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U.S. ECONOMIC ASSISTANCE
PROGRAM IN EGYPT

PD-AR 15-237

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AGRICULTURAL COMMODITY FOREIGN,
DONATION AGREEMENT SECTION 416 (b)
BETWEEN
THE ARAB REPUBLIC OF EGYPT
AND THE
UNITED STATES OF AMERICA

Loan and Grant Agreements

FM/LMD (if Loan)
FM/PAFD
FM/CAD
GC/ANE
ANE/Desk
ANE/TR Officer
ANE/PD Officer & File
PPC/CDIE/DL

DATE: MAY 21 1991

CONFORMED

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OSGM/416(b) DDP:

G-263-1/637-00

Country: ARAB REPUBLIC OF EGYPT

UNITED STATES GOVERNMENT
AGRICULTURAL COMMODITY FOREIGN DONATION AGREEMENT
SECTION 416(b)

The Agency for International Development (A.I.D.), the Commodity Credit Corporation (CCC), and the Government of the Arab Republic of Egypt (GOE), herein referred to as the Cooperating Sponsor, agree as follows:

1. CCC agrees to donate to the Cooperating Sponsor agricultural commodities of the kind and amount specified in Section 2, pursuant to the authority of Section 416(b) of the Agricultural Act of 1949, as amended. CCC shall deliver such commodities in accordance with the delivery schedule specified in Section 2.

2. Agricultural commodities to be donated to the Cooperating Sponsor are as follows:

<u>Product</u>	<u>Package</u>	<u>Quantity (Metric Tons)</u>	<u>Delivery Month U.S. Port</u>	<u>Egyptian Port Destination</u>
Butter oil	55-gal drum	5,785 MT	Jun-Sept 1991	Alexandria
Corn	Bulk	300,000 MT	Jun-Sept 1991	Port Said
Sorghum	Bulk	100,000 MT	Jun-Sept 1991	Port Said

NOTE: The Cooperating Sponsor will promptly inform CCC of any desired change in the above delivery schedule by notifying the Chief, Export Operation Branch, Agricultural Stabilization and Conservation Service, Kansas City Commodity Office (KCCO), P.O. Box 419205, Kansas City, Missouri 64141-0205, telephone: (816) 926-6658, and CCC will endeavor to coordinate a mutually acceptable revised delivery schedule. The Cooperating Sponsor recognizes that in most instances, CCC will require that delivery can be no earlier than forty-five (45) days after signature of the Agreement. CCC is not required to deliver commodities later than the delivery dates specified above unless a revised delivery schedule is agreed upon.

3. The payment of all costs associated with the processing, packaging, transporting, handling, and other charges incurred in the distribution of the agricultural commodities will be apportioned as follows:

A. CCC agrees to donate the agricultural commodities without charge and to pay the following costs: transport costs to U.S. port(s) of allocation, delivery f.o.b. vessel(s), unstowed and untrimmed in the case of bulk grain shipments, and f.a.s. vessel for all other cargo, maritime survey costs at the port of discharge and ocean freight differential for commodities CCC requires to be shipped on U.S. flag vessels. The ocean freight differential is deemed to be the amount, as determined by the Chief, Transportation Division, A.I.D., and approved by CCC, by which the cost of ocean transportation is higher than would otherwise be the case by reason of the requirement that the commodities be transported on U.S. flag vessels.

B. The Cooperating Sponsor agrees to pay the following costs: all ocean transportation costs basis free-out, less ocean freight differential, all charges associated with receiving these commodities at discharge ports, demurrage, detention, inland transportation, handling and distribution within Egypt. The Cooperating Sponsor agrees to arrange freight forwarding and booking in accordance with A.I.D. ocean transportation operational procedures. A copy of these procedures is attached to this Agreement as Attachment D.

4. Except as otherwise provided herein, the terms and conditions set forth in A.I.D. Regulation 10, a copy of which is attached hereto as Attachment C, are incorporated into and made a part of this Agreement. All references therein to dairy products shall be deemed to apply also to the donation of other commodities under this Agreement.

5. A. Notwithstanding Section 210.5(d)(1)(i) of A.I.D. Regulation 10, the Cooperating Sponsor will arrange ocean transportation so as to comply with the requirements of the CCC regarding the quantities of commodities made available under this Agreement that must be carried on U.S. flag vessels and any requirements regarding the procedure for soliciting ocean transportation.

B. The Cooperating Sponsor may elect to appoint an agent and freight forwarder to perform the freight forwarding and booking function for ocean transportation services. However, the freight forwarder must be licensed by the U.S. Federal Maritime Commission and the agent and freight forwarder by accepting the appointment becomes subject to the conflict of interest provisions applicable to Section 416(b) of the Agricultural Act of 1949, as amended, including Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954, as provided for in A.I.D.'s proposed procedures dated March 6, 1991.

C. The Cooperating Sponsor is responsible for opening an operable, irrevocable freight letter(s) of credit through a U.S. banking institution to cover payment of the ocean transportation cost, prior to the cargo being loaded at U.S. ports. The Cooperating Sponsor shall include in all applicable charter parties and liner booking notes ("freight contracts") that, upon presentation of the vessel at the first port of loading within the laydays specified in the freight contracts, and with its notification of readiness to load submitted in accordance with the terms of such contracts, the Cooperating Sponsor shall be required to have an irrevocable letter of credit as delineated in the freight contract issued or confirmed by a U.S. banking institution in the ocean carrier's name for 100 percent of the ocean freight. The ocean carrier shall not be required to load cargo until such letter of credit is opened and notification thereof is received by the carrier. If the ocean carrier does not commence loading because such ocean freight letter of credit has not been opened, the ocean carrier shall be entitled to reimbursement by the Cooperating Sponsor for detention cost of the vessel for all time lost, as delineated by the freight contract, for each calendar day or part thereof. This period will commence at the time of the vessel's presentation and acceptance of its notice of readiness at the load port within the laydays in the freight contract and end when the notice of the opening of the irrevocable ocean freight letter of credit is received by the ocean carrier. Time calculated as detention does not count as laytime.

D. The Cooperating Sponsor will specify in the applicable freight contract and letter of credit that 95 percent of the freight charges will be paid upon arrival of vessel at the first discharge port and the balance of 5 percent upon settlement of laytime. The freight contract and letter of credit must also include language that if a "statement of facts" has not been approved by the vessel operator and the Cooperating Sponsor within 30 calendar days of the completion of discharge or if the "laytime statement" has not been approved by the Cooperating Sponsor within 30 calendar days of the date the "statement of facts" was approved by all parties, the owner may collect the full 5 percent, less any despatch payable according to the "laytime statements" of the vessel operators and less any disputed amounts. The freight contract and letter of credit will also state that disputed amounts shall be withheld from any such payment of the balance until settled by mutual agreement or as otherwise provided in the freight contract.

E. Issues relating to payment of costs that are the responsibility of the Cooperating Sponsor shall be resolved by the contracting parties.

F. Despatch shall be divided in proportion to the freight financed respectively by the Cooperating Sponsor and CCC. CCC's portion thereof shall be deducted from the amount of ocean freight differential paid by CCC.

