



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

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EOD-70

NOTICE TO THE TRADE

Export Food Aid Conference III Kansas City, Missouri April 10-12, 2001

The US Department of Agriculture's Farm Service Agency and Foreign Agricultural Service, together with the US Agency for International Development, invite you to attend the third Export Food Aid Conference. The conference is projected to run two full days on April 10-11 and a half day on April 12, at the Downtown Marriott Hotel in Kansas City, Missouri. Rooms have been blocked for industry and government attendees. You will be advised of the hotel room rates and reservation deadline along with complete registration details in November 2000.

As in the past, the central emphasis of the conference will be on communications between all the interacting groups involved in export food aid. Most of the conference time will be dedicated to discussions following broad theme lines in a breakout format. At this early stage the conference outline of topics to be showcased include:

- Procurement Planning
- Vendor Industry Developments
- Product Quality Monitoring
- New Programs
- Ocean Transportation
- Receiver-Country Developments

We expect that many other topics of interest to the Private Voluntary Organizations and the trade will also be addressed. Included in the conference will be a luncheon on Tuesday, April 10, 2001, and an evening reception that day (after the first day of meetings). In addition, we are especially pleased to announce that Catherine Bertini, World Food Program Executive Director, has kindly accepted our invitation to speak at the conference.

We invite your input of suggested topics of particular interest, speaker recommendations, general comments on the agenda or conference organization, and any questions you may have. Your written input may be sent to Austen Merrick, FAX (816) 823-1640 or E-mail to admerrick@kcc.fsa.usda.gov

If you have additional questions, or if you will have any special needs while attending the conference please call Maureen Kraft (816) 926-6326, or Austen Merrick (816) 926-6715.

From the October 1999 conference, please find an attached summary of issues and recommendations raised during those discussions. Included are responses to those recommendations as of the present time. Your comments on this information would be welcome as well.

George W. Aldaya
Director

Attachment

EXPORT FOOD AID CONFERENCE II
OCTOBER 26-27, 1999

UPDATE OF ISSUES AND RECOMMENDATIONS
October 11, 2000

OCEAN FREIGHT

1. Form a working team with industry for the Freight Electronic Bid Entry and Evaluation System (FEBEES). This team should consist of Private Volunteer Organizations (PVOs), freight forwarders, and steamship lines. The team should be formed once the business design is completed, but prior to development of the technical requirements.

This team was formed some time ago and is functioning as envisioned. Several very productive industry/government meetings have been held for discussions of user requirements.

2. Containerized shipments: When loading containers, make sure they don't leak; it destroys the commodity.

All containers are required to be inspected for soundness of condition prior to loading, and condition certificates are issued by the inspection entity.

FOREIGN ISSUES

1. Direct CCC contracted cargo surveyors at discharge to cooperate with the PVOs. Provide copies of the discharge surveys to the PVOs.

Prior to conference, we had the surveyor provide a copy by our request. After the conference, we now instruct surveyors up front to give the PVO a copy. It was optional before; now it is mandatory.

2. Find ways to accommodate requests for both premium-quality cargoes as well as discount-quality cargoes. Use a consultant approach between PVOs and AID for nonstandard specifications.

Under review by AID and the PVO community.

3. Develop more flexibility in the monetization price-recovery formula.

Under review.

4. Fund and initiate a value-added monetization pilot program in India to recognize, participate in, and encourage the emerging new products markets there. If successful, expand to other countries. The Corn-Soy Blend products put on view by CARE-India were suggested as potential starting products.

It has been suggested that it would be desirable if the PVO community would design a program of this type.

5. Narrow the delivery dates window to allow the PVOs) to monetize cargo based on set arrival dates. The result would be better sales prices and improved cost recovery.

A pilot program is underway in Haiti.

PROCUREMENT AND CONTRACT ADMINISTRATION

1. Establish and publish a clear and common definition for FAS delivery, especially differentiating between cargo where freight is booked, and cargo that is prepositioned without vessel bookings having taken place.

A Notice to the Trade is in draft form to clarify the definition of FAS delivery and other procurement and cargo allocation policy. It should be finalized and published soon. Language in the Prepositioning Contract with the ports has been clarified to define the point in time of responsibility transfer, and the same language has been incorporated in ocean freight invitations.

2. Right now we perform a manual process for bidding small businesses. Will try to have the Electronic Bid Entry System (EBES) tell us where it will award in the future.

The linear program used in the evaluation does this now automatically.

3. Promote outside labs and make sure that you make a suggestion that will be of benefit to the program.

As of June 28, authority has been granted for the use of outside labs on all analyses.

4. Visit a lab and see how the samples are measured.

Lab visits by Government have taken place, and some labs have received a TQSA certification.

5. Labs need to use standardized testing.

This issue is outside USDA control.

6. Michigan State needs to respond on packaging.

Michigan State University (MSU) is not in a contractual relationship with USDA at this time because of a funding issue. Vendors are required to police their own packaging specifications using commercial private testing labs of any university, including MSU. (See Notice EOD-69 of June 5, 2000.)

