

LEVERAGING US TECHNICAL ASSISTANCE FOR IMPROVED DEVELOPMENT OUTCOMES



by Ammad Bahalim and Joe Glauber

A NOTE FROM THE FARM JOURNAL FOUNDATION

Over the next few years, we have a unique opportunity to further strengthen US agriculture and transform US agricultural development programs overseas to help foster growing markets and build more stable and secure nations. The 2018 Farm Bill reauthorization presents an opening to reposition US agriculture for the 21st century and deploy the tools needed to strengthen inadequate food systems.

Since the Farm Journal Foundation (FJF) started in 2010, it has sought to bring the expertise of US agriculture to the national policy table, providing a platform for diverse stakeholders across the US agricultural system to contribute their knowledge and ideas to feed a growing global population.

With a longstanding relationship with US agriculture and rural America, the FJF invited renowned experts to suggest approaches to enhance the programs and other tools that policymakers will need to generate better outcomes for US investments in agriculture and global food security. A series of three policy papers were commissioned; one on institutional capacity building, one on agricultural trade technical assistance and one on agricultural research. When considered as a whole, we believe that the papers can facilitate a conversation on how US agriculture can maintain its comparative strength while sharing its knowledge and tools with fellow farmers in developing countries to help drive economic growth around the world, and in the process, create new opportunities for US products in the markets of the future.

We hope that this effort will assist policymakers in promoting a national vision and commitment to international agricultural development in US foreign policy, and continued support for US farmers utilizing US Agriculture's best practices and expertise.

The Farm Journal Foundation would like to express its thanks to its donors, our Farm Teams, HungerU students, partners and colleagues across agriculture who reviewed these papers.

Tricia Beal
Chief Executive Officer
Farm Journal Foundation

FOREWORD

Today, too few people know where their food comes from and what is required to produce it. Even fewer understand the strong link between hunger, instability and conflict. Widespread hunger and lack of political stability are closely related and key drivers of both conflict and migration – refugees fleeing to Europe and undocumented immigrants entering the United States are but two examples of how people often respond to their inability to feed and protect their families.

As Americans, we have benefitted from decades of low food prices and a safe food supply. Our country's agricultural sector has advanced due to the innovation and dedication of our farmers as well as the US Government's visionary leadership since 1862. Together we have created the most advanced agriculture and food system the world has ever seen; however, many US agricultural institutions are now showing the strains of a mature system. New thinking, resources, and innovation, including improved coordination, will be vital to meet the coming challenges facing our world.

As President of the University of California system, I launched the UC Global Food Initiative in 2014 to focus our UC resources and intellect on one of the critical issues of our time: how to sustainably and nutritiously feed a world population expected to reach at least eight billion by 2025. The governments of China and Brazil are already working hard to bolster their agricultural systems to meet the growing global demand for food; they now spend more than twice the amount the US does on public agricultural research. We need to break out of the 'business as usual' approach and catalyze all relevant players – governments, universities, the private sector, and NGOs – to meet this challenge.

I applaud the Farm Journal Foundation for commissioning this series of reports and taking on the critical issue of how US agriculture can maintain a leadership role in feeding the world. These papers call on the US to both modernize our agricultural system and further link it with national security and development efforts to meet the demands of the future.

As each report demonstrates, no one sector can do it alone; success will require leadership, resources and new models for partnership. Taken together, they kick off a much-needed dialogue on how US Agriculture can maintain its comparative strength, share its extraordinary knowledge, drive economic growth and stability – all while ensuring US competitiveness in tomorrow's agricultural export markets. The issues covered (and the authors) are:

- Agricultural research, written by Dr. Phil Pardey and Dr. Jason Beddow.
- Human and institutional capacity-building, written by Dr. Thomas Jayne, Hon. Chance Kabaghe and Dr. Isaac Minde.
- Agricultural trade technical assistance, written by Mr. Ammad Bahalim and Dr. Joseph Glauber.