G. In lieu of paragraphs B.1. and 2.a. of Attachment D the following shall apply: CCC will reimburse the Cooperating Sponsor the 95 percent ocean freight differential upon submission by the Cooperating Sponsor of the following documentation: (a) one copy of completed Form CCC-512; (b) three copies of freighted "on board" bill of lading signed by originating carrier; (c) two signed copies of booking note and/or charter party covering ocean transportation of subject cargo, and (d) two copies of paid freight invoices indicating the carrier has received 95 percent of the ocean freight. CCC will reimburse the balance of 5 percent ocean freight differential upon submission of a paid freight invoice indicating that the carrier has received payment of the balance of ocean freight. Promptly after fixture of U.S. flag vessels, A.I.D. will notify the Cooperating Sponsor as to the amount of ocean freight differential. Documents to be submitted to CCC regarding payment of the ocean freight differential shall be sent to the Public Law 480 Operations Division, Foreign Agricultural Service, United States Department of Agriculture, Washington, D.C. 20250.

6. The Cooperating Sponsor agrees to use the agricultural commodities only in accordance with this Agreement and the approved Plan of Operation, a copy of which is attached hereto as Attachment A.

7. The quality of agricultural commodities to be donated by the CCC and the packaging description will be in accordance with the specifications in Attachment B.

8. In lieu of Section 210.10(g), A.I.D. Regulation 10, the following shall apply:

The amount to be paid for butter oil, corn, and sorghum misused, lost, or damaged, shall be determined on the basis of the market price at the time and place the misuse, loss, or damage occurred, or in cases where it is not feasible to obtain or determine such market price, the f.o.b. commercial export price of the commodity at the time and place of export, plus ocean freight charges and other costs incurred by the Government of the United States in making delivery to the Cooperating Sponsor. When the value is determined on a cost basis, the Cooperating Sponsor may add to the value any provable costs it has incurred prior to delivery by the ocean carrier. In preparing the claim statement, these costs shall

be clearly segregated from costs incurred by the Government of the United States. With respect to claims other than ocean carrier loss and/or damage claims, the value of any misused, lost, or damaged commodity may be determined on some other justifiable basis, at the request of the Cooperating Sponsor and/or upon the recommendation of the USAID Mission in Egypt, the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and/or A.I.D./Washington.

9. The Cooperating Sponsor recognizes that, pursuant to Section 210.10(a), A.I.D. Regulation 10, notwithstanding transfer of Title to the Cooperating Sponsor, the CCC shall have the right to file, pursue, and retain the proceeds of collection from claims arising from ocean transportation cargo loss and damage, including loss and damage occurring between the time of transfer of Title and loading aboard a vessel. Where the Cooperating Sponsor pays the ocean freight or a portion thereof, it shall be entitled to pro rata reimbursement received from any claims related to ocean freight charged.

10. In lieu of Section 210.6(b)(4), (b)(5), or (b)(6) or any other provisions of A.I.D. Regulation 10 prohibiting the sale of agricultural commodities donated under this Agreement, the Cooperating Sponsor may sell such commodities within Egypt for the purpose of generating local currency to be used in accordance with the approved Plan of Operation (Attachment A).

11. In lieu of Section 210.11(a) and (c), A.I.D. Regulation 10, the following shall apply:

A. The Cooperating Sponsor shall maintain a special interest-bearing account into which it shall deposit the proceeds generated from the sale of commodities provided under this Agreement; the interest shall be programmed as though it were principal. The Cooperating Sponsor shall maintain records for a period of three (3) years from the date of the export of the agricultural commodities in a manner which will accurately reflect all transactions pertaining to the receipt, storage, distribution, and sales of the agricultural commodities, and to the receipt and disbursement of currency generated from the sale; and the Government of the United States may, at reasonable times, have access to and inspect projects, records, procedures, and methods pertaining to the generation of sales proceeds and disbursements to assure accountability.

B. The Cooperating Sponsor special account and local currency proceeds reporting requirements are specified in the approved Plan of Operation (Attachment A). In addition, the Cooperating Sponsor shall submit a semiannual logistics report to the Chief, Projects and Coordination Division, Food for

on the basis of the political affiliation, geographic location, ethnic, tribal, or religious identity of potential consumers or recipients.

B. Agricultural commodities donated under this Agreement shall not be distributed, handled, or allocated by military forces unless otherwise agreed by the CCC.

14. This Agreement shall be subject to suspension or termination upon a finding by the CCC that: (1) adequate storage facilities are not available in the recipient country, or that (2) the distribution of the commodity in the recipient country will result in a substantial disincentive to or interference with domestic production or marketing in the country.

15. Language of Agreement:

This Agreement is prepared in both English and Arabic. In the event of ambiguity or conflict between the two versions, the English language version shall control.

16. Effective Date: MAY 21 1991

This Agreement shall enter into force upon signature.

FOR THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT

Request and Acceptance

The assistance described in this Agreement is requested and the terms and conditions of this Agreement and of A.I.D. Regulation 10, 49 Federal Register 22024-22030, May 24, 1984 except as otherwise specifically provided herein, are accepted by the Government of the Arab Republic of Egypt.

By : M. W. Makramallah
Dr. Maurice Makramallah

Title: Minister of State for
International Cooperation

Date : MAY 15 1991

FOR THE GOVERNMENT OF THE UNITED STATES

By : Frank G. Wisner
Frank G. Wisner

Title: American Ambassador

Date : MAY 15 1991

By : Philip L. Mackie
~~F. Paul Dickerson~~
Philip L. Mackie

Title: Acting
General Sales Manager
Foreign Agricultural
Service and
Vice President,
Commodity Credit
Corporation

Date : 5/21/91

Implementing Organizations

In acknowledgement of the foregoing Agreement, the following representatives of the implementing organizations have subscribed their names:

By : 
Adel H. Ezzi

Title : Chairman,
Principal Bank for Development
and Agricultural Credit

Date : MAY 15 1991

By : 
Ahmed Samir El Shakankiri

Title : Vice Chairman,
General Authority for
Supply Commodities
Ministry of Supply

Date : MAY 15 1991

Ultimate responsibility for the coordination of this Section 416(b) program lies with the Principal Bank for Development and Agricultural Credit (PBDAC). PBDAC will open an interest-bearing account in a commercial Egyptian bank, hereafter referred to as the "Section 416(b) Special Account."

With respect to corn and sorghum, upon arrival at the destination port and based on the discharge survey conducted, PBDAC will offer the feed grains for sale to public and private feed mills at prevailing free-market prices (which prices shall be set in consultation with the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and the USAID Mission in Egypt) as soon as possible, but no later than ninety (90) days after their arrival, unless otherwise agreed to by the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and the USAID Mission in Egypt. The feed grains will be utilized to produce both ruminant and poultry feed, which, in turn, will be retailed to large and small cattle, dairy, and poultry operations. Some corn also may be sold to produce high fructose corn syrup. PBDAC will deposit the gross sales proceeds into the Section 416(b) Special Account not more than two business days after the commodities are sold.

Concerning the butter oil, upon arrival at the destination port and based on the discharge survey conducted, PBDAC will endorse all butter oil over to the Ministry of Supply's General Authority for Supply Commodities (GASC). GASC will receive the butter oil directly from the vessel to be canned and retailed at prevailing free-market prices (which prices shall be set in consultation with the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and the USAID Mission in Egypt) through usual Ministry of Supply food marketing channels as soon as possible, but no later than ninety (90) days after its arrival, unless otherwise agreed to by the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and the USAID Mission in Egypt. GASC will deposit the gross sales proceeds into the Section 416(b) Special Account on a weekly basis as the commodity is sold.

