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DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Announcement of the Quality Samples Program

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Notice.

SUMMARY: Commodity Credit Corporation is inviting proposals for the FY 2001 Quality Samples Program. Approval criteria are being revised for FY 2001.

DATES: All proposals must be received by 5 p.m. Eastern Standard Time, March 12, 2001.

FOR FURTHER INFORMATION CONTACT: Marketing Operations Staff, Foreign Agricultural Service, Room 4932-S, Stop 1042, U.S. Department of Agriculture, 1400 Independence Ave., SW., Washington, DC 20250-1042, or telephone: (202) 720-4327.

SUPPLEMENTARY INFORMATION:

Introduction

The Commodity Credit Corporation (CCC) announces that proposals may be submitted for participation in the Quality Samples Program (QSP) during FY 2001. The QSP is a pilot program designed to encourage the development and expansion of export markets for U.S. agricultural commodities, under the authority of the CCC Charter Act, 15 U.S.C. 714c(f). The QSP is designed to assist U.S. entities in providing commodity samples to potential foreign importers to promote a better understanding and appreciation for the high quality of U.S. agricultural commodities. CCC will consider providing funds on a reimbursement basis to U.S. entities to assist them in providing such samples if a proposal has been submitted by the interested U.S. entity and accepted by CCC. QSP participants will be responsible for procuring (or arranging for the

procurement of) commodity samples, exporting the samples, and providing the technical assistance necessary to facilitate successful use of the samples by importers. CCC will review all proposals it receives against the evaluation criteria contained herein and award QSP funds on a competitive basis. CCC is currently allocating \$1.25 million to fund the QSP.

Under the QSP, CCC will enter into agreements with those entities whose proposals have been accepted. The QSP agreement between CCC and the participant will include the maximum amount of CCC funds that may be used to reimburse certain activity costs which have been approved by CCC and paid by the QSP participant. A QSP participant will be reimbursed after CCC reviews its reimbursement claim and determines that the claim is complete. CCC will not reimburse the costs of providing technical assistance. QSP agreements will be subject to verification by the Foreign Agricultural Service's (FAS) Compliance Review Staff. Upon request, a QSP participant shall provide to CCC the original documents which support the participant's reimbursement claims. CCC may deny a claim for reimbursement if the claim is not supported by adequate documentation. Cash advances will not be made available to any QSP participants.

The QSP will be administered by FAS personnel. CCC will carefully monitor the operation of the pilot QSP through Fiscal Year 2001. This notice supercedes any prior notices concerning the QSP.

General Scope of QSP Projects

QSP projects are the activities undertaken by a QSP participant to provide an appropriate sample of a U.S. agricultural commodity to a foreign importer, or a group of foreign importers, in a given market. The purpose of the project is to provide information to an appropriate target audience regarding the attributes, characteristics, and proper use of the U.S. commodity. A QSP project addresses a single market/commodity combination. As a general matter, QSP projects should conform to the following guidelines:

- Projects should benefit the represented U.S. industry and not a specific company or brand;

- Projects should develop a new market for a U.S. product, promote a new U.S. product, or promote a new use for a U.S. product, rather than promote the substitution of one established U.S. product for another;

- Sample commodities provided under a QSP project must be in sufficient supply and available on a commercial basis;

- The QSP project must either subject the commodity sample to further processing or substantial transformation in the importing country, or the sample must be used in technical seminars designed to demonstrate to an appropriate target audience the proper preparation or use of the sample in the creation of an end product;

- Samples provided in a QSP project shall not be directly used as part of a retail promotion or supplied directly to consumers; and

- Samples shall be in quantities less than a typical commercial sale and limited to the amount sufficient to achieve the project goal (e.g., not more than a full commercial mill run in the destination country).

QSP projects shall target foreign importers and target audiences who:

- Have not previously purchased the U.S. commodity which will be shipped under the QSP;

- Are unfamiliar with the variety, quality attribute, or end-use characteristic of the U.S. commodity which will be shipped under the QSP;

- Have been unsuccessful in previous attempts to import, process, and market the U.S. commodity which will be shipped under the QSP (e.g., because of improper specification, blending, or formulation; or sanitary or phytosanitary (SPS) issues);

- Are interested in testing or demonstrating the benefits of the U.S. commodity which will be shipped under the QSP; or

- Need technical assistance in processing or using the U.S. commodity which will be shipped under the QSP.

Major Changes From the Initial Pilot Program

CCC announced its initial pilot program in the **Federal Register** (64 FR 61814) on November 15, 1999. During FY 2000, CCC was only able to enter into QSP agreements with 10 participants. CCC is modifying the pilot program to allow more organizations to

participate. This will be achieved by expanding the types of commodities which can be shipped under the QSP, limiting the amount which a participant can be reimbursed per project, and limiting the number of countries which an organization can target.

