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Public Law 480
A Description of Its Mechanics and a Case Study

KSU
KANSAS STATE UNIVERSITY
Food and Feed Grains Institute
Manhattan, Kansas 66506
USA

PUBLIC LAW 480 PROGRAM
A DESCRIPTION OF ITS MECHANICS AND
A CASE STUDY

BY ROLANDO A. FLORES

INTRODUCTION

In 1954, the Congress of the United States (U.S.) approved the Public Law 480 (PL 480) program. Between 1954 and 1984, a total of $31.1 billion was allocated to the program by the U.S. Government (USDA, 1984). This program was initially used as a way to dispose of surplus agricultural products and to promote them in the world market.

At this time, there is no doubt that PL 480 constitutes a very important instrument for influencing policies in recipient countries (Gilmore, 1982). Titles I and III of PL 480 have helped the rural development of recipient countries such as Brazil (Hall, 1980) and India (Mann, 1967), and Title II has helped some Third World countries in situations of hunger and famine.

The impact of PL 480 on U.S. agricultural policies has been deeply analyzed by many experts. However, its main objectives and the mechanics of its operation are still unknown to many people in the agricultural sector. This paper briefly describes the origins and mechanics of the PL 480 Program and it also analyzes the ocean transportation costs of commodities sent to Costa Rica from the U.S. for 1 year (1985) from the recipient's point of view. This point of view is based on the author's experience in managing the PL 480 grain purchases for Costa Rica for 1984 and 1985.

Due to the highly specialized topic that PL 480 constitutes, it is impossible to cover all the insights and elements that take part in this program. Therefore, the scope of this paper is limited to those aspects mentioned above, which is intended to bring some information to people related to this program.

Origins of the PL 480 Program

After the Korean War, the U.S. needed some way to dispose of commodities whose surpluses were swollen by new advances in herbicides, seed strains, and other technologies (Solkoff, 1985). On July 10, 1954, the 83rd Congress of the U.S. approved PL 480, entitled the Agricultural Trade Development and Assistance Act of 1954.

After numerous amendments, Section 2 of PL 480 finally states: "The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States" (Congressional Research Service, 1979).

In 1959, President Eisenhower renamed the PL 480 program "Food for Peace" (Hadwiger, 1970).

Types of Aid Under P.L. 480

In order to export the grain surplus under the legislative objectives, PL 480 consists of four titles, which the U.S. General Accounting Office (GAO, 1985) has summarized as follows:

Title I. Title I of PL 480 authorizes concessional credits on an annual basis for sale of U.S. farm products to developing countries. These credits are repayable in dollars at concessional interest rates of not less than 2 percent during the grace period and 3 percent thereafter. Repayment periods range from 20 to 40 years with a grace period on principal repayment of up to 10 years. In addition, most agreements require an initial cash down payment of 5 percent. Recipient countries must agree to undertake self-help measures aimed, where appropriate, at expanding food production and improving food storage and distribution facilities. Local currencies generated from Title I sales are available for use by recipient governments for mutually agreed-upon purposes.

Title II. Under this authority, the U.S. can donate food principally for humanitarian purposes, such as emergency/disaster relief and programs to help needy people, particularly malnourished children and adults on work projects.

Section 201 of Title II provides that each year a minimum of 2.7 million metric tons (MT) be distributed under this Title. Of this minimum tonnage, at least 1.2 million MT must be distributed through nonemergency programs of nonprofit voluntary agencies and the World Food Program. The unprogrammed reserve, a minimum of 500,000 MT, allows the U.S. not only to respond to emergency requests, but also to supplement regular programs. Title II also covers the cost of ocean freight, overland transport to landlocked countries, packing, enrichment, preservation, fortification, and processing and handling.

Title III. Also known as Food for Development, Title III consists of programs similar to the ones included under Title I. However, it differs in some critical aspects from Title I in that Title III is designed with economic development as the primary objective, specifically to support agricultural and rural development programs in the recipient country through required policy initiatives, institutional reform, and support for specific development projects.

Title IV. Title IV covers the general provisions of the PL 480 program, among which is the requirement that the Secretary of Agriculture determine commodity availability for shipment under P.L. 480. All such commodities must be determined to be in excess of domestic requirements, including stocks and commercial exports, unless the Secretary determines that some part of the commodities should be used to carry out urgent humanitarian purposes of the Act.

Title I and Title III are the operative mechanisms that allow the government to dispose of agricultural commodity surpluses. Section 101 of Title I allows the recipient country to pay for the commodities in foreign currency at the discretion of the President of the U.S. (Congressional Research Service, 1979).

