

## Exchanging CCC-Owned Commodities

1. What is the CCC commodity exchange?

Secretary of Agriculture Mike Johanns exercised authority that allows for the exchange of uncommitted CCC commodities for finished food products. Many CCC commodities cannot be consumed in their raw form. This authority allows them to be bartered, or exchanged, for nutritious foods that are currently distributed in our domestic and international food assistance programs.

2. Why is CCC exchanging (rather than selling) commodities?

The current market situation for most commodities (high prices, tight stocks) has stressed food aid budgets. In recent food aid purchases, bulk wheat prices have reached \$250 per metric ton. With high transportation and commodity costs, limited program funding is providing less food aid. By making excess CCC inventories available to food aid programs, USDA is able to maximize the quantity of aid provided.

3. What commodities will be exchanged?

Approximately \$50 million in value of uncommitted CCC-owned commodities, which may include wheat, corn, soybeans, upland cotton, and rough rice, will be exchanged for commodities requested by the Food and Nutrition Service (FNS) and Foreign Agricultural Service (FAS). The commodities may include, but are not limited to, grain, cereals, dairy products, oils, canned meat and poultry, and fruits and vegetables.

4. How will this work?

The Farm Service Agency (FSA) will issue invitations for exchange as FNS and FAS submit requests to acquire quantities of commodities through an exchange. These invitations may be found on the World Wide Web at the following link:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=pas-ei>

You may want to consider subscribing to one or more automatic notification services, at no cost, using the following link:

<http://www.fsa.usda.gov/FSA/subscriptions?area=newsroom&subject=landing&topic=subscriptions>

5. Does CCC collect or pay any money during an exchange?

No. As stipulated in the invitation for exchange, successful bidders take title to a quantity of CCC-owned inventory in exchange for delivering commodities to one or more locations. The exchange includes any costs for processing, packaging, and transportation, and the successful bidder pays for any associated costs.

6. Which programs will benefit from CCC exchanges?

The commodities provided for domestic programs, valued at about \$40 million, will be used to support The Emergency Food Assistance Program (TEFAP), and possibly other household programs depending on the commodities that are ultimately available. About \$10 million worth of commodities will be used for international food assistance programs.

7. How will FNS programs benefit from CCC exchanges?

All other things being equal, these programs will be able to serve more individuals in FY 2008. TEFAP has been supported significantly in past years by the availability of surplus commodities, and this administration continues to be committed to ensuring that surplus commodities flow to the program. However, recent improvements in agricultural industry planning and technology, in addition to other unpredictable occurrences such as weather, have resulted in far fewer surplus commodities being available. As a result, it has been difficult for program operators to maintain service to needy individuals.

8. Why not involve child nutrition programs such as schools?

While schools were considered as a potential beneficiary of these additional CCC surplus commodities, the greatest domestic need for surplus commodities at this time lies in other food distribution programs, particularly TEFAP. Low-income children are also served by TEFAP.

9. The President's 2008 budget request targets the Commodity Supplemental Food Program (CSFP) for elimination. Are you going to provide surplus commodities to this program?

Should Congress decide to continue CSFP, some of the exchanged commodities may be used in that program as the donation of surplus commodities could contribute to maintaining service to program participants.

10. What is the benefit to the McGovern-Dole International Food for Education and Child Nutrition Program (Food for Education) of conducting a commodity exchange?

The Food for Education program will be able to procure the amounts of food necessary in order to maintain the estimated 3.3 million beneficiaries assisted annually. Without this commodity exchange, nearly 350,000 beneficiaries would be in jeopardy of receiving benefits under the FFE program.

11. Can food assistance programs plan for future donations from CCC exchanges?

USDA will continually work to identify opportunities to provide additional commodity support to these important food assistance programs. At this time, the inventory available for exchange is limited, and programs should not plan for CCC commodity exchanges once this inventory is depleted.

12. Will conducting a commodity exchange require more time than directly purchasing the commodities?

No. The same process used in tendering for commodity purchases will be used for conducting commodity exchanges. Rather than purchasing commodities for cash, payment will be made in-kind. The domestic and international programs will not experience any effects due to this process.

13. When will program participants see the results of the Department's efforts?

Distribution of these products will begin by FY 2008.

14. Can I submit an offer for an invitation to exchange if I have not dealt with government food assistance programs in the past?

Yes. However, we strongly encourage first-time offerors to contact Steve Miteff, Deputy Director, Kansas City Commodity Office, in advance of submitting offers, to discuss the necessary paperwork. Mr. Miteff may be reached at (816) 926-6401.

15. Who may I contact for additional information?

- Farm Service Agency - Steve Gill (202) 720-2121  
Candace Thompson (202) 720-3217  
Steve Miteff (816) 926-6401
- Agriculture Marketing Service - Rex Barnes (202) 720-5131
- Food and Nutrition Service - Cathie McCullough (703) 305-2680
- Foreign Agricultural Service - Ron Croushorn (202) 720-4221