporting wheat and soybean cooperator programs in Japan, and the U.S. share of the Japanese market for wheat and soybeans at the end of 1972 was 51 and 91 percent, respectively. From fiscal years 1971 to 1974, FAS provided about \$1.8 million for soybean and \$1.2 million for wheat promotion. These expenditures accounted for 45 percent and 23 percent of total FAS promotional expenditures for soybean and wheat, respectively.

Japan, the largest foreign consumer of U.S. agricultural commodities, recently adopted a policy of diversifying its sources for agricultural commodities, including wheat and soybeans. During meetings with Japanese Government and industry officials, it was evident that diversification was being actively pursued. The director of operations for the Japanese Food Agency which controls wheat imports said that the agency was actively seeking alternative sources. At the time of our visit, Japanese officials were negotiating with Canadian and Australian representatives for guaranteed quantities of wheat for future delivery.

An official of a Japanese company which during 1972 imported 20 percent of Japan's total soybean requirements said that his firm purchased chiefly from the United States. Because of uncertainties about U.S. ability to meet his needs, however, he was looking for other sources. The assistant

director of the American Soybean Association said that Japanese soybean interests were developing additional sources of supply. He cited a planned seminar for Brazilian soybean producers sponsored by the Japanese Government. Japan's soybean imports from Brazil and its investment in Brazilian soybean production and processing facilities have increased.

Congressional concern

The House Committee on Government Operations' June 4, 1974, report, "Market Promotion Activity of Foreign Agricultural Service (Fourth Review)," noted that continued FAS assistance to cooperators for promotion in developed markets did not coincide with FAS rationale for Government-assisted promotion in its March 1972 publication, "Overseas Agricultural Market Promotion Programs," which noted:

"U.S. tradesmen tend to be preoccupied with the domestic market. Often they are reluctant to undertake risks inherent in overseas marketing operations. Strange languages, different laws and unfamiliar customs--plus added handling and storage costs--make foreign marketing a formidable challenge. It is important to note that the producer in the agricultural sector of our economy generally gives up title to his product as soon as it leaves his farm. This is quite different from industry where the manufacturer frequently maintains title throughout the marketing chain. Generally speaking, therefore, U.S. farm producers have no direct channel for promoting export sales of their products. They must either stand by helplessly, hoping that someone will take the initiative in promoting their products overseas or they must utilize some mechanism to promote export sales on which they, as farmers, have become increasingly dependent. It is in providing just such a mechanism that government promotion assistance plays its unique role."

The Committee concluded that, in situations when the Government had taken the initiative, established a mechanism, and developed markets, the unique role had been fulfilled. Once accomplished, further Government support should not be

required. The cooperator organization's economic self-interest should be sufficient to maintain the market.

Agriculture has recognized this principle under its export incentive program and has provided for terminating assistance once a product is established in the market.

EXPORT INCENTIVE PROGRAM

This program is available to individual firms in cooperation with participating industrywide trade associations or marketing groups (cooperators) and other qualified firms. Products eligible for promotion include any food which can be exported and identified at the consumer level as a product of the United States, provided such sales materially benefit U.S. agriculture. The program is designed to let the cooperator move from generic to brand promotion through a partnership arrangement with firms within its industry. It is being used to promote almonds, grapefruit, oranges, lemons, rice, canned corn, and soy-oil products.

Agriculture has indicated that it expects export incentive assistance to terminate when the product is well established in the market. This, and the fact that the program is restricted to specified products and the level of FAS support is inversely related to export performance, would indicate a proper direction for FAS market development assistance to follow.

FAS MARKET PROMOTION

FAS plans and sponsors trade fairs, in-store promotions, trade seminars, and conferences. It operates a label testing program, a new-product testing system, and a Trade Opportunity Referral System. Intermittent or occasional fairs, in-store promotions, seminars, and conferences are held in selected countries, and attache involvement varies. An attache may be entirely responsible for a particular event, or responsible jointly with the staff of FAS International Trade Fairs Division, or he may merely provide logistical support.

The label testing program and new-product testing system are relatively new and operate in only a few countries. The Trade Opportunity Referral System is similar

to a system established by the Department of Commerce for exporters of industrial products and is designed to alert agribusiness to specific export opportunities. The FAS system also includes lists of U.S. firms interested in exporting and of foreign importers.

Identifying specific trade opportunities is a market promotion activity which can be accomplished entirely by the attache. Officials of 34 of 39 exporting firms identified the Trade Opportunity Referral System as the most important service FAS provided. Likewise, officials of 20 of 24 overseas organizations, including import firms and government agencies, believed it was a valuable tool for expanding U.S. exports.

In a report on export assistance needs of smaller industrial companies^{1/}, we found that the services available through such a program as the Trade Opportunity Referral System would help companies to increase export sales and would induce nonexporters to enter the field. We stated that:

"Marketing intelligence, to the small businessman, means information on either specific sales opportunities or names of potential importers of his product. Generally, small businessmen do not have the time or resources necessary to convert general market data into sales."

Trade Opportunity Referral System

A computerized system for processing trade leads became operational in June 1971. In addition to providing a mechanism to disseminate leads to interested exporters, the system is designed to provide lists of U.S. exporters and foreign buyers for attaches to use in developing contacts and trade fair mailing lists, etc.

^{1/}"Report to the Secretary of Commerce and the Administrator, Small Business Administration," B-172255, June 22, 1973.

At program inception, FAS recommended that trade opportunities be generated by (1) personal contacts by attaches, cooperators, and Department of State and other overseas personnel, (2) mailings to specific categories of importers, and (3) advertisements in foreign trade journals. Attaches, however, generally do not actively solicit leads nor have lists of U.S. exporters available at their posts. Although Commerce maintains comprehensive lists of U.S. exporters and of foreign buyers, FAS has not integrated this information into its system. The Trade Opportunity Referral System program is given little publicity and many cooperators, foreign importers, foreign offices of the U.S. Chamber of Commerce, and others are unfamiliar with the program.

The number of trade opportunities submitted by posts we visited were as follows.

<u>Countries</u>	<u>FY 1972</u>	<u>FY 1973</u>
Argentina	4	5
Australia	2	16
West Germany	58	66
Hong Kong	79	82
Japan	12	19
South Korea	1	3
Peru	10	9
United Kingdom	54	69
Venezuela	<u>6</u>	<u>7</u>
Total	<u>226</u>	<u>276</u>

Attaches in Japan and Venezuela, two important purchasers of U.S. agricultural commodities, submitted few trade leads.

Of the 19 agricultural leads submitted from Japan in 1973, 9 originated with commercial officers, 1 with the agricultural attache, and 9 with unidentified sources. An assistant attache attributed the small number of leads to the Japanese way of doing business through trading companies and to the fact that these companies are well aware of U.S. firms that are capable of meeting their needs. Despite working under the same marketing system, however, the Embassy's commercial section submitted 106 trade leads to Commerce in a 2-1/2-month period during 1973. Officials of two Japanese trade associations having a total membership of 5,000 firms stated that the system would be valuable in locating supply sources for their members.