We have seen that the nation is ready for new ideas, voices and approaches. The Farm Bill reauthorization in 2018 provides a vehicle for modernizing our approach and improving the efficacy of our US investments both at home and abroad. Let us use these papers, and their recommendations, as a starting point for discussion and to better engage the full breadth of stakeholders within the US agricultural system.

Janet Napolitano
President, University of California

ABOUT THE AUTHORS

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SUMMARY

This paper describes the obstacles that farmers in developing countries face in accessing international markets for their products, and how greater US investment in providing trade technical assistance to those countries can help instill confidence by potential participants in the international trading system. It notes that for developing country exporters of agricultural products, it is lack of capacity to deal with sanitary and phyto-sanitary (SPS) standards, not hefty import tariffs, which presents the greatest problem in accessing markets in the United States and other developed countries. The paper recommends an increased US focus on providing experienced personnel and the appropriate equipment to address SPS issues in developing countries and improved coordination between USG agencies involved in these activities. Improved coordination with other donor countries on SPS matters is also encouraged.

INTRODUCTION

The poorest and hungriest people in the world are often farmers. Countries that have substantially reduced poverty and hunger have included agricultural trade in development strategies, but with the WTO's Doha Round of talks stalled and regional agreements being pursued by many nations, multi-lateral negotiators have settled for less ambitious outcomes, such as the Trade Facilitation Agreement rather than insist on the significant reductions in farm tariffs and domestic support that were outlined in the Round's original agenda¹. So far, the Round has failed to deliver on the promise of agricultural trade policy reform.

In the absence of a global deal, an incoming US administration could leverage the nation's technical expertise to help poor farmers in developing countries gain access to world markets. In the last few years, key bills on trade capacity building and global food security have passed, and the US government made commitments to help developing countries under the Trade Facilitation Agreement. With a new Administration and a new farm bill expected in 2018, the time is ripe for an ambitious US vision.

THE VISION

- Help poor farmers export goods to foreign markets through improved technical assistance to meet sanitary and phytosanitary (SPS) standards. The bottleneck that higher value exports from developing countries face, such as fruits, vegetables, and processed agricultural products often results from inability to meet such standards. Greater ability to comply with standards will boost trade flows and incentivize investment in agricultural value chains.
- Build confidence in the trading system. Among rich countries, the United States has one of the lowest agricultural tariff profiles, but developing country exports often have trouble at borders in meeting SPS requirements, a situation some consider to be disguised protectionism. Lowering these barriers, in collaboration with other developed countries, will build confidence among countries reluctant to negotiate a more ambitious multilateral trade agenda.

Trade liberalization focused only on reduction in tariffs is insufficient to boost trade, as a range of non-tariff measures do not allow developing countries to fully benefit from a functioning open market.² The United States can shape the future trade agenda as "Aid for Trade" and unilateral preference schemes did in the late 1990s and early 2000s—targeted, technical, and bilateral solutions in the absence of global consensus.³

THE CHALLENGE

How do the poorest of developing country farmers realize the potential of trade? Smallholder producers, especially in Africa, rarely have access to rich markets. They face many problems, including:

- Not all agricultural products are exempt from tariffs under preference arrangements such as the African Growth and Opportunity Act (AGOA).

- Farmers are often unaware of export potential or requirements.
- Farmers lack the mechanisms to aggregate their production.
- Farmers do not have access to appropriate domestic infrastructure in terms of human and institutional capacity and even laboratory equipment to test for product quality.

Furthermore, smallholders face a host of problems, including low productivity and limited access to finance, which keep many of them poor. Some US development programs and initiatives address the issue, among them Trade Africa and Feed the Future led by the US Agency for International Development (USAID), the Food for Progress program run by USDA's Foreign Agricultural Service (FAS), and related activities in as many as 19 other agencies. In the 2015 reauthorization of the AGOA, Congress required the executive branch to coordinate, report, and expand how it provides technical assistance to farmers to improve use of the preferences program. Targets underlying the new UN Sustainable Development Goals commit member countries to providing technical aid to poor farmers.

