



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

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Export Enhancement Program

The Export Enhancement Program (EEP) is designed to help U.S. farm products meet competition from subsidizing countries, especially the European Union. Under the program, the U.S. Department of Agriculture pays cash to exporters as bonuses, allowing them to sell U.S. agricultural products in targeted countries at prices below the exporter's costs of acquiring them. The major objectives are to expand U.S. agricultural exports and to challenge unfair trade practices.

The EEP was announced by USDA on May 15, 1985, and is operated under authority of the Agricultural Trade Act of 1978 as amended, the Uruguay Round Agreements Act, the Federal Agriculture Improvement and Reform Act of 1996, and the Farm Security and Rural Investment Act of 2002. Consistent with its World Trade Organization commitments under the Uruguay Round Agreement on Agriculture, the United States has established annual ceilings by commodity with respect to export quantities and budget outlays. The EEP has been inactive in recent years, and no allocations were announced for fiscal 2005.

Who Benefits

The EEP, administered by USDA's Foreign Agricultural Service (FAS), is used to help U.S. agricultural producers, processors, and exporters gain access to foreign markets.

Through the program, sales of U.S. agricultural products are made that would not otherwise have been possible because of subsidized prices offered by competitor countries.

Eligible Products

EEP bonuses become available only when USDA announces an operational EEP initiative for a specific commodity or commodities. Commodities eligible for EEP initiatives are wheat, wheat flour, rice, frozen poultry, barley, barley malt, table eggs, and vegetable oil.

Participation

An exporter interested in participating in the EEP must provide specific information and meet qualification standards, including:

- 1) an office and agent for service of legal process in the United States, with names and street addresses
- 2) a description and documented proof of business structure—how and where incorporated, etc.
- 3) a certified statement describing participation, if any, during the past 3 years in U.S. government programs, contracts, or agreements
- 4) a certified statement that the exporter is not debarred, suspended, or proposed for debarment from any federally administered program

In addition to the above qualification standards, exporters are required to post a performance security before submitting a request for a bonus.

Making a Sale

All sales under the EEP are made by the private sector, not the U.S. government. Once an invitation is issued, it is up to agricultural exporters to contact prospective buyers in eligible countries and negotiate a sales contract including price, quantity, quality, delivery, and other terms. The sale may be contingent on USDA's approval of a bonus. Each prospective exporter submits a bid to USDA requesting a subsidy—or bonus—that would allow the sale to take place at the agreed price.

USDA reviews all bids for the competitiveness of the bonus value requested and compares bids with offers from other U.S. exporters and with sales of competitor countries. USDA has the right to reject any or all bids.

Once USDA accepts a bid, the exporter and the Commodity Credit Corporation (CCC) enter into an agreement. USDA announces bid acceptances under the EEP by 10 a.m. Eastern U.S. time and makes the information available in a program announcement on the FAS Web site. As noted above, no allocations and therefore no sales were made under the EEP in fiscal 2005.

Receiving the Bonus

The bonus is paid to the U.S. exporter in cash. The CCC determines the bonus payment by multiplying the CCC bonus specified in the agreement by the net quantity of the commodity exported. Once an exporter furnishes USDA with evidence that the specified commodity has been exported to the target country under the terms of the agreement, the exporter can request payment of the bonus.

Additional Information

For more information, contact: Operations Division, Export Credits, FAS/USDA, 1400 Independence Ave. SW, Washington, DC 20250-1035; tel.: (202) 720-6211; fax: (202) 720-2495.

Program information is available on the FAS web site:

<http://www.fas.usda.gov/exportprograms.asp>

FAS program announcements of EEP allocations are posted at:

http://www.fas.usda.gov/scripts/PressRelease/pressrel_frm.asp

General information about FAS programs, resources, and services can be found at:

<http://www.fas.usda.gov>