



United States
Department of
Agriculture

May 28, 2004

EOD-144

Farm and Foreign
Agricultural Services

NOTICE TO THE TRADE

Farm Service
Agency

SUBJECT: Pilot Program for Processed Commodity Bidding Basis Intermodal Bridge Houston, Texas

Kansas City
Commodity Office
P.O. Box 419205
Kansas City,
Missouri
64141-6205

The United States Department of Agriculture's Commodity Operations is initiating a pilot program for rail car movements only to redefine the Houston Bridge Point. The Houston, Texas, Intermodal Bridge Point will be changed to that point where the local Houston rail service, Port Terminal Railroad Association, receives the rail car from the long haul carrier. That new bridge point may also be referred to as the "end of line haul point." Starting with Invitation 074, this pilot program will be in force for up to one year. Periodic reviews will be performed on this change and based on those reviews, the pilot may be discontinued or made permanent by issuance of a Notice to the Trade.

Commodity Operations' Kansas City Commodity Office (KCCO) procures various agricultural commodities for foreign food assistance programs through a process of receiving and evaluating bids. The bids are submitted on the basis of Intermodal Plant, Intermodal Bridge, or Free Alongside Ship (f.a.s.). The current geographical point for the transfer of ownership, care and custody of processed products in Houston on an Intermodal Bridge Houston shipment is any point designated by the ocean carrier.

In addition, the delivery point for an f.a.s. contract is any one of several eligible port terminals within the confines of the Port of Houston as selected by the ocean carrier. In both cases, the bidding process in these transactions lacks bid transparency for commodity suppliers because all associated costs are not known at the time of bid offering. As a result, the cost to the government is higher than necessary.

There will be no changes related to f.a.s. shipments to Houston or other Texas ports or other U.S. bid points. A study of similar changes for other bid points will be conducted based on the results of this pilot program.

Inquiries regarding bids for Intermodal Bridge Houston should be directed to KCCO's Export Operations Division as follows: commodity suppliers should contact the applicable marketing specialist; ocean carriers should contact the Traffic and Contract Administration Branch at 816-926-6552.

/s/

George W. Aldaya
Director