

Foreign Agricultural Service Strategic Plan 2006 - 2011

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FAS Mission

To create economic opportunity
for American agriculture
by expanding global markets

FAS Vision

Linking U.S. Agriculture to the World

USDA GOAL I: Enhance International Competitiveness of American Agriculture

USDA Objective 1.1: Expand and Maintain International Export Opportunities

FAS GOAL I: Create a Level Playing Field for Agricultural Trade

Agricultural trade is critically important to America's agricultural and food sector and contributes to the overall growth in the U.S. economy. Today agricultural exports account for one of every three crop acres in the United States and for about one quarter of gross farm income. Exports support over 900 thousand jobs in the farm, food processing, transportation, manufacturing, and services sectors. Trade also benefits U.S. consumers through greater availability and choice of products.

With one of the most competitive farm sectors in the world, the United States is prepared to expand exports further to meet the demands created by growing populations and incomes worldwide for food and agricultural products. What American agricultural producers and exporters need in order to compete in global markets is a level playing field.

In order to create a level playing field, FAS works to:

- Eliminate barriers to trade
- Enforce trade agreements
- Build international support for open trade

Eliminate Barriers to Trade

FAS works to improve market access for U.S. agricultural products through the elimination of tariff and non-tariff barriers. Reductions in tariffs, taxes applied by foreign countries to imports of agricultural goods, lower the cost of imported products - making U.S. agricultural products more competitive. Improvement in market access also requires addressing the range of other regulations or requirements applied to imports – or non-tariff barriers – that unnecessarily restrict trade expansion. Sanitary and phytosanitary regulations to protect against the introduction of animal and plant health requirements, or to address human health risks, and technical regulations, such as labeling, are the most common non-tariff barriers.

Aside from tariff and non-tariff barriers, FAS also works to eliminate other trading practices which reduce the international competitiveness of American agriculture. These practices include subsidies on agricultural production and exports and involvement of government trading entities in commercial markets.

The most effective way to eliminate trade barriers is through negotiation of trade agreements. The broadest and most comprehensive trade negotiations take place through periodic rounds of multilateral negotiations under the auspices of the World Trade Organization (WTO). The current round of WTO negotiations, the Doha Development Agenda, was launched in 2001. In agriculture, one of the key areas under the Doha Agenda, WTO members are committed to achieve substantial improvements in market

access, as well as elimination of agricultural export subsidies and substantial reductions in trade-distorting domestic support.

Expanded membership in the WTO and the concomitant agreement by new WTO members to abide by international trade rules is also a significant opportunity for improved market access for U.S. agricultural trade. Currently, 150 of the world's countries and customs areas are WTO members. Countries that apply for membership in the WTO generally make market access commitments under bilateral agreements with interested trading partners as a condition of their membership. Over the past ten years, 20 countries including China and Taiwan, have joined the WTO. Currently, another 30 are negotiating terms of accession to the WTO.

The United States also pursues opportunities to open markets through the negotiation of bilateral and regional trade agreements with trading partners. These agreements further reduce tariffs on trade between or among the countries involved and reduce other non-tariff barriers. The United States has made significant progress in negotiating free trade agreements (FTA) with a number of countries. The North American Free Trade Agreement (NAFTA) implemented in 1994, the Central American/Dominican Republic Free Trade Agreement passed in 2005, and the U.S.- Chile FTA and the Caribbean Basin Initiative have expanded and solidified trade ties in the Western Hemisphere. The Free Trade Area of the Americas aims to create hemispheric free trade. The United States plans to establish a Middle East Free Trade Area (MEFTA) by 2013, which will build on free trade agreements already in place with Jordan, Israel, and Morocco, as well as trade and investment framework agreements (TIFA's) with several Middle Eastern countries. In 2004, the United States completed an FTA with Singapore and launched FTA negotiations with Thailand. These supplement the Enterprise of Association of South East Asia Nations (ASEAN) Initiative to deepen trade ties with the members. An FTA with Australia went into effect in 2005. Finally, the African Growth and Opportunity Act (AGOA) has enhanced access to the United States market for products from 37 sub-Saharan countries. The United States is working on an FTA with the five members of the Southern African Customs Union (SACU).