The initial program allowed only sample commodities which were subject to further processing or substantial transformation in the importing country. Proposals under this announcement may also include commodity samples to be used in technical seminars designed to demonstrate, to an appropriate audience in the importing country, the proper preparation or use of the sample in the creation of an end product. Sample commodities provided in a QSP project may not be directly used in retail promotions or supplied directly to consumers. However, the end product; that is, the product resulting from further processing, substantial transformation, or a technical seminar; may be provided to end use consumers to demonstrate to importers consumer preference for that end product.

The initial program did not limit the number of projects which could be undertaken by a participant. Under this announcement, participants will be allowed no more than three projects, that is, no more than three market/commodity combinations.

The initial program did not limit funding to individual participants. Under this announcement, projects will be limited to \$50,000 of QSP reimbursement. Projects comprised of technical preparation seminars; that is, projects which do not include further processing or substantial transformation; will be limited to \$10,000 of QSP reimbursement, as these projects require smaller samples. Under the QSP, participants may be reimbursed for certain costs of purchasing and transporting commodity samples. Although providing technical assistance is required for all projects, costs of providing the actual technical assistance will not be reimbursed under the QSP. Both the funding and project limitations are intended to increase the number of participants that will receive QSP funding.

The initial program allowed participants to seek reimbursement for costs of sample procurement, shipping, and incidental costs. Participants that are funded under this announcement may seek reimbursement for the sample purchase price and the costs of transporting the samples domestically to the port of export and then to the foreign port of entry. Transportation costs from the foreign port, or point, of entry to the final destination will not be

eligible for reimbursement under this notice. Costs incidental to purchasing and transporting samples, for example, inspection or documentation fees, will not be eligible for reimbursement under this notice.

Finally, the initial pilot program placed no priority on targeted countries. In an effort to support the USDA's primary export objective of increasing the U.S. share of world agricultural trade, priority under this announcement will be given to proposals which target countries which meet either of the following criteria:

- Per capita income less than \$9,360 (the ceiling on upper middle income economies as determined by the World Bank [World Development Indicators 2000]); and population greater than 1 million. Proposals may address suitable multi-country regional groupings, for example, the island countries of the Caribbean Basin; or
- U.S. market share of imports of the commodity identified in the proposal is 10 percent or less.

Proposal Process

In order to be considered for participation in the QSP, interested parties should submit proposals to FAS as described in this notice. QSP proposals must contain complete information about the proposed projects. This notice is complemented by concurrent notices announcing four other foreign market development programs administered by FAS, including the Market Access Program (MAP), the Foreign Market Development Cooperator (Cooperator) Program, the Emerging Markets Program, and the Section 108 Foreign Currency Program.

The MAP and Cooperator Program notices detail a Unified Export Strategy (UES) application process which provides a means for interested applicants to submit a consolidated and strategically coordinated single proposal that incorporates funding requests for any or all of these programs. Some applicants to the QSP, particularly those who also are applying for funding under the MAP or Cooperator Program, are encouraged to use the UES application process. The Internet-based UES application, including step-by-step instructions for its use, is located at the following URL address: <http://www.fas.usda.gov/cooperators.html>. Other applicants should follow the application procedures contained in this notice, and can request a suggested format for proposals from the contact listed above.

Organizations which submitted QSP proposals in their UES applications in March 2000 must resubmit those

proposals as they will not automatically be considered. Such applicants are encouraged to modify and resubmit their proposals, or submit new proposals, based on the details provided in this announcement.

Entities interested in participating in the QSP are not required to submit proposals in any specific format; however, FAS recommends that proposals contain, at a minimum, the following: (a) Organizational information, including:

- Organization's name, address, Chief Executive Officer (or designee), and Federal Tax Identification Number (TIN);
- Type of organization;
- Name, telephone number, fax number, and e-mail address of the primary contact person;
- A description of the organization and its membership;
- A description of the organization's prior export promotion experience; and
- A description of the organization's experience in implementing an appropriate trade/technical assistance component;

(b) Market information, including:

- An assessment of the market;
 - A long-term strategy in the market;
- and
- U.S. export value/volume and market share (historic and goals) for 1998–2003;

(c) Project information, including:

- A brief project title;
- Request for funding;
- A brief description of the specific market development trade constraint or opportunity to be addressed by the project, performance measures for the years 2001–2003 which will be used to measure the effectiveness of the project, a benchmark performance measure for 2000, the viability of long term sales to this market, the goals of the project, and the expected benefits to the represented industry;
- A description of the activities planned to address the constraint or opportunity, including how the sample will be used in the end-use performance trial, the attributes of the sample to be demonstrated and their end-use benefit, and details of the trade/technical servicing component (including who will provide and who will fund this component);

- A sample description (i.e., commodity, quantity, quality, type, and grade), including a justification for selecting a sample with such characteristics (this justification should explain in detail why the project could not be effective with a smaller sample);
- An itemized list of all estimated costs associated with the project for

which reimbursement will be sought; and

- The importer's role in the project regarding handling and processing the commodity sample;

(d) Information indicating all funding sources and amounts to be contributed by each entity that will contribute to implementation of the proposed project. This may include the organization that submitted the proposal, private industry entities, host governments, foreign third parties, CCC, FAS, or other Federal agencies. Contributed resources may include cash, goods, and services.