The attache in Venezuela, in commenting on the small number of trade leads for his post, adopted a position similar to that of his colleague in Japan. He stated that most Venezuelan firms have extensive and long-standing associations with U.S. suppliers. Importers and trade associations officials in Venezuela, however, told us that the Trade Opportunity Referral System could prove valuable to them in locating suppliers. An agent for a number of U.S. firms thought the system could generate additional sales of U.S. agricultural products, since Venezuelan companies would be made aware of qualified suppliers.

Exporters were generally satisfied with the Trade Opportunity Referral System program but they did suggest ways it could be improved. Many indicated that, in forwarding the trade lead, the attache should give information on the buying firm's credit standing and indicate the potential for consummating the sale. The credit information desired is similar to that contained in Department of Commerce World Trade Directory Reports.^{1/} It was also suggested that attaches offer a more specific description of the item(s) desired.

^{1/}World Trade Directory Reports are prepared at the request of U.S. businessmen by commercial officers located at U.S. Embassies. The reports contain information on foreign firms, including number of employees, assets, liabilities, type of business, and credit standing and an evaluation of the firm's suitability as a contact for U.S. businesses.

Program emphasis

In our report on the Department of Commerce Trade Opportunities Program^{1/}, we found that commercial officers were not actively seeking out trade leads but were relying on foreign businessmen to take the initiative and to visit the Embassies and consulates to say what they needed. We concluded that overseas posts would significantly increase the number of reported trade leads if they were more aggressive in seeking out opportunities. The same characterization can be made of the Trade Opportunity Referral System. Only three of the posts we visited generated many leads, and at two of these posts many of the leads were the result of foreign businessmen taking the initiative and visiting the attache.

Agriculture does not charge a fee for this service. We pointed out in the Trade Opportunities report that charging for the service would be a good test of its value to users.

Exporter lists

The Trade Opportunity Referral System is capable of providing attaches and cooperators with lists of qualified U.S. exporters and of including information on sales, products, and export volume. In seven of nine countries visited, however, such lists were not available. We discussed the value of exporter lists with officials of overseas organizations, including importers and Government representatives, and most indicated that such lists could be a valuable tool for expanding U.S. exports. The lists would be particularly useful in responding to foreign buyers interested in developing relationships with U.S. suppliers.

The Department of Commerce also compiles lists of U.S. exporters in a system known as the American International Traders Index. Commerce gave us its list of processed-food exporters, containing 799 firms. We compared the names of firms located in 3 States with Agriculture's list and found that only 21 of 143 appeared on the Agriculture list.

^{1/}"Ways to Increase U.S. Exports Under the Trade Opportunities Program," B-135239, Jan. 28, 1972.

Importer lists

Officials of 29 of 31 U.S. exporting firms stated that listing of foreign buyers was a valuable service. Accurate lists would permit them to readily identify prospective buyers and help to locate overseas agents.

The lists were originally compiled under contracts with overseas research firms, which surveyed local importers in 50 countries and developed information on products imported, bank and credit references, and language of correspondence of individual firms. Many of the lists are now outdated and, recognizing this, FAS is contracting once again with overseas research firms to update the lists.

The Department of Commerce also has importer listings covering more than 100 countries. Its lists were compiled from information contained in World Trade Directory Reports. According to Commerce, "every effort is made to include only firms of good repute." The Commerce lists contain more data than those of FAS. Out of a sample of 25 West German importers of agricultural commodities on the Commerce list, Agriculture had included only 3 firms on its list.

Lack of publicity

Other than an occasional letter to potential importers, program promotion is virtually nonexistent. FAS depends primarily on word-of-mouth communication for promotion. In this regard, 32 of 37 foreign importers and agents, cooperators, and officials of overseas offices of the U.S. Chamber of Commerce were unaware of Agriculture's program. At program inception, FAS suggested advertisements in local trade journals as a promotion technique, but the suggestion had not been adopted in any of the countries visited. The assistant attache for market development in England, however, stated that he was developing advertising copy for use in local journals.

New-product testing system and label testing program

FAS initiated a new-product testing system whereby potential exporters, for a fee, have their products tested for acceptability in overseas markets. The actual testing

is done by local firms under contract to FAS. At the time of our review, this service and its companion, the label testing program, were operative in only a few countries. In England, both programs were used extensively; in Japan only the label testing program was operational.

The label testing program is used primarily in conjunction with FAS-sponsored trade events, to preclude the promotion of processed foods which are prohibited import items. In some instances, a labeling change removes the product from the restricted import list. In other instances, food additives must be removed or acceptable substitutes found before the item is considered acceptable for importing.

Both programs appeared to be effective in providing U.S. companies with a needed service.

Answering correspondence

Attaches and their staffs spend considerable time answering inquiries from U.S. businessmen, universities, and individuals and handling administrative matters in conjunction with overseas trips, cooperator activities, and FAS events. Information requested from the attache ranges from simple, easily answered questions to those requiring detailed answers and considerable work.

Many of the requests could be answered by FAS. Under the Department of Commerce system, all correspondence flows through Washington, minimizing the number of requests for information from its commercial offices abroad. Commerce categorizes requests and responses and has created a data bank from repetitive requests.

CONCLUSIONS

For the most part, FAS relies on cooperators to perform the market development function. Cooperators receive approximately 85 percent of FAS market development funds, and attaches and other FAS personnel spend a great deal of time administering these programs.

The world agricultural situation has changed dramatically. Surpluses have been eliminated and prices have increased. The need for FAS to continue to support the

market development activities of certain cooperators dealing with high-priced commodities in tight supply and great demand is not evident. Previous FAS support has assisted in developing the Japanese and Western European markets, and the soybean and wheat trade in particular should now be in a better position to assume all promotional costs, especially those designed to mitigate reductions in the U.S. share of imports. Continued Government support of such cooperators for market maintenance, without criteria for private assumption of all costs, in effect commits the Government indefinitely.

FAS' export incentive program, on the other hand, provides promotion assistance to exporters of new-to-market products on the basis of actual export performance. Furthermore, the program is restricted to specified products and terminates when the market is established.

The Trade Opportunity Referral System was identified by certain U.S. exporters as the most useful and important service FAS could provide. Attaches, however, do not actively seek out leads or aggressively pursue program objectives. The system's lists of U.S. exporters are not available at overseas posts.

Although Commerce compiles lists of foreign import firms and U.S. exporters, FAS has not incorporated the Commerce information into its system.

The Trade Opportunity Referral System program has been little publicized, and many overseas importers, cooperators, and other organizations which could use the service are unaware of its existence.

Attaches at many posts are required to spend a great deal of time responding to routine requests for information from the United States. Commerce has devised a system whereby routine requests for information are handled by its Washington staff, minimizing the number of requests which its overseas offices receive. Agriculture should do likewise.

AGENCY COMMENTS AND OUR EVALUATION

Agriculture stated that it could not accept our recommendation "to routinely withdraw assistance when products supported under the cooperator program are well established in a market." It agreed that Government support should be withdrawn whenever feasible. However, it believed the continuation of programs in established markets was clearly indicated in congressional directives regarding the use of funds appropriated for export maintenance and expansion. Agriculture said its policy and practice was to withdraw financial support from cooperator programs as objectives were achieved or as cooperating groups gained the necessary financial support and/or technical knowledge. Also, a number of cooperator agreements had been terminated and a number of programs eliminated or changed.