6. USE OF FUNDS:

As indicated above, PBDAC will deposit the gross sales proceeds of the Section 416(b) commodities into the interest-bearing Section 416(b) Special Account. Interest will be programmed as principal.

The local currency gross sales proceeds and interest earned on the Section 416(b) Special Account may be used for the following purposes:

A. Supporting activities in Egypt which are consistent with providing food assistance to needy people, namely humanitarian and development activities in the Ministries of Agriculture and Irrigation that are consistent with the Section 416(b) legislation. These activities will be mutually agreed upon by the GOE, the USAID Mission in Egypt, and the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and will include activities which support improving the nutritional status of low-income Egyptians and sustaining and improving agricultural production.

B. Sales proceeds will not be used to meet operating and overhead expenses; this restriction does not apply to funding of the direct specific costs of activities described above including the costs of persons conducting the activity and their direct support. However, indirect costs may not be funded. Also, sales proceeds may not be used to meet any costs incurred by PBDAC.

7. REPORTS:

PBDAC will furnish such information and reports relating to the Agreement as the Government of the United States may reasonably request. PBDAC will allow and facilitate access to all sites of commodity handling and storage and to all commodity and local currency account records related to this Agreement by representatives of the Government of the United States, including contract monitoring and financial analysis staff.

In addition to the information required by Section 11.B of the Agreement to be included in the semiannual logistics report, due by November 15, 1991, such report shall also show in aggregate form the information required under Section 11.B. covering the period from the date of this Agreement through September 30, 1991, and semiannually thereafter until funds are completely disbursed from the Section 416(b) Special Account.

Such reports will be submitted to the Counselor for Agricultural Affairs, U.S. Embassy, Cairo and the USAID Mission in Egypt and must also contain the following data:

A. Cooperating Sponsor, Agreement number, and type of program as indicated in the Plan of Operation;

B. The percentage that the quantity of commodities received represents of the total commodities shipped during the fiscal year; and

C. Description of the effectiveness of any sales, barter, and use in facilitating the distribution of commodities and products provided under this Agreement.

8. USUAL MARKETING REQUIREMENTS:

The GOE will ensure that total Egypt imports (public and private sectors) on a commercial basis equals 73,500 metric tons of butter and butter oil (combined) and 1,600,000 metric tons of feedgrains (barley, corn, and/or sorghum) during U.S. fiscal year 1991. As soon as possible after the end of calendar year 1991, the GOE agrees to furnish the CCC information on actual commercial imports made during the calendar year 1991.

9. ASSURANCE OF NO EXPORTS OF COMMODITIES PROVIDED:

The GOE agrees not to export butter, butter oil, corn and sorghum and products thereof (or the same products under a different name) during U.S. fiscal year 1991.

10. DUTY FREE ENTRY:

The GOE agrees to allow the donated commodities into Egypt free from all customs, duties, tolls, and taxes.

**Commodity Specifications
BUTTEROIL**

Nutritive Values (per 100 g)

Energy and Nutrients	Amount	Unit
Food Energy	876	kcal
Protein	.3	g
Crude Fat	99.5	g
Vitamin A	4,080.0	iu
Vitamin D	44.8	iu

Ingredients and Process

Butteroil - Milkfat not less than 99.6 percent; moisture not more than 0.3 percent; other butter constituents not more than

Butteroil - Milkfat not less than 99.6 percent; moisture not more than 0.3 percent; other butter constituents not more than 0.1 percent of which salt shall be not more than 0.05 percent.

Packaging - Butteroil will be packed in new 55-gallon nonreturnable steel drums. The drum will weigh about 440 pounds (200 kilos) net. The filled drums shall be vacuum sealed or a nitrogen blanket may be applied to eliminate air in the drum. May be available in no. 10 cans of approximately 5 lbs. netweight upon request. The filled cans shall be vacuum sealed or a nitrogen blanket may be applied to eliminate air in the can.

Inspection - A. The butteroil shall be processed from butter which conforms to the flavor requirements of U.S. Grade AA, U.S. Grade A, or U.S. Grade B immediately prior to processing.

B. Inspection and testing procedures shall be in accordance with USDA methods of laboratory analysis for moisture, fat, salt, curd, and PH dated March 1982 (DA INST. No 918-101-1) and the Association of Official Analytical Chemists Methods of Analysis for determining free fatty acids and peroxide value.

Storage - Requires no refrigeration; however, should be kept cool as possible (preferably below 75 degrees F. or 24 degrees C.) approximate storage life at 70 degrees F. (21 degrees C.) is 3 months, and 6 months at 50 degrees F. (10 degrees C.).

**USDA CORN STANDARDS
(WHOLE GRAIN)**

U.S. Grade No. 2 or better yellow corn, maximum 14.5 percent

Nutritive Values (Per 100 G)

Energy and Nutrients	Amounts	Unit
Food Energy (1108MJ)	348	cal.
Protein	8.9	g.
Crude Fat	3.9	g.
Carbohydrate	72	g.
Calcium	22	mg.
Phosphorus	268	mg.
Iron	2.1	mg.
Sodium	1	mg.
Potassium	284	mg.
Vitamin A	490	i.u.
Thiamin (B1)	0.4	mg.
Riboflavin (B2)	0.1	mg.
Niacin	2.2	mg.

U.S. CORN STANDARDS

Grade	Minimum Test Weight Per Bushel Pounds	Moisture Percent	MAXIMUM LIMITS OF-		
			Broken 1/ Corn and Foreign Material Percent	DAMAGED KERNELS TOTAL Percent	Heat-Damaged Kernels Percent
US No.2	54.0	15.5 2/	3.0	5.0	0.2

1/ Maximum 4.0 percent on U.S. Grade No.3
 2/ This percentage does not apply to corn donated under the agreement which shall have a maximum moisture level of 14.5 percent.

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**SORGHUM
(WHOLE GRAIN)**

U.S. Grade No. 2 or better yellow sorghum, maximum 14 percent moisture.

Nutritive Values (Per 100 G)

Energy and Nutrients	Amounts	Unit
Food Energy (1057 MJ)	332	cal.
Protein	11	g.
Rude Fat	3.3	g.
Carbohydrate	73	g.
Calcium	28	mg.
Phosphorus	287	mg.
Iron	4.4	mg.
Potassium	350	mg.
Vitamin (B1)	0.38	mg.
Thiobflavin (B2)	0.15	mg.
Niacin	3.9	mg.

U.S. SORGHUM STANDARDS

Grade	Minimum Test Weight Per Bushel	Moisture	MAXIMUM LIMITS OF-		
			Broken Kernels, Foreign Material, & Other Grains	DAMAGED KERNELS TOTAL	Heat-Damaged Kernels
	Pounds	Percent	Percent	Percent	Percent
US No. 2	55.0	14.0	8.0	5.0	0.5

PART 210—DONATION OF DAIRY PRODUCTS TO ASSIST NEEDY PERSONS OVERSEAS (SECTION 416 FOREIGN DONATION PROGRAM)

Sec.

