

As of January 1, 1992, the U.S. had subsidized 117 million tonnes of U.S. grains, oilseeds and their products through the EEP since its inception in 1985. It has cost U.S. taxpayers US\$4 billion. The President's 1993 fiscal-year budget proposal sets program funding at the same level as that in fiscal-year 1992, namely US\$1.2 billion.

The United States Food, Agriculture, Conservation and Trade Act of 1990 (FACT) includes a GATT Trigger which would require specific commodity and export program adjustments to be implemented or considered by the United States Secretary of Agriculture if the Uruguay Round does not reach a successful conclusion by June 30, 1992. These actions include a requirement that the Secretary increase export promotion programs by \$1.0 billion during fiscal years 1994 and 1995.

Market Promotion Program

The U.S. Market Promotion Program (formerly the Targeted Export Assistance Program) is authorized under the Farm Bill and is administered by the USDA's Foreign Agricultural Service. The program allots US\$200 million annually from USDA's Commodity Credit Corporation for fiscal years 1991 through 1995 to finance promotional activities for U.S. agricultural products. Canadian industry has raised concerns about the impact of the program on Canadian exports to third country markets.

Intermediate-Term Export Credit Guarantee Program (GSM-103)

The GSM-103 program authorizes the Commodity Credit Corporation (CCC) to provide low interest loans to facilitate the sale of a wide range of U.S. primary and processed agricultural products. The CCC guarantees 98 per cent of the principal and a portion of the interest accrued during the financing period, which may range from three to ten years. If importers or their banks default on these loans, the CCC honours the guarantee by paying to the exporter or the exporter's bank the amount of the principal and interest loss covered by the guarantee.

GSM-103 sales distort trade because of the subsidized interest rates and the concessional nature of the loan terms, which exceed the normal commercial limit of three years in duration.