Agriculture said that market development is a long-term, continuous undertaking and that it is vital to maintain product identity and representation in foreign markets during short-term periods of tight supplies. Further, current high prices are expected to lead to a sharp increase in production in the next couple of years and the basic structure of Agriculture's market development program must be held intact to meet competition from other countries for export markets in wheat, cotton, soybeans, rice, and feed grains. Despite the current strong demand for agricultural products, U.S. competitors are increasing expenditures for foreign market development.

We acknowledge that Agriculture has eliminated some cooperator agreements and modified some programs, but it has not been particularly active in doing so. Essentially the same cooperators receive financial assistance from year to year and the majority of the funds are provided to a few cooperators dealing in selected commodities.

We are not recommending that FAS "routinely" withdraw cooperator assistance. We are recommending that FAS "establish criteria" to determine when cooperator programs no longer warrant assistance.

We recognize that foreign market development is a long-term, continuous undertaking, but not as it relates to Government assistance. Criteria should be established to determine when Government assistance to private cooperator groups will terminate, otherwise the commitment tends to be indefinite.

It should also be noted that the majority of Agriculture's funds are used by cooperators to promote products on a generic basis, a practice which may have little effect in increasing U.S. exports. Commodity procurements are ordinarily made on the basis of such factors as price, foreign exchange availability, quality, and delivery. Accordingly, if a U.S. commodity cannot compete on these bases, generic promotion merely results in increased sales by competitors.

Agriculture may be reluctant to terminate support of cooperators who have contributed toward increasing U.S. agricultural exports and with whom it has had working relationships for many years. Nevertheless, consideration must be given to the fact that, at some point, the economic self-interest of private cooperators should be sufficient impetus for their full assumption of promotion expenses. Further, a reduced Government role would be consistent with free-trade philosophy and with Agriculture's stated policy of eliminating Government involvement in the market place.

Agriculture indicated that, as a result of our recommendation on the handling of routine information, a notice was published in the weekly Trade Opportunity Referral System newsletter advising firms to send such requests to Washington instead of to attaches. This request will be repeated in the annual "Export Directory." Also, our recommendations concerning the system's program were being implemented, based on Agriculture's testing and evaluation of the program during 1972-74.

The actions indicated should help to reduce the number of routine requests for information forwarded to attaches and should result in a more effective trade opportunity program.

The Department of State commented that our recommendations concerning market development matters appeared to be appropriate.

RECOMMENDATIONS

We recommend that the Secretary of Agriculture:

- Establish criteria for determining when products supported under the cooperator program are well established in a market and no longer warrant FAS assistance.
- Review current support to cooperators and eliminate or phase out assistance no longer appropriate.
- In recognition of the importance of the Trade Opportunity Referral System to U.S. exporters and foreign importers,
 1. Direct attaches to actively solicit trade opportunities.
 2. Publicize the program in foreign journals and periodicals.
 3. Provide attache posts with lists of U.S. exporters.
 4. Integrate to the extent possible the information Commerce has compiled on U.S. exporters and foreign buyers into the system.
- Establish a system whereby routine requests for information are handled by FAS rather than by attaches.

MATTERS FOR CONSIDERATION BY THE CONGRESS

In view of the matters discussed in this report, the Congress may wish to consider clarifying the ground rules for Government financial assistance to private groups for overseas promotion of agricultural commodities.

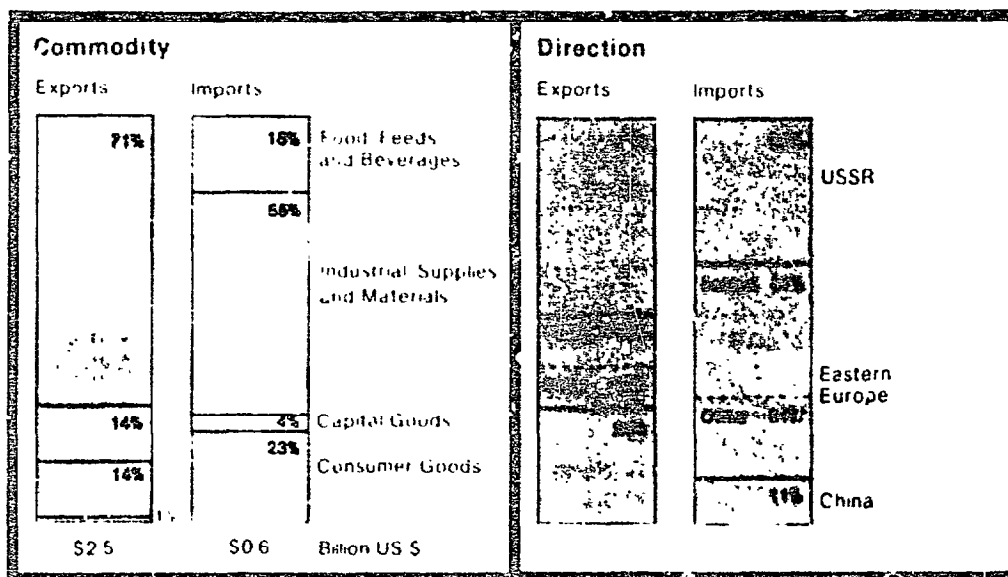
CHAPTER 6

OPERATING IN THE SOVIET UNION, EASTERN BLOC COUNTRIES
AND PEOPLE'S REPUBLIC OF CHINA

In recent years, U.S. agricultural sales to Socialist countries have increased greatly. Such sales accounted for about one-third of the gain in U.S. agricultural exports in fiscal year 1973. Although the most dramatic transaction was the sale of wheat to the Soviet Union in 1972, sales to Eastern Europe and the People's Republic of China also increased.

Graphs 4 and 5 show the extent and growth of U.S. trade with Socialist countries and the major role that agriculture has played.

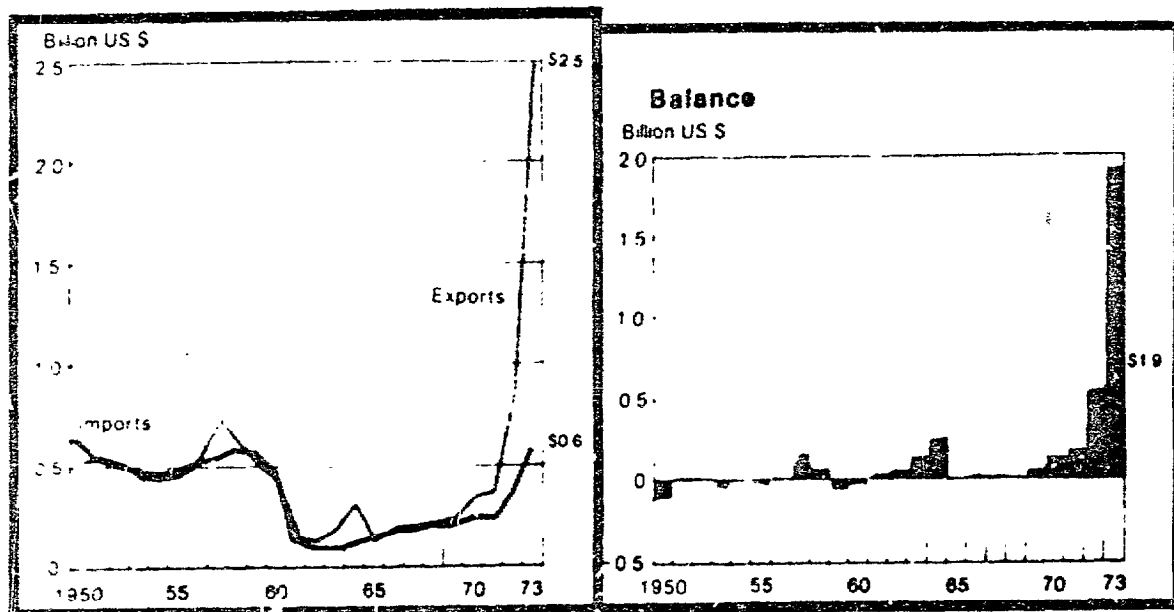
**Profile of US Trade with
Communist Countries, 1973**



