Over time, the EEP program has expanded to include countries that have a small EC market presence, and then to countries where the EC has only had the potential for sales. As a result of the trade subsidy war between the United States and the EC, very few markets are not targeted under the EEP. This has caused a severe reduction in the overall world price and has resulted in devastatingly low returns to Canadian producers.

As of January 1, 1993, the United States had spent *$5.2 billion on the EEP, 92 per cent of which was used to subsidize grains, oilseeds and their products. Program funding is budgeted at $1.2 billion for the 1993 fiscal year. However, there is currently no cap on EEP funding.

The 1990 Farm Bill includes a GATT trigger provision, which requires specific commodity and export program adjustments to be implemented or considered by the U.S. Secretary of Agriculture if the Uruguay Round did not reach a successful conclusion by June 30, 1992. These actions include a requirement that the Secretary increase export promotion programs by $1 billion during fiscal years 1994 and 1995, beginning on October 1, 1993.

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 $200 million annually from USDA's Commodity Credit Corporation for fiscal years 1991 through 1995 to finance promotional activities for U.S. agricultural products. Funding for the 1993 fiscal year is $147.7 million. 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.

* Note: All dollar figures are United States dollars.