- 210.1 General purpose and scope.
 - 210.2 Definitions.
 - 210.3 Eligibility requirements for nonprofit private humanitarian organizations.
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 - 210.11 Records and reporting requirements of cooperating sponsor.
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- APPENDIX I—DAIRY PRODUCT FOREIGN DONATION PROPOSED PLAN OF OPERATION (SECTION 416)
- APPENDIX II—DAIRY PRODUCT FOREIGN DONATION PROGRAM AGREEMENT (SECTION 416)

AUTHORITY: Sec. 416, Agricultural Act of 1949, as amended, 7 U.S.C. 1431 (sec. 416 Foreign Donation Program).

SOURCE: A.I.D. Reg. 10, 49 FR 22024, May 24, 1984, unless otherwise noted.

§ 210.1 General purpose and scope.

(a) *Terms and conditions.* This Part 210 contains the regulations prescribing the terms and conditions governing the donation of dairy products for use outside the United States through foreign governments and public and nonprofit private humanitarian orga-

nizations such as U.S. nonprofit voluntary agencies or intergovernmental organizations (the World Food Program and United Nations Relief and Works Agency shall not be subject to these regulations except as may be specifically provided herein) pursuant to section 416 of the Agricultural Act of 1949, as amended (section 416).

(b) *Legislation.* The legislation implemented by the regulation (section 416) provides that dairy products acquired by Commodity Credit Corporation (CCC) may be "donated through foreign governments and public and nonprofit private humanitarian organizations for assistance of needy persons outside the United States, and the Commodity Credit Corporation may pay, with respect to commodities so donated, reprocessing, packaging, transporting, handling, and other charges, including the cost of overseas delivery."

(c) These regulations are promulgated pursuant to the designation by CCC of the Agency for International Development (A.I.D.) as its agent to carry out certain responsibilities pertaining to the administration of the program to donate CCC dairy products outside the U.S. under the authority of section 416.

§ 210.2 Definitions.

"A.I.D." means the Agency for International Development or any successor agency, including, when applicable, each USAID. "USAID" means an office of A.I.D. located in a foreign country. "AID/W" means the office of A.I.D. located in Washington, D.C.

"CCC" means the Commodity Credit Corporation, a corporate agency and instrumentality of the United States within the U.S. Department of Agriculture.

"Cooperating Sponsor" means a foreign government, or a public or nonprofit private humanitarian organization, including the American Red Cross, and humanitarian intergovernmental organizations that enters into an agreement with the U.S. Government for the use of section 416 Foreign Donation Program commodities, and which is directly responsible under the agreement for administra-

of dairy products donated by the CCC and the packaging description will be in accordance with dairy product specifications determined by CCC and such specifications shall be made a part of the section 416 Foreign Donation Program Agreement.

(b) Unless the section 416 Foreign Donation Program Agreement provides otherwise, title to the dairy products shall pass to the Cooperating Sponsor at the time and place of delivery f.a.s. vessel at the U.S. ports.

(c)(1) The Commodity Credit Corporation (CCC) will pay reprocessing, packaging, transporting, handling, and other charges incurred in making commodities available to Cooperating Sponsors, as agreed upon in the section 416 Foreign Donation Program Agreement.

(2) All costs and expenses incurred subsequent to the transfer of title to Cooperating Sponsors shall be borne by them except that CCC may pay or make reimbursement for transportation costs from U.S. ports to designated ports or points of entry abroad when specifically provided in the section 416 Foreign Donation Program Agreement or upon the determination by CCC that it is in the best interest of the program to do so.

(d) Shipment of commodities and the payment of ocean freight shall be made in accordance with the following procedures:

(1)(i) When the Cooperating Sponsor agrees to pay ocean transportation costs and perform freight forwarding and booking functions, the Kansas City Commodity Office (KCCO) USDA will furnish the Cooperating Sponsor with a Notice of Commodity Availability (CCC-512) which will name the receiving country, quantity, and date at U.S. port. The Cooperating Sponsor will arrange ocean transportation and freight forwarding in compliance with the Cargo Preference Act of 1954, Pub. L. 664 which requires that at least 50 percent of the cargo tonnage under this agreement be carried on U.S.-flag vessels. Non-Vessel Operating Common Carriers (NVOCC) may not be employed to carry U.S.-flag shipments. Approval of ocean transportation arrangements shall be obtained from ASCS/KCCO/USDA,

P.O. Box 205, Kansas City, Mo. 64141, Telephone: (913) 236-3057.

(ii) The Cooperating Sponsor will also complete the CCC-512 indicating name of steamship company, vessel name, vessel flag and estimated time of arrival at U.S. port, sign and return the completed form to KCCO/USDA, with a copy to Pub. L. 480 Operations Division, Foreign Agricultural Service, USDA. KCCO/USDA will then issue instructions to have the commodity shipped free alongside vessel to U.S. port for consignment to the Cooperating Sponsor as specified in the CCC-512. Unless provided for otherwise in section 3 of the section 416 Foreign Donation Program Agreement, U.S. ports will be selected on the basis of the lowest cost to CCC except where mutually agreeable to both the Cooperating Sponsor and KCCO/USDA.

(2)(i) When CCC agrees to pay ocean transportation costs and the Cooperating Sponsor agrees to perform freight forwarding and booking functions, the KCCO/USDA will furnish the Cooperating Sponsor with a Notice of Commodity Availability (CCC-512) which will name the receiving country, quantity and date at U.S. port. The Cooperating Sponsor will arrange ocean transportation and freight forwarding in compliance with the Cargo Preference Act of 1954, which requires that at least 50 percent of the cargo tonnage under this agreement be carried on U.S.-flag vessels. Non-Vessel Operating Common Carriers (NVOCC) may not be employed to carry U.S.-flag shipments. Approval of ocean transportation arrangements shall be obtained from ASCS/KCCO/USDA, P.O. Box 205, K.C., Mo. 64141, Telephone: (913) 236-3057.

(ii) The Cooperating Sponsor will also complete the CCC-512 indicating ocean freight rate as stated in the Federal Maritime Commission (FMC) tariff (with tariff identification), name of steamship company, name of vessel, flag of vessel, and estimated time of arrival at U.S. port, sign and return the completed form to KCCO/USDA, with a copy to P.L. 480 Operations Division, Foreign Agricultural Service, USDA. KCCO/USDA will then issue instructions to have the commodity shipped free alongside vessel to U.S.

port for consignment to the Cooperating Sponsor as specified in the CCC-512. Unless provided for otherwise in section 3 of the section 416 Foreign Donation Program Agreement, U.S. ports will be selected on the basis of lowest landed cost to CCC, except where mutually agreeable to the Cooperating Sponsor and KCCO/USDA.

(iii) CCC will pay the Cooperating Sponsor or the ocean carrier, as may be agreed upon, for ocean transportation costs within 30 days of receipt of the following documentation: (A) one copy of completed CCC-512 (as indicated above); (B) three copies of sighted "on board" bill of lading signed by originating carrier; (C) two copies of booking note and/or contract covering ocean transportation of subject cargo; (D) request for payment, indicating amount due and certification that payment has been made to ocean carrier or request for direct payment to ocean carrier.

(3) When CCC agrees to pay ocean transportation costs and to perform freight forwarding and booking functions, CCC will arrange to ship at least 50 percent of the cargo on U.S. flag vessels in accordance with the Cargo Preference Act of 1954.

§ 210.6 Obligations of the cooperating sponsor.