SOURCE: Annual Report of the Council on International Economic Policy, February 1974

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US Trade with Communist Countries



SOURCE: Annual Report of the Council on International Economic Policy, February 1974

This burgeoning trade with Socialist countries may produce various diplomatic and economic benefits, but it also poses challenges for U.S. domestic and international economic policy. The Soviets and the People's Republic of China have the capacity for enormous purchases of U.S. agricultural products, which could greatly affect domestic prices, food-aid shipments, and sales to traditional foreign markets.

Given the likelihood of continued demand for U.S. agricultural commodities by Socialist countries, measures to enhance the predictability of such demand are needed. Agriculture recently instituted a prior approval system to preclude large-scale unforeseen exports. However, a monitoring system incorporating information provided by attaches could provide data on production, consumption, policies, and possible import requirements which would enable the United States to more accurately estimate foreign demand and, if necessary, rationally allocate supplies.

At the time of our fieldwork, three attaches in the Soviet Union, one in Poland, and one in Yugoslavia were monitoring developments. In Bulgaria, Czechoslovakia, Hungary, and Romania, Department of State Foreign Service

Officers performed this task^{1/}. Two agricultural officers in Hong Kong were responsible for monitoring developments in the People's Republic of China.

SOVIET UNION

U.S. agricultural exports to the Soviet Union increased from \$135 million in fiscal year 1972 to \$900 million in fiscal year 1973. The principal commodity involved was wheat, up from about \$1 million in 1972 to \$558 million in 1973; however, exports of corn and soybeans also increased.

The Soviet Union has been committed to a policy of improving its people's diet. Until recently, meeting this commitment depended on the government's ability to stimulate farm production. Although considerable progress was made from 1966 to 1970, production stagnated in 1971 and declined substantially in 1972. As a result, the Soviets bought large amounts of wheat and other feed grains to sustain their program of increased protein levels and to replenish depleted reserves. It is evident that, for the present at least, the Soviets are not willing to permit food consumption to follow the whims of weather but are willing to import to meet the needs of consumers.

Information gathering

Local newspapers and periodicals constitute the attache's principal source of published information on agricultural developments within the Soviet Union. The office subscribes to about 20 daily newspapers and 50 monthly periodicals, and the attache and his staff summarize or brief articles considered important and transmit them in the form of alert reports to Agriculture. The attache estimates that half a man-day, or about 16 percent of available staff time, is spent daily performing this task.

^{1/}FAS stated that the attache in Yugoslavia was recently accredited to Romania and would begin making trips there to more comprehensively cover the local agricultural situation. Also, an attache would be assigned to Austria with responsibility for monitoring Czechoslovakia and Hungary.

Information from these publications, official Soviet publications, and independent weather data are inputs for attache and Agriculture estimates of Soviet production. The attache supplements or verifies published data during field trips, and during fiscal year 1973 the staff made 13 field trips.

The unique service of an onsite representative is in making contacts and reporting first-hand observations. FAS encourages attaches to develop relationships and make as many field trips as possible; however, the attache and his staff in the Soviet Union have not been able to devote sufficient time to these important activities because of time spent reporting, answering correspondence, and assisting visitors. One assistant attache told us that in 16 months he had been able to establish only one government contact and visit only one collective farm. The attache said that the only time he had visited the Soviet ministries was when escorting visitors or when called upon to discuss the 1972 wheat sale or the 1973 agricultural agreement. He noted that eight Soviet ministries were involved in agriculture or trade which he should visit periodically and that such visits would allow him to better assist U.S. businessmen.

Attaches are not allowed to move freely within the Soviet Union. All field trips must be planned in advance and submitted to the Soviet Government for approval. Although a good proportion of requested trips were approved in fiscal year 1973, office workload restricted the attache from more aggressively seeking approval to visit such important agricultural areas as the middle and lower Volga, a Soviet breadbasket. Other areas scheduled but not visited during the 1973 crop year included the Urals, Belorussia, Leningrad and Tallin, and Kiev-Odessa.

Reports from the attache in Moscow on crop conditions in the Soviet Union and reports from attaches at other posts in early 1972 were not fully assessed by Agriculture in

terms of possible sales of U.S. wheat. The credibility of the reports was questioned, partly because the information was extracted from published sources.

United States-Soviet Union Agreement

The United States and the Soviet Union in June 1973 entered into an agreement to exchange economic information, including projections of production, consumption, demand, and trade of agricultural commodities. The initial meetings were held by a joint working group in Moscow from November 13 to 15, 1973. At that time, the Soviets agreed to provide this information, as shown in table 5. (See p. 72.)

Although Soviet officials felt they could not provide the full current and forecast data on foreign trade and stocks of major commodities that the United States had asked for, the information they agreed to supply was considered a significant step forward. At a second round of meetings in May 1974, both sides broadened their areas of interest. Information sought by the United States included forward estimates of production, consumption, and trade; the Soviet interest focused on U.S. agricultural technology.

A U.S. goal in these exchanges is to obtain sufficient information to enable Agriculture to forecast world supply and demand for major agricultural commodities so that the United States can plan its production and export levels. With respect to the basic agreement and areas of related interest, the attaches played a limited role, acting largely as a conduit for information forwarded to Washington.

Market development

Answering correspondence and assisting visitors are the primary attache activities in market development.