Objective 1.1: Eliminate barriers to agricultural trade through negotiation of trade agreements

Key Outcome: Reduction in global barriers to agricultural trade lead to increased export opportunities for U.S. farmers and agribusinesses

Actionable Strategies

- Work with the Office of the U.S. Trade Representative to conclude agricultural negotiations under the Doha Development Agenda of the World Trade Organization.
- Advocate market access interests for U.S. agriculture in U.S. bilateral and regional trade agreements.
- Analyze strategic U.S. agricultural interests to support development of U.S. negotiating positions and trade policies to reduce trade barriers.

- Lead USDA's efforts to develop strategic and tactical plans to address market access issues.
- Build international coalitions to resolve priority market access issues.

Enforce Trade Agreements

Careful monitoring and enforcement of trade agreements ensures that U.S. agriculture receives the full economic benefit of international trade agreements and trade rules. Some agreements provide periodic reporting and notification requirements to assist in these monitoring and enforcement activities. However, a global monitoring system, including significant input from FAS field offices, the U.S. industry, and foreign importers, is also essential to an effective enforcement program. When disputes do arise over whether countries have adhered to international trade rules, the United States must advocate for, and in some instances defend, its trade rights through dispute settlement procedures.

If we expect other countries to abide by their trade commitments, it is important for the United States to do the same. Timely notifications, administration of import quotas, transparency with respect to information, and prompt implementation of dispute settlement decisions can help promote responsiveness by our trading partners.

Objective 1.2: Enforce U.S. rights under existing trade agreements

Key Outcome: U.S. exporters and consumers receive the full economic benefit of international trade agreements and rules

Actionable Strategies

- Monitor country obligations under trade agreements on a comprehensive, timely, and transparent basis.
- Represent U.S. agricultural trade interests in the World Trade Organization.
- Provide legal and economic analyses to support U.S. interests in dispute settlement cases.
- Monitor implementation of U.S. trade commitments.

Build International Support for Open Trade

FAS has well-established contacts with officials in host government and international organizations, as well as the private sector, through its network of Agricultural Counselors, Attachés, Trade Officers, and Specialists in over 90 offices. In addition, as a key player in a range of global agricultural issues, USDA has frequent and extensive contacts with foreign government officials. These contacts provide an opportunity to build important relationships with agricultural, health, scientific, and trade officials throughout the world and provide a foundation for advancing U.S. trade and other agricultural interests.

FAS also draws on its relationships with foreign government officials to resolve trade problems and facilitate trade. With more than \$60 billion worth of U.S. agricultural commodities exported each year, U.S. agricultural industries and companies encounter a number of unexpected impediments to trade. These include changes to import regulations or in the way they are applied, improper certification, disputes over testing or sampling to meet quality or other criteria, and disagreements over how trade rules should be implemented. Quick and effective resolution of these problems – without resorting to lengthy dispute settlement procedures - is important to U.S. exporters. When problems arise for U.S. companies in foreign markets, Agricultural Counselors and Attachés play a critical role in providing immediate assistance to prevent disruptions to trade.

Objective 1.3: Build support for open trade by developing strategic relationships with foreign governments

Key Outcome: USDA builds and maintains effective government-to-government relationships that support open trade

Actionable Strategies

- Develop strategic relationships with foreign government officials.
- Provide strategic approach and follow up to high-level meetings.
- Develop strategic communication plans to advance U.S. issues and positions.
- Draw on government and private sector to respond quickly to prevent and resolve disruptions to trade.
- Mobilize foreign private sector interests to build political support for open trade.
- Resolve trade disruptions through interventions by FAS's overseas offices.

