

June 2, 1994

NOTICE TO THE TRADE

TO: ALL STEAMSHIP COMPANIES AND AGENCIES OFFERING OCEAN RATES/SERVICE
TO THE KANSAS CITY COMMODITY OFFICE

This notice supersedes the notice issued September 1991 and all subsequent revisions concerning procedures for the submission and use of information regarding ocean transportation rates and service. Regulations of the Department of Agriculture governing the procurement of agricultural commodities for the Title II, P.L. 480 program (7 CFR Part 1497) set forth the criteria to be considered by the Commodity Credit Corporation (CCC) in awarding contracts. In general, procurement decisions are based upon the lowest total cost to deliver commodities to the foreign discharge port, referred to as the "lowest landed cost." In its procurement decisions, however, CCC is also permitted to consider other factors which affect service to the program. These factors include (1) availability of ocean service, (2) adequacy of service, (3) port performance, and (4) transit time.

The purpose of this notice is to state the policies and standards which the Kansas City Commodity Office (KCCO) will use to apply the criteria stated in 7 CFR Part 1496. In addition, this notice requires agencies which represent steamship companies to submit certain information to KCCO and also restates the manner in which carriers should submit rate quotations and service offers.

ELIGIBILITY

Steamship lines not currently participating in the KCCO export programs should notify KCCO, Traffic Management Division, 816-926-6043, a minimum of 10 days prior to the submission of an offer. Prior to submitting service and tariff rates, first-time offerors must have previously submitted a completed "Solicitation Mailing List Application," Standard Form 129 (Enclosure 1). KCCO reserves the right to require additional evidence of the financial and operational responsibility of an offeror before offers are considered.

CCC will, as a matter of policy, follow the principles of the Federal Acquisition Regulation (FAR) to the extent possible and practicable in evaluating the offers of rates and service submitted to KCCO. Part 9 of the FAR requires a determination that a prospective offeror is responsible and meets the minimum standards specified therein. To be determined responsible, a prospective offeror must

- have a satisfactory performance record
- have a satisfactory record of integrity and business ethics
- have adequate financial resources
- be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and governmental business commitments.

For KCCO to make this determination, the steamship company may be required to demonstrate the capability to service all trade routes offered. That is, the carrier may be requested to provide, for each trade route offered, a description of service to include a list of assets, the capacities of those assets, the port rotation of those assets, the frequency of service, and a history of performance on those trade routes. The carrier should note any limitations, and the reasons therefor, of the described service assets for each trade route. The

steamship company may also be required to send KCCO a list of vessel names.

KCCO reserves the right to exclude offers from consideration when it determines that the technical capability to serve the route is deficient. Failure to comply with any of the requirements will also be grounds for a determination of nonresponsibility.

The offeror shall, upon request, promptly furnish KCCO with a current, certified financial statement and such other data as KCCO may request with respect to the offeror's operations. KCCO will use this information to determine the offeror's financial responsibility and ability to perform. Failure of an offeror to comply with a request for such information could render the offeror ineligible on the grounds that the responsibility of the offeror has not been established.

KCCO reserves the right to require an offeror to post financial coverage acceptable to KCCO equal to the amount of any cargo loss or damage claim settlements which are more than 90 days old and/or claims which have been outstanding over six months. Failure to post acceptable financial coverage when requested will make the steamship company ineligible for the bid evaluation process.

An offeror which KCCO determines is deficient in contract performance shall be presumed to be nonresponsible unless KCCO determines that the circumstances were beyond the offeror's control or that the offeror is taking appropriate corrective action.

Agencies representing steamship companies must forward a signed copy of the agency agreement with each steamship company which they wish to represent in the bid evaluation process.

Existing or proposed tariff rates will be used in the evaluation process. Proposed changes to tariff rates will be accepted by facsimile # 816-926-6767 up to the cutoff time stated in the monthly invitation.