WHAT'S WORKING

Government agencies and regulations have kept the American food supply safe and pest-free while allowing access to food from around the world, notably tropical produce. The United States is one of the world's largest agricultural importers and exporters, and its single most important aid provider. Agricultural goods of tremendous volume and value are subject to inspection at American ports. USDA's Animal and Plant Health Inspection Service (APHIS), FAS, and the Food and Drug Administration (FDA) deliver safe, reliable agricultural and food products. The technical expertise of these US personnel sets an international standard.

New legislation is also helping. The Food Safety Modernization Act (FSMA), signed into law in 2011, is the greatest overhaul of food safety rules since 1938. It expands the FDA's mandate to build domestic capacity to prevent spread of food borne illness and streamlines the import process. USAID and others have improved access to the American market. The Trade Africa initiative, launched in 2013, has helped total East African Community exports to the United States climb 24 percent between 2013 and 2014. These elements could be combined to generate returns greater than the sum of their parts.

PROPOSED CHANGES FOR CONSIDERATION

As the world's largest economy, the United States must do more to help developing countries' agricultural goods cross borders. In a typical year, less than one percent of US agricultural imports come from sub-Saharan Africa.

Standards compliance is the single greatest barrier to the US market for poorer farmers.⁴ At APHIS, just one of the agencies responsible, procedural delays can be significant, especially if the product is politically sensitive due to domestic producer concerns or if the foreign government is slow to respond to US requests for additional information. Ten years passed before Mexico's Hass avocados were allowed into the United States year-round. The average length for the approval process is three years.⁵ Only well-resourced producers can bear the risks associated with the slow approval process.

Expediting the process is only part of a complex series of barriers—at both ends of the supply chain. Aid alone is not the entire solution.⁶ We recommend these actions:

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1. Prioritize technical assistance: Give potential exporters access to expertise, equipment, and funds in order to comply with SPS requirements.

- a. Request funding from Congress for additional FDA, APHIS, and USAID technical assistance staff. The 2015 AGOA re-authorization calls for 10 additional staff to work on technical assistance, and the FSMA regulations will substantially increase the SPS burden by adding consideration of food safety on top of and pest and disease risks to the regulatory infrastructure. Provisioning this public good for American consumers will require additional staff in-country and at headquarters. Some have called for establishing an FDA office in Africa in addition to those currently operating in China, India, and Latin America.
- b. In order to streamline bureaucracy, implement evidence-based best practices, such as an Export Helpdesk, or a "one-stop-shop" for tariffs, SPS, and other requirements to enter the United States.⁷ A single, well-publicized entity will help exporters understand US market regulations; currently, they must navigate the approval process for both pest control and food safety across several agencies.
- c. Create formal mechanisms of collaboration—through memorandums of understanding and other means—with potential exporting countries and regional blocs to improve staff capacity.

2. Improve coordination within the US government: Align goals and collaborate on implementation of capacity-building programs in developing countries.

The US is the world's largest provider of trade-related assistance valued at \$2.3 billion in 2014 alone. Given that any trade facilitation with developing countries will likely be in agriculture, a common goal for US agencies should be the support of value addition and processing in agriculture. They can do this through the following actions:

a. Revitalize the Office of Trade Capacity Building at the Office of the United States Trade Representative (USTR) to coordinate government-wide implementation of technical assistance and trade capacity building programs. At least 21 government agencies have agricultural trade and development interests with current and potential US export partners. Experts have long recommended coordinating the actions of government agencies.⁸ Multiple and conflicting requests from within the executive branch can lead to suboptimal development outcomes. The USTR has served this function under previous administrations, and participants in the interagency process appreciated its leadership.