(a) *Plan of Operation.* Each cooperating sponsor shall submit to the AID or Diplomatic Post a description of the programs it is sponsoring or proposes to sponsor. This description will, when approved, provide the basic information for preparation of the section 416 Foreign Donation Program Agreement and will be incorporated into such an agreement by reference. Within the overall objectives of the approved program, elements of the program may be changed by written agreement of authorized representatives of the Cooperating Sponsor, AID, and CCC. In case of conflict between the Agreement and the approved plan of operation, the Agreement shall prevail. The plan of operation should clearly specify how a given section 416 Foreign Donation Program is to be conducted. In addition to any other requirements of law or regulation, the

plan will include the following information:

(1) A description of program goals and criteria for measuring progress toward reaching the goals.

(2) A geographic, economic, medical or other appropriate description of the recipient target group that is sufficient to readily determine recipient eligibility to receive section 416 commodities and to assure that commodities provided under section 416 will not displace or substitute for commercial sales in the recipient country.

(3) Statements as to what public recognition and container markings will be employed in the distribution of the commodities.

(4) A logistics plan that demonstrates the adequacy of port facilities, transportation facilities and storage/warehousing facilities to handle the flow of commodities to recipients without undue risk of spoilage or waste.

(5) Sufficient information concerning the plan of distribution and the target group of recipients so that a determination can be made as to whether the proposed food distribution would result in a substantial disincentive to domestic food production.

(6) Statements detailing the support of the Host Government of the country accruing the commodity or any other support for the proposed program.

(7) Kind and quantity of dairy products requested and delivery schedule.

(8) Explanation of the methods of educating recipients on the source of dairy products, program requirements, and preparation and use of dairy products, particularly steps to be taken to assure that there will be no unintended harmful effects from the distribution of the dairy products. Therefore, examples of educational materials for the field or guidelines should be presented which include food handling precautions to prevent contamination and spoilage such as refrigeration of cheese and butter products, immediate preparation of foods before eating, discarding of leftovers if no refrigeration is available, and information about proper use and preparation of NFDM in its dry and reconstituted form. Specifically in child feeding programs where NFDM is distributed in bulk di

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directly to families, projects at a minimum should include education on (i) promotion of exclusive breastfeeding for 4-6 months and continuation of breastfeeding after solid foods are introduced, (ii) use of NFDM as a protein supplement, (iii) the importance of combining NFDM with energy rich foods, re oil, fats, porridges, stews, etc., and (iv) precautions to be taken to prevent contamination of foods prepared with NFDM, and (v) precautions to be taken when NFDM is reconstituted as a milk drink, when there is evidence that it may be used this way.

(9) Description of the method to be used to supervise and monitor the distribution of the dairy products to assure that they are distributed to the intended needy recipients.

(10) Provide information to show approval of foreign government to import the donated dairy products duty free.

(b) *Other Requirements.*

(1) The terms and conditions of the section 416 Foreign Donation Program Agreement and of this part, except as otherwise specifically provided, are deemed to be accepted by the Cooperating Sponsor in submitting the program plan of operation.

(2) The Cooperating Sponsor agrees to use the dairy products only in accordance with the section 416 Foreign Donation Program Agreement, and this regulation.

(3) The donation of the dairy products by CCC and the payment by CCC of any costs specified in section 3 of the section 416 Foreign Donation Program Agreement is made with the understanding that the Cooperating Sponsor will carry out its obligations as provided in the Agreement and this part. The Cooperating Sponsor shall be liable to CCC for any failure to export the dairy products from the U.S., the reentry of any of the dairy products into the United States, or any use of the dairy products which is inconsistent with the section 416 Foreign Donation Program Agreement. For any such failure, the Cooperating Sponsor shall reimburse CCC for all costs paid by CCC in making the dairy products available to the Cooperating Sponsor, including the acquisition cost to CCC at the time CCC acquired the

dairy products under its dairy price support program. However, the Cooperating Sponsor shall not be liable to CCC with respect to any dairy products which, before or after export from the United States, are lost or damaged, destroyed or deteriorated to the extent that the dairy products cannot be used for the purposes described in the section 416 Foreign Donation Program Agreement unless such loss or damage was due to the fault or negligence of the Cooperating Sponsor.

(4) Cooperating Sponsors shall distribute dairy products only to eligible recipients. Distribution, shall be made without regard to nationality, race, color, sex, or religious or political beliefs of recipients.

(5) Funds derived from voluntary contributions by recipients may be used for payment of program costs by Cooperating Sponsors. Contributions may not be required by a Cooperating Sponsor from a recipient as a condition for participation in a program. Funds accruing from contributions shall be used for payment of program costs such as transportation, storage, handling, insect and rodent control, rebagging of damaged or infested commodities and other program expenses specifically authorized by AID to carry out the program for which the commodities were furnished.

(6) Overseas donations of dairy products under section 416 are intended as food aid. Dairy products may not be donated under circumstances resulting in more than incidental commercial sales of the products after they have been donated, nor may the commodities be sold in order to generate funds for any purpose.

(7) In the case of foreign government Cooperating Sponsors, data showing commercial and non-commercial imports of dairy products for the past five years by country of origin shall be provided. A section 416 Foreign Donation Program Agreement with a foreign government may include a usual marketing requirement.

(8) In the case of landlocked countries, transportation in the intermediate country to a designated inland point of entry in the recipient country shall be arranged by the Cooperating

allowed by the Cooperating Sponsor. The Cooperating Sponsor shall promptly furnish such office any assignment or rights which may be requested. Where the Cooperating Sponsor pays the ocean freight or a portion thereof, it shall be entitled to pro rata reimbursement received from only claims related to ocean freight charged.

(b) The Cooperating Sponsor shall promptly provide written notice to AID or the Diplomatic Post, of the circumstances pertaining to any loss, damage, or misuse of commodities occurring within the recipient country or intermediate country. Proceeds from any resultant claims actions shall be forwarded to AID for the account of CCC.

(c) Unless the instructions issued by CCC referred to in paragraph (a) of this section provide otherwise for certain designated Cooperating Sponsors, CCC, Claims and Collections Division, will arrange for the services of an independent cargo surveyor to survey the discharge of section 416 commodities at the foreign discharge port.

(d) Cooperating Sponsors shall send copies of all reports and documents pertaining to the discharge of commodities to Chief, Claims and Collections Division, Kansas City Management Office, P.O. Box 205, Kansas City, Missouri 64141.

(e) CCC will reimburse Cooperating Sponsors for the costs incurred by them in obtaining the services of an independent surveyor to conduct examinations of the cargo and render their report.

(f) The handling of claims prior to loading of the dairy products on ocean vessels and claims against ocean carriers shall be handled according to procedures established by CCC. Claims arising after discharge shall be handled according to procedures established by AID for handling inland Pub. L. 480, Title II claims (AID Regulation 11, 22 CFR 211.9).

(g) When payment is made for commodities misused, lost or damaged, the value shall be determined on the basis of the General Agreement on Tariffs and Trade (GATT) minimum prices for dairy products in question, plus ocean freight charges and other costs

incurred by the Government of the United States in making delivery to the Cooperating Sponsor. When the value is determined on a cost basis, the Cooperating Sponsor may add to the value any provable costs they have incurred prior to delivery by the ocean carrier. In preparing the claim statement, these costs shall be clearly segregated from costs incurred by the Government of the United States. With respect to claims other than ocean carrier loss and/or damage claims, the value of misused, lost or damaged commodities may be determined on some other justifiable basis, at the request of the Cooperating Sponsor and/or upon the approval of the USAID or Diplomatic Post, AID/W.

