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OUTLOOK '83

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Thank you for joining us today. After two and a half days of listening to speeches, I thought you might appreciate a piece that appeared in a Midwestern newspaper a while ago. The editor was complaining about how verbose we get here in Washington. He pointed out that the Ten Commandments contain only 279 words. The Bill of Rights is a mere 463 words. The Gettysburg Address has only 296. But the federal regulations on marketing cabbage come to a resounding 26,911.

That story is probably a bit apocryphal, but I promise to keep it in mind and stop speaking before I see any heads nodding in the back of the room. Since the Office of International Cooperation and Development is not exactly a household word, perhaps I should begin by telling you a bit about our work here at USDA. By federal standards, OICD is a small agency -- just a little over 200 people. Most of our work is in fact done under contracts with the Agency for International Development, international organizations, and foreign governments. In handling these contracts, we often turn to other USDA agencies, the university community, and the private sector for the personnel we need to handle our projects.

OICD's mission, simply put, is to oversee the Department's policies and programs that deal with international cooperation and development. That takes in quite a lot of territory -- technical assistance to developing countries, training programs for foreign agriculturalists, relations with international organizations like the development banks and the Food and Agriculture Organization of the United Nations, scientific and technical exchanges with other countries, and cooperative research.

With the economy in trouble and the need for austerity in federal spending, the natural question becomes, "Why are we spending money on programs overseas?" Where's the payoff in these programs for the farmers in Iowa, Kansas, or Nebraska?

That's the question I'm here to answer today. It's my feeling that dollar for dollar OICD's programs contribute as much as any in the Department to improving the outlook for American agriculture.

There are two ways our programs help the American farmer. The first is by promoting and protecting agricultural production and the second is by actively supporting U.S. farm exports, especially to the growing markets in the developing world.

Let's take production first. OICD's international research and scientific and technical exchange programs are geared toward finding new and improved ways to grow crops here in the United States. At present, USDA has over 50 bilateral or multilateral exchange agreements with other countries and more than 300 U.S. scientists are taking part in these programs.

One of the most potentially valuable and interesting exchange agreements we have is with China. The germplasm exchanges with the Chinese have already filled gaps in the U.S. collections, especially for wheat and soybeans. Soybeans originated in China, and we hope that wild Chinese soybean germplasm will hold the key to further gains in yields here in the United States and to the development of both new disease-resistant varieties and varieties that American farmers can grow in both existing and new production areas.

Chinese successes in swine breeding -- up to an amazing 18 births per litter -- have, needless to say, generated tremendous interest among U.S. pork producers. And OICD is working with the Animal and Plant Health Inspection Service on importing Chinese swine germplasm in the near future. Eventually producers in Illinois and Iowa may see greater profits as a result of these efforts.

Guayule production is another area we've begun to explore. This time the payoffs should not only help U.S. farmers, but the country as a whole. United States' dependence on foreign rubber supplies has been a serious strategic problem for quite some time and guayule production may hold the key to overcoming that dependence. OICD has already established agreements with Australia and Mexico for research on developing the guayule plant as a source of natural rubber. If the projects succeed, American farmers in the Southwest could find themselves with a new and important cash crop and the United States could eventually lessen its troublesome reliance on foreign sources of rubber.

Overseas research sponsored by USDA also holds promise for improving the rice produced by American farmers. A USDA grant has supported the Coordinated Rice Improvement Project in India which led to the discovery of several rice strains that are resistant to serious pests and diseases that limit production. The resistant lines developed in this cooperative research will be incorporated into the Federal/State rice improvement program here in the United States.

Major farming areas of the United States have been exposed to increasing levels of air pollution and this is another problem we've addressed in our scientific and technical exchange program. Estimates of annual losses due to sulfur and nitrogen oxides have been as high as \$200 million a year. Major agronomic areas will be exposed to even more air pollutants as the shift to coal as an energy source continues in many parts of the country. France is a world leader in research on how crops cope with this kind of environmental stress. And OICD has arranged for U.S. scientists to work with French specialists in this potentially critical area.

Finding better ways to protect American farmers from crop losses has been another major focus of OICD's scientific dealings with other nations. The huge bill for eradicating the Medfly last year and the millions of dollars lost by California citrus producers have focused a lot of attention on preventing the spread of insect pests and animal diseases. Much of OICD's research and scientific exchange activities addresses that need.

About half the 500 species of insects that inflict \$2 billion worth of damage on crops in the United States are developing resistance to insecticides. So OICD has sponsored research in this area and arranged for teams of U.S. scientists to work overseas to collect natural parasites that attack these insects. Introduced into infested areas, these parasites can effectively help control insect damage to U.S. crops and forests. Past performance has shown a \$30 dollar return for each dollar spent on importing these parasites.

