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2018 Farm Bill Primer: Agricultural Trade and Food Assistance

The provisions of Title III of the 2018 farm bill (Agricultural Improvement Act of 2018, P.L. 115-334) include programs designed to alleviate hunger and improve global food security and to expand foreign markets for U.S. agricultural producers and food manufacturers. Title III covers international food assistance programs, export credit guarantee programs, export market development programs, and international science and technical exchange programs and provisions. Title III programs derive their statutory authorities from the Food for Peace Act of 1954 (P.L. 83-480) for international food assistance programs and the Agricultural Trade Act of 1978 (P.L. 95-501) for foreign market expansion programs.

International Food Assistance Programs

As summarized below, the 2018 farm bill amends and reauthorizes U.S. international food assistance programs.

Food for Peace Title II

The **Food for Peace (FFP) Title II Program** donates U.S. commodities to recipients in foreign countries. The 2018 farm bill eliminates the requirement to *monetize* at least 15% of FFP Title II commodities—that is, sell on local markets to fund development projects (§3103). It increases the minimum allocation for FFP Title II nonemergency assistance from \$350 million to \$365 million annually. The maximum allocation for nonemergency assistance remains unchanged from prior law at 30% of FFP Title II funds (§3114).

P.L. 115-334 requires that all FFP Title II assistance, including locally procured food and printed material that accompanies other assistance, be labeled as from the American people (§3101). It also requires that no FFP Title II assistance—including U.S. commodities, locally procured food, vouchers, or cash transfers—be provided unless the recipient country contains adequate storage facilities and the assistance will not interfere with the local agricultural economy (§3109). Under prior law, both of these requirements applied only to food assistance provided in the form of U.S. commodities.

The 2018 farm bill amends the maximum allocation for program oversight, monitoring, and evaluation from \$17 million to 1.5% of annual funds made available for FFP Title II. It also specifies a minimum allocation of not less than \$17 million (§3107) and directs the administrator of the U.S. Agency for International Development (USAID), which administers FFP Title II, to issue all necessary regulations and revisions to program guidance no later than 270 days after the enactment of P.L. 115-334 (§3106).

Other International Food Assistance Programs

The **Farmer-to-Farmer Program (FFP Title V)** coordinates short-term placements for U.S. volunteers to

provide technical assistance to farmers in developing countries. P.L. 115-334 authorizes a new grant program to facilitate new and innovative partnerships (§3116).

The **McGovern-Dole International Food for Education and Child Nutrition Program** provides U.S. commodities to developing countries for school feeding programs and for pregnant and nursing mothers. P.L. 115-334 authorizes up to 10% of annual program funds to be used for *local and regional procurement*—buying food in the country or region where it will be used rather than in the United States. It adds a provision that assistance be provided in a timely manner and when needed throughout the applicable school year (§3309).

The **Food for Progress Program (FPPr)** monetizes U.S. commodities in recipient countries to fund humanitarian or development projects. P.L. 115-334 directs the Secretary of Agriculture to include in annual program reports the rate of return for each commodity provided under FPPr. It authorizes a pilot program to directly fund activities rather than funding activities through the proceeds of monetized commodities, and it authorizes \$10 million annually through FY2023 for the new pilot program (§3302).

The **Bill Emerson Humanitarian Trust (BEHT)** is a mandatory reserve of funds held by the U.S. Department of Agriculture (USDA) that can supplement FFP Title II assistance when FFP Title II alone cannot meet emergency food needs. P.L. 115-334 reauthorizes BEHT through FY2023 (§3303).

The **Local and Regional Food Aid Procurement Program (LRP Program)** provides locally and regionally procured food to recipients instead of food procured from the United States. P.L. 115-334 reauthorizes the LRP Program through FY2023 (§3311).

Export Credit Guarantee Programs

The 2018 farm bill (§3201) extends provisions for the export credit guarantee program (GSM-102) and the Facility Credit Guarantee Program (FGP), funded through USDA's Commodity Credit Corporation (CCC). The CCC is authorized under a permanent law—the CCC Charter Act of 1948. GSM-102 guarantees credit extended by U.S. private lenders (or, less commonly, by a U.S. exporter) to approved foreign financial institutions of up to \$5.5 billion annually for up to 18 months for the purchase of U.S. farm and food products. FGP is designed to boost sales of U.S. agricultural products in countries where demand may be limited due to inadequate storage, processing, handling, or distribution capabilities. The 2018 farm bill extends authorization of at least \$1 billion per year through FY2023 in direct credits or credit guarantees of up to 10 years to facilitate the financing of manufactured goods and U.S.

services to improve or establish agriculture-related facilities in emerging markets.