7. Provide a list of approved bag suppliers to all vendors, PVOs, suppliers, ports, etc.

A list of approved bag fabric manufacturers is available from the FSA upon request. See Item 6.

8. Treat all bulk cargoes with dust retardant.

This issue does not appear to have widespread US industry support or the active support of the PVO receivers of bulk cargoes. A USDA initiative that has reduced wheat dockage levels in aid bulk wheat cargoes has been put in place and may serve over time to reduce the need for this suggested item.

9. Find mechanisms to move intermodal cargo more orderly to:

- Overcome the volatility in the availability of containers

An industry-based solution to this problem appears desirable.

- Introduce a container performance incentive in the vessel charter party/booking note.

AID requires further clarification/input/suggestions from industry.

10. Tarp and fumigate all flour upon arrival on the warehouse floor during the months of March-October. Details in specific terms need to be worked out and published.

For all flour purchased for vendor shipping periods, April through September, the following practices have been put in place:

Program Definition	Practice
1. For any program, any destination, regular purchase, in a breakbulk loading configuration	Fumigate using a tarp down method on the warehouse floor five days prior to vessel loading, for the account of the ocean carrier.
2. For Lash barges	Fumigation to take place upon loading the barge. The fumigant is actually applied to the loaded barge and then the barge is closed. This is for the account of the ocean carrier. If there is a significant delay between barge loading and its lifting by the mother vessel (in excess of 30 days) fumigation of the barge is required again five days prior to being lifted by the mother vessel. This is also for the account of the ocean carrier.

<p>3. For containers</p>	<p>Fumigation is to take place on a warehouse floor under tarps a minimum of five days prior to stuffing the container. If this is not possible, fumigation of the loaded container is to take place. Either practice is for the expense of the ocean carrier. A protocol for container fumigation is to be developed along with an oversight protocol for this practice.</p>
<p>4. For prepositioned cargo (all Title II for USAID)</p>	<p>(4a) The vendor is responsible for an initial fumigation under tarps upon arrival at the port.</p> <p><u>The port is responsible for the following:</u></p> <p>(4b) Arrange all FGIS Condition Inspections for any prepositioned bagged cargo in place on warehouse floor five days prior to vessel loading or container stuffing. Government expense.</p> <p>(4c) Arrange all FGIS Condition Inspections for any prepositioned bagged cargo in place on warehouse floor more than 30 days (30-day period to start from arrival of first railcar/truck). Government expense.</p> <p>(4d) Fumigations necessitated by these condition inspections. Port expense.</p>
<p>5. For "long term storage contracts" (contracts entered into without having a firm export call forward) typically under Surplus Removal</p>	<p>There is a maximum storage period of 75 days during which the flour supplier retains risk of loss to the commodity, and is required to tarp cargo and fumigate at least once at the supplier's expense during the period of storage. The exception: In the event that the flour is allocated and freight is booked to a country instead of to storage, the supplier will not be required to tarp and fumigate that portion of the cargo. Instead the supplier will receive notify party information, and the contract will be amended to deduct fumigation costs as noted on the offer form. This shifts the fumigation responsibility and cost to the ocean carrier.</p>
<p>6. All bagged products for Yemen</p>	<p>Fumigation is required throughout the full year.</p>

11. Change bulk commodity invitations to provide for optional coasts at buyer's option, especially if there is a repeat of large tonnage multi-cargo procurement.

The recommendation has not been followed. The commodity cost of the option is thought to be exorbitant, and it is limited to those export elevator operators who are multi-coastal.

12. Reconsider prepositioning commodities at US inland points.

Under further review by AID.

The recommendation has been considered by USDA, and adequate grounds for doing so have not been found to date. Current prepositioned inventories are providing the required level of quick shipment coverage to date. For the larger package units in 50 KG bags there are restrictions in finding interior points with existing manpower levels to handle this type of floor-loaded storage.

PACKAGING

Questions were raised about the desirability of having differing bag strength for different locations.

High-performance bags are in use for some countries that have repeated handlings of the cargo to destination, with good reports of success. If there are additional needs for the high-performance bags in other countries, please call Dean Jensen in FSA Contract Management Branch at 202-720-2115.

US PORT ISSUES

1. Vessel Loading Observations (VLOs) needed for all packaged commodities. Put statistics of loss in a data base format. Packaging needed proper communication logos, lot coding for tracking, infestation resistance, and tamper-proof sealing.

On February 26, 1999, the VLO was expanded to all packaged commodities (see Notice to the Trade EOD-47). The other issues raised by this recommendation are under continual USDA and AID review.

2. Prepositioned cargo should have a condition inspection after it has been sitting for 30 days. Cargo sitting from March through October should be covered with a tarp and be fumigated under that tarp every 45-60 days.

The condition inspection suggestion has been put in place and is well enforced. Cargo that is infested is fumigated under tarp.