The products exported under PL 480 since 1955 nave included animal products such as fats, oils, greases, meats and meat products, poultry meats (fresh or frozen), and dairy products (including evaporated and condensed milk, nonfat dry milk, anhydrous milk fat, butter, and cheese); grain products such as wheat and wheat products, feed grains and feed products, rice, and blended food products (including corn-soya and wheat-soya blends); oil seeds and their products such as soybeans, protein meal, and vegetable oils and waxes; and other products such as fruits and preparations (including fresh, canned, and dried fruits), vegetables and preparations (including fresh and canned vegetables and pulses), tobacco, cotton (excluding linters), feeds and fodders (including prepared livestock and poultry feeds, corn by-products, and alfalfa meal and cubes) (Congressional Reserve Service, 1979).

Regarding the historical trends of PL 480, the U.S. GAO indicates that PL 480 shipments have varied from 14.5 million MT in the late 1950s and early 1960s, to 5.7 and 6.3 million MT in recent years. However, the dollar value of PL 480 shipments has remained basically constant, ranging from $1.0 billion to $1.3 billion per annum in recent years. The volume of shipments has fallen because of inflation.

In September 1985, the GAO mentioned that the program's importance varies by commodity, and the greatest decline in the importance of PL 480 exports has occurred in wheat and feed grains. For other commodities--particularly wheat flour, rice, and processed or high-value products--the importance of the program as an export promotion device remains high.

Implementation of Sales Agreements

To deliver the commodities to the recipient country under Title I and III, a sequence of events must occur. The Economic Research Service of the USDA (1977) mentioned the following steps. However, they are subject to variation according to the conditions agreed on by the recipient country and the U.S. Government, and any other consideration that the Foreign Agricultural Service (FAS) considers relevant.

1. Signing the agreement. The first step in the implementation of a sales agreement under Title I of PL 480 is the negotiation of the agreement among agencies and between the U.S. Government and the recipient country.

2. Purchase authorization. The government of the importing country applies (usually through its embassy in the U.S.) to the Office of the General Sales Manager of USDA for authorization to purchase agricultural commodities. When the embassy of the purchasing country receives a purchase authorization (PA), it notifies its home government so that appropriate action in the recipient country can be taken.

3. Subauthorization. The government of the importing country may issue a subauthorization to a private importer (or importers) to purchase commodities pursuant to the provisions of PL 480 regulations and the PA. If private importers are not used, an agency of the country's government may act as the importer.

4. Letter of commitment. The importing country, through its embassy in the U.S., requests the Commodity Credit Corporation (CCC) to issue a letter of commitment to each U.S. bank designated to handle transactions.

5. Sales contract. The designated importer contracts with a U.S. exporter (or exporters) for purchase of the commodity. Importers usually select suppliers through public tenders (invitations for bids - IFB) which specify that the transaction is taking place under PL 480.

6. Request for letter of credit. The importer applies to the designated bank in his country for a letter of credit in favor of his chosen supplier in the U.S.

7. Letter of credit issued. The letter of credit is issued by the foreign bank and is confirmed or advised by the U.S. bank.

8. Purchase of the commodities. The exporter buys the commodity from regular commercial sources or from the CCC.

9. Loading and shipping commodities. The importer arranges for ocean shipment if commodities are to be shipped on a free-on-board (FOB) or free-along-side (FAS) basis. If the shipment is to go cost and freight (C and F) or cost, insurance and freight (CIF), the vessel is booked by the U.S. supplier. The Cargo Preference Act applies to PL 480 shipments.

10. Exporter paid. The exporter presents the bill of lading, weight and inspection certificates, and other documents required by the letter of credit to the U.S. bank. He receives payment in dollars, at the price agreed upon in the sales contract, and within the terms of the letter of credit previously received.

11. U.S. bank transactions. The U.S. bank presents the documents required by the CCC to the Federal Reserve Bank named in the letter of commitment. The Federal Reserve Bank, acting as an agent of the CCC, pays dollars to the U.S. bank, or credits its reserve account.

12. Foreign bank notified. The U.S. bank notifies the foreign bank of the transaction and transmits the original negotiable bill of lading and other documents.

13. Foreign bank and importer transactions. Upon receipt of the bill of lading, the foreign bank notifies the importer. From step 1 to this point, the procedures as stated above are the procedures followed, regardless of the type of sales agreement. If the agreement considers the payment in foreign currency, the importing country must deposit its counterpart currency in the designated bank.