§ 210.11 Records and reporting requirements of cooperating sponsor.

(a) The Cooperating Sponsor shall maintain records and documents for a period of three years from the date of export of the dairy products in a manner which will accurately reflect all transactions pertaining to the receipt, transportation, storage and distribution of the dairy products.

(b) The Cooperating sponsor shall cooperate with and give reasonable assistance to United States Government representatives to enable them at any reasonable time to examine any activities and transactions of the Cooperating Sponsor pertaining to the receipt, processing, repackaging, distribution and use of the dairy products under this program.

(c) The Cooperating Sponsor shall submit a report semi-annually covering the receipt and distribution of dairy products made available by CCC under the section 416 Foreign Donation Program Agreement. The first report should cover the first full six months following the date of the section 416 Foreign Donation Program Agreement and reports thereafter should cover each subsequent six month period. A report is not required if dairy products are not received or distributed during any six month reporting period. This report must contain the following data:

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§ 210.12 (1) Receipts of each type of commodity.

(2) Quantity of each type of commodity distributed.

(3) Inventory of each type of commodity at the end of the reporting period.

(4) Numbers of recipients.

(5) Beginning inventory of each type of commodity.

(6) Quantity of each type of commodity on order or in transit.

(7) Status of claims for commodity losses both resolved and unresolved.

(8) Quantities of each type of commodity damaged or declared unfit.

§ 210.12 Additional responsibilities of cooperating sponsor.

(a) The Cooperating Sponsor shall, within thirty (30) days after export, furnish evidence of export of the dairy products. If export is by water or air, two copies of the onboard carrier bill of lading or consignee's receipt authenticated by a representative of the U.S. Customs Service shall be furnished. The evidence of export must show the kind and quantity of dairy products exported, the date of export and the destination country.

(b) The Cooperating Sponsor warrants that it has not employed any person to solicit or secure the section 416 Foreign Donation Program Agreement upon any agreement for a commission, percentage, brokerage, or contingent fee and that no consideration or payment has been made or will be made. Breach of this warranty shall give the United States Government the right to annul the section 416 Foreign Donation Program Agreement.

§ 210.13 Termination of program.

All or any part of the assistance provided under the section 416 Foreign Donation Program, including commodities in transit, may be terminated by the United States Government at its discretion if the Cooperating Sponsor fails to comply with the provisions of the section 416 Foreign Donation Program Agreement, or this part, or if it is determined by A.I.D. that the continuation of such assistance is no longer necessary.

§ 210.14 Waiver and amendment authority.

(a) A.I.D., with the concurrence of CCC, may waive, withdraw, or amend, at any time, any or all of the provisions of this part if such provision is not statutory and it is determined to be in the best interest of the U.S. Government to do so.

(b) The section 416 Foreign Donation Program Agreement may be amended upon written agreement by AID, CCC, and the Cooperating Sponsor.

§ 210.15 OMB control number assigned pursuant to the Paperwork Reduction Act.

The information collection requirements in Part 210 have been approved by the Office of Management and Budget under control number 0412-0517.

APPENDIX I—DAIRY PRODUCT FOREIGN DONATION PROPOSED PLAN OF OPERATION (SECTION 416)

Agency for International Development, Bureau for Food for Peace and Voluntary Assistance, Office of Food for Peace, Title II Food Donation Division, Washington, D.C.

Dairy Product Foreign Donation Proposed Plan of Operation (section 416)

Public and private nonprofit humanitarian organizations (applicant) must submit to the Agency for International Development, Bureau for Food for Peace and Voluntary Assistance, Office of Food for Peace, Title II Food Donation Division, Washington, D.C. 20523, a program plan giving the following information:

1. Name and address of applicant. The applicant must be organized under the laws of the United States and must maintain an office in the United States.

2. Country in which the dairy products will be used to assist needy people. (Submit a separate proposal for each country.)

3. Kind of dairy products requested. (The quality specifications and packing description of the dairy products will be the specifications and packing description shown in Attachment B, unless Commodity Credit Corporation (CCC) and the applicant agree to the reprocessing or repackaging of the dairy products.)

4. Quantity of dairy products requested stated in pounds. The quantity requested shall be limited to the amount to be shipped.

- from the U.S. during a twelve month period beginning with the first proposed shipment.
5. Delivery schedule. (Show amount of dairy products for each delivery period, i.e., January—40,000 pounds; March—40,000 pounds, etc.)
6. Intended use of the dairy products:
- Describe each program (i.e., maternal child health, school feeding, other child feeding, etc.), the problem that the program addresses, and the program's proposed response to this problem.
 - Describe overall objectives and purpose of each program.
 - Will the program be countrywide or limited to certain provinces, states, cities, or other administrative or geographical areas?
 - Describe the distribution method to be used to make the dairy products available to needy recipients.
7. Describe participation in the program by any other organization or government agency of the foreign country.
8. Explain arrangements to be used to assure that the dairy products donated under section 416 will (a) be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 (Title II of Pub. L. 480), and (b) not displace dairy products normally purchased on the commercial market for use by the proposed recipients.
9. Describe records to be used to control distribution of the dairy products to provide accountability from the time title is transferred to the applicant until it reaches the eligible recipient.
10. Describe the port facilities in the country through which the dairy products will be received. Describe in such detail to show that adequate facilities are available to handle the dairy product.
11. Describe the transportation and storage system which will be used to move the dairy products from the receiving port to the point distribution is made to the recipient. State if applicant will retain control of dairy products during transportation and storage. If not, describe controls to assure delivery of the dairy products from time of unloading at port to the distribution point where products will be made available to the recipients.
12. Describe any reprocessing or repacking that will occur in the country, giving location and name of firm that will perform the reprocessing or packing.
13. Explain how costs of administration, storage, transportation, processing, repackaging, special labels, issuance of informative materials, etc. will be financed.
14. Explain methods of educating recipients on the source of the dairy products, program requirements, and preparation and use of the dairy products. Include plans for program publicity, including factors that may adversely affect publicity. Therefore,

examples of educational materials for the field or guidelines should be presented which include food handling precautions to prevent contamination and spoilage such as refrigeration of cheese and butter products, immediate preparation of foods before eating, discarding of leftovers if no refrigeration is available, and information about proper use and preparation of NFDM in its dry and reconstituted form. Specifically in child feeding programs where NFDM is distributed in bulk directly to families, projects at a minimum should include education on (a) promotion of exclusive breastfeeding for 4-6 months and continuation of breastfeeding after solid foods are introduced, (b) use of NFDM as a protein supplement, (c) the importance of combining NFDM with energy rich foods, ie oil, fats, porridges, stews, etc., and (d) precautions to be taken to prevent contamination of foods prepared with NFDM and (e) precautions to be taken when NFDM is reconstituted as a milk drink, when there is evidence that it may be used this way.

15. Describe other contributions such as financial, human resources, other food commodities, etc., including the source, estimates of the amount and role the contributions will play in the program.

16. Describe method to be used to supervise and monitor distribution of the dairy products to assure that the intended use of dairy products is accomplished.

17. Provide information to show that the applicant has received approval from the government in the country to import the donated dairy products free from all custom duties, tolls, taxes, etc.