SUBMISSION OF OFFERS

KCCO has developed a universal form that steamship companies must utilize when offering rates and service effective with the next invitation. KC-324, Steamship Line Service Offer Form (Enclosure 2) is currently available upon request on 3½" or 5¼" diskette for WordPerfect 5.1 for DOS, WordPerfect 6.0 for Windows, or hard copy. Offers submitted using any other format will be considered nonresponsive. Offers must contain the following information:

1. Any steamship rates or rate changes must be shown in rates per metric ton, carried out to two decimal places (for example, \$125.00/MT). The commodity will be placed either f.a.s. vessel, intermodal vendor's plant, or bridge point in accordance with the applicable invitation. All offers must identify the "ocean transportation" portion of an all inclusive rate. Any offers submitted without the ocean transportation separated from the other costs will be considered nonresponsive.
2. Offerors must certify that each offer or change will be the applicable rate in effect at the time of lifting. After cargo is booked, rates must be filed in accordance with Federal Maritime Commission (FMC) regulations.
3. Offers must include all destination ports served, including out

ports. Offers which designate only the destination country without discharge port identification will not be considered. A list of destination countries and discharge ports which currently receive donated food commodities is enclosed (Enclosure 3). In addition, each commodity purchase invitation will list the specific destination ports for each request.

4. Offers must include specific U.S. ports served, including the ports through which intermodal shipments will move.
5. Incremental prices based on quantity will not be accepted. Minimum and maximum tonnage requirements will be accepted. Quotations should be made only to those load ports, intermodal points, and bridge points listed on the enclosed Form KC-362 (Enclosure 4).
6. Offers combining noncontiguous coastal ranges to achieve a minimum tonnage will not be considered. Offers combining trade routes to meet a minimum tonnage will not be considered.

KCCO'S ESTABLISHED TRADE ROUTES ARE

Red Sea

Djibouti
Eritrea
Ethiopia
Iraq
Jordan
Somalia
Sudan
Yemen

South/East Asia

Afghanistan
Bangladesh
Bhutan
India
Mongolia
Nepal
Pakistan

Central America

Costa Rica
Dominican Republic
El Salvador
Guatemala
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama

South America

Bolivia
Brazil
Colombia
Ecuador
Guyana
Paraguay
Peru

East Indies
Indonesia
Philippines
Thailand

Mediterranean
Albania
Azerbaijan
Balkans
Bosnia
Croatia
Egypt
Jordan WB
Macedonia
Morocco
Syria
Tunisia

Europe
Armenia
Belarus
Bulgaria
Georgia
Kazakhstan
Kyrgyzstan
Moldova
Poland
Romania
Russia
Russian Fed
Slovenia
Tajikistan
Turkmenistan
Ukraine
Uzbekistan West Africa
Angola
Benin
Burkina
Faso
Cameroon
Cape Verde
Cen Afr Republic
Chad
Congo
Gambia
Ghana
Guinea
Guinea Bissau
Ivory Coast
Liberia
Mali
Mauritania
Namibia
Niger
Sao Tome
Senegal
Sierra Leone
Togo

South/East Africa

Botswana
Burundi
Comoros
Kenya
Lesotho
Madagascar
Malawi
Mauritius
Mozambique
Rwanda
Somalia
Swaziland
Tanzania
Uganda
Zambia
Zimbabwe

7. To be considered, service must be advertised in the Florida Shipper, Journal of Commerce, Pacific Shipper, or Shipping Digest. Offers received must reference the trade publication in which ocean service is advertised, the date of issue, page numbers or ship card number. Published service must clearly indicate whether the service is direct (U.S. flag or foreign flag). All offers must also clearly indicate whether the shipment will be transshipped and, if so, whether by U.S. flag or foreign flag vessel.

Regular sailings will be monitored against published service to assure that schedules are met. Failure to maintain stated schedules may result in the offeror being determined to be nonresponsible for future commodity purchase evaluations.

Offers must be received in KCCO by the time specified in the invitation.

Evaluation will be made on the basis of prices offered by commodity vendors, plus the applicable ocean rates. Contract awards to suppliers of products will be made on the basis of the lowest landed cost at the foreign destination, after considering cargo preference and other requirements. The use of a specific freight rate in determining commodity vendor awards does not constitute a contract with that carrier. However, the ocean rates used in the evaluation are given to the designated booking agent for use in making ocean transportation bookings.

Any questions may be directed to the Export Operations Management Division,
Branch, Gary Marsden 816-926-6043, or Patty Jennings 816-926-6304.

Norman D. Houser, Director
Kansas City Commodity Office

4 Enclosures:
Standard Form 129 (Solicitation Mailing List Application)
KC-324 (Steamship Line Service Offer Form)
List of Destinations
KC-362 (Standard Abbreviations)