14. Importer claims commodities. Upon receipt of the bill of lading, the importer uses it to claim the goods when they arrive from the U.S.

15. Distribution of commodities. The importer makes final sale of the commodity within the recipient country through its normal commercial channels.

Ocean Transportation

The Cargo Preference Act of 1954 requires that at least 50 percent of PL 480 agricultural commodities out of Title I be transported in privately owned U.S.

flag vessels if available at fair and reasonable prices. USDA pays the ocean freight differential (OFD), which is based on the difference between the higher transportation rates of U.S. flag vessels and the average rate of foreign flag vessels that would have been selected without cargo preference (GAO, 1985). The Cargo Preference Act gives the protection of the U.S. government to the private commercial fleet of this country.

According to the USDA Annual Report of 1984, under the PL 480 program from fiscal year 1955 to September 1984, the total amount used in paying the commodities accounts was $24.7 billion, and the market value of the commodities accounts, including the OFD, was $31.1 billion. This resulted in a total of $6.4 billion (20.6% of the total) paid in OFD.

The OFD has been a source of controversy regarding the groups affected by the PL 480 program. While the agricultural commodity group indicates that those are funds that should be used in agricultural programs such as to increase the amount of sales through Title I, other groups such as the U.S. shipping industry have been in support of this act, which makes it possible for this industry to continue in operation at noncompetitive rates (Hadwiger, 1970).

In regard to the dispute between the agricultural and maritime interests, evidence indicates that the cargo preference in PL 480 tends to be more protective of maritime interests, due to speculations that indicate that an increase in the U.S. flag vessel requirements from the current 50 percent to 75 percent is expected within the next 3 years (Smith and Patrick, 1985). However, the Consejo Nacional de Producción (CNP) of Costa Rica (Costa Rican agency in charge of managing PL 480 imports) reported that for 1986, USDA indicated to CNP that 60 percent of the tonnage must be transported in U.S flag vessels (Vargas, 1985).*

Smith and Patrick (1985) indicate that the cargo preference produces the following results:

1. The subsidized rates keep rates high due to cargo guarantees.

2. Neither agriculture nor U.S. merchant marines benefit from the soaring cost of government programs.

3. Its rising percent increases the incentive to keep older, inefficient ships in service and at notoriously high shipping rates, which would translate into greater delays in U.S. shipping services.

4. The diversion of more cargoes away from the Great Lakes into areas more readily serviced by U.S. ships would occur, even when the Lakes could offer the lowest landed costs.

In order to fulfill the U.S. flag requirement in ocean transportation, recipient countries sometimes have to pay a premium when using a U.S. flag vessel. This premium is charged by the commodity seller when the ship used is a liner or multidecker instead of a bulk carrier. Cargoes from the Gulf of Mexico are the ones most affected.

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*The 1989 program handled by CNP includes a cargo preference of 80 percent for U.S. flag vessels (Vargas, 1989).

The Purchasing and Shipping Agency

Title 17, Part 17 of the Code of Federal Regulations gives the regulations that apply when Title I of PL 480 is implemented (USDA, 1979). Regulation 17.5e refers to the purchasing and shipping agent, indicating that "A participant is not required to use a purchasing agent or shipping agent..."; however, for a recipient country it is very hard or almost impossible to manage a tender, do contracts, inspect ship loading, present claims, and do all the paper work that is required when commodities are purchased through PL 480. Therefore, an agent is contracted in most of the cases.

The agent works under a commission paid by the ship owner. The recipient country does not pay him anything for doing all the arrangements that the purchasing of the commodities requires. The same Code of Federal Regulations inhibits the agent from receiving commissions or payments from the commodity seller. The ship owner commission oscillates between 2 and 3 percent of the total freight cost, and this rate is indicated in the transportation contract or charter party.

Under Title I, the freight is usually paid by the recipient country, therefore, under any circumstance, the ship selection becomes a very delicate issue for the foreign country agency in charge of importing the commodities; a situation that demands open and clear communication channels among the parties that are involved in the transactions. These communication channels are especially important with the purchasing agency.

In June 1985, the GAO addressed the conflict of interests in the ship selection to USDA requesting more control on the bidding and negotiation process for ocean transportation because "... foreign countries: (1) used closed bids which may have been submitted late or were based on knowledge of submitted bids, (2) might negotiate with any preferred vessel owner, which did not ensure the lowest possible rates, and (3) might serve as vessel brokers, which could lead to favoritism in rate negotiations..." (GAO, 1985).