USDA GOAL I: Enhance International Competitiveness of American Agriculture

USDA Objective 1.2: Support International Economic Development and Trade Capacity Building

FAS GOAL II: Expand the Global Agricultural Trading System

Growth in global trade and a trading system that adheres to international rules and norms benefit the United States, the world's largest exporter of agricultural products. Over 96 percent of the world's population lives outside the United States and, according to the World Bank, about one half of these people live on less than \$2 per day. As incomes grow, consumption of grains and livestock increases, and demand for imports expands. International economic growth is a key factor in expanding agricultural trade.

In order to expand global agricultural trade, FAS works to:

- Support development of commercial markets
- Build trade capacity in developing countries
- Support international economic development

Support Development of Commercial Markets

Even after global markets are opened, the private sector must work to establish and build commercial markets for their products. FAS administers several programs to support private sector efforts to develop commercial markets.

The Foreign Market Development and Market Access Programs provide grants to the private sector to help them address market constraints – such as the need for information and education about U.S. products. The Technical Assistance for Specialty Crops Program provides grants to address sanitary, phytosanitary, or technical barriers that prohibit or threaten exports of U.S. specialty crops¹. The Export Credit Guarantee Programs underwrite a portion of the cost associated with financing imports of agricultural products into medium-or low-income countries. The Export Sales Reporting Program monitors export shipments of key U.S. commodities on a weekly basis. FAS also administers the Trade Adjustment Assistance for Farmers program to help domestic agricultural industries adjust to competition from imports into the United States.

FAS field offices, especially in emerging markets, help open doors for the development of commercial linkages in countries in which U.S. companies have little or no trade experience.

¹ All cultivated plants and products thereof, except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco

Objective 2.1: Facilitate U.S. commercial trade through trade-related programs, information, and overseas services

Key Outcome: Administration of trade-related programs and overseas services effectively expand commercial trade

Actionable Strategies

- Streamline program regulations to improve program effectiveness and efficiency.
- Maximize use of Grants.gov and other e-Government solutions to enhance program delivery and customer service.
- Review programs in line with agreements and decisions in the WTO.
- Facilitate entry of U.S. companies into difficult markets through FAS's overseas offices.

Build Trade Capacity in Developing Countries

Under the Doha Development Agenda, the United States will be committed to provide trade capacity building to enable developing countries to take advantage of increased trade liberalization. Two thirds of WTO members are developing countries, but many lack the knowledge, expertise, and regulatory and policy infrastructures to participate in the global trade system. The important role of Trade Capacity Building (TCB) has already been formalized in the U.S. trade agenda². TCB Working Groups have been an integral part of free trade negotiations with Central America and the Dominican Republic, the Andean countries, the Southern African Customs Union, and Thailand.

FAS provides trade-related technical assistance or trade capacity building focused on developing capacity within governments to implement open, market-based trade policies and to regulate trade in agricultural and food products on the basis of transparent, science-based requirements. Activities include:

- educating less developed countries about the rules governing international trade, particularly understanding of WTO agriculture-related agreements;
- assisting countries in their efforts to join the WTO;
- helping governments understand and develop trade-related regulatory institutions and frameworks to support trade; and
- supporting development of science-based, market-oriented biotechnology regulations and policies.

²In 2005 the United States provided a total of \$1.3 billion in TCB assistance with \$173 million provided for agriculturally-related activities - \$1.5 on WTO Agreement on Agriculture, \$8.7 on the WTO SPS Agreement, \$1.6 on the WTO TBT Agreement, \$160.9 on Trade-Related Agriculture

Objective 2.2: Support the U.S. trade policy agenda through trade capacity building activities

Key Outcome: Countries adhere to international trade rules and develop transparent, science-based regulatory structures

Actionable Strategies

- Assist applicants and new members to the WTO to understand and implement WTO agricultural commitments.
- Lead USDA participation in Trade Capacity Building Working Groups created to support U.S. bilateral and regional trade agreements.
- Develop strategic and tactical plans for implementing TCB programs in priority areas which have the greatest positive impact on U.S. agricultural interests such as regulatory capacity building and biotechnology.