APPENDIX II—DAIRY PRODUCT FOREIGN DONATION PROGRAM AGREEMENT (SECTION 416)

Country _____

United States Government—Dairy Product Foreign Donation Program Agreement (section 416)

In order to effect the distribution of dairy products for the assistance of needy persons outside the United States, the Agency for International Development (A.I.D.), the Commodity Credit Corporation (CCC), and the (Cooperating Sponsor) agree as follows:

1. CCC agrees to donate to the Cooperating Sponsor dairy products of the kind and amounts specified in section 2 of this agreement pursuant to the authority of section 416 of the Agricultural Act of 1949, as amended. CCC shall deliver such dairy products in accordance with the delivery schedule specified in section 2.

2. Dairy products to be donated to the Cooperating Sponsor are as follows:

Commodity	Quantity pounds/ metric tons	Delivery month to U.S. port ¹	Foreign port designation

¹Point where title transfers if other than U.S. port.

Note: Should the above schedule change, the Cooperating Sponsor will promptly inform and coordinate a revised delivery schedule by contacting the Agricultural Stabilization and Conservation Service, Kansas City Commodity Office, USDA, P.O. Box 205, Kansas City, Missouri, 64141, Telephone: (913) 238-3057.

3. The payments of all costs associated with the reprocessing, packaging, transporting, handling and other charges incurred in the distribution of the dairy products will be apportioned as follows:

A. CCC agrees to donate the dairy products without charge and to pay the following costs: (These costs will be determined during the negotiation of program approval.)

B. The Cooperating Sponsor agrees to pay the following costs: (These costs are determined during the negotiation of program approval.)

4. The Cooperating Sponsor agrees to use the dairy products only in accordance with this Agreement and the approved program.

5. The term and conditions set forth in AID Regulation 10 and the approved Plan of Operation are incorporated into and made a part of this agreement.

AGENCY FOR INTERNATIONAL DEVELOPMENT¹

By -----

Title: Assistant Administrator, Bureau of Food for Peace and Voluntary Assistance and/or as delegated.

Date: -----

COMMODITY CREDIT CORPORATION

By -----

Title: General Sales Manager, FAS and Vice President, Commodity Credit Corporation and/or as delegated

Date: -----

REQUEST AND ACCEPTANCE

The assistance described in this agreement is requested and the terms and conditions of this Agreement and of AID Regulation 10, except as otherwise specifically provided herein, are accepted.

COOPERATING SPONSOR

By -----

Title: -----

Date: -----

ATTACHMENT D

**Section 416 Program
Operational Procedures - Ocean Transportation**

Background:

On May 12, 1987 the U.S. Department of Agriculture/Agricultural Stabilization and Conservation Service (USDA/ASCS), issued a public notice addressed to all freight forwarders and/or booking agents which established interim procedures to be followed in the booking of Section 416 bulk cargoes.

The interim procedures were issued as a response to numerous inquiries to both USDA/ASCS and the Agency for International Development (AID) from freight forwarders/booking agents (agent) nominated by Cooperating Sponsors to perform the function of making arrangements for the ocean carriage of the agricultural commodities subject to Section 416 agreement requirements.

In order to provide consistency and uniformity in the preparation and distribution of the numerous documents required, adherence to the cargo preference law compliance mandated by the Congress, and identification of all the various governmental organizations involved, the following operational procedures are hereby established. The effective date of these procedures will correspond with the dates on which the individual Section 416 agreements are signed by all parties.

A. Solicitation of Ocean Freight:

Cooperating Sponsors must provide AID/FVA/FFP/POD written notification of nomination of agent, including name, address, contact, phone number and telex number. Notification should be made no later than the signing of the Section 416 agreement. It should be noted that lack of required information may delay program implementation.

USDA/ASCS Processed Commodity Division (PCD) will initiate commodity procurement actions based on schedules provided in signed 416 agreements. Once procurements are finalized, the cooperating sponsor's agent will be advised of export availability by the issuance by USDA/KCCO of a Notice of Availability (CCC-512). The Cooperating Sponsor, or its agent, will issue a public freight announcement by means of the Transportation New Ticker (TNT), in New York, or any other means of mass communication, subject to AID/OP/TRANS approval prior to publication, to assure the widest possible market coverage with adequate notice to interested parties. AID/OP/TRANS prefers that, whenever possible, standard terminology is used by all program participants and requires that the following items be included, in addition to any other necessary elements:

1. All freight tenders must request offers of both U.S. and foreign flag vessels. Such offers to be received and negotiated within the United States.
2. Offered rate(s) to be quoted on basis U.S. dollars per metric ton. If destination bagging or inland/internal transportation to a point other than discharge port is required, rate(s) quoted shall separately state total rate(s) and portion of rate(s) attributable to ocean movement. Any U.S. flag vessel 15 years or older must also furnish a one-way rate in the event the vessel is scrapped or transferred to foreign flag prior to the end of the return voyage. Freight payment procedure, including responsible party, must be included in the freight tender.
3. U.S. flag carriers to specify on freight offers the mode of delivery being offered, either direct breakbulk or container shipment, including container relays, or by breakbulk transshipment and whether transshipment is via U.S. or foreign flag vessel. The booked carrier must agree that any deviation in mode of delivery actually performed from that offered and accepted, without the prior approval of the booking agent, results in an ocean freight rate revision to the lowest rate offered under that tender for an acceptable mode of delivery. Said carrier agrees to refund the amount of this revision, or to permit the deduction of the amount from any sums remaining to be paid and due and owing, in the event that a deviation is discovered after payment is made, in whole or in part.
4. On all ocean cargo movements, the lowest responsive offers received for both U.S. flag and foreign flag service must be presented to USDA/PCD for flag determination. Rate approval from USDA/AID must be obtained prior to confirmation of vessel fixture.
5. All cargoes moving in charterable quantity shall be fixed subject to AID/OP/TRANS and MARAD (U.S. flag vessels for guideline rate) approval. AID/OP/TRANS is solely responsible for requesting guideline rate advice from MARAD on all full cargo/charter movements on U.S. flag vessels. AID/OP/TRANS will communicate MARAD's approval/disapproval to the cooperating sponsor, or its agent. Fixtures shall be on basis of full berth terms (FBT) with no demurrage/despatch or detention charges, unless other terms have been incorporated in the Section 416 agreement. Immediately upon receipt of AID/OP/TRANS approval, Cooperating Sponsor, or its agent shall issue an announcement of fixture details in the TNT, or any other means of mass communication subject to AID/OP/TRANS approval.

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6. Total commissions or other remuneration earned on U.S. and foreign flag bookings by all parties as result of cargo fixtures to be financed under this program shall not exceed 2-1/2 percent of the gross freight. Cooperating Sponsor, or its agent, shall require liner carrier tariffs on file at the Federal Maritime Commission to reflect a maximum of 2-1/2% commission to be paid on Section 416 cargoes.
7. Include in all freight announcements/fixtures the following clause: "The United States Department of Agriculture/Kansas City Commodity Office's guidelines for claims for over, short, and damaged cargo documentation shall be fully incorporated in the charter party."
8. The following clause must also be inserted in all ocean freight tenders unless otherwise authorized by AID:

"U.S.-flag vessels which require prior approval from the Maritime Administration (MARAD) to participate in preference cargoes because of Operating Differential Subsidy (ODS) contractual constraints, or because of reflagging/foreign construction eligibility issues, must obtain such MARAD approval prior to submission of bids. Failure to obtain such approval may result at the sole option of AID in the cancellation of any fixture prior to commencement of loading."