Review Process

Proposals will be evaluated by the applicable FAS commodity division. The divisions will review each proposal against the factors described below. The purpose of this review is to identify meritorious proposals, recommend an appropriate funding level for each proposal based upon these factors, and submit the proposals and funding recommendations to the Deputy Administrator, Commodity and Marketing Programs.

FAS will use the following criteria in evaluating proposals:

- The ability of the organization to provide an experienced staff with the requisite technical and trade experience to execute the proposal;
- The extent to which the proposal is targeted to a market in which the United States is generally competitive;
- The potential for expanding commercial sales in the proposed market;
- The nature of the specific market constraint or opportunity involved and how well it is addressed by the proposal;
- The extent to which the importer's contribution in terms of handling and processing enhances the potential outcome of the project;
- The amount of reimbursement requested and the organization's willingness to contribute resources, including cash and goods and services of the U.S. industry and foreign third parties; and
- How well the proposed technical assistance component assures that performance trials will effectively demonstrate the intended end-use benefit.

Highest priority for funding under this announcement will be given to meritorious proposals which target countries which meet either of the following criteria:

- Per capita income less than \$9,360 (the ceiling on upper middle income economies as determined by the World

Bank [World Development Indicators 2000]); and population greater than 1 million. Proposals may address suitable regional groupings, for example, the islands of the Caribbean Basin; or

- U.S. market share of imports of the commodity identified in the proposal of 10 percent or less.

Agreements

Following approval of a proposal, CCC will enter into an agreement with the organization that submitted the proposal. Agreements will incorporate the details of each project as approved by FAS. Each agreement will identify terms and conditions pursuant to which CCC will reimburse certain costs of each project. Agreements will also outline the responsibilities of the participant, including, but not limited to, procurement (or arranging for procurement) of the commodity sample at a fair market price, arranging for shipment of the commodity sample within the time limit specified in the agreement (organizations should endeavor to ship commodities within 6 months of effective date of agreement), compliance with cargo preference requirements (shipment on United States flag vessels, as required), timely and effective implementation of technical assistance, and submission of a written evaluation report within 90 days of expiration of the agreement. Evaluation reports should address all performance measures which were presented in the proposal.

Closing Date for Proposals

All proposals must be submitted in triplicate and received by 5 p.m. Eastern Standard Time, March 12, 2001, at one of the following addresses:

Hand Delivery (including FedEx, DHL, etc.): U.S. Department of Agriculture, Foreign Agricultural Service, Marketing Operations Staff, Room 4932-S, 14th and Independence Avenue, SW., Washington, DC 20250-1042.

U.S. Postal Delivery: Marketing Operations Staff, STOP 1042, 1400 Independence Ave., SW., Washington, DC 20250-1042.

Dated: January 31, 2001.

Mattie R. Sharpless,

Acting Administrator, Foreign Agricultural Service, and Vice President, Commodity Credit Corporation.

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DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service

Section 108 Foreign Currency Program

AGENCY: Foreign Agricultural Service.

ACTION: Notice.

SUMMARY: The Foreign Agricultural Service invites proposals from interested parties to use certain foreign currencies acquired by the United States for activities to expand markets for U.S. agricultural commodities and for technical assistance activities. All proposal submitted under the UES must be received by 5 pm Eastern Standard Time, March 12, 2001.

DATES: All proposals submitted under the UES must be received by 5 pm Eastern Standard Time, March 12, 2001.

FOR FURTHER INFORMATION CONTACT: Director, Marketing Operations Staff, Foreign Agricultural Service, U.S. Department of Agriculture, STOP 1042, 1400 Independence Ave., SW., Washington, DC 20250-1042, (202) 720-4327.

SUPPLEMENTARY INFORMATION:

Introduction

The Foreign Agricultural Service (FAS) will use available currencies of Costa Rica, Dominican Republic, Jamaica, and Tunisia, to provide assistance in the implementation of market development and agricultural technical assistance activities. This use of foreign currencies is commonly referred to as the "Section 108 foreign currency program." These foreign currencies were acquired by USDA pursuant to agreements made under Title I of the Agricultural Trade Development and Assistance Act of 1954, (Pub. L. 480).

Title I, Pub. L. 480 authorizes the U.S. government to finance the sale and exportation of agricultural commodities to foreign governments on concessional terms. Between 1986 and 1991, the U.S. entered into various Title I, Pub. L. 480 agreements with foreign governments, on terms which allowed repayment to the United States in local currencies. Pub. L. 480 authorizes the U.S. government to use these foreign currencies to implement market development and agricultural technical assistance activities.

This announcement supersedes all previous announcements regarding this program. On July 8, 1998, FAS published a notice in the **Federal Register** (63 FR 36872) inviting proposals to use Tunisian or Moroccan currencies for market development projects and technical assistance