



Highlights of [GAO-03-618](#), a report to congressional requesters

Why GAO Did This Study

Since 1994, the Agriculture Appropriations Act has prohibited the funding of tobacco export programs and restricted the U.S. Department of Agriculture's (USDA) tobacco-related activities. Since 1998, the Commerce, Justice, and State Appropriations Act has placed similar restrictions on the Departments of Commerce and State and the Office of the U.S. Trade Representative (USTR), although it has not prohibited them from addressing foreign discriminatory trade practices. Congressional requesters asked GAO to (1) assess the agencies' guidance on the restrictions to their overseas personnel, (2) describe how the agencies' activities changed in response to the restrictions, and (3) identify the mechanisms that the agencies use to monitor compliance.

What GAO Recommends

To ensure that FAS fully addresses congressional restrictions on the promotion of tobacco or tobacco-related products, we recommend that the Secretary of Agriculture (1) develop guidance that reflects FAS's specific restrictions and (2) review FAS's tobacco-related activities to determine whether they are consistent with the restrictions. In response to our draft, FAS stated it will issue guidance but does not believe that the restrictions cover the collection and dissemination of tobacco related information.

www.gao.gov/cgi-bin/getrpt?GAO-03-618.

To view the full report, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

TOBACCO EXPORTS

USDA's Foreign Agricultural Service Lacks Specific Guidance for Congressional Restrictions on Promoting Tobacco

What GAO Found

Commerce, State, and USTR have issued timely guidance implementing the tobacco-related restrictions specified in their annual appropriations act. However, USDA's Foreign Agricultural Service (FAS) has not issued guidance specific to its appropriations act. Instead, since 1998, FAS has relied on the tobacco-related guidance in a periodic cable sent to the overseas staffs of USDA, State, Commerce, and USTR. This guidance does not address whether certain FAS activities, such as providing tobacco-related information reports and assisting in trade negotiations on tobacco-related issues, are consistent with USDA's 1994 restrictions. GAO did not seek to determine whether ongoing FAS activities are prohibited by the appropriations restrictions.

The agencies have discontinued some tobacco-related activities and continued others. For instance, Commerce overseas staff ceased providing market research information to tobacco exporters, but staffs of Commerce and State still provide routine business assistance to exporters. FAS ended the tobacco component of USDA's Export Credit Guarantee Program, Foreign Market Development Program, and Market Access Program. However, FAS has continued, as part of its commodity-reporting program, to gather and disseminate tobacco-related information that identifies foreign production and consumption rates, import trends, and changes in foreign regulations. Our analysis showed that some of FAS's reports provided insights into market niches for tobacco exporters.

To monitor compliance with the restrictions, senior FAS and Foreign Commercial Service officers at overseas posts review their staffs' tobacco-related activities. Overseas staffs refer to headquarters U.S. firms' requests for assistance that could violate the restrictions contained in the periodic guidance.

Agency 1998 tobacco guidance prohibits:

- Promoting the sale or export of tobacco or tobacco-related products and assisting with the efforts of U.S. firms or individuals that sell or export such products
- Participating in trade events or receptions sponsored by tobacco interests
- Challenging host country laws and regulations directed toward reducing the negative impact of tobacco

Source: GAO.