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b. Take stock of the agriculture-related technical assistance provided through US trade capacity building programs. A review of published agency budgets and aid statistics suggests that over the last decade between \$200 million and \$1 billion per year have been provided for technical assistance, some of it on agriculture. The range of estimates results primarily from different definitions of technical assistance applied by the various agencies in their reporting. An external assessment should be performed to understand how programs interact and how they could be improved to align executive priorities with a trade capacity building bill currently in discussion in Congress. Recommendations could include broadening the funding and mandate of USDA to explicitly provide technical assistance, and for USTR to coordinate various agencies.

c. Develop a government-wide strategy to support developing US implementation of the WTO's Trade Facilitation Agreement. This agreement will reduce administrative complexity at borders, but some developing countries are skeptical. Demonstrating

its benefits and explaining how countries receive assistance under its implementation may allay concerns. High-value tropical exports, such as fruits, vegetables, and flowers are highly perishable. A reduction in red tape will support both expanded South-South trade and trade with richer countries.

3. Coordinate with donors and beneficiary governments: Help beneficiary countries draft national technical assistance strategies and support donor alignment on common objectives.

Donor and national efforts could be better aligned with continental and regional priorities to concentrate efforts targeting specific and shared objectives, especially around the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, adopted by African heads of state in 2015, which called for tripling intra-African agricultural trade.⁹ A host of donors operate in this space but not all of them are coordinated or integrated. In-country and global collaboration would be helpful.

a. Create a pilot program to work with select countries on identifying products with export potential to the US and a reasonable SPS risk mitigation profile. Not all farm goods produced by small farmers are likely to be competitive in foreign markets nor will they regularly be SPS compliant. USAID and USDA could work with interested countries or

regional blocs to identify the appropriate products with smallholder impact, note technical assistance needs, and pilot SPS compliance strategies.

b. Align donors in-country and globally. Most technical assistance is provided as bilateral aid, and international mechanisms exist as a backstop. As a leading donor, the United States could use its representation at several bodies at the WTO, (the Committee on Trade and Development, the Standards and Trade Development Facility, the Enhanced Integrated Framework), to ensure that donors align globally on supporting developing country compliance with SPS measures. In-country implementation could be coordinated in locations where the pilot strategies are established, with donors' contributions appropriate to their strengths.

c. Engage in an SPS dialogue with leading importers. The United States could work with other agricultural importers such as Japan or the EU to simplify standards compliance by coordinating

and streamlining procedures. Mega-regional trade agreements, such as the Trans-Atlantic Trade and Investment Partnership negotiations currently underway between the United States and European Union, should include recommendations for generating common standards that benefit the poorest developing countries.¹⁰

CONCLUSION

The United States can put market-led solutions within reach of small farmers by leveraging its technical expertise, and the nation has every reason to connect the poorest countries with global markets. Notably, most developing countries' relative comparative advantage is in producing tropical goods, not a strong suit of American agriculture.¹¹ Poorer economies are currently net importers of farm goods and likely to be increasingly dependent on global markets; encouraged to grow through export-led agriculture, they could become a destination for future US exports thanks to the effects of higher incomes. Finally, US regulators have an obligation to ensure compliance with domestic standards, an unequivocal public good and national security concern. ■

ENDNOTES

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7. For further information see <http://exporthelp.europa.eu/>
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9. African Union, *Decision on the Report of the High Level African Trade Committee on Trade Issues*. Doc. Assembly/AU/13(XXIII) (Malabo: 2014).
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The Farm Journal Foundation is a 501(c)(3) organization devoted to informing and engaging U.S. agriculture, policymakers, and the general population on the importance of improving global food security. In 2016, the Foundation launched the Farm Journal Foundation Dialogue, with the desire to convene a public conversation on issues viewed as critical to feeding a growing global population, including discussion of how specific U.S. policies might be improved to better address those issues. Towards that end, the Foundation commissioned policy briefs by renowned experts in the areas of agricultural research, human and institutional capacity building, and agricultural trade technical assistance, which will be released individually during the month of February 2017. These Dialogue documents reflect the views of the authors, and are intended to stimulate interest and debate on these issues as Congress begins to consider the next farm bill and other relevant legislation.

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