



Strategic Goal 1

Enhance International Competitiveness of American Agriculture

Expanding global markets for agricultural products is critical for the long-term economic health and prosperity of our food and agricultural sector. U.S. farmers have a wealth of natural resources, cutting-edge technologies and a supporting infrastructure that result in a production capacity beyond domestic needs. Expanding global markets will increase demand for agricultural products and contribute directly to economic stability and prosperity for America's farmers.

To expand overseas markets and facilitate trade, USDA assists in the negotiation of new U.S. trade agreements and the monitoring and enforcement of existing trade agreements. In cooperation with private sector producer and commodity trade associations, USDA administers an array of market development and export promotion programs designed to build long-term markets overseas. The Department helps to expand trade opportunities through programs of technical assistance and training that support agricultural development and growth in developing countries and help them participate and benefit from international trade. USDA also works to facilitate trade through the adoption of science-based regulatory systems and standards.

Strategic Result: Increased Export Opportunities for U.S. Agriculture

OBJECTIVE 1.1: EXPAND AND MAINTAIN INTERNATIONAL EXPORT OPPORTUNITIES

The most effective means of expanding foreign market opportunities is through new trade agreements that increase market access and reduce trade impediments. Greater access to foreign markets requires an aggressive trade policy that lowers tariffs and eliminates distorting subsidies. To achieve this, USDA will work with the Office of the U.S. Trade Representative (USTR) to push aggressively to conclude the Doha Round of World Trade

Organization (WTO) negotiations. Doha refers to the round of multilateral trade negotiations conducted under WTO. USDA and USTR also plan to complete new trade agreements with a variety of trading partners and negotiate effective market access with countries seeking to join the WTO. Other nations are pursuing bilateral or regional agreements around the world that will put the U.S. at a comparative disadvantage in many markets. Without these efforts, U.S. producers will find trade opportunities denied by others' preferential agreements.

While market expansion is critical, maintaining existing access is just as important. USDA will continue to monitor existing trade agreements and work with USTR to ensure that such access is enforced. Similarly, USDA will work with USTR to address technical barriers to trade that are not consistent with international agreements.

USDA also will continue to sharpen the focus of its programs, services, education and information toward high economic-growth areas while working actively to maintain existing markets. In managing these activities, the Department partners with producers, trade associations, and exporters to realize the benefits that will flow from trade reform and result in global market expansion. High-growth areas for food demand are middle-income and developing countries where both population and income are growing relatively rapidly. USDA's technical assistance and training programs play a vital role in helping these countries meet their WTO obligations, strengthen market infrastructure and policy and regulatory frameworks, and avoid or eliminate unjustified technical trade barriers.

Key Outcome: Increased Access to Global Markets for U.S. Agricultural Producers and Exporters

1.1.1 Dollar value of agricultural trade preserved annually through trade agreement negotiation, monitoring and enforcement

Baseline 2005
\$0.8 billion.
Target 2010
\$1.0 billion.

Each year, USDA personnel in Washington and at overseas posts negotiate agreements and monitor compliance with existing trade agreements. When necessary, staff members intervene with foreign governments on behalf of U.S. exporters who face market access difficulties as a result of trade barriers. These monitoring and intervention activities are documented and incorporated in the performance target.

Actionable Strategies

USDA will continue to work aggressively to increase U.S. food and agricultural exports to global markets. Additionally, USDA will provide timely and accurate market information and education to help producers make market-appropriate decisions.

Future actions will include:

- Working with USTR to negotiate a comprehensive liberalization package for agriculture under the Doha Development Agenda of the WTO, and through regional and selected bilateral trade agreements;
- Monitoring trading partner compliance with existing trade agreements and working with USTR to enforce those agreements;
- Developing strategies to avoid and resolve individual problems, such as technical barriers to trade, and intervene with international Governments on behalf of U.S. exporters to resolve them and facilitate trade; and
- Researching and analyzing the effects of trade agreements, political and economic structural changes, and technological developments on the comparative and competitive advantage of U.S. agriculture.

OBJECTIVE 1.2: SUPPORT INTERNATIONAL ECONOMIC DEVELOPMENT AND TRADE CAPACITY BUILDING

The President's 2002 National Security Strategy cites economic development as one of the top three priorities of U.S. foreign policy, joining diplomacy and defense. The strategy recognizes that economic and political instability associated with insufficient economic development is a major national security threat to the U.S. For most developing countries, particularly in Africa, a productive and sustainable agricultural sector supports economic well-being. Thus, targeted agricultural development is crucial to the President's National Security Strategy.

Activities that support economic development also play an important role in efforts to expand overseas market opportunities for American agriculture. Most future growth in food demand will occur in developing and middle-income countries, where population and income are growing relatively rapidly. As incomes increase in these countries, consumers spend a far greater proportion of the extra income on food compared to consumers in higher-income countries. Moreover, growing incomes also allow consumers to diversify their diets and purchase more high-value and processed food products.

USDA deploys its unique resources and expertise in agricultural development activities. These activities include collaborative projects with the U.S. Agency for International Development, the Millennium Challenge Corporation, and other U.S. agencies and international organizations to advance market-based policies and institutions, trade and investment, sustainable agricultural systems, and research and education in developing countries. These activities are focused on improving agricultural productivity and markets as the engines for economic growth.