Export Market Development Programs

The 2018 farm bill consolidates four of USDA's market development and export promotion programs into a new Agricultural Trade Promotion and Facilitation Program (ATPPFP, §3201), providing mandatory annual CCC funding of \$255 million. This consolidation provides the programs under ATPFP a built-in "baseline" for future funding. The ATPFP includes a new funding of \$3.5 million annually, the **Priority Trade Fund**, to supplement one or more of the ATPFP's component programs for authorized activities to access, develop, maintain, and expand markets for U.S. agricultural commodities (§3201f). The four programs consolidated under ATPFP include the following:

Through the **Market Access Program** (MAP, §3201b) USDA partners with U.S. agricultural trade groups and state agencies to share the costs of overseas marketing and promotional activities to help build export markets for U.S. agricultural products. MAP allows promotion of branded products, and P.L. 115-334 no longer restricts branded product participation to five years. MAP receives minimum annual mandatory funding for FY2019-2023 of \$200 million.

Through the **Foreign Market Development Cooperator Program** (FMD, §3201c), USDA's Foreign Agricultural Service partners with U.S. nonprofit agricultural trade associations to address long-term opportunities to reduce foreign import constraints or expand export growth opportunities for U.S. agricultural commodities. FMD funding is available for generic (not branded) product promotion. FMD mandatory annual allocations for FY2019-FY2023 is a minimum of \$34.5 million.

The 2018 farm bill allows funding for certain activities in Cuba under the MAP and FMD programs (§3201f) so long as funds are not used in contravention of the policy outlined in National Security Presidential Memorandum 5 of June 16, 2017, which requires that funds be "channeled to benefit Cuban people" and not "the Cuban government or its military, intelligence, or security agencies or personnel."

The **E (Kika) de la Garza Emerging Markets Program** (EMP, §3201d) provides cost-share funding for technical assistance activities that support exports of generic U.S. agricultural commodities and products. These activities include cooperation and exchange of information between institutions and agribusinesses in the United States and emerging markets. P.L. 115-334 modifies the definition of *emerging market* to include a territory, customs union, or other economic market. EMP annual mandatory allocations for FY2019-FY2023 cannot exceed \$8 million and must cover at least three emerging markets each year.

Technical Assistance for Specialty Crops (TASC) (§3201e) provides funding to eligible U.S. organizations for projects that address existing and potential sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops. Eligible crops include all cultivated plants and their products produced in the United States except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, tobacco, and branded products. TASC annual allocations through FY2023 are set at \$9

million, and P.L. 115-334 provisions allow for projects to extend beyond a five-year period.

International Science and Technology Programs and Provisions

The **Global Crop Diversity Trust** (§3310) is a program administered by USAID for conservation of food crop genetic diversity. P.L. 115-334 provides an authorization not to exceed \$5.5 million annually or 33% (a change from prior 25%) of the total amount of funds contributed to the trust from all sources.

The **Biotechnology and Agricultural Trade Program** (§3301) addresses trade barriers to products produced with agricultural biotechnology and under P.L. 115-334 is authorized \$2 million annually until FY2023.

The **Borlaug Fellowship** (§3306) promotes food security and economic growth by providing training and research opportunities to fellows from low- and middle-income countries. P.L. 115-334 adds as a purpose the development of agricultural extension services in foreign countries and also requires the Secretary of Agriculture to encourage engagements with program alumni. P.L. 115-334 authorizes such sums as are necessary.

The **Cochran Fellowship** (§3305) provides short-term training opportunities to agricultural professionals from developing countries. P.L. 115-334 allows for training in or at colleges or universities overseas with specific U.S. ties and increases annual authorized appropriations, without fiscal year limitation to \$3 million for middle-income countries, \$4 million for countries with ongoing relations, and \$6 million for newly democratic countries.

The **International Agricultural Education Fellowship Program** authorizes annual appropriations of \$5 million for U.S. citizens to provide technical assistance to develop agricultural extension and education programs for youths in developing countries upon consultations with national 4H and Future Farmers of America (§3307).

An **International Food Security Technical Assistance** provision defines *international food security* as "access by any person at any time to food and nutrition that is sufficient for a healthy and productive life" (§3308). It authorizes \$1 million annually, through 2023, for the Secretary of Agriculture to collect and make available to the public information related to international food security including foreign governments, non-governmental organizations, and international organizations. It also authorizes USDA to provide technical assistance to users of this data upon request.

Foreign Trade Missions

The 2018 farm bill directs the Secretary of Agriculture to increase the inclusion of, and to report on, tribal agricultural and food products in trade-related activities (§3312).

For additional detail see CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*.

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