Assisting visitors

Businessmen visit the Soviet Union and some require the attention of the attache and his staff. Increased interest in the Soviet Union as a market can be traced to the visits of the President and the Secretary of Agriculture in April and May 1972, when there was a general warming of

Table 3

<u>Type of data</u>	<u>As of</u>	<u>To be submitted to United States as of</u>
1. Sown*areas for all crops individually (preliminary)	June 1	Aug. of same year
2. Area, yield, and production of all crops individually (preliminary)	Nov. 1	Feb. of next year
3. Area, yield, and production of all crops individually (final data for preceding 10 years)	July 1	July of same year
4. Numbers of basic kinds of livestock and poultry, monthly (only State collective farms)	1st of month	15th of same month
5. Numbers of livestock by type, annual (preliminary)	Jan. 1	Feb. of same year
6. Numbers of livestock and poultry by type, age, and sex, all available categories, annual (final)	Jan. 1	June-July of same year
7. Statement of all major categories of animal feeds used by all type livestock and poultry (collective, State)	Annual	July
8. Industrial production of food products, including edible fats and oils and all other processed agricultural products	Monthly and annual (desirable for past 10 years)	1 to 2 months later for monthly data and in June of following year for annual data
9. Production of all meats and poultry (live weight and slaughter weight) by type, milk, wool, eggs, hides and skins, furs and pelts, feathers and down, raw silk, and honey on State farms, collective farms (final)	Annual	August
10. Data on all major crops, livestock and meat procurements as contained in the annual plan approved by the Supreme Soviet (after approval of the plan)		

relations and the groundwork was laid for increased business relationships between the two countries. Since then, there has been a marked increase of unofficial visitors. For example, in 1970 and 1971 there were 28 and 33 visitors, respectively. In 1972 there were 84, and for the first 9 months of 1973 there were 78. The attache said that much of his time was spent in assisting these visitors, arranging appointments and the like.

The principal visiting business groups are trade missions, some sponsored by Agriculture and some self-initiated. Between 12 and 24 such missions visited in about 18 months, requiring a good deal of attache assistance because of the peculiarities of doing business in the Soviet Union. Such assistance includes making appointments and acting as escorts. For example, for the first 3 months of fiscal year 1974, six trips were made by the staff, three primarily to escort visitors and three to observe crop conditions. Duration of the visits varied, but generally lasted from 5 to 10 days.

The attache noted that visits which afford little prospect for developing sales opportunities should be discouraged. He observed that individuals were not adequately briefed and that additional emphasis should be placed on such briefings.

The immediate attention required by visitors forces the attache to adjust his priorities. Although FAS emphasizes reporting, including field trips, and the attache agrees, his first priority is assisting visitors. He felt this was wrong but saw no solution to the dilemma.

Correspondence

Along with the increase in the number of visitors, the number of requests for agricultural information by U.S. businesses, universities, and Government agencies has increased. The attache estimated that about 2 man-hours a day is spent on such matters. Most of the information sought was routine and could have been answered by FAS in Washington. In many cases, the post had previously sent the necessary information to FAS.

State's Economics Counselor also receives and answers requests for other business information, but he makes a point of suggesting that future requests be directed to the Department of Commerce in Washington rather than to the post.

Conclusions

Although the attache staff in the Soviet Union represents Agriculture's principal and perhaps only objective source of agricultural information, questionable ancillary activities prevent it from functioning at its full potential. Activities, such as answering requests for information, which could be handled by FAS headquarters personnel and briefing or otherwise assisting visitors has forced the attache to neglect other activities. Making field trips and cultivating relationships with Soviet officials should be the priorities.

Agency comments and our evaluation

Agriculture agreed that more travel should be done by the attache office and said every effort was being made to accomplish this within the guidelines established for travel by the Soviet Government.

Agriculture said it recognized the heavy demands made on the Moscow staff, and it does advise prospective visitors of the limited resources available for handling direct requests. However, visitors still have the strong feeling they should have direct access to Agriculture representatives whether in Washington or abroad, and they will continue to make direct demands. Under the circumstances, the attache had been directed to send such requests to Washington for reply.

In the case of personal visits, Agriculture said that, due to the peculiarities of doing business in Moscow, it felt obliged to have Embassy staff assist when possible. Agriculture planned, however, to assign a representative to the U.S. Trade Center in Moscow when it is established. This should divert a substantial number of trade-type visitors from the Embassy to the center, allowing attache staff to devote more time to traveling and gathering agricultural information.

The actions cited should permit the attache staff to spend more time in making contacts and reporting personal observations of agricultural conditions in the Soviet Union. Public pronouncement of the services available through Agriculture in Washington could further assist in alleviating the problems noted.

Recommendations

To allow sufficient time for such matters, we recommend that the Secretary of Agriculture:

- Advise individuals or organizations within and outside Government of the limited resources available at the attache office in the Soviet Union and request prospective visitors to seek FAS advice on the commercial value of visits.
- Publicize the availability of information in Washington and state that only requests submitted through Agriculture will be answered by the attache and instruct the attache accordingly.

ROMANIA

U.S. agricultural trade with Eastern Europe in fiscal year 1973 amounted to \$449 million, an increase of 131 percent over 1972. The largest gains were made in trade with Poland (\$136 million), Yugoslavia (\$44 million), and Romania (\$45 million). Principal items exported by the United States to these markets were grains, soybean products, and hides and skins.

U.S. agricultural exports to Romania in 1973 were \$70 million, up from \$26 million in 1972. Principal exports were cattlehides, corn, oilseeds and their products, and cotton.

Recent United States-Romanian economic relations have been marked by efforts on both sides to reduce barriers and expand trade. A more favorable trading climate has been achieved by recent U.S. policy decisions affecting export control regulations, investment and export sales financing, tariffs, port security rules, etc. These actions have been

accompanied by frequent high-level meetings between officials of the two countries.

Romania is now treated more liberally by U.S. export control regulations than any other Socialist country. In April 1971, at Presidential direction, Romania was placed in a new and special status similar to that of Yugoslavia, which is treated as a West European country for export control purposes. More than 90 percent of U.S. exports to Romania do not require individual licenses.

Romania was predominantly an agricultural country until recently. Its central economy is now, however, committed to a policy of rapid industrialization.

The Western share of Romania's total foreign trade (45 to 50 percent) is larger than that of any other East European country. Romania has not restricted the bulk of its trade to other members of the Soviet-dominated Council for Mutual Economic Assistance, as Romanian officials have been eager to acquire Western technology and to avoid tailoring their economy to a specialized role in the Soviet trading bloc.

Because there was no agricultural attache in Romania, the Embassy's economic officer was made responsible for monitoring agricultural developments. There was no routine coverage of agriculture, although the economic officer submitted a general report on agriculture in the spring and fall of the year.

The economic officer believed that training should be given to State Department personnel who are expected to cover agricultural matters, particularly in a country like Romania where agriculture is so important to the economy. Although he attended State's Foreign Service Institute for 6 months, agricultural matters were not touched on. He indicated that the only training he received was a 2-hour visit to Agriculture, which he initiated. Although Agriculture officials indicated that briefings are provided to Ambassadors and Deputy Chiefs of Missions, they do not routinely brief other Embassy personnel.

Information gathering

The economic officer advised us that he provided Agriculture with two reports of a routine nature in the spring and fall of 1972. During 1972 he also submitted a number of alert reports commenting on the status of the Romanian wheat crop in response to a specific request from Agriculture which was attempting to gage the significance of reported winter-kill in the area. The principal sources of the agricultural information were Government, third-country, and FAO officials.

The economic officer indicated he could do more reporting on agricultural matters if he knew what Agriculture wanted. For example, he makes six field trips a year and prepares reports of his observations as they reflect on U.S. trade in industrial items. Although the areas visited are the most important agricultural areas in Romania, he has not included information in his trip reports on agricultural matters because Agriculture has not advised him what information would be useful. In addition, the officer obtains a daily agricultural newspaper but does not submit articles on agriculture because he does not know what information is desired.