A Case Study: Costa Rican PL 480 Program for 1985

Costa Rica has the highest standard of living in Central America and is located between Nicaragua and Panama. It has a population close to 2.5 million over an area of 52,500 square kilometers. This country has been characterized by its democratic form of government since 1948, the year in which a revolution occurred in order to preserve the legitimacy of the 1948 election results. Costa Rica is a country whose economy depends basically on agriculture in which coffee plays the most dominant role. Other exports are bananas, cocoa, sugar, and meat.

Costa Rica has been the recipient of foreign aid from the U.S. government in many areas such as investments, industry, medical technology, and food. The food aid has been in the form of agricultural commodities, which amount to a total of $479.8 million from July 1954 to September 1985. According to USDA (1984 Annual Report on PL 480), the aid given to Costa Rica can be divided as follows:

Long-term credit sales: $65.2 million

Donations through government to government and World Food Program: $4.5 million
Donations through voluntary relief programs: $14.3 million
Barter programs: $1 million
Total PL 480: $85 million
Mutual Security Agency for International Development (AID) Program: $0.8 million
Total agricultural exports: $579.8 million
Under specified government programs: $85.8 million
Outside specified government programs: $494 million

Table 1 shows the participation of Costa Rica in the PL 480 program for Titles I and III since PL 480 has been in effect.

TABLE 1

TOTAL EXPORTS MADE TO COSTA RICA AND TO ALL THE RECIPIENT COUNTRIES UNDER PL 480 THROUGH TITLES I AND III FROM FISCAL YEARS 1955 TO 1984 (USDA, 1984)

Commodity	Exports to Costa Rica (* 1000)	(million $)	Global Exports [1] (# 1000)	(million $)
Wheat and wheat products	9,626 bu	40.2	6,233,525 bu	13,699.6
Feed grains	5,964 bu	17.9	1,103,960 bu	1,674.9
Rice	503 cwt	7.1	362,622 cwt	3,610.2
Fat and oils	4,409 lb	1.1	16,056,628 lb	2,284.4
Other	12,346 lb	2.1	947,024 lb	100.6
Total market value		68.5		24,689.8
Total maket value + OFD		73.9		31,148.9

[1] Includes cotton, tobacco, and dairy products in which USDA does not include Costa Rica.

From the analysis of Table 1, it can be concluded that the impact of Costa Rican imports on PL 480 is not significant in comparison with the global amounts in dollars allocated by the U.S. Government. Wheat, the main Costa Rican import from PL 480, constitutes only 0.29 percent of the total tonnage exported from the U.S. out of PL 480. The total cost of exports to Costa Rica for all the commodities, excluding OFD, amounts to 0.28 percent, while the cost including OFD during these 29 years of PL 480 amounts to 0.24 percent. Therefore, Costa Rica is not in the club of the big users of P.L. 480. However, the impact of PL 480 inside Costa Rica is very significant due to the total dependence of this country on foreign wheat to supply the domestic demand (Costa Rica does not produce any wheat).

The 1985 PL 480 program for Costa Rica considered a loan to buy 115,000 MT of wheat and 24,000 MT of yellow corn, for an equivalent cost of $18.4 million for wheat and $3.0 million for yellow corn. In defining the size and amount of shipments, the following factors were taken into consideration by the administration division of CNP:

1. Due to port facility restrictions for unloading ships, the shipments could not be bigger than 17,000 MT (the average unloading rate for 1985 was 1,200 MT per day in the port used for bulk grain in Costa Rica--Puntarenas).

2. There are three types of wheat that Costa Rica consumes and their demands for 1985 were: 93,000 MT of spring wheat (DNS/NS), 11,000 MT of durum wheat (HAD), and 11,000 MT of soft wheat (SRW).

3. The flow of shipments had to be adequate to fulfill the country's demand of spring wheat (8,300 MT per month), durum wheat (935 MT per month), and soft wheat (1,000 MT per month).

4. The yellow corn was needed by July 1985 when the domestic production of this grain was a month away from running out.

The above considerations resulted in a plan that consisted of nine shipments of grain of 16,000 MT each. However, when the tenders were held, the size of the shipments changed in order to fulfill the 50-50 percent of the flag requirement.

The tenders were programmed to obtain (1) a constant supply of wheat and corn to Costa Rica according to its needs, and (2) the best possible prices of the commodities to be bought according to the seasonal fluctuations of the world grain market. However, the original program was altered producing two tenders more than the ones scheduled, February and March tenders. It was assumed that with the lowest number of tenders for a fixed volume of grain to be bought, it is possible to get better prices.