Right now we are working with 10 nations in this area. We've brought insects from China that are natural enemies of aphids and moths that attack cotton, tobacco, vegetables, citrus, and trees that are important American agricultural products. The Chinese have considerable experience in biological pest control and U.S. scientists have taken a keen interest in the different techniques now being used in China.

In another project funded through a research grant under USDA's Special Foreign Currency Program, scientists in Pakistan have developed new cultural and managerial methods for controlling two soil-borne fungi that cause stem rot, root rot, and charcoal rot in more than 400 species of plants. Among these are such commercially important crops as cotton, pulses, and potatoes. The control methods developed in Pakistan can also be applied by American farmers who face similar disease problems.

One of the pest control projects we've undertaken may have some very visible results quite close to home. Insecticides have done little to stop the spread of the gypsy moth throughout New England and the Mid-Atlantic States. Last year, OICD sent scientists to India and the Soviet Union to try out a new approach. They returned with parasitic wasps from India that attack gypsy moths and field trials are already underway in Pennsylvania and New Jersey.

OICD's work with international organizations has also been a valuable tool in containing the spread of animal and plant diseases, particularly those which threaten to spread from the Caribbean and Central America into the United States. In the Dominican Republic, OICD arranged for USDA scientists to work with the Food and Agriculture Organization and Dominican authorities in their fight to eradicate African swine fever. By combating this disease abroad, these scientists greatly lessened the likelihood that it will spread to the United States where it could cause an \$8 billion loss to American farmers.

These are only a few examples of how we make a contribution to helping farmers here improve and protect their production. With some 239 cooperative research projects now going on overseas and more than 30 scientific and technical exchange agreements, there are literally scores of interesting and worthwhile projects underway.

But the meat and potatoes of American farmers is international trade. More than any of his predecessors, Secretary Block has made trade his number one priority in an overall effort to rebuild farm income and overcome past mistakes that have hurt the American farmer in international markets.

While many of OICD's past activities have had a direct impact on trade, it has only been in the last year or two that we have begun to direct our work more specifically in that area and join with other USDA agencies like the Foreign Agricultural Service in efforts to build farm exports.

Our primary focus is to help developing and middle income countries improve their agriculture and overall economies. This is where our programs started. The type of work that we initiated in the past laid the foundation for building new markets for our farm exports.

Let me expand on that point. As the economic vitality of a developing nation improves, so do the capabilities and expectations of its people. The poorest nations are not good customers for U.S. food -- they simply lack the foreign exchange to buy it. But economic studies by USDA's Economic Research Service, the World Bank, and others clearly show that as a nation's economy strengthens and its foreign exchange earnings increase, a major priority is almost invariably more food, a greater variety of food, and improved food security. In other words, there is a greater demand for the products the American farmer has to offer.

A growing number of countries that have received U.S. food and development assistance are now strong commercial customers -- South Korea, Egypt, Mexico, and India are just a few examples. Development work in these nations has paid off and helped build profits for U.S. farm producers. Twenty years ago who would have thought that India would ever become a commercial customer for U.S. wheat instead of a perennial recipient of food aid?

During the 1970's, the developing countries became boom markets for U.S. agricultural exports and the potential for future growth is significant. In fiscal year 1971, U.S. agricultural sales to these countries were only \$2.6 billion, or a third of the total for that year. But these sales jumped to \$17 billion by fiscal year 1981 and accounted for 40 percent of all agricultural exports.

The competition for these markets is growing and the presence or absence of development assistance plays an increasing role in the decisions made by buyers in these countries. Some of our competitors in world markets -- notably France -- have tied agricultural assistance directly to their efforts to secure sales of their commercial food exports.

OICD's technical assistance and training programs do a great deal to foster stronger ties with these developing countries, and there have been both short-term and long-term benefits for the United States.

Here are a few short-term examples. Technical assistance to Tunisia's dairy industry has led to sales of dairy equipment, dairy heifers, and goods and services from U.S. agribusinesses. Development assistance to Botswana contributed directly to more than \$4 million in additional U.S. exports of seed, cattle, and other agricultural products. As a result of an OICD project, Saudi Arabia placed an order for \$12.5 million in date processing plants with a firm based in California. All told in 1982, OICD shipped U.S.-made supplies and equipment from over 300 companies to 16 different countries.