The economic officer received no feedback from Agriculture on his reporting and, accordingly, did not know whether his reports were useful. He also has never seen a scheduled attache report and believes such reports from the Soviet Union and Yugoslavia would be helpful since these countries border Romania.

Conclusions

Although our review included only one country where Department of State personnel were responsible for monitoring agricultural developments, we believe it may be typical of such situations. Increased training and guidance from Agriculture could improve monitoring of such developments.

It is too early to assess the effectiveness of FAS' recent and planned steps to give additional attache coverage to Romania, Czechoslovakia, and Hungary. Nevertheless, State personnel need to be alert to events important to U.S. trade interests.

Agency comments and our evaluation

Agriculture said it would not be possible to institute a short course for Foreign Service Officers which would equip them to adequately perform the agricultural attache's reporting responsibilities. It said further that FAS does not have sufficient personnel for extensive training of the type required. Nor would Foreign Service Officers have adequate time for such training.

An appropriate training program for such officers is particularly important in view of the fact that, in many countries of the world, State personnel are solely responsible for protecting U.S. agricultural interests.

The training offered should not be designed to make them agricultural specialists, but should, at a minimum, make them aware of Agriculture's needs and of ways to meet them.

Recommendations

We recommend that the Secretary of Agriculture, in cooperation with the Department of State:

- Establish procedures to provide needed training to Foreign Service Officers responsible for monitoring agricultural matters including guidance on the type and nature of information useful to Agriculture.

PEOPLE'S REPUBLIC OF CHINA

The emergence of the People's Republic of China as a market for agricultural commodities has implications not only for the United States but for the world. Its population and recent purchases of agricultural commodities indicate the enormous impact the country could have on the world agricultural supply-demand situation. It also highlights the need for good intelligence on its buying intentions.

The United States and the People's Republic resumed trade in 1971, and, by fiscal year 1973, U.S. exports to that country reached about \$220 million, of which \$207

million, or 94 percent, were agricultural commodities. Cotton (\$77 million), corn (\$64 million), and wheat (\$38 million) were the principal exports. It is estimated that the People's Republic's purchases of U.S. farm products will exceed \$1 billion in fiscal year 1974. The country began importing wheat in large quantities in 1960, and Canada and Australia have been the principal suppliers. In 1973, however, the United States participated in that trade, and Agriculture estimated that in fiscal year 1974 the country would import 6.5 million tons of wheat, about 4 million tons from the United States.

Information gathering

Two agricultural officers are assigned to the U.S. Consulate in Hong Kong, with the senior officer responsible for monitoring agricultural activities. For information he depends mainly on newspapers and radio broadcasts, reports submitted by an economic officer assigned to the U.S. Liaison Office in Peking, publications of the Foreign Broadcast Information Service in the United States, the Hong Kong Weather Observatory, and the debriefing of visitors to the People's Republic. The officer submits biweekly reports on the information obtained to Agriculture.

The two agricultural officers are qualified in the major Chinese dialect and are considered specialists in People's Republic of China agricultural matters. Despite this, requests for visits to the People's Republic have been denied, first by the Department of State and then by the country.

In a letter to FAS, the officer indicated that much of his time was spent with visitors inquiring about the country. He felt that his inability to visit the country adversely affected his credibility with the U.S. trade since he is only able to relate hearsay information. He advised us that he was having difficulty reconciling optimistic crop reports claiming near self-sufficiency with the fact that the country was currently importing, and had contracted for future imports of, large quantities of wheat and cereal grains.

Agriculture's lack of information is indicated in its Fall 1973 publication.

"There is no clear explanation for the recent rise in China's agricultural imports. Not much has been published on the Chinese economy in the past 15 years, and few foreign visitors have been able to observe operations of either the state trading corporations, the food procurement and rationing system, or agricultural production. Given the imperfect state of knowledge, it is possible only to define important factors affecting the trade increases."

In July 1973 the agricultural officer in Hong Kong noted that:

"Efforts have been devoted mainly to meticulous scrutiny of a large volume of printed materials, radio broadcasts, refugee reports, and debriefing westerners permitted to visit China in order to at least get a 'feel' for the agricultural situation. From these materials we were able to form a broad picture of agricultural development * * * but detailed analysis of the different commodities is not possible."

The Department of State and Agriculture are currently discussing the assignment of an attache to the U.S. Liaison Office in Peking. Such an assignment would probably alleviate some of the problems noted.

Conclusions

Despite the fact that agricultural products constitute 70 percent of total U.S. exports to the People's Republic of China, the officers assigned to monitor developments there have been unable to provide first-hand observations of the situation. This has adversely affected their credibility as well as Agriculture's ability to better estimate worldwide agricultural supply and demand.

In view of the State-Agriculture discussions concerning assignment of an attache to Peking, we are making no recommendations at this time.

Agency comments and our evaluation

Agriculture concurred in our view that emergence of the People's Republic of China had great implications not only for the United States but for the world and highlighted the need for good intelligence on that country's buying intentions. Agriculture believed, however, that the basic conclusion that the attache could not monitor happenings in the People's Republic first-hand should be followed by a strong recommendation to assign an agricultural attache to Peking.

Agriculture told us that the agricultural officer in Hong Kong obtained a visa and made a 3-week trip to the People's Republic in December 1974. It said efforts would continue to get him into the country more often until the way was clear for assigning an agricultural attache to Peking.

The number and type of professional U.S. personnel assigned to the U.S. Liaison office in Peking is a sensitive foreign policy matter being handled by the Department of State. Although we did conclude that the absence of first-hand observations of the agricultural situation in the People's Republic adversely affected Agriculture, we do not possess requisite information on the political implications of the situation to recommend that an attache be assigned there. Agriculture is, however, discussing the problem with State, and the ultimate decision will no doubt be based on a consideration of all relevant information.

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON D C 20250

Mr. J. K. Fasick, Director
International Division
United States General
Accounting Office
Washington, D. C. 20548

October 10 1974

Dear Mr. Fasick:

This transmits our reply to your draft report "The Agricultural Attache--
U. S. Agriculture's Overseas Representative".

The U. S. Department of Agriculture--and the FAS Attache Service--have
achieved an exceptional record in meeting current and urgent changing
economic needs. This record occasions particular pride in view of the
many budgetary and management problems that have had to be overcome. We
appreciate GAO's recognition of this in the review of our overall mission
achievement.

We are, of course, interested in further improving FAS operations, and it
is essential that we do so in view of the increasing complexity of our
worldwide responsibilities. We accept the GAO audit as a genuine effort
to assist in the process.

The report contains a number of worthwhile recommendations, some of which
have already been implemented. FAS has every intention of implementing
those additional recommendations in the report which are sound and mean-
ingful. Particularly welcome are those recommendations supporting
longstanding FAS objectives which have not been achieved due to personnel,
budgetary, and other limitation. On the other hand, I want to emphasize
that there are many opinions, conclusions and recommendations in the
report with which we strongly disagree. Our views are set out in con-
siderable detail in the attachment which contains (1) a summary response,
and (2) individual responses to the specific recommendations in each
chapter. We believe we have provided compelling analyses and inter-
pretation of economic, political and management factors that warrant your
serious consideration--and modification of the report before it is
published.