9. If as a result of this agreement the U.S. Government will finance the ocean freight differential on U.S. flag vessels such differential will be determined as follows:

* The OFD is the difference between the weighted average freight rate(s) of foreign flag vessel(s) fixed and/or offered that, in the opinion of the Chief, T.D., AID could carry the quantity of cargo absent the requirement to use U.S.-flag vessel(s), and (1) the rate(s) for the U.S.-flag vessel(s) fixed; or (2) the rate(s) offered (including any lower rates negotiated) by U.S.-flag vessel(s) which could have carried the required tonnage and, in the opinion of the Chief, T.D., AID represents the lowest landed cost (U.S.-flag basis). When foreign-flag vessels are not fixed and/or offered, or when offered, have specifications which preclude their use, the rate(s) to be used in computing OFD will be determined by the Chief, T.D., AID using any market data deemed relevant which provide reasonable comparability.

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B. Ocean Freight Payment Terms:

1. Liner Cargoes - Processed Commodities

Freight payment will be made in accordance with "Reg 10 (22 CFR part 210) Section 210.5(d)."

In addition, the following documents must be submitted at the same time as the other documents called for in 210.5(d).:

- a. National Cargo Bureau (NCB) vessel hold inspection and loading certificate.

2. Full/Chartered Cargoes-Bulk Cargoes or Processed Commodities

- a. If processed commodities, or bulk cargoes which do not require destination bagging or further distribution by steamship company to inland points (outside of port area limits), 100 percent ocean freight or ocean freight differential is payable within 30 days after receipt by USDA/FAS Washington, D.C. of the following documentation, in proper form, requesting payment:

1. one copy of completed CCC-512
2. three copies of freighted "on board" bills of lading, signed by originating carrier
3. two signed copies of written booking note and/or charter party covering ocean transportation of cargo
4. Payment voucher - SF 1113
5. Two copies of paid freight invoices (applicable only to payments of ocean freight differential).

- b. If bulk commodities which require bagging or staking for account of steamship company or require further inland distribution as agreed in booking fixture, 90 percent of freight or ocean freight differential is payable upon receipt of notice of vessel arrival at destination port(s) and submission of proper documentation as mentioned above; such notice to be submitted by the Cooperating Sponsor. Balance of freight of 10 percent is due and payable upon notification from Cooperating Sponsor advising that vessel has fulfilled all the requirements of the covering charter party (including bagging specifications) in a successful manner.

C. Freight Forwarder/Booking Agent (Agent)
Responsibilities:

1. The agent shall receive and consolidate from various sources, documents relating to Government shipments. It will be the responsibility of the agent to distribute the documents as agreed by AID/USDA.
2. The agent shall be responsible for calling railcars forward and coordinating cargo unloading at the pier in a timely manner. USDA will issue shipper's instructions and coordinate inland cargo movement to the port, and act as a liaison between the agent and the commodity supplier.
3. Where required, the agent shall request and insure that a Phytosanitary Certificate is issued by the Animal Plant Health Inspection Service (USDA-APHIS-PPQ) and will distribute the document as required by AID/USDA.
4. Whenever necessary (milk products or blended products containing milk), the agent shall complete and distribute as required by AID/USDA a KC-156, Export Certification for Section 416 Commodities as provided by KCCO in lieu of Phytosanitary Certificates.
5. The agent shall be responsible for verifying shipper's count versus receiver's tallies, and be able to account for losses due to railroad handling or stevedoring losses, and shall forward over, short and damage, (OS & D) reports to KCCO/Export Claims Branch.
6. The agent shall monitor vessel arrivals and liftings through regularly scheduled contact with steamship lines and agents. The agent will be expected to provide up-to-date information as requested.
7. The agent shall accurately prepare the Shippers Export Declaration, Department of Commerce Form 7525-V-Alt as per Department instructions and issue within the required time frame.
8. The agent shall prepare ocean bills of lading (OBL'S) stamped "on board" to be signed for the master by the steamship line or their authorized agent. The agent will also be

responsible for verifying all vessel lifting data, ensuring that the vessel name, flag status and quantities/tonnages are correct as evidenced by supporting documents. The agent will then distribute OBL's to overseas consignees at the direction of the Cooperating Sponsor.

9. The agent shall submit vessel lifting information to USDA-Claims and Collection Division for use in coordinating out turn surveys pursuant to AID regulations.
10. The agent shall complete the consignee receipt (on a shipment-by-shipment basis) detailing railcar or container information from in and bills of lading, dock receipts and OS & D's. The consignee receipt, copies of the signed Notice to Deliver and OBL's shall be forwarded to USDA not more than 10 days after vessel loading.
11. Discharge Survey Arrangements:

For all shipments under Section 416 USDA/ASCS/PCD/EOB requires immediate notification by telephone as soon as a cargo is lifted. Agent should contact Marketing Technicians at (816) 926-6198.

The attached format (exhibit 1) should be utilized in providing lifting information to PCD/EOB. It is necessary that complete information provided, as all data contained thereon are utilized in contracting for discharge surveys. Special notes should be given to the following items:

- a. Request No. must specify type of shipment.
- b. The destination is the port and country where vessel liability ends.
- c. If a shipment is containerized, the number containers must be reported by telephone. The container numbers, quantity per container, and seals affixed to the container should be sent with the lifting confirmation.
- d. It is necessary that USDA be informed whether or not bulk cargo will be bagged by vessel interests, as the terms of surveying contracts are completely different depending on the bagging requirement.

- e. The last item on this report is of utmost importance. If USDA is advised that there is not more Section 416 cargo to be loaded, USDA will proceed with survey arrangements. If USDA is advised that additional cargo will be loaded at a later date, USDA will not proceed with survey arrangements until notification by agent that the cargo loading is completed.

USDA must also be immediately notified of updates pertaining to these cargoes, as this information definitely affects USDA's contract with the surveyor. When an ETA is updated or the discharge port is changed, or when transshipment information becomes available, USDA must have the information promptly to pass on the surveyor in a timely manner.

D. Additional Ocean Transportation Documentation Required

In addition to the submission of the ocean transportation documents which the Cooperating Sponsor is required to submit to the USDA/FAS, Wash., D.C. under Section 210.5(d), for collection of ocean freight, the Cooperating Sponsor or its agent, shall submit, as an additional condition for payment:

1. To Agency for International Development, SER/OP/ Transportation Division, Room 1400-J, SA-14, Washington, D.C. 20523, Attention Mr. Robert Goldman - Tel. (703-875-1300):
 - a. Public freight announcements, freight offers received (U.S. and foreign flag) and a copy of the booking note and/or charter party covering the ocean transportation of subject cargo.
 - b. As soon as shipments are effected, furnish CP/TRANS with two copies of the freighted "on board" bill of lading signed by the originating carrier.
2. To U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service, Processed Commodities Division/Export Operations Branch, Freight Forwarding Section, Kansas City Commodity Office, P.O. Box 419205, Kansas City, MO 64141-0205, Tel. 816-926-6292:
 - a. A completed CCC-512, duly signed (with copy to USDA/FAS, Wash.