Table 2 shows the prices at which the grain was bought in the five tenders executed in 1985. The quantities of grain shown for the same shipment number mean that different types of wheat were carried by the same vessel. At the same time, a small quantity of grain was carried by one vessel, which was the case for shipments 4, 5, 10, 12, and 14.

The selection of the grain seller and ship offer was based on the following aspects:

1. The lowest landed cost of the commodity delivered to Costa Rica must be obtained for each shipment. This cost consists of the ocean transportation cost plus the FOB grain price.

TABLE 2

COMMODITY PRICES OBTAINED IN THE TENDERS FOR THE COSTA RICAN PL 480 PROGRAM FOR 1985 (CNP, 1985)

Commodity[1]	Volume (MT)[2]	Shipment Number	Grain Prices (FOB) From Gulf	From Great Lakes
			($/MT)	
January Wheat				
Spring	15,184	1	163.93	--
February Wheat				
Spring	10,395	2	164.25	--
Soft	3,134	2	145.87	--
Hard	3,130	2	174.75	--
March Wheat				
Spring	12,530	3	156.99	--
Hard	4,158	3	164.74	--
May				
Yellow Corn	5,202	4	116.89	--
	5,250	5	116.89	--
	7,852	6	116.89	--
	6,421	7	119.70	--
May Wheat				
Spring	11,922	8	--	144.18
Soft	4,177	8	--	121.04
Spring	15,487	9	154.48	--
Hard	3,960	10	160.95	--
Spring	14,842	11	--	139.93
Spring	3,980	12	151.74	--
Spring	11,843	13	149.84	--
Soft	3,980	14	125.38	--

[1] Date shown indicates the purchasing date of the shipments under them in 1985

[2] Amounts shown are the ones that were actually delivered

2. A balance of 50-50 percent of U.S. flag versus non-U.S. flag had to be maintained all year. USDA preferred the first shipment of the program to be a U.S. flag vessel.

3. Every ship offer must be analyzed, taking into consideration the premiums that can be charged to the grain cost by its seller depending on the type of ship on which the grain is going to be loaded. For example, most of the sellers do not charge a premium for bulk carriers. However, there is a premium if the ship is a multidecker, tanker, or liner, and this premium can range from $0.50/MT to $30.00/MT (or more), or the total restriction of not loading that type of vessel. Also, there are other premiums in regard to the location where the grain will be available for pickup. In these cases, sometimes, the premiums are favorable to the buyer.

4. The freight offer must show if there are additional charges for loading or unloading in more than one berth and/or one port.

5. The grain purchases and ship selection must take place under a contractual basis. There are different standard contracts used in both cases, but they have to be known to the grain seller and ship owner or broker before the offers are presented.

Table 3 shows the big difference that exists between U.S. flag offers and foreign offers for ocean transportation. The differences are such that in the smallest of all the cases--the third shipment--the U.S. flag freight ranges from 1.96 times that of the foreign flag up to 4.83 times that of the foreign flag in the first shipment from the West Coast.

Table 4 shows the extra charges that had to be paid either by USDA and/or the Costa Rican government in order to fulfill the 50-50 maritime transportation requirement. The indicated premiums are the result of using liner ships to load grain. For shipments such as 7, 10, 12, and 14, there was no other choice due to lack of cheaper U.S. flag offers (CNP, 1985).

In summary, from the data shown in Table 4 for the Costa Rican PL 480 program, USDA paid a total of $1.5 million more in OFD and the Costa Rican government paid $40,095 extra in premiums for having to use U.S. flag vessels. This additional cost is equivalent to 7 percent of the total allocation of PL 480 for the 1985 Costa Rican program.

The extra charges that the cargo preference produced in 1985 for Costa Rica and USDA are funds that could be used in buying more grain. These charges are equivalent to 12,774 MT more wheat or 13,227 MT more corn. These numbers are equivalent to an additional grain shipment to be sold to Costa Rica.

If applicable, the projection of the extra charges due to the cargo preference through the entire PL 480 program would result in very impressive numbers, especially when it is taken into consideration that (1) the Costa Rican program has been only 0.24 percent of the total PL 480 program, and (2) Costa Rica is located only 6 days away from the U.S. through maritime transportation. It appears that the effects previously mentioned by Smith and Patrick (1985) are logical consequences of the OFD; however, these effects and the extra charges are areas in which extensive research needs to be undertaken to determine their impacts on the whole PL 480 program.