To insure balance and reporting integrity, we strongly urge that the
entire response be included in your report and that the FAS chapter
responses and commentary be properly positioned at the end of the rele-
vant text of the published report.

Sincerely,

GAO note: This is a summary of Agriculture
comments. Detailed comments were
incorporated at the end of each
chapter, where appropriate.

Clayton L. Miller
CLAYTON L. MILLER
Assistant Secretary

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... changes in the ... changes likely to ... Yet they require national ... as well as im-

The United States increased ... 1972 to \$21.8 billion in FY 1974 -- ... Agricultural exports now make up ... Moreover, in FY 1974, agricultural trade ... to the international trade ... to end the year on the positive side of

World demand has accelerated with ... Governments, even in Communist countries, ... consumer wants. (A major ... 1972 grain purchases in the West was the decision to ... in the interest of Soviet consumers.) At ... a second disappointing crop season ... In 1973, crops were poor in the Soviet Union, the ... Africa, and in parts of Asia; there ... In 1974, U.S. crops are falling ... due to drought.

This has become most evident in food ... high costs of energy have forced importers ... in allocating foreign exchange -- at the ... from the oil-rich countries. ... some of them long overdue -- ... At the same time, the Soviet ... have become markets for agricultural ... over

... have also taken traditional trading partners have ... Even the United States ... of inflation and fear of shortages. ... access to supplies has become a trade issue, ... the importance of access to markets. At the same time, we have ... resulting in import restrictions and ... All of these questions, along ... are involved in U.S. preparations ... under the GATT.

... the new imbalance between world ... (particularly, Bangladesh and the ... severe and protracted food shortages -- ... This creates new pressures on the ... at a time when stocks are at a low level.

Copy microfilmed was of poor quality.

APPENDIX I

APPENDIX I

... expanding to help developing world...
... Foreign Agricultural Service -- the...
... trade, analysis, and policy as well as the...
... with only 600 employees...
... the job of covering a world of 137...
... with an evermore complex of political...
... export programs, import restrictions,
... international organizations. It provides staff work and...
... in the support of U.S. policy goals abroad.

... Agricultural Service, an arm of the Foreign Agricultural Service,
... representation in dealing with all of these and other FIS...
... The Attache Service includes only 95 American professionals...
... in 63 posts -- yet it provides a reporting and analysis function cover-...
... that comprise a market for almost one out of every three...
... the United States. This small band of American professionals...
... and analysis functions that on the U.S. domestic...
... the services of literally thousands of crop reporters, market...
... and federal analysts. Yet, for a number of major crops,
... is fully as large as the domestic market.

... contrast in manpower, we recognize that the Agri-...
... utilize the internal services of countries where they...
... it should also be recognized that in many countries trade...
... and that some have crop and market reporting systems com-...
... the United States. It is no accident that many other countries credit...
... information reported and published by the Foreign...
... Service.

... responsibilities in a world where the U.S...
... performs such an important and expanding role. In the past three years,
... organizational changes, and applied intensive effort
... by worldwide economic change.

The Foreign Agricultural Service has:

1. Increased the frequency and comprehensiveness of its reporting and analysis, particularly in the grains.
2. Took a number of actions to apply modern management techniques to administration of the Service.
3. Established a Directorate within FAS to coordinate administration of the U.S.-USSR Agreement Cooperation in Agriculture, negotiated in 1973.
4. Expanded its Attache staff in Moscow and opened a post in Vienna to improve reporting from Western Europe.
5. Completed a major reorganization which brought the General Sales Manager into FAS and broadened the agency's responsibilities to include all U.S. and USSR export programs. It also realigned marketing and commodity analysis efforts to provide better direction.

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6. Increased from one to two the number of fully-qualified, Chinese-speaking, agricultural professionals stationed in Hong Kong.
7. Accepted responsibility for the export reporting system required by the Agriculture and Consumer Protection Act of 1974 and administered until now by the Statistical Reporting Service.
8. Provided assistance to Congressional committees involved in developing the Trade Reform Act and participated in preparations for the 'Multi-lateral Trade Negotiations under GATT and the World Food Conference sponsored by the United Nations.

These are some of the responses initiated by FAS as a result of world developments of the past three years. These actions have had to occur within the framework of limited budgets, reduced employee ceilings, and the constant pressure of restrictive average-grade objectives. It has not always been possible to expand FAS representation where needed abroad. FAS has been forced to concentrate on certain posts where the needs were greatest, and in some cases even these could not be staffed for reasons of policy or resource availability.

Nevertheless, FAS -- and the Attache Service -- have achieved an exceptional record in meeting today's urgent and changing needs. This record occasions particular pride in view of the many budgetary and management problems that had to be overcome.

We are, of course, interested in further improving FAS operations, and it is of course essential that we do so in view of the increasing complexity of our worldwide responsibilities. We accept the GAO audit as a genuine effort to assist in that process. FAS officers in Washington and abroad appreciate the effort that GAO staff have invested in the audit and its recommendations.

The report contains a number of worthwhile recommendations, some of which have already been implemented as a result of the GAO study. Particularly welcome are those recommendations supporting FAS objectives which have not been achieved due to personnel, budgetary, and other limitations. On the other hand, there are a number of recommendations that FAS strongly opposes. It would seem that the study may have attempted too much in its wide-ranging review of FAS organization staff and functions. It is not, as the title implies, simply a review of the Attache Service. It is, in fact, a concern with on almost all aspects of the Foreign Agricultural Service, including some that could not be adequately studied in the time devoted.

A few overall observations might be made with respect to the report's major recommendations in the three FAS functional areas which are commented on in detail, namely Attache operations, market development and information gathering and reporting.

First, with respect to Attache operations, we appreciate the recognition given by GAO to the job being performed by this highly trained corps of foreign agricultural experts. The thrust of recommendations relating to the Attache

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Service is on improving FAS control of attaché activities and providing more or better training. As for the precision of attachments by FAS in relation to current priorities, this is congruent with modern communication methods being used by the several responsible AID units to control performance of both substantive and administrative attachés. We recognize that Washington direction and planning of field activities might be better coordinated. Ideally, development of the FAS program planning system has been delayed, but work will be continued to implement such a system. As for training of Attachés, it is a truism that any training program can be expanded. More training, however, would require additional resources which FAS has not been able to divert from other areas. Perhaps it should be made more clear that substantial specialized training of Attachés is not required because the entire FAS work experience is the training ground of our field staff. In general, therefore, the need is for briefings, and this is what we are providing to outgoing Attachés. This is not the case with language training. We must work hard and are doing so to raise language standards and performance. The GAO review, we are pleased to note, mentions the steps being taken to improve our language program.

Secondly, GAO's observations and recommendations on FAS market development activities center around an apparent conviction that certain basic program priorities have not been modified sufficiently in light of recent world developments. We could not disagree more strongly. The success story of U.S. farm exports is real. Such shipments have contributed significantly to the high performance of American agriculture and the resulting fact that our citizens eat cheaply compared with most other peoples throughout the world. FAS is proud to have played a role in boosting farm exports to current levels. The report acknowledges the necessity for a high level of total U.S. exports, but then proceeds to indirectly recommend that the relatively low-budget FAS market development activities for basic commodity exports be sharply curtailed. U.S. exports of these commodities comprise nearly four fifths of total American farm shipments abroad.