USDA also helps developing countries increase trade and integrate their agricultural sector into the global economy through trade capacity building activities. Through a variety of training, technical assistance, and inter-governmental actions, these activities help to strengthen other countries' agricultural institutions and regulatory systems, encourage participation in and compliance with international norms, and develop greater understanding

of U.S. approaches to agricultural policy and regulatory procedures.

The U.S. plays a leading role in global efforts to alleviate hunger and malnutrition, and enhance world food security through international food assistance activities. USDA contributes to these efforts by implementing a variety of assistance programs designed to support economic growth and development in recipient countries. Reducing hunger and malnutrition by adopting sustainable, productivity-enhancing technologies and supporting agricultural reconstruction in post-conflict or post-disaster states also are priorities.

Key Outcome: Improved Ability in Developing Countries to Sustain Economic Growth and Benefit from International Trade

1.2.1 Provide technical assistance and training to help countries adopt U.S. approaches to agricultural trade policy and reduce non-tariff barriers to trade

Baseline 2005

5 recipient countries make substantive improvements in national trade policy and regulatory frameworks that increase market access.

Target 2010

15 recipient countries make substantive improvements in national trade policy and regulatory frameworks that increase market access.

A key strategy for increasing U.S. exports and global trade is expanding market access through reduction of non-tariff barriers. Trade capacity building supports this objective by enhancing developing countries' ability to trade through adoption of improved policies and regulatory frameworks, thereby expanding market access. Improvements can be measured by one or more of the following outcomes in each recipient country: establishment of new institutions; modification of policies or improved regulations that are transparent, science-based, and consistent with the requirements of international standards-setting bodies; strengthened market infrastructure; improved regulatory structure for the adoption of biotechnology

and agricultural biotechnology products and heightened awareness of U.S. regulatory procedures; improved frameworks for monitoring and mitigating plant and animal diseases; increased transparency in rule-making; reduced transaction costs; informed decision-making by policy makers and others, based on sound science; and/or increased capacity to expand trade in international markets.

Actionable Strategies

- Provide targeted international assistance, including commodity assistance, that supports needed agricultural investments and policy reforms that will foster agricultural development and economic growth in developing and transition countries;
- Provide technical assistance and training to developing countries to strengthen market infrastructure, market institutions, trade and investment, and supportive market policies;
- Provide technical assistance to help developing countries adopt rules-based and science-based policies and regulatory frameworks of international standards-setting bodies;
- Help developing countries raise agricultural productivity in a sustainable environment with applications of science and technology, including biotechnology, to boost food availability and access, and improve nutrition; and
- Continue to provide technical assistance to countries in agricultural, economic, and environmental reconstruction following armed conflicts or natural disasters and strengthen their capacity to mitigate future problems.

OBJECTIVE 1.3: IMPROVED SANITARY AND PHYTOSANITARY (SPS) SYSTEM TO FACILITATE AGRICULTURAL TRADE

SPS refers to the protection of human, animal and plant life and health from foreign pests, diseases and contaminants. SPS barriers identified as trade barriers continue to grow due to the lack of regulatory capacity in various countries and/or through the lack of sound science. This growth impedes agricultural trade around the

world. Reduced trade flows due to SPS barriers limit U.S. exports and efforts of developing countries to participate in and benefit from global trade. In response to these problems, USDA will use its extensive expertise and work closely with other U.S. agencies to strengthen regulatory coordination, streamline procedures to enhance trade and encourage the use of sound science in addressing SPS and biotechnology issues. The Department also will continue to monitor adherence to the SPS Agreement of the WTO and actively participate in U.S. Government enforcement of this agreement. Additionally, USDA will work aggressively with its private-sector trading partners and international standards-setting organizations to develop a stronger system of international guidelines. These new guidelines will foster the widespread adoption of science-based regulatory systems. USDA will conduct regulatory capacity-building activities, as well as domestic and international outreach and training. These efforts will not only help protect the life and health of humans, animals and plants within the United States, but also will facilitate trade through greater regulatory harmonization.

Key Outcome: An Improved Global SPS System for Facilitating Agricultural Trade

Performance Measures

1.3.1 Value of trade preserved annually through USDA staff intervention leading to resolutions of barriers created by SPS or Technical Barriers to Trade (TBT) measures

Baseline 2005
Value of U.S. agricultural trade expanded and maintained at \$2 billion.
Target 2010
Value of U.S. agricultural trade expanded and maintained at \$2.5 billion.

Actionable Strategies

To reduce SPS barriers, USDA will:

- Consult with trading partners to address specific SPS issues;
- Monitor and enforce trading-partner compliance with SPS components of existing trade agreements;
- Intervene on SPS access barrier issues with foreign governments on behalf of U.S. exporters to facilitate trade;
- Assist developing countries to strengthen policy and regulatory frameworks and institutions, and enhance SPS infrastructure through targeted capacity building;
- Strengthen global participation in international standards-setting bodies, such as WTO, Codex, the International Plant Protection Convention and the World Organization for Animal Health, as well as support the adoption of science-based international standards; and
- Develop research technologies to mitigate animal and plant health issues that impede trade.

Key External Factors

A number of factors may affect USDA's ability to expand overseas market opportunities and enhance the competitiveness of American agricultural producers. These include weather and other growing conditions at home and abroad; domestic and international macroeconomic factors, including consumer purchasing power and the strength of the U.S. dollar and competing currencies; and policy developments in other countries, such as the erection of trade barriers and adoption of standards that are not science-based.