TABLE 3

LOWEST OFFERS FOR OCEAN TRANSPORTATION OBTAINED IN THE TENDERS FOR THE COSTA RICAN PL 480 PROGRAM FOR 1985 (CNP, 1985) ($/MT)

Shipment Number	From Gulf U.S.[1]	From Gulf Non-U.S.	From West Coast U.S.	From West Coast Non-U.S.	From Great Lakes U.S.	From Great Lakes Non-U.S.
1	38.65[2]	20.50	94.11	19.50	--[3]	--
2[4]	--	20.00[2]	--	--	--	--
3	38.70	19.75[2]	--	22.45	--	--
4	--	23.00[2]	--	--	--	--
5	--	23.00[2]	--	--	--	--
6	47.25[2]	19.95	--	--	--	--
7	39.50[2]	19.95	--	--	--	--
8	44.43	19.40	--	20.50	--	29.85[2]
9	42.95[2]	19.40	--	18.45	--	29.00
10	39.75[2]	19.40	--	18.45	--	32.25[2]
11	44.43	19.40	--	18.45	--	32.25
12	39.75[2]	19.40	--	18.45	--	32.25
13	44.50[2]	19.40	--	21.50	--	29.00
14	39.75[2]	19.40	--	21.50	--	29.00

[1] U.S. stands for a U.S. flag vessel and non U.S. for a vessel with foreign flag.

[2] indicates the chosen alternative.

[3] means that there was no offer presented at the tender.

[4] Shipment 2 shows the final contracting freight due to a change of ships.

TABLE 4

OCEAN FREIGHT DIFFERENTIAL AND PREMIUMS AFFECTING THE CARGOES TRANSPORTED WITH U.S. FLAG VESSELS FOR THE COSTA RICAN PL 480 PROGRAM for 1985 (CNP, 1985)

Shipment Number	Volume (MT)	OFD ($/MT)	Premium[1] ($/MT)	Total OFD ($)	Total Premium ($)
1	15,184	18.15	n/a[2]	275,589.60	n/a
6	7,852	26.32	n/a	206,664.64	n/a
7	6,421	18.57	2.81	119,237.97	18,043.01
9	15,487	23.55	n/a	364,718.85	n/a
10	3,960	20.35	1.85	80,586.00	7,326.00
12	3,980	20.35	1.85	80,993.00	7,363.00
13	11,843	25.10	n/a	297,299.30	n/a
14	3,980	20.35	1.85	80,993.00	7,363.00
TOTAL	68,707			1,506,042.36	40,095.01

[1]Premium is the amount to be paid by the grain buyer as a result of using a vessel other than a bulk carrier for transporting the grain, like in the cases where a liner ship was used

[2]n/a: not applicable

The following are important elements to be considered by the PL 480 recipient countries and USDA.

1. The GAO report (NSIAD-85-74, 1985) in regard to the conflict of interest that takes place in the shipment selection

2. The increase in the proportion of ocean transportation in favor of U.S. flag vessels, above the 50-50 percent, in terms of the possible associated extra charges.

In order to obtain the best results from PL 480, both parties (USDA and recipient country) must look for the best-trained people to manage this program. The lack of knowledge that exists in many PL 480 recipient countries about how the grain is purchased and how maritime transportation operates, its dynamics, and the interests involved, constitutes real challenges to people who work on this program and who want to manage it well. The interdisciplinary group approach that covers legal, logistics, and grain quality aspects, constitutes the core of the worldwide training that is required to obtain the best results from PL 480 or any other type of similar food assistance programs. Training is needed that can provide answers to questions often asked such as "What is PL 480 and how does it work?" In this regard, short training courses such as the U.S. Grain Marketing Course taught by the International Grains Program (IGP) at Kansas State University (KSU), Manhattan, Kansas, have helped people in many countries. The Foreign Agricultural Service of the USDA constitutes a very important and reliable source of information and assistance that should be used by the recipient countries.

CONCLUSIONS

1. The PL 480 program has a very important role in Costa Rica because this program has supplied all of this country's wheat since 1982.

2. The areas covered by the transactions that take place during the execution of PL 480 programs are very complex and demand well-trained people in charge.

3. The effects caused by the Cargo Preference Act on PL 480 programs are relevant regarding U.S. agriculture, U.S. maritime industry, and recipient countries of PL 480. These effects tend to become more important with increases in the proportional distribution of cargoes in favor of U.S. flag vessels, therefore, collaborative research among the affected parties needs to be done in this area to determine the real impacts and benefits.

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