The benefits of our training programs are subtler, but no less real. Since 1950, about 70,000 foreign nationals have been trained through these programs. Many of them now hold positions of leadership in their countries and make decisions on who to turn to for the agricultural products they buy overseas. They are the people who often sit across the table from U.S. exporters trying to negotiate sales. We've trained high agricultural officials from South Korea -- a billion dollar market for U.S. farm exports -- and from Thailand, Liberia, and Tanzania to name only a few of the countries we've worked with in agricultural training.

Our scientific exchange and research programs have proved every bit as valuable in promoting trade as they have been in finding new techniques for improving and protecting U.S. crops. Scientific and technical exchanges have helped remove barriers to U.S. livestock exports to China, and assisted FGIS in overcoming problems with the Chinese over the quality and standards for the grain they buy from the United States.

Nontariff trade barriers continue to be the bane of U.S. exporters trying to sell more of their products, especially in the EC and Japan. And this is another area where we've begun to intensify our efforts. OICD's scientific and technical exchanges have been working with the Japanese on relaxing their zero tolerance requirement for salmonella in imported poultry and other meat products. In Europe, OICD is working with the West Germans on the problem of blue tongue which has hurt U.S. livestock exports to the EC. The goal is to adopt a German seriological test for blue tongue that is not available now in the United States. This will save USDA a great deal of effort and money in research and help speed eradication of the disease in this country and spur greater livestock exports to Western Europe.

Sometimes the offer of scientific and technical assistance can bring needed support for U.S. positions on trade policy. In return for assistance to their almond industry, the Italians are now prepared to support U.S. efforts to eliminate the EC import duties on American almonds. The California Almond Growers' Association puts the value of the EC almond market at \$250 million.

There are a host of other projects with exciting potential for trade:

--Work with the Hungarians on near-infrared measuring of the quality of foodstuffs is one of them. This technique is both cheaper and faster than conventional chemical methods and would be an invaluable tool for U.S. grain exporters.

-- A leather research project with the French that may lead to a \$10 to \$20 million market for sales of U.S. pigskin in Western Europe.

-- The U.S. Holstein Friesian Association hopes to use a livestock breeding project in Poland to build breeding stock sales to countries in the Eastern Bloc.

These are some of our bilateral efforts. But we also work with international organizations which, the United States pays to support, to encourage them to continue activities helpful to U.S. farmers and exporters. OICD takes the lead in placing U.S. technical experts on the staffs of international organizations. At our request, the Food and Agriculture Organization reinstituted the collection and analysis of textile production and consumption in member nations. U.S. cotton associations need this kind of information to help their members develop more effective marketing strategies. And we are now working with the Economic Research Service and the Foreign Agricultural Service to improve the agricultural data on the Caribbean and Latin America through a cooperative project with the Inter-American Institute for Cooperation on Agriculture. This, too, should help U.S. exporters market their products more effectively.

In the last year or so, we've started to branch out into new areas largely in response to the President's proposals at Cancun and the new Caribbean Basin Initiative. These efforts, and those of our new Agribusiness Office, are directed at getting the private sector here in the United States more directly involved in development work overseas that benefits both the United States and the developing world.

As President Reagan noted at Cancun, the tremendous potential of trade in strengthening the economies of developing nations is often overlooked. More private sector involvement and investment can foster that trade. And, what's more important, trade remains long after the development experts have packed their bags and gone home.

OICD has worked with the Agency for International Development on sending Presidential Agricultural Task Forces drawn from the private sector and government agencies to Peru, Thailand, Liberia, and Honduras. Most recently, OICD took the lead in sending another task force to Venezuela.

As part of the Caribbean Basin Initiative, Secretary Block has created an Agribusiness Promotion Council in OICD to encourage U.S. agribusiness to engage in joint ventures in the Caribbean. The Council will be headed by Dr. Ray Goldberg of Harvard and will have its first meeting here in Washington on December 14. As a backup to this effort the Secretary has also established an Agribusiness Information Center in our agency that will assist U.S. companies interested in investing in the Caribbean Basin.

As you can see from this overview of OICD's activities, money spent on overseas development and cooperation in agriculture does have payoffs for America's farmers and agribusinesses. Our Administrator, Dr. Wallace, and I spend a great deal of time trying to bring this point home both inside and outside the Department. But the idea that development can pay off for the people who spend the time and effort on it is not a new one. A while ago I ran across a quote on the subject I'd like to share with you.

"If you find any island or main land where the people need our cloth, then advise us of what commodities they have to purchase it with. If they are poor, then consider the soil and find ways they can use it to enrich themselves so that they may have something to use to purchase our cloth."

The quote is from Richard Hakluyt, an English historian and geographer. He saw the advantages of development in the New World back in 1580. I think it is fair to say that his advice paid off quite well.