FAS market development activities are jointly funded by agricultural producers themselves and the loss of U.S. government participation would assuredly result in large cutbacks in these programs. Other factors are involved: Markets lost are not rapidly recovered, and there exists a strong competition for world markets. All mandate against any precipitate reshaping of FAS market development priorities.

Finally, FAS information gathering and reporting are considered in the GAO review to be weak in satisfying the market information needs of certain exporters. It is also recommended that FAS information sources could be better utilized by FAS. The first observation is preceded by the acknowledgment that FAS is "recognized as the world's leading source of agricultural information." Because of cost it is not feasible to service each and every information requirement of all U.S. exporters. Moreover, not every service a trader might desire is necessarily a proper function of government in a private enterprise country. We remain convinced that the major agricultural intelligence needs of policy planners and agricultural exporters in foreign well-satisfied for the major commodities and world markets to the extent that this can be achieved within the limited means which may be allocated to this FAS function. FAS and FAS cooperation and information exchange is extensive and increasing, but there are definite limitations to any broad usage of FAS source information inputs in FAS field banks.

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DEPARTMENT OF STATE

WASHINGTON, D. C. 20520

September 27, 1974

Mr. J. K. Fasick
Director
International Division
U.S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Fasick:

The Secretary has requested that I reply to your letter of August 16, 1974, which transmitted a draft copy of the General Accounting Office report entitled "The Agricultural Attache--U.S. Agriculture's Overseas Representative".

The draft was reviewed in the Office of Economic and Business Affairs, U. S. Department of State, and the Department's comments are enclosed. We appreciate having had the opportunity to review and comment upon the draft report.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Richard W. Murray".

Richard W. Murray
Deputy Assistant Secretary
for Budget and Finance

Enclosure

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DEPARTMENT OF STATE

WASHINGTON, D. C. 20520

SEP 25 1974

Department of State Comments on

"The Agricultural Attache--

U.S. Agriculture's Overseas Representative"

Comments on Chapter 2

Trade opportunities, location of principals and agents, responses to requests for information, and assistance to visitors on agricultural matters are all generally well handled by the commercial sections of our Embassies in coordination with agricultural attaches. Attempts at market development are at best difficult to evaluate in terms of dollars and cents, so more emphasis in this area must be accompanied by well thought out goals and market development guidance. FAS development of individual country or regional strategies and plans should be simultaneous to and integrated with the State/Commerce Commercial Program.

Comments on Recommendations in Chapter 3

The U.S. Ambassador has overall responsibility for direction of USG activities in the country to which he is appointed. Re-location of Attaches away from Embassies would appear beneficial in some cases; however, if re-located, such relocation should be to U.S. Consulates wherever possible in order to maintain the close coordination heretofore enjoyed between Agriculture, State and Commerce representatives overseas. The physical removal of Agriculture personnel outside either Embassies or Consulates could make the task of overall program direction assigned to the Ambassador more difficult.

Comments on Recommendations in Chapter 5

All recommendations appear appropriate.

Comments on Chapters 1, 4 and 6

No comments on these sections.

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Further Comments

Attached are comments furnished by EUR/WE. No other Division of ORF, EUR or EA had comments on the report.



Julius L. Katz
Deputy Assistant Secretary
for Economic and Business Affairs

Attachment:
As stated

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DEPARTMENT OF STATE

September 13, 1974

MEMORANDUM

To : EB/ORF, ICD - Mr. John J. Ingallsoll
From : EUR/WE - Richard D. Vine
Subject: Comments on GAO Draft Report on "The
Agricultural Attache"

I have little to contribute to the Department's comments on this draft; our interest has been concentrated on the development of country commercial programs to provide a vehicle for: a) the establishment of concrete and measurable goals; b) the establishment of policy priorities; and c) the rigorous control of resources employed. While these have initially concentrated on areas encompassed by the Department of Commerce, we have throughout made clear that we intend to incorporate the work of Agricultural Attaches into these programs in coming years. This point deserves more attention or emphasis in the text, because we view it as a means of achieving the desiderata expressed by the GAO.

On a different level, the report throughout treats an Agricultural Attache solely as an agent of the Department of Agriculture overseas, nowhere a part of an Embassy or seemingly responsive to an Ambassador's direction. This kind of flies in the face of certain Executive Orders and certainly should not be an accepted organizational arrangement upon which EB can look with equanimity.

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STAFFING BY COUNTRY AND REGION

<u>Country</u>	<u>U.S. citizens</u>	<u>Foreign nationals</u>
EUROPE:		
Austria	-	2
Belgium	9	3
Denmark	1	3
France	6	3
Germany	4	8
Ireland	1	2
Italy	5	7
Netherlands	4	5
Poland	2	1
Portugal	1	2
Soviet Union	5	-
Spain	2	4
Sweden	1	3
Switzerland	3	2
United Kingdom	7	5
Yugoslavia	<u>2</u>	<u>3</u>
	<u>53</u>	<u>53</u>
WESTERN HEMISPHERE:		
Argentina	3	2
Brazil	5	5
Canada	2	3
Chile	1	3
Colombia	2	3
Costa Rica	1	2
Dominican Republic	2	1
Ecuador	1	2
El Salvador	1	2
Guatemala	1	2
Mexico	4	3
Peru	1	3
Trinidad	1	2
Uruguay	-	1
Venezuela	<u>3</u>	<u>2</u>
	<u>28</u>	<u>36</u>

STAFFING BY COUNTRY AND REGION (continued)

<u>Country</u>	<u>U.S. citizens</u>	<u>Foreign nationals</u>
FAR EAST:		
Australia	1	3
Hong Kong	3	1
Indonesia	2	1
Japan	6	11
Korea	2	1
Malaysia	2	2
New Zealand	1	1
Philippines	2	3
Taiwan	2	1
Thailand	<u>1</u>	<u>3</u>
	<u>22</u>	<u>27</u>
NEAR EAST:		
Greece	1	3
India	5	8
Iran	1	2
Israel	1	2
Lebanon	2	1
Pakistan	1	2
Turkey	<u>1</u>	<u>3</u>
	<u>12</u>	<u>21</u>
AFRICA:		
Zaire	1	2
Kenya	1	2
Liberia	3	-
Morocco	3	1
Nigeria	2	1
South Africa	<u>1</u>	<u>2</u>
	<u>11</u>	<u>8</u>
Total	<u>126</u>	<u>145</u>

Source: FAS Report on the Agricultural Attaches, Their Present and Future Role in an Expanding World Agricultural Trade System. Mar. 14, 1973

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF AGRICULTURE
RESPONSIBLE FOR ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of Office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF AGRICULTURE:		
Earl L. Butz	Dec. 1971	Present
Clifford M. Hardin	Jan. 1969	Nov. 1971
ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS:		
Clayton Yeutter	Mar. 1974	Present
Carroll G. Brunthaver	June 1972	Feb. 1974
Clarence D. Palmby	Jan. 1969	June 1972
ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE:		
David L. Hume	Aug. 1973	Present
Raymond A. Ioanes	Apr. 1962	Aug. 1973

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