Support International Economic Development

The President's 2002 National Security Strategy (NSS) adds international economic development to defense and diplomacy as the three pillars of U.S. foreign and national security policy. The Strategy recognizes that the lack of economic development, particularly in fragile and strategic states, results in political instability that can pose a national security threat to the United States.

Food assistance has been a traditional component of U.S. economic development assistance. FAS administers the Food for Progress and the McGovern-Dole Food for Education and Child Nutrition Programs.

As a global leader in areas such as agricultural research, biotechnology, marketing, sanitary and phytosanitary, economic and statistical analyses, soil conservation, sustainable forest management, and biodiversity conservation, USDA is engaged in a wide range of international activities to support U.S. policy goals. These activities include agricultural development projects, policy and institution building, trade capacity building, and cooperation on global health threats, such as the current collaborative efforts to control Avian Influenza in Asian countries where the virus is currently endemic. FAS plays the lead role in coordinating the linkage of this U.S. agricultural expertise and assistance to U.S. international development activities, ensuring support of U.S. trade and foreign policies and the NSS, and representing and advancing USDA activities overseas³.

³ Departmental Regulation 1051-002

Objective 2.3: Coordinate and lead USDA international assistance and development activities to support U.S. national security and foreign policy goals

Key Outcome: USDA effectively supports U.S. foreign and trade policies through assistance and development activities

Actionable Strategies

- Support formulation of U.S. Government strategies for agriculture-related development projects through participation in inter-agency forums.
- Represent USDA on the Policy Coordination Committee for Development.
- Coordinate USDA's international activities in support of the National Security Strategy and U.S. foreign and trade policy, including in post-conflict or post-disaster states.
- Provide leadership and guidance for USDA activities through the USDA Intra-agency Coordination Committee.

USDA GOAL I: Enhance International Competitiveness of American Agriculture

USDA Objective 1.3: Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade

FAS GOAL III: Reduce Technical Trade Barriers and Restrictive SPS Measures

Unnecessarily restrictive regulations to address human and animal health (sanitary) and plant health (phytosanitary) risks can be major barriers to expansion of global agricultural trade. As tariff barriers have been reduced, the prominence of non-tariff barriers to trade – particularly in the sanitary, phytosanitary, and technical areas – has increased. In spite of the SPS and technical barriers to trade (TBT) Agreements under the World Trade Organization, countries have relied increasingly on SPS and TBT issues to protect domestic industries. And even where the political will to open markets exists, the process can be very slow due to the time required to conduct risk assessments or rule-making procedures. Lack of national resources to implement science-based rules, including within international organizations, is also a major bottleneck to expanding agricultural trade opportunities.

The long-term safety of U.S. agriculture and our food supply depends on the ability of foreign countries to develop and implement sound regulatory systems. U.S. agriculture benefits from the development of regulatory capacity in other countries which can address SPS barriers to trade in a transparent and scientifically-based manner.

In order to reduce technical trade barriers and restrictive SPS measures, FAS works to:

- Enforce international SPS rules

- Promote two-way trade
- Encourage adoption of international standards
- Strengthen the global SPS regulatory framework

Enforce International SPS Rules

Agricultural trade is unique with respect to the risks associated with transfer of pest and diseases. In order for agricultural trade to expand, countries must address these risks with measures based on sound science. The Agreement on Application of Sanitary and Phytosanitary Measures (SPS Agreement), negotiated under the WTO Uruguay Round, broke new ground in reducing the negative impact of SPS measures on trade. The SPS Agreement requires WTO members to base SPS measures on scientific principles and risk assessments. It also urges WTO members to base SPS requirements on international standards where these exist. The Codex Alimentarius Commission (CODEX), the International Office of Epizootics, and the international and regional organizations operating within the framework of the International Plant Protection Convention (IPPC) play an important role in setting international SPS standards. Effective enforcement of these agreements under the WTO is critical to expansion of U.S. agricultural exports.

Objective 3.1: Monitor and enforce WTO SPS and TBT agreement commitments

Key Outcome: U.S. successfully challenges SPS measures and technical trade barriers not based on sound science

Actionable Strategies

- Challenge WTO members to notify the WTO of SPS/TBT regulatory changes in a timely manner.
- Monitor and review SPS/TBT notifications to ensure foreign regulations comply with WTO agreements and are least disruptive to trade.
- Disseminate SPS/TBT notifications, encourage industry and U.S. Government agencies comments, and track foreign government responses to official U.S. comments.
- Increase capability to perform technical and legal analysis needed to evaluate potential enforcement options.
- Support formal dispute settlement proceedings.
- Ensure U.S. regulatory agencies submit appropriate notifications to the WTO in a timely manner.
- Assist development of foreign WTO Enquiry Points.
- Promote compliance with SPS/TBT agreements as a pre-requisite to WTO accession and FTA agreements.
- Encourage more active and informed participation by developing countries in the WTO SPS Committee.

Promote Two-Way Trade

USDA must work with its trading partners to develop regulations and requirements that are mutually beneficially, while addressing risks.

Objective 3.2: Address SPS and technical trade barriers through bilateral discussions

Key Outcome: Development of SPS regulations expands potential trade between the United States and its trading partners

Actionable Strategies

- Develop and implement coordinated USDA strategies to aggressively pursue the elimination of specific SPS barriers in key markets.
- Maintain strong relationships with foreign regulatory officials through our overseas Attaché network and respond quickly to problems on the ground before they escalate.
- Inventory major SPS barriers to U.S. agricultural trade (Annual Market Barriers Report).
- Train FAS staff resources in Washington and overseas to address SPS barriers to trade.
- Assist foreign countries to understand and negotiate the U.S. regulatory process.
- Coordinate with industry on research or marketing efforts to support SPS objectives.

Encourage Adoption of International Standards

The SPS Agreement encourages countries to adopt international SPS standards where they exist. Three organizations – the Codex Alimentarius Commission, the International Office of Epizootics, and the International Plant Protection Convention – are responsible for developing these standards. However, development of additional science-based international standards has been hampered by resource constraints and, in some cases, by political interventions.

Objective 3.3: Support development and adoption of science-based international standards

Key Outcome: Establishment of more science-based international standards facilitates agricultural trade

Actionable Strategies

- Coordinate the development of USDA strategies to advance U.S. interests in international bodies including the adoption of science-based international standards of importance to U.S. agriculture.
- Develop international coalitions for U.S. policies and positions supporting scientific standards.
- Encourage parent bodies Food and Agriculture Organization of the United Nations (FAO) and World Health Organization (WHO) to ensure CODEX and IPPC are adequately funded to develop science-based standards and guidelines.
- Position more highly qualified U.S. citizens in international bodies, including the FAO.
- Encourage more active and informed participation by developing countries in international standard setting bodies.

Strengthen the Global SPS Regulatory Framework

Expansion of agricultural trade in developing country markets, where income and population growth is fastest, requires that these countries have in place a predictable, transparent, and science-based SPS regulatory infrastructure. However, developing countries often lack the regulatory infrastructure to implement commitments under the SPS agreement or resources to implement the measures necessary to safeguard animal and plant health within their own borders. Developing countries frequently do not have access to the technical expertise to support science-based decision-making. For the least developed countries, the initial requirement may be to improve their domestic capacity to raise their own health and disease status, in order to allow exports of their own products.

Objective 3.4: Support the development and adoption of science-based SPS regulatory systems

Key Outcome: More robust and transparent SPS and TBT regulatory systems are implemented worldwide

Actionable Strategies

- Target regulatory capacity building in priority countries.
- Develop a systematic approach to regulatory capacity building to support the national development of transparent, science-based regulatory systems.
- Coordinate capacity building efforts with FAO, WHO and U.S. regulatory agencies.
- Seek funding for regulatory TCB from State/U.S. Agency for International Development, Millennium Challenge Corporation (MCC) and other sources and through the appropriations process.
- Solicit development assistance to help countries monitor and develop mitigation plans to reduce prevalence and occurrence of key animal pests and diseases.

Management Initiatives

Effective management is fundamental to accomplishment of the Agency's strategic goals. FAS has made substantial progress in improving its operations and applying sound management principles through implementation of the initiatives laid out in the President's Management Agenda (PMA). These include strategic management of *human capital*, increased efficiencies through *competitive sourcing*, use of technology to improve delivery of programs and services through *e-Government*, creation of a results-oriented organization through *budget and performance integration*, and efficient and responsible management of taxpayer funds through *financial management*. In addition to implementation of the President's Management Agenda, FAS will focus on the following five key management initiatives that are critical to support the attainment of its strategic goals:

- Strategic Planning and Alignment
- Employee Recruitment and Development
- Operational Excellence
- Information Management and Technology
- Performance and Accountability

These management initiatives, and many of the strategies for achieving them, were identified by FAS employees in connection with the FAS strategic realignment. This includes the 2004 representative working group report, FAS environmental scan, management discussion papers on FAS goals and functions, FAS 2020 employee suggestion box, and union representatives.

Strategic Planning and Alignment

Effective alignment of agency activities, resources, and operations with FAS's strategic goals should be supported through a strategic planning process that actively engages agency managers and employees.

Actionable Strategies

- Institute a strategic planning process and ongoing analysis to support executive management decisions.
- Hold FAS managers accountable for communicating agency and work unit strategic goals and managing for results in achieving these goals.
- Link employee performance to the strategic plan.

Employee Recruitment and Development

FAS employees are its most valuable resource. To successfully deal with the complex challenges associated with FAS's policy, program, and management objectives, the agency will need to place greater emphasis on attracting, developing, and retaining a highly-skilled and diverse workforce.

Actionable Strategies

- Establish annual recruitment and training plans to recruit for a diverse workforce.
- Develop skills needed to support the Agency mission and reduce under-representation.
- Institute a corporate training program, including just-in-time and on-the-job training.
- Develop a flexible personnel system to enable the agency to address priority and emerging issues.
- Provide a challenging work environment and state-of-the-art tools for all FAS employees.

Operational Excellence

To maintain quality services to its stakeholders and ensure responsible stewardship of public resources, the agency must focus on improvement and innovation in internal agency processes and functions.

Actionable Strategies

- Reengineer and streamline business processes.
- Develop solutions to improve services to internal and external customers.
- Leverage capabilities of private, State, and other U.S. Government partners.
- Enhance project and program management capabilities to drive improvements in effectiveness and efficiency.
- Incorporate a monitoring and evaluation plan into all programs.
- Improve service delivery from FSA and other shared service providers.
- Enhance management and administrative training.

Information Management and Technology

To effectively provide policy support, manage trade issues, and implement programs, FAS employees must have access to information on global developments around the clock. To maintain its value and relevance, FAS requires a reliable, up-to-date information technology infrastructure.

Actionable Strategies

- Align information technology investments to support the Agency's strategic goals and objectives through the Enterprise Architecture.
- Integrate information systems with other USDA, foreign affairs, and partner agencies.
- Facilitate communication and collaboration within Headquarters and between Washington and field staff, framed around current, specific information needs.
- Increase use of information technologies to increase workforce efficiency.
- Ensure FAS employees have needed IT skills.

Performance and Accountability

To ensure the benefits of the Agency's goals and objectives are delivered to its stakeholders, FAS will implement an integrated performance management and measurement system holding managers and employees accountable for achieving results.

Actionable Strategies

- Ensure each employee develops annual work plans in line with the strategic plan and monitors achievements through performance measures.
- Provide executive managers quarterly information on key metrics related to agency-wide performance.
- Focus monitoring and compliance on high-risk or high-cost areas.
- Develop processes to obtain continuous stakeholder feedback.
- Focus on education of employee, manager